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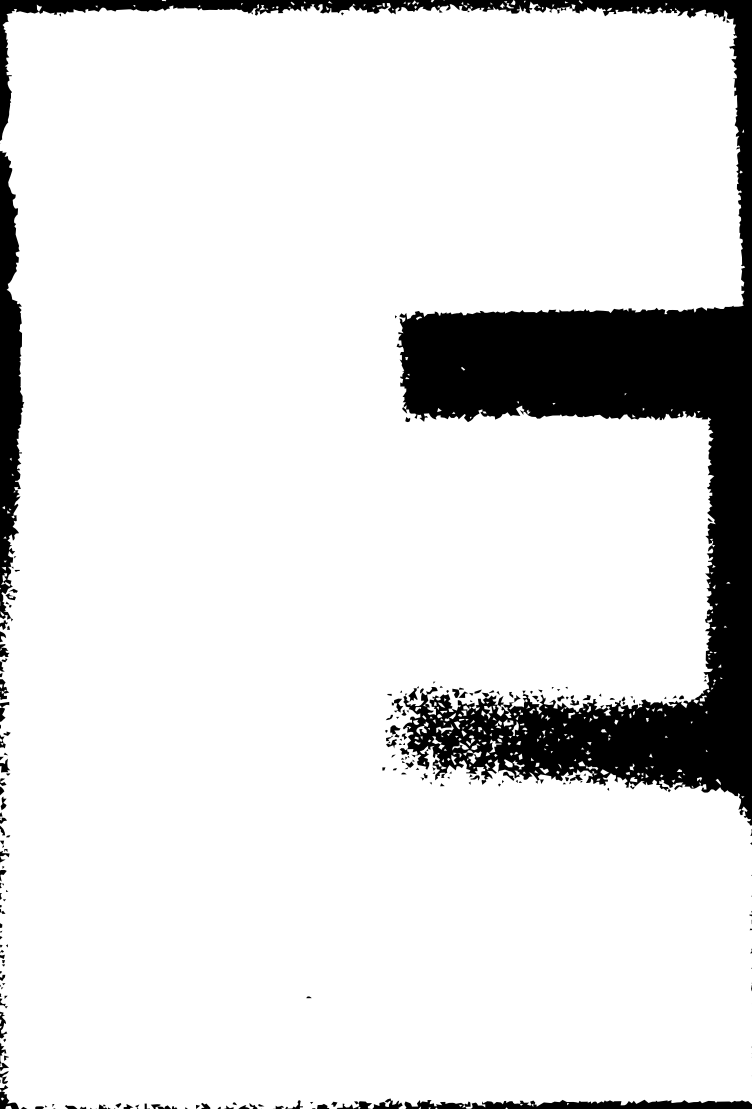
ENERGY

ANNUAL REPORT  
OF THE GENERAL  
AND SUPERVISORY  
BOARD  
2019

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## ENERGY. ENERGIA. ENERGÍA.

We are energy. An energy that is international and speaks many languages.

We are a force driven by innovation toward a greener, more electric, and more sustainable future.

It's no longer a secret that we think of the wind, water, and sun as our greatest allies in our search for ever cleaner energy that reaches everyone in a fairer and more inclusive way.

We set out our ambitious goals, always with a commitment to create a network of energy, talent, technology, with more global and efficient solutions.

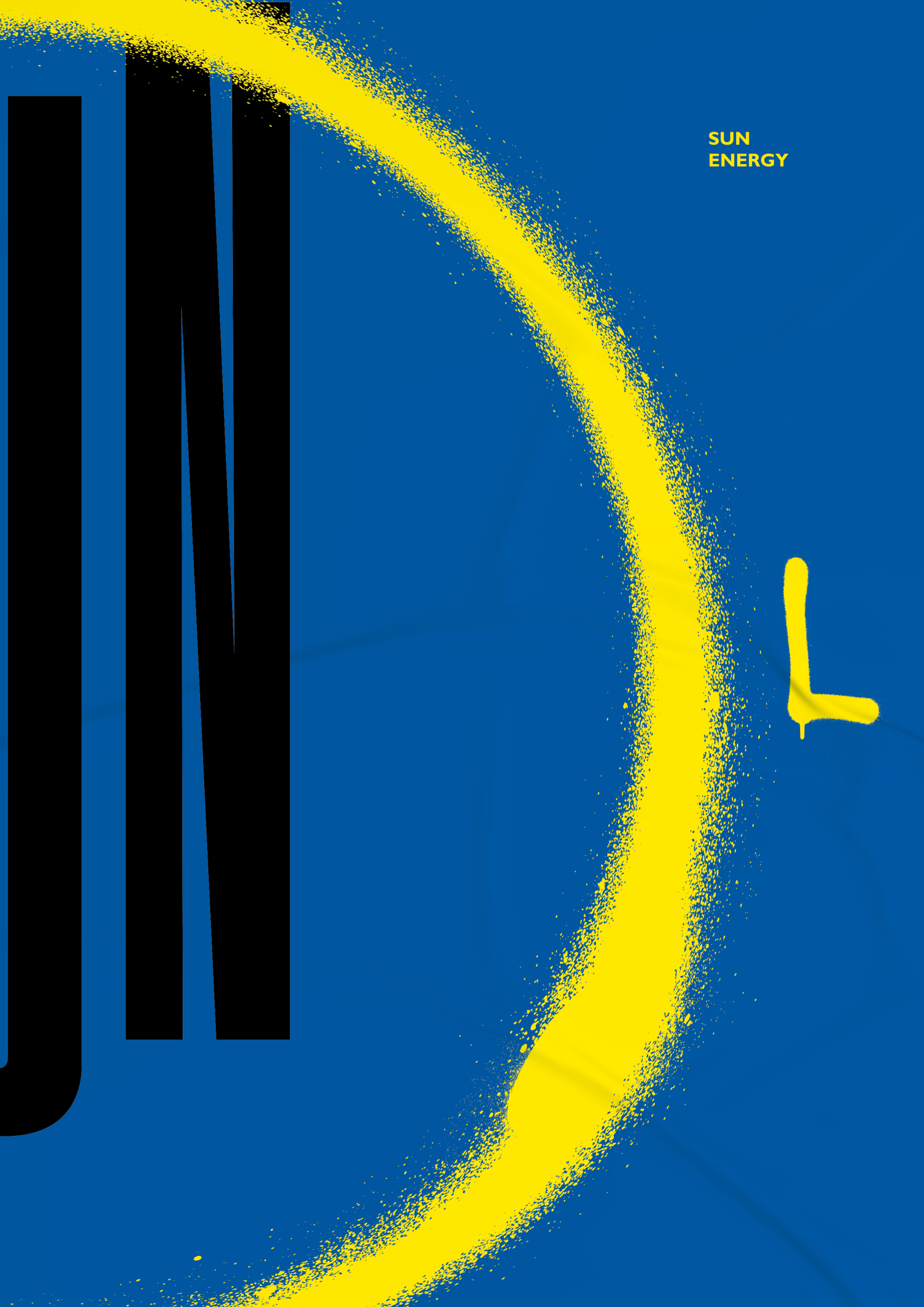
Decarbonize, digitalize, and decentralize are the action verbs on this path to change.

We are spearheading the energy transition and assuming the responsibility to challenge the world to join us.

Energy begins with us. And the future is today.

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***“We are determined to guarantee the alignment of shareholders’ interests with the strategic objectives defined by management and the effective articulation of competences and decisions of the respective governing bodies”***

**LUÍS FILIPE AMADO**

CHAIRMAN OF THE GENERAL  
AND SUPERVISORY BOARD

# Message from the Chairman

OF THE GENERAL AND SUPERVISORY BOARD

**LUÍS FILIPE AMADO**

DEAR SHAREHOLDERS,

The year 2019 was decisive in clarifying EDP Group's transformation agenda. The definition of the company's course at the beginning of the new decade was only possible thanks to the confidence revealed by the shareholders in the action of their corporate bodies, which is why I would like to express my gratitude.

