



Annual Report  
of the General and  
Supervisory Board  
2018





*edp*



We love energy.

Energy moves us, unites us, and brings us closer to the world.

We love this energy, the universal language, which comes in all shapes and colors.

Which impels us, motivates us, and challenges us in this story of sharing and of victories.

Which is from the sun, the water, the wind, and the people.

Which transforms, reinvents and creates an increasingly clean, sustainable, and efficient future.

A contagious energy that encourages us to explore, to amaze, and to innovate in a world in constant change.

This is the energy we love.

**WE LOVE ENERGY**







**WE  
LOVE  
HUMANITY**

**INDIC**

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**LUÍS AMADO**

CHAIRMAN OF THE GENERAL AND SUPERVISORY BOARD





# 01 GOVERNANCE MODEL

According to the best practices of Corporate Governance, the General and Supervisory Board prepares a report every year about the developed activity, which intends to be the most enlightening possible regarding the work done by this body during the respective year.

2006 was the year when EDP shareholders approved the change the corporate governance model, replacing the monistic model with the dualistic. The dualistic model is composed by the General Assembly, the Executive Board of Directors, the General and Supervisory Board and the Statutory Auditor and the main difference between the two models is the separation of management and supervisory functions, and the General and Supervisory Board is responsible for supervising, monitoring and advising the Executive Board of Directors, which is responsible for the management of the Company's activities.

In April 2018, the governing bodies were elected for the triennium mandate 2018-2020. Here, the diversity policy currently required by the national legal framework was fully applied, with the current composition of the General and Supervisory Board comprising four members of the underrepresented gender.

In fact, 2018 was a year of important events with an impact on EDP and the approach adopted reinforced the importance of corporate governance issues, allowing for the "taking of a path" in a matter that assumes an increasingly prominent role in the conduct of companies.

In this context, it is also worth highlighting the work developed following the amendment of the Corporate Governance Code. In effect, the Portuguese Securities Market Commission transferred the role of standard-setter to the IPCG in terms of corporate governance. With this transfer, the Portuguese Securities Market Commission's Code of Corporate Governance (2013) no longer "*can be used as a reference for the purpose of reporting on governance practices referring to economic years beginning on or after 1 January 2018*".

Thus, and because the Corporate Governance Code of the IPCG is currently the governance code that serves as a reference for the annual information to be provided on corporate governance practices and procedures, the General and Supervisory Board, as well as the Executive Board of Directors, have made the necessary changes to their respective internal regulations, in order to adapt their content to the recommendations contained in the Corporate Governance Code of the IPCG, with a view to maximizing their adoption of this.

It is also worth highlighting the takeover bid announced by China Three Gorges in May 2018, which was also one of the milestones of the previous year. Furthermore, with reference to this topic, the General and Supervisory Board carried out a systematic and permanent monitoring of the inherent issues, in an unprecedented operation in Portugal, since the offeror is, at the same time, a member of the supervisory body, with all the specificities inherent thereto.

After 2018, and without prejudice to the assurance that the principle of continuous improvement governs EDP's performance, it should be borne in mind that EDP's governance model and the requirement to comply with it have made it possible to suitably address the challenges posed, in order to defend its corporate interest.

In line with the practice followed, the EDP 2018 Annual Report and Accounts includes information on corporate governance structure and practices, as well as a statement of compliance with the recommendations of the Corporate Governance Code of the Portuguese Institute for Corporate Governance (IPCG), which came into force in 2018.

# 02 GENERAL AND SUPERVISORY BOARD

## 2.1. COMPOSITION

EDP's Articles of Association provides that the General and Supervisory Board shall be composed of a number of permanent Members not less than nine, but always higher than the number of directors and shall be composed of a majority of independent Members, elected for a mandate of three years. The Chairman of the Board of the General Meeting is, by default, a member of the General and Supervisory Board.

The year 2018 was a year involving a change of mandate. Until 5 April 2018, the General and Supervisory Board was composed of the following Members:

GENERAL AND SUPERVISORY BOARD		INDEPENDENT MEMBERS	DATE OF INITIAL ELECTION
<b>Chairman</b>	<b>China Three Gorges Corporation, represented by Eduardo Catroga <sup>(1)</sup></b>		<b>20/02/2012</b>
<b>Vice-Chairman</b>	<b>Luís Filipe Marques Amado</b>	<b>Independent</b>	<b>21/04/2015</b>
	Banco Comercial Português, S.A., represented by Nuno Amado <sup>(2)</sup>		21/04/2015
	China International Water & Electric Corp., represented by Guojun Lu <sup>(5)</sup>		20/02/2012
	China Three Gorges (Europe), S.A., represented by Dingming Zhang <sup>(5)</sup>		20/02/2012
	China Three Gorges (Portugal), Soc. Unip., Lda., repres. by Shengliang Wu <sup>(5)</sup>		21/04/2015
	China Three Gorges New Energy Co. Ltd., represented by Ya Yang <sup>(5)</sup>		20/02/2012
	DRAURSA, S.A., represented by Felipe Fernández Fernández <sup>(3)</sup>		21/04/2015
	Fernando María Masaveu Herrero		20/02/2012
	Senfora BV, represented by Mohammed Issa Khalfan Alshamsi <sup>(4)</sup>		21/04/2015
	Sonatrach, represented by Ferhat Ounoughi		12/04/2007
	Alberto Joaquim Milheiro Barbosa	Independent	21/04/2015
	António Manuel de Carvalho Ferreira Vitorino	Independent	21/04/2015
	António Sarmiento Gomes Mota	Independent	15/04/2009
	Augusto Carlos Serra Ventura Mateus	Independent	06/05/2013
	Ilídio da Costa Leite de Pinho	Independent	20/02/2012
	João Carvalho das Neves	Independent	21/04/2015
	Jorge Avelino Braga de Macedo	Independent	20/02/2012
	Maria Celeste Ferreira Lopes Cardona	Independent	20/02/2012
	María del Carmen Ana Fernández Rozado	Independent	21/04/2015
	Vasco Joaquim Rocha Vieira	Independent	20/02/2012

<sup>(1)</sup> Eduardo Catroga was an independent member of the GSB during the 2006-2008, 2009-2011 mandates, and chairman, also as an independent member, for the 2012-2014 mandate

<sup>(2)</sup> Nuno Amado held the position in his own name after his election 6 May 2013 until the end of the 2012-2014 term.

<sup>(3)</sup> Felipe Fernández Fernández had been appointed a member of the General and Supervisory Board on behalf of Cajastur Inversiones on 20 February 2012 for the 2012-2015 three-year period

<sup>(4)</sup> Mohamed Al Fahim represented Senfora BV until 31 October 2017 and was replaced on that date by Mohammed Issa Khalfan Alshamsi. During the 2009-2011 and 2012-2014 mandates, the GSB member was the company Senfora S.à.r.l.

<sup>(5)</sup> The representatives of China International Water & Electric Corp., China Three Gorges (Europe) S.A., China Three Gorges (Portugal) Soc. Unip. Lda and China Three Gorges New Energy Co. Ltd. started to carry out their functions on 11 May 2012, following the entry into force of the strategic partnership agreement concluded on 30 December 2011

On 5 April 2018, at the Annual General Meeting, the shareholders of EDP elected the Company's corporate bodies for the 2018-2020 period, with the General and Supervisory Board having the following composition:

GENERAL AND SUPERVISORY BOARD		INDEPENDENT MEMBERS	DATE OF INITIAL ELECTION
<b>Chairman</b>	<b>Luís Filipe Marques Amado</b>	<b>Independent</b>	<b>21/04/2015</b>
<b>Vice-Chairman</b>	<b>China Three Gorges Corporation, represented by Yang Ya <sup>(5)</sup></b>		<b>20/02/2012</b>
	Banco Comercial Português, S.A., represented by Nuno Amado <sup>(1)</sup>		21/04/2015
	China Three Gorges International Corp., represented by Dingming Zhang <sup>(5)</sup>		20/02/2012
	China Three Gorges (Europe), S.A., represented by Shengliang Wu <sup>(5)</sup>		21/04/2015
	China Three Gorges (Portugal), Soc. Unip., Lda., repres. by Eduardo Catroga <sup>(2)</sup>		20/02/2012
	China Three Gorges Brasil Energia Ltda., represented by Li Yinsheng		05/04/2018
	DRAURSA, S.A., represented by Felipe Fernández Fernández <sup>(3)</sup>		21/04/2015
	Fernando María Masaveu Herrero		20/02/2012
	Senfora BV, represented by Mohammed Issa Khalfan Alhuraimel Alshamsi <sup>(4)</sup>		21/04/2015
	Sonatrach, represented by Karim Djebbour		05/04/2018
	António Manuel de Carvalho Ferreira Vitorino	Independent	21/04/2015
	Augusto Carlos Serra Ventura Mateus	Independent	06/05/2013
	Clementina Maria Dâmaso de Jesus da Silva Barroso	Independent	05/04/2018
	Ilídio da Costa Leite de Pinho	Independent	20/02/2012
	João Carvalho das Neves	Independent	21/04/2015
	Jorge Avelino Braga de Macedo	Independent	20/02/2012
	Laurie Fitch	Independent	05/04/2018
	Maria Celeste Ferreira Lopes Cardona	Independent	20/02/2012
	María del Carmen Fernández Rozado	Independent	21/04/2015
	Vasco Joaquim Rocha Vieira	Independent	20/02/2012

<sup>(1)</sup> Nuno Amado held the position in his own name after his election 6 May 2013 until the end of the 2012-2014 term.

<sup>(2)</sup> Eduardo Catroga was an independent member of the GSB during the 2006-2008, 2009-2011 mandates, and chairman, also as an independent member, for the 2012-2014 mandate

<sup>(3)</sup> Felipe Fernández Fernández had been appointed a member of the General and Supervisory Board on behalf of Cajastur Inversiones on 20 February 2012 for the 2012-2015 three-year period

<sup>(4)</sup> Mohamed Al Fahim represented Senfora BV until 31 October 2017 and was replaced on that date by Mohammed Issa Khalfan Alshamsi. During the 2009-2011 and 2012-2014 mandates, the GSB member was the company Senfora S.à.r.l.

<sup>(5)</sup> The representatives of China Three Gorges Corporation, China Three Gorges International Corp. and China Three Gorges (Europe) S.A. started to carry out their functions on 11 May 2012, following the entry into force of the strategic partnership agreement concluded on 30 December 2011

During 2018, the following changes were made to the composition of this Board:

- 1) The Chairman of the Board of the General Meeting, Mr. António Vitorino, presented his resignation from the post of Chairman of the Board of the General Meeting and, inherently, his position as Member of the General and Supervisory Board.
- 2) The representatives in the General and Supervisory Board for China Three Gorges Corporation, Yang Ya, for China Three Gorges International Corp., Dingming Zhang, and for China Three Gorges (Europe), S.A., Shengliang Wu, resigned from their positions. As their replacement, China Three Gorges Corporation, China Three Gorges International Corp. and China Three Gorges (Europe), S.A., have indicated as their representatives on the Board to act in their own name, the following natural persons:
  - China Three Gorges Corporation (Vice President) - Dingming Zhang
  - China Three Gorges International Corp. – Shengliang Wu
  - China Three Gorges (Europe), S.A. – Ignácio Herrero Ruiz

Thus, the General and Supervisory Board is currently composed of the following Members:

GENERAL AND SUPERVISORY BOARD		INDEPENDENT MEMBERS	DATE OF INITIAL ELECTION
<b>Chairman</b>	<b>Luís Filipe Marques Amado</b>	<b>Independent</b>	<b>21/04/2015</b>
<b>Vice-Chairman</b>	<b>China Three Gorges Corporation, represented by Dingming Zhang <sup>(5)</sup></b>		<b>20/02/2012</b>
	Banco Comercial Português, S.A., represented by Nuno Amado <sup>(1)</sup>		21/04/2015
	China International Corp., represented by Shengliang Wu <sup>(5)</sup>		21/04/2015
	China Three Gorges (Europe), S.A., represented by Ignácio Herrero Ruiz		21/04/2015
	China Three Gorges (Portugal), Soc. Unip., Lda., repres. by Eduardo Catroga <sup>(2)</sup>		20/02/2012
	China Three Gorges Brasil Energia Ltda., represented by Yinsheng Li		05/04/2018
	DRAURSA, SA, represented by Felipe Fernández <sup>(3)</sup>		21/04/2015
	Fernando María Masaveu Herrero		20/02/2012

GENERAL AND SUPERVISORY BOARD	INDEPENDENT MEMBERS	DATE OF INITIAL ELECTION
Senfora BV, represented by Mohammed Issa Khalfan Alhuraimel Alshamsi <sup>(4)</sup>		21/04/2015
Sonatrach, represented by Karim Djebbour		05/04/2018
Augusto Carlos Serra Ventura Mateus	Independent	06/05/2013
Clementina Maria Dâmaso de Jesus da Silva Barroso	Independent	05/04/2018
Ilídio da Costa Leite de Pinho	Independent	20/02/2012
João Carvalho das Neves	Independent	21/04/2015
Jorge Avelino Braga de Macedo	Independent	20/02/2012
Laurie Fitch	Independent	05/04/2018
Maria Celeste Ferreira Lopes Cardona	Independent	20/02/2012
María del Carmen Fernandez Rozado	Independent	21/04/2015
Vasco Joaquim Rocha Vieira	Independent	20/02/2012

<sup>(1)</sup> Nuno Amado held the position in his own name after his election 6 May 2013 until the end of the 2012-2014 term.

<sup>(2)</sup> Eduardo Catroga was an independent member of the GSB during the 2006-2008, 2009-2011 mandates, and chairman, also as an independent member, for the 2012-2014 mandate

<sup>(3)</sup> Felipe Fernández Fernández had been appointed a member of the General and Supervisory Board on behalf of Cajastur Inversiones on 20 February 2012 for the 2012-2015 three-year period

<sup>(4)</sup> Mohamed Al Fahim represented Senfora BV until 31 October 2017 and was replaced on that date by Mohammed Issa Khalfan Alshamsi. During the 2009-2011 and 2012-2014 mandates, the GSB member was the company Senfora S.à.r.l.

<sup>(5)</sup> The representatives of China Three Gorges Corporation and China Three Gorges International Corporation started to carry out their functions on 11 May 2012, following the entry into force of the strategic partnership agreement concluded on 30 December 2011

A summary of the *curriculum vitae* of each Member of the General and Supervisory Board, including their professional qualifications and the description of the professional activities undertaken, is available in the EDP Annual Report & Accounts for 2018, as well as on the official edp website ([www.edp.com](http://www.edp.com)).

In the EDP Annual Report & Accounts for 2018, in accordance with applicable legal and regulatory provisions, information is also provided on the ownership by Members of the General and Supervisory Board of shares and other financial instruments related to EDP.

## 2.1.1 REGIME OF INCOMPATIBILITIES AND INDEPENDENCE

Members of the General and Supervisory Board are subject to an extensive regime of verification of incompatibilities regarding the carrying out of their duties, both of a legal nature and a statutory nature. It should also be noted that, given the qualitative requirements of the composition of the body, the General and Supervisory Board must have a majority of Members with independent status.

In order to fulfil its commitment to the adoption of the best corporate governance practices, the General and Supervisory Board follows a procedure to reinforce the verification of compliance with the requirements for absence of incompatibility and, where applicable, of the independence of Members of the General and Supervisory Board, carried out on the basis of their declarations of liability.

This procedure includes the following:

- Acceptance of membership of the General and Supervisory Board is made by written declaration, in which the Member also acknowledges:
  - Sufficient knowledge of the legal, regulatory and statutory standards applicable to his and the Company's activity;
  - Unreserved acceptance of the rules laid down in the Internal Rules of Procedure of the General and Supervisory Board;
  - The absence of any situation of legal or statutory incompatibility for the term as a Member of the General and Supervisory Board;
  - Fulfilment of the independence requirements as set out in Article 8 (1) of the Internal Rules of procedure of the General and Supervisory Board, in the event of being elected as an independent Member of the General and Supervisory Board;

- The obligation to report to the Chair of the General and Supervisory Board or, in the latter's case, directly to the General and Supervisory Board, any supervening event likely to create a situation of incompatibility or loss of independence.
- At the beginning of each year, Members of the General and Supervisory Board must, within 30 days, renew their statements concerning the absence of incompatibility and, if necessary, provide evidence of the independence requirements.
- Under the Internal Rules of Procedure of the General and Supervisory Board, any discovery of incompatibility implies the expiry of the mandate, and the Member should take the initiative to resign immediately from it.

Soon after their acceptance of their election, Members of the General and Supervisory Board signed a declaration on the absence of incompatibilities and, where applicable, provided evidence of their independence, and this declaration was renewed on 31 December 2018.

Accordingly, under the internal procedures defined, the General and Supervisory Board declares that, based on information collected for the purpose, no situation was observed:

- Of incompatibility in relation to its Members;
- Likely to affect the independence of Members who have this status.

Members' declarations are available on EDP's official website ([www.edp.com](http://www.edp.com)).

## 2.2. FUNCTIONS

In the exercise of its powers, the GSB's main mission is to ensure, at all times, the monitoring and supervision of the activities of the management of the Company and its Subsidiaries, cooperating with the EBD and other management and corporate bodies in the pursuit of the Company's interest.

In the EDP Annual Report and Accounts for 2018, in the Corporate Governance chapter, as well as in the Rules of Procedure of the GSB, an exhaustive description of the powers of the General and Supervisory Board is made, of which, due to their special relevance, the following are highlighted:

- To continuously monitor the activity of the directorship of the Company and Subsidiaries and provide advice and assistance to the Executive Board of Directors, in particular with regard to strategy, achievement of objectives and compliance with applicable legal provisions.
- Issue an opinion on all materially relevant operations (strategic plan, business plan, budget, acquisitions and disposals of goods, financing, establishment or termination of strategic partnerships and transactions of particular strategic significance)
- To carry out the permanent monitoring of the activity of the Company's SA and to decide on the respective election or designation, discharge and conditions of independence and other relations with the Company.
- Constantly monitor and evaluate internal procedures for accounting and for auditing and monitoring of the Company's risk profile, the efficacy of the risk management system, the internal control system and the internal audit system, including the reception and handling of complaints and similar, whether or not they come from employees.
- To give an opinion on the work plans and resources allocated to the internal control services, including control of compliance with the rules applied to the Company and internal audit, and to evaluate the reports made by these services, when they concern matters related to the reporting of accounts, the identification or resolution of conflicts of interest and the detection of potential irregularities.
- To monitor and evaluate issues related to corporate governance, sustainability, internal codes of ethics and conduct and their compliance, and systems for the evaluation and resolution of conflicts of interests, including those concerning the Company's relations with its shareholders and for issuing opinions on such matters.



