



Developing energy

Corporate Governance Report 2013





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PART I – INFORMATION ON THE SHAREHOLDER STRUCTURE, ORGANISATION AND CORPORATE GOVERNANCE

A. Shareholder structure

- I Capital structure
- II Shareholdings and bonds held



I – CAPITAL STRUCTURE

1. Capital Structure

Galp Energia's total share capital is €829,250,635, fully paid up and consisting of 829,250,635 ordinary shares with a par value of €1 each.

771,171,121 shares have been admitted to trading on the NYSE Euronext Lisbon stock exchange, corresponding to 93% of the share capital and voting rights.

The remaining 58,079,514 shares are not admitted to trading and are indirectly held by the Portuguese State through Parpública – Participações Públicas, SGPS, S.A. (Parpública).

The shares owned by Parpública, representing 7% of its share capital, are a special category of shares subject to privatisation, which can be converted into ordinary shares after successful

conclusion thereof, by means of a request to Galp Energia for that purpose. The conversion will operate thereafter with immediate effect, without approval by any governing body of the Company being required.

Galp Energia codes and tickers

ISIN	GALP	PTGALOAM0009
	State actions subject to the privatisation process	PTGALXAM0006
Sedol		B1FW751
WKN		AOLB24
Bloomberg		GALP PL
Reuters		GALPLS

2. Restrictions to share transferability or limitations to share ownership

Galp Energia's shares are freely transferable according to applicable law and there are no statutory restrictions hindering their transferability.

Galp Energia's articles of association do not provide for any limitation on the number of votes held or exercised by a sole shareholder individually or in conjunction with other shareholders.

3. Treasury shares

As of 31 December 2013, Galp Energia had no treasury shares.

4. Material agreements to which the Company is a party and which take effect, alter or terminate upon a change of control in the Company following a takeover bid

To the best knowledge of the Board of Directors, Galp Energia is not part of any material agreements which take effect, alter or terminate upon a change of control in the Company following a takeover bid, subject to the common clauses in banking practice relating to the issuance of debt and financing contracts.

Galp Energia does not adopt measures which would result in it becoming liable to make payments or or assume liabilities in the event of change of control or change in the composition of the Board of Directors, in a way that would be likely to impair the free transferability of shares and the free assessment by shareholders of the performance of members of the Board of Directors.

5. Countermeasures

Galp Energia's articles of association do not provide for any limitation to the number of votes which may be held or exercised by a sole shareholder individually or in a concerted manner with other shareholders.

At the same time, Galp Energia's articles of association do not contain any clauses aimed at averting the success of takeover bids nor do they restrict voting rights in any way.



6. Shareholder's agreements that are known to the Company and may lead to restrictions on the transfer of securities or voting rights

The Company is aware, as publicly disclosed, that shareholders of Amorim Energia, B.V. (Amorim Energia) and Eni, s.p.A. (Eni) are parts to a shareholder agreement referred to as Call Option and Right of First Refusal Agreement, which establishes: (i) the right of first refusal to purchase from Eni, exercisable by Amorim Energia or by a third party designated by it, until December 31, 2013, in shares representing 5% of the Galp Energia's share capital, under the same conditions as the previous agreement, an option that was not exercised

by Amorim Energia; (ii) the continued effectiveness of the existing voting agreement between Amorim Energia and Eni, until the election for subsequent terms to those now under way, of the corporate bodies of Galp Energia, regarding the election of governing bodies and resolutions of the Board of Directors and General Shareholders Meeting, (iii) the continuation of the existing percentage of voting rights attributed to Amorim Energia and to Eni.

II – SHAREHOLDINGS AND BONDS HELD

7. Major shareholders

Major holdings in Galp Energia's share capital at the end of 2013, calculated in accordance with Article 20 of the Portuguese Securities Market Code (CVM), are detailed in the following table.

Shareholder structure as of 31 December 2013

	No. of shares	% share capital	% voting rights
Amorim Energia, B.V.	317,934,693	38.34%	54.68%
Eni, S.p.A.	135,497,095	16.34%	16.34%
Parública – Participações Públicas, SGPS, S.A.	58,079,514	7.00%	7.00%
Templeton Global Advisors Limited	16,870,865	2.03%	2.03%
Other shareholders	300,868,468	36.28%	36.28%
Total	829,250,635	100%	-

With regard to the shareholder structure presented, it should be noted that in May 2013, according to information provided to the market, the shareholder Eni concluded the sale of shares representing 6.7% of the share capital of Galp Energia, continuing to hold an amount corresponding to 16.34% of the Company's share capital, including shares corresponding to 8% of Galp's share capital which constitute the underlying asset of convertible bonds issued on November 30, 2012 and maturing on November 30, 2015.

On 26 July 2013, shareholder Eni also reported that the voting rights attached to the major stake held by Amorim Energia did not consider them attributable to Eni, although the voting rights held by Eni continued to be attributable to Amorim Energia, which justifies the attribution of voting rights contained in the above table.

Since shareholder Amorim Energia did not exercise its right to purchase 5% of Galp's share capital before the end of 2013, in accordance with its agreement of March 2012 and with publicly available information, this company now has the right of first refusal for 8.34% of Galp Energia's share capital, currently owned by Eni.

Thus, at the end of 2013, shareholder Eni had a major stake of 16.34% in Galp Energia's share capital and corresponding voting rights, while a total of 54.68% of Galp Energia's voting rights were attributable to Amorim Energia, which already holds shares representing 38.34% of the share capital.

Following these changes to Galp Energia's shareholder structure, the free float increased from 30.32% at the end of 2012 to 38.32% by the end of 2013.



8. Stocks and bonds held by members of the management and supervisory body

Members of the Board of Directors	Total shares on 31 Dec. 2012	Acquisition		Sale			Total shares on 31 Dec. 2013
		Period from 1 January to 31 December 2013		Period from 1 January to 31 December 2013			
		Date	No. of shares	Value (€/share)	Date	No. of shares	
Américo Amorim	-						-
Manuel Ferreira De Oliveira	85,640						85,640
Luis Palha da Silva	3,350			07 Oct. 2013	2,400	12.32	950
Paula Amorim	-						-
Filipe Crisóstomo Silva	-						-
Carlos Gomes da Silva	2,410						2,410
Sérgio Gabrielli	-						-
Stephen Whyte	-	13 Nov. 2013	1,215	12.345			-
		2 Dec. 2013	820	12.11			2,035
Vítor Bento	-						-
Abdul Magid Osman	-						-
Luis Campos e Cunha	-						-
Miguel Athayde Marques	1,800						1,800
Carlos Costa Pina	-						-
Rui Paulo Gonçalves	-						-
Luis Todo Bom	-						-
Fernando Gomes	1,900						1,900
Diogo Mendonça Tavares	2,940						2,940
Joaquim Borges Gouveia	-						-
Carlos da Silva Costa	275						275
Jorge Manuel Seabra de Freitas	-						-
Members of the Supervisory Board							
Daniel Bessa	-						-
Gracinda Raposo	-						-
Pedro Antunes de Almeida	1,505			2 Jan. 2013	1,500	12.07	5
Amável Calhau	-						-
Statutory Auditor							
P. Matos Silva, Garcia Jr., Caiado & Associados	-						-
António Campos Pires Caiado	-						-

9. Special powers of the Board of Directors, including decisions on capital increases

The Board of Directors of Galp Energia has the powers typically provided for in commercial companies law for the model of corporate governance adopted thereby. There are no special powers provided in its articles of association, namely for the Board of Directors to increase the share capital of the Company.

The General Shareholders Meeting, in a meeting held on 23 November 2012, decided to authorise the Board of Directors, under the provisions of article 6 of the articles of association and articles 319 and 320 of the Commercial Companies Code (CSC), to acquire and dispose of its treasury shares as follows:

- acquisitions and disposals of treasury shares may be made for a period of 18 months from the date of the resolution adopted by the General Shareholders Meeting;

- the number of shares to be acquired cannot exceed 10% of the Company's capital at any one time;
- the timing for acquisition or disposal will be determined by the Board of Directors, taking into account the market situation, the goals envisaged by such acquisition, the Company's criteria and undertakings assumed thereby. Such acquisition may take place as many times as agreed and pursuant to the agreed proportions.

The full terms of the authorisation granted to the Board of Directors regarding the acquisition and sale of treasury shares are available on the Galp Energia website at <http://www.galpennergia.com/EN/Investidor/AcaoGalpEnergia/Paginas/Acquisitionanddisposalofownshares.aspx>

10. Existence of material commercial relationships between the Company's major shareholders and the Company itself

In the context of Galp Energia's day-to-day business, transactions have been carried out under normal market conditions with shareholder Eni and affiliates thereof,

as showcased in the trading of Oil & Gas area, where Group companies entered into sale and purchase contracts for crude oil, oil products and natural gas with Eni.



PART I – INFORMATION ON THE SHAREHOLDER STRUCTURE, ORGANISATION AND CORPORATE GOVERNANCE

B. Governing bodies and committees

- I General shareholders meeting
- II Management
- III Supervision
- IV Statutory auditor
- V External auditor



I – GENERAL SHAREHOLDERS MEETING

a) MEMBERS OF THE GENERAL MEETING BOARD

11. Members of the General Meeting Board

The elected members of the General Meeting Board for the 2011-2013 term, beginning on May 30, 2011 and ending on December 31, 2013, are as follows:

Chairman: Daniel Proença de Carvalho

Deputy-Chairman: Victor Manuel Pereira Dias

Secretary: Maria Helena Claro Goldschmidt

b) EXERCISE OF VOTING RIGHTS

12. Restrictions on voting rights

Under Galp Energia's articles of association, each share gives its owner the right to one vote (Article 10, paragraph 2).

Galp Energia provides in its articles of association (article 10., paragraphs 6 to 9) for the exercise, broadly and without restriction, of postal voting.

Neither the articles of association, nor other company's documentation provide for restrictions on voting rights, such as limitations to the exercise of voting rights which may

depend on the ownership of a number or percentage of shares, imposition of deadlines for exercising voting rights or procedures aiming at detaching equity rights from their corresponding voting rights.

Galp Energia has not enacted any mechanisms which may have the effect of creating a gap between the right to receive dividends or to subscribe for new securities and the voting rights of each share.

13. Maximum percentage of voting rights exercised by a single shareholder

Galp Energia's articles of association or other instruments do not impose any maximum percentage of voting rights that may be exercised by a single shareholder or by shareholders

to be found in any of the situations contained in paragraph 1 of article 20 of the CVM.

14. Constitutive and deliberative quora by statutory imposition

Galp Energia's articles of association establish that, in accordance with applicable commercial companies law, decisions of the General Shareholders Meeting are taken by a simple majority of votes cast, discarding abstentions, except in cases where the articles of association law requires approval by a qualified majority.

The Company's articles of association establish the need for the resolutions of the General Shareholders Meeting to be approved by a qualified majority of two thirds of votes cast when concerning the following matters:

- a) resolution on matters of Company management referred to it by the Board of Directors;

- b) changes to the articles of association, including capital increases, as well as the limitation or elimination of shareholders' pre-emptive rights;

- c) Company's demerger, merger, transformation or winding-up.

In relation to the resolutions of the General Shareholders Meeting on matters referred to in subparagraphs b) and c) or other matters for which the law requires a qualified majority, the deliberative quorum of two thirds of votes cast is applicable both in first and second call, even if shareholders holding at least half of the share capital are present or represented by proxy.

II – MANAGEMENT

a) COMPOSITION

15. The code of corporate governance model adopted

The governance model in place at Galp Energia comprises a structure of management and supervision constituted by the Board of Directors, the Supervisory Board and the Statutory Auditor (ROC), pursuant to the Latin model

as per Article 278(1)(a) and 413(1) (b), of the CSC, along with a delegation of management powers to the Executive Committee.



The current corporate governance model has proven to be effective in providing for a clear separation between the powers of governing bodies, particularly those of the Board of Directors in respect of strategy and control, from those of the Executive Committee in respect of the day-to-day management of the business units and corporate services, delegated to it by the Board of Directors.

The fact that the Board of Directors has exclusive responsibilities in certain matters has enabled this body to effectively monitor and control the Company's strategic issues, key goals and structural organisation.

The allocation to each member of the Executive Committee of the coordination of specific areas of management, without prejudice to the collective nature of the functions managed by this body, means that the Company management can be effectively monitored and synergies can be created within each business department and such specific areas taken as a whole.

The functioning of the Board of Directors has provided a particularly effective framework for non-executive members to supervise and assess the actions of their executive counterparts. The Chairman of the Board of Directors, in his non-executive role, has played an important part in this process, as well as in the relationship between the Company and its shareholders.

16. Statutory rules on procedural and substantive requirements governing the appointment and replacement of members of the Board of Directors

The members of the Board of Directors are elected by the General Shareholders Meeting or appointed by the Board of Directors itself, subject to ratification by the General Shareholders Meeting.

Galp Energia's articles of association stipulate that members of the Board of Directors are appointed for a period of four calendar years, which is renewable, and that the calendar year of nomination counts as a full year. The members of this body take office at the time of their election and exercise their functions until the election or appointment of a substitute, except in cases of resignation or dismissal where the position is maintained in accordance with the CSC.

Regarding the replacement of Directors when they have been found to be permanently absent, as provided in article 393, paragraph 1, of the CSC, the Company's articles of association stipulate that a Director is considered to be permanently absent when if it is found absent from three consecutive or five non-consecutive Board meetings without a duly motivated explanation accepted by the Board of Directors they are.

The election of members for management and supervisory bodies is carried out using lists, indicating the proposed shareholders, and votes are cast solely from these lists, in accordance with the law and Galp Energia's articles of association.

If the proposal for the election of directors (except the director to be elected by minority shareholders as set out below) is not approved by a majority of 55% of the votes cast, and with at least 40% of the share capital entitled to vote, shareholders who (i) are able to participate in this election (not having voted in the election for the director to be appointed by minority shareholders), have voted against this proposal or have voted for a proposal that has not been approved, and that (ii) hold, by themselves or grouped for this purpose, shares representing at least 25% of the share capital entitled to vote, may submit and vote on proposals, and elect among themselves a number equal to one-third of the directors elected (except the director to be elected by minority shareholders as set out below). If the total number of directors appointed cannot be divided by three, the number of directors to be elected under the terms of the last paragraph can be rounded up to the next largest whole number. The directors elected under this procedure automatically replace those found at the last places on the list initially approved.

In electing members of the Board of Directors, minority shareholders who hold a stake of 10% to 20% are granted the right to propose the election of a director according to the following terms referred to in paragraph 2 of article 14 of the Articles of Association:

- a) Shareholders who, either individually or as a group, have a stake in the share capital with the right to vote from a minimum of 10% to a maximum of 20%, can present proposals for the election of a Director of their choosing.
- b) For the election of the Director according to the terms of the previous subparagraph, paragraphs 2 to 5 and 10 of article 392 of the CSC currently in force will apply.
- c) Shareholders who either individually or as a group hold less than 10% or more than 20% of the Company's share capital with the right to vote will not participate in the aforementioned individual elections.
- d) If no list is provided in accordance with the aforementioned terms, or if the outlined process has been concluded, then the remaining Directors will be elected, including the Chairman of the Board of Directors. Shareholders who have successfully voted in favour of the appointment of a Director according to paragraphs a) to c) above may not take part in this vote.
- e) The appointment of the remaining Directors, including the Chairman of the Board of Directors will take place using a vote on the lists presented for this purpose, with the successful proposal being the one to receive the most votes.
- f) If the approved proposal includes the maximum number of Directors allowed in paragraph 1 of article 14 of the articles of association and if a Director has been elected under subparagraphs a) and c) outlined above, the appointed Director will replace the individual listed under 13th place in the proposal that has been passed under the terms of subparagraph e); if the approved proposal does not include the maximum number of directors appointed in accordance with subparagraphs a) and c) the number of Directors elected under paragraph 1 will be increased under the terms of subparagraph e).

17. Composition of the Board of Directors

In accordance with Galp Energia's articles of association in the amendment introduced by the General Shareholders Meeting of April 24, 2012, the Board of Directors consists of a minimum of nineteen and a maximum of twenty-three directors, appointed for four years, which may be re-elected one or more times.

The term of the current Board of Directors is three years, which corresponds to the period 2012-2014. A four-year period shall now apply to the election of the Board of Directors from the term that starts in 2015.

The twenty current members of the Board of Directors elected for the term 2012-2014 may be found in the following table.

Members of the Board of Directors

Name	Position	Date of first appointment	End of term of office
Américo Amorim	Chairman	2012.04.24	2014.12.31
Manuel Ferreira De Oliveira	Deputy-Chairman	2006.06.30	2014.12.31
Luís Palha da Silva	Deputy-Chairman	2012.07.26	2014.12.31
Paula Amorim	Member	2012.04.24	2014.12.31
Filipe Crisóstomo Silva	Member	2012.07.26	2014.12.31
Carlos Gomes da Silva	Member	2007.04.26	2014.12.31
Sérgio Gabrielli	Member	2012.07.26	2014.12.31
Stephen Whyte	Member	2012.04.24	2014.12.31
Vitor Bento	Member	2012.04.24	2014.12.31
Abdul Magid Osman	Member	2012.07.26	2014.12.31
Luís Campos e Cunha	Member	2012.11.23	2014.12.31
Miguel Athayde Marques	Member	2012.11.23	2014.12.31
Carlos Costa Pina	Member	2012.04.24	2014.12.31
Rui Paulo Gonçalves	Member	2008.05.06	2014.12.31
Luís Todo Bom	Member	2012.11.23	2014.12.31
Fernando Gomes	Member	2005.05.24	2014.12.31
Diogo Mendonça Tavares	Member	2006.02.22	2014.12.31
Joaquim José Borges Gouveia	Member	2008.05.06	2014.12.31
Carlos da Silva Costa	Member	2012.11.23	2014.12.31
Jorge Manuel Seabra de Freitas	Member	2012.11.23	2014.12.31

Note: Manuel Baptista Sumbe, non-executive director elected at the General Shareholders Meeting of 24.04.2012. resigned as member of the Board of Directors during the year 2013, effective November 1, 2013.

18. Executive and non-executive members of the Board of Directors

The Board of Directors includes 13 directors with non-executive functions, who perform monitoring and ongoing assessment of the Company's management, to ensure the effective capacity for overseeing, monitoring and evaluation of the activity of the executive members.

Among the members of the Board of Directors with non-executive functions, seven directors are considered

independent in accordance with the arrangements provided for in the applicable regulations and legislation, which represents about a third of the members of the Board of Directors.

The relative weight of independent directors is in line with the governance model adopted, the size of the company, its structure and the respective free float.

Executive and non-executive members of the Board of Directors

Name	Position	Independent
Américo Amorim	Non-executive	
Manuel Ferreira De Oliveira	Executive	
Luís Palha da Silva	Executive	
Paula Amorim	Non-executive	
Filipe Crisóstomo Silva	Executive	
Carlos Gomes da Silva	Executive	
Sérgio Gabrielli	Non-executive	Yes
Stephen Whyte	Executive	



Executive and non-executive members of the Board of Directors (continued)

Name	Position	Independent
Vitor Bento	Non-executive	Yes
Abdul Magid Osman	Non-executive	Yes
Luís Campos e Cunha	Non-executive	Yes
Miguel Athayde Marques	Non-executive	Yes
Carlos Costa Pina	Executive	
Rui Paulo Gonçalves	Non-executive	
Luís Todo Bom	Non-executive	Yes
Fernando Gomes	Non-executive	
Diogo Mendonça Tavares	Non-executive	
Joaquim José Borges Gouveia	Non-executive	Yes
Carlos da Silva Costa	Executive	
Jorge Manuel Seabra de Freitas	Non-executive	

19. Professional qualifications and other relevant curricular elements of each member of the Board of Directors

Américo Amorim

Started work at the age of 19 at the Amorim & Irmãos group

In 1977, he created the Sociedade Portuguesa de Investimentos, which later became the Banco Português de Investimento (currently the 3rd largest private bank in Portugal)

In 1983/4, he created and set up what is now the largest private bank in Portugal, Millennium BCP

In 1988, he started a joint venture with the Accor group, a French group in the hotel sector which has established around 40 classic Accor group hotels in Portugal: Ibis/Novotel/Mercure/Sofitel

In 1991, he made an agreement with Air Touch to develop a telecommunications project in Portugal. He set up Telecel (mobile phone operator)

In 1992, he founded BNC – Banco Nacional de Crédito, S.A., a bank specifically for mortgages

In 1995, alongside other Portuguese businessmen, he took part in the part-privatisation of the oil company Petrogal, Portugal's largest industrial company

In 2003, he merged the BNC – Banco Nacional de Crédito with the BPE – Banco Popular Español (the 3rd largest financial institute in Spain)

In May 2005, he was one of the founders of BIC – Banco Internacional de Crédito in Angola

In December 2005, through Amorim Energia, he acquired 33.34% of Galp Energia's capital, in partnership with Sonangol

In July 2012, Amorim Energia strengthened its share in Galp Energia, and held 38.34% of Galp Energia's capital

He is Director of the Américo Amorim group

Manuel Ferreira De Oliveira

Degree in Electrical Engineering – with an elective in Energy – from the Faculdade de Engenharia da Universidade do Porto

Master of Science (MSc) in Energy from the University of Manchester

Doctorate (PhD.) also in the field of Energy from the same university

Visiting Professor at Universidade do Porto, where, in 1979 he was awarded a professorship

Background in Management obtained through programmes at IMD (Switzerland) Harvard Business School and Wharton Business School (USA)

Advisory member of the Portuguese Society of Chartered Engineers as a specialist in Industrial Management and Energy

Effective member of the Portuguese Engineering Academy

Chairman of the Board of Directors and chief executive officer of Unicer – Bebidas de Portugal, S.A. from 2000 to 2006

Chairman of the Board of Directors and chief executive officer of Petrogal from 1995 to 2000

Executive responsibilities at Lagoven, S.A. (affiliate of Petróleos da Venezuela, S.A.) in the areas of production, refining, international trade and corporate planning

Member of the Advisory Board of the Economics Faculty at the Universidade do Porto (from November 2005 to April 2009)

Member of the Advisory Board of the Department of Electrical Engineering and Computers at the Faculdade de Engenharia da Universidade do Porto (from April 1999 to April 2009)

Visiting professor in the Department of Electrical Engineering and Computers at the Faculdade de Engenharia da Universidade do Porto (from April 1999 to April 2009)