The General and Supervisory Board assumed a central role in all of the Group's strategic decisions in 2019, contributing to the realignment of the conflicting interests and to the balance of positions within the Group that allowed us to overcome a difficult and complex situation, marked not only by the effects of the Public Acquisition Offer to which it was subject, but also due to changes in the regulatory framework and the political pressure that the creation of the Parliamentary Inquiry Committee on the Payment of Excessive Rents placed on EDP and its public image.

The Group's first important strategic decision, as it would become evident throughout the period, was the approval of the update of its medium-term business plan on March 12, 2019. That decision was only possible due to the spirit of commitment revealed by the main shareholders, in particular China Three Gorges, at the time of the proposed offer. The new business plan was decisive for the resumption of a more dynamic relationship with the market after a period of relative paralysis caused by the Public Acquisition Offer, again attracting the attention and expectations of investors with a positive impact on share prices throughout the year. After the approval of that plan, EDP would once again be on the radar of international investment, valuing its growth potential in the renewable sector and reassuming a leadership position in the energy transition.

After the General Meeting of April 24, 2019, which marked the end of the Public Acquisition Offer by China Three Gorges, our main shareholder, the General and Supervisory Board started to focus its action on the implementation of the new strategic plan, monitoring and supporting the guidelines and measures proposed by the Executive Board with a view to its implementation.

The capability revealed by the Group in the effective execution of the objectives defined in the business plan contributed to considerably improve the expectations of analysts and investors in relation to EDP justifying the progressive appreciation of the share prices throughout the year.

## GSB ACTIVITY IN 2019

In 2019, the General and Supervisory Board, as a supervisory body, and its Specialized Committees, held 43 meetings, in their functions of monitoring and advising on the activity carried out by the Executive Body, of which 9 were held in plenary.

As usual, the Supervisory Board participated in the relevant decisions taken in the Group, in particular regarding investments, divestments, financing operations, strategic partnerships, with highlights due to its relevance to:

- The update of the Group's strategic plan for the 2019-22 period;
- The follow-up of the Public Tender Offer;
- Monitoring the negotiations for the creation of the Joint venture with Engie for the development of offshore wind production;
- The assessment of the process of selling hydroelectric power plants in Portugal under the new strategic plan;
- Monitoring the evolution of regulatory issues and the work of the Parliamentary Committee of Inquiry into the the Payment of Excessive Rent to Electricity Producers and evaluating its conclusions;
- The analysis of new trends that mark the evolution of the sector, namely those related to the energy transition agenda.

## THE LEADERSHIP CHALLENGE

***“EDP was able to anticipate the trends that today project the future of the energy sector for the coming decades, placing itself in a position of reference in the production of renewable energy.”***

With the beginning of the new decade, there will be greater clarity on the major trends that will underlie the energy transition, taking into account the commitments arising from the Paris Agreement and, above all, the objectives of the ambitious European agenda in this area.

In relation to all these trends, from electric mobility to decentralized production, EDP is in a position to maintain a leading position in the process of transformation of the sector imposed by the fight against climate change and the consequent demand of the progressive decarbonisation of economies only possible with the expansion of networks and electrification systems. All sectors, such as industry, transport and heating and cooling, are already in transition to new energy options.

The energy transition will also undeniably be facilitated by the digital revolution. All areas of the energy value chain, such as the trading of commodities, networks, field operations and the relationship with our customers, are being transformed by the endless potential of digitalizing the business.

In all these areas, EDP has been able to adapt and react with innovation and flexibility.

But we also need to keep up with the profound changes that are taking place in the world, the new risks and threats that test the resilience and sustainability of companies and organizations in general.

The themes of social responsibility, environmental responsibility and good corporate governance will increasingly be at the forefront of public scrutiny to which most companies, in particular those listed, are subject. Customers, analysts, investors, financial agents, will increasingly take those issues into account in the evaluation of the companies with which they relate. EDP has an excellent position in all these areas taking into account the assessments of the main international indices that track the sector.

## TRUST IN THE FUTURE

During the past year, EDP was able to overcome some difficult obstacles that could have jeopardized the Group's stability. This was only possible with the work of all, with a strong motivation of the teams involved in the different projects and with the necessary internal cohesion expressed in the collaboration between the different societies and in the cooperation between the respective governing bodies.



We must all be aware of the extraordinary situation of uncertainty and insecurity in which the world finds itself today. The increasing volatility of the markets and the instability of most economies reflect that situation which has at its origin a deep crisis of the globalization model that, since 2008, fuels the proliferation of conflicts and geopolitical and political tensions that jeopardize the stability of the international system and the growth of the world economy. This situation will drag on dangerously over the decade that is now beginning.

***“In this geo-economic context and in a sector whose strategic environment is strongly disruptive, such as the energy sector, EDP’s first condition of sound management is to ensure the Group’s internal cohesion and stability.”***

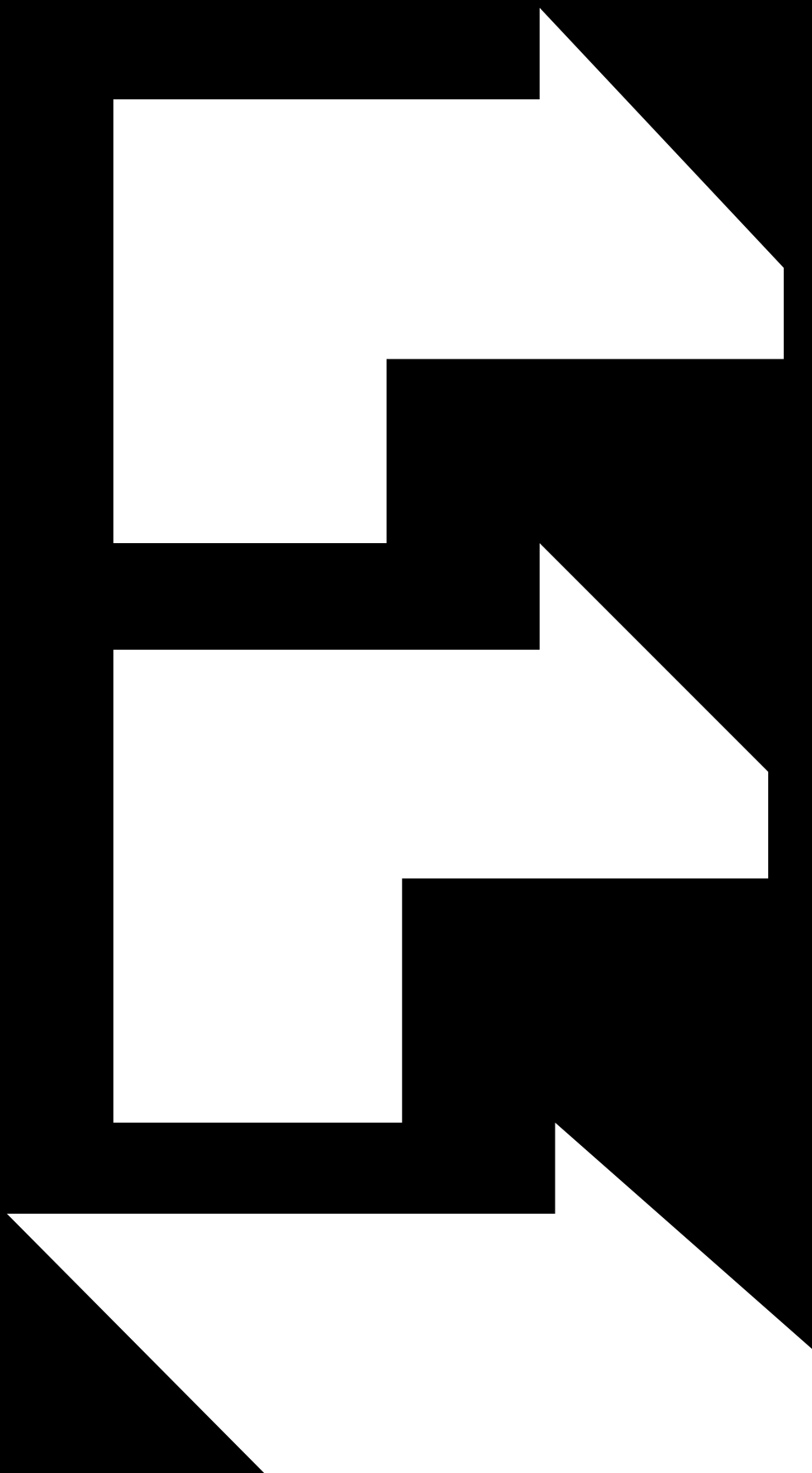
This is founded on the alignment whenever possible, of shareholders’ interests with the strategic objectives defined by management and the effective articulation of competences and decisions of the respective governing bodies. Consequently, this has been and will continue to be our main concern and is the greatest responsibility of the GSB.