## 2.3. ORGANISATION AND OPERATION

In the exercise of its powers, the General and Supervisory Board functions in Plenary and in Committees, taking its decisions in Plenary sessions, without prejudice to the delegation of specific powers to each of its specialized Committees.

Under the terms of EDP's Memorandum of Association, there shall be an ordinary Plenary session at least once each quarter. However, that number of meetings has been exceeded due to the specific requirements of the EDP Group's business dynamics. It should also be added that, whenever the nature, importance or urgency of the issues so warrant, the General and Supervisory Board shall meet in extraordinary sessions.

As part of its legal and statutory powers, it is the responsibility of the Chair of the General and Supervisory Board to organise and coordinate activities, and to represent that company body, ensuring the proper implementation of its resolutions. Given the broad composition of the General and Supervisory Board, the Chair of the Board is also the link between the activity of the General and Supervisory Board and the Executive Board of Directors. It is the responsibility of both Chairs to maintain direct, constant contact to provide mutual information about the main events related to the current management of the Company and its supervision. This contact has been a practice since the beginning of the functioning of the two boards.

## 2.4. SPECIALIZED COMMITTEES

In accordance with EDP's Law and Articles of Association, the General and Supervisory Board has created specialized Committees for dealing with matters of particular importance, which consist exclusively of Members of the Board itself.

These Committees are composed of members with appropriate qualifications, experience and availability, and their main mission is to carry out the continuous monitoring of the matters entrusted to them, in order to facilitate the analysis and decision-making processes of the General and Supervisory Board.

In the case of the Financial/Audit Committee and the Remuneration Committee, they were set up in response to legal and statutory requirements. The Corporate Governance and Sustainability Committee and the Strategy and Performance Committee were created at the initiative of the General and Supervisory Board.

The General and Supervisory Board monitors the activities of its specialized Committees, in particular through its Chairman and through a periodic report on the activities carried out by them to that body.

The EDP Annual Report & Accounts for 2018 contains a description of the composition and functions delegated by the General and Supervisory Board in each of its specialized Committees. On the EDP website at [www.edp.com](http://www.edp.com), detailed information on the Committees and their Internal Rules of Procedure is also provided. Notwithstanding this, in the following section, the mission and composition of each one is highlighted.

### 2.4.1 FINANCIAL/AUDIT COMMITTEE

#### MISSION

The Financial/Audit Committee is appointed by the General and Supervisory Board under Article 23(2) of the Memorandum of Association, and its main mission is to monitor and supervise the following, on a permanent basis:

- Financial matters and accounting practices.
- Internal procedures for Internal Audit and the Internal Control over Financial Reporting System (ICFR).

- Matters relating to the risk management system.
- The activity and independence of the Statutory Auditor of the Company
- The compliance function.

## COMPOSITION

The Financial Matters Committee/Audit Committee was nominated before the Annual General Meeting of 5 April 2018, with the following members:

FINANCIAL/AUDIT COMMITTEE		DATE OF INITIAL APPOINTMENT
<b>Chairman</b>	<b>António Sarmento Gomes Mota</b>	<b>07/05/2009<sup>(1)</sup></b>
<b>Vice-Chairman</b>	<b>João Carvalho das Neves</b>	<b>22/04/2015</b>
	Alberto Joaquim Milheiro Barbosa	22/04/2015
	Maria Celeste Ferreira Lopes Cardona	18/04/2012
	María del Carmen Ana Fernández Rozado	22/04/2015

<sup>(1)</sup>Appointed Chairman of the Financial Matters Committee/Audit Committee on 22 April 2015

As from 6 April 2018, the Financial Matters Committee/Audit Committee was composed of the following members:

FINANCIAL/AUDIT COMMITTEE		DATE OF INITIAL APPOINTMENT
<b>Chairman</b>	<b>Luís Filipe Amado</b>	<b>06/04/2018</b>
<b>Vice-Chairman</b>	<b>João Carvalho das Neves</b>	<b>22/04/2015</b>
	Clementina Dâmaso Barroso	06/04/2018
	Maria Celeste Ferreira Lopes Cardona	18/04/2012
	María del Carmen Ana Fernández Rozado	22/04/2015

## 2.4.2 REMUNERATION COMMITTEE

### MISSION

The Remuneration Committee is appointed by the General and Supervisory Board in accordance with the provisions of Article 27(1) of the Memorandum of Association and its main mission is:

- To define the policy and corporate objectives for setting the remuneration of the Chair and Members of the Executive Board of Directors.
- Set the compensation of the Chairman of the EBD and directors.
- Monitor and assess the performance of the Chairman of the Board of Directors and directors for purposes of determining variable remuneration.
- Monitor the dissemination of external information on remuneration and the EBD remuneration policy.

In addition to this Remuneration Committee that sets the Remuneration of the Executive Board of Directors, there is another Remuneration Committee, elected at the General Meeting, responsible for setting the remuneration policy of the other governing bodies.

### COMPOSITION

Until 5 April 2018, the Remuneration Committee was composed as follows:

REMUNERATION COMMITTEE		DATE OF INITIAL APPOINTMENT
<b>Chairman</b>	<b>Yang Ya</b>	<b>22/04/2015</b>
	Fernando María Masaveu Herrero	22/04/2015
	Ilídio da Costa Leite de Pinho	22/05/2012
	João Carvalho das Neves	22/04/2015
	Vasco Joaquim Rocha Vieira	22/04/2015

On 6 April 2018, the General and Supervisory Board nominated the Remuneration Committee for the 2018-2020 three-year period, by retaining the composition of the previous mandate, namely:

REMUNERATION COMMITTEE		DATE OF INITIAL APPOINTMENT
<b>Chairman</b>	<b>Yang Ya</b>	<b>22/04/2015</b>
	Fernando María Masaveu Herrero	22/04/2015
	Ilídio da Costa Leite de Pinho	22/05/2012
	João Carvalho das Neves	22/04/2015
	Vasco Joaquim Rocha Vieira	22/04/2015

After the resignation from the position of member of the General and Supervisory Board handed in by Mr. Yang Ya, at its meeting on 13 December, this Board approved the change in the composition of the Remuneration Committee, which from that date onwards has had the following constitution:

REMUNERATION COMMITTEE		DATE OF INITIAL APPOINTMENT
<b>Chairman</b>	<b>Shengliang Wu</b>	<b>13/12/2018</b>
	Fernando María Masaveu Herrero	22/04/2015
	Ilídio da Costa Leite de Pinho	22/05/2012
	João Carvalho das Neves	22/04/2015
	Vasco Joaquim Rocha Vieira	22/04/2015

## 2.4.3 CORPORATE GOVERNANCE AND SUSTAINABILITY COMMITTEE

### MISSION

The Corporate Governance and Sustainability Committee was nominated by the General and Supervisory Board, in accordance with the provisions of article 23, paragraph 1 of EDP's Articles of Association, with the mission of permanently monitoring and supervising matters relating to:

- Corporate governance.
- The sustainability strategy;
- Internal codes of ethics and behaviour;
- The systems for the assessment and resolution of conflicts of interest, particularly with regard to the relations between the Company and Shareholders;
- The internal procedures and relationship between the Company and Subsidiaries and their employees, customers, suppliers and other stakeholders.

### COMPOSITION

Until 5 April 2018, the Corporate Governance and Sustainability Committee was composed as follows:

CORPORATE GOVERNANCE AND SUSTAINABILITY COMMITTEE		DATE OF INITIAL APPOINTMENT
<b>Chairman</b>	<b>Luís Filipe Marques Amado</b>	<b>22/04/2015</b>
	Felipe Fernández	22/04/2015
	Jorge Avelino Braga de Macedo	22/04/2015
	Maria Celeste Ferreira Lopes Cardona	18/04/2012
	Shengliang Wu	11/05/2012

On 6 April 2018, the General and Supervisory Board nominated the Corporate Governance and Sustainability Committee for the 2018-2020 three-year period, with the following composition:

CORPORATE GOVERNANCE AND SUSTAINABILITY COMMITTEE		DATE OF INITIAL APPOINTMENT
<b>Chairman</b>	<b>Luís Filipe Marques Amado</b>	<b>22/04/2015</b>
	Augusto Mateus	06/04/2018
	Felipe Fernández	22/04/2015
	Jorge Avelino Braga de Macedo	22/04/2015
	Li Yinsheng	06/04/2018
	Maria Celeste Ferreira Lopes Cardona	18/04/2012
	Shengliang Wu	11/05/2012

At its meeting of 13 December 2018, the General and Supervisory Board approved the change in the composition of the Corporate Governance and Sustainability Committee, which, as from that date, was changed to the following constitution:

CORPORATE GOVERNANCE AND SUSTAINABILITY COMMITTEE		DATE OF INITIAL APPOINTMENT
<b>Chairman</b>	<b>Luís Filipe Marques Amado</b>	<b>22/04/2015</b>
	Augusto Mateus	06/04/2018
	Felipe Fernández	22/04/2015
	Ignacio Herrero Ruiz	13/12/2018
	Jorge Avelino Braga de Macedo	22/04/2015
	Li Yinsheng	06/04/2018
	Maria Celeste Ferreira Lopes Cardona	18/04/2012

## 2.4.4 STRATEGY AND PERFORMANCE COMMITTEE

### MISSION

The Strategy and Performance Committee was established by the General and Supervisory Board, with the mission of permanently monitoring the following matters:

- Short, medium and long-term scenarios and strategies.
- Strategic execution, business planning and respective budgets.
- Investments and divestments.
- Debt and financing.
- Strategic alliances.
- Market trends and competitiveness.
- Regulation.
- Analysis of the Group's and the Business Units' performance.
- The benchmarking of the Group's performance with respect to the sector's top companies;
- The evaluation of the competitiveness of the EDP business portfolio.

## COMPOSITION

Until 5 April 2018, the Strategy and Performance Committee was composed as follows:

STRATEGY AND PERFORMANCE COMMITTEE		DATE OF INITIAL APPOINTMENT
<b>Chairman</b>	<b>Eduardo de Almeida Catroga</b>	<b>18/06/2015</b>
	Alberto Joaquim Milheiro Barbosa	18/06/2015
	Augusto Carlos Serra Ventura Mateus	18/06/2015
	Dingming Zhang	18/06/2015
	Ferhat Ounoughi	18/06/2015
	Fernando María Masaveu Herrero	18/06/2015
	João Carvalho das Neves	18/06/2015
	Jorge Avelino Braga de Macedo	18/06/2015
	Mohammed Issa Khalfan Alhuraimel Alshamsi	02/11/2017
	Shengliang Wu	18/06/2015

On 6 April 2018, the General and Supervisory Board implemented the Strategy and Performance Committee for the 2018-2020 three-year period, which since that date has had the following composition:

STRATEGY AND PERFORMANCE COMMITTEE		DATE OF INITIAL APPOINTMENT
<b>Chairman</b>	<b>Eduardo de Almeida Catroga</b>	<b>18/06/2015</b>
	Augusto Carlos Serra Ventura Mateus	18/06/2015
	Dingming Zhang	18/06/2015
	Fernando María Masaveu Herrero	18/06/2015
	Jorge Avelino Braga de Macedo	18/06/2015
	Karim Djebbour	06/04/2018
	Laurie Fitch	06/04/2018
	Mohammed Issa Khalfan Alhuraimel Alshamsi.	02/11/2017
	Nuno Manuel da Silva Amado <sup>(1)</sup>	18/06/2015
	Shengliang Wu	18/06/2015
	Vasco Rocha Vieira	06/04/2018

<sup>(1)</sup> Nuno Manuel da Silva Amado had been a member of this Committee between 18 June 2015 and 02 November 2017

The General and Supervisory Board, at its meeting on 13 December 2018, has unanimously decided to change the structure of the Strategy and Performance Committee, for the following composition:

STRATEGY AND PERFORMANCE COMMITTEE		DATE OF INITIAL APPOINTMENT
<b>Chairman</b>	<b>Eduardo de Almeida Catroga</b>	<b>18/06/2015</b>
	Augusto Carlos Serra Ventura Mateus	18/06/2015
	Fernando María Masaveu Herrero	18/06/2015
	Ignacio Herrero Ruiz	13/12/2018
	Jorge Avelino Braga de Macedo	18/06/2015
	Karim Djebbour	06/04/2018
	Laurie Fitch	06/04/2018
	Mohammed Issa Khalfan Alhuraimel Alshamsi.	02/11/2017
	Nuno Manuel da Silva Amado <sup>(1)</sup>	18/06/2015
	Shengliang Wu	18/06/2015
	Vasco Rocha Vieira	06/04/2018

<sup>(1)</sup> Nuno Manuel da Silva Amado had been a member of this Committee between 18 June 2015 and 02 November 2017

# 03 GENERAL AND SUPERVISORY BOARD ACTIVITY

As part of its legal and statutory powers, the General and Supervisory Board is responsible for the permanent supervision and monitoring of the activity of the directorship of the Company and Subsidiaries and for providing advice and assistance to the Executive Board of Directors, in particular with regard to strategy, achievement of objectives and compliance with applicable legal provisions.

With a view to the proper performance of its functions, the General and Supervisory Board draws up an annual plan of the meetings of the GSB Plenary as well as its specialized Committees, which is as flexible as is needed to be.

As part of this process, every year a careful and meticulous selection and preparation of matters that are dealt with in each of the meetings is made, taking into account the importance of the matters and the fulfilment of the competencies of the General and Supervisory Board.

## 3.1 PERMANENT ACTIVITY

In order to ensure the proper organisation and preparation of the General and Supervisory Board meetings, there is a permanent level of support activity on which they rely, which is also related to the scope of the institutional representation undertaken by the Chairman, who is employed in a full-time capacity and has the advisory of the General and Supervisory Board's Support Office.

In this context, it is particularly important that the Chair of the General and Supervisory Board exercise his responsibilities which, under the Internal Procedures of this Committee, are as follows:

- Representing the GSB and being the spokesperson for its decisions with the other governing bodies.
- To coordinate the activities of the GSB and the functioning of its Committees, having the right to attend any meeting and to be kept informed of the activities carried out by them.
- Proposing to the GSB Plenary the Members, the Chairman and, where appropriate, the Vice-Chair of each Committee.
- Ensuring that members of the GSB promptly receive all the information necessary for the full development of their functions.
- Controlling the implementation of the GSB budget and managing the material and human resources allocated to this body.
- Convening and chairing the meetings of the GSB and ensuring the proper execution of its decisions.

One of the most important functions of the Chair is the institutional representation of the General and Supervisory Board, in particular through the following actions:

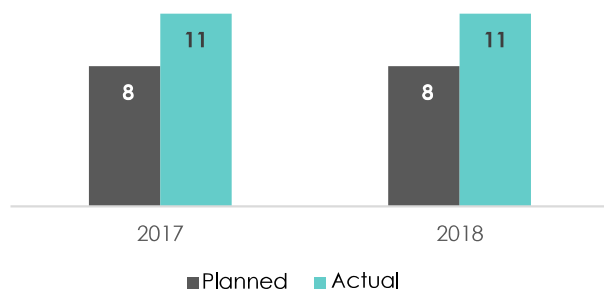
- Monitoring of weekly meetings of the Executive Board of Directors, with a mechanism for making the Chairman of the General and Supervisory Board available to the respective agenda and support folder, as well as, as soon as available, the respective minutes.
- Permanent contact with the Chair and respective Members of the Executive Board of Directors.
- Obtaining and processing information on the management policy, the evolution of the business, materially relevant economic operations by EDP and Subsidiaries.
- Active participation in the most significant events of EDP's institutional life, both internal and external.

At the internal level of the General and Supervisory Board's own activities, the Chairman shall coordinate the activities carried out, in particular by:

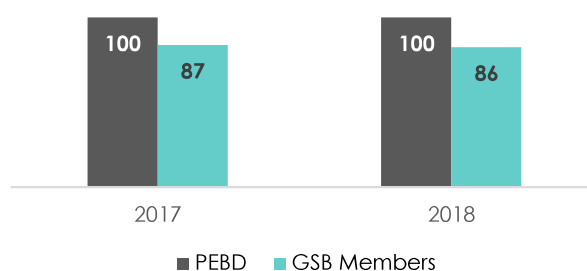
- Attendance at meetings of the Committees of which he is not a member, as well as participation in discussion of matters that will later be decided by the General and Supervisory Board.
- Analysis of information obtained from the Executive Board of Directors and other sources, as well as its dissemination by the members of the General and Supervisory Board.
- Articulation of the procedures for waiving prior opinions, as detailed in section 3.3.

Overall, the General and Supervisory Board and its specialized Committees held a total of 40 meetings in 2018, of which 3 were extraordinary meetings, resulting from the Public Takeover Bid by CTG for EDP and EDP Renováveis.

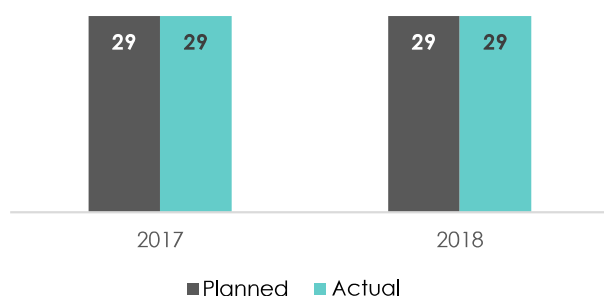
### PLENARY MEETINGS (#)



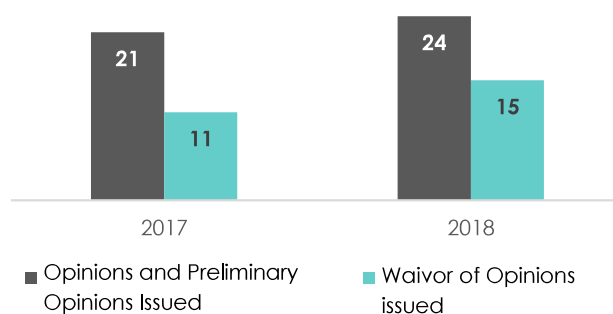
### ATTENDANCE AT PLENARY MEETINGS (%)



### COMMITTEE MEETINGS (#)



### OPINIONS ISSUED (#)



## 3.2 ACTIVITY OF PLENARY MEETING

During 2018, the General and Supervisory Board plenary held 11 meetings, which had an average attendance of 86% of its Members, with the participation of the Chairman of the Executive Board of Directors 100% of the time. At these meetings, 24 prior opinions and opinions were issued, to which can be added 15 waivers of prior opinions, since, as provided for in the regulations, the General and Supervisory Board may establish timely mechanisms for issuing or waiving prior opinions in cases of exceptional urgency or when warranted by the nature of the matter.