Luís Palha da Silva

Degree in Economics from Instituto Superior de Economia, in 1978

Degree in Business Management from Universidade Católica Portuguesa, in 1981

Advanced Management Programmes, from University of Pennsylvania – Wharton School of Economics, in 2005

Chairman of the Executive Committee for Jerónimo Martins, SGPS, S.A., from 2004 to 2010

CFO for Jerónimo Martins, SGPS, S.A., from 2001 to 2004

Paula Amorim

Degree in Real Estate Management at Escola Superior de Atividades Imobiliárias (ESAI)

Business activity at Amorim Fashion (since 2005)

Various management roles at Américo Amorim Group (since 1992)

**Filipe Crisóstomo Silva**

Degree in Economics & Financial Management, from the Catholic University of America, Washington D.C.
Masters in Financial Management, from the same university
Head of Investment Banking at Deutsche Bank in Portugal (from 1999 to 2012)
Director and Chief Country Officer of Deutsche Bank in Portugal (from 2008 to 2012)

Carlos Gomes da Silva

Degree in Electrical Engineering and Computer Science from the Faculdade de Engenharia da Universidade do Porto
Masters in Business Administration from Escuela Superior de Administración y Dirección de Empresas de Barcelona and Instituto Empresarial Portuense
Additional management courses from ESADE (Barcelona), London Business School (London) and EGP (Porto)
Chairman of APETRO – Portuguese Oil Company Association from June 2008 to September 2012
Member of the Board of Directors of Unicer – Bebidas de Portugal, SGPS S.A. from 2006 to 2007
Several executive roles at Américo Amorim Group from April 2007 to May 2008

Sérgio Gabrielli

Degree in Economics from the Universidade Federal da Bahia, in 1971
Masters in Economics, from the same university, in 1975
PhD in Economics, from Boston University, in 1987
Visiting Research Fellow at the London School of Economics and Political Science, in 2000
Secretary of Government Planning for the State of Bahia since March 2012
Chairman of the Executive Committee for Petrobras from 2005 to 2012
Financial and Investor Relations Director at Petrobras from 2003 to 2005

Stephen Whyte

Graduated with honours degree in Geophysics from Edinburgh University
Senior Deputy-Chairman for the commercial sector of BG Group, in Europe and Central Asia from 2009 to 2011
Deputy-Chairman Shell EP Brasil from 2007 to 2009

Vitor Bento

Degree in Economics from Instituto Superior de Economia, in 1978
Masters in Philosophy from Universidade Católica Portuguesa, in 2003
Member of the State Council since December 2009
Visiting Professor at the Economics Faculty of Universidade Nova de Lisboa and the School of Business & Economics of Universidade Católica Portuguesa
Member of the Advisory Board at the Human Sciences department at Universidade Católica Portuguesa
Member of the Advisory Board at Escola do Instituto Superior de Economia

Abdul Magid Osman

Degree in Economic and Financial Sciences from Instituto Superior de Economia de Lisboa
Non-Executive Director of Mercantile Bank, South Africa from 2002 to 2007
As Chairman of the Board of Directors and Executive Committee of BCI – Banco Comercial e de Investimentos, he led the process of creating a bank from scratch
It is now the second largest bank in Mozambique
As Divisional Director for Management Development and Governance on the UN Development Programme, he directed a Programme of projects in over 60 countries
Mozambican Minister of Finance from 1986 to 1991
Mozambican Minister of Mineral Resources from 1979 to 1983

Luís Campos e Cunha

Degree in Economics from Universidade Católica Portuguesa, in 1977
Master of Arts (M.A.) in Economics from Columbia University – Department of Economics, in 1981
Master of Philosophy (M.Phil.) in Economics from Columbia University – Department of Economics, in 1983
Doctorate (PhD) in Economics from Columbia University – Department of Economics, in 1985
Aggregation in International Economy at the Universidade Nova de Lisboa – Faculdade de Economia, in 1992
Member of the Advisory Board for Banco BANIF from 2006 to 2011
Member of the Stakeholders Council for Banco Millennium BCP from 2006 to 2011
Chairman of the General Shareholders Meeting of Banco BANIF from 2007 to 2011

Miguel Athayde Marques

Degree (with distinction) in Business Administration from Universidade Católica de Lisboa, in 1977
PhD in Business Management from the University of Glasgow, School of Financial Studies, in 1986
Professor at the Universidade Católica Portuguesa, Lisbon School of Business & Economics, since September 1986
Chairman of the Board of Directors at Euronext Lisbon, S.A. and Interbolsa, S.A. and member of the Managing Board of Euronext, N.V. (Amsterdam), from January 2005 to June 2010



Miguel Athayde Marques (continued)

Non-executive director of Euronext Amsterdam, Euronext Brussels and Euronext Paris from January 2005 to June 2010
 Member of the Management Committee for NYSE Euronext (New York) from April 2007 to June 2010
 Chairman of the Supervisory Board at Hugin SAS (Oslo) from 2006 to 2009
 Member of the National Securities Market Council, presided over by the Minister of State and Finance, from 2006 to 2010
 Member of the Advisory Board for CMVM from 2005 to 2010

Carlos Costa Pina

Degree and Master's in Law from the Law Faculty of the Universidade de Lisboa
 PhD candidate in Law (Legal-Economic Sciences) from the same university
 Departmental Lecturer of the Law department at Universidade de Lisboa
 CMVM Director from 2000 to 2005
 Member of the Advisory Board of the Insurance and Pension Funds Supervisory Authority (Instituto de Seguros de Portugal) from 2001 to 2005
 Lawyer with legal practice in the area of the exploration and production of oil from 1994 to 1998
 Company manager for TMT, Real Estate and Services, for the Ongoing/Portugal and Brazil group from September 2011 to March 2012
 Secretary of State for Treasury and Finance of the 17th and 18th Constitutional Governments from July 2005 to June 2011

Rui Paulo Gonçalves

Degree in Law from the Law Faculty of Universidade Católica in 1992
 Post-graduate studies in Management at Universidade Católica, School of Business and Economics in 1995
 Visiting Professor at the Portuguese Institute of Management and Marketing on the degree course (Business Law module) and various graduate courses, from 2004 to 2007
 Member of the General Meeting Board of various companies in the Unicer group from 2002 to 2007

Luís Todo Bom

Degree in Chemical-Industrial Engineering from Instituto Superior de Economia, in 1971
 Master in Business Administration (MBA), from Universidade Nova de Lisboa/Wharton School of Pennsylvania, in 1982
 Stanford Executive Programme and Executive Programme on Strategy and Organisation, from the University of Stanford, in 1997 and 1998, respectively
 Attended the DBA – Doctor of Business Administration Programme at Cranfield University and ISCTE
 Non-Executive Director of Taguspark from 2010 to 2012
 Non-Executive Director of Chamartin Imobiliária, SGPS from 2007 to 2009
 Non-Executive Director of the Seguros Sagres Company, S.A. from 2003 to 2009
 Member of the Advisory Board of the MRG Group from 2009 to 2012
 Chairman of the Management Committee for AITECOEIRAS from 2008 to 2012

Fernando Gomes

Degree in Economics
 Visiting Professor at Universidade Lusíada do Porto
 Chairman of the Board of Directors of the company Metro do Porto, S.A. from 1993 to 1999
 Member of the Council of State, Mayor of Vila do Conde and of Porto, Deputy of the European Parliament, Secretary of State and Minister of Internal Affairs
 Executive Director at Galp Energia from May 2005 to April 2012 with responsibility for the Exploration & Production, International Oil and Biofuels business units

Diogo Mendonça Tavares

Mechanical Engineer from Instituto Superior Técnico
 Company Senior Management Programme (IAESE)
 Advisor to the Chairman of Amorim Holding II, SGPS, S.A. from 2006 to May 2011

Joaquim Borges Gouveia

Degree in Electrical Engineering from Engineering Faculty at Universidade do Porto, in 1973
 PhD in Electrical Engineering and Computer Science from Engineering Faculty at Universidade do Porto, in 1983
 Post-doctoral degree in Electrical Engineering and Computer Science from Faculdade de Engenharia da Universidade do Porto in 1998
 Head of the Economics, Management and Industrial Engineering department from June 2011 to October 2012
 Head of GOV COPP – Governança, Competitividade e Políticas Públicas, a research unit of the Instituto de Investigação da Universidade de Aveiro (from October 2009 to June 2011)
 Director of the Master's in Sustainable Energy Systems from June 2007 to October 2011
 Chairman of RNAE – National Network of Energy and Environment Agencies from 2005 to October 2012

**Carlos da Silva Costa**

Degree in Chemical Engineering from Instituto Superior de Engenharia do Porto, in 1987
Chief Director of Galp Energia purchasing centre and Asset Management in the second half of 2012
Head of Purchasing for E&P, Refining, Logistics and Projects at Galp Energia from 2010 to 2012
Responsible for the organisational restructuring model for purchasing services from 2008 to 2009
Responsible for project procurement for the reconversion of the Matosinhos and Sines refineries starting in 2007

Jorge Manuel Seabra de Freitas

Degree in Economics from the Economics Faculty at Universidade do Porto, in 1983
International Executive Programme at INSEAD in 1991
Competitive Strategy at INSEAD in 1995
Chairman of the Board of Directors for Coelima -Indústrias Têxteis, S.A. from January 1992 to May 2011

20. Relations of the members of the Board of Directors with major shareholders

Members of the Board of Directors Américo Amorim, Paula Amorim, Carlos Gomes da Silva and Rui Paulo Gonçalves are members of the Board of Directors

of shareholder Amorim Energia, according to information provided in section 26 of this section of the report.

21. Executive Committee's delegated powers and organisational chart on the Company's functioning

A. Executive Committee's delegated powers

The Board of Directors at its meeting of July 26, 2012 delegated the day-to-day management of the Company to the Executive Committee, in accordance with Articles 17 and 18 of the articles of association and paragraphs 3 and 4 of Article 407 of the CSC, and prescribed the following limits to this delegation:

1. The following powers may not be delegated to the Executive Committee:
 - a) the appointment of the Chairman of the Executive Committee;
 - b) the appointment of Directors;
 - c) the convening of the Company's general shareholders meetings;
 - d) the approval of management reports and annual accounts;
 - e) the provision of real or personal pledges or guarantees by the Company;
 - f) a move of the Company's headquarters, and capital increases under the terms outlined in the memorandum of association;
 - g) projects which involve the Company's merger, de-merger or transformation.
2. The following are not considered to be Company management powers and are not delegated by the Executive Committee:
 - a) the approval of the Company's strategic investments and those of companies controlled, directly or indirectly, by the Company and financing operations related therewith;
 - b) the approval of the Company's strategic disinvestments and those of companies controlled, directly or indirectly, by the Company;
 - c) the participation (either through direct or indirect acquisition of stakes in companies) that do not carry out the main operational activities carried out by companies that are directly or indirectly controlled by the Company (i.e. exploration, production, refining, transportation, commercialisation and marketing of oil and gas);
 - d) the establishment of strategic partnerships in the context of the main operational activities carried out by companies that are, directly or indirectly, controlled by the Company;
 - e) the approval and modification of the Company's strategic plans and those of companies which carry out the Group's main activities and are, directly or indirectly, controlled by the Company;
 - f) the approval of the Group's annual budget and business plans and those of companies that are, directly or indirectly, controlled by the Company, and changes to these that exceed 20% in a particular item or exceed 10% of the total annual budget;
 - g) Company transactions, or transactions of companies that are, directly or indirectly, controlled by the Company, with related entities or any Company shareholders involving any amount exceeding €20 million (m);
 - h) the definition of the core organisational structure of the Company and that of Galp Energia Group;
 - i) the proposal and exercise of the right to vote in the election of Boards of Directors for companies controlled by the Company;
 - j) the Company's issuance of bonds or other types of debt securities;



- k) the definition of the limits of management powers for the companies controlled by Galp Energy;
- l) changes to the articles of association of companies controlled by Galp Energia;
- m) projects that involve de-merger, merger, or winding-up of any companies controlled by Galp Energia;
- n) the establishment of subordination and group parity agreements by companies controlled by the Company;
- o) the proposal and use of the right to vote on behalf of the Company and the companies under its control on the application of results/allocation of dividends by companies controlled by the Company.
3. Without prejudice to the limitations on the delegation of powers resulting from points 1 and 2 hereabove, the Executive Committee has a special duty to make proposals to the Board of Directors on the acts and matters covered in the sections of paragraph 2 above.
4. For the purpose of the delegation of powers for the Executive Committee, the terms "companies controlled" or "companies directly or indirectly controlled" will correspond to all of the following companies:
- a) Petróleos de Portugal – Petrogal, S.A.
- b) Galp Exploração e Produção Petrolífera,SGPS, S.A.
- c) Galp Gás Natural, S.A.
- d) GDP – Gás de Portugal, SGPS, S.A.
- e) Galp Energia España, S.A.U.
- f) Galp Power, SGPS, S.A.
- g) Lisboagás GDL – Sociedade Distribuidora de Gás Natural de Lisboa, S.A.
- h) Lusitaniagás – Companhia de Gás do Centro, S.A.
- i) Petrogal Brasil, S.A.
- j) Petrogal Angola, Lda.
- k) Petrogal Moçambique, Lda.
- l) Petrogal Guiné-Bissau, Lda.
- m) Galp Energia E&P, B. V.
- n) Galp Sinopec Brazil Services, B.V.

The meeting of the Board of Directors of July 26, 2012 allocated areas of expertise among the members of the Executive Committee, subject to the collegial exercise of the powers of this body, as follows:

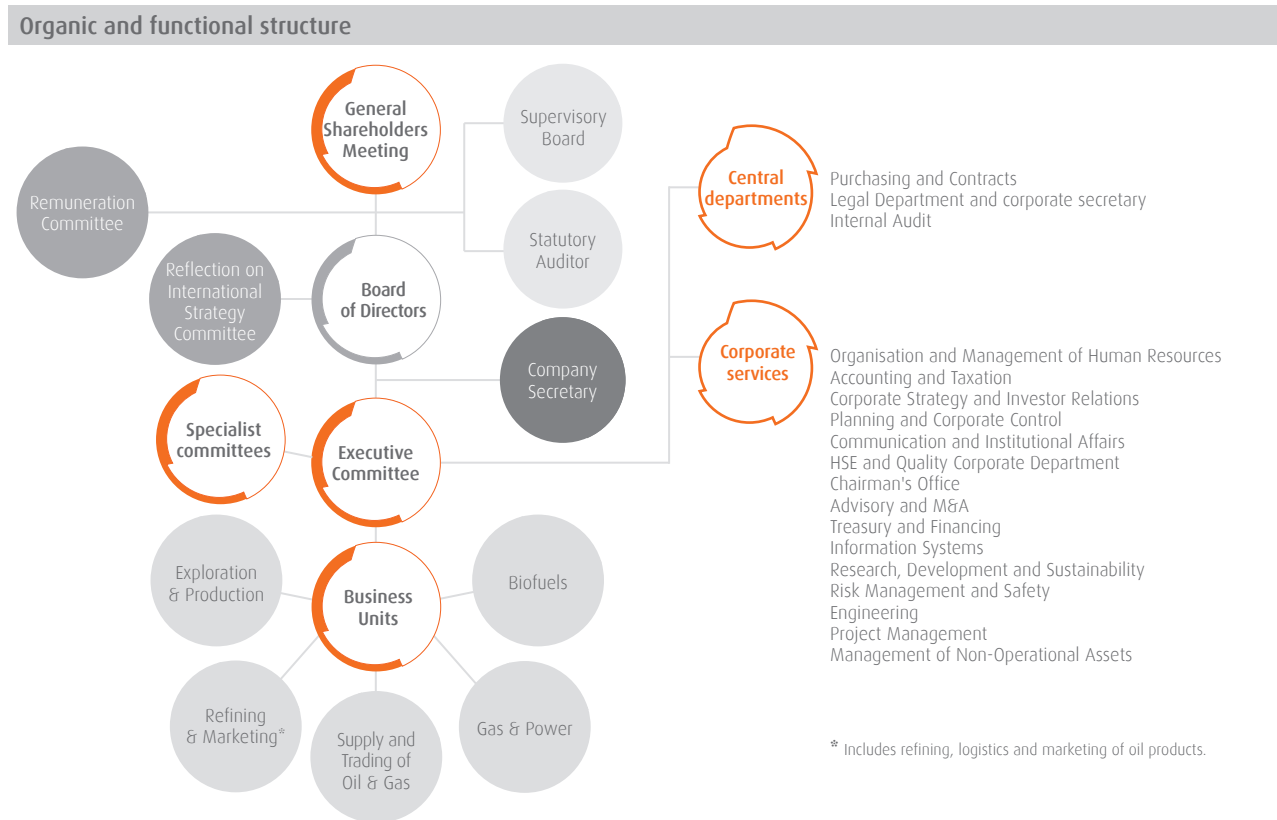
Functional areas of directors

	Manuel Ferreira De Oliveira CEO	Stephen Whyte COO	Luis Palha da Silva COO	Carlos Gomes da Silva COO	Carlos Costa Pina CCO	Carlos Silva CCO	Filipe Crisóstomo Silva CFO
Business Units		Exploration & Production	Refining & Logistics Marketing of Oil Products	Gas & Power Supply and Trading of Oil & Gas	Biofuels		
Central Departments				Legal Department and Corporate Secretary	Internal Audit	Purchasing and Contracts	
Corporate Services	Human Resources Strategy Corporate Strategy and Investor Relations Communication and Institutional Affairs Chairman's Office			Organisation and Management of Human Resources	Risk Management and Safety Research, Development and Sustainability HSE and Quality Corporate Department Information Systems	Engineering Project Management Management of Non-Operational Assets	Treasury and Financing Accounting and Taxation Planning and Corporate Control Advisory and M&A

B. Company organisation and functioning

Continuing the process begun in 2012, Galp Energia developed, during 2013, a process of review and redefinition of the Company's corporate centre, which will be implemented during the first half of 2014 aiming at adapting itself to its governing macrostructure, and with a view to optimise the critical processes of decision support along with the goal of adjusting the allocation of human resources.

During 2013, the responsibility for monitoring and directing the activities of the business units, central management and corporate centre was allocated by the executive directors of Galp Energia, according to the allocation of duties approved by the Board of Directors and described above.



Business Units

The current business units are as follows:

Exploration & Production – Its mission is to locate, explore and produce hydrocarbons in a safe, sustainable and ethical manner, with a view to maximize value for shareholders, customers and employees, with differentiated, integrated, flexible, geologically motivated commercially innovative and fast-paced solutions.

Refining & Marketing – Responsible for ensuring the highest levels of availability and reliability of refineries to enable greater operational efficiency; ensure the marketing of oil products and the marketing of non-fuel products in the Iberian Peninsula and Africa, in order to maximise the return on invested capital.

Gas & Power – Its mission is to act as a benchmark operator, developing a portfolio of regulated and deregulated activities, including the exploration of natural gas infrastructure and marketing within a regulated market through a combination of natural gas and electricity supply to end customers in the Iberian Peninsula.

Supply and Trading in Oil & Gas – Ensures the supply of crude oil, oil products, natural gas and liquefied natural gas to meet demand from Galp Energia's commercial channels. Focuses on trading activity by making the most of current market dynamics worldwide.

Biofuels – Develops the biofuels business, respecting the approved strategy, Galp Energia's positioning in the production and marketing of these products in an economically, socially and environmentally sustainable manner, coordinating the activity of associated companies in the agro-industrial sector for biofuels, and technically supporting agrobusiness and biofuel production activities of its associated companies.



Corporate Centre

The corporate centre consists of the following departments:

Corporate centre	
Central Departments	Mission
Purchasing and Contracts	Maximise Galp Energia's purchasing power, thereby contributing to a sustained improvement in the Group's results by obtaining the best value for money, while maintaining the requirements of safety, health and environmental protection in the acquisition of goods and services, ensuring that operational procedures demonstrate transparency and ethics in the purchasing process and introducing innovations that optimise the supply chain.
Legal Services and the Company Secretary	Implement and manage legal and corporate secretarial functions in an integrated way for the Galp Energia Group, particularly ensuring legal support to business decisions, monitoring legal compliance, litigation management and legal prevention.
Internal Audit	Evaluate the Group's activities in an independent and systematic way, providing added value through the review of risk management systems, the optimisation of management processes, internal control and governance systems.
Corporate services	Mission
Organisation and Management of Human Resources	Define and implement a human resources policy that is anchored in the values, vision and mission of Galp Energia and so responds to the strategic and operational needs of the different departments, values the personal and professional development of staff, optimises the Company's key processes and is oriented towards consolidating a culture of value creation.
Accounting and Taxation	Prepare the consolidated accounts of the Galp Energia Group and all its sub-holdings and the individual accounts of all Group companies, in accordance with national and international standards and replacement costs; make the respective reports in line with a General and Analytical Accounting approach; propose, implement and monitor the Group's permanent capital structure and ensure tax compliance in the context of international taxation and the tax laws of the countries where it operates.
Corporate Strategy and Investor Relations	Contribute to a formal and dynamic process of strategic thinking at Galp Energia and ensure a clear and consistent perception of the company by the capital markets, at the strategic, operational and financial level.
Planning and Corporate Control	Challenge the performance of the business units and corporate services and ensure that they are aligned with Galp Energia's strategic objectives. Draw up and analyse Group management information.
Communication and Institutional Affairs	Ensure that internal communication, in its many facets, meets the needs and requirements of a leading organisation, contributing to the alignment of the entire team with the strategic plans, to achieve expected results and increase value for Shareholders; ensure that through transparent communication to its stakeholders, the perception that they acquire of Galp Energia is uniform, positive, clear and precise, reflecting its true multifaceted dimension as an integrated energy operator; design, manage and communicate the Galp Energia brand in ways that enhance its value as an asset to the Company, ensuring that it is permanently aligned with the Group's strategy and reflects the image of an integrated, global energy player; coordinate and manage the organisation's policy on corporate responsibility so that Galp Energia can be seen as an active agent of development for the communities in which it operates, in Portugal and abroad, promoting the establishment of open and constructive relations with the organs of government and all other external players relevant to the activities and objectives of the Company.
HSE and Quality Corporate Department	Define, organise and control activities in the management of safety, environment and quality at Group level, ensuring that the Company's strategy and activities are integrated, and that there is continuous improvement in its performance, contributing to sustainable development and corporate excellence; ensure the integrated management of relevant risks inherent in Galp Energia activity in the areas of safety, environment and quality, while maintaining compliance with legislation and national, EU and international standards in the countries in which Galp Energia operates, by defining standards of excellence and applicable goals and objectives for safety, environment and quality which enable it to optimise the overall performance of the Company in line with its mission and values.
Chairman's Office	Assist the Chairman of the Executive Committee in the management, coordination and relationship with the Company's governing bodies.
Treasury and Finances	Implement the short and medium-term financial structure of the Galp Energia Group in order to optimise and diversify its financial resources, minimising the risk of the Group's liquidity; ensure the integrated management of the Group Treasury to optimise financial resources in the short-term, coordinate and negotiate the various financial instruments in national and international financial markets; identify and propose the Group's financial risk management and market policy; monitor the Group's pension funds.
Information Systems	Foster the development and sustainability of Galp Energia's business, by using an information system managed in an efficient, effective, reliable, consistent and innovative way which is oriented to controlling processes and costs.
Innovation, Development and Sustainability	Identify and implement integrated policies and projects in innovation, development, sustainability and energy efficiency, as part of the Galp Energia Group's strategy, while taking into account the principles of value creation.
Risk Management and Insurance	Promote the implementation of risk management policies defined by the Executive Committee in conjunction with the various business units of the Galp Energia Group; propose insurance policies, negotiate and manage the respective contracts at Group level and manage curative and workplace health and medical plans.
Engineering	Ensure the development of internal skills and updating of knowledge in various engineering specialisms, promoting the development and standardisation of procedures and their regular update. Plan and ensure the availability of specific engineering resources according to the needs of each project managed by the Project Management Department.
Project Management	Manage Galp Energia's projects in support of its business units, from initial conception to entry into commercial operation, providing for each project the necessary quality of execution, budget and deadline compliance, promoting the development of know-how and standardisation of processes and standards leading to cost optimisation and efficiency in interactions during the procurement and contracting stages.
Management of Non-Operational Assets	This comprises the areas of asset management and facilities management. The aim of the first is to manage the assets referred to as "non-operational" within the Galp Energia Group, proposing and realising the acquisition, disposal or development of assets, with a view to permanent recovery and cost/benefit optimisation. Within the field of facilities management, the aim is to develop, implement and manage service provision strategy to the business/management units to ensure high levels and standards of quality, safety and environment, and comply with the rules in force. Establish partnerships with business units with regard to the sharing of best practices.