By ensuring shareholder stability and the relationship between its governing bodies, EDP has all the conditions to continue to play a leading role in the energy transition, at a time when it sees again recognized its enormous potential, the competence of its technical teams and its management.

To continue on this path, EDP has to continue to focus on transparency and openness in its relationship with its stakeholders. It will certainly have the ability to continuously innovate the business with a total focus on the needs of its customers, supported by the increasingly profound and diverse talent of its employees and the partnerships necessary to respond to the opportunities that the energy transition will create.

***“I have full confidence in the EDP Group’s ability to reconcile the best interests of shareholders, employees, customers and other stakeholders and to strengthen the leadership position in the demanding process of the ongoing energy transition.”***

A handwritten signature in black ink, appearing to read "T. Mag". The signature is fluid and cursive, with a long horizontal stroke at the end.



# 01

## GOVERNANCE MODEL

EDP's shareholders approved the change in the corporate governance model in 2006, replacing the single board model with the dual board model. The dual board Model consists of the General Meeting, Executive Board of Directors, General and Supervisory Board and Statutory Auditor and the main distinction between the two models is the separation of management and supervisory functions, with the General and Supervisory Board ensuring the supervision, monitoring and advice from the Executive Board of Directors, which is responsible for managing the Company's activities.

Indeed, matters relating to corporate governance have increasingly assumed a prominent role in steering companies, with the adoption of best practices being an undeniable option. EDP, in particular, has consistently adhered to the recommendations of the Corporate Governance Code, closely following the Corporate Governance Code of *Instituto Português de Corporate Governance* (IPCG), which is currently the governance code that serves as a reference for the annual information to be provided on corporate governance practices and procedures.

Compliance with the recommendations does not end, however, with the demands of outside agents. Thus, and in order to record the consensus shared between the General and Supervisory Board and the Executive Board of Directors regarding the recommendations for best corporate governance practices, as well as the guidelines deemed appropriate to adopt in relation to these, EDP has a Corporate Governance Manual. This Manual thus formalizes the best practices implemented, in addition to the provisions of the IPCG Corporate Governance Code.

The particular situation of EDP in the Portuguese context, which has been one of the few Companies to adopt the dual board model, highlights the importance of using different operating mechanisms, where the relationship of transparency and openness between the management body and the supervisory body takes on particular importance. This connection is enhanced by permanent communication between the chairmen of these bodies, in addition to holding meetings of the General and Supervisory Board and the respective Specialised Committees throughout the year, where the members of the Executive Board are also present.

This balance inherent to the dual board model nature of the EDP governance model, which provides a body with executive functions that manages the Company, and a supervisory and advisory body which monitors the performance of the former, thus enhancing the balance of the various interests in question, with a view to achieving a common objective, the interest of the Company, its shareholders and other stakeholders.

Information on the structure and practices of the corporate management bodies and the statement of compliance with the recommendations of the Corporate Governance Code currently in effect is included in the EDP Report & Accounts for 2019, in the chapter on Corporate Governance.

## 02

## GENERAL AND SUPERVISORY BOARD

## 2.1. COMPOSITION

EDP's By-Laws provide 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 executive 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.

Until 24 April 2019, the General and Supervisory Board consisted of the following members:

GENERAL AND SUPERVISORY BOARD		INDEPENDENT MEMBERS	FIRST APPOINTMENT DATE
Chairman	LUÍS FILIPE MARQUES AMADO	Independent	21/04/2015
Vice-Chairman	China Three Gorges Corporation represented by Dingming Zhang		20/02/2012
	China Three Gorges International Corp. represented by Shengliang Wu		05/04/2018
	China Three Gorges (Europe) S.A., represented by Ignacio Herrero Ruiz		20/02/2012
	China Three Gorges Brasil Energia Ltda., represented by Yinsheng Li		05/04/2018
	China Three Gorges (Portugal), Sociedade Unipessoal, Lda. represented by Eduardo de Almeida Catroga <sup>(1)</sup>		21/04/2015
	DRAURSA, S.A., represented by Felipe Fernández <sup>(2)</sup>		21/04/2015
	Fernando Maria Masaveu Herrero		20/02/2012
	Senfora BV represented by Mohammed Issa Khalfan Alhuraimel Alshamsi		21/04/2015
	Banco Comercial Português, S.A. represented by Nuno Manuel da Silva Amado <sup>(3)</sup>		21/04/2015
	Sonatrach - Société Nationale pour la Recherche, la Production, le Transport, La Transformation et la Commercialisation des Hydrocarbures (Sonatrach) represented by Karim Djebbour		12/04/2007
	Maria Celeste Ferreira Lopes Cardona	Independent	20/02/2012
	Ilídio da Costa Leite de Pinho	Independent	20/02/2012
	Jorge Avelino Braga de Macedo	Independent	20/02/2012
	Vasco Joaquim Rocha Vieira	Independent	20/02/2012

GENERAL AND SUPERVISORY BOARD	INDEPENDENT MEMBERS	FIRST APPOINTMENT DATE
Augusto Carlos Serra Ventura Mateus	Independent	06/05/2013
João Carvalho das Neves	Independent	21/04/2015
María del Carmen Fernández Rozado	Independent	21/04/2015
Laurie Lee Fitch	Independent	05/04/2018
Clementina Maria Dâmaso de Jesus Silva Barroso	Independent	05/04/2018

<sup>(1)</sup> EDUARDO DE ALMEIDA CATROGA WAS AN INDEPENDENT MEMBER OF THE GSB DURING THE 2006-2008 AND 2009-2011 MANDATES, , AND PRESIDENT, ALSO AS AN INDEPENDENT MEMBER, FOR THE 2012-2014 MANDATE

<sup>(2)</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 2012-2014 THREE-YEAR PERIOD

<sup>(3)</sup> NUNO MANUEL DA SILVA AMADO HELD THE POSITION IN HIS OWN NAME AFTER HIS ELECTION 6 MAY 2013 UNTIL THE END OF THE 2012-2014 TERM.