As mentioned above, the composition of the GSB changed over the course of the year, first at the General Meeting on 5 April 2018, with the election of Members for the 2018-2020 mandate, and subsequent to the changes made during 2018, that is:

- Resignation from post submitted by António Vitorino and Yang Ya;
- Ignacio Herrero was appointed by China Three Gorges (Europe), S.A., as its representative on the General and Supervisory Board to hold the position in his own name.

In the light of the above, three attendance tables covering the following periods are presented below:

Chart of plenary meetings and attendances for 2018, up to 5 April:

NAME	25/JAN	01/MAR	%
<b>Eduardo Almeida Catroga - Chairman</b>	<b>P</b>	<b>P</b>	<b>100</b>
<b>Luís Filipe Marques Amado - Vice Chairman</b>	<b>P</b>	<b>P</b>	<b>100</b>
Alberto Joaquim Milheiro Barbosa	P	P	100
António Manuel de Carvalho Ferreira Vitorino	P	P	100
António Sarmiento Gomes Mota	P	P	100
Augusto Carlos Serra Ventura Mateus	P	P	100
Dingming Zhang	P	P	100
Felipe Fernández Fernández	P	P	100
Ferhat Ounoughi	A	P	50
Fernando María Masaveu Herrero	R	R	0
Guojun Lu	R	R	0
Ilídio da Costa Leite de Pinho	P	P	100
João Carvalho das Neves	P	P	100
Jorge Avelino Braga de Macedo	P	P	100
Maria Celeste Ferreira Lopes Cardona	P	P	100
María del Carmen Fernandez Rozado	P	P	100
Mohammed Issa Khalfan Alhuraimel Alshamsi	A	P	50
Nuno Manuel da Silva Amado	A	P	50
Shengliang Wu	P	P	100
Vasco Joaquim Rocha Vieira	P	P	100
Yang Ya	P	P	100

P = Present; A = Absent; R = Represented

Average participation: 83%

Meetings: 2

Chart of plenary meetings and attendances for the year 2018, as of 6 April:

NAME	06/APR	10/MAY	16/MAY	07/JUN	08/JUN	26/JUL	27/SEPT	08/NOV	%
<b>Luís Filipe Marques Amado - Chairman</b>	<b>P</b>	<b>P</b>	<b>P</b>	<b>P</b>	<b>P</b>	<b>P</b>	<b>P</b>	<b>P</b>	<b>100</b>
<b>Yang Ya - Vice-Chairman</b>	<b>P</b>	<b>P</b>	<b>(1)</b>	<b>P</b>	<b>(1)</b>	<b>P</b>	<b>A</b>	<b>A</b>	<b>67</b>
António Carvalho Ferreira Vitorino	P	P	A	A	A	A			33
Augusto Carlos Serra Ventura Mateus	P	P	P	P	P	P	A	P	88
Clementina Dâmaso de Jesus da Silva Barroso	P	P	P	P	P	P	P	P	100
Dingming Zhang	A	P	(1)	A	(1)	P	P	R	50
Eduardo Almeida Catroga	P	P	(1)	P	(1)	P	P	R	83
Felipe Fernández	P	P	P	P	P	P	P	P	100
Fernando María Masaveu Herrero	P	P	P	R	P	P	P	P	88
Ilídio da Costa Leite de Pinho	P	P	A	P	P	A	P	P	75
João Carvalho das Neves	P	P	P	P	P	P	P	P	100
Jorge Avelino Braga de Macedo	R	P	P	P	P	R	P	P	75
Karim Djebbour	P	P	P	P	P	P	P	A	88
Laurie Fitch	P	P	P	P	P	P	P	P	100
Maria Celeste Ferreira Lopes Cardona	P	P	P	P	P	P	P	P	100
María del Carmen Fernandez Rozado	P	P	P	P	P	P	P	P	100
Mohammed Issa Khalfan Alhuraimel Alshamsi	P	A	P	P	P	P	P	A	75
Nuno Manuel da Silva Amado	P	P	(1)	P	(1)	A	P	P	83
Shengliang Wu	P	P	(1)	P	(1)	P	P	P	100
Vasco Joaquim Rocha Vieira	P	P	P	P	P	P	P	P	100
Yinsheng Li	P	P	(1)	A	(1)	P	P	P	83



P = Present; A = Absent; R = Represented

Average participation: 86%

Meetings: 8

(1) Having regard to the single item on the agenda of the meetings in question and although all the Members of the GSB received the notice, it stated that "(...) the question has been raised as to whether, under the law and/or of the Articles of Association and given the single item on the agenda, one or some of the members of the General and Supervisory Board are or may be prevented from attending the meeting, due to alleged conflicts of interest, the Chairman of this Board requested a Legal Opinion, which concluded that the Bidder, the companies with which the Bidder is in a dominant or group relationship, as well as the members associated with the Bidder (including suppliers or entities providing services under the Public Takeover Bid) may not participate and vote in the meetings of the GSB in which matters related to the said Takeover Bid are discussed and/or deliberated. (...)", and the Vice-Chairman, Mr. Yang Ya, and the Members Mr. Dingming Zhang, Prof. Eduardo de Almeida Catroga, Mr. Shengliang Wu, Mr. Yinsheng Li and Mr. Nuno Amado, while expressing a different understanding, agreed not to attend the meeting.

Chart of plenary meetings and attendances for 2018, from 4 December:

NAME	13/DEC	%
<b>Luís Filipe Marques Amado - Chairman</b>	<b>P</b>	<b>100</b>
<b>Dingming Zhang - Vice-Chairman</b>	<b>R</b>	<b>0</b>
Augusto Carlos Serra Ventura Mateus	P	100
Clementina Dâmaso de Jesus da Silva Barroso	P	100
Shenliang Wu	P	100
Eduardo Almeida Catroga	P	100
Felipe Fernández	P	100
Fernando María Masaveu Herrero	P	100
Ilídio da Costa Leite de Pinho	P	100
João Carvalho das Neves	P	100
Jorge Avelino Braga de Macedo	P	100
Karim Djebbour	P	100
Laurie Fitch	P	100
Maria Celeste Ferreira Lopes Cardona	P	100
María del Carmen Fernandez Rozado	P	100
Mohammed Issa Khalfan Alhuraimel Alshamsi	P	100
Nuno Manuel da Silva Amado	P	100
Ignacio Herrero Ruiz	P	100
Vasco Joaquim Rocha Vieira	P	100
Yinsheng Li	R	0

P = Present; A = Absent; R = Represented

Average participation: 90%

Meeting: 1

**Total meetings 2018: 11**

**Total average participation: 86%**

The activities defined for the General and Supervisory Board can be grouped according to their nature, some of which are decision oriented and others information oriented functions. Next, the most important are presented, in order to briefly report what was the most significant activity of the GSB.

## DECISION MAKING ACTIVITIES:

In terms of the **internal functioning** of the body itself, the GSB approved its 2017 annual Report, the plan of activities for 2019 exercise, and nominated its specialized Committees.

The year 2018 was marked by the announcement on 11 May of **CTG's launch of its Public Takeover Bid** of shares representing the share capital of EDP and EDP *Renováveis*, having the GSB, after a careful analysis, unanimously decided to issue a favourable prior opinion on the suitability of the Report of the Executive Board of Directors. Given the importance of the matter in hand, Board Members were kept informed of the developments that had taken place during the year, and from then on, this matter would be a recurring theme in plenary meetings.

Regarding **EDP's strategy**, during 2018, the General and Supervisory Board has continuously monitored the work of strategic reflection developed by the Executive Board of Directors to prepare the update of the strategic plan, which was presented to the market on the 12<sup>th</sup> of March, 2019. In this press release, EDP presented its five strategic pillars ((i) accelerated and focused growth; (ii) maintenance of portfolio optimization; (iii) Solid balance and low risk profile; iv) Capturing efficiency and digitization, and v) Attractive returns for the shareholder, as well as the repositioning of the business segments ((i) Renewables, ii) Networks, and iii) Energy management and solutions for clients, and its goals for the four-year period 2019-2022.

As is the case every year, and in accordance with the provisions of EDP's Articles of Association, it is the responsibility of the General and Supervisory Board to issue an opinion on the **annual report and accounts**. In this sense, and after a careful analysis, and based on the recommendations of the Statutory Auditor, the General and Supervisory Board approved 2017 Report and Accounts, as well as the quarterly financial information for 2018. It deliberated on the assessment of the EBD and self-assessment of the Board itself, and on the proposed funding of sponsorship activities for the *Fundação EDP*, which was subsequently submitted to the General Meeting.

At the end of the year, it unanimously issued a favourable prior opinion on the EDP Group **Budget** for 2019, which was carefully analysed in both the Strategy and Performance Committee and the Plenary of the Board.

Within the scope of its powers, the GSB decided on the carrying out of **investments**, in particular investments for EDP *Renováveis* which, as provided in its strategy, continues to analyse growth opportunities, with special emphasis on countries with low risk profile and regulatory stability. Thus, the GSB issued a favourable prior opinion on the relevant investments of this subsidiary, notably the wind project in France named Quatre Vallées V, the Moray East wind project in the United Kingdom, six wind projects in Spain and the solar project in Brazil, named Pereira Barreto. Also noteworthy were the investments of EDP Brasil that deserved a prior favourable opinion of the GSB, namely the increase in the participation in the electricity distribution company of the State of Santa Catarina, Celesc, and the participation in the auction for transmission lines carried out by the National Agency for Electricity of Brazil (*Agência Nacional de Energia Elétrica do Brasil - ANEEL*).

In the exercise of its powers, and within the scope of EDP *Renováveis*' **sell down** strategy (whereby this company disposes of majority shareholdings in operational projects or those under development), the GSB issued a favourable prior opinion for the **divestments** of shareholdings in investments in wind power assets, of note being the sale of 80% of 3 parks in the USA and Canada (Quattro onshore project). This strategy allows the early crystallization of cash flow, and the creation of value by reinvesting profits in additional growth, while maintaining the provision of operational and maintenance services. Also on the subject of divestments, the GSB also issued a favourable prior opinion on the sale of the SHPs in Espírito Santo, Brazil, and a portfolio of mini hydroelectric plants in Portugal (EDP *Small Hydro*).

Regarding the **management of the Company's financial debt and financing**, during the year the GSB issued a prior opinion on the sale of the SRP 2017 overcost tariff deficit and the SRP 2018 deficit, by EDP Serviço Universal. It also granted a waiver of prior opinion concerning the acquisition of debt securities, with a view to optimizing EDP's financing position and increasing the average debt maturity. The GSB also issued a favorable opinion on the company's first issue of greenbonds, which reaffirmed the importance of sustainability issues in EDP's strategic agenda.

In terms of business areas and in line with sector trends, the General and Supervisory Board monitored the strategic reflection, particularly the **New Downstream**, having issued a favourable prior opinion for the internationalization of this segment to other countries (Italy, Poland, France and Texas-USA), having in consideration the presence of EDP in the Iberian market and its solid performance achieved in the locations where the Company operates.

Paragraph 3.3. of this Report contains an individualised description of these and other opinions and prior opinions issued by the General and Supervisory Board during the 2018 financial year.

## INFORMATIVE ACTIVITIES:

The General and Supervisory Board, during the 2018 financial year, monitored the developments which had occurred regarding the various **regulatory** issues impacting the EDP Group, focusing specially in Portugal, in particular issues related to the clawback, social tariff, hydraulicity correction fund, CMEC final review and alleged overcompensation of CMEC plants due to the lack of availability tests in the past. In this scope, the board also monitored the developments in the work of the

"**Parliamentary Commission of Inquiry** related with the payment of excessive rent to electricity producers". The Regulatory changes in the Spanish energy market were also accompanied by this Board, mainly in relation to the publication of "Royal Decree-Law 15/2018", in early October, by the Ministry for the Ecological Transition of Spain, with the aim of addressing and responding to various controversial and cross-cutting issues in the Spanish energy sector. These include (i) The raising electricity prices in the wholesale market, (ii) providing greater coverage to vulnerable citizens, (iii) increasing consumer protection in order to reduce their electricity bills, (iv) encouraging self-consumption, (v) accelerating the transition to an energy model based on renewable energies and (vi) making the charging of electric vehicles more flexible.

In view of the fact that activities of an informative nature are also intended to deepen the knowledge of the Members of the General and Supervisory Board concerning the EDP Group, the sector and the markets in which it operates, providing them with information relevant to the performance of their duties as members of this body, during 2018 a number of strategic and sectoral themes were presented, in particular:

- **The Group's Digital Acceleration Programme** – Digitalization is one of the three factors that are most contributing to the transition of the sector, promoting (i) personalized services for clients, (ii) optimization of operations, from asset maintenance to smart grid/cities, (iii) new ways of working and of culture. In this sense, EDP has developed a program of digital acceleration, which aims provide the Company with suitable tools and mechanisms given the world's growing digitalization, appearing as an opportunity to create value and reduce costs. This EDP programme aims also to develop a digital ecosystem involving all stakeholders.
- **Innovation in EDP** - EDP *Inovação* presented to the Board the activity it had carried out, in a period of constant evolution and disruption, with changes to the electricity systems constituting a real business opportunity. The priorities presented are related to smart grids, clean energy, data leap, energy storage and customer-oriented solutions.
- **Clean energy package 2030** – The General and Supervisory Board registered the developments of the package of legislative measures, consisting of four directives and four regulations. The Clean Energy Package 2030 sets new energy efficiency and renewable targets for 2030, defining a new internal market for electricity and clarifying the governance model for implementing these goals. With this package, the customer also takes on a central role in the energy transition process in Europe, with a more active participation as a producer and consumer, greater protection and more opportunities of choice, where self-consumption and implementation of energy communities is encouraged.

The Board also monitored **changes in the shareholder structure**, namely that the Capital Group ceased to hold the qualifying EDP's share capital, as well as the acquisition of a qualified holding by State Street Corporation<sup>1</sup> and Paul Elliot Singer of 2.40% and 2.5%, respectively.

The main themes discussed in 2018, in each of the GSB plenary meetings, were as follows:

No	DATE	LOCATION	MAIN TOPICS
1	25 Jan	Lisbon	Project in Colombia EDP Digital Acceleration Programme <i>Downstream Opportunity</i> - Internationalisation of retail Innovation – Situation report Sale of mini-hydros of the EDP Group in Portugal WACC - Weighted Average Cost of Capital of the EDP Group and Business Units – Update SPR - Special Production Regime 2017 extra cost deficit - Waiver of prior opinion
2	1 Mar	Lisbon	2017 Annual Report & Accounts for the EDP Group Opinion on evaluation of the EBD 2017 Opinion on evaluation of the GSB 2017 GSB Annual Report 2017 Poseidon project – offshore wind in France Replacement of syndicated loan

<sup>1</sup> On 6 February 2019, State Street Corporation reported a decrease in its shares to 1.99%

No	DATE	LOCATION	MAIN TOPICS
			Low Voltage Concessions – status report and next steps “Edifício Boavista” project Offshore wind Investment Project Scotland – Waiver of prior opinion
3	6 Apr	Lisbon	Implementation of the incompatibilities and independence regime for GSB Members Deliberation on parameters of issue of prior GSB opinions GSB Specialized committees – constitution and make up GSB plan of activities and Specialized Committees business plan 2018 EDP Produção capital increase EDP business plan 2018-2021 (Kick-off meeting) Timber Road IV Investment Project (onshore wind-farm U.S.A.) – Waiver of prior opinion Solar Strategy: Solar and wind auction in Brazil – Waiver of prior opinion and Riverstart investment project – solar U.S.A.
4	10 May	Lisbon	EDP Group interim financial information 1Q2018 Ongoing investment projects – status report EDP Group's Innovation Strategy – status report
5	16 May	Lisbon	Preliminary Announcement of the Launch of a General and Voluntary Takeover Bid for the Acquisition of Shares representing EDP's Share Capital and Preliminary Announcement of the Launch of a General Mandatory Takeover Bid for the Acquisition of Shares representing the Share Capital of the company EDP Renováveis: Definition of the methodology for monitoring this theme by the GSB Presentation of procedures being developed by the EBD on the subject
6	7 Jun	Lisbon	Notice of Launch of Public Takeover Bid for EDP and EDP Renováveis – analysis
7	8 Jun	Lisbon	Notice of launch of the Public Takeover Bid for EDP and Prospectus related to the Public Takeover Bid:
8	26 Jul	Lisbon	EDP Group Financial Information 1S2018 Disposal of SHPs in Espírito Santo, Brazil Solar project in Brazil: Pereira Barreto Wind project in France: Quatre Valleés V Business Plan 2018–2022 – Status report Regulatory matters - update EDP Renováveis participation in auction in Greece Project in Colombia Garibaldi project in Peru Transmission Auction – EDP Energias do Brasil Participation – Waiver of Prior Opinion Bright Stalk wind project - waiver of Prior opinion Public Takeover Bid – status report Activities Report of the GSB and its Specialized Committees 1H2018 GSB and Specialized Committees meeting calendar for 2S2018 Organization of the Support Office for the General and Supervisory Board Preference rights in the acquisition of Tax Equity in the Vento II wind farm Issuance of green bonds New Downstream
9	27 Sep	Lisbon	European energy policy Clean Energy Package 2030 Proposals for measures at the Iberian level - Request from the Secretary of State for Energy Parliamentary Inquiry Committee - status report Broadlands Investment Project – onshore wind U.S.A. 199 MW – Waiver of Prior Opinion Nation Rise Investment Project – onshore wind Canada – 100 MW – Waiver of Prior Opinion Participation in the Energy Auction A-6/2018 in Brazil – Waiver of Prior Opinion Public Takeover Bid – status report
10	8 Nov	Lisbon	Interim financial information - 9M2018 Sale of mini-hydros of the EDP Group in Portugal Increase in Investment in Celesc by EDP Brasil Moray East - Final Investment Decision Quatro Project – Sale of 80% participation in 3 wind projects by EDP Renováveis Business Plan and Strategic Review process Rates and Prices for Electricity and Other Services in 2019 Regulatory changes in the Spanish energy market Wind auction in Poland - waiver of prior opinion

No	DATE	LOCATION	MAIN TOPICS
			GSB and Specialized Committees meeting calendar for 2019
			Alteration of the composition of GSB Committees
			EDP Budget 2019
			Investment in wind projects in Spain
			ANEEL Transmission Auction - 04/2018
			Appointment of the EDP Ethics Ombudsman
			Internal Rules of procedure for the GSB and Specialized committees – revision
11	13 Dec	Lisbon	EDP Renováveis in Colombia – strategic positioning and business opportunities
			Assignment of the SRP 2017 and 2018 extra cost deficit – waiver of prior opinion
			Acquisition of EDP bonds ("Bond Buy Back") - waiver of prior opinion
			EDP/CTG Cooperation Agreement – waiver of prior opinion

### 3.3

## ISSUANCE OF OPINIONS AND PRELIMINARY OPINIONS

Generally speaking, according to the provisions of Article 22(1)(b) of EDP's Articles of Association, it is the responsibility of the General and Supervisory Board to issue an opinion on the annual report and accounts. In addition, and in accordance with the provisions of Article 17(2) of EDP's Articles of Association, it is incumbent upon the General and Supervisory Board to issue a favourable prior opinion on a certain set of matters:

- The adoption of the Company's Strategic Plan.
- The realisation by the Company or Subsidiary Companies of the following:
  - Acquisitions and disposals of assets, rights or shareholdings of significant economic value;
  - Contracting financing operations of significant value;
  - Opening or closing of establishments or important parts of establishments and major activity expansion or downsizing;
  - Other business or operations of significant economic or strategic value;
  - Establishment or termination of strategic partnerships or other forms of lasting cooperation;
  - Splitting, merging or transformation projects;
  - Amendments to the Memorandum of Association, including any change of headquarters or capital increase, when they are the initiative of the Executive Board of Directors.