Specialized committees

Sustainability Committee

Galp Energia regards sustainability as a strategic issue, and follows an approach that implies generating results without compromising the future. The approach is through continuous performance improvement in the areas of safety, health and the environment, a culture of ethical and responsible conduct, a policy to combat climate change, and innovation and the involvement of stakeholders and communities in the life of the Company.

Inclusion in the Dow Jones Sustainability Index is a plus factor boosting the Galp Energia Group's sustainability: to meet existing commitments and promote continuous improvement through the implementation of a strategic plan for sustainability in economic, social and environmental terms.

On 12 October 2012 the Sustainability Committee was created with the aim of ensuring that sustainability principles were integrated into the management processes of Galp Energia Group companies, promoting best sector practices in all business, corporate and services areas. This committee is comprised of representatives from different areas of the Company and chaired by the Executive Director with the respective portfolio, Carlos Costa Pina.

Risk management Committee

The Risk Management Committee was established by the Executive Committee on March 22, 2013, with a mission to support and monitor the formulation and implementation of strategy and policy for risk management at Galp Energia, in conjunction with the Department of Risk Management and those responsible for the management units of the Company, comprising the executive director responsible for the Risk Management Department (Chief Risk Officer), the director of the Internal Audit Department, director of the Risk and Safety Management Department and executive director for financial matters (Chief Financial Officer).

Fuel Pricing Committee

The remit of the Fuel Pricing Committee is to define the pricing strategy and policy for fuel in Portugal, as well as to review, decide and implement sales prices.

This committee is composed of the Executive Director in charge of the Marketing of Oil Products business unit, Luís Palha da Silva, as well as the managers of specific businesses included in this unit.

Quality counsel

The Quality Board was set up in December 2008 with the aim of aligning strategy with functional quality management within the Galp Energia Group. The mission of the Board is to promote a culture of positive quality, underpinned by a strong leadership committed to achieving the strategic vision for quality.

The Quality Board is composed of the Executive Committee Chairman, who exercises the same role in the Board, the Executive Director in charge of quality, Carlos Costa Pina, a corporate environment, quality and safety service manager, a corporate quality manager, as Secretary, and first-line department managers appointed by the Executive Director in charge of quality.

Committee for supervisory of Compliance with Galp Energia's Ethics Code

The Code of Ethics, approved in July 2009, aims to provide guidance on the personal and professional conduct of all Galp Energia employees and regulate relationships between colleagues, shareholders, clients, suppliers and representatives of the communities with which the Galp Energia Group interacts.

Once the Code of Ethics came into force, the Committee for Verification of Compliance was created. This committee, which is composed of three Senior Executives appointed by the Executive Committee, aims to guarantee the correct interpretation and implementation of the code, as well as the clarification of doubts and/or omissions.

Committee for Monitoring Anti-corruption Policies

As a leading company in the oil sector that fully respects the law and the best international practices, Galp Energia is aware of its corporate responsibility and bases the exercise of its activity on the principles of fairness, correctness, honesty, transparency and integrity. In April 2011, the current anti-corruption policy was agreed, in which corrupt practices are qualified and prohibited in all their active and passive forms, including any attempt at corrupt practices, even if unsuccessful, either through acts and omissions or through the formation and maintenance of irregular situations or favours.

Galp Energia decided, therefore, to take on the commitment of promoting full respect for the provisions of its Code of Ethics, and the standards of general and specific law applicable to anti-corruption practices, as laid down in articles 335, 368, 372 to 374-B and 375 to 377, all articles of the Criminal Code, as amended from time to time, in Law 20/2008, of 21 April (criminal regime against corruption in international trade and in the private sector), in Law 36/94, of 29 September (measures against corruption and economic and financial crimes), and also contained in several regulations and provisions of the articles of association. Galp Energia regards such standards as being directly applicable to Galp Energia, to Group companies, to governing bodies, to employees, to clients and to suppliers, as a management priority and cornerstone in the consolidation of Galp Energia's values and principles.

For the implementation and enforcement of this policy the following regulatory standards were approved: representation expenses with others and managing relationships with the government.



As part of the process of approving Galp Energia's anti-corruption policy, the Committee for Monitoring the Anti-corruption Policy was set up. The main duties of this Committee are to ensure that the anti-corruption policy is implemented and monitored, as well as reviewed, and that any questions or clarifications concerning any omissions from it are addressed. This Committee is composed of three Senior Executives appointed by the Executive Committee.

Regulation, Pricing and Gas & Power Risk Committees

As at today the committees that are in place are the Gas & Power Regulation Committee, the Gas & Power Pricing Committee and the Gas & Power Risk Management Committee and Supply and Trading of Oil & Gas.

The main duties of the Gas & Power Regulation Committee are to supervise the regulatory affairs involved in natural gas and electricity distribution, under the regulatory framework for the sector. It is composed of an Executive Director responsible for the G&P business unit and of those responsible for the specific areas of Regulation and Pricing, Distribution and Planning, and Control. The Committee is to meet once every three months.

b) FUNCTIONING

22. Regulations on the functioning of the Board of Directors

The Board of Directors of Galp Energia works in accordance with the organisational and operational regulations approved thereby at its meeting which took place on July 26, 2012, pursuant to Article 16 of the articles of association, which is

The Gas & Power Pricing Committee aims to supervise market information, in terms of the supply of natural gas and electricity, to analyse market offers, as well as to follow international market trends within the supply and trading of natural gas and liquefied natural gas (LNG). Other than the Executive Director responsible for the G&P business unit, other Committee members include those responsible for the specific areas of Regulation and Pricing, Commercialisation, Supply and Trading of Natural Gas, as well as Planning and Control, who shall meet on a monthly basis.

The aim of the Gas & Power Risk Committee is to supervise risk management and internal control within the G&P and Supply and Trading of Oil & Gas business units, and it is composed of their respective Executive Director and of those who are responsible for the specific areas of these units, as well as of the Legal Department and Risk Management Directors, who shall meet once every two months.

available on the official Galp Energia website at http://www.galpenergia.com/EN/Investidor/GovernoCorporativo/Orgaos-sociais/Documents/BoD_terms_of_reference_2012.pdf.

23. Number of meetings of the Board of Directors and attendance of their respective members

In 2013 the Board of Directors convened 16 meetings, of which 10 were held with electronic voting. The attendance or representation by proxy rate at meetings was 100% of the

directors, with the exception of the absence of a director at a single meeting.

24. Company bodies responsible for evaluating the performance of Executive Directors

The Remuneration Committee has carried out a performance evaluation of executive and non-executive directors, within the jurisdiction of this committee and in accordance with the mandate given to it by the General Shareholders Meeting, pursuant to Article 8 of the Company's articles of association,

including through the consultation of non-executive members on the performance of the executives.

Moreover, the non-executive members, as part of their supervisory duties, monitor the performance of the executive directors.

25. Predetermined criteria for evaluating the performance of Executive Directors

The assessment of the performance of the Executive Directors is made according to the attainment of certain economic, financial and operational objectives, as determined annually

by the remuneration policy proposed by the Remuneration Committee and approved by the General Shareholders Meeting.



26. Availability of members of the Board of Directors, together with the positions held simultaneously in other companies inside and outside the Group, and other relevant activities carried out during the year

In general, members of the Board of Directors at Galp Energia showcase a high degree of availability for the exercise of their allocated duties, provided however, that executive directors

accumulate duties within the Group companies and non-executive directors perform additional duties in companies outside the Group.

Américo Amorim

Within the Group:

Chairman of the International Strategy Committee at Galp Energia, SGPS, S.A., since April 2012

Outside the Group:

Chairman of ISPG – Instituto do Petróleo e Gás, an Association for Advanced Research and Training

Chairman of the Galp Energia Foundation

Chairman of the Board of Directors of Amorim Investimentos e Participações, SGPS, S.A.

Director of Amorim Energia B.V.

Chairman of the Board of Directors and Executive Committee of Amorim Holding II – SGPS, S.A.

Chairman of the Board of Directors of Solfim, SGPS, S.A.

Chairman of the Board of Directors of Amorim Financial, SGPS, S.A.

Chairman of the Board of Directors of Amorim Holding Financial, SGPS, S.A.

Chairman of the Board of Directors of Amorim Projetos, SGPS, S.A.

Chairman of the Board of Directors of Amorim Negócios, SGPS, S.A.

Chairman of the Board of Directors of Amorim Investimentos Energéticos, SGPS, S.A.

Chairman of the Board of Directors of II – Investimentos Ibéricos, SGPS, S.A.

Chairman of the Board of Directors of Imoeuro, SGPS, S.A.

Chairman of the Board of Directors of Invesluanda, SGPS, S.A.

Chairman of the Board of Directors of API – Amorim Participações Internacionais, SGPS, S.A.

Chairman of the Board of Directors of Vintage Prime, SGPS, S.A.

Chairman of the Board of Directors of Stockprice, SGPS, S.A.

Chairman of the Board of Directors of Financimgest – Sociedade de Consultoria de Gestão de Créditos, S.A.

Chairman of the Board of Directors of Warranties, SGPS, S.A.

Chairman of the Board of Directors of Bridge Capital, SGPS, S.A.

Member of the Board of Directors of Banco BIC Português, S.A.

Member of the Board of Directors of BIC Angola, S.A.

Chairman of the Board of Directors of Banco Luso Brasileiro

Director of Investmark Holdings, B.V.

Director of Angola Real Estate Investments, B.V.

Director of Topbreach Holding, B.V.

Director of Amorim Finance Holding, B.V.

Director of Oil Finance Holdings, B.V.

Director of Amorim Financial Sector, B.V.

Director of Amorim Aliança, B.V.

Director of Ligardis Holding, B.V.

Director of Meerdervaart B.V.

Director of Power Oil & Gas Investments, B.V.

Director of Oil Investments, B.V.

Director of Itacaré B.V.

Director of Praia do Forte, B.V.

Director of Amorim Investments II, S.A.

Director of Amorim Investments IV, S.A.

Director of Amorim Investments V, S.A.

Director of Amorim Alternative Investments, S.A.

Member of the Board of Directors of Banco Popular Espanhol, S.A.

Chairman of the Board of Directors of Union Europeia de Inversões, S.A.

Chairman of the Board of Directors of AHFB I, INC.

Chairman of the Board of Directors of Amorim/TFI, INC.

Chairman of the Board of Directors of Gestimovel, S.A.

Chairman of the Board of Directors of Amorim Património, S.A.

Chairman of the Board of Directors of Sotomar – Empreendimentos Industriais e Imobiliários, S.A.

Chairman of the Board of Directors of Mosteiro de Grijó – Empreendimentos Turísticos e Imobiliários, S.A.

Chairman of the Board of Directors of Amorim e Alegre – Sociedade Imobiliária, S.A.



Américo Amorim (continued)

Outside the Group:

Chairman of the Board of Directors of Gaivina – Empreendimentos Turísticos e Imobiliários, S.A.
 Chairman of the Board of Directors of Imobis – Empreendimentos Imobiliários Amorim, S.A.
 Chairman of the Board of Directors of Porta do Sol – Sociedade Imobiliária Amorim, S.A.
 Chairman of the Board of Directors of Alqueva Verde, S.A.
 Chairman of the Board of Directors of Paisagem do Alqueva, S.A.
 Chairman of the Board of Directors of SSA – Sociedade de Serviços Agrícolas, S.A.

Manuel Ferreira De Oliveira

Within the Group:

Member of the Board of Directors of Petrogal, S.A.
 Member of the Board of Directors of Galp Exploração e Produção (Timor-Leste), S.A.
 Member of the Board of Directors of GDP – Gás de Portugal, SGPS, S.A.
 Member of the Board of Directors of Galp Gás Natural Distribuição, SGPS, S.A.
 Member of the Board of Directors of Galp Power, SGPS, S.A.
 Member of the Board of Directors of Galp Energia, S.A.
 Member of the Board of Directors of Galp Energia España, S.A.U.
 Chairman of the Board of Directors of Next Priority – Galp Soluções de Energia, S.A.
 Chairman of the Board of Directors of Petrogal Brasil, S.A.
 Director of Galp Energia E&P, B.V.
 Director of Galp Sinopec Brazil Services, B.V.
 Director of Petrogal Brasil, B.V.
 Chairman of the Board of Directors of Galp Exploração e Produção Petrolífera, SGPS, S.A.
 Member of the Advisory Board of Galp Exploração Serviços do Brasil, Lda.
 Director of Galp Energia Overseas, B.V.
 Director of Galp Energia Overseas, LNG, B.V.
 Director of Galp Energia Overseas Block 14, B.V.
 Director of Galp Energia Overseas Block 32, B.V.
 Director of Galp Energia Overseas Block 33, B.V.
 Director of Galp Energia Rovuma, B.V.
 Chairman of the Board of Directors of Galp Energia Brasil, S.A.

Outside the Group:

Chairman of the Scientific and Technical Board of ISPG – Instituto do Petróleo e Gás, Association for Advanced Research and Training
 Member of the Board of Directors of Galp Energia Foundation
 Deputy-Chairman of the General Board of Universidade do Porto
 Guest Professor at Universidade de Aveiro
 Member of the Advisory Board of Entreeajuda

Luís Palha da Silva

Within the Group:

Member of the Board of Directors of Petrogal, S.A.
 Member of the Board of Directors of Galp Exploração e Produção (Timor-Leste), S.A.
 Member of the Board of Directors of GDP – Gás de Portugal, SGPS, S.A.
 Member of the Board of Directors of Galp Gás Natural Distribuição, SGPS, S.A.
 Member of the Board of Directors of Galp Power, SGPS, S.A.
 Member of the Board of Directors of Galp Energia, S.A.
 Member of the Board of Directors of Galp Energia España, S.A.U.
 Member of the Board of Directors of Petrogal Brasil, S.A.
 Director of Galp Energia E&P, B.V.
 Director of Galp Energia Overseas, B.V.
 Director of Galp Sinopec Brazil Services, B.V.
 Member of the Board of Directors of Galp Exploração e Produção Petrolífera, SGPS, S.A.
 Chairman of the Board of Directors of CLC – Companhia Logística de Combustíveis, S.A.
 Chairman of the Managing Board of Petrogal Angola, Lda.
 Chairman of the Managing Board of Petrogal Cabo Verde, Lda.
 Chairman of the Managing Board of Petrogal Guiné-Bissau, Lda.
 Chairman of the Managing Board of Petrogal Moçambique, Lda.
 Chairman of the Executive Committee of Galp Moçambique, Lda.
 Chairman of the Board of Galp Gambia, Limited
 Chairman of the Board of Galp Swaziland, Limited
 Director of Galp Energia Brasil, S.A.

**Luís Palha da Silva** (continued)**Outside the Group:**

Member of the Board of Directors of Jerónimo Martins, SGPS, S.A.
Member of the Scientific and Technical Council of ISPG – Instituto de Petróleo e Gás, an Association for Advanced Research and Training
Member of the Board of Directors of NYSE Euronext (since September 2012)
Chairman of APETRO – Portuguese Oil Company Association – (since September 2012)
Chairman of AEM – Associação dos Emitentes Portugueses (since 2011)

Paula Amorim**Outside the Group:**

Member of the Board of Directors of Stockprice, SGPS, S.A.
Member of the Board of Directors of Invesluanda, SGPS, S.A.
Member of the Board of Directors of Alqueva Verde, S.A.
Member of the Board of Directors of Amorim Financial, SGPS, S.A.
Member of the Board of Directors of Bridge Capital, SGPS, S.A.
Member of the Board of Directors of Sotomar, S.A.
Member of the Board of Directors of Financinggest, S.A.
Member of the Board of Directors of Solfim, SGPS, S.A.
Member of the Board of Directors of Warranties, SGPS, S.A.
Member of the Board of Directors of SSA, S.A.
Member of the Board of Directors of Lusares, S.A.
Member of the Board of Directors of Amorim Negócios, SGPS, S.A.
Member of the Board of Directors of Amorim Projetos, SGPS, S.A.
Deputy-Chairman of Amorim Holding Financeira, SGPS, S.A.
Deputy-Chairman and Member of the Executive Committee of Amorim Holding II, SGPS, S.A.
Deputy-Chairman of Imoeuro, SGPS, S.A.
Deputy-Chairman of the Board of Directors of Gaivina, S.A.
Deputy-Chairman of the Portal do Sol, S.A.
Director of Amorim Investments IV, S.A.
Director of Amorim Investments V, S.A.
Director of Amorim Investments II, S.A.
Director of AHFB, I Inc.
Manager of the Agro-Florestal do Panasquinho Company, Lda.
Deputy-Chairman of the Board of Directors of AIP Amorim – Investimentos e Participações, SGPS, S.A.
Manager of Amorim Five, Lda.
Sole Director of Amorim Luxury – SGPS, S.A.
Director of PFR Amorim, S.A.

Filipe Crisóstomo Silva**Within the Group:**

Member of the Board of Directors of Petrogal, S.A.
Member of the Board of Directors of Galp Exploração e Produção (Timor-Leste), S.A.
Member of the Board of Directors of GDP – Gás de Portugal, SGPS, S.A.
Member of the Board of Directors of Galp Gás Natural Distribuição, SGPS, S.A.
Member of the Board of Directors of Galp Power, SGPS, S.A.
Member of the Board of Directors of Galp Energia, S.A.
Member of the Board of Directors of Galp Energia España, S.A.U.
Member of the Board of Directors of Next Priority – Galp Soluções de Energia, S.A.
Member of the Board of Directors of Petrogal Brasil, S.A.
Director of Galp Energia E&P, B.V.
Director of Galp Sinopec Brazil Services, B.V.
Director of Petrogal Brasil, B.V.
Director of Galp E&P Brazil B.V.
Director of Galp Energia Portugal Holdings B.V.
Member of the Board of Directors of Galp Exploração e Produção Petrolífera, SGPS, S.A.
Director of Galp Energia Overseas, B.V.
Director of Galp Energia Overseas, LNG, B.V.
Director of Galp Energia Overseas Block 14, B.V.
Director of Galp Energia Overseas Block 32, B.V.
Director of Galp Energia Overseas Block 33, B.V.
Director of Galp Energia Rovuma, B.V.



Filipe Crisóstomo Silva (continued)

Within the Group:

Director of Galp Bioenergy B.V.
 Member of the Audit Committee of Belem Bioenergy, B.V.
 Director of Windhoek PEL 23, B.V.
 Director of Windhoek PEL 24, B.V.
 Director of Windhoek PEL 28, B.V.
 Director of Galp Energia Tarfaya, B.V.
 Director of Galp East Africa B.V.
 Director of Galp Energia Brasil, S.A.

Outside the Group:

Member of the Board of ISPG – Instituto de Petróleo e Gás, an Association for Advanced Research and Training

Carlos Gomes da Silva

Within the Group:

Member of the Board of Directors of Petrogal, S.A.
 Member of the Board of Directors of Galp Exploração e Produção (Timor-Leste), S.A.
 Member of the Board of Directors of GDP – Gás de Portugal, SGPS, S.A.
 Member of the Board of Directors of Galp Gás Natural Distribuição, SGPS, S.A.
 Member of the Board of Directors of Galp Power, SGPS, S.A.
 Member of the Board of Directors of Galp Energia, S.A.
 Member of the Board of Directors of Galp Energia España, S.A.U.
 Member of the Board of Directors of Petrogal Brasil, S.A.
 Director of Galp Energia E&P, B.V.
 Director of Galp Sinopec Brazil Services, B.V.
 Director of Galp Energia Portugal Holdings B.V.
 Member of the Board of Directors of Galp Exploração e Produção Petrolífera, SGPS, S.A.
 Director of Galp Energia Overseas, B.V.
 Director of Galp Bioenergy B.V.
 Chairman of the Board of Directors of Galp Gás Natural, S.A.
 Chairman of the Board of Directors of GDP Serviços, S.A.
 Chairman of the Board of Directors of Galp Power, S.A.
 Chairman of the Board of Directors of Madrilena Suministro de Gás, S.L.
 Chairman of the Board of Directors of Madrilena Suministro de Gás Sur, S.L.
 Member of the Board of Directors of Gasoduto Al-Andalus, S.A.
 Member of the Board of Directors of Gasoduto de Extremadura, S.A.
 Member of the Board of Directors of Europe Maghreb Pipeline, Ltd.
 Member of the Board of Directors of Metragaz – Société pour la Construction et L'Exploitation Technique du Gazoduc Maghreb Europe
 Director of Galp Energia Brasil, S.A.