THE REPRESENTATIVES OF THE COMPANIES CHINA THREE GORGES CORPORATION AND CHINA THREE GORGES INTERNATIONAL CORP. INITIATED THEIR TERM OF OFFICE ON 11 MAY 2012, FOLLOWING THE ENTRY INTO FORCE OF THE STRATEGIC PARTNERSHIP AGREEMENT CONCLUDED ON 30 DECEMBER 2011

At the Annual General Meeting held on 24 April 2019, and given the resignation presented by António Manuel de Carvalho Ferreira Vitorino, the member Luís Maria Viana Palha da Silva was elected to occupy the respective position for the remaining period of the 2018-2020 three-year period:

GENERAL AND SUPERVISORY BOARD	INDEPENDENT MEMBERS	FIRST APPOINTMENT DATE
<b>Chairman</b> LUÍS FILIPE MARQUES AMADO	Independent	21/04/2015
<b>Vice-Chairman</b> China Three Gorges Corporation represented by Dingming Zhang		20/02/2012
China Three Gorges International Corp. represented by Shengliang Wu		05/04/2018
China Three Gorges (Europe) S.A., represented by Ignacio Herrero Ruiz		20/02/2012
China Three Gorges Brasil Energia Ltda., represented by Yinsheng Li <sup>(1)</sup>		05/04/2018
China Three Gorges (Portugal), Sociedade Unipessoal, Lda. represented by Eduardo de Almeida Catroga <sup>(2)</sup>		21/04/2015
DRAURSA, S.A., represented by Felipe Fernández <sup>(3)</sup>		21/04/2015
Fernando Maria Masaveu Herrero		20/02/2012
Senfora BV represented by Mohammed Issa Khalfan Alhuraimel Alshamsi		21/04/2015
Banco Comercial Português, S.A. represented by Nuno Manuel da Silva Amado <sup>(4)</sup>		21/04/2015
Sonatrach - Société Nationale pour la Recherche, la Production, le Transport, La Transformation et la Commercialisation des Hydrocarbures (Sonatrach) represented by Karim Djebbour		12/04/2007
Maria Celeste Ferreira Lopes Cardona	Independent	20/02/2012
Ilídio da Costa Leite de Pinho	Independent	20/02/2012
Jorge Avelino Braga de Macedo	Independent	20/02/2012
Vasco Joaquim Rocha Vieira	Independent	20/02/2012
Augusto Carlos Serra Ventura Mateus	Independent	06/05/2013
João Carvalho das Neves	Independent	21/04/2015
María del Carmen Fernández Rozado	Independent	21/04/2015
Laurie Lee Fitch	Independent	05/04/2018
Clementina Maria Dâmaso de Jesus Silva Barroso	Independent	05/04/2018
Luís Maria Viana Palha da Silva	Independent	24/04/2019

<sup>(1)</sup> YINSHENG LI RESIGNED FROM THE POSITION AND WAS SUBSTITUTED BY LI LI WHICH TOOK EFFECT ON 24 DECEMBER 2019

<sup>(2)</sup> EDUARDO DE ALMEIDA CATROGA WAS AN INDEPENDENT MEMBER OF THE GSB DURING THE 2006-2008 AND 2009-2011 MANDATES, , AND PRESIDENT, 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 2012-2014 THREE-YEAR PERIOD

<sup>(4)</sup> NUNO MANUEL DA SILVA AMADO HELD THE POSITION IN HIS OWN NAME AFTER HIS ELECTION 6 MAY 2013 UNTIL THE END OF THE 2012-2014 TERM.

The representative of China Three Gorges Brasil Energia Ltda., Mr. Yinsheng Li, submitted his respective resignation of his position on 24 December 2019, with the said Company, on the same date, assigning Mrs. Li Li, as its representative on the General and Supervisory Board,

to hold the position in her own name. Therefore, at 31 December 2019, the General and Supervisory Board consisted of the following members:

GENERAL AND SUPERVISORY BOARD		INDEPENDENT MEMBERS	FIRST APPOINTMENT DATE
<b>Chairman</b>	<b>LUÍS FILIPE MARQUES AMADO</b>	Independent	21/04/2015
<b>Vice-Chairman</b>	<b>China Three Gorges Corporation represented by Dingming Zhang</b>		20/02/2012
	China Three Gorges International Corp. represented by Shengliang Wu		05/04/2018
	China Three Gorges (Europe) S.A., represented by Ignacio Herrero Ruiz		20/02/2012
	China Three Gorges Brasil Energia Ltda., represented by Li Li		05/04/2018
	China Three Gorges (Portugal), Sociedade Unipessoal, Lda. represented by Eduardo de Almeida Catroga		21/04/2015
	DRAURSA, S.A., represented by Felipe Fernández Fernández		21/04/2015
	Fernando Maria Masaveu Herrero		20/02/2012
	Senfora BV represented by Mohammed Issa Khalfan Alhuraimel Alshamsi		21/04/2015
	Banco Comercial Português, S.A. represented by Nuno Manuel da Silva Amado		21/04/2015
	Sonatrach - Société Nationale pour la Recherche, la Production, le Transport, La Transformation et la Commercialisation des Hydrocarbures (Sonatrach) represented by Karim Djebbour		12/04/2007
	Maria Celeste Ferreira Lopes Cardona	Independent	20/02/2012
	Ilídio da Costa Leite de Pinho	Independent	20/02/2012
	Jorge Avelino Braga de Macedo	Independent	20/02/2012
	Vasco Joaquim Rocha Vieira	Independent	20/02/2012
	Augusto Carlos Serra Ventura Mateus	Independent	06/05/2013
	João Carvalho das Neves	Independent	21/04/2015
	María del Carmen Fernández Rozado	Independent	21/04/2015
	Laurie Lee Fitch	Independent	05/04/2018
	Clementina Maria Dâmaso de Jesus Silva Barroso	Independent	05/04/2018
	Luís Maria Viana Palha da Silva	Independent	24/04/2019

THE REPRESENTATIVES OF THE COMPANIES CHINA THREE GORGES CORPORATION AND CHINA THREE GORGES INTERNATIONAL CORP. INITIATED THEIR TERM OF OFFICE ON 11 MAY 2012, FOLLOWING THE ENTRY INTO FORCE OF THE STRATEGIC PARTNERSHIP AGREEMENT CONCLUDED ON 30 DECEMBER 2011. THE REPRESENTATIVE OF THE MEMBER CHINA THREE GORGES BRASIL ENERGIA LTDA. YINSHENG LI HAS TENDERED HIS RESIGNATION TO THE FUNCTION ON 24 DECEMBER 2019, HAVING THE MEMBER, ON SUCH DATE, APPOINTED LI LI AS ITS REPRESENTATIVE IN THE GENERAL AND SUPERVISORY BOARD, TO EXERCISE IN HER OWN NAME.

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 and Accounts for 2019, as well as on the official EDP website ([www.edp.com](http://www.edp.com)).

In the EDP Annual Report and Accounts for 2019, 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 2019.

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 2019, 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 divestments of assets, 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 Statutory Auditor 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 matters, 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 sessions and in Committees, taking its decisions in Plenary sessions, without prejudice to the delegation of specific powers in each of its Specialised Committees.

Under the terms of EDP's By-Laws, 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 the practice since the beginning of the functioning of the two bodies.

## 2.4. SPECIALISED COMMITTEES

In accordance with the Law and the EDP Articles of Association, the General and Supervisory Board has created Specialised 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 Matters/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 Specialised 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 and Accounts for 2019, in the chapter Corporate Governance, as well as the Internal Rules of Procedure of each Specialised Committee, contains a description of the composition and functions delegated by the General and Supervisory Board in each of these 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 MATTERS/AUDIT COMMITTEE

#### MISSION

The Financial Matters/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

On 6 April 2018, the General and Supervisory Board appointed the Financial Matters Committee for the 2018-2020 three-year period, which is made up solely of independent members. Since that date, it has had the following composition:

FINANCIAL MATTERS/AUDIT COMMITTEE		FIRST APPOINTMENT DATE
<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 Executive 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

On 31 of December 2019, the Remuneration Committee of the General and Supervisory Board had the following composition, which was the same throughout the year:

REMUNERATION COMMITTEE		FIRST APPOINTMENT DATE
<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 designated by the General and Supervisory Board, in accordance with the provisions of article 23, paragraph 1 of the EDP 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 Subsidiaries or the Group and their employees, customers, suppliers and other stakeholders.