It should be noted that the General and Supervisory Board on 6 April 2018 approved the parameters for determining the obligation of a prior opinion from the GSB and fixed the annual quantitative limits for the issuance of securities by the EBD. In general terms, this mechanism has the following characteristics:

- Any legal operations and transactions carried out within the activities undertaken that comply with a set of predefined criteria, particularly in terms of their material relevance, are subject to the prior approval of the General and Supervisory Board.
- In cases of exceptional urgency or where the nature of the matter so warrants it, upon written justified request addressed to the General and Supervisory Board, the Executive Board of Directors may request a waiver of prior opinion from the General and Supervisory Board, a request that will be decided by the Chairman of the General and Supervisory Board, after prior consultation with at least two Members of the General and Supervisory Board (generally with the status of independents).
- Definition of the specific reporting requirements for the implementation of operations for which prior opinion is waived.

Note that the General and Supervisory Board intervened in 39 operations, covering the issuing of an opinion or prior opinion at meetings and the waiver of prior opinion.

### 3.3.1 OPINIONS AND PRELIMINARY OPINIONS IN MEETINGS

During the 2018 financial year, the General and Supervisory Board was requested to give prior opinions and advice 24 times, and all requests were given a favourable opinion:

ISSUANCE OF OPINIONS AND PRELIMINARY OPINIONS		
DATE	TYPE	SUBJECT
25 Jan	Prior opinion	Hydro Global's entry into the Colombian market
25 Jan	Prior opinion	Expansion of EDP's downstream business beyond core markets
01 Mar	Opinion	EDP Annual Report and Accounts for 2017
01 Mar	Prior opinion	Poseidon Project – Sale of participation in offshore Wind projects in France
01 Mar	Prior opinion	Assignment of SRP 2017 extra cost deficit
01 Mar	Prior opinion	Replacement of syndicated loan
06 Apr	Prior opinion	EDP Produção capital increase
10 May	Opinion	Financial Information for the 1st Quarter of 2018
10 May	Prior opinion	Amendment of EDP Renováveis articles of association
8 Jun	Opinion	EBD Report - CTG Takeover Bid
26 Jul	Opinion	Financial Information for the 1st Half of 2018
26 Jul	Prior opinion	Sale of SHPs in Espírito Santo, Brazil
26 Jul	Prior opinion	Pereira Barreto Project - Solar Investment in Brazil EDP R
26 Jul	Prior opinion	Quatre Vallées Project V - Acquisition of a wind project in France
27 Sep	Prior opinion	Wind II – Acquisition of TAX Equity in the Wind Farm
27 Sep	Prior opinion	Issuance of Eurobonds
08 Nov	Opinion	Financial Information for the first nine months of 2018
08 Nov	Prior opinion	Disposal of mini-hydros in Portugal
08 Nov	Prior opinion	Increase of Investment in Celesc Brazil
08 Nov	Prior opinion	Moray East Project – Final Investment Decision EDP R
08 Nov	Prior opinion	Quatro Project – Disposal of EDP R Projects in the U.S.A.
13 Dec	Prior opinion	EDP Budget 2019
13 Dec	Prior opinion	Investment in wind projects in Spain
13 Dec	Prior opinion	ANEEL Transmission Auction in Brazil

The information on the transactions identified above, which must be disclosed to the market under the current legal framework, is available on the official EDP website ([www.edp.com](http://www.edp.com)) and that of the Portuguese Securities Market Commission - CMVM ([www.cmvm.pt](http://www.cmvm.pt)).

### VALUATION OF OPERATIONS

OPINIONS AND PRIOR OPINIONS IN MEETINGS - MILLION EUROS	
Maximum value	3 600
Average value of quantifiable operations	604

### 3.3.2 WAIVER OF PRIOR OPINION

In 2018, the waiver of prior opinion mechanism was used by the Executive Board of Directors in 15 situations, with the requests for waiver of prior opinion, after verification of the respective procedures, being granted by the General and Supervisory Board. The following were the waiver applications granted:

**WAIVER OF PRIOR OPINION**

DATE	SUBJECT
18 Jan	Assignment of SRP 2017 extra cost deficit
22 Jan	Parent Company Guarantee MORL East Offshore Project
21 Feb	Caesar Investment Project - wind offshore Scotland
20 Mar	Timber Road IV investment project – onshore wind USA
03 Apr	Participation in the Energy Auction A-4 in Brazil
04 May	Securitisation of receivables related to tariff deficit SRP 2018
27 Jun	Participation of EDP Energias do Brasil in Transmission Auction
13 Jul	Bright Stalk investment project – onshore wind energy USA 205 MW
03 Ago	Broadlands investment project – onshore USA wind turbine 199 MW
06 Ago	Participation in the Energy Auction A-6/2018 Brazil
06 Ago	Nation Rise investment project – onshore wind Canada 100 MW
02 Nov	EDP Renováveis' participation in the onshore wind auction in Poland
23 Nov	Assignment of SRP 2017 extra cost deficit and the SRP 2018 Deficit
29 Nov	Acquisition of EDP bonds ("Bond Buy Back")
29 Nov	Cooperation agreement between EDP and CTG

The information on the transactions identified above, which must be disclosed to the market under the current legal framework, is available on the official EDP website ([www.edp.com](http://www.edp.com)) and that of the Portuguese Securities Market Commission - CMVM ([www.cmvm.pt](http://www.cmvm.pt)).

**VALUATION OF OPERATIONS****WAIVER OF PRIOR OPINION - MILLION EUROS**

Maximum value	2 065
Average value of quantifiable operations	432

## 3.4 CONFLICTS OF INTERESTS

There are several different aspects related to the issue of conflicts of interests in terms of corporate governance practices, which have been treated separately in the following sub-items:

### 3.4.1 CONFLICTS OF INTERESTS RELATED TO TRANSACTIONS BETWEEN RELATED PARTIES.

In accordance with Article 22 (1)(i) of EDP's Statutes, the General and Supervisory Board is responsible for "monitoring and assessing issues related to (...) the resolution of conflicts of interests, including those concerning the Company's relations with its Shareholders and for issuing opinions on such matters". Responsibility for this task was delegated to the Corporate Governance and Sustainability Committee.

On 29 July 2010, the General and Supervisory Board approved the first version of the "Regulation on Conflicts of Interest" which was revised during 2015 and a new version was adopted on 29 October 2015 (Regulation) which is available at EDP's official website ([www.edp.com](http://www.edp.com)). In summary and in terms of reporting requirements, provided for in the aforementioned Regulation, the following applies:

- The Executive Board of Directors shall inform the Corporate Governance and Sustainability Committee as to any operations with potential conflicts of interests, within 20 days subsequent to the end of each quarter.

- Within the same period, the Executive Board of Directors must identify those Shareholders holding the minimum qualified investment of 2% in EDP or in its controlled companies, calculated in accordance with Article 20 of the Securities Code, which during the period under review:
  - Are EDP's creditors of at least 5% of its liabilities.
  - Are customers representing at least 1% of total turnover or who have produced income of at least 5 million Euros.
  - Are suppliers representing at least 1% of the total value of external supplies and services or from whom services worth at least 5 million Euros were acquired.
- The Executive Board of Directors shall provide information on contracts and trade relations established between EDP and its subsidiaries.

The Regulation establishes the parameters for the requirement and procedure for the preliminary opinion related to any conflicts of interests (not to be confused with the procedure for the preliminary favourable opinion of the General and Supervisory Board detailed in paragraph 3.3).

Pursuant to the rules applicable to EDP in respect of relevant transactions between related parties, the General and Supervisory Board examined the business cases carried out with Shareholders which were holders of a qualifying holding in EDP's share capital, presented to it by the Executive Board of Directors during 2018 under point 5.1 of the Regulation and concluded that during that year the following were not detected:

- Transactions between related parties that have materially affected the financial position of EDP or its performance.
- Transactions between EDP and its related parties that need to be reported in the management report, given their materiality or because they were not performed under normal market conditions.
- Evidence that potential conflicts of interests underlying the transactions identified by the Executive Board of Directors have been resolved in a manner contrary to the interests of the Company.

### **3.4.2 PREVENTION OF CONFLICTS OF INTERESTS IN THE MEETINGS OF THE GENERAL AND SUPERVISORY BOARD**

Due to its nature and composition, the General and Supervisory Board has resolved and prevented possible and potential conflicts of interests that could be identified from its activities, particularly when asked to rule on matters that involve EDP Shareholders as counterparties, with representatives of this body.

In all situations where potential conflicts of interests were identified, the Members involved took the initiative to refer the situation and abstained from participating in the discussions and the voting.

For legal transactions or situations between related parties that are likely to cause a conflict of interest between those involved that will have an impact on the interests of EDP, the Executive Board of Directors has to request the preliminary opinion of the General and Supervisory Board or its waiver, and also has to provide the following information:

- A brief description of the operations and obligations assumed by the parties.
- A statement the procedures adopted for selecting the counterparty, particularly if the operation was based on a tender/consultation or limited tendering procedure.
- In the case of a limited tendering procedure, the reasons for such decision and the measures adopted to mitigate any risks from potential conflicts of interests.
- In the case of a tender/consultation, statement of the type of contact established with potential stakeholders and identify such.
- In the event competitive offers existed, information on the terms of the different proposals and the reason for the choice made.
- Identification of the parameters to measure the operation performed under "normal market conditions for similar transactions".



- Measures taken to prevent or resolve potential conflicts of interests.
- Evidence, if applicable, of the multiannual nature of the operation, in which case the starting date of the selected tender/contract should be reported together with the date on which the supplies and/or services provided shall be provided or carried out.

With respect to legal business or cases that exist between related parties that are likely to give rise to a conflict of interests between those involved, which could impact the interests of EDP, these should be subject to a preliminary opinion from the General and Supervisory Board:

- If the Corporate Governance and Sustainability Committee can meet before the General and Supervisory Board meeting, an opinion from this Committee should be requested, which should be presented to the General and Supervisory Board for decision making purposes.
- If it is not possible for the Corporate Governance and Sustainability Committee to meet, the assessment of potential conflicts of interest must be made directly by the General and Supervisory Board.

With respect to legal business or cases that exist between related parties that are likely to give rise to a conflict of interests between those involved, which could impact the interests of EDP, which are subject to a request for waiver of the preliminary opinion from the General and Supervisory Board, at least, three Members of the Corporate Governance and Sustainability Committee should be consulted, and the majority have to be independent.

When considering the request by the Executive Board of Directors, in the event of a request to waive the preliminary report, the Corporate Governance and Sustainability Committee, the General and Supervisory Board or the Chairman of this Board, may recommend to the Executive Board of Directors that appropriate measures must be taken to address the potential conflict of interest.

### **3.4.3 SIGNIFICANT TRADE RELATIONSHIPS BETWEEN THE HOLDERS OF QUALIFYING HOLDINGS AND THE COMPANY**

In the current year of its activity, EDP entered into business and carried out operations under normal market conditions for similar operations with various entities, including holders of qualifying holdings in EDP's capital and companies related to them.

Thus, with reference to the 2018 financial year, the following operations should be highlighted between the EDP Group and entities holding qualifying holdings in EDP's share capital:

- Following the Investment Cooperation Agreement between EDP *Renováveis* and China Three Gorges announced on 19 October 2015 relating to the Moray offshore wind power project, in December 2018 the sale of a 10% shareholding and supplies in the Moray Offshore Windfarm (East) Limited project to China Three Gorges (Europe) S.A., owned by China Three Gorges Corporation was concluded, for a total value of £ 37.6 million.
- The EDP Group provided electricity, gas and energy-efficiency products to the company Cementos Tutela Veguín to the amount of approximately € 20.4 million (Cementos Tutela Veguín is a subsidiary of the Masaveu Group, which, in turn, holds 55.9% of Oppidum Capital, S.L.).
- The EDP Group provided payment management services to Liberbank amounting to approximately € 80,000.00 (Liberbank holds 44.1% of Oppidum Capital, S.L.).
- The EDP Group, through EDP Spain, provided electricity and gas services to Liberbank and related companies amounting to approximately € 5.9 million (Liberbank holds 44.1% of Oppidum Capital, S.L.).
- The Banco Comercial Português (BCP) provided the EDP Group with financial advisory services between October 2017 and December 2018 under the Sagres Project, which aimed to dispose of the shares of the Small Hydro and Pebble Hydro which together held 21 small hydroelectric power stations with an installed capacity of 103 MW to the amount of € 700,000.00 in consultancy fees and € 1,600.00 in costs (amounts excluded from value added tax).

- The Banco Comercial Português (BCP) provided the EDP Group with some financial intermediation services, including the syndicate of banks acting as Joint Bookrunners for the issuance of bonds under the Euro Medium Term Notes (EMTN) Programme in October 2018 to the amount of € 600 million. BCP was one of the 9 lead managers of the operation, having been paid € 266.666 for the service.
- Sonatrach acquired natural gas under long-term supply contracts with the EDP Group and the Soto 4 combined cycle plant, established as a result of the partnership agreement between EDP and Sonatrach in October 2007, being paid an approximate amount of € 191.91 million.

## 3.5 ACTIVITY OF SPECIALIZED COMMITTEES

### 3.5.1 FINANCIAL MATTERS COMMITTEE/AUDIT COMMITTEE

No	DATE	LOCATION	MAIN TOPICS
1	01 Feb	Lisbon	SA - Report on the conclusions on the tests of impairment of assets: 2017 Financial Year IAD - Activities Report for 2017; Self-evaluation 2017; Annual Activity Plan 2018 EBD/MCD - Scorecard for EDP Group in November 2017 EBD/DCCF - Requests for approval of auditing and non-auditing services to be provided by the Statutory Auditor FMC - Report on Activities and Communication of Irregularities for 2017
2	22 Feb	Lisbon	EBD/MCD – Results, Financial statements and Scorecard for the EDP Group, for 2017 SA - Report on the conclusions concerning EDP's financial statements and the ICFR assessment of EDP and EDP Finance BV, 2017 AUDIT COMMITTEES EDP BRASIL and EDP RENOVÁVEIS - Opinion on the respective Reports and accounts 2017 EBD/DCCF – Financial reporting of the EDP Group and EDP Finance BV: financial year 2017; Requests for approval of auditing and non-auditing services to be provided by the EDP Group's SA EBD/SGAJ - Report of "Pending Litigations" and Other Contingencies in the EDP Group: 2017 FMC – Self-Assessment Report for 2017
3	01 Mar	Lisbon	SA - Statutory Audit and Opinion on the Annual Report of EDP and EDP Finance BV 2017; Independent Evaluation Reports of ICFR and Sustainability Information: 2017 FMC - Opinions on the Annual Report and Accounts of EDP and EDP Finance BV and on the evaluation of the ICFR and the Risk management system - financial year 2017; Opinion on the activity and independence of the Statutory Auditor, in the financial year 2017
4	04 Apr	Lisbon	Statutory Auditor - Report on Conclusions concerning the Auditor transition process (PwC) EBD/DCCF - Requests for approval of auditing and non-auditing services to be provided by the EDP Group's SA
5	05 Apr	Lisbon	EBD/DCCF - Requests for approval of auditing and non-auditing services to be provided by the EDP Group's SA
6	03 May	Lisbon	EBD/MCD – Results, Financial statements and Scorecard for the EDP Group, for the 1st quarter of 2018 SA - Report on the conclusions of the interim financial statements of the EDP Group and EDP Finance BV: 1st quarter of 2018 AUDIT COMMITTEES OF EDP ENERGIAS DO BRASIL and EDP RENOVÁVEIS Opinion on the interim financial information of the companies: 1st quarter of 2018 EBD/DCCF - Interim financial reporting of the EDP Group and EDP Finance BV: 1st quarter of 2018; Requests for approval of auditing and non-auditing services to be provided by the EDP Group's SA
7	10 May	Lisbon	SA - Limited Review Report on the Interim Financial Information of the EDP Group: 1st quarter of 2018 EBD/DCCF - Requests for approval of auditing and non-auditing services to be provided by the EDP Group's SA FMC - Opinion on the Interim Financial Information of the EDP Group: 1st quarter of 2018; Opinion on the activity and independence of the Statutory Auditor in the first quarter of 2018