Outside the Group:

Member of the Board of ISPG – Instituto de Petróleo e Gás, an Association for Advanced Research and Training
 Head of Management at AGN, Portuguese Association of Natural Gas Companies
 Member of the Board of Directors of Galp Energia Foundation
 Member of the Board of Directors of Amorim Investimentos Energéticos, SGPS, S.A. e da Amorim Energia, B.V.

Sérgio Gabrielli

Within the Group:

Member of the International Strategy Committee of Galp Energia, SGPS, S.A.

Outside the Group:

Non-Executive Member of the Board of Directors of Itaúsa, S.A.

Stephen Whyte

Within the Group:

Member of the Board of Directors of Petrogal S.A.
 Member of the Board of Directors of Galp Exploração e Produção (Timor-Leste), S.A.
 Member of the Board of Directors of GDP – Gás de Portugal SGPS, S.A.
 Member of the Board of Directors of Galp Gás Natural Distribuição, SGPS, S.A.
 Member of the Board of Directors of Galp Power, SGPS, S.A.
 Member of the Board of Directors of Galp Energia, S.A.
 Member of the Board of Directors of Galp Energia España, S.A.U.
 Member of the Board of Directors of Petrogal Brasil, S.A.
 Director of Galp Energia E&P, B.V.
 Director of Galp Sinopec Brazil Services, B.V.



Stephen Whyte (continued)**Within the Group:**

Director of Petrogal Brasil, B.V.
Director of Galp E&P Brasil B.V.
Director of Galp Energia Portugal Holdings B.V.
Member of the Board of Directors of Galp Exploração e Produção Petrolífera, SGPS, S.A.
Member of the Advisory Board of Galp Exploração Serviços do Brasil, Lda.
Director of Galp Energia Overseas, B.V.
Director of Galp Energia Rovuma, B.V.
Director of Windhoek PEL 23, B.V.
Director of Windhoek PEL 24, B.V.
Director of Windhoek PEL 28, B.V.
Director of Galp Energia Tarfaya, B.V.
Director of Galp East Africa B.V.
Member of the Board of Directors for 3G Holdings Limited and 3G Company, S.A.
Director of Galp Energia Brasil, S.A.

Outside the Group:

Member of the Scientific and Technical Council of ISPG – Instituto de Petróleo e Gás, an Association for Advanced Research and Training

Vitor Bento**Outside the Group:**

Chairman of the Board of Directors of SIBS since June 2000

Abdul Magid Osman**Within the Group:**

Member of the International Strategy Committee at Galp Energia, SGPS, S.A.

Outside the Group:

Chairman of the BIOFUND Foundation – for the protection of biodiversity since 2011
Chairman of the Board of Directors at Épsilon Investimento since 2007
Chairman of the Board of Directors and the Executive Committee of Tchuma Cooperativa de Crédito e de Poupança since 2000

Luís Campos e Cunha**Outside the Group:**

Lecturer of the Economics department at Universidade Nova de Lisboa (since 1995)
Deputy-Chairman of the Serralves Foundation (since January 2006)
Chairman of the Coordinating Council SEDES (since 2008)
Chairman of the Supervisory Board of Banco Santander Totta (since April 2011)
Member of the Board of Directors of the Fundação Centro Cultural de Belém (since 2012)

Miguel Athayde Marques**Outside the Group:**

Independent non-executive director at Brisa, Concessão Rodoviária, S.A. (since December 2010)
Chairman of the Supervisory Board at Caixa Banco de Investimento, S.A. (since January 2012)
Founder and Coordinator of Portugal Economy Probe (since March 2012)
Member of the Scientific and Pedagogical Council of the Instituto Superior de Gestão Bancária (Portuguese Banking Association) (since 1989)
Chairman of the Supervisory Board of the Associação Aprender a Empreender (Junior Achievement Young Enterprise) (since 2007)
Chairman of the Supervisory Board of the Sociedade Científica da Universidade Católica Portuguesa (since 2003)
Director of Gepasa, SCR, S.A. (since September 2012)
Member of the Advisory Board for GRACE – Grupo de Reflexão e Apoio à Cidadania Empresarial (since 2011)
Chairman of the Supervisory Board for APBA – Portuguese Association of Business Angels (from 2008 to 2011) and Member of the Advisory Board for APBA (since 2011)

Carlos Costa Pina**Within the Group:**

Member of the Board of Directors of Petrogal, S.A.
Member of the Board of Directors of Galp Exploração e Produção (Timor-Leste), S.A.
Chairman of the Board of Directors of Tagus, RE
Member of the Board of Directors of GDP – Gás de Portugal, SGPS, S.A.
Member of the Board of Directors of Galp Gás Natural Distribuição, SGPS, S.A.
Member of the Board of Directors of Galp Power, SGPS, S.A.
Member of the Board of Directors of Galp Energia, S.A.
Member of the Board of Directors of Galp Energia España, S.A.U.
Director of Galp Energia E&P, B.V.
Director of Galp Energia Overseas, B.V.
Member of the Board of Directors of Galp Exploração e Produção Petrolífera, SGPS, S.A.



Carlos Costa Pina (continued)

Within the Group:

Chairman of the Board of Directors of Enerfuel, S.A.

Director of Galp Bioenergy B.V.

Member of the Audit Committee of Belem Bioenergy, B.V.

Chairman of the Board of Directors of Galpbúzi Agroenergia, S.A.

Chairman of the Board of Directors of MoçamGalp – Agroenergias de Moçambique, S.A.

Director of Galp Energia Brasil, S.A.

Outside the Group:

Member of the Scientific and Technical Council of ISPG – Instituto de Petróleo e Gás, an Association for Advanced Research and Training

Rui Paulo Gonçalves

Outside the Group:

Director and Managing Director of Amorim Investimentos Energéticos, SGPS, S.A. (since December 2007)

Director of Amorim Energia B.V. (since 2011)

Chairman of the General Meeting Board for Amorim Holding II, SGPS, S.A. (since 2011)

Deputy-Chairman of the General Meeting Board for Banco Único, S.A. (since 2011)

Luís Todo Bom

Outside the Group:

Inspector-General for Portugal Telecom Group (since 1996)

Chairman of the Advisory Board for the PT Group and Non-Executive Chairman of Multitel Angola (since 2005)

Non-Executive Director of Onyria Internacional (Onyria Group), and Scutvias-AEXXI (Globalvia Group) (since 2011)

Invited Associate Professor of the Management of Innovation, Technology and Corporate Strategy Business Project at ISCTE (since 2005)

Advisor for economic and financial and strategic partnerships for investment projects in Angola (since 2005)

Fernando Gomes

Outside the Group:

Deputy Chairman of Futebol Clube do Porto and executive director of Futebol Clube do Porto, SAD

Diogo Mendonça Tavares

Outside the Group:

Director of Amorim Holding II, SGPS, S.A.

Joaquim Borges Gouveia

Outside the Group:

Professor of the Economics, Management and Industrial Engineering department at Universidade de Aveiro (since 1 October 2001)

Director of the PhD programme in Energy Systems and Climate Changes (since June 2011)

Director of the PhD programme in Engineering and Industrial Management (since June 2010)

Head of advanced training courses in Energy Efficiency and Renewable Energies, Management for Executives and Management of Technology, Innovation and Knowledge (since June 2007)

Chairman of the Board of Directors of ENERGAIA, Agência Municipal de Energia de Vila Nova de Gaia (since June 1999)

Member of the Board of Directors of ABAP/BIOCANT (since May 2006)

Carlos da Silva Costa

Within the Group:

Member of the Board of Directors of Petrogal, S.A.

Member of the Board of Directors of Galp Exploração e Produção (Timor-Leste), S.A.

Member of the Board of Directors of GDP – Gás de Portugal, SGPS, S.A.

Member of the Board of Directors of Galp Gás Natural Distribuição, SGPS, S.A.

Member of the Board of Directors of Galp Power, SGPS, S.A.

Member of the Board of Directors of Galp Energia, S.A.

Member of the Board of Directors of Galp Energia España, S.A.U.

Director of Galp Energia E&P, B.V.

Member of the Board of Directors of Galp Exploração e Produção Petrolífera, SGPS, S.A.

Chairman of the Board of Directors of Soturis – Sociedade Imobiliária Turística S.A.

Outside the Group:

Member of the Scientific and Technical Council of ISPG – Instituto de Petróleo e Gás, an Association for Advanced Research and Training

Jorge Manuel Seabra de Freitas

Outside the Group:

Director of Corticeira Amorim, SGPS (since November 2011)

Director of Amorim Holding II (since August 2011)



c) COMMITTEES WITHIN THE MANAGEMENT BODY AND DELEGATED DIRECTORS

27. Committees created within the Board of Directors and respective operating regulations

Executive Committee

The current Board of Directors at the meeting held on 24 April 2012 appointed an Executive Committee of six members, which was later extended to seven members at the Board of Directors' meeting held on 14 December 2012.

Under paragraphs 8.5. and 8.7. of the Regulations of the Board of Directors, the Executive Committee approved, at its meeting on August 31, 2012, the Regulation which sets out the principles and basic rules for its organisation and its operation, which can be found on the official Galp site at http://www.galpenergia.com/EN/Investidor/GovernoCorporativo/Orgaos-sociais/Documents/Terms_of_reference_for_the_executive_committee_2012.pdf

28. Composition of the Executive Committee

The Executive Committee of Galp Energia is currently comprised of the following seven directors:

Chairman: Manuel Ferreira De Oliveira (CEO)

Deputy-Chairman: Luís Palha da Silva

Reflection on International Strategy Committee

Given the increasing importance of Galp Energia activity and business in distant countries and different continents, the Board of Directors at Galp Energia approved the establishment of the Reflection on International Strategy Committee at a meeting of July 26, 2012, consisting of four non-executive directors chosen by the Board of Directors for their career, knowledge and reputation who would therefore be best placed to add value to the decisions and steps to be taken regarding the internationalisation and development of Galp Energia business.

Members: Filipe Crisóstomo Silva (CFO)
Carlos Gomes da Silva
Stephen Whyte
Carlos Costa Pina
Carlos da Silva Costa

29. Responsibilities of each committee and summary of activities involved

Executive Committee

The Executive Committee is the body responsible for the current management of Galp Energia, in accordance with the strategic guidelines laid down by the Board of Directors and under the powers delegated to it by that Board referred to in point 21 of this report.

Without prejudice to the limits of the delegation of powers established by the Board of Directors, the Executive Committee has a special duty of initiative and proposal to that body for acts and matters which were not subject to delegation.

The Executive Committee operates according to the principles and basic rules set out in its regulations and meets as a rule, once a week, having held 45 meetings in 2013.

The notices and minutes of meetings of the Executive Committee are forwarded to the Chairman of the Board of Directors and to the Chairman of the Supervisory Board by the Chairman of the Executive Committee.

Executive Directors provide the members of other decision-making bodies and the non-executive members of the Board of Directors with information pertaining to the Company in an appropriate and timely manner, when requested to do so, and take the initiative to provide periodic information on the management done.

Reflection on International Strategy Committee

The Reflection on International Strategy Committee was created with the main aim of ongoing reflection on the international strategy of the Group and issuing reports at the request of the Board of Directors, or the Executive Committee, on business opportunities or projects to be developed at international level by Galp Energia or Group companies. In addition, the Reflection on International Strategy Committee will also produce an annual report on the activities carried out.

In 2013 two working meetings of the Reflection on International Strategy Committee were held on July 25 and December 12 at which the following topics were discussed:

- *Shale Gas*: changes in the U.S. energy transformation process; overall impacts on prices and new balances in the Gas Market.
- Development of the Gas Project in Mozambique and the political and social situation in the country.
- Evolution of the international crisis, the world economic situation, development of geopolitical tensions and their relation to Galp internationalisation process.
- The economy, society, politics and ways forward for the energy sector in Brazil.



III – SUPERVISION

a) COMPOSITION

30. Identity of the supervisory body

According to the governance model adopted, the Supervisory Board is the supervisory body of the Company.

Under Article 413(1)(b) of CSC, the supervision of Galp Energia, as a public company, with regard to the scrutiny of the Company

accounts also includes a statutory auditor with the duties provided for in Article 446 of the CSC, who shall not be a member of the Supervisory Board.

31. Composition of the Supervisory Board

In accordance with the articles of association, the Supervisory Board is composed of three standing members and a deputy member who are elected by the General Shareholders Meeting, which also elects the Chairman of the Supervisory Board.

Supervisory Board members are elected to four-year terms in conjunction with members of other corporate bodies.

The Supervisory Board of the Company was elected at the General Shareholders Meeting held on 30 May 2011 for the 2011-2013 term, which was extended to four years (2011-2014) at the General Shareholders Meeting held on 24 April 2012. The identity of members of the Supervisory Board and the dates of their appointment and term of office are shown below.

Members of the Supervisory Board			
Name	Position	Date of first appointment	End of term of office
Daniel Bessa	Chairman	2006.10.05	2014.12.31
Gracinda Raposo	Member	2011.05.30	2014.12.31
Pedro Antunes de Almeida	Member	2012.11.23	2014.12.31
Amável Calhau	Deputy	2006.10.05	2014.12.31

32. Identity of independent members of the Supervisory Board

All members of the Supervisory Board meet the independence criteria set forth in paragraph 5 of article 414 of the CSC.

33. Professional qualifications of each member of the Supervisory Board and other relevant curriculum details

The members of the Supervisory Board have the appropriate skills and professional qualifications to perform their duties. A summary of their backgrounds is shown in the following table:

Daniel Bessa

Degree in Economics from the Universidade do Porto, in 1970
 PhD in Economics from the Universidade Técnica de Lisboa, in 1986
 Chairman of the Advisory Board of IGFCSS – the Portuguese Institute for the Management of Social Security Capitalisation Funds, November 2000 to October 2012
 Member of the Management and Supervisory Board for BCP – Banco Comercial Português, S.A., from April 2011 to February 2012
 Non-Executive Director of AICEP – the Portuguese Investment and External Trade Agency from June 2007 to December 2011
 Member of the Board of Directors of Finibanco Holdings, SGPS, S.A., from May 2001 to March 2011
 Managing Director of EGP – University of Porto Business School from June 2000 to March 2009

Gracinda Raposo

Degree in Finance from the Instituto Superior do Trabalho e da Empresa, in 1978
 Master's in Operational Management from the University of Minneapolis, Minnesota, US
 Advisor to the Board of Directors of the Santander group (from 2007 to 2009)

**Pedro Antunes de Almeida**

Degree in Economics and Sociology from the Universidade de Lisboa
Post-graduate qualification in European Economics from the Universidade Católica Portuguesa
Higher Education Course in Public Relations, Marketing and Publicity from the Escola Superior de Meios de Comunicação Social de Lisboa
Auditing Course for National Defence at the National Defence Institute
Secretary of the General Meeting Board at Galp Energia, SGPS, S.A. (from 2011 to April 2012)

Amável Calhau

Chartered accountant (Instituto Militar dos Pupilos do Exército)
Chartered accountant
Managing partner of Amável Calhau, Ribeiro da Cunha e Associados – Sociedade de Revisores Oficiais de Contas

b) FUNCTIONING**34. Regulations on the functioning of the Supervisory Board**

The powers of the Supervisory Board and its operating rules are defined in the regulations of this body, approved October 29, 2009, which can be found on the Galp Energia website at <http://www.galpenergia.com/EN/Investidor/>

GovernoCorporativo/Orgaos-sociais/Documents/
Supervisoryboardregulations.pdf

35. Number of meetings of the Supervisory Board and attendance of their respective members

In 2013, there were 12 meetings of the Supervisory Board attended by all members, except for one meeting where one member was absent.

36. Availability of members of the Supervisory Board, together with positions held simultaneously in other companies inside and outside the Group, and other relevant activities carried out during the year

In general, members of the Supervisory Board of Galp Energia have proven to be highly available to carry out their functions.

The relevant activities performed by the members of the Supervisory Board are shown below.

Daniel Coelho

Chairman of the Supervisory Board of the Galp Energia Foundation
Chairman of the General Meeting Board for Banco Único, S.A.
Managing Director of COTEC Portugal – Business Association for Innovation
Chairman of the Supervisory Board of Bial – Portela e Companhia, S.A.
Chairman of the Supervisory Board of Sonae, SGPS, S.A.
Non-Executive Director of Efacec Capital, SGPS, S.A.
Member of the Board of Directors of Fundação Bial

Gracinda Raposo

Member of the Board of Directors of Tagusgás – Empresa de Gás do Vale do Tejo, S.A. (since October 2013)
Member of the Supervisory Board of the Galp Energia Foundation (since July 2013)
Director of ECS-Capital – Management Company for Private Equity and Distress Funds
Member of the Supervisory Board of Banco BIC Portugal

Pedro Antunes de Almeida

Member of the Supervisory Board of the Galp Energia Foundation (since July 2013)
Consultant in Economic and Business Affairs for the President of the Republic (since 2006)
Visiting Professor at ISCTE and Universidade Católica de Lisboa

Amável Calhau

Deputy member of the Supervisory Board of the Galp Energia Foundation



c) COMPETENCES AND FUNCTIONS

37. Description of the procedures and intervention criteria by the Supervisory Board for the purpose of hiring additional services from the external auditor

The contracting of additional services from the external auditor is preceded by an opinion of the Supervisory Board, which evaluates the reasons for their contracting and compliance with auditor independence requirements, requesting where appropriate the information due from the departments

involved. An internal regulation concerning contracting procedures from the external auditor for services other than audit services is currently being approved.

38. Other functions of the Supervisory Board

The Supervisory Board is responsible for supervising the effectiveness of the risk management system, internal control and internal audit, as well as for annually assessing the functioning of systems and internal procedures, thereby strengthening the internal control environment, namely through recommendations and proposals to adjust the functioning of internal control and risk management systems.

The Supervisory Board monitors the functioning of the corporate governance system adopted by Galp Energia and compliance with legal and statutory standards, as well as legislative and regulatory developments relating to corporate governance issued by the CMVM, presenting proposals aimed at improving corporate governance.

The Supervisory Board is also responsible for supervising the Company's adoption of principles and policies for the identification and management of the main financial and operational risks related to Galp Energia's operations, as well as following measures which are aimed at monitoring, controlling and disclosing risks.

The Supervisory Board also functions as counsel on the conduct of business between the Company and related parties as well as receiving reports of irregularities presented by shareholders, the Company's employees, clients or suppliers.

IV – STATUTORY AUDITOR

39. Identity of Statutory Auditor

The General Shareholders Meeting of Galp Energia at the meeting of May 30, 2011 and for the 2011-2013 term, this term having been extended to four years (2011-2014) by a resolution passed at the General Meeting of April 24, 2012, appointed the following persons, both full-time and substitute members, to perform the functions of Statutory Auditor:

Standing member: P. Matos Silva, Garcia Jr., P. Caiado & Associados, Sociedade de Revisores Oficiais de Contas, Lda., representada por Pedro João Reis de Matos Silva

Deputy: António Campos Pires Caiado

40. Details of number of years that the ROC has performed functions consecutively at the Company and/or Group

The Statutory Auditor at Galp Energia has performed their functions consecutively from May 6, 2008.

41. Description of services rendered to the Company by the Statutory Auditor

No other services have been rendered to Galp Energia by the Statutory Auditor.



V – EXTERNAL AUDITOR

42. Identity of external auditor

The Galp Energia Group's current external auditor is PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda. (PWC), entered in the list of Statutory Auditors under number 183 and registered with

the CMVM under number 1077, being represented by the Statutory Auditor partner António Joaquim Brochado Correia, ROC No. 1076.

43. Details of the number of consecutive years the external auditor and the statutory auditor partner representing them have performed these functions with Galp Energia and/or the Group

The external auditor, and the statutory auditor partner representing them, have performed these functions consecutively with Galp Energia and/or the Group since 2011, the year they were appointed after a tender for the period 2011-2013.

A procedure is currently underway to select the external auditor for a further period.

44. Policy and frequency of rotation of the external auditor and the respective representative statutory auditor partner

Galp Energia periodically selects the external auditor, after a proposal is made by the Supervisory Board.

45. Details of the body responsible for review of the external auditor and regularity with which this review is carried out

The Supervisory Board, as the Company spokesperson and first recipient of the information prepared by the external auditor, annually assesses the activity of the external auditor through a critical appreciation of reports and statements produced.

and remuneration systems of the governing bodies, as well as the efficiency and effectiveness of the internal control mechanisms, reporting to the Supervisory Board any deficiencies detected.

The Supervisory Board represents the Company for all purposes, before the external auditor. Under article 19, paragraph 4, of the articles of association, a statutory auditor or a firm of statutory auditors and its respective remuneration shall be proposed to the General Shareholders Meeting by the Supervisory Board.

The Supervisory Board is also responsible for appointing and dismissing the external auditor, pursuant to approved regulations. In the company's organisation plan, the Supervisory Board, in its relationship with the Board of Directors and Executive Committee, ensures that the external auditor is given information and other appropriate conditions to perform the respective services.

Within their specific audit/statutory audit work, the external auditor for Galp Energia checks the implementation of policies

46. Nature of work, other than audits, performed by the external auditor to the Company and/or companies it controls, as well as details of internal procedures for approval of contracting such services and details of reasons for such contracting

In the year 2013, for services other than audit and assurance services contracted by the Company or any entities it controls, the external auditor, identified below, accounted for 15.1%

of the total value of services rendered, a percentage which stood below the 30% recommended by the CMVM.

Nature of work, other than audit/assurance, performed by the external auditor for the Galp Energia Group

Support to Human Resources questionnaires and assessment	€61,667
Miscellaneous consulting	€57,662
Advice on Procedures	€12,056
Translation of financial statements	€7,234
Total	€138,619



When hiring services from the external auditor, there are procedures to safeguard the independence of auditors by setting a strict definition of the services to be hired. In order to safeguard the independence of the external auditor, the acquisition of any type of service that may jeopardise such independence is expressly prohibited.

The service proposals presented by the auditor are analysed and assessed and, if possible, checked with the market by the person in charge of the area (or company) that requires them and, subsequently, depending on the amount of the proposal,

by the relevant Director or by the Executive Committee, which decides whether to hire those services.