### COMPOSITION

On 31 December 2019, the Corporate Governance and Sustainability Committee member composition was the following:

CORPORATE GOVERNANCE AND SUSTAINABILITY COMMITTEE (*)		FIRST APPOINTMENT DATE
<b>CHAIRMAN</b>	<b>LUÍS FILIPE MARQUES AMADO</b>	<b>22/04/2015</b>
	Augusto Carlos Serra Ventura Mateus	06/04/2018
	Felipe Fernández Fernández	22/04/2015
	Ignacio Herrero Ruiz	13/12/2018
	Jorge Avelino Braga de Macedo	22/04/2015
	Maria Celeste Ferreira Lopes Cardona	18/04/2012

(\*) YINSHENG LI HAS INCORPORATED THE CORPORATE GOVERNANCE AND SUSTAINABILITY COMMITTEE UNTIL 24 DECEMBER 2019, DATE IN WHICH HE HAS TENDERED HIS RESIGNATION AS MEMBER REPRESENTATIVE OF THE GENERAL AND SUPERVISORY BOARD. ON THE GENERAL AND SUPERVISORY BOARD MEETING HELD ON 23 JANUARY 2020, THIS BOARD HAS APPROVED THE RECOMPOSITION OF THE CORPORATE GOVERNANCE AND SUSTAINABILITY COMMITTEE, HAVING APPOINTED LI LI FOR THIS COMMITTEE.

## 2.4.4 STRATEGY AND PERFORMANCE COMMITTEE

### MISSION

The Strategy and Performance Committee was designated 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.
- Benchmarking of the Group's performance compared to the sector's top companies;
- Evaluation of the competitiveness of the EDP business portfolio.

### COMPOSITION

On 31 December 2019, the Strategy and Performance Committee of the General and Supervisory Board had the following composition, which was the same throughout the year:

STRATEGY AND PERFORMANCE COMMITTEE		FIRST APPOINTMENT DATE
CHAIRMAN	EDUARDO DE ALMEIDA CATROGA	18/06/2015
	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

# 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 Specialised 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 Chairperson, who is employed in a full-time capacity, and who is supported by the Support Office for the General and Supervisory Board.

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

- Representing the GSB and being the spokesperson for its decisions with the other governing bodies.
- Coordinating 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:

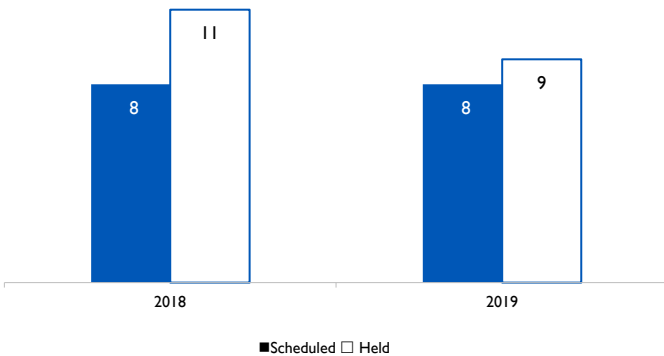
- Monitoring of weekly meetings of the Executive Board of Directors, with a mechanism for making the Chairperson of the General and Supervisory Board available to the respective agenda and support folder, as soon as they are available, as well as the respective minutes.
- Permanent contact with the Chairperson and other 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:

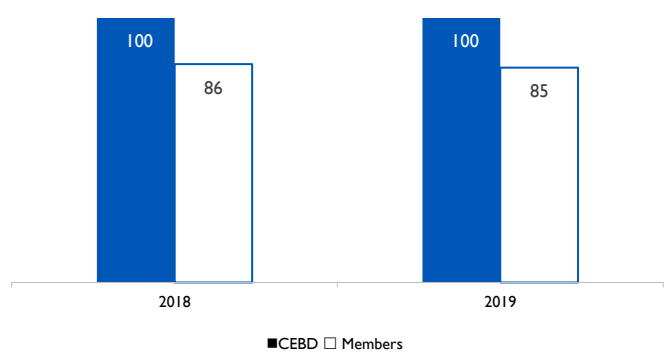
- Attendance at meetings of the Committees of which he is not a member, as well as participation in discussion of matters that will later be decided by the General and Supervisory Board.
- Analysis of information obtained from the Executive Board of Directors and other sources, as well as its dissemination 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 Specialised Committees held 43 meetings in 2019, compared to 40 meetings in the previous year. This variation is due to the holding of two more meetings of the Financial Matters Committee/Audit Committee, two more of the Strategy and Performance Committee and one more of the Corporate Governance and Sustainability Committee, the scheduling of which was due to the introduction of new topics, for appreciation and discussion. The number of plenary meetings, in turn, decreased from 11 in 2018 to 9 in 2019.

**Plenary Meetings (#)**



**Attendance at plenary meetings (%)**





NAME	31/JAN	11/MAR	24/APR	16/MAY	25/JUL	26/SEP	30/OCT	28/NOV	19/DEC	%
Luís Palha da Silva*	-	-	-	P	P	P	P	P	P	100
Maria Celeste Cardona	P	P	P	P	P	P	P	P	P	100
María del Carmen Rozado	P	P	P	P	P	P	P	P	P	100
Mohammed Al-Shamsi	P	P	P	P	P	P	A	A	P	78
Nuno Amado	P	P	P	A	P	P	P	P	P	89
Shengliang Wu	P	P	P	P	P	A	R	R	R	56
Vasco Rocha Vieira	P	P	P	A	P	P	P	P	P	89
Yinsheng Li.	P	P	R	P	A	A	P	A	A	44

\* LUÍS PALHA DA SILVA WAS ELECTED AT THE GENERAL MEETING ON 24 APRIL 2019  
P = PRESENT; A = ABSENT; R = REPRESENTED

TOTAL MEETINGS IN 2019: 9  
AVERAGE PARTICIPATION: 85%

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 in 2019.

## DECISION MAKING ACTIVITIES:

In terms of the **composition and internal functioning** of the body itself, the GSB started the year by setting up an "ad-hoc" Committee with the aim of promoting the systematic monitoring of the most pressing issues of the Company, thereby enabling a swift reaction to possible interpellations from stakeholders. Following the resignation by the President of the General Assembly, Mr. António Vitorino, on 27 July 2018, Mr. Luís Maria Viana Palha da Silva was elected President of the General Assembly and, by default, member of the General and Supervisory Board, on 24 of April 2019, at the General Meeting. Furthermore, with regard to the composition of the GSB, in the third quarter of the year a recommendation was issued to shareholders with a seat on the Board, to present a proposal to guarantee a minimum proportion of 20% of members from the underrepresented gender. With regard to this matter, the representative from China Three Gorges Brasil Energia Ltda., Mr. Yinsheng Li, submitted his respective resignation from his position on 24 December 2019, with the said Company having appointed Ms. Li Li, as its representative on the General and Supervisory Board, to hold the position in her own name. This change made it possible for the present body to have a percentage of 23.8% of the female gender. In terms of the internal functioning of the body itself, as is usual every year, the GSB approved its 2018 Annual Report, and the plan of activities for 2020.