No	DATE	LOCATION	MAIN TOPICS
8	24 May	Lisbon	IAD - Activities Report for the period: Follow-up to the 2018 Audit Plan and the Recommendations issued and Conclusions of the EY Reports for the EDP Hydroelectric Projects in Portugal EBD/FND - EDP Group Financial Policy and status report on the Pension Fund EBD/DCCF - Requests for approval of auditing and non-auditing services to be provided by the EDP Group's SA
9	20 Jun	Lisbon	Internal Audit and Compliance Department (DAIC) - Report on the Conclusions of the EY Reports for the EDP Hydroelectric Projects in Portugal EBD/CA EDP Soluções Comerciais – Customer debt of EDP Portugal, EDP Spain and EDP Brazil EBD/DCCF - Requests for approval of auditing and non-auditing services to be provided by the EDP Group's SA
10	23 Jul	Lisbon	EBD/MCD - <i>Results, Financial statements and Scorecard</i> for the EDP Group, for the 1st half of 2018 SA - Report on the conclusions of the interim financial statements of the EDP Group and EDP Finance BV: 1st half of 2018 AUDIT COMMITTEES OF EDP ENERGIAS DO BRASIL and EDP RENOVÁVEIS Opinion on the interim financial information of the companies: 1st half of 2018 EBD/SGAJ - Report of "Pending Litigations" and Other Contingencies in the EDP Group: 1st half of 2018 EBD/DCCF - Interim financial reporting of the EDP Group and EDP Finance BV: 1st half of 2018; Requests for approval of auditing and non-auditing services to be provided by the EDP Group's SA FMC - Activity Report for the 1st half of 2018
11	26 Jul	Lisbon	SA - Limited Review Report on the Interim Financial Information of the EDP Group: 1st half of 2018 EBD/DCCF - Requests for approval of auditing and non-auditing services to be provided by the EDP Group's SA FMC - Opinion on the Interim Financial Information of the EDP Group: 1st half of 2018; Opinion on the activity and independence of the Statutory Auditor in the 1st half of 2018
12	17-19 Sep	São Paulo	7th MEETING OF THE EDP GROUP AUDIT COMMITTEES – FMC EDP; CAUD EDP <i>Renováveis</i> and CAUD EDP Brasil: Effectiveness of Compliance policies in the companies; Brazilian political and economic scenario - risks and impacts; Digitalization project in the EDP Group; Recent developments and trends in Corporate Governance and the role of Audit Committees and New CNMV guidelines (Guide 3/2017)
13	30 Oct	Lisbon	EBD/DCG – <i>Results, Financial statements and Scorecard</i> of the EDP Group, for the 3rd quarter of 2018 SA - Report on the conclusions of the interim financial statements of the EDP Group and EDP Finance BV: 3rd quarter of 2018 AUDIT COMMITTEES OF EDP ENERGIAS DO BRASIL and EDP RENOVÁVEIS Opinion on the interim financial information of the companies: 3rd quarter of 2018 EBD/DCCF - Interim financial reporting of the EDP Group and EDP Finance BV: 3rd quarter of 2018; Requests for approval of auditing and non-auditing services to be provided by the EDP Group's SA EBD - Report on the conclusions concerning the independent review of EDP <i>Produção's</i> investment projects
14	08 Nov	Lisbon	SA - Limited Review Report on the Interim Financial Information of the EDP Group: 3rd quarter of 2018 EBD/DCCF - Requests for approval of auditing and non-auditing services to be provided by the EDP Group's SA FMC - Opinion on the Interim Financial Information of the EDP Group: 3rd quarter of 2018; Opinion on Statutory Auditor activity and independence: 3rd quarter of 2018
15	07 Dec	Lisbon	IAD - Activities Report for the period: Monitoring of the Audit Plan for 2018 and the issued recommendations; Proposed activity plan for 2019 EBD/RMD - Activity report for the period and linking of the RMD with other EDP areas in the mapping, control, management and mitigation of the company's risks EBD/DCCF - Requests for approval of auditing and non-auditing services to be provided by the EDP Group's SA FMC - 2019 Committee Activities Plan and revision of the Regulatory instruments of its activity

### 3.5.2 REMUNERATION COMMITTEE

No	DATE	LOCATION	MAIN TOPICS
1	1 Mar	Lisbon	Annual statement on the EBD Member Remuneration Policy Activity Report 2017
2	6 Apr	Lisbon	Variable annual and multi-annual remuneration of EBD Members for 2017

### 3.5.3 CORPORATE GOVERNANCE AND SUSTAINABILITY COMMITTEE

No	DATE	LOCATION	MAIN TOPICS
1	28 Feb	Lisbon	GCSC's 2017 Activity Report Conflict of interests and related parties: Assessment of 4Q2017 information EDP Corporate Governance Report for 2017 Ethics and Conduct: Opinions issued by the Ethics Committee in 4Q2017
2	09 May	Lisbon	Conflict of interests and related parties: Assessment of 1Q2018 information Ethics and Conduct: Opinions issued by the Ethics Committee in 1Q2018 Annual Report of the Customer Ombudsman 2017 Monitor Sustain. strategic agenda and EDP contribution to Sustainable Development of the NU
3	25 Jul	Lisbon	Conflict of interests and related parties: Assessment of 2Q2018 information Ethics and Conduct: Consideration of the opinions issued by the Ethics Committee in 2Q2018 Report of activities of the CGSC for 1H2018 and calendar and plan 2H2018
4	26 Sep	Lisbon	Follow up 1H corporate HR EDP Group Customer Ombudsperson – Regulation and Mandate Monitor Sustain. strategic agenda and EDP contribution to Sustainable Development of the NU
5	07 Nov	Lisbon	Conflict of interests and related parties: Assessment of 3Q2018 information DJSI Performance of EDP 2017 - Corporate Governance Analyse the results in the Dow Jones Sustainability

### 3.5.4 STRATEGY AND PERFORMANCE COMMITTEE

No	DATE	LOCATION	MAIN TOPICS
1	24 Jan	Lisbon	Strategic Plan – EDP <i>Brasil</i> Strategic plan – EDP <i>Renováveis</i> 2017 Committee's Activity Report
2	28 Feb	Lisbon	Performance of EDP shares in the capital market 2017 Profitability of the EDP Group by geographical area and by business unit Strategic and business risks of the EDP Group
3	9 May	Lisbon	Calendar and Activity Plan for the Committee 2018 EDP Business Plan 2018–2022 – technical follow-up by the Committee Relative competitiveness of EDP Group (2012-2017) Operational Efficiency Projects – status report
4	25 Jul	Lisbon	Performance of distribution activities in the EDP Group (Portugal, Spain and Brazil) Performance of EDP shares in the capital market 1H2018 Activity Report 1H2018 and Calendar and Activity Plan for 2H2018
5	26 Sep	Lisbon	Strategy and performance of conventional production activities in the Group (Portugal, Spain and Brazil) Budget 2019 Baseline assumptions and calendar
6	7 Nov	Lisbon	Performance of EDP shares in the capital market 9M2018 Disaggregated analysis of the profitability of conventional production plants Performance of Marketing/Trading Activities in the Group (Portugal, Spain and Brazil)
7	6 Dec	Lisbon	EDP Budget for 2019 – preliminary version

## 3.6

### BUDGET OF THE GENERAL AND SUPERVISORY BOARD

The year 2018 was a year marked by the hiring of external services resulting from extraordinary events, particularly the announcement of CTG's takeover bid for EDP and EDP R, following which the General and Supervisory Board recorded an increase in costs resulting from contracting financial and legal advisory services to advise the Board during this stage. In addition to the fact that during this 2018–2020 term, which began on 5 April 2018, the Board is made up of a larger number of non-resident Members in Portugal, when compared to previous mandates, which has led to an increase in travel and stay costs.

Thus, and although in recurrent terms, the General and Supervisory Board showed an expenses total which was 5% less than the amount budgeted for 2018, when extraordinary costs were included (related with the hiring of financial and legal advisory referred above), the total cost exceeded the budgeted amount by 17% (€ 4.17 million vs. budget of € 3.56 million).

In terms of the composition of recurrent expenditure, 79% of expenses relate to the remuneration of the Members and employees of the Support Office for the General and Supervisory Board and 21% related to costs of external supplies and services.

# 04 GENERAL AND SUPERVISORY BOARD ACTIVITY AND PERFORMANCE ASSESSMENT

EDP voluntarily instituted a formal and objective process for assessment of its own activity. This pertains to a distinctive process adopted by the General and Supervisory Board that contributes directly to the evaluation of the Dow Jones Sustainability Index.

This self-assessment process, provided for in article 19 (2) of the Internal Regulation of the General and Supervisory Board, is based on the results of a questionnaire that seeks to assess the personal viewpoint of each member of the GSB, concerning the Board itself, namely at the level of:

- Composition and Organisation
- Performance of its activity
- Relationship with the Specialized Committees
- Relationship with EDP corporate bodies
- Individual Self-assessment

The purpose of the questionnaire was to find an objective opinion for subsequent consideration by the Supervisory Board, while also considering a self-assessment report to be issued in the future.

It should be noted that this entire evaluation process (content, format and conclusions of the questionnaire) was analyzed and certified by an external consultant (Mercer).

In early February 2019, Members of the General and Supervisory Board were invited to complete a self-assessment questionnaire.

Based on the responses to the above-mentioned questionnaire, at a meeting taking place on 11 March 2019, the General Supervisory Board collectively evaluated all aspects that were submitted, concluding that as a general assessment of performance in 2018, every aspect submitted for evaluation was above expectations.

Without prejudice to the already carried out assessment, the activity of the General and Supervisory Board is supported by continuous improvement of respective performance in terms of distinct functions, in addition to its relationship with other EDP corporate bodies in defending Shareholder's interests.

The General and Supervisory Board has made the following observations to date:

- No obstacles were identified that could materially limit or influence the exercise of its powers or its Committees;
- The Executive Board of Directors has the financial and other resources deemed necessary for its activity by the General and Supervisory Board, and has adopted the measures necessary to ensure independent and autonomous advice from the General and Supervisory Board.
- The Executive Board of Directors has provided all information necessary to perform the tasks of the General and Supervisory Board and its Committees either through periodic reporting at its own initiative or by request from the General and Supervisory Board.

## DECLARATION\*

### INTERNAL EVALUATION PROCESS OF EDP'S GENERAL AND SUPERVISORY BOARD (GSB) AND SPECIALISED COMMISSIONS

In light of the best practices of corporate governance, and aiming the continuous improvement of the internal evaluation process applied voluntarily by EDP to its General and Supervisory Board (GSB) and the different Specialised Commissions, Mercer proceeded to analyse the current evaluation process.

At the beginning of 2019, each member of EDP's GSB/ Commission was invited to fill out an evaluation questionnaire, including a self-evaluation component, in order to assess their personal perception of the GSB/ Commission performance. The questionnaire covers the evaluation of a diverse set of analysis dimensions (as shown in the table below), on a quantitative scale of 1 (Weak/Strongly Disagree) to 5 (Excellent/Totally Agree).

#### Detail on the dimensions analysed in each questionnaire

QUESTIONNAIRE	ANALYSIS DIMENSIONS
GSB Self-Evaluation	
REMC Self-Evaluation	1. Composition, organisation and working
SPC Self-Evaluation	2. Performance of its activity
CGSC Self-Evaluation	3. Individual self-evaluation
FMC Self-Evaluation	

*GSB: General and Supervisory Board | REMC: Remuneration Commission | SPC: Strategy and Performance Commission | CGSC: Corporate Governance and Sustainability Commission | FMC: Financial Matters Commission.*

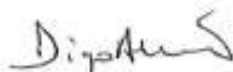
From the analysis of the questionnaires results, and with regards specifically to the evaluation of the GSC and each of the Specialised Commissions, all sub-dimensions evaluated obtained an average evaluation between 3.7 and 5.

It is also worth mentioning that the average of the GSC's evaluations in the analysis dimensions 1 to 3 mentioned in the table above was 4.4. The average evaluation of REMC scores in dimensions 1 to 3 was 4.9, for SPC was 4.4, for GCSC was 4.5, and for FMC was 4.5.

Mercer considers that the self-evaluation process of the GSB and each Specialised Commission and the respective questionnaires, described in this document and adopted by EDP, are good practice and has been defined in the light of good corporate governance principles.

1st March 2019

Mercer (Portugal) Lda  
represented by:



Diogo Alarcão  
CEO da Mercer Portugal

\* THIS IS A FREE TRANSLATION OF THE ORIGINAL DOCUMENT PRODUCED IN PORTUGUESE

# 05 CHALLENGES OF THE GENERAL AND SUPERVISORY BOARD FOR 2019

The future is undoubtedly the subject that should most absorb the energy of the Members of the General and Supervisory Board, and it is the responsibility of this Board to supervise, monitor and advise the Executive Board of Directors in its strategic definition and consequently in the future design of EDP.

The EDP Group is going through a very particular phase, with this Board having as its main concern the need to ensure internal stability within the Group, a climate of dialogue and cooperation among the main stakeholders.

In 2018 the Group experienced an unusual situation, being subject of a Public Tender Offer launched by CTG on EDP and EDP Renováveis and, at the same time, subject to unexpected regulatory pressure and the prolonged wear of a Parliamentary Commission of Inquiry on the payment of excessive rent to electricity producers. The effects of this situation should still be felt throughout 2019, reason why, given that EDP is a company naturally exposed to the capital market and the sensitivity of international investors, it is essential to ensure its internal stability in order to continue to assert its internationally recognized technical and business capacity.

To the above mentioned factors, it should be added that in the energy sector, and in particular the electricity sector, a shift is taking place, resulting from a rapid evolution of new disruptive, increasingly accessible technologies, allied to a path showing an urgent need to decarbonize the economy and society. There is a growing competitive pressure from new technologies and companies, some of which have not traditionally been present in our sector, which will pose strong challenges in the future. In this context, it is known that what distinguishes leading companies is that they manage to reinvent themselves and, for this reason, the General and Supervisory Board has worked hand in hand with the Executive Board of Directors to design a new strategic vision for EDP's future.

EDP has been able to effectively anticipate and address these trends in the sector, by providing solid value creation, although regulatory impacts have put pressure on EDP's results, particularly in 2018. In this context, next year's strategic challenges are enormous and should be compatible with the objectives of value creation, focused growth, a sound balance sheet and attractive shareholder returns. In 2019, it is necessary to reaffirm the history of EDP as a green player and a world reference in the energy transition.

Within the scope of its powers, the General and Supervisory Board will continue to guide its activity in 2019 with a view to creating conditions for the coordinated assurance of the future of EDP Group with the Executive Board of Directors and correspondingly achieving the main strategic priorities of the Group, seeking to ensure that they will always be in line with the expectations of the Shareholders.

In view of the challenges ahead, the General and Supervisory Board will continue to provide all the necessary support and collaboration for EDP Group's success within its legal and statutory powers.



# 06 ACKNOWLEDGEMENTS

The year 2018 was a very challenging one for the company and, given this, the General and Supervisory Board would like to offer a word of thanks to all its stakeholders, and in particular:

- To the Shareholders, for their trust in this body;
- To the Chairman and other Members of the Executive Board of Directors, for their quality work in the management of the Company and for their participation in the General and Supervisory Board meetings;
- To the other Members of the governing bodies of EDP and EDP Group companies, for their commitment and focus on execution;
- To the employees of the General and Support Office for the General and Supervisory Board, for the support to its activity and advice given to this Board;
- The General Secretariat of EDP for the support provided for the adequate functioning of the General and Supervisory Board;
- To all the employees of the EDP Group, for their positive energy, resilience, confidence and the good work they have undertaken.

The General and Supervisory Board also notes its considerable appreciation for:

- Mr. Prof. António Gomes Mota, Mr. Eng. Alberto Barbosa, Mr. Ferhat Ounoughi and Mr. Guojun Lu, Members of the General and Supervisory Board until the General Meeting of April 2018, for the contribution, collaboration and commitment they consistently demonstrated in carrying out their activity;
- Mr. António Vitorino, Member of the Board who resigned as Chairman of the Board of the General Meeting and, inherently, his position as Member of the General and Supervisory Board (GSB), following his election as Secretary General of IOM – International Organization for Migration;
- Mr. Yang Ya, representative of CTG, whose functions at EDP, following the resignation request submitted by him, ended in 2018, for his efforts, dedication and contributions to the performance of this Board.



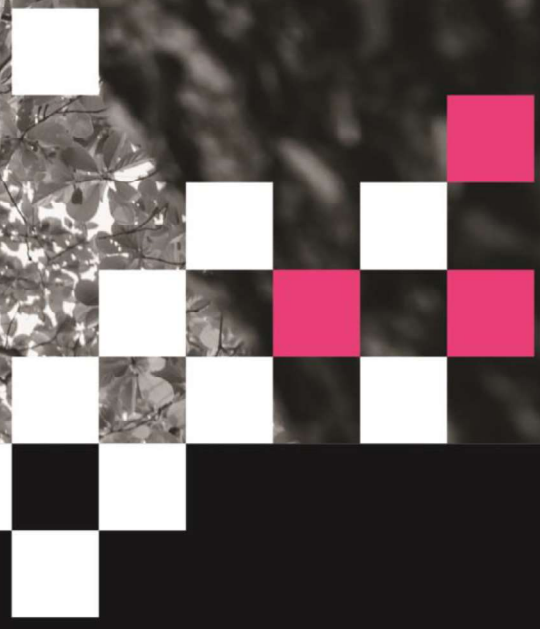
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**WE  
LOVE  
SUSTAINABILITY**



LOW ENERGY

*edp*

## ANNEXES

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# 01

## OPINION OF THE GENERAL AND SUPERVISORY BOARD ON EDP'S ANNUAL MANAGEMENT REPORT AND ACCOUNTS

### 1. Taking into consideration:

- a) The legal and regulatory requirements applicable to the preparation appraisal and publication of EDP's Account and Annual Report, in particular those from the Companies Code, the Securities Code and the CMVM regulations;
- b) The activity developed by the GSB and its specialized Committees during 2018 as recorded in the Annual Report;
- c) The documentation presented for the assessment of EDP's Accounts and Annual Report 2018, provided by the EBD, the Statutory Auditor and the FMC namely:
  - i. The detailed presentation made by the EBD on EDP's Account and Annual Report 2018, highlighting the main financial indicators, which are reproduced below:

Indicators	(EUR million)	
	EDP SA	EDP Group
Gross profit	172	5,099
EBITDA	-57	3,317
EBITD	-82	1,584
Net Profit <sup>1</sup>	739	519
Net assets	22,858	41,627
Total equity <sup>1</sup>	7,485	8,968
Total liabilities	15,373	28,727
Net debt	8,687	13,480

1. – Attributable to the shareholders of EDP

- ii. The Legal Certification Accounts and the Audit Report that concludes, based on work performed, that:
  - The consolidated and the individual financial statements present fairly, in all material aspects, the financial position of EDP, as of the 31st of December 2018 and its financial performance and cash flows, regarding the year ended on that date, in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union.
  - The management report was prepared in accordance with the applicable legal and regulatory requirements in force, the information of the same is consistent with the audited financial statements and, considering the knowledge and appreciation of the Group, no material inaccuracies were identified.
  - The corporate governance report includes the elements demanded under article 245-A of the Portuguese Securities Code (CVM), and it were not identified material inaccuracies on the information disclosed in it, complying with the contents of paragraph c), d), f), h), i) and m) of the said article.
- iii. PWC Independent Report on the Evaluation of the Financial Information Report Control System of EDP Group that concluded that the Group maintained, in all relevant aspects, a system of internal control over the financial report appropriate and efficient with reference to 31st December 2018, in accordance with the criteria set out by the rule framework of internal control issued by

Committee of Sponsoring Organizations of the Treadway Commission (COSO 2013) regarding the business processes and global controls and by Control Objectives for Information and Related Technologies (COBIT) referent to general control of information technologies.