Services other than auditing provided by the external auditor in 2013 for the Galp Energia Group identified above were obtained through market consultation processes which resulted in the hiring of PWC for having submitted the best tender.

47. Details of the amount of the annual remuneration paid by the Company and/or legal persons in a dominant or group relationship with the auditor and other natural or legal persons belonging to the same network and breakdown of the percentage for the services itemised below

In 2013, the remuneration paid to the auditor and other natural or legal persons belonging to the same network was as follows:

Remuneration paid by Galp Energia*	
Value of audit services	€642,560
Value of assurance services	€173,047
Subtotal assurance services	€815,607/84.9%
Value of tax advisory services	€6,000
Value of services other than statutory accounts	€138,619
Subtotal services other than assurance services	€144,619/15.1%
Total of services provided	€960,227

* Including individual and consolidated accounts.



PART I – INFORMATION ON THE SHAREHOLDER STRUCTURE, ORGANISATION AND CORPORATE GOVERNANCE

C. Internal organisation

- I Articles of association
- II Reporting irregularities
- III Internal control and risk management
- IV Investor support
- V Website



I – ARTICLES OF ASSOCIATION

48. Rules governing amendments to the articles of association

In accordance with paragraph 4 of article 12 of the Company's Articles of Association, the resolutions of the General Shareholders Meeting on amendments to the Articles

of Association can only be approved by a qualified majority of two thirds of the votes cast.

II – REPORTING IRREGULARITIES

49. Means and policy of reporting Company irregularities

In accordance with best corporate governance practices and the applicable market rules, and in line with the principles of loyalty, correctness, honesty, transparency and integrity by which Galp conducts its business, the policy for reporting irregularities at Galp Energia, is available from the official Galp Energia website at http://www.galpenergia.com/EN/Investidor/GovernoCorporativo/Documents/PoliticaComunicacaolrregularidades_EN.pdf. This policy governs the mechanism for communicating irregularities in the Galp Energia Group companies to the body responsible, the Supervisory Board.

The aim of the policy for reporting irregularities is to allow any shareholder, employee, client or supplier to be able to communicate freely any irregularities which they know of or suspect to have occurred within Galp Energia or its subsidiaries, particularly with regard to compliance with current legislation, standards and internal regulations, the code of ethics and anti-corruption policies and support procedures.

This policy aims to facilitate early identification of acts of this nature and prevent them being committed to avoid more damaging and harmful situations for Galp Energia or its subsidiaries, for its shareholders, its clients, its suppliers and its employees.

Galp Energia's policy for reporting irregularities obeys the principle of the confidentiality of any communication sent to the Supervisory Board, regardless of the identity of the author, in accordance with the salutary principle of accountability in communication. It also ensures the protection of personal data, released under Authorisation No. 5466/2013, granted by the National Commission for Data Protection (NCDP) on 23.07.2013.

The mechanism for reporting irregularities is voluntary

in nature, ensuring that the information communicated is used only for the purposes specified therein and the author of the communication is not subject to any act of retaliation, intimidation or discrimination, including disciplinary action or withholding or suspension of payments.

The person identified by the complaint has the right to information about the complainant responsible, the facts alleged and purpose of the complaint, as well as the right to access and correct personal data held about them.

If the case is closed, the Supervisory Board shall ensure the destruction of information communicated and collected. Where there is no disciplinary action or prosecution, the data will be destroyed within six months of the case being concluded.

To support the intervention of the Supervisory Board for the reporting of irregularities, a Support Office was created for the Supervisory Board, to which the operational management and smooth running of the irregularity reporting mechanism has been delegated, in accordance with the appropriate regulations.

Galp Energia thereby makes available to all employees, shareholders, clients or suppliers, a mechanism that allows them to communicate knowledge of irregularities in confidence, in order to promote an ethical and responsible culture as well as prevent or hinder unsound or illegal practices as follows:

Email: irregularidades@galpenergia.com

Postal address: Conselho Fiscal da Galp Energia, SGPS, S.A.
Edifício Galp Energia, Torre A,
Rua Tomás da Fonseca,
1600-209 Lisboa



III – INTERNAL CONTROL AND RISK MANAGEMENT

50. Persons, bodies or committees responsible for internal audit and/or implementation of internal control systems

Within the Galp Energia Group, the Executive Committee is responsible for the implementation of an identifying and assessing mechanism of internal and external risks that may affect the Group's performance. This work is aided by various internal entities, namely the Department of Risk Management and Insurance, the Internal Audit Department and the Risk Management Committee.

The empowerment of risk management activity in 2012 and its concentration in one specific area, the Department of Risk Management and Insurance, under the umbrella of an executive director, allowed for the definition of a more effective and efficient management model of integrated risk management.

The mission of this department is to promote the implementation of risk management policies defined by the Executive Committee in conjunction with the various business units of the Galp Energia Group. It thus guarantees consistency of principles, concepts, methodologies and assessment and risk management tools for all business units in the Group, including overseas subsidiaries. It further ensures the effective implementation of the risk management system, through its relationship with the Executive Committee, Risk Management Committee and the focal points of the business units and Group companies.

The Risk Management Committee, established by the Executive Committee on March 22, 2013, is the body whose mission is to support and monitor the formulation and implementation of strategy and policy for risk management at Galp Energia, in conjunction with the Department of Risk Management and those responsible for the management units of the Company, comprising the executive director responsible for the Department of Risk Management (Chief Risk Officer), the director of the Internal Audit Department, director of the Risk and Safety Management Department and Executive Director for financial matters (Chief Financial Officer).

It is the responsibility of the Risk Management Committee to: monitor the evolution of overall risk levels to ensure that they are compatible with the goals and strategies approved by the Executive Committee; rate and review with the Executive Committee the measures for monitoring and controlling risks, in particular those with significant variations; analyse and give its opinion on the proposal for a Risk Management Policy, presented by the Director of Risk Management and Insurance and to submit it to the Executive Committee; to ensure that the Company's strategy and business plans do not contain risks that were not properly examined by the managers of the respective businesses; define and revise as necessary Galp Energia's top risks, analysing and reporting on the incorporation of the dimensions of risk management into its business objectives; to approve the annual risk management report and submit it to the Supervisory Board; and to report regularly to the Executive Committee on the activities of the Committee and the decisions adopted there.

The Supervisory Board is responsible for supervising the effectiveness of the risk management system, internal control and internal audit, as well as for annually assessing the functioning of systems and internal procedures, thereby strengthening the internal control environment.

The recommendations of the Supervisory Board are submitted to the Executive Committee.

The Supervisory Board is responsible for supervising the Company's adoption of principles and policies for the identification and management of the main financial and operational risks related to Galp Energia's operations, as well as following measures which are aimed at monitoring, controlling and disclosing risks. In order to issue the legal certification of accounts and the audit report on Galp Energia's separate and consolidated financial statements, the Statutory Auditor and external auditors assess the internal control mechanisms of the main functional cycles of Group companies with effects on financial reporting.

The Central Management of Internal Auditing independently and systematically evaluates the proper functioning of the risk management and internal control systems, as well as the effectiveness and efficiency of the implementation of controls and mitigation actions, regularly informing and alerting the Board of Directors and the Supervisory Board on comments and the most relevant recommendations and identifying opportunities for improvement.

An audit plan is set up annually, based on the outcome of the evaluation of residual risk for different processes and business units, which is approved by Galp Energia's management.

It is thus intended that the risk management system be used effectively through: ongoing monitoring of its suitability and efficiency; the monitoring of corrective measures used to redress any potential faults in the system; permanent monitoring of levels of risk; and the implementation of control mechanisms for the range of risks to which Galp Energia is exposed.

Within the scope of its supervisory function, the Supervisory Board monitors the work plans and resources allocated to the Central Management of Internal Auditing and the Group's compliance areas, and receives periodic reports from these departments, together with information on matters involving the rendering of accounts, identification or resolution of conflicts of interest and detection of potential illegalities.

This relationship model enables the Group's business units and companies to use a centralised risk management system for corporate risk management.



This department will monitor local risk control and risk management units to ensure that they are in line with defined policies and strategies and to maintain the consistency of the principles, concepts, methodologies and tools used for evaluating and managing risk for all of the Group's business units.

Finally, it should be noted that Galp Energia has received external recognition for its best practices in ongoing risk management, having won the Large Enterprise Risk Management Award.

51. Hierarchical and/or functional relationship to other Company bodies or committees

The organisation and governance structure for risk management at Galp Energia relies on the "three lines of defence" model, in line with generally accepted best practices, as outlined in the chart below.

This organisation aims at guaranteeing that the risk management process ensures that all risks and material facts that may lead to losses are identified, assessed and managed.

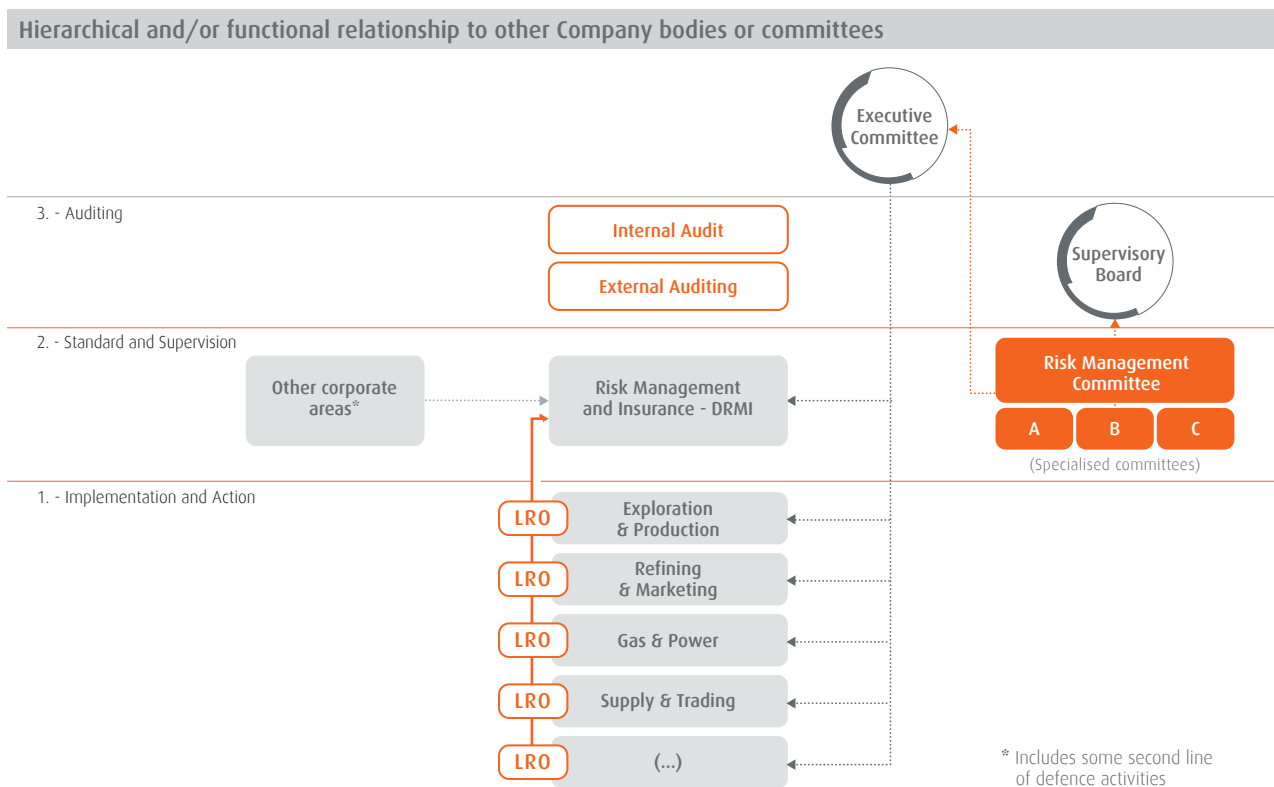
Another objective of the risk management framework described in this governance model is to enable the monitoring of the Company's integrated risk profile and the specific risks inherent in the business activities of the Galp Energia Group.

The first line of defence consists of the Galp Energia business and support units, which are assigned responsibility for identifying, reporting, self-assessment and risk mitigation. To facilitate and standardise the process, risk managers were appointed, known as Local Risk Officers (LRO), who are responsible for identifying risks in their business area and who act as focal points in the risk management relationship with the Risk Management and Insurance department. The LRO is an experienced employee, with enough expertise to identify, assess and communicate risks.

It is for the Galp Energia business and support units to carry out their daily duties in line with the business strategy and the standards and procedures, including the risk management policy of the company. In terms of risk management, they are responsible for its daily management, namely, the implementation of risk assessments (including the identification of emerging risks) and the implementation of mitigating actions. The operation is ensured by LROs.

The second line of defence is represented by the Department of Risk Management and Insurance, notwithstanding any other corporate areas which may occasionally perform these functions, albeit subordinate to that department, with respect to matters of risk management. Operational responsibilities for this second line of defence are complemented by the provision of specific strategic assessment forums (Risk Management Committee and specialised subcommittees) and Galp Energia's risk management policy.

The third line of defence is represented by the Central Management of Internal Audit, the external auditor and the Supervisory Board. It is for these bodies to determine independently and systematically whether the activities performed by the first and second lines are in accordance with established standards and regulations.



52. Other functional areas with skills in risk control

There are no other functional areas with skills in controlling risks in addition to those in the previous paragraph.

53. Identify and describe the main types of risks that the company is exposed to whilst operating

The main risks faced by Galp Energia may negatively affect the implementation of its strategy, its stakeholders – namely its employees and the communities where it operates – its operations, results, financial situation, assets and its reputation.

Consequently, these results can have an impact on returns on shareholder premium, including the distribution of dividends and Galp Energia’s market value. The measures taken by the Company’s Board of Directors to mitigate some of these risks are identified and disclosed whenever appropriate.

In 2013, an intensive reassessment process was carried out on the risks to which the Company is exposed. Galp Energia groups its main risks into four main categories: strategic, operational or compliance, external and financial. Mitigation actions were established for these risks in order to adjust exposure to them to the tolerance levels for shareholder risk. The following are among the risks which could affect Galp Energia’s activities and financial situation, while not ruling out the possibility that other risks of equal or greater importance may exist.

Main risk	Description and impact	Means of mitigation
Strategic		
Project execution	<p>The success of large projects is essential for the future growth of Galp Energia. If these projects are not carried out within the designated budget and time scale and in compliance with the previously defined specifications, this may influence the execution of Galp Energia’s strategy, its results, reputation and financial situation.</p> <p>The execution of these projects is subject to health, safety and environmental risks and to economic, technical, commercial, legal and regulatory risks. In addition, choosing a less than appropriate development option can result in additional costs and/or risks during the project’s useful life.</p> <p>Many of the Company’s main projects are carried out through partnerships, and may be operated by third parties. In turn, since the business of Galp Energia and its partners depends on the performance of various service providers and other contracted parties, the Company is exposed to execution risk through these entities.</p> <p>It should also be noted that partners’ interests or goals may be different from those of the Company, and they may exercise certain veto rights to block certain Galp Energia decisions or actions. Different partners may also approve certain matters without the Company’s consent. The fact that Galp Energia is involved in different projects where it is not the operator, and where it holds minority stakes, may affect its ability to influence the partnership’s decisions and manage risks and costs.</p> <p>Furthermore, Galp Energia’s partners and contracted parties are responsible for bringing suitable technical and human expertise to each project. Otherwise, these partners and other parties may not be able to cope with their financial or other obligations vis-à-vis their contracted parties or projects, thereby potentially affecting their viability.</p>	<p>At Galp Energia the final decision on project investment is made after a detailed review of feasibility studies, including analyses of the effects of key variables such as prices and costs, the selection and definition of the development concept, correct planning and management of project implementation and the study of marketing options.</p> <p>Another means of mitigating risk when implementing projects is by constantly monitoring them, in order to identify potential risks as early as possible, thus ensuring that corrective measures are implemented in a timely manner. It is also important to note that the information gathered for each project, and subsequently used for other projects, enables the Company to benefit from the experience and learning curve.</p> <p>Although Galp Energia is not in charge of most of the projects it takes part in, it is actively involved in their implementation. The Company monitors the activities of each project on a daily basis and maintains direct contact with the operators, which are international companies with extensive experience in the industry.</p> <p>Galp Energia has an active role in many different projects worldwide, which enables it to benefit from the diversified experience and knowledge it possesses, employing different techniques and experience curves from one region to another. An example of this is the knowledge acquired from the ultra-deep waters of Latin America and Africa. Galp Energia believes that its proven and diverse experience, combined with the knowledge it acquires from the various projects it is involved in, is a key factor that allows it to influence the partnerships it has entered into.</p> <p>Galp Energia’s goal is also to continue to boost its exploration and production activity, which is expected to help increase its control and influence in every project.</p> <p>With regard to the risk of hiring suppliers, service providers and other contracted parties, Galp Energia analyses and implements a procurement and selection process combining various operational, health, safety and environment (HSE) criteria.</p> <p>For the projects it does not operate, the Company also conducts monitoring using multidisciplinary internal teams during the different project phases.</p>
Country risk	<p>The Lula/Iracema field is currently the largest contributor to Galp Energia’s base of oil and natural gas reserves.</p> <p>Although Galp Energia has had no material problems to date with its operations in Brazil including, but not limited to, events involving safety failures, civil unrest, expropriated assets or changes to the legal, regulatory or tax framework, there are no guarantees that such events may not occur in the future.</p> <p>As such, although the Brazilian authorities and government have cooperated in terms of developing the country’s oil and gas reserves, any adverse circumstance that may arise during the development phase of Galp Energia’s E&P projects in Brazil may jeopardise operations in the country. Thus, the production goals established by the Company may well be compromised and may adversely affect the results of operations and Galp Energia’s financial situation.</p>	<p>Galp Energia is constantly aware of every event occurring in the countries where it does business which may have implications on the Company’s business, namely in Brazil.</p> <p>In particular, the Company’s presence in Brazil and the relationship it has built with the key oil company Petrobras facilitate open communication channels and allow it to react in a timely manner, in the decision-making process and its subsequent ability to influence local interested parties, including its partner. In view of the size of projects in development in Brazil and their importance to this country’s economy, regulatory authorities and the Brazilian government will likely facilitate their execution, thereby reducing the associated risk.</p> <p>In addition, Galp Energia is watchful for opportunities that may arise in other regions, following the criteria laid out, which may result in reduced exposure to Brazil.</p>



Main risk	Description and impact	Means of mitigation
Financial and liquidity needs	<p>Due to its strategy and investment plan, it is expected that Galp Energia will have need of major funds. Galp Energia hopes to finance a substantial part of its investment plan using the operating cash flow it expects to generate through cash reserves and other liquidity. However, if its operations fail to generate sufficient cash flow, the Company may have to turn to other outside financing sources beyond those originally planned, including bank loans, placing debt and equity on the capital market or creating partnerships.</p> <p>There is no guarantee that Galp Energia will be able to meet all of its financing needs to execute its investment plan under acceptable business terms. If the Company is unable to handle its financing and liquidity needs, it may have to downsize its investment plan, which may negatively impact the Company's strategic plan, its business and, consequently, its operating results.</p>	<p>One of Galp Energia's strategic pillars is the maintenance of a solid capital structure, namely through strong financial discipline, which should facilitate access to diverse sources of financing at competitive costs.</p> <p>This solid capital structure, the resilient cash flow generated by downstream businesses and gas, and the cash flow generated by increased production in Brazil will be essential for improving credit conditions, prolonging maturities at competitive rates, and for diversifying financing sources. By way of example, it must be stressed that the first debt issue on the capital markets in 2013 increased the debt's average life and decreased the average cost of financing.</p> <p>In addition, Galp Energia keeps credit lines at a level deemed adequate, which gives it flexibility in terms of cash needs.</p>
Efficiency of investments	<p>The Company's organic growth is dependent on creating a portfolio of high-quality assets and investment in the best options. If Galp Energia does not efficiently select and develop its investments, the result may be a loss in value and/or higher investments, jeopardising the implementation of its strategic plans. Thus, if Galp Energia is unable to successfully implement its strategy, this may negatively impact operating results and the Company's financial position.</p>	<p>Galp Energia has a set of exceptional assets, especially in the E&P area. All of the projects undertaken by the Company are thoroughly analysed and submitted to the management team for approval, which is only given when the return exceeds the estimated cost of capital.</p> <p>In addition to the teams who analyse the feasibility of each project in detail, Galp Energia has a team to assess the projects/assets portfolio and how it fits into the Company's strategy. The goal is to ensure that Galp Energia chooses its investments in an effective manner to protect shareholder value and ensure the Company's sustainability.</p>
Discovery and development of oil and natural gas resources and reserves	<p>Galp Energia's future oil and natural gas production is dependent on its success in acquiring, finding and developing new reserves that replace depleted reserves on a consistent and cost-effective basis. However, the Company's ability to acquire and find new resources and reserves is subject to countless risks. For example, there is no guarantee that exploration and development activities will be successful or that, if they are, the size of the discoveries will be sufficient either to replenish current reserves or cover the costs of exploration. In fact, exploration activities may involve negative results in terms of dry wells and discoveries considered economically unfeasible.</p> <p>Moreover, E&P activities are normally carried out in extremely challenging environments, with the potential hazards of technical failure and natural disasters. This may lead to higher costs or the downsizing, delay or cancellation of drilling activities due to a number of factors such as unexpected drilling conditions, pressure or irregularities in geological formations, equipment failures or accidents, adverse weather conditions, compliance with requirements handed down by government entities, and failures or delays in the availability of drilling rigs and equipment delivery.</p> <p>Furthermore, oil and natural gas production blocks are normally offered by government authorities, and Galp Energia is subject to intense competition in bidding for these blocks, particularly those considered potentially more attractive in terms of resources. Due to this competition, Galp Energia may not obtain desirable exploration and production blocks, or may obtain them under less competitive conditions, which may affect the economic feasibility of subsequent production.</p> <p>If it is not successful in de-risking resources and developing reserves, the Company's total proven reserves will diminish, and Galp Energia may run the risk of not achieving its production goals. This will negatively affect future production growth, results and the Company's financial position.</p>	<p>Galp Energia has a vast portfolio of oil and natural gas resources and reserves, which the Company anticipates will allow it to achieve key production growth in the coming decade. In fact, Galp Energia has a set of E&P projects in different phases of production and development.</p> <p>With regard to development projects, the Company focuses on superior execution in terms of pre-defined costs and deadlines to develop resources and reserves and, consequently, ensure future production. Nonetheless, it should be noted that these projects may not be operated by Galp Energia, even when the Company contributes to and influences their execution.</p> <p>Galp Energia has also made efforts to reinforce its internal know-how and expertise, minimising risks tied to the exploration activity to the greatest extent possible. Given the nature of this activity, this risk cannot be mitigated in its entirety. However, Galp Energia has a system in place for choosing prospect drilling opportunities which compiles multiple criteria, namely probabilities, but also technical, commercial and economic risks.</p> <p>The technical expertise of teams, proper choice of equipment and a strict policy for procuring goods and services help to reduce operating risks in exploration and production activities. This is due to the challenges faced in the extremely complex environments of ultra-deep water production.</p> <p>With regard to potentially expanding the portfolio, the Company has a multidisciplinary team under the responsibility of the director of the E&P business unit with the aim of actively managing the exploration portfolio by evaluating new opportunities according to risk and return matrices.</p>
Attracting and retaining qualified human capital	<p>The successful delivery of Galp Energia's business strategy depends on the skills and efforts of its employees and management teams. In the oil and gas industry, in particular, competition for experienced and qualified managers and employees is intense.</p> <p>If Galp Energia is unable to attract, retain, motivate and organise the right human capital in the future, this may compromise its business success and, as a result, its operating results and financial position.</p>	<p>Galp Energia promotes strategies it believes are appropriate for recruiting and retaining talent, with a suitable and competitive remuneration policy compared to the competition, and a system for evaluating performance as well as organisational environment. Galp Energia's employee training, in which it has invested in recent years, is also important, particularly its advanced training programmes in management, refining and hydrocarbon exploration and production.</p> <p>More specifically, in the E&P business, Galp Energia's strategy for retaining and attracting talent focuses on the competitive position that the Company has in this sector on an international level. Galp Energia operates in two of the most promising basins in the world – the pre-salt of the Santos basin in Brazil and the Rovuma basin in Mozambique. In addition, the Company has a very interesting exploration portfolio with a number of different opportunities to be developed in the future.</p>