In addition, within the scope of the investigation on the early termination of the *Contratos de Aquisição de Energia* (CAE) and transition to the *Contrato de Manutenção de Equilíbrio Contratual* (CMEC) regime and on the extension of the public hydric domain [DPH] concession, the General and Supervisory Board, feeling that it had the obligation to issue its understanding on the topic, set up a workgroup to analyse the facts from a strictly economic-financial point of view. The report that resulted from this study, unanimously approved by the GSB, concluded that there is no evidence of any economic benefit for EDP due to the early termination of the CAE and the adoption of the CMEC regime, as well as the extension of the right to use the public hydric domain [DPH], as confirmed in 2004 and 2017 by the European Commission.

The year 2019 was marked by the **2019-2022 Strategic Plan**, released to the market on the 12 March. The GSB carefully monitored the various stages of its preparation, issuing a favourable prior opinion for the Plan, subsequently analysing the market reactions and its execution throughout the year. This financial year came at a critical time, 3 years after the previous Investors' Day, insofar as it is essential to establish recurring contact with the market with regard to EDP's essential elements, strategy and delivery capacity. The release of the 2019-2022 Strategic Plan represented an opportunity to redefine EDP's equity story as a multi-technological green player and global leader in energy transition, noteworthy for its differentiation and repositioning of its platforms – Renewables, Networks and Energy Management. As part of the carrying out the aforementioned Plan, the members analysed in depth the sales process in Iberia, with a view to reducing market exposure and deleveraging, analysing the various projects, scenarios and interested buyers.

Also regarding **EDP's strategy**, during 2019, the General and Supervisory Board issued a prior opinion favourable to the guiding principles of a **partnership between EDP R and Engie**, in terms of equal shares to serve as the single investment vehicle in **offshore** wind energy for both companies. This partnership will provide for greater growth for EDP due to the combination of financial and human resources, savings in acquisition costs and greater advantage in negotiating with suppliers, the ability to improve its sell down strategy while maintaining significant voting rights in certain projects.



As is the case every year, and in accordance with the provisions of EDP's By-Laws, 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 the 2018 Report and Accounts, as well as issuing a favourable opinion for the quarterly financial information for the same year. 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 EDP Foundation, 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 2020, which was carefully analysed in both the Strategy and Performance Committee and the Plenary of the Board.

Within the scope of its powers, throughout the year the GSB made decisions on making **investments**, in particular investments for EDP R which, as provided for in its strategy released to the market in March, continues to analyse growth opportunities in onshore wind technologies, solar, and offshore wind. In this regard, the GSB issued a favourable prior opinion on the relevant investments of this subsidiary, notably the onshore wind projects in Mexico, named *Vientos de Coahuila*, the Indiana Crossroads project in the U.S.A., and the acquisition of projects in Poland, as part of participating in the auction that took place on 5 December. The GSB also approved various investments in solar technology, in particular in the United States of America, such as Riverstart and the purchase of a portfolio of projects advertised by First Solar, in Nevada, Arizona and California. It also approved, without requiring a prior opinion, EDP's participation in the Solar auction in Portugal. Within the scope of offshore wind, the GSB approved in particular EDP's participation in the auction with the Mayflower project in the U.S.A., having won the 800MW wind contract in Massachusetts to supply clean energy in this state. These assets were later included in the offshore partnership with Engie.

In Brazil, the GSB issued a favourable prior opinion for investments in the transmission area, such as the purchase of Litoral Sul Transmissora de Energia and its CAPEX associated with the construction of a transmission line, and the participation of EDP Brazil in the transmission auction 02/2019 the end of the year.

In the exercise of its powers, and within the scope of EDP R' **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 BETA project, relating to the sale of a 51% shareholding in EDP Renováveis France and EDP Renováveis Participaciones to JP Morgan.

Regarding the **management of the Company's financial debt and financing**, during the year the GSB issued a prior opinion on the securitisation of credits related to the SPR 2019 tariff deficit, to the negotiation and contracting of an issue of bonds denominated in USD (US Bonds) and also the negotiation and contracting of an issue of securities representing debt in EUR under the terms of the EMTN Programme.

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 2019 financial year.

## **INFORMATIVE ACTIVITIES:**

The General and Supervisory Board monitored developments throughout the year 2019 in relation to the various **regulatory** issues with an impact on the EDP Group, with a special focus on Portugal, namely issues related to the clawback mechanism, future developments of the Sines power plant, the low-income families tariff, the hydraulicity correction fund, the final review of the CMEC and the alleged overcompensation, and the case of the Fridão dam.

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 trends of the sector and the markets in which it operates, providing them with relevant information for the carrying out of their functions, during 2019 some strategic themes were analysed in plenary sessions, among others, particularly the *New Downstream* and EDP's current position and vision for this business area. The themes of sustainability and EDP's involvement in the various energy forums were also addressed. In particular, the monitoring of developments related to the Clean Energy Package, and the main impacts and concerns for EDP in this context.

The Board also monitored over the course of the year **the development of EDP's share performance and changes in the shareholder structure**, being attentive to market reactions to the various management actions carried out by EDP, the macroeconomic context and the movements that have taken place in the energy sector.

The main themes discussed in 2019 in each of the GSB plenary meetings were as follows:

No	DATE	LOCATION	MAIN TOPICS
1	31 Jan.	Lisbon	<p>Creation of an "ad-hoc" Committee for pressing Company matters</p> <p>Use of arbitration within the CMEC</p> <p>Signing of time charter contract for LNG transportation</p> <p>Strategic reflection - Status report</p> <p>Clean Energy Package 2030</p> <p>New Downstream</p> <p>WACC of the EDP Group and Business Units – Revision</p> <p>Issuing of subordinated debt ("Hybrid")</p> <p>Parliamentary Inquiry Committee - Status report</p> <p>Composition of the GSB – Chairperson of the Board of the General Meeting</p>
2	11 Mar.	Lisbon	<p>2018 Annual Report and Accounts for the EDP Group</p> <p>Opinion on evaluation of the EBD 2018</p> <p>Opinion on evaluation of the GSB 2018</p> <p>GSB Annual Report 2018</p> <p>Strategic reflection – update</p> <p>Beta Project – sale of 51% of Vortex assets</p> <p>Rosewater Project – Build and transfer agreement</p> <p>Participation in the auction for the Dunkirk offshore wind project</p> <p>Crossing Trails onshore wind investment project – no need for prior opinion</p> <p>Parliamentary Inquiry Committee - Status report</p>
3	24 Apr	Lisbon	<p>Securitisation of receivables related to SPR 2019 tariff deficit</p> <p>Investment opportunity in Transmission in Brazil - Lot Q</p> <p>Reactions to the Strategic Update</p> <p>Fridão Hydroelectric Plant</p> <p>Regulatory matters - update</p> <p>Parliamentary Committee of Enquiry</p> <p>Potential sale of 33.4% shareholding in Moray West – MoU with DGE</p> <p>Beta Project – Share Purchase Agreement and Management Services Agreement</p>
4	16 May	Lisbon	<p>Interim financial information of the EDP Group 1Q2019</p> <p>Issuance of US Bonds</p> <p>Investment in the Headwaters II project</p> <p>Strategic Partnership with CTG</p> <p>EDP Offshore - setting up of a global joint venture</p> <p>Strategic Partnerships - update</p> <p>Regulatory matters - update</p> <p>Investment in the Reloj del Sol wind farm – waiver of prior opinion</p> <p>Assignment of 2019 SPR - Special Production Regime overcost tariff deficit - Waiver of prior opinion</p>
5	25 Jul.	Lisbon	<p>Interim Financial Information of the EDP Group 1H2019</p> <p>Strategic Plan 2019-2022 – Status report</p> <p>Issuance of Eurobonds</p> <p>UK offshore auction: Moray West</p> <p>Acquisition of solar portfolio in the U.S.A.: First Solar</p> <p>Solar investment project in the U.S.A.: Riverstart</p> <p>ITC Safe Harbor and Riverstart procurement purchase</p> <p>Mayflower project in the U.S.A. - technical overview</p> <p>Hydro Global: San Gabán III PPA</p>