- iv. The FMC's opinion on the Accounts that allows for the conclusion:
- That FMC appreciates favorably the Management Report and the individual and consolidated IFRS accounts of Group EDP for the exercise ending in 31 December 2018.
  - That the design and functioning of Financial Information Report Control System is satisfactory and the operation of the Risk Management Systems minimizes business risks.

## 2. The GSB has decided unanimously:

- a) To express its agreement in relation to the EDP's Accounts and Annual Report 2018.
- b) To declare, under terms of article 245, no. 1, section c) of the Securities Code, that to its best knowledge the information referred to 2018 and foreseen in article 245, no.1 section a) of the Securities Code (annual report and accounts, legal certification of the accounts and all other financial documents) was prepared in conformity with applicable accounting rules, giving a true and appropriate image of assets and liabilities, financial situation and financial results of EDP and of companies in control or group relationship with EDP, and that the 2018 annual report presents fairly the business evolution, the position and the performance of EDP and of companies in control or group relationship with EDP, and describes the main risks and uncertainties faced.
- c) To confirm that the report on EDP corporate governance includes the elements required by article 245-A of the Securities Code of the Securities and CMVM Regulation No. 4/2013.
- d) To declare that given the information provided by the EBD in the course of 2018 there were no:
- i. Transactions between related parties that have affected significantly EDP's financial situation or performance.
  - ii. Transactions between EDP and related parties that must be communicated in the management report, due to its material relevance or because they were concluded outside normal market conditions.
  - iii. Evidence that all the potential conflicts of interest derived from operations identified by the EBD, have been resolved in ways contrary to the company's interests.
- e) To express its agreement to the Audit Committee opinion on the Statutory Auditor performance and independence, according to which the Audit Committee has assessed positively the work done by KPMG, considering that it has carried out its professional duties with quality, competence, accuracy, impartiality and with a degree of reasonable independence.



- f) To recommend to the EDP Annual Shareholders' General Meeting the approval of the 2018 individual and consolidated Accounts and Annual report, as well as the Executive Board of Directors' proposal for results allocation.



**Luís Amado**  
The Chairman of General and Supervisory Board

Lisbon, 11<sup>th</sup> March 2019

02

STATEMENT OF THE GENERAL AND SUPERVISORY BOARD ON  
EDP'S ANNUAL MANAGEMENT REPORT AND ACCOUNTS

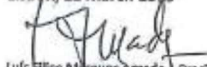


Conselho Geral e de Supervisão

STATEMENT

Pursuant article 245º n.º 1, paragraph c) of Securities Code (CVM), to the best knowledge of each of the signatories, as Members of the General and Supervisory Board of EDP – Energias de Portugal, S.A. (EDP), the information referred in article 245º of CVM (annual management report, annual accounts, legal certification of the accounts and remaining account documents), regarding 2018 exercise, has been prepared in accordance with the accounting standards applicable, gives a true and fair view of the assets and liabilities, financial position and results of EDP and subsidiaries included in the consolidation perimeter, and that the 2018 annual management report faithfully states the trend of the business, the performance and position of EDP and subsidiaries included in the consolidation perimeter, and contains a description of the principal risks and uncertainties faced.

Lisbon, 11 March 2019

  
Luís Filipe Marques Amado (Presidente)

  
Shengfang Wu (em representação da China Three Gorges International Corp.)

  
Yansheng Li (em representação da China Three Gorges Brasil Energia Ltda.)

  
Felipe Fernández Fernández (em representação da DBAURSA, S.A.)

  
Nuno Manuel da Silva Amado (em representação do Banco Comercial Português, S.A.)

  
Mohammed Al-Shamsi (em representação da Senjora B.V.)

  
Maria Celeste Ferreira Lopes Paredão

  
Jorge Braga da Macedo

  
Augusto Carlos Serra Ventura Mateus

  
Clementina Maria de Jesus Silva Barbosa

  
Dingming Zhang (em representação da China Three Gorges Corporation)

  
Ignacio Herrera Ruiz (em representação da China Three Gorges (Europe), S.A.)

  
Eduardo de Almeida Castro (em representação da China Three Gorges (Portugal), Sociedade Unipessoal, Lda.)

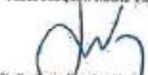
  
Fernando Maria Matos de Herrera

  
Karim Djebbour (em representação da Sonatrach)

  
Louise Lee Fitz

  
Ilídio de Costa Leite do Pinho

  
Vasco Joaquim Rocha Vieira

  
João Carvalho das Neves

  
Maria del Carmen Fernández Rozado

## 03

# OPINION OF THE FINANCIAL MATTERS COMMITTEE REPORT ON EDP'S ANNUAL MANAGEMENT REPORT AND ACCOUNTS



Report and Opinion of the Audit Committee on the Annual  
Report and Accounts of EDP – 31 December 2018

GSB – Audit Committee (AUDC)

1. Under the terms of the legal and statutory requirements, specifically as set in the Articles of Association and internal terms of reference, the Audit Committee ("AUDC" or "Committee") presents this Report and Opinion based on its understanding of the activity and business performance and its conclusions following the analysis of the information and supporting documentation received from the Executive Board of Directors ("EBD") and the heads of corporate departments of the company, the Audit Committees of the subsidiaries and the Statutory Auditor ("SA" or "PwC") of EDP Group, for the year ended as at 31 December 2018.
2. For this period, the Audit Committee met periodically with the Executive Board of Directors and the heads of the corporate departments of EDP, to monitor and supervise the company's financial matters and accounting practices, the internal procedures for internal auditing and internal control system over financial reporting, the matters related to the risk management system and the compliance function, namely with:
  - i. The Executive Board of Directors, to supervise the interim and annual financial information (IFRS financial statements, scorecard and the results of the period), the management report and other relevant information for the Committee;
  - ii. The corporate heads of the Consolidation and IFRS Financial Reporting Department, to supervise the fulfilment of the principles and accounting policies and the integrity of the process of preparation and disclosure of the financial and other relevant information, including unusual or significant value transactions, subsequent events and the main changes to consolidation perimeter;
  - iii. The corporate heads of the Internal Audit and Compliance Department, to monitor and supervise the conclusions of the audit, internal control and compliance work, as well as the effectiveness of the issued and implemented recommendations;
  - iv. The corporate heads of the Risk Management Department, to monitor the governance and the risk policy of the company, and supervise the effectiveness of internal risk management systems in order to anticipate and minimize the risks inherent to the activity developed and to adjust the support systems;
  - v. The corporate heads of the Legal Advice Department, to supervise the most relevant conclusions about the "litigation" process, focused in the main litigations and other contingencies and the review of the provisions, taking into account the risk assessment carried out in accordance with International Accounting Standard 37 – Provisions, Contingent Liabilities and Contingent Assets;
  - vi. The corporate heads of the Management Control and Financial Services, to monitor the management and business information; the financial management policy and the evolution of EDP's Pension Fund.
3. With reference to the period ended on December 31, 2018, the Audit Committee met periodically with the heads of the subsidiaries of the Audit Committees, to monitor the main issues with the greatest impact of those companies in the consolidated financial statements of the EDP Group, having received from:
  - i. The Audit, Control and Related Parties Committee of EDP Renováveis (EDPR), the information and documentation supporting the favorable opinion issued on the approval of the Interim Financial Information and the Management Report and Consolidated Financial Statements for the year;
  - ii. The Audit Committee of EDP - Energias do Brasil (EDPB), the information and documentation supporting the favorable opinion issued on the approval of the Executive Board of Directors accounts and the interim and annual financial statements of the company and its subsidiaries.
4. Also, during the 2018 financial year, the Audit Committee met periodically with the EDP Group's Statutory Auditor, to monitor and discuss the conclusions of the audit work carried out on the financial statements of EDP, namely:
  - i. The conclusions of the audit work carried out on the interim and annual financial statements of the main companies included in EDP's consolidation;
  - ii. The limited review reports on interim financial statements (individual and consolidated) issued in accordance with International Accounting Standard 34 – Interim Financial Reporting, as adopted in the European Union;



Report and Opinion of the Audit Committee on the Annual  
Report and Accounts of EDP – 31 December 2018

GSB – Audit Committee (AUDC)

- iii. The conclusions of the audit work on impairment tests on goodwill, concession rights and other relevant fixed assets recorded in EDP's accounts, with reference to September 30, 2018;
- iv. The conclusions on the most relevant audit matters – Estimated energy sales; Transactions of equity stakes; Recoverability of non-current assets; Derivative financial instruments; Regulatory and legal framework and Pensions and post-employment benefits – Included in the Legal Certification of Accounts and in the Additional Audit Report to EDP Audit Committee;
- v. The conclusions of the assessment of the Internal Control System on Financial Reporting (ICSFR), based on the criteria established by the Internal control standard issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO 2013), in relation to the business processes and global controls and the Control Objectives for information and related Technologies (COBIT), in relation to general controls on information technologies.
- vi. The conclusions of the work carried out on sustainability information included in EDP's Sustainability Report for the year ended December 31, 2018.

Considering the results of those audit work the ROC issued, without reservation or emphasis, for the period ended as at December 31, 2018: (i) The Legal Certification of the Accounts and Audit Report on the Individual and Consolidated Financial Statements of EDP, including the Opinions on the Management Report, the Corporate Governance Report, the Non-financial information provided for in article 508-G of the Portuguese Companies Code and the Additional elements provided for in Article 10 of Regulation (EU) No. 537/2014; (ii) EDP's Independent Report on the Assessment of the Internal Control System on Financial Reporting (ICSFR) and (iii) The Independent Reliability Assurance Report on EDP Group's sustainability information,

5. Based on the monitoring of the company's main aspects of the activity and business performance, the analysis and supervision of the information and documents provided by the Executive Board of Directors and the heads of corporate services, the EDP subsidiaries' Audit Committees and by the Statutory Auditor and not being aware of any materially relevant events which may affect the accuracy of the financial information prepared and presented by the company or the appraisal of the quality of the work performed by the Statutory Auditor or its independence for the period ended December 31, 2018, the Audit Committee:

- i. Issues a favorable opinion on the Annual Report and the results of EDP's operations on that date, by virtue of its understanding that they are in accordance with the applicable accounting principles and the legal and statutory provisions in force;
- ii. Assesses positively the operation of the Internal Control System on Financial Reporting (ICSFR), whose continuous improvement has contributed to reinforce the robustness of the control environment of the company;
- iii. Considers appropriate the integrated performance of the internal risk management systems, which is aligned with the policies defined and the procedures implemented and has contributed to ensure the monitoring and mitigation of the company's risks.

Lisbon, 11 March 2019.

  
(Luis Filipe Anado - Chairman)

  
(Clementina D'Amato Barroso)

The Audit Committee

  
(Maria Celeste Cardona)

  
(João Carvalho das Neves - Vice Chairman)

  
(Maria del Carmen Fernandez Bozado)

## 04 STATEMENT OF THE GENERAL AND SUPERVISORY BOARD ON THE ASSESSMENT AND PERFORMANCE OF THE EXECUTIVE BOARD OF DIRECTORS

In the exercise of its powers and without prejudice to the principle of institutional cooperation that fosters relationships with the Executive Board of Directors in the uncompromising pursuit of EDP interests, the General and Supervisory Board has also implemented a principle of the most demanding standards and full responsibilities, which has special significance in terms of evaluating the activity and performance of the Executive Board of Directors.

EDP has voluntarily established a formal and objective process for assessment of the activities of the Executive Board of Directors. This involves a distinctive process adopted by the General and Supervisory Board, directly contributing to the evaluation of the Dow Jones Sustainability Index, while recognising all ongoing efforts to achieve excellence in terms of the corporate governance practices that the General and Supervisory Board has sought to develop.

It should be noted that this entire evaluation process (content, format and conclusions of the questionnaire) was analyzed and certified by an external consultant (Mercer).

In early 2019, the Members of the General and Supervisory Board were invited to complete a self-assessment questionnaire, which was divided into the following areas:

- Composition and Organisation;
- Performance of the Executive Board of Directors in its activity;
- Relationship of the Executive Board of Directors with the General and Supervisory Board;
- Relationship of the Executive Board of Directors with other stakeholders.

The purpose of the questionnaire was to establish objective support for subsequent consideration on the part of the General and Supervisory Board, while also taking into consideration the self-assessment report of the Executive Board of Directors, with any such actions being submitted for further analysis and voting on the part of EDP Shareholders.

Based upon answers to the questionnaire, the General and Supervisory Board joint reflected on such data and extracted the corresponding conclusions in the meeting held on 11th March 2019.

Thus, according to the respective rules, approved in line with the best practices in corporate governance, the General and Supervisory Board intends to record the following conclusions related to the self-assessment process corresponding to the Executive Board of Directors activity and performance in 2018:

1. The General and Supervisory Board considered all the aspects evaluated to be satisfactory in terms of:
  - Organization and competences of the Executive Board of Directors;
  - Fulfilment of the provisions defined by the General and Supervisory Board in relation to the issuance and waiver of prior's opinions and the handling of conflicts of interest.

2. As a global evaluation of the activity carried out by the Executive Board of Directors in 2018, the General and Supervisory Board considered as above the expectations the performance of the first, with emphasis on the following areas of action:

- Time and availability dedicated to the requirements and responsibilities inherent to the Executive Board of Directors functions;
- Commitment to its mission and responsibilities;
- Strategy;
- Preparation of management control information;
- Interpretation of information and reports received.

Without prejudice to the evaluation obtained, the continuous improvement of the performance of the Executive Board of Directors should be implied, either in relation to its own functions, or in the relationship with other EDP corporate bodies or entities, or in defence of all Shareholders' interests.

## DECLARATION\*

### INTERNAL EVALUATION PROCESS OF EDP'S EXECUTIVE BOARD OF DIRECTORS

In light of the best practices of corporate governance, and aiming the continuous improvement of the internal evaluation process applied voluntarily by EDP to its Executive Board of Directors (EBD) by the General and Supervisory Board (GSB), Mercer proceeded to analyse the current evaluation process.

At the beginning of 2019, each member of EDP's GSB was invited to fill out an evaluation questionnaire, in order to assess their personal perception of EBD's performance. The questionnaire covers the evaluation of a diverse set of analysis dimensions (as shown in the table below), on a quantitative scale of 1 (Weak/Strongly Disagree) to 5 (Excellent/Totally Agree).

#### Detail on the dimensions analysed in each questionnaire

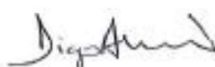
QUESTIONNAIRE	ANALYSIS DIMENSIONS
EBD's Evaluation	<ol style="list-style-type: none"> <li>1. Composition and organisation</li> <li>2. Performance of its activity</li> <li>3. Relationship with the GSB</li> <li>4. Relationship with other interlocutors</li> </ol>

From the analysis of EBD's evaluation questionnaires, all evaluated sub-dimensions obtained an average evaluation between 3.4 and 4.7. It should also be noted that the average of the EBD's evaluations in the analysis dimensions 1 to 4 in the table above was 4.3.

Mercer considers that the GSB's evaluation process on EBD performance and the respective questionnaire described in this document and adopted by EDP, are good practice and have been defined in the light of good corporate governance principles.

1st March 2019

Mercer (Portugal) Lda  
represented by:



Diogo Alarcão  
CEO of Mercer Portugal

\* THIS IS A FREE TRANSLATION OF THE ORIGINAL DOCUMENT PRODUCED IN PORTUGUESE

## **05 ANNUAL REPORT OF THE FINANCIAL MATTERS COMMITTEE/AUDIT COMMITTEE**

### **5.1. INTRODUCTION**

Under the powers delegated by the General and Supervisory Board (GSB), the mission of the Financial Matters Committee/Audit Committee ("FMC" or "Committee") is to permanently monitor and supervise:

- a. The financial matters and accounting practices of the Company.
- b. Internal procedures for Internal Audit and the Internal Control over Financial Reporting System (ICFR).
- c. Matters relating to the risk management system.
- d. The activity and independence of the Statutory Auditor (SA) of the Company.
- e. The compliance function.

The FMC also must support other GSB Committees in the financial quantification of regulatory, strategic and marketing risks analysed by these Committees.

The activity to be pursued by the Committee within the realm of its duties also applies to Subsidiary/Group Companies and relevant information from other companies held directly or indirectly by the Company or Subsidiary/Group Companies.

The skills, mission and powers of this Committee are set forth in its Rules of Procedure (available at [www.edp.com](http://www.edp.com)), which were approved by the GSB on 13 December 2018.