Main risk	Description and impact	Means of mitigation
Operational or compliance		
Estimated oil and natural gas reserves and resources	<p>Estimates of oil and natural gas reserves and resources are based on available geological, technological and economic data, and are therefore subject to a great number of uncertainties. The accuracy of these estimates depends on a number of factors, assumptions and variables, some of which are beyond the Company's control. These factors include: changes in oil and natural gas prices, which may impact the quantity of proven reserves (since reserves are calculated based on the prevailing economic conditions on the date they are estimated); changes to the applicable tax regime or other regulations and contractual conditions after the date of estimating reserves (which may impact the economic feasibility of developing these reserves); and certain potential actions by third parties, including operators in the fields where Galp Energia is involved.</p> <p>The process of estimating reserves involves informed judgements, and estimated reserves are, therefore, subject to revision. The results of drilling, testing and production activities after the date of the estimate may result in substantial downward revisions to information on the Company's reserves and resources. Any downward revision of estimated proven reserve may negatively affect Galp Energia's operating results, leading to higher depreciation and amortisation and/or impairments.</p>	<p>Galp Energia has made major efforts to expand its knowledge base and strengthen the technical expertise of its teams, helping to give it better command and control of the various areas of exploration and production, including the estimation of the reserves and resources in its portfolio.</p> <p>In addition, each year, Galp Energia uses an external and independent auditing company to certify the amount of its reserves and resources.</p>
Health, safety and environment	<p>Given the range and complexity of Galp Energia's operations – for example, in ultra-deep water exploration and production, or during the process of refining – the potential risks for health, safety and the environment are considerable. This includes major incidents involving the safety of processes and facilities, failure to meet approved policies, natural disasters and civil unrest, civil war and terrorism. Exposure to generic operational, health and personal safety risks and criminal activities are also included.</p> <p>A major incident of this sort may cause injury, loss of life, environmental damage or the destruction of facilities. Depending on their cause and severity, they may affect Galp Energia's reputation, operational performance or financial position.</p>	<p>Galp Energia understands that protecting the environment and the health and safety of its employees, clients and the community combined with the protection of assets, are key to ensuring that the Company is sustainable.</p> <p>It thus establishes a commitment to integrate the key aspects of HSE into the Company's strategy and work, as well as ensuring the continuous improvement of its performance. The HSE policy is a key part of this.</p> <p>Furthermore, the Company has a system for managing HSE. By implementing the directives of this system in the Company's day-to-day operations, the business units can identify and manage inherent operational risks throughout the whole life cycle of different projects, equipment and assets.</p> <p>Galp Energia also has an insurance programme that includes civil liability, in order to mitigate the impact of any potential incidents.</p>
Business continuity and effective crisis management	<p>Galp Energia is subject to business continuity risk from its activities as well as those of its partners, and may be impacted by financial losses from any type of business interruption due to natural disasters, industrial accidents, power outages and lost information systems.</p> <p>Galp Energia is also subject to risks from labour disputes and adverse employee relationships, which may interrupt the Company's operations and potentially affect its business, operating results and financial status. Individual and collective labour agreements may not be sufficient to prevent strikes or future work stoppages at the Company's facilities. Any interruption to work may have a negative material impact on Galp Energia's business, operating results and financial position.</p> <p>Plans for managing crises and the ability to cope with crisis scenarios are essential in facing emergencies at every level of the Company's operations. If Galp Energia fails to appropriately address an internal or external crisis or is perceived as having done so, the Company's business may be seriously interrupted, with a potential negative impact on the Company's reputation, operating results and financial position. In addition, if Galp Energia fails to resume or replace critical business capacity within the stipulated time frame, this may prolong the effects of the interruption.</p>	<p>Galp Energia has established a set of identification, prevention and contingency procedures to avoid or limit losses and damages and immediately resume operations in order to limit the effects of the interruption.</p> <p>In view of the importance of E&P activities to the Company, namely the inherent value of current projects under way, particularly those in ultra-deep waters of the pre-salt cluster of the Santos basin, the contingency and emergency response plans laid out are of the utmost importance. The Company primarily focuses on prevention, together with its partners, and regularly monitors activities, focusing on safety measures and audits in this area. All of the Company's E&P activities are supported by oil spill response centres with proper equipment for reaction and containment in the event of an incident leading to a spill. Galp Energia ensures that all new drilling rigs comply with the criteria of standard API 53 IV.</p> <p>The Company has a crisis management plan which covers HSE issues. Every business area regularly tests its emergency response plans.</p> <p>Another key measure is the establishment of a Business Continuity Plan.</p>
Failures in data reporting	<p>Reports created for outside publication, whether containing financial or non-financial information, are dependent on the integrity of systems and people. Any failure to report information correctly and in compliance with applicable standards may result in legal or regulatory action, and may damage the Company's reputation, with potential negative impacts on Galp Energia's operating results and financial position.</p>	<p>All reports disclosed to the public are thoroughly reviewed to mitigate the risk of any incorrect information.</p> <p>Prior to their disclosure, these documents are sent to the respective management and supervisory bodies. All documents containing financial information are approved by these two bodies prior to their disclosure.</p>
Insufficient insurance	<p>Activities in the oil and gas sector involve significant risks. Galp Energia's operations are subject to oil exploration and production risks such as explosions, fires, equipment failure and others which may cause bodily injury, loss of life or environmental and property damage, together with uncertainties regarding the physical characteristics of an oil and natural gas field. Exploration in offshore areas is subject to various risks, including the risk of sinking, collision, adverse weather conditions and environmental pollution. Similarly, operations in refining and petrochemical complexes, gas and oil pipeline systems and storage and loading facilities are subject to mechanical difficulties, breakdowns and delays in equipment delivery.</p>	<p>Galp Energia has an insurance programme in place that provides compensation to mitigate any significant losses, which is in line with industry practice. This programme is defined by taking into account the type of operations and their stage of development, the risk rating and the legal context that applies, contractual obligations and the assets under threat.</p>



Main risk	Description and impact	Means of mitigation
Insufficient insurance (continued)	<p>In line with industry best practices, Galp Energia contracts insurance to cover business-specific risks. The insured risks include, among other hazards, damage to property and equipment, civil liability, liability for maritime transport of crude oil and other goods, pollution and contamination, third-party liability for directors and staff, and work accidents.</p> <p>However, insurance for some risks is not feasible from an economic standpoint. Galp Energia's insurance policies also have exclusions which may result in limited coverage under certain circumstances. In addition, Galp Energia may be unable to keep the appropriate insurance at rates or under terms it considers reasonable or acceptable, or may be unable to obtain insurance for given risks that may materialise in the future. Thus, in extreme cases, Galp Energia may incur heavy losses from events that are not covered, which may negatively affect the Company's business, financial position or operating results.</p>	<p>The insurance programme at Galp Energia includes the following:</p> <ul style="list-style-type: none"> i) asset insurance – covering risk of material damage, breakdown of machinery, exploration and construction losses; ii) civil liability insurance – covering risks from general activities (onshore), risks related with maritime activities (offshore), aviation risks, environmental risks and risks involved with the management and senior management of companies (directors and officers); iii) social insurance – covering the risk of work accidents, personal accidents, life and health insurance; iv) financial insurance – covering credit risks, securities and theft; v) transport insurance – covering risks to all transported loads and barrels.
Losses from trading activities	<p>As it does business, Galp Energia is subject to operating risks revolving around cash management and trading activities. Galp Energia carries out trading transactions on the derivatives market, and has periodic procedures to limit exposure to the risks involved with these transactions. With regard to the physical market of the commodities tied to Galp Energia's business, there is no guarantee against future Company losses due to downward trends in the prices of these commodities or other factors that may influence the Company's trading positions.</p> <p>Effectively controlling these activities depends on Galp Energia's ability to process, manage and monitor a large number of complex transactions in different markets and currencies. Any event in this regard resulting in losses may negatively impact Galp Energia's business, operating results and financial position.</p>	<p>Galp Energia has implemented a set of procedures aimed at reducing the risk of trading activities.</p> <p>Firstly, the Company has strengthened its expertise in this area, and has developed soft skills to facilitate trading activity, in particular with regard to establishing relationships in value-added markets.</p> <p>For a successful trading business, a sufficient supply of raw materials, such as oil and natural gas and oil products is also essential. As such, Galp Energia makes every effort to manage a diversified and flexible mix for the supply of crude oil, natural gas and LNG.</p> <p>With regard to trading oil products, although the Company's priority is to place them on value-added markets such as the Iberian Peninsula and Africa, the Company properly plans production by analysing the best markets for placing products available for trading.</p> <p>As regards LNG trading, in addition to ensuring a sufficient and flexible supply mix, Galp Energia seeks to maintain a stable base for natural gas demand on the Iberian Peninsula which, in turn, will allow the taking of supply risk and effective management of the portfolio.</p> <p>In addition, Galp Energia has periodic procedures to limit exposure to risks involving trading transactions.</p>
External risks		
Political, legal and regulatory environment	<p>Galp Energia's main exploration and production activities are located in non-European countries, whose developing economies or political and regulatory environments have a history of instability.</p> <p>Galp Energia also sources natural gas from Algeria and Nigeria for its supply & trading business, and sells oil products in other African countries. As a result, a proportion of Galp Energia's revenues is, and will be increasingly, derived from or dependent on countries with inherent economic and political risks. These include the possible expropriation and nationalisation of property, significant increases in taxes or royalties on oil and natural gas production, and other risks.</p> <p>In addition, policy shifts can lead to changes to the setting against which the Company does business, such as regulatory changes, the awarding of exploration and production licences, and specific obligations for drilling and exploration activities.</p> <p>Although Galp Energia has not yet experienced any major disruptions due to economic or political instability, potential disruptions in the future may negatively affect its business, operating results and financial position.</p> <p>Galp Energia believes that it abides by applicable international standards in all countries in which it operates. However, any irregularities (actual or alleged) may have an adverse material effect on Galp Energia's ability to conduct its activities and/or the price of the shares or other financial instruments issued by the Company.</p> <p>The Company's downstream and gas activities on the Iberian Peninsula are also subject to political, legal and regulatory risk. In fact, any changes to them may impact the business context in which the Company operates, potentially affecting Galp Energia's business and operating results. Significant changes to the applicable tax regimes in the countries where Galp Energia conducts its downstream and gas activities may also materially and adversely impact the Company's operating results and financial status.</p> <p>Since downstream and gas activities are subject to laws and regulations on matters involving competition, namely in Portugal and Spain, the Company may incur significant losses from any legal actions brought in this regard, including those demanding compensation for alleged damages. Such events may adversely impact Galp Energia's business, operating results and financial position.</p>	<p>With regard to supply safety, Galp Energia ensures access to a diverse mix of options, namely for the supply of oil, oil products, natural gas and LNG. As such, the Company mitigates the risk of any supply disruption from a given origin.</p> <p>With regard to political, legal and/or regulatory risks to which the Company may be exposed in its E&P activities, Galp Energia acts on two different fronts. First, the Company has built a balanced portfolio, and has entered into new areas, helping to lower its relative risk exposure in any given country. The level of exposure to these risks is meticulously analysed in the process of entering into new areas. Second, Galp Energia establishes solid relationships with its partners, and makes every effort to work with government entities in the countries where it does business from the standpoint of creating "shared value".</p> <p>In addition, Galp Energia's corporate responsibility policy obliges the Company to meet legal and regulatory requirements in the countries in which it operates. In this way, potential changes by these countries' regulators or legislators are systematically monitored.</p> <p>At the same time, Galp Energia has an anti-corruption policy that aims to publicly promote its commitment to permanently endorse full respect for the code of ethics and the laws that are in force. In this respect, one of its goals is to follow best practices for transparency, as outlined in different international legislation such as the 2004 United Nations Convention Against Corruption.</p> <p>Galp Energia also has a policy for reporting irregularities, whose purpose is to govern the means of notifying the body in charge, the Supervisory Board of any irregularities occurring at Galp Energia Group companies. Such notification may be carried out confidentially via letter or via email to (irregularidades@galpennergia.com). This policy is in line with best corporate governance practices and applicable market rules, together with the principles of loyalty, uprightness, honesty, transparency and integrity on which Galp Energia's business is based, for the purpose of promoting an ethical and responsible culture and preventing or prohibiting improper or unlawful practices.</p>



Main risk	Description and impact	Means of mitigation
Competition in the oil and gas sector	<p>The oil and gas industry is extremely competitive. Competition puts pressure on product prices, affects the marketing of oil products and necessitates a constant focus by the management team on cutting costs and boosting efficiency, while also ensuring the safety of operations. Implementing the Company's strategy requires efforts towards innovation and constant technology advances, including advances in exploration, production, refining and energy efficiency. The Company's performance may be impacted if its competitors develop or acquire rights for intellectual property or technology needed by the Company, or if the Company is unable to keep pace with the industry in terms of innovation.</p> <p>Some of Galp Energia's competitors are well-established operators on the market, larger in size and with access to more resources. The market strength of these companies is due to a combination of factors, including: diversified and reduced risk; financial capacity needed for developments requiring high investment levels; ability to benefit from economies of scale in terms of technology and organisation; and size allowing them to capitalise on advantages related to knowledge acquired, established infrastructure and reserves. These companies can thus acquire more, or pay more for, exploration prospects, and may be able to invest more than Galp Energia in developing technologies.</p> <p>As such, the intense competition to which the Company is subjected may adversely affect its business, operating results and financial position.</p>	<p>Given the existing competition in the oil and gas sector, and to reduce exposure to risks tied to the high degree of operating complexity in this sector, Galp Energia systematically uses the industry's best practices, coupled with a rigorous monitoring and auditing system.</p> <p>The Company has implemented a solid R&D culture in an attempt to constantly keep pace with the latest advances in the oil and natural gas industry, with a commitment to developing expertise, whether internally or through partnerships allowing it to create, study and deploy new and better technical and technology solutions.</p> <p>With regard to the fact that some of Galp Energia's competitors are larger-sized operators with potentially more financial capacity and with access to more resources, it should be noted that the Company is involved in two of the most important development projects on a worldwide scale. These are the pre-salt region of the Santos basin, in Brazil, and the LNG project in the Rovuma basin, in Mozambique, leveraging Galp Energia's competitiveness vis-à-vis other companies in the sector. In addition, Galp Energia boasts a number of competitive advantages and maintains a solid capital structure to support its activities in the E&P business.</p> <p>With regard to the downstream and gas businesses, Galp Energia has also made major efforts to stand out from the industry's competition. An example of this is its refineries upgrade project, which began operating in an integrated manner in 2013, increasing the competitiveness of the Company's refineries on a European scale. In fact, being equipped with more complex and flexible refineries, and notwithstanding its ongoing efforts to streamline processes and the profitability of its refining business, Galp Energia is now able to cope with the structural imbalance between supply and demand for oil products in Europe. In the context of the G&P business, of particular note are initiatives to sustain the trading business on the international market, which involves a number of players, including well-established companies in the LNG market. Along with efforts to maintain a diverse and flexible supply mix, these initiatives also include strengthening the technical expertise and soft skills of the Company's trading team.</p>
Climate change and protection of natural habitats	<p>Galp Energia is subject to the effects of government policies aimed at minimising the impact of climate change. These initiatives can affect the backdrop in which Galp Energia conducts its business, namely with regard to the exploration and production of oil and natural gas and refining, with potential negative impacts on the Company's operating results and financial position.</p> <p>In particular, due to the higher perceived risk of climate change, a number of countries have adopted or are in the process of adopting new regulatory requirements to reduce greenhouse gas emissions, such as taxes on carbon, higher efficiency standards or systems to purchase and sell licences for CO₂ emissions. Although Galp Energia also participates in the development of renewable energy, the adoption of policies to promote the use of this type of energy may affect the demand for hydrocarbon-based energy, whose production makes up the majority of Galp Energia's business. Furthermore, production costs of this type of energy may be significantly affected by constraining licences for CO₂ emissions.</p> <p>Likewise, access to oil and natural gas reserves, which leverages strategic growth opportunities, may be restricted due to initiatives to protect the integrity of natural habitats. In this regard, Galp Energia closely monitors the development of government policies for environmental protection and adjusts its strategy in line with relevant developments.</p> <p>Galp Energia has invested – and will continue to invest – in its compliance with laws and regulations on environmental, health and safety issues. If compliance costs increase to the point that Galp Energia is unable to pass them on to the end client, this may negatively impact the Company's operating results and financial position. If Galp Energia fails to abide by laws and regulations on environmental, health and safety issues, this may result in substantial costs to the Company, together with obligations to government authorities or third parties.</p>	<p>Galp Energia is committed to a climate change strategy, defining actions, objectives and goals which can be analysed in detail at: http://www.galpenergia.com/PT/sustentabilidade.</p> <p>This strategy comprises four action points:</p> <ul style="list-style-type: none"> i) exploration and responsible production; ii) efficient Refining & Marketing; iii) innovation, research and development and promotion of efficient technologies; iv) anticipating trends and the expectations of stakeholders as regards energy and climate. <p>Moreover, the Sustainability Committee ensures that sustainability principles are integrated, encouraging best practices in the sector throughout the entire Company. Of particular note is the integration of the DJSI for the second time running, one of the most widely acknowledged international indexes in issues involving sustainability.</p> <p>In this way, Galp Energia is monitoring a series of environmental indicators, performing regular environmental audits, monitoring changes in environmental legislation and proactively managing CO₂ emission licences.</p>
Corporate responsibility	<p>A number of stakeholders, including employees, investors, media, governments, civil society groups, non-governmental organisations and those living in local communities affected by Galp Energia's operations, have legitimate interests in the Galp Energia's business.</p> <p>Any possibility, however remote, that Galp Energia will not meet its stakeholders' high expectations in terms of corporate responsibility may harm Galp Energia's reputation and/or its business, financial position and operating results.</p>	<p>Galp Energia's corporate responsibility policy regulates the Company's ethical, environmental, social and economic activities, incorporating them into the organisational culture and ensuring that it is one of the main lines of action and communication within the Group.</p>