No	DATE	LOCATION	MAIN TOPICS
			<p>Solar Auction Portugal – Waiver of prior opinion</p> <p>Regulatory matters - update</p> <p>Parliamentary Board of Inquiry – final report</p> <p>Investigation on the early termination of the EBD and transition to the CMEC regime and on the extension of the public hydric domain [DPH] concession - Status report</p> <p>Wildcat Creek Wind Farm Investment project – 176.5 MW onshore wind in the U.S.A</p> <p>Investment in two wind farms in Brazil (Monte Verde VI and Boqueirão I-II) on the liberalized market with PPA with Cemig</p> <p>Sonrisa Solar Park investment project</p> <p>Sale process of the Babilónia wind project</p> <p>GSB Activities Report and Specialised Committees 1H2019</p> <p>Calendar and Plan of Activities for the GSB and Specialised Committees 2H2019</p>
6	26 Sep	Lisbon	<p>Balanced representation regime - Portuguese Securities Market Commission communication</p> <p>Plans for gender equality</p> <p>Registered Office II: General construction undertaking</p> <p>Mayflower: Offshore wind farm in Connecticut</p> <p>Vientos de Coahuila (VDC): Onshore wind project in Mexico</p> <p>Strategic plan 2019/22: status report on the execution of the sales process</p> <p>The Positioning of EDP on decentralized platforms</p> <p>B2C commercial strategy in PT and ES</p> <p>Regulatory matters - update</p> <p>National Energy Plan - Climate</p> <p>Solar auction in Portugal - results</p> <p>WACC of the EDP Group and Business Units – Revision</p>
7	30 Oct	Lisbon	<p>EDP Group Financial Information 9M2019</p> <p>Indiana Crossroads Project in the U.S.A. - Onshore Wind - Build-transfer agreement with NIPSCO</p> <p>Non-binding MoU in Kazakhstan for the co-development of wind and solar projects</p> <p>Sandrini Solar park investment project – Waiver of prior opinion</p> <p>Auction A-6 Brazil and PPA with EDP Brazil (Catanduba, Lagoa and Barra Projects) – Wind and Solar – Waiver of prior opinion</p> <p>CLPE Auction No. 02 -2019 for PPA in Colombia (Alpha and Beta Projects) – Wind – Waiver of prior opinion</p> <p>Auction for PPA in Italy (Serra Capriola, Breva, Craco and Monte Carbone projects) – Onshore wind – Waiver of prior opinion</p> <p>Rates and Prices for Electricity and Other Services in 2020</p> <p>Regulatory matters - update</p> <p>Cooperation Agreement between EDP and CTG - 22nd Lusophony Festival – Waiver of prior opinion</p> <p>Dow Jones Sustainability Index Results</p>
8	28 Nov	Lisbon	<p>Conversion of <i>Aboño I</i> from coal to gas</p> <p>Investment opportunity in an offshore wind project in Germany with CTG</p> <p>Auction in Poland and potential M&amp;A</p> <p>EDPR/Engie partnership for offshore wind: status report</p> <p>GSB and Specialised Committees meeting calendar for 2020</p> <p>Organization of the Support Office for the GSB</p>
9	19 Dec	Lisbon	<p>EDP Budget 2020</p> <p>Strategic plan 2019/22: Execution of the sales process</p> <p>EDPR/Engie partnership for offshore: status report</p> <p>Transmission auction 02/2019 of Brazil</p> <p>Issuing of Subordinated Debt (Hybrid) up to €750 million</p> <p>Impairments of coal plants in the EDP Group 2019</p>

No	DATE	LOCATION	MAIN TOPICS
			Electricity and Other Services 2020 Tariffs - Overview State Budget 2020 - Overview Report on the Investigation of the early termination of the EBD and transition to the CMEC regime and extension of the public hydric domain [DPH] concession GSB and Committees 2020 plan of activities and budget

### 3.3. ISSUANCE OF OPINIONS AND PRIOR 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 divestments 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 By-Laws, 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 in the previous year, 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 prior opinion waiver 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.
- Definition of the specific reporting requirements for the implementation of operations for which prior opinion is waived.

Therefore it is worth noting that during 2019, the General and Supervisory Board intervened in 46 operations, covering the issuing of an opinion, the issuing of a prior opinion in a meeting and the waiver of a prior opinion.

### 3.3.1 OPINIONS AND PRIOR OPINIONS IN MEETINGS

During the 2019 financial year, the General and Supervisory Board was requested to give prior opinions and advice 31 times, and all requests were given a favourable opinion:

ISSUANCE OF OPINIONS AND PRIOR OPINIONS			
	DATE	TYPE	SUBJECT
1	31/jan	Prior opinion	Use of arbitration within the CMEC processes
2	31/jan	Prior opinion	Time charter contract for LNG transportation
3	11/mar	Opinion	EDP Annual Report and Accounts for 2018
4	11/mar	Prior opinion	EDP Business Plan 2019-2022
5	11/mar	Prior opinion	Beta Project – Sale of 51% of Vortex assets
6	11/mar	Prior opinion	Rosewater Project – Build and transfer agreement
7	24/apr	Prior opinion	Securitisation of receivables related to tariff deficit SPR 2019
8	24/apr	Prior opinion	Investment Opportunity in Transmission - Lot Q
9	16/may	Opinion	Financial Information for the first quarter of 2019
10	16/may	Prior opinion	Potential Issuance of US Bonds
11	16/may	Prior opinion	Investment in the Headwaters II project
12	16/may	Prior opinion	EDP Strategy Partnership with CTG
13	16/may	Prior opinion	EDP R Offshore - Setting up of a Global Joint Venture
14	25/jul	Prior opinion	Financial Information for the first half of 2019
15	25/jul	Prior opinion	Issuance of Eurobond PT
16	25/jul	Prior opinion	United Kingdom offshore auction – Moray West
17	25/jul	Prior opinion	First Solar – Purchase of solar portfolio in the United States of America
18	25/jul	Prior opinion	Riverstart solar investment project in the USA
19	25/jul	Prior opinion	Investment Tax Credit Safe Harbor and Riverstart procurement purchase
20	25/jul	Prior opinion	Mayflower project in the U.S.A – Massachusetts Auction Bid
21	25/jul	Prior opinion	Hydro Global – PPA for the San Gabán III Project
22	26/sep	Prior opinion	Headquarters II – General Construction Works
23	26/sep	Prior opinion	Mayflower: Offshore wind farm in Connecticut
24	26/sep	Prior opinion	Vientos de Coahuila (VDC): Onshore wind project in Mexico
25	30/oct	Opinion	Financial Information for the first nine months of 2019
26	30/oct	Prior opinion	Indiana Crossroads Project in the U.S.A. - Onshore Wind - Build-transfer agreement with NIPSCO
27	28/nov	Prior opinion	Conversion of <i>Aboño I</i> from coal to gas
28	28/nov	Prior opinion	Auction in Poland and potential M&A
29	19/dec	Prior opinion	EDP Budget 2020
30	19/dec	Prior opinion	Strategic plan 2019/22: Execution of the sales process
31	19/dec	Prior opinion	Transmission auction 02/2019 of 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	2 210
Average value of quantifiable operations	459