### **5.2 COMPOSITION**

The Committee was established for the first time on 13 July 2006 and on 6 April 2018, by decision of the GSB, was composed of the following Members, all of them having the status of being independent:

- Luís Filipe Amado (Chairman)
- João Carvalho das Neves (Vice-Chairman)
- Clementina Dâmaso Barroso
- Maria Celeste Ferreira Lopes Cardona
- Maria del Carmen Fernandez Rozado

### **5.3 COMMITTEE MEETINGS**

Until 5 April 2018, the Committee had the following composition and met five times:



DESCRIPTION	01-FEB	22-FEB	01-MAR	04-APR	05-APR	%
<b>António Sarmiento Gomes Mota (Chairman)</b>	P	P	P	P	P	100
<b>João Carvalho das Neves (Vice-Chairman)</b>	P	P	P	P	P	100
Alberto Joaquim Milheiro Barbosa	P	P	P	P	P	100
Maria Celeste Ferreira Lopes Cardona	P	P	P	P	P	100
Maria del Carmen Fernandez Rozado	P	P	P	P	P	100

P = Present; A = Absent; R = Represented

Number of meetings until 5 April: 5

Average participation: 100%

On 6 April 2018, the Committee included the following members and met ten times:

DESCRIPTION	03-MAY	10-MAY	24-MAY	20-JUN	23-JUL	26-JUL	17/19 SEPT	30-OCT	08-NOV	07-DEC	%
<b>Luís Filipe Amado (Chairman)</b>	P	P	P	P	P	P	P	P	P	P	100
<b>João Carvalho das Neves (Vice-Chairman)</b>	P	P	P	P	P	P	P	P	P	P	100
Clementina Dâmaso Barroso	P	P	P	P	P	P	P	P	P	P	100
Maria Celeste Ferreira Lopes Cardona	P	P	P	P	P	P	A	P	P	P	90
Maria del Carmen Fernandez Rozado	P	P	P	P	P	P	P	P	P	P	100

P = Present; A = Absent; R = Represented

Number of meetings after 6 April: 10

Average participation: 98%

**Total meetings 2018: 15**

**Total average participation: 99%**

Apart from these fifteen ordinary meetings, the Members of the Committee met frequently in 2018 for informal work meetings, and exchanged information on matters of greatest importance, or those that required the most urgent resolution related to FMC activities.

## 5.4 ACTIVITIES PERFORMED BY THE COMMITTEE

With respect to matters subject to monitoring and supervision and given the fulfilment of the defined statutory and regulatory rights and duties, the FMC:

- Participated in EDP Executive Board of Directors (EBD) meetings, during which preliminary accounts for 2017 quarters 1 and 3 and semester 1 of 2018, were presented and discussed;
- As deemed necessary and timely, invited EDP directors and other managers with duties and responsibilities related to issues for which the FMC deemed it necessary to consult with a higher level of seniority, to participate in the Committee meetings;
- It also participated in several meetings, with the participation of the heads of Internal Audit and Compliance (DAIC), Accounting and Taxation Consolidation (DCCF), Risk Management (DGR), Legal Department (DAS) and Financial (DFN) Departments and the EDP Group's Statutory Auditors Company ("SAC"/"SA").

The meetings addressed the themes set out in the FMC's 2018 Activities Plan and had the main objective of obtaining information and analysing the most relevant issues for the EDP Group, with particular focus on the following items:

- a. *Supervision of financial and business information* – Supervision and discussion of financial Reporting (accounting policies and criteria adopted; individual and condensed financial statements, changes to the consolidation perimeter; unusual

transactions or transactions of significant values; subsequent events), financial management policy, the Pension Fund position and other matters of relevance to the FMC;

- b. *Monitoring of the Internal Audit and Compliance activity* - Approval of the Proposal for an Activity Plan for 2018 (EDP Portugal, EDP Spain, EDP *Renováveis* and EDP *Brasil*); Supervision of the implementation of the Annual Plan of Audits and Monitoring of the Audit Reports issued and the status of implementation of the audit recommendations and the improvement actions of the System for Internal Control over Financial Reporting (ICFR).

The FMC also assessed the activity and performance of the Internal Audit function in calendar year 2017;

- c. *Monitoring of the Risk Management activity* - Supervision of the work related to mapping, control mechanisms for the risk management measures adopted and their effectiveness and the methodology of the relationship of the Corporate Risk Management Department with the corporate risk areas and the main subsidiaries;
- d. *Monitoring of the "Litigation" Process* – Supervision of information and documentation on ongoing litigation and other contingencies in progress, for financial year 2017 and the 1st half of 2018 and litigations and other relevant contingencies closed in the previous two financial years;
- e. *Monitoring of customer debt in Portugal, Spain and Brazil* – Monitoring of current and past due debt; debt with payment agreement; doubtful debts (debts in pre-litigation, litigation and others); irrecoverable claims (including prescribed debts); main debt indicators and actions taken and ongoing for the recovery of past due debts;
- f. *Relations with the Audit Committees of the subsidiaries* - Monitoring of Activity, Agendas, Minutes of meetings and Reports / Opinions issued by the Audit Committees of EDP *Renováveis* and EDP *Brasil*, on the Accounts for the year ended 31 December 2017 and Financial statements for the 1st and 3rd quarters and the 1st half of 2018.

Pursuing this objective, the FMC held the 7th Meeting of the Audit Committees of the EDP Group from 17 to 19 September 2018, in São Paulo, Brazil, with the participation of external entities (Accenture, Itaú and other Consultants), who submitted the following topics to the Committees related to the development of their activity: Effectiveness of Compliance policies in companies; Brazilian political and economic scenario - risks and impacts; Recent developments and trends in Corporate Governance and the role of Audit Committees; Impacts of "dematerialization" on the activity of supervisory bodies and Privatization of the Brazilian electricity sector; and internal officers of the EDP (EDP *Renováveis*, EDP *Brasil* and the Digital Global Unit corporate centres and the Internal Audit and Compliance Directorate), which presented, respectively, the EDP Group digitalization project and the New guidelines from the CNMV (Guide 3/2017).

This Meeting once again provided an important exchange of information, experiences and knowledge, as well as an improvement in the linking and communication mechanisms between the Audit Committees of the EDP Group;

- g. *Monitoring of the contractual relationship and activity of the Statutory Auditor (SA)* - Evaluation of the Report containing conclusions and further opinion and details of the Report and Accounts and the System for Internal Control over Financial Reporting (ICFR) of EDP and EDP Finance BV, for the financial year ending 31 December 2017; Evaluation and approval of the proposed procurement of Services for Statutory Auditing of Accounts, and other auditing services (Quarterly accounts reviews, ICFR and Sustainability), for the 2018 financial year; Evaluation of the methodology and approach to the external auditing process of the EDP Group for the 2018 financial year; Evaluation and approval of the Requests for Other Auditing Services and Additional Services by the Statutory Auditor/External Auditor in 2018; Evaluation of the Reports of the conclusions and Opinions on the EDP Interim Financial Report for the 1st and 3rd quarters, and the 1st semester of 2018;
- h. *Monitoring of the Communication of Irregularities in Portugal* – Analysis of the only complaint received from a third party, which is in the process of being investigated.

In compliance with the Regulation for Procedures to be Adopted for the Reporting of Irregularities, approved by the GSB on 3 March 2016, the Committee issued an autonomous report on this matter, referring to the year 2018.

As part of its activities, the FMC has always strived to deepen knowledge of the mechanisms and procedures applied to prevent or detect the occurrence of situations that may affect the EDP Group's capacity for action in (i) Producing, analysing and disseminating relevant information that adequately and faithfully represents the economic and financial situation of the

EDP Group; (ii) Minimising the risks of intentional or unintentional errors in financial reporting and the misappropriation or misuse of the company's own resources.

The conclusions drawn from these activities and tasks enabled the FMC to support the issuance of Opinions concerning the EDP Annual Report & Accounts and EDP Finance BV, related to the 2017 financial year, in addition to the EDP interim reports for the 1st and 3rd quarters and the 1st semester of 2018.

It should also be noted that at the end of 2018, the FMC approved the 2019 Activities Plan - a working tool that contains the main activities to be carried out by this Committee during each meeting of that calendar year. This document contributes not only to greater effectiveness and efficiency in the functioning of the Committee, but also puts the action of this Body in line with current and internationally accepted best practices of corporate governance.

## **5.5 PERFORMANCE APPRAISAL PROCESS AND THE INDEPENDENCE OF THE STATUTORY AUDITOR OF THE EDP GROUP**

The Committee paid particular attention to the nature and scope of the services provided by the company that carried out the Statutory Audit of the EDP Group Accounts, in order to assess compliance with the principles and best practices that govern its performance and its representatives with EDP and objective assessment of their activity and independence.

The analysis of the information collected and addressed by the FMC in this regard did not identify any conflicts of interest or situations that objectively affected the independence of the Statutory Auditor in the provision of professional services to the EDP Group in 2018.

It should also be noted that the assessment of the Statutory Auditor with reference to the 2018 fiscal year is the subject of an independent report on its activity and independence.

## **5.6 DIFFICULTIES ENCOUNTERED BY THE COMMITTEE IN THE PERFORMANCE OF ITS ACTIVITIES**

Although the functions performed by the FMC are demanding - both in terms of the technical and general knowledge of the matters addressed and in the knowledge of the most relevant aspects of the business that are performed within EDP's corporate perimeter, in the context of the availability that the operation of the Committee requires of its members - the Committee is pleased to note that it has not been confronted with situations which create additional difficulties, calling into question the requirements on which its action must be based - freedom of analysis, research and investigation and freedom to discuss and inquire, at all levels, on subjects that it deems worthy of its full attention.

Likewise, no circumstances restricted the independence or freedom of action of the Committee's Members.

## **5.7 SELF-ASSESSMENT OF PERFORMED ACTIVITY BY THE COMMITTEE AND ITS MEMBERS**

The FMC once again performed the self-assessment procedure based on two essential objectives: (i) to provide each member of the FMC and the entire Committee with an opportunity to reflect on their respective performances, particularly in respect of how the Board has addressed the topics that currently comprise its Annual Activities Plan, including the functions it is responsible for performing based on law, the company's Articles of Association, the internal rules of the functioning of the FMC and other applicable regulatory instruments of the EDP, and governing matters that the FMC should take into consideration and; (ii) enable the Committee to adopt, where applicable, appropriate measures to improve its procedures and courses of action, for the purposes of making it more efficient in the future.

Though the FMC intends to continue improving its activities, considering its knowledge of generally accepted best international practices, the Committee firmly believes that the performance standards it follows are high and aligned with these.

As such, the FMC considers its overall activity to be positive and remains committed to orienting its activities to the principles of rigour, transparency and independence in the service of stakeholders and creation of value for the company.

## **5.8 ACKNOWLEDGEMENTS**

In concluding this activities report, the FMC expresses its satisfaction with respect to the manner in which work has been carried out in 2018, and wishes to thank the General and Supervisory Board and the Executive Board of Directors for their ongoing commitment to this Committee, plus the officers of the EDP Group with which the Committee has worked throughout this period, and to the Audit Committees of the subsidiaries with which fruitful institutional relationships have been forged, plus the Statutory Auditor of EDP for their ongoing commitment and hard work, and, finally, to the members of the GSB Support Office, for the professional manner in which they have contributed to the functioning and performance of this Committee.

## 06

# REPORT AND OPINION OF THE FINANCIAL MATTERS COMMITTEE ON THE ASSESSMENT OF THE ACTIVITY AND INDEPENDENCE OF THE STATUTORY AUDITOR



Report and Opinion of the Audit Committee on the Assessment of the Activity and  
Independence of the Statutory Auditor of EDP – 2018 Financial Year

GSB – Audit Committee (AUDC)

In financial year 2018, the Audit Committee ("AUDC" or "Committee") has paid particular attention to the nature and scope of the statutory audit services and other audit and non-audit services provided by the Statutory Auditor ("SA"), PricewaterhouseCoopers & Associados – Sociedade de Revisores de Contas, Lda. ("SA"), to EDP Group ("EDP"). In order to assess its activity and independence, in compliance with the legal, regulatory and contractual provisions in force and of the principles and best practices that governed the actions of PwC and its representatives with EDP.

The assessing process of the Statutory Auditor of EDP Group by the Audit Committee, with reference to the financial year 2018, was based on the following:

- i. The monitoring of the work developed and the relationship between the SA and the AUDC;
- ii. The analysis of the contracts' execution for provider of legal statutory audit services and other audit and non-audit services between EDP and PwC;
- iii. The analysis of the replies of the Committee members to the internal Questionnaire on the assessment of SA's activity and independence;
- iv. The analysis of the information received from PwC, within the scope of the communication requirements established in the Legal Regime of Audit Supervision and of the requirements of the AUDC Internal Rules, namely: (a) Legal and governance structure; (b) Internal control system; (c) Declaration on Independence practices which also confirms the completion of an internal review of the compliance of such practices; (d) Mechanisms used to assess whether any service provided to EDP is a threat to their independence; (e) Description of services provided and amount of the remuneration received; (f) Annual revenues from audit and non-audit services provided and (g) Confirmation of independence and declaration on services potentially conflicting with independence, in the context of the execution of the provision contracts of 2018.

The conclusions of the analysis of the documentation and information previously mentioned to do not indicate the existence of conflicts of interest or situations that affect PwC's independence, in providing professional services to EDP Group, with reference to the financial year ended December 31, 2018. Within this assessment process of the activity and independence of the SA, it should be noted that:

- a) The total fees billed, in the different geographies, by PwC to EDP Group were 6.481 thousand euros. Of that amount, the statutory audit services (5.199 thousand euros) were about 80%.
- b) The fees billed by the SA (3.157 thousand euros) to EDP SA and its subsidiaries in Portugal represent approximately 6% of SA's turnover in Portugal (51.218 thousand euros), with reference to the previous year (in this geography, the fees earned by the SA for the financial year 2018 were not yet available). The fees due to the SA for the provision of non-audit services to EDP, S.A. and its subsidiaries in Portugal (730 thousand euros) are divided as follows:
  - (i) Non-audit services required by law (17 thousand euros); and
  - (ii) Non-audit services, not required by law (713 thousand euros), representing approximately 31% of the fees due for the statutory audit services (2.277 thousand euros).
- c) PwC confirmed, in writing, the independence of the auditors under the terms and in accordance with the independence rules of the Order of Chartered Accountants (Code of Ethics and Statute), the International Ethics Standards Board of Accounts ("IESBA") and the PwC network itself.

Based on the conclusions drawn from the Statutory Auditor's assessment process and a broad exchange of views among the Audit Committee members, it noted with satisfaction, that there has been a good relationship with the SA, responding to a dynamic increasingly intervention of the Audit Committee, resulting in an improvement in the mechanisms and information tools and a more efficient way of acting.

Furthermore, the interaction that AUDC developed with the SA, throughout 2018 financial year, whether in meetings or by correspondence and the provision of the most varied contributions and clarifications, allowed the collection of information on its action, availability and attitude.



Report and Opinion of the Audit Committee on the Assessment of the Activity and Independence of the Statutory Auditor of EDP – 2018 Financial Year

GSB – Audit Committee (AUDC)

Therefore, the Audit Committee is of the opinion that the Statutory Auditor of EDP has carried out its functions with quality, competence, rigor, exemption and with an acceptable degree of independence.

Lisbon, 11 March 2019.

  
(Luís Filipe Amado – Chairman)  
  
(Clementina Dâmaso Barros)

The Audit Committee

  
(Maria Celeste Cardoso)

  
(João Carvalho das Neves – Vice Chairman)  
  
(Margarida Carmen Fernandez Rozado)  


## **07 ANNUAL REPORT OF THE FINANCIAL MATTERS COMMITTEE/AUDIT COMMITTEE ON THE COMUNITATION OF IRREGULARITIES**

### **7.1 INTRODUCTION**

In compliance with the Rules of Procedures to be Adopted for Reporting Irregularities, the Financial Matters Committee/Audit Committee ("FMC" or "Committee") of EDP prepared this Report on complaints made by third parties for the Committee in 2018.

### **7.2 IRREGULARITIES REPORTS RECEIVED AND HANDLED BY THE COMMITTEE IN RELATION TO FINANCIAL MATTERS / AUDIT COMMITTEE**

During the period under review, only one communication of irregularities was received and dealt with by the FMC. The communication received concerns a complaint, of a confidential nature, based on the existence of possible privileged relationships between an EDP service provider and the company itself. Considering that the complaint presented falls within the "matters covered" as defined in the Regulation and that it is the competence of the FMC to instruct, conduct and supervise the investigation process relating to the complaint received, it was forwarded to the person in charge of the Internal Audit and Compliance Directorate, with a view to carrying out a specific audit of the contractual and professional relations between EDP and the service provider identified in that complaint.

### **7.3 CONCLUSIONS**

At the end of 2018, the complaint received was still in the process of being investigated.

## 08 ANNUAL REPORT OF THE REMUNERATION COMMITTEE

### 8.1 INTRODUCTION

The Remuneration Committee is appointed by the General and Supervisory Board in accordance with the provisions of Article 27(1) of the Memorandum of Association and its main mission is:

- To define the policy and corporate objectives for setting the remuneration of the Chair and Members of the Executive Board of Directors.
- To set the remuneration of the Chair and Members of the Executive Board of Directors.
- To monitor and evaluate the performance of the Chair and Members of the Executive Board of Directors in order to determine the variable remuneration.
- To monitor the disclosure of external information on remuneration and remuneration policy for the Executive Board of Directors.

The Remuneration Committee is different to the Remuneration Committee elected at the General Meeting, inasmuch that the latter is responsible for establishing the remuneration policies of all corporate entities, with the exception of the Executive Board of Directors.

### 8.2 COMPOSITION

Until 5 April 2018, the Remuneration Committee was composed as follows:

REMUNERATION COMMITTEE		DATE OF INITIAL APPOINTMENT
<b>Chairman</b>	<b>Yang Ya</b>	<b>22/04/2015</b>
	Fernando María Masaveu Herrero	22/04/2015
	Ilídio da Costa Leite de Pinho	22/05/2012
	João Carvalho das Neves	22/04/2015
	Vasco Joaquim Rocha Vieira	22/04/2015

On 6 April 2018, the General and Supervisory Board nominated the Remuneration Committee for the 2018-2020 three-year period, by retaining the composition of the previous mandate, namely:

REMUNERATION COMMITTEE		DATE OF INITIAL APPOINTMENT
<b>Chairman</b>	<b>Yang Ya</b>	<b>22/04/2015</b>
	Fernando María Masaveu Herrero	22/04/2015
	Ilídio da Costa Leite de Pinho	22/05/2012
	João Carvalho das Neves	22/04/2015
	Vasco Joaquim Rocha Vieira	22/04/2015



On 13 December, after the resignation from the post of Mr Yang Ya, the General and Supervisory Board approved the amendment of the composition of the Remuneration Committee, which from that date on, was amended as follows:

REMUNERATION COMMITTEE		DATE OF INITIAL APPOINTMENT
<b>Chairman</b>	<b>Shengliang Wu</b>	<b>13/12/2018</b>
	Fernando María Masaveu Herrero	22/04/2015
	Ilídio da Costa Leite de Pinho	22/05/2012
	João Carvalho das Neves	22/04/2015
	Vasco Joaquim Rocha Vieira	22/04/2015

The powers of REMC, as well as its missions and responsibilities, are set out in the Internal Regulation (available at [www.edp.pt](http://www.edp.pt)) of such Committee, the terms of which were approved on 18 June 2015.