Main risk	Description and impact	Means of mitigation
Uncertainty of the economic situation	<p>The current economic environment is causing social tensions to rise, with mounting protectionist trends in various parts of the world. The Euro Zone remains especially vulnerable, with any worsening of this region's crisis still the greatest risk to the global outlook. The main focus is on the peripheral countries, particularly their ability to galvanise economic growth and boost competitiveness, without benefiting from the effects of currency devaluation.</p> <p>Persistent pressure on the sustainability of public finance in developed economies has created deep-rooted tension in credit markets, and may lead to tax reforms or changes to the regulatory scene in the oil and natural gas industry. Finally, current instability and the economic and financial status quo may negatively impact other parties with whom Galp Energia does or may do various types of business within the scope of its activities. In particular, the Iberian Peninsula's economies may continue to be impacted in the coming years, resulting in a deterioration of demand for Galp Energia's products.</p> <p>Any one of the above factors, taken alone or combined with others, may adversely impact Galp Energia's business, operating results and/or financial position.</p>	<p>Galp Energia has been closely monitoring all developments on the world economic scene, particularly in the Euro Zone.</p> <p>With regard to potential impacts on results derived from the negative economic climate, particularly on the Iberian Peninsula, the Company has already been impacted by lower demand, above all in the marketing of oil products. In this context, Galp Energia has made key efforts to uphold the resilient contribution of this business towards the Company's results, namely in terms of client loyalty for maintaining market share, capitalising on synergies and streamlining its Iberian structure, with direct impacts on the profitability of the Company's downstream and gas businesses.</p> <p>In this regard, it should also be noted that the intensification of the Company's production activities in E&P is expected to increase the contribution of this business towards Galp Energia's results, which will help to make the generation of results within the European economic context relatively less important.</p>
Financial		
Fluctuating prices for raw materials and products	<p>The prices of oil, natural gas, LNG and oil products are affected at any given time by the market dynamics of supply and demand. These are, in turn, influenced by different factors such as economic or operational circumstances, natural disasters, weather conditions, political instability, armed conflict or supply constraints in oil-exporting countries. Thus, over the course of trading activities and transactions, Galp Energia's results are exposed to the price volatility of oil, natural gas and by-products.</p> <p>Although the sector's long-term operating costs tend to follow rising and falling prices of raw materials and products, there are no guarantees that this will occur in the short term. Therefore, a drop in the price of oil or natural gas may compromise investment plans, including exploration and development activities</p> <p>Similarly, rising oil or natural gas prices may also affect the value and profitability of Galp Energia's assets. Although the prices that Galp Energia charges to its clients reflect market prices, these may not be immediately adjusted, and may not entirely reflect changes in market prices, particularly prices in the regulated natural gas market. In addition, significant price changes between the purchase of raw materials and the sale of refined products can negatively affect Galp Energia's operating results and financial position.</p>	<p>Projects and investments are assessed internally, taking sensitivity analyses of key variables into account, namely the price of commodities.</p> <p>The price risk of raw materials is managed at the business unit level by monitoring the Company's global net commodity position and by balancing its purchasing and supply obligations. In particular, Galp Energia manages its price-fixing period so as to obtain, at the end of each month, the monthly average dated Brent, irrespective of daily fixed prices.</p> <p>To this end, the Company purchases and sells oil futures on a day-to-day basis at the Intercontinental Exchange (ICE), based on the difference between the spot price and the average dated Brent price for each month.</p> <p>Purchases are spread over the month, based on market prices, without affecting the pattern of physical purchases.</p> <p>In the natural gas business, due to price liberalisation, Galp Energia uses the over-the-counter (OTC) market to offer its clients the price structures that they demand, thereby not changing its final risk position.</p>
Credit	<p>This risk follows from the possibility that a party working with Galp Energia may default on its contractual payment obligations, meaning that the level of risk depends on its credit risk.</p> <p>This risk includes both the possibility that a party may default on its payment obligations assumed by signing agreements for financial investments and hedging instruments (related to the exchange rate, interest rate or others) as well as risks involving business relationships between the Company and its clients. Increased risk exposure may materially and adversely affect Galp Energia's operating results and financial position.</p>	<p>Credit risk is managed at the business unit level, following Executive Committee directives, namely regarding credit limits and actions to minimise or eliminate risk. These directives include:</p> <p>Proper client credit assessment and review (credit management, limit and rating manual), proper management of hedges through credit guarantees and credit insurance, monitoring of overdue credit, proper debt collection efforts and efficient management of litigation.</p> <p>Contracts based on appropriate trading conditions, monitoring of client profitability including potential reimbursements, the process of raising and managing optimal sales/distribution channels.</p>
Fluctuation in exchange rates and interest rates	<p>Galp Energia is exposed to fluctuations in exchange rates, since the results and cash flow generated by the sale of oil, natural gas and refined products are normally expressed in US dollars or are affected by exchange rates associated with this currency.</p> <p>In the countries where Galp Energia conducts its business, whether directly or indirectly, the operating result is also exposed to fluctuations in key exchange rates. Galp Energia is also exposed to exchange risk in relation to the value of financial assets and investments, mainly those denominated in US dollars.</p> <p>In addition, since Galp Energia's financial statements are prepared in euros, the assets and liabilities of its subsidiaries and affiliates expressed in different currencies, such as US dollars or Brazilian reais, are converted into euros using the exchange rate on the date of the financial position. Revenues and expenses in each item of the income statement are converted into euros using the average exchange rate from the transaction's corresponding period. Exchange rate fluctuations applied in the process of converting the different currencies into euros result in variations (gains or losses), which are recognised in Galp Energia's consolidated financial statements, expressed in euros.</p> <p>Adverse exchange rate fluctuations may negatively impact Galp Energia's operating results and financial position.</p> <p>Despite the ability to access market instruments designed to hedge interest rate risk, Galp Energia's financing costs may be affected by volatile market rates, which may negatively influence its operating results.</p>	<p>Interest rate, exchange rate and other financial risks are managed throughout the entire Company.</p> <p>Galp Energia's total interest rate position, including financial investments and debt, is managed in a centralised manner. The purpose of interest rate risk management is to reduce the volatility of interest charges. Galp Energia's interest rate risk management policy aims to reduce exposure to floating interest rates by fixing the interest rate of part of the debt through the use of plain-vanilla derivative instruments such as swaps.</p> <p>With regard to mitigating exchange rate risk in the results, Galp Energia may, when it deems appropriate, hedge its position by using derivatives for which a liquid market exists, and where the transaction costs are reasonable in its opinion.</p>

54. Description of the identification, assessment, monitoring, control and risk management process

The internal control system is a set of policies and procedures adopted in order to ensure, with reasonable likelihood, the fulfilment of the Company's goals in the following areas: orderly and efficient conduct of its businesses; safeguarding of its assets; prevention and detection of fraud and errors; compliance with laws and regulations; and reliability of financial reporting.

This system is based on the guidance provided by the Committee of Sponsoring Organisations of the Treadway Commission (COSO) on the main features of Galp Energia's internal control, namely, environmental control, risk assessment and monitoring, and information and communication.

The control environment is the starting point and the basis for other components of risk control. The control environment comprises the overall attitude, ethical awareness and the initiatives of the Executive Committee, which serve as an example for employees and other stakeholders in the Group.

The introduction of a code of ethics, designed to provide a set of guidelines for the personal and professional conduct of all employees, contributes to the fulfilment of the Company's mission, vision and values. Galp Energia's code of ethics is available at the Company's website at <http://www.galpenergia.com/EN/Investidor/GovernoCorporativo/Documents/Code-of-ethics.pdf>.

Galp Energia's internal control environment also comprises the internal standards and procedures for delegating powers of authority, which ensure the adequate scrutiny of management decisions, according to their nature and substance.

Galp Energia has been promoting the systematisation of the risk assessment and internal control systems within the business units. These initiatives cover the risks identified and managed by the business units.

Since inherent risks and the effectiveness of internal controls are dependent on both internal and external variables, this process is not static. Thus, risk reassessments are regularly conducted for the Group's main businesses to guarantee the alignment of business units' response to risks with the risk profile decided by the Executive Committee.

Generally, risk analysis and internal control assessments start by identifying and classifying the main risks facing the achievement of the objectives of the business units, as well as the control systems in place to mitigate them. To assess the effectiveness of controls implemented, residual risks are measured and the existence of possible deviations from the risk appetite set for the unit is checked.

Finally, business units announce their residual risk, committing to a response plan designed to mitigate, transfer, avoid or accept residual risk. This process is in accordance with the method illustrated by the following chart, which shows the sequence and dependencies of the various activities.

Risk assessment methodology for the Galp Energia group



Operational, compliance, and financial audits just as reviews of information systems are conducted in order to test the effectiveness of implemented internal control mechanisms.

An audit plan is drawn up annually, based on the outcome of the evaluation of residual risk for different processes and business units, which is approved by Galp Energia's Board of Directors.

Galp Energia has defined policies and processes to monitor, measure and manage its exposure to risk. The purpose of the Company's risk management policy is to support business segments in achieving their goals whilst monitoring the potential impact of risks on their results.

The Department of Risk and Safety Management ensures that the risk management system is used effectively through: ongoing monitoring of its suitability and efficiency; the monitoring of corrective measures used to redress any potential faults in the system; permanent monitoring of levels of risk; and the implementation of control mechanisms for the range of risks to which Galp Energia is exposed.

This relationship model enables the Group's business units and companies to use a centralised risk management system for corporate risk management. This department will monitor local risk control and management units to ensure that they are in line with defined policies and strategies and to maintain the consistency of the principles, concepts, methodologies and tools used for evaluating and managing risk for all of the Group's business units.



55. Main elements of internal control systems and risk management implemented within the Company in relation to the financial reporting process

The process of disclosing Galp Energia's financial information is monitored by the management and supervisory bodies as well as the various business units and corporate divisions. The Corporate Strategy and Investor Relations Department (DECRI) prepares the documents for the presentation of financial information to the capital markets, based on information provided by the business units, the Accounting and Taxation and the Corporate Planning and Control departments.

Prior to their disclosure, these documents are sent to the management and supervisory bodies. In this manner, all documents containing financial information are approved by these two bodies prior to their disclosure.

IV – INVESTOR SUPPORT

56. Service responsible for investor support

Composition

The service responsible for investor support is integrated into DECRI and is comprised as follows:

Coordinator: Tiago Villas-Boas

Employees: Maria Anunciação Borrega, Pedro Pinto, Cátia Lopes, Catarina Aguiar Branco

Main roles

DECRI assumes the role of a support office for investors. This department is directly answerable to the CEO, and its mission is to plan, manage and coordinate all the activities required to achieve Galp Energia's objectives in terms of its relations with the capital market, and specifically with shareholders, whether they are major players or minority shareholders, institutional investors or financial analysts.

It is the responsibility of the IR department to communicate with the capital market in order to maintain a complete and consistent view on Galp Energia strategy and operations, so that investors are able to make informed investment decisions. To this end, the IR department must provide the market with relevant, clear and precise information on Galp Energia when appropriate in a regular and transparent manner.

The IR remit also includes taking the necessary steps to comply with legal information requirements including the responsibility for preparing earnings and activity reports on the Group, for disclosing price-sensitive information, for replying to requests for information by investors, financial analysts and other market players and for assisting the Executive Committee in addressing issues relating to Galp Energia's status as a listed company.

In its advisory role to the Executive Committee, the IR department monitors the performance of Galp Energia shares on the market, as well as those of its peers. The department also provides support to the management team through direct and regular contact with financial analysts and institutional investors, both domestic and international, at conferences, investor presentations and one-to-one meetings.

Information provided

Galp Energia's communications policy with the capital markets aims to provide all relevant information so that well-founded judgements are formed about the Company's operations, current and future earnings, as well as the different risks and opportunities that may affect its performance.

To this end, Galp Energia promotes transparent and consistent communications supported by the principles followed in the disclosure of information and the explanation of the reasons for changes, if any, so as to ensure comparability of information between reporting periods.

All relevant information is preferably disclosed either before the NYSE Euronext Lisbon opens or after it closes, in both Portuguese and English, by means of CMVM's information disclosure system. Information is also provided via e-mail to allow access, quickly and without specific costs, to a general database for all investors and other interested parties who have so requested in advance. The relevant information is published simultaneously in the "Investors" section of the Galp Energia website: <http://www.galpenergia.com/EN/INVESTIDOR>.

The information disclosed includes reports and presentations of quarterly and annual results and the respective support files; a summary of operational information for each quarter usually released two weeks before the announcement of quarterly results; the transcription of the teleconference presentation of results; presentations about Galp Energia business activity, including those relating to the Company's strategy, and statements made by the Company, including those relating to privileged information. In addition, Galp Energia publishes the consensus of quarterly and medium-term results, estimated by analysts covering Galp Energia shares, and releases a summary of analysts' recommendations. The Company also provides its financial calendar for the period of one year.

The internet support site for investor relations also includes a detailed description of Galp Energia activities and strategy and a section on corporate governance and corporate bodies, which contains information on each member of the Executive Committee and Board of Directors. There is also an area dedicated exclusively to the General Shareholders Meeting,



where the description of all procedures and documents can be downloaded, and a section on Galp Energia share prices, including comparisons with changes in the PSI-20 and the prices of comparable companies, the possibility of downloading a series of quotes and transaction volumes and a calculator to calculate the value and return on investment.

During the year, continuing a process that began in 2012, the IR continued with the regular publication of a newsletter with highlights of the strategic and operational level at Galp Energia, dedicated to participants in the capital market. All interested parties have access to this newsletter by subscribing to it in the "Investor" section of the Galp Energia website.

Contacts

Galp Energia promotes a close relationship with the financial community by actively participating in meetings with institutional investors to disclose both the Company's current activity and strategy.

57. Representative for market relations

Galp Energia's representative for market relations is Tiago Villas-Boas, Head of DECRI.

58. Information on the requests for information received over the year or outstanding from previous years in-bound out-bound ratio

To foster a close relationship with the financial community, the DECRI guarantees responses to inquiries received, including through telephone and email contact. Responses

In 2013 Galp Energia held over 500 meetings with institutional investors in Europe, the USA, Latin America, Canada and Asia. It is noteworthy that almost 75% of these meetings were attended by at least one member of the Executive Committee, which showcases the dedication of the executive team, in communicating the Company's strategy and its actions to investors.

Electronic mail is one of the means preferred by the financial community to submitting requests for information and is therefore a key element in Galp Energia's communication with the market. The e-mail address for IR is: investor.relations@galpennergia.com. In 2013, over 400 requests for information were received by this means.

The IR department may also be contacted during the sessions of NYSE Euronext Lisbon on: +351 217 240 866.

and explanations are provided as soon as possible and always ensuring the evenness and consistency of information available.

V – WEBSITE

59. Address(es)

<http://www.galpennergia.com>

60. Location of information on the Company, listed company status, headquarters and other elements mentioned in Article 171 of the CSC

<http://www.galpennergia.com/EN/Contactos/Paginas/ContactoGeral.aspx>

61. Location of statutes and regulations governing the functioning of organs and/or committees

<http://www.galpennergia.com/EN/investidor/GovernoCorporativo/Paginas/Estatutos.aspx>

62. Location for information on the identity of the members of the governing bodies, the representative for market relations, the Investor Relations Department or equivalent, functions and means of access

1. Members of governing bodies:

<http://www.galpennergia.com/EN/investidor/GovernoCorporativo/Orgaos-sociais/Paginas/Orgaos-sociais-da-Galp-Energia.aspx>

2. Representative for Market Relations and Investor Relations Department:

<http://www.galpennergia.com/EN/investidor/Paginas/Equipa.aspx>



63. Location of documents on accountability, and the semi-annual calendar of corporate events

1. Reports:

<http://www.galpennergia.com/EN/investidor/Relatorios-e-resultados/Paginas/Home.aspx>

2. Calendar:

<http://www.galpennergia.com/EN/investidor/Calendario/Paginas/Home.aspx>

64. Location of notices convening the General Shareholders Meeting and all preparatory and subsequent information

<http://www.galpennergia.com/EN/investidor/AssembleiaGeral/Paginas/Home.aspx>

65. Location of the historical record with the resolutions passed at the Company's General Shareholders Meetings, the share capital represented and the voting results

<http://www.galpennergia.com/EN/investidor/AssembleiaGeral/Arquivo/Paginas/Home.aspx>



PART I – INFORMATION ON THE SHAREHOLDER STRUCTURE, ORGANISATION AND CORPORATE GOVERNANCE

D. Remuneration

- I Jurisdiction
- II Remuneration Committee
- III Remuneration structure
- IV Disclosure of remuneration
- V Agreements with remuneration implications
- VI Plans to allocate shares or stock options



I – JURISDICTION

66. Jurisdiction to determine the remuneration of corporate bodies, Member of the Executive Committee and Company officers

The Remuneration Committee is the Company body which is responsible for determining the amount of remuneration to be paid to members of Galp Energia's governing bodies and Executive Committee. The management of Galp Energia,

within the meaning of paragraph 3 of article 248 B of CVM, are members of the management and supervisory team of the Company.

II – REMUNERATION COMMITTEE

67. Composition of the Remuneration Committee

The current members of the Remuneration Committee, appointed at the General Shareholders Meeting of 30 May 2011 for the 2011-2013 term, which was extended to four years (2011-2014) at the General Shareholders Meeting held on 24 April 2012, are as follows:

- Amorim Energia, B.V. (Amorim Energia), represented by Francisco Rêgo;
- Jorge Armino Carvalho Teixeira.

The members of the Remuneration Committee are independent of the Company's management and supervisory bodies in compliance with Article 8 of the Company articles of association which stipulates that these roles are incompatible.

68. Knowledge and experience of the members of the Remuneration Committee in respect of remuneration policy

The members of the Remuneration Committee are competent in the field of remuneration policy, based on their professional activity.

III – REMUNERATION STRUCTURE

69. Description of remuneration policy of the management and supervisory bodies

Within the mandate given to it by the General Assembly, pursuant to Article 8 of the articles of association, the Remuneration Committee submitted for the approval of the General Shareholders Meeting of Galp Energia, held on 22 April 2013, a statement on the remuneration policy of the management and supervisory bodies, which describes the process followed for the definition and implementation of the Galp Energia remuneration policy for 2013. It also contains the objectives and general principles thereof, in accordance with Law 28/2009 of 19 June and in harmony with the CMVM Regulation No. 1/2010 and the Code of Corporate Governance (Recommendations 2010), to ensure the clarity and effectiveness in communication or to the market or to shareholders.

The General Shareholders Meeting of 22 April 2013 approved the remuneration policy for the Company's governing bodies in 2013, as proposed by the Remuneration Committee, which is as follows.

Remuneration Policy 2013

Main principals

The aim of the Company remuneration policy is to reinforce its values, skills, abilities and behaviours, in view of the Company's interests, culture and long-term strategy.

In line with the above recommendations and in legal terms, the remuneration policy of the governing bodies reflects the best practices of governance and, in particular, is guided by the following general principles.

(i) To attract and retain the best professionals for the roles in the Company and ensure the stability of the members of the governing bodies elected.

(ii) To remunerate members of the Governing Bodies appropriately, in line with market conditions, for their work and know-how and results obtained, according to the competences and responsibilities inherent to their roles.



(iii) To reward the increase in efficiency and productivity, and long-term value created for the shareholder by defining and implementing an incentive-based system related to the attainment of pre-defined economic, financial and operational objectives to encourage sustained growth of earnings and discourage excessive risk-taking.

Taking into account the aforementioned purposes, the Remuneration Committee defined and approved the policy for the year 2013 for setting the remuneration of members of the Governing Bodies of the Company.

I – Remuneration of the Board of Directors

The remuneration policy does not provide any specific rules on payments relating to dismissal or termination of service of directors.

1. Non-executive Directors

- a) The remuneration of non-executive members of the Board of Directors will amount to a fixed monthly remuneration, paid 14 times a year, of an amount determined by the Remuneration Committee in line with market practices;
- b) Equally in line with these market practices, the remuneration of non-executive members of the Board of Directors may be different for the Chairman of the Board of Directors, due to the distinct roles of Company representation that are attributed to him, and for non-executive members of the Board of Directors who have distinct supervisory and monitoring roles on pre-existing committees or that may be created by the Board of Directors.

2. Executive management

The remuneration of the executive directors of Galp Energia will have two components, one fixed and one variable.

Fixed remuneration

The fixed component will correspond to a fixed monthly remuneration, paid 14 times a year, to be determined by the Remuneration Committee after considering the duties and responsibilities assigned and practices observed in the market for equivalent positions in large Portuguese and international companies.

Variable remuneration

The variable remuneration component, in the form of one-off payments, is based on the achievement of certain economic, financial and operational goals, with a view to creating a competitive remuneration framework and implementation of a system of incentives/rewards to ensure the alignment of the interests of the executive management with the interests of the Company and their respective stakeholders and financial management, from a perspective of economic sustainability. In order to best stimulate the alignment of the executive directors' practices with the Company's long-term goals, a three-year policy of multi-annual objectives was introduced in 2012. Such a policy allows Galp Energia to approach the good practice of the market, as well as the recommendations of the CMVM, as regards company governance.

This variable remuneration for executive directors therefore has two components:

- annual variable remuneration, representing 50% of the total variable remuneration;
- tri-annual variable remuneration, representing 50% of the total variable remuneration.

The amount of annual variable remuneration will be determined by the Remuneration Committee in accordance with the extent to which the Company's specific objectives, defined the year before, have been met.

The indicators proposed by the Remuneration Committee for 2013 to determine the annual variable remuneration are as follows:

- i) Galp Value Added (GVA) of Galp Energia (33.3%);
- (ii) Total Shareholder Return TSR (33.3%), which allows the development of Galp's share performance to be compared (including the payment of dividends) against a group of similar companies consisting of the following: Neste Oil, Repsol, OMV, MOL and the BG Group, together with the PSI 20 Index;
- (iii) EBITDA Galp Energia, the replacement cost (33.3%).

As regards the tri-annual variable remuneration in line with the best market practices of the group of companies referred to above, the following indicators have been defined:

- Galp Energia Total Shareholder Return (TSR) versus comparable companies, with a weighting of 50%;
- Galp Energia EBITDA, the replacement cost, with a weighting of 50%.

Although this component is calculated annually by the Remuneration Committee, the payment is only made if, by the end of the three years, the targets were met. Given the nature of the functions of the executive directors, the payment of the multi-annual variable remuneration component will occur at the end of the period 2012-14, after the clearance of accounts for the last financial year. In order to ensure consistency between the results obtained and the bonus paid, the full amount of variable remuneration depends on the results achieved by Galp Energia. Thus, if the Company has net earnings lower than 80% of the budget, there will be no scope for paying the variable remuneration.

Retirement Benefits

For the executive members of the Board of Directors, the Remuneration Committee has defined the allocation of a maximum annual payment of 25% of gross annual remuneration determined by the Remuneration Committee and for the establishment of a retirement savings plan or other financial product of a similar nature.

The value of the aforementioned plan will be calculated for each director who is so entitled, annually, and shall be subject to the necessary adjustments so that in the year which sees the beginning or ending of director's functions, this value is calculated pro-rata for the period in which these functions were performed.

Other benefits

For executive directors whose permanent residence is outside the area where the Company is based, the Remuneration Committee shall fix a housing allowance.



II. Supervisory Board and Statutory Auditors

Remuneration for the members of the Supervisory Board and the Statutory Auditor of the Company is based on the national and international market practice and is aligned with the interests of the Company and its respective stakeholders.

The remuneration of the members of the Supervisory Board amounts to a fixed monthly remuneration, paid 14 times a year, and the remuneration of its Chairman is different from the other Supervisory Board members, considering the distinct functions performed by that member of the Supervisory Board.

70. Information on remuneration structure

In order to best stimulate the alignment of the directors' practices with the Company's long-term goals, a three-year policy of multi-annual objectives was introduced in 2012. The variable remuneration of Directors who exercise executive functions incorporates an annual and tri-annual variable component, which have the same weighting (50%).

These variable remunerations depend on the performance evaluation carried out by the Remuneration Committee. This evaluation is based on specific predefined, measurable criteria which, together, consider the Company growth indicators as well as the wealth which is generated for the shareholders in a sustainable manner in the short, mid and long-term, according to the terms established in the remuneration policy for 2013 outlined above.

71. Variable component of remuneration

In 2013, the remuneration of Executive Directors included a variable component determined according to the attainment of certain economic, financial and operational objectives during the financial year of 2012 under the remuneration policy for 2012, which was presented by Galp Energia's Remuneration Committee and approved in the General Shareholders Meeting of 7 May 2012.

Variable remuneration has a minimum and maximum limit of 0% and 60%, respectively, of the fixed annual remuneration, and the applicable percentage is determined by the Remuneration Committee according to the degree

72. Deferring payment of the variable remuneration component

The remunerations policy for 2013 incorporates the deferral of the payment of half the variable remuneration component for three years.