### 3.3.2 WAIVER OF PRIOR OPINION

In 2019, 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	
1	11/feb	Crossing Trails investment project – 104MW onshore wind in the U.S.A.
2	6/may	Reloj del sol wind farm investment project – 209.4MW onshore wind in the U.S.A.
3	6/may	Assignment of 2019 SPR - Special Production Regime's deficit overcost tariff deficit
4	3/jun	Wildcat Creek Wind Farm investment project – 176.5 MW onshore wind in the U.S.A.
5	3/jun	PPA opportunity in the Brazilian liberalized market with Cemig (Monte Verde VI and Boqueirão I-II)
6	5/jul	Sale process of the Babilónia wind project
7	18/jul	Participation in the Solar Auction in Portugal - Lot 12
8	23/jul	Strategy for Participation in the Solar Auction in Portugal
9	25/jul	Sonrisa Solar park investment project
10	11/oct	Sandrini Solar park Investment Project Solar PV of 199 MWac in the United States
11	15/oct	Cooperation Agreement between EDP and CTG 22nd Lusophony Festival
12	17/oct	Auction A-6 Brazil and PPA with EDP Brazil (Catanduba, Lagoa and Barra Projects) – Wind and Solar
13	21/oct	CLPE Auction No. 02 -2019 for PPA in Colombia (Alpha Beta Projects) – Wind
14	23/oct	Participation in the auction of onshore wind and solar power in Italy (Serra Capriola, Brevia, Craco and Monte Carbone Projects)
15	23/dec	Los Cuervos Investment Project – Solar PV of 200 MWac in Mexico

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	600
Average value of quantifiable operations	270

### 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 By-Laws, 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 by 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 subsidiary 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 prior 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 2019 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.

In legal operations or *de facto* situations between related parties that are likely to give rise to a conflict of interest between the subjects involved with relevance to the pursuit of EDP's interest, together with the request for a prior opinion from the General and Supervisory Board or its waiver, the Executive Board of Directors must 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.

In legal operations or *de facto* situations between related parties that are likely to give rise to a conflict of interest between the subjects involved with relevance to the pursuit of EDP's interest, submitted for a prior 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.

In legal operations or *de facto* situations between related parties that are likely to give rise to a conflict of interest between the subjects involved with relevance to the pursuit of EDP's interest which are subject to a request for waiver of the prior 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 prior opinion, 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 QUALIFIED 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 2019 financial year, the following operations should be highlighted between the EDP Group and entities holding qualifying holdings in EDP's share capital:

- The EDP Group, through EDP Spain, provided services of electricity supply and gas to the company Cementos Tutela Veguín to the amount of approximately € 20.1 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 electricity and gas services to Liberbank and related companies amounting to approximately € 5.9 million. The EDP Group also provided payment management services to Liberbank amounting to approximately € 76,543.85. The EDP Group also entered into a lease, in the total amount of € 16,852.08, for a property owned by Liberbank, located in Oviedo, Spain, for eight months of 2019, during which time the headquarters of one of the companies of the EDP Group was undergoing renovation works (Liberbank holds 44.1% of Oppidum Capital, S.L.).
- The EDP Group acquired Sonatrach natural gas under the scope of long-term supply contracts 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 € 179.4 million.



## 3.5 ACTIVITY OF SPECIALISED COMMITTEES

### 3.5.1 FINANCIAL MATTERS COMMITTEE/AUDIT COMMITTEE

No	DATE	LOCATION	MAIN TOPICS
1	24 Jan	Lisbon	<ul style="list-style-type: none"> <li>EBD/BD EDP <i>Produção</i> – Conclusions concerning the independent review of EDP <i>Produção</i>'s investment projects</li> <li>EBD/DAN/DCCF – Preliminary conclusions regarding the impairment tests of the EDP Group assets: 2018 Financial Year</li> <li>EBD/DCCF - Requests for approval of auditing and non-auditing services to be provided by the EDP Group's SA</li> <li>FMC - Proposals to amend the Regulations for Reporting Irregularities and Provision of Services by the Statutory Auditor or Society of Statutory Auditors</li> </ul>
2	31 Jan	Lisbon	<ul style="list-style-type: none"> <li>Statutory Auditor – Preliminary conclusions regarding the impairment tests of the EDP Group assets: 2018 financial year; Important themes and risks, with possible impact on the closing of 2018 accounts</li> <li>IAD Activities Report for 2018; Self-Evaluation Report 2018; Business Plan for 2019</li> <li>EBD/DCCF - Main impacts in 2019 of the new accounting standards in the EDP Group; Audit and non-audit services approval requests to be provided by the Statutory Auditor to the EDP Group</li> <li>FMC - Activity Reports and Reporting Irregularities for the year 2018</li> </ul>
3	28 Feb.	Lisbon	<ul style="list-style-type: none"> <li>EBD/MCD - Results, Financial Statements and Scorecard for the EDP Group, for financial year 2018</li> <li>Statutory Auditor - Conclusions concerning EDP Finance BV and the EDP Group's financial statements and their Internal Control over Financial Reporting (ICFR) assessment for the 2018 financial year</li> <li>AUDIT COMMITTEES OF EDP <i>Brazil</i> and EDP R – Conclusions and Opinion on the respective Financial Statements for the 2018 financial year</li> <li>EBD/DCCF – Financial reporting of the EDP Group and EDP Finance BV: 2018 financial year; Requests for approval of auditing and non-auditing services to be provided by the EDP Group's SA</li> <li>EBD/DAJ – Conclusions regarding “Pending Litigations” and Other Contingencies in the EDP Group: 2018 financial year</li> <li>FMC - Activity Reports and Self-assessment concerning the year 2018; Opinion on the Internal Audit Assessment</li> </ul>
4	11 Mar.	Lisbon	<ul style="list-style-type: none"> <li>Statutory Auditor - Statutory Audit and Opinion on the Annual Report and Accounts of EDP and EDP Finance BV: 2018 financial year; Independent Assessment Reports of the ICFR and Sustainability Information: 2018 financial year</li> <li>EBD/DCCF - Requests for approval of auditing and non-auditing services to be provided by the EDP Group's SA</li> <li>FMC - Opinions on the EDP Finance BV and the EDP Group's Report and Accounts and on the assessment of the ICFR and the Risk management system: 2018 financial year; Opinion on the activity and independence of the Statutory Auditor: 2018 financial year; Report on the provision of Auditing Services (AS) and Distinct Auditing Services (SDA) by the SA and the remaining “Big 4” for the EDP Group in 2018</li> </ul>
5	21 Mar.	Lisbon	<ul style="list-style-type: none"> <li>DAIC - Internal audit process in the EDP Group</li> <li>Statutory Auditor – Annual work plan and Fee proposal for 2019</li> <li>EBD/BD/EDP <i>Valor</i> – Insurable risk management process in the EDP Group</li> <li>EBD/DCCF - Requests for approval of auditing and non-auditing services to be provided by the EDP Group's SA</li> </ul>
6	11 Apr.	Lisbon	<ul style="list-style-type: none"> <li>EBD/BD EDP <i>Produção</i> – Conclusions concerning the independent review of EDP <i>Produção</i>'s investment projects</li> <li>DAIC – Compliance Management System in the EDP Group</li> <li>EBD/DGR – Conclusions on the activities carried out in the period and next steps</li> </ul>

No	DATE	LOCATION	MAIN TOPICS
			<ul style="list-style-type: none"> <li>EBD/DCCF - Requests for approval of auditing and non-auditing services to be provided by the EDP Group's SA</li> </ul>
7	09 May	Lisbon	<ul style="list-style-type: none"> <li>EBD/MCD – Results, Financial statements and Scorecard for the EDP Group, for the 1st quarter of 2019</li> <li>Statutory Auditor - Conclusions on the interim financial statements of the EDP Finance BV and EDP Group, with reference to the 1st quarter of 2019</li> <li>AUDIT COMMITTEES of EDP <i>Brazil</i> and EDP R – Conclusions and Opinions on the interim financial information of the respective subsidiaries, with reference to the 1st quarter of 2019</li> <li>EBD/DCCF - Interim financial reporting of the EDP Finance BV and the EDP Group: 1st quarter of