## 8.3 MEETINGS

Chart of meetings and attendance in 2018:

NAME	01/MAR	6/APR	%
<b>Yang Ya - Chairman</b>	<b>P</b>	<b>P</b>	<b>100</b>
Fernando María Masaveu Herrero	R	A	0
Ilídio da Costa Leite de Pinho	P	P	100
João Carvalho das Neves	P	P	100
Vasco Joaquim Rocha Vieira	P	P	100

P = Present; A = Absent; R = Represented

**Total meetings 2018: 2**  
**Average participation: 80%**

## 8.4 ACTIVITY PERFORMED BY THE COMMITTEE

These were the most important issues during the Committee's meetings during 2018:

No	DATE	LOCATION	MAIN TOPICS
1	1 Mar	Lisbon	Annual statement on the EBD Member Remuneration Policy Activity Report 2017
2	6 Apr	Lisbon	Variable annual and multi-annual remuneration of EBD Members for 2017

## **8.5 SELF-ASSESSMENT OF PERFORMED ACTIVITY**

Within the scope of its regulatory powers, the REMC (Remuneration Committee) must annually conduct a self-assessment of its activity. This self-assessment process was certified by an external consultant.

Accordingly, and based upon the methodology implemented to assess the activity of the General and Supervisory Board and other specialized Committees of this Board, the Members of the REMC were invited at the start of 2019 to complete a questionnaire on their assessment of activity performed by the Committee in 2018, which was divided into the following areas:

- Composition, Organisation and Operation
- Performance of the REMC across all of its activities
- Individual Self-evaluation

Based on responses to the self-assessment questionnaire in the meeting conducted on 11 March 2019, Committee Members reflected on the results thereof and concluded that the Committee had an outstanding performance (4.9 points on average, on a scale of 1 to 5).

# 09 ANNUAL REPORT OF THE CORPORATE GOVERNANCE AND SUSTAINABILITY COMMITTEE

## 9.1. INTRODUCTION

The Corporate Governance and Sustainability Committee was established by the General and Supervisory Board, in accordance with the provisions of article 23, paragraph 1 of the Memorandum of Association, with the mission of permanently monitoring and supervising matters relating to:

- Corporate governance.
- The sustainability strategy;
- Internal codes of ethics and behaviour;
- The systems for the assessment and resolution of conflicts of interest, particularly with regard to the relations between the Company and Shareholders;
- The internal procedures and relationship between the Company and its employees, customers, suppliers and other stakeholders.

## 9.2. COMPOSITION

Until 5 April 2018, the Corporate Governance and Sustainability Committee was composed as follows:

CORPORATE GOVERNANCE AND SUSTAINABILITY COMMITTEE		DATE OF INITIAL APPOINTMENT
<b>Chairman</b>	<b>Luís Filipe Marques Amado</b>	<b>22/04/2015</b>
	Felipe Fernández	22/04/2015
	Jorge Avelino Braga de Macedo	22/04/2015
	Maria Celeste Ferreira Lopes Cardona	18/04/2012
	Shengliang Wu	11/05/2012

On 6 April 2018, the General and Supervisory Board nominated the Corporate Governance and Sustainability Committee for the 2018-2020 three-year period, with the following composition:

CORPORATE GOVERNANCE AND SUSTAINABILITY COMMITTEE		DATE OF INITIAL APPOINTMENT
<b>Chairman</b>	<b>Luís Filipe Marques Amado</b>	<b>22/04/2015</b>
	Augusto Mateus	06/04/2018
	Felipe Fernández	22/04/2015
	Jorge Avelino Braga de Macedo	22/04/2015
	Yinsheng Li	06/04/2018
	Maria Celeste Ferreira Lopes Cardona	18/04/2012
	Shengliang Wu	11/05/2012

At its meeting of 13 December 2018, the General and Supervisory Board approved the change in the composition of the Corporate Governance and Sustainability Committee, which, as from that date, was changed to the following constitution:

CORPORATE GOVERNANCE AND SUSTAINABILITY COMMITTEE		DATE OF INITIAL APPOINTMENT
<b>Chairman</b>	<b>Luís Filipe Marques Amado</b>	<b>22/04/2015</b>
	Augusto Mateus	06/04/2018
	Felipe Fernández	22/04/2015
	Ignacio Herrero Ruiz	13/12/2018
	Jorge Avelino Braga de Macedo	22/04/2015
	Yinsheng Li	06/04/2018
	Maria Celeste Ferreira Lopes Cardona	18/04/2012

## 9.3 MEETINGS

During 2018, the Corporate Governance and Sustainability Committee held 5 meetings, which had an average participation of 91% of its Members. The attendance charts are hereby presented for each meeting, before and after the change of mandate.

Chart of meetings and attendances for the year 2018, until 5 April:

NAME	28/FEB	%
<b>Luís Filipe Marques Amado - Chairman</b>	<b>P</b>	<b>100</b>
Felipe Fernández	P	100
Jorge Avelino Braga de Macedo	P	100
Maria Celeste Ferreira Lopes Cardona	P	100
Shengliang Wu	A	0

P = Present; A = Absent; R = Represented  
Average participation: 80%  
Number of Meetings: 1

Chart of meetings and attendances for the year 2018, as of 6 April:

NAME	09/MAY	25/JUL	26/SEPT	07/NOV	%
<b>Luís Filipe Marques Amado - Chairman</b>	<b>P</b>	<b>P</b>	<b>P</b>	<b>P</b>	<b>100</b>
Augusto Mateus	P	P	A	P	75
Felipe Fernández	P	P	P	P	100
Jorge Avelino Braga de Macedo	P	R	P	P	75
Maria Celeste Ferreira Lopes Cardona	P	P	P	P	100
Shengliang Wu	P	P	P	P	100
Yinsheng Li	P	P	P	P	100

P = Present; A = Absent; R = Represented  
Average participation: 93%  
Number of Meetings: 4

**Total meetings 2018: 5**

**Total average participation: 91%**

## 9.4 ACTIVITY PERFORMED BY THE COMMITTEE

These were the most important topics in the CGSC meetings during 2018:

No	DATE	LOCATION	MAIN TOPICS
1	28 Feb	Lisbon	GCSC's 2017 Activity Report Conflict of interests and related parties: Assessment of 4Q2017 information EDP Corporate Governance Report for 2017 Ethics and Conduct: Opinions issued by the Ethics Committee in 4Q2017
2	09 May	Lisbon	Conflict of interests and related parties: Assessment of 1Q2018 information Ethics and Conduct: Ethics Ombudsman's Annual Report; Opinions issued by the Ethics Committee in Annual Report of the Customer Ombudsman 2017 Monitoring of the Sustain. strategic agenda and EDP contribution to the Sustainable Development of the
3	25 Jul	Lisbon	Conflict of interests and related parties: Assessment of 2Q2018 information Ethics and Conduct: Consideration of the opinions issued by the Ethics Committee in 2Q2018 Report of activities of the CGSC for 1H2018 and calendar and plan of activities for 2H2018
4	26 Sep	Lisbon	Monitoring the activity and strategic definition of corporate Human Resources EDP Group Customer Ombudsperson – Internal Regulation Monitoring of the Sustain. strategic agenda and EDP contribution to the Sustainable Development of the
5	07 Nov	Lisbon	Conflict of interests and related parties: Assessment of 3Q2018 information DJSI Performance of EDP 2017 - Corporate Governance Analyse the Dow Jones Sustainability Index results

## 9.5 SELF-ASSESSMENT OF PERFORMED ACTIVITY

As part of its regulatory powers, the Corporate Governance and Sustainability Committee must conduct an annual self-assessment of its own activities.

As part of this, and based on the methodology established for the evaluation of the activity of the GSB and its specialized committees, the CGSC carried out a self-assessment process based on a questionnaire with a scale of 1 to 5, which sought to assess the personal perception of each Member the Committee's work in 2018, in particular at the level of:

- Composition, Organisation and Operation
- Performance of the CGSC across all of its activities
- Individual Self-evaluation.

Based on response to the self-assessment questionnaire in the meeting held on 6 March 2019, Committee Members reflected on the results thereof and concluded that the Committee had an outstanding performance (4.5 points on average). However, with a view to continuous improvement, it is appropriate to place an additional focus on the subjects that had a lower score (4.0 points on average): "Consideration of the Company's institutional and commercial relations with the members of corporate bodies and qualified shareholders, identifying possible conflicts of interest" and "Advance distribution of supporting documentation".

## 10 STRATEGY AND PERFORMANCE COMMITTEE'S ANNUAL REPORT

### 10.1 INTRODUCTION

Pursuant to item no.1 of article 23 of the EDP Articles of Association, the General and Supervisory Board (GSB) may create specialist or monitoring committees beyond those provided for in law, for the purposes of carrying out certain functions.

Given this, the General and Supervisory Board established the Strategy and Performance Committee, as a specialist committee to directly deal with matters relating to:

- Short, medium and long term scenarios and strategies;
- Strategic execution, business planning and respective budgets;
- Investments and divestments;
- Debt and financing;
- Strategic alliances;
- Evolution of markets and competitiveness;
- Regulation;
- Analysis of the performance of the Group and the Business Units;
- Benchmarking of the Group's performance with respect to the sector's top companies;
- Evaluation of the competitiveness of the EDP business portfolio.

The skills, mission and powers of this Committee are set forth in its Rules of Procedure (available at [www.edp.com](http://www.edp.com)).

### 10.2 COMPOSITION

The Strategy and Performance Committee was established on 18 June 2015 and, by decision of the GSB of 2 November 2017, and was composed of the following Members until 5 April 2018:

STRATEGY AND PERFORMANCE COMMITTEE		DATE OF INITIAL APPOINTMENT
<b>Chairman</b>	<b>Eduardo de Almeida Catroga</b>	18-06-2015
	Alberto Joaquim Milheiro Barbosa	18-06-2015
	Augusto Carlos Serra Ventura Mateus	18-06-2015
	Dingming Zhang	18-06-2015
	Ferhat Ounoughi	18-06-2015
	Fernando María Masaveu Herrero	18-06-2015
	João Carvalho das Neves	18-06-2015
	Jorge Avelino Braga de Macedo	18-06-2015
	Mohammed Issa Khalfan Alhuraimel Alshamsi	02-11-2017
	Shengliang Wu	18-06-2015

On 6 April 2018, the General and Supervisory Board nominated the Strategy and Performance Committee for the 2018-2020 three-year period, which since that date has had the following composition:

STRATEGY AND PERFORMANCE COMMITTEE		DATE OF INITIAL APPOINTMENT
<b>Chairman</b>	<b>Eduardo de Almeida Catroga</b>	<b>18-06-2015</b>
	Augusto Carlos Serra Ventura Mateus	18-06-2015
	Dingming Zhang	18-06-2015
	Fernando María Masaveu Herrero	18-06-2015
	Jorge Avelino Braga de Macedo	18-06-2015
	Karim Djebbour	06-04-2018
	Laurie Fitch	06-04-2018
	Mohammed Issa Khalfan Alhuraimel Alshamsi	02-11-2017
	Nuno Manuel da Silva Amado	18-06-2015
	Shengliang Wu	18-06-2015
	Vasco Rocha Vieira	06-04-2018

At its meeting on 13 December 2018, the General and Supervisory Board unanimously decided to change the structure of the Strategy and Performance Committee, which now had the following composition:

STRATEGY AND PERFORMANCE COMMITTEE		DATE OF INITIAL APPOINTMENT
<b>Chairman</b>	<b>Eduardo de Almeida Catroga</b>	<b>18-06-2015</b>
	Augusto Carlos Serra Ventura Mateus	18-06-2015
	Fernando María Masaveu Herrero	18-06-2015
	Ignacio Herrero Ruiz	13-12-2018
	Jorge Avelino Braga de Macedo	18-06-2015
	Karim Djebbour	06-04-2018
	Laurie Fitch	06-04-2018
	Mohammed Issa Khalfan Alhuraimel Alshamsi	02-11-2017
	Nuno Manuel da Silva Amado	18-06-2015
	Shengliang Wu	18-06-2015
	Vasco Rocha Vieira	06-04-2018

## 10.3 MEETINGS

Chart of Strategy and Performance Committee meetings and attendances, with its composition until 5 April 2018:

NAME	24/JAN	28/FEB	%
<b>Eduardo de Almeida Catroga</b>	<b>P</b>	<b>P</b>	<b>100</b>
Alberto Joaquim Milheiro Barbosa	P	P	100
Augusto Carlos Serra Ventura Mateus	P	P	100
Dingming Zhang	R	A	0
Ferhat Ounoughi	A	P	50
Fernando Maria Masaveu Herrero	R	R	0
João Carvalho das Neves	P	P	100
Jorge Avelino Braga de Macedo	P	P	100
Mohammed Al-Huraimel Al-Shamsi	A	P	50
Shengliang Wu	P	P	100

P = Present; A = Absent; R = Represented  
Total meetings: 2  
Average participation: 70%

Table of meetings and attendance of the Strategy and Performance Committee, with its composition after 5 April 2018:

NAME	09/MAY	25/JUL	26/SEPT	07/NOV	06/DEZ	%
<b>Eduardo de Almeida Catroga</b>	<b>P</b>	<b>P</b>	<b>P</b>	<b>P</b>	<b>P</b>	<b>100</b>
Augusto Carlos Serra Ventura Mateus	P	P	A	P	P	80
Dingming Zhang	R	P	P	R	A	40
Fernando Maria Masaveu Herrero	R	R	P	R	R	20
Jorge Avelino Braga de Macedo	P	A	P	P	P	80
Karim Djebbour	P	P	P	A	A	60
Laurie Fitch	P	P	P	P	P	100
Mohammed Al-Shamsi	A	P	P	A	P	60
Nuno Amado	A	A	P	A	A	20
Shengliang Wu	P	P	P	P	A	80
Vasco Rocha Vieira	P	P	P	P	P	100

P = Present; A = Absent; R = Represented  
Total meetings: 5  
Average participation: 67%

**Total meetings 2018: 7**

**Total average participation: 68%**

## 10.4

### ACTIVITIES PERFORMED BY THE COMMITTEE

During 2018, the Strategy and Performance Committee held a total of seven meetings, which had an average participation rate of 68%, with the involvement of external staff as deemed relevant, including members of the administrative bodies and senior staff of EDP and its subsidiaries.

In these meetings, the following topics were broached:

- Strategic plan - EDP Brasil (monitoring)
- Strategic plan - EDP Renováveis (monitoring)
- Performance of EDP, EDP Renováveis and EDP Brasil shares in the capital market
- Profitability of the EDP Group by geographical area and by business unit
- Strategic and business risks of the EDP Group
- Relative competitiveness of EDP Group (2012-2017)
- Operational Efficiency Projects – status report
- Performance of distribution activities in the EDP Group (Portugal, Spain and Brazil)
- Strategy and performance of conventional production activities in the Group (Portugal, Spain and Brazil)
- Disaggregated analysis of the profitability of conventional production plants
- Performance of Marketing/Trading activities in the Group (Portugal, Spain and Brazil)
- EDP business plan 2019-2022 - monitoring of works in progress
- EDP Budget for 2019 – preliminary version

In order to further develop its activities, the Strategy and Performance Committee shall make use of the Support Office for requirements deemed necessary by the General and Supervisory Board.



## 10.5

### SELF-ASSESSMENT OF PERFORMED ACTIVITY

As part of its regulatory obligations, the Strategy and Performance Committee must conduct an annual self-assessment of its own activities.

In this respect, and using the methodology designed to assess the activity of the General and Supervisory Board and its specialized Committees, Members of the Strategy and Performance Committee were invited to complete a questionnaire to assess the activities carried out by the Committee in 2018, based on a scale of 1 to 5, which was divided into three main areas:

- Composition, Organisation and Operation
- Performance of the SPC across all of its activities
- Individual Self-evaluation

Based on responses to the self-assessment questionnaire in the meeting held on 6 March 2019, Members of the Strategy and Performance Committee reflected on the results thereof and concluded that the Committee performed above expectations (4.4 points on average). With a view to continuous improvement, it is appropriate to place an additional focus on the subjects that had a lower score (4.0 points on average): "Effectiveness of the mechanism to handle conflicts of interest" and "Monitoring the planning and implementation of short-, medium- and long-term strategy".

# LIST OF ABBREVIATIONS

For ease of explanation and without prejudice to the timely use of the designations and expressions that they are intended to replace, throughout this report, the following acronyms and abbreviations are used:

**GSM** – General Shareholders Meeting

**EA** – External Auditor

**EBD** – Executive Board of Directors

**GSB** - General and Supervisory Board

**CGSC** - Corporate Governance and Sustainability Committee

**SPC** - Strategy and Performance Committee

**FMC/AC** - Financial Matters Committee /Audit Committee

**CTG** – China Three Gorges

**REMC** - Remuneration Committee (from GSB)

**CVM** - Securities Code

**CMVM** – Portuguese Securities Market Commission

**CSC** - Portuguese Commercial Companies' Code

**EDP** (or **Company**) - EDP – Energias de Portugal, S.A.

**EDP Brasil** - EDP Energias do Brasil, S.A.

**EDP R** - EDP Renováveis, S.A.

**EDP SU** - EDP Serviço Universal, S.A.

**GSBSO** - GSB Support Office

**Natargas** - Natargas Energía, S.A.

**NGO** – Non-Governmental Organizations

**CEBD** - Chairman of the Executive Board of Directors

**CGSB** - Chair of the General and Supervisory Board

**R&C** - 2017 EDP Annual Report & Accounts

**IR** - Internal Regulation

**SA** - Statutory Auditor

**Subsidiaries** – Companies controlled by EDP, under the terms of Article 21 of the Securities Code.

**Sonatrach** - Société Nationale pour la Recherche, la Production, le Transport, La Transformation et la Commercialisation des Hydrocarbures

NOTE: The identification of corporate bodies, without any other mention, should be interpreted as referring to EDP's corporate bodies.







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