73. Criteria that underpin the allocation of variable remuneration in shares

Currently, Galp Energia does not have a system for allocating variable remuneration as share.

74. Criteria that underpin the allocation of variable remuneration in options

Currently, Galp Energia does not have a system for allocating variable remuneration in stock options.

The remuneration of the ROC will include work on revision and legal certification of Company accounts and will be subject to contract under normal market conditions.

III. General Meeting Board

The remuneration of the members of the General Meeting Board will correspond to different attendance fees for the Chairman, the Deputy-Chairman and the Secretary, of an amount to be determined by the Remuneration Committee based on the Company's situation and market practices.

Thus half the variable component payable to the Executive Directors is deferred for three years and will only be paid after this three-year period provided the defined objectives have been met.

The members of the Board of Directors shall not enter into contracts with the Company or third parties that have the effect of mitigating the risk inherent in the variability of the remuneration established by the Company.

to which objectives have been met. This is in line with generally recognised practice in the Portuguese market and the rules for banking institutions set out in Annex II paragraph (1) (n) of Directive 2011/61/EU of 8 June 2011, which sets a maximum limit of 40% for variable remuneration.

For 2013, the Remuneration Committee established that the annual variable remuneration would represent 50% of total variable remuneration and tri-annual variable remuneration represent 50% of total variable remuneration.

Thus, the payment of the multi-year component of the variable remuneration for executive directors will only occur if, at the end of three years, the goals set are achieved, i.e. at the end of the 2012-2014 period, after clearance of the last financial year.



75. Main parameters and grounds for any system of annual bonuses and any other non-cash benefits

Galp Energia has no annual bonus scheme and there are no plans to introduce other non-monetary benefits.

76. Main characteristics of supplementary pension schemes or early retirement for directors

Galp Energia has no supplementary pension or early retirement scheme for directors.

IV – DISCLOSURE OF REMUNERATION

77. Annual amount of remuneration paid to the members of governing bodies

The annual amount of remuneration received in aggregate by members of Company's Board of Directors issued by the Remuneration Committee for the year 2013 was €5,057,277.09. Of this amount, €4,250,553.80 was fixed remuneration and €806,723.29 variable remuneration.

Individual remuneration attributed by the Remuneration Committee for the year 2013 to the members of the Board of Directors is shown below, and the variable remuneration for the year 2012 is contained in the table.

Individual remuneration of members of the Board of Directors (€)

Name	Position	Fixed remuneration	PPR (retirement savings plan)	Variable remuneration
Américo Amorim ¹	Chairman of the Board of Directors (non-executive)	-	-	-
Manuel Ferreira De Oliveira	Deputy-Chairman and Chief Executive Officer	€1,069,600	€267,400	€305,600
Luís Palha da Silva	Deputy-Chairman and Executive Director	€490,000	€122,500	€60,986.30
Paula Amorim	Non-Executive Director	€49,000	-	-
Filipe Crisóstomo Silva	Executive Director	€420,000	€105,000	€52,273
Carlos Gomes da Silva	Executive Director	€420,000	€105,000	€120,000
Sérgio Gabrielli de Azevedo	Non-Executive Director	€98,000	-	-
Stephen Whyte	Executive Director	€420,000	€105,000	€87,780
Vítor Bento	Non-Executive Director	€49,000	-	-
Abdul Magid Osman	Non-Executive Director	€98,000	-	-
Luís Campos e Cunha	Non-Executive Director	€49,000	-	-
Baptista Sumbe ²	Non-Executive Director	€81,667	-	-
Miguel Athayde Marques	Non-Executive Director	€49,000	-	-
Carlos Costa Pina	Executive Director	€420,000	€105,000	€82,849
Rui Paulo Gonçalves	Non-Executive Director	€49,000	-	-
Luís Manuel Todo Bom	Non-Executive Director	€49,000	-	-
Fernando Gomes	Non-Executive Director	€49,000	-	31,232
Diogo Mendonça Tavares	Non-Executive Director	€49,000	-	-
Joaquim José Borges Gouveia	Non-Executive Director	€49,000	-	-
José Carlos da Silva Costa	Executive Director	€243,286	€7,961	€66,000
Jorge Manuel Seabra de Freitas	Non-Executive Director	€49,000	-	-

1. The Chairman of the Board of Directors decided to forgo any remuneration.
2. He ended his role on 31 October 2013.



78. Amounts paid by other companies in a controlling or group capacity

The remuneration of Galp Energia directors includes all remuneration due for positions held on management bodies of Galp Energia Group companies.

No amounts of any kind were paid by other companies in a controlling or group capacity or that are subject to a shared control.

79. Remuneration paid in the form of profit sharing and/or bonus payments

Galp Energia has no other profit-sharing remuneration system and/or bonus payments; as such, no remuneration of such kind was paid.

80. Compensation paid or owed to former executive directors following the termination of their duties during the year

No compensation was paid or is due to former Executive Directors for the early termination of their term in the financial year of 2013, and there have not been any payments made following dismissals or the termination of contracts agreed for the Directors' roles.

The removal of a director for insufficient performance is subject to legal rules in force, and affords no entitlement to damages or compensation beyond those provided for by this legal scheme.

81. Annual amount of remuneration paid to the members of the Company's supervisory body

The individual remuneration attributed by the Remuneration Committee in 2013 to the members of the Supervisory Board was €92,400.

- the member of the Supervisory Board, Gracinda Raposo, received a fixed remuneration of €25,200 in 2013;

The individual remuneration attributed by the Remuneration Committee in 2013 to the members of the Supervisory Board is detailed below:

- the member of the Supervisory Board, Pedro Antunes de Almeida, received a fixed remuneration of €25,200 in 2013.

- the Chairman of the Supervisory Board, Daniel Bessa, received a fixed remuneration of €42,000 in 2013;

The members of the Supervisory Board do not receive variable remuneration.

82. Details of the remuneration of the Chairman of the General Meeting Board

In 2013, an amount of €1,500 was assigned to the Chairman of the General Meeting Board as remuneration.



V – AGREEMENTS WITH REMUNERATION IMPLICATIONS

83. Contractual limitations provided for compensation payable for unfair dismissal of directors and the relationship with the variable remuneration component

In the event of a dismissal without cause of a director, the amounts payable shall correspond to those resulting from statutory provisions. There is no provision for the allocation

of remuneration amounts relating to the variable component if Galp Energia's net earnings are less than 80% of budget.

84. Reference to the existence and description of agreements between the Company and members of the Board of Directors and officers, providing for compensation in case of dismissal without just cause or termination of the working relationship following a change of control in the Company

Galp Energia is not party to any agreement with any of its Board members or Senior Executives, providing for any indemnities for the resignation, unfair dismissal

or termination of the working relationship as a result of a change of control in the Company, as laid out in article 248-B, paragraph 3, of the CVM.

VI – GRANT OF SHARES OR STOCK OPTIONS

85 a 88

- n/a.

Galp Energia currently has no share allocation or stock option plans.



PART I – INFORMATION ON THE SHAREHOLDER STRUCTURE, ORGANISATION AND CORPORATE GOVERNANCE

E. Transactions with related parties

- I Control mechanisms and procedures
- II Business related data



I – CONTROL MECHANISMS AND PROCEDURES

89. Mechanisms implemented by the Company for purposes of monitoring transactions with related parties

Company transactions with related parties are subject to prior opinion of the Supervisory Board.

90. Details of transactions subject to control in the year in question

In 2013, the Supervisory Board gave its assent to the closure of subsidiaries Moçamgalp and Galpbúzi, set up as part of the biofuel project, involving a sale

of assets to the company Agromoz, controlled by a major shareholder.

91. Description of the procedures and criteria for intervention by the supervisory body

Transactions between the Company and holders of major holdings or entities that are in a relationship with them, in accordance with Article 20 of the CVM, are preceded by a prior opinion of the Supervisory Board so as to ensure

the safeguarding of legal provisions and the protection of other interested parties in the Company's activities which are not involved in these operations.

II – DOCUMENTS RELATING TO THE BUSINESS

92. Location of accounting documents with available information on business with related parties

Information on business with related parties, in accordance with IAS 24, is available in Note 28 to the Galp Energia consolidated accounts.



PARTE II – CORPORATE GOVERNANCE REVIEW

- 1 The code of corporate governance adopted
- 2 Analysis of compliance with the code of corporate governance adopted

1. Identity of code of corporate governance adopted

Under and for the purposes of Article 2. of CMVM Regulation No. 4/2013, Galp Energia decided to voluntarily submit to the Government Code of the CMVM approved in 2013

(CMVM RECOMMENDATIONS), which is available on the organisation’s website at www.cmvm.pt.

2. Analysis of compliance with the code of corporate governance adopted

The Company’s corporate governance has evolved towards this approach to best practices in corporate governance and the CMVM Corporate Governance Code, having accepted most of its recommendations.

Indeed, of a total of 40 recommendations, Galp Energia adopted in their entirety 30 recommendations; six did not apply to it and four were not adopted for the reasons given in the table below.

The justification for fulfilling each recommendation or a reference to the point of this report where the issue is laid out in detail (chapter, title, paragraph, page) is also indicated in the table along with the justification for the possible non-compliance or partial compliance and respective further indication of a possible alternative mechanism adopted by the Company for the purpose of pursuing the same recommendation.

CMVM recommendation	Corporate governance practice	Justification	Reference to this Report
I Voting and control of the company			
I.1	Companies should encourage shareholders to attend and vote at general shareholders meetings, in particular by not fixing the required number of shares excessively high to be entitled to a vote and implementing the means necessary for postal and electronic voting.	Adopted	Chapter B, section I b), point 12, page 10
I.2	Companies should not adopt mechanisms that hinder the passing of resolutions by shareholders, including setting a higher quorum than required by law.	Not adopted	The quorum of two thirds of the votes cast, provided in the articles of association, for some of the general shareholder meeting’s decisions, in addition to those established by law, aims to ensure that shareholders are suitably represented in decisions on strategic Company matters.
I.3	Companies should not establish any mechanisms which may have the effect of creating a gap between the right to receive dividends or to subscribe for new securities and the voting rights of each share, unless they are based on the long-term interests of shareholders.	Adopted	Chapter B, section I b), point 12, page 10
I.4	If the articles of association limit the number of votes that may be held or exercised by a sole shareholder, either individually or in agreement with other shareholders, there should be a provision that at least once every five years the general shareholders meeting shall vote on whether that limit should be kept – without super quorum requirements relative to the one provided by law – and all votes should be counted without that restriction being applied.	Not applicable	Galp Energia’s articles of association do not provide for any limitation on the number of votes held or exercised by a sole shareholder individually or in conjunction with other shareholders.
I.5	No measures should be adopted that have the effect of requiring payments or assuming liabilities by the Company in the event of a change of control or change in the composition of the Board of Directors, and which appear likely to prejudice the free transferability of shares and free assessment by the shareholders of the performance of Members of the Board.	Adopted	Chapter A, section I, point 4, page 6
II Supervision and administration			
II.1 Supervision and administration	II.1.1. Within the limits defined by law, and unless the company is reduced in size, the Board of Directors shall delegate the day-to-day management of the company, so that delegated roles shall be identified in the annual Corporate Governance report.	Adopted	Chapter B, section II a), point 21, page 16
	II.1.2. The Board of Directors must ensure that the company acts in accordance with its goals, and must not delegate its duties regarding: i) defining the strategy and general policies of the company; ii) defining the corporate structure of the group; iii) decisions that must be considered strategic due to the amounts, risk and particular characteristics.	Adopted	Chapter B, section II a), point 21, page 16

CMVM recommendation	Corporate governance practice	Justification	Reference to this Report	
II.1 Supervision and administration (continued)	II.1.3. The Management and Supervisory Board, in addition to the exercise of supervisory powers that are entrusted to them, must assume full responsibility at the corporate governance level, so that by statutory provision or equivalent means, there is a requirement for this body to decide on the strategy and major policies of the company, the definition of the corporate structure of the group and the decisions that must be considered strategic due to the amounts or risk involved. This body should also assess compliance with the strategic plan and the implementation of major policies of the company.	Not applicable	Galp Energia's governance model does not include a management and supervisory board and therefore this recommendation does not apply.	
	II.1.4. Unless the company is small, the Board of Directors and the Management and Supervisory Board should create committees, in accordance with the adopted model, to do the following:	Adopted		Chapter B, section II b), point 24, page 21
	a) ensure a reliable and independent assessment of the Executive Directors' performance and an assessment of their overall performance, as well as those of all the existing committees;			Chapter B, section III c), point 38, page 31
	b) reflect on the management system and governance practices adopted, check their effectiveness and propose which measures the relevant bodies should adopt to improve them.			
	II.1.5. The Board of Directors or the Management and Supervisory Board, depending on the model applicable, should set goals for risk-taking and create systems for their control to ensure that the risks actually incurred are consistent with those goals.	Adopted		Chapter C, section III, points 50 to 55, pages 36 to 45
	II.1.6. The Board of Directors shall include a number of non-executive members to ensure the effective supervision and assessment of other members' activity.	Adopted		Chapter B, section II a), point 18, page 12
	II.1.7. The non-executive directors must include a suitable proportion of independents, taking into account the governance model adopted, the size of the company, its shareholder structure and the respective free float. The independence of the members of the Management and Supervisory Board and members of the Audit Committee is assessed in accordance with applicable law, and as for the other members of the Board of Directors, they are considered independent if they are not associated with any group of specific company interests, or if their impartiality of analysis or decision is likely to be affected under any circumstance, particularly in relation to:	Adopted		Chapter B, section II a), point 18, page 12
	a) having been employees of the company or a company over which it is dominant or part of a group in the past three years;			
	b) having, in the past three years, provided services or established a significant business relationship with the company or company over which it is dominant or part of a group, either directly or as a partner, director, manager or manager of a collective person;			
	c) having received compensation paid by the company or by a company with which it is found in a control or group relationship, other than the remuneration resulting from the performance of their duties of a director;			
d) living in consensual union, or being a spouse, relative or similar up to the third degree, including the collateral line, of directors or individuals directly or indirectly as major shareholders;				
e) be a major shareholder or representative of a shareholder with major holdings.				
II.1.8. When prompted by other governing body members, Executive Directors shall, in a timely and appropriate manner, make available any information requested.	Adopted		Chapter B, section II c), point 29, page 28	
II.1.9. The Chairman of the governing body or Executive Committee shall send, as applicable, to the Chairman of the Board of Directors, the Chairman of the Supervisory Board, the Chairman of the Audit Committee, the Chairman of the Management and Supervisory Board and the Chairman of the Committee for Financial Matters, the convening notices and minutes of its meetings.	Adopted		Chapter B, section II c), point 29, page 28	
II.1.10. If the chairman of the governing body exercises powers, this body shall appoint, from among its members, an independent trustee to ensure the coordination of the work of other non-executive members and the preconditions so that they can make independent and informed decisions or find an equivalent mechanism to ensure such coordination.	Not applicable	The Chairman of the Board of Directors at Galp Energia does not have executive responsibilities.		

CMVM recommendation		Corporate governance practice	Justification	Reference to this Report
II.2 Supervision	II.2.1 According to the model that is applicable, the Chairman of the Supervisory Board, of the Audit Committee for financial matters, shall be independent and have the appropriate skills for the exercise of their duties.	Adopted		Chapter B, section III a), points 32 and 33, page 29
	II.2.2. The supervisory body should be the main interlocutor of the external auditor and the first recipient of their reports, and should propose the respective remuneration and ensure that they are provided, within the company, with the appropriate conditions for the provision of services.	Adopted		Chapter B, section V, point 45, page 32
	II.2.3. The supervisory body shall assess the external auditor annually and propose to the competent body his removal or termination of the service provision contract where there is just cause.	Adopted		Chapter B, section V, point 45, page 32
	II.2.4. The supervisory body shall evaluate the functioning of the internal control and risk management systems and propose adjustments that may be required.	Adopted		Chapter B, section III c), point 38, page 31
	II.2.5. The Audit Committee, the Management and Supervisory Board and the Supervisory Board shall decide on the work plans and resources for the internal audit services and services that ensure compliance with the standards applicable to the company (compliance services), and should be the object of reports from these services at least when they concern matters related to accountability, identification or resolution of conflicts of interest and the detection of potential illegalities.	Adopted		Chapter C, section III, point 50, page 36
II.3 Setting of remuneration	II.3.1. All members of the Remuneration Committee or equivalent shall be independent from the executive members of the board of directors and include at least one member with knowledge and know-how in remuneration policy.	Adopted		Chapter D, section II, points 67 and 68, page 49
	II.3.2. No natural or legal person who provides or has provided in the past three years, services to any structure subject to the Board of Directors, the governance of directors of the company or who has a current relationship with the company or consultant of the companies should be hired to assist the Remuneration Committee in performing its functions. This recommendation also applies to any natural or legal person who has an employment contract or provides services.	Not adopted	PWC's consultancy area was hired in view of its special knowledge and experience, at the request of the Remuneration Committee, to analyse the Executive Committee Remuneration policy at Galp Energia in the second half of 2013.	
	II.3.3. The statement on the remuneration policy for the management and supervisory bodies referred to in Article 2 of Law No. 28/2009, of June 19, shall also contain:	Adopted		Chapter D, section III, point 69, page 49
	a) identification and clarification of the criteria for determining the remuneration to be paid to members of governing bodies;			
	b) information on the maximum potential amount, in individual terms, and the maximum potential amount, in aggregate, to be paid to members of governing bodies, and identify the circumstances under which these maximum amounts may be payable;			
c) information regarding the enforceability or unenforceability of payments for the dismissal or termination of appointment of directors.				
II.3.4. A proposal shall be submitted for approval to the General Shareholders Meeting regarding the plans for share grants and/or stock options or based on share price variation applicable to members of governing bodies. The proposal shall contain all elements necessary for a correct evaluation of the plan.	Not applicable	At Galp Energia there are no plans for share grants and/or stock options or any based on share price variation applicable to members of governing bodies.		
II.3.5. A proposal must be submitted to the General Shareholders Meeting for the approval of any system of retirement benefits established for members of governing bodies. The proposal shall contain all the elements necessary for a correct evaluation of the plan.	Not adopted	Galp Energia's articles of association state that executive directors are entitled to a pension or pension compensation from the company, pursuant to the regulations approved by the Remuneration Committee (article 18 paragraph 3).		
III Remuneration				
III.1	The remuneration of executive members of the Board of Directors shall be based on actual performance and discourage excessive risk-taking.	Adopted		Chapter D, section III, point 69, page 49
III.2	The remuneration of non-executive members of the Board of Directors and the remuneration of the members of the supervisory body shall not include any component whose value depends on the performance of the company or of its value.	Adopted		Chapter D, section III, point 69, page 49

CMVM recommendation	Corporate governance practice	Justification	Reference to this Report
III Remuneration (continued)			
III.3	The variable component shall be consistent with the fixed component and there shall be maximum limits for all components.	Adopted	Chapter D, section III, point 69, page 49
III.4	A significant part of the variable remuneration shall be deferred for a period longer than three years and its payment shall be dependent on the sustainability of the company's positive performance during that period.	Adopted	Chapter D, section III, point 72, page 51
III.5	The members of the Board of Directors shall not enter into contracts with the company or third parties that will have the effect of mitigating the risk inherent in the variability of the remuneration established by the company.	Adopted	Chapter D, section III, point 70, page 51
III.6	The Executive Directors shall hold up to twice the value of the total annual remuneration in company shares that were allotted by virtue of the variable remuneration schemes, with the exception of those shares that are required to be sold for the payment of taxes on the gains of said shares.	Not applicable	There were no Company shares granted to the executive directors by way of variable remuneration.
III.7	When the variable remuneration includes stock options, the period for exercising these shall be deferred for a period of not less than three years.	Not applicable	There were no Company shares granted to the executive directors by way of variable remuneration.
III.8	When the removal of a director is not due to a serious breach of their duties or their unfitness for the normal exercise of their functions, but may still be credited to poor performance, the company will find itself provided with the appropriate and necessary legal instruments so that any damages or compensation, beyond those legally due, will not be required.	Adopted	Chapter D, section IV, point 80, page 53
IV Audit			
IV.1	The external auditor shall, within their powers, verify the implementation of remuneration policies and systems, the effectiveness and functioning of internal control mechanisms and report any shortcomings to the company's supervisory board.	Adopted	Chapter B, section V, point 45, page 32
IV.2	The company or any entities with a controlling relationship with it should not recruit the external auditor, nor any entity with it that is in the same group or incorporates the same network, for services other than audit services. Where hiring such services – which must be approved by the supervisory body and explained in the annual corporate governance report – is necessary, its services shall not be greater than 30% of the overall amount of services provided to the company.	Adopted	Chapter B, section V, point 46, page 32
IV.3	Companies shall promote the rotation of auditors after two or three terms depending on whether they are for four or three years respectively. Their continuance beyond this period must be based on a specific opinion for the supervisory body to formally consider the conditions of auditor independence and the benefits and costs of replacement.	Adopted	Chapter B, section V, points 43 and 44, page 32
V Conflicts of interest and transactions with related parties			
V.1	Deals concluded between the company and major shareholders, or entities with which they are linked in accordance with article 20 of the Portuguese Securities Market Code, shall be carried out in normal market conditions.	Adopted	Chapter A, section II, point 10, page 8
V.2	The supervisory body or supervisory board shall establish procedures and criteria required to define the relevant significance level of business with major shareholders – or with entities in any of the relationships described in paragraph 1 of Art. 20 of the Portuguese Securities Code – making the conduct of significant business dependent on the prior opinion of that body.	Not adopted	Regulations on transactions with related parties are currently undergoing an approval process.
VI Information			
VI.1	Companies shall provide, through their websites in Portuguese and English, access to information to allow people to find out how it is changing and its current situation in economic, financial and governance terms.	Adopted	Chapter C, section V, points 61 and 63 to 65, pages 46 and 47
VI.2	Companies should ensure there is an investor support office and permanent contact with the market, responding to requests from investors with the timely processing of applications submitted and the process that was involved.	Adopted	Chapter C, section IV and V, points 56 and 62, pages 45 and 46

EDIÇÃO



REVISÃO DE TEXTO

Caligrama – produção editorial

FOTOGRAFIAS NÃO CREDITADAS
AO LONGO DO RELATÓRIO

Manuel Aguiar

DESIGN E CONCEÇÃO

Plot Content

ESTE RELATÓRIO FOI ESCRITO ATENDENDO
ÀS NOVAS REGRAS ORTOGRÁFICAS.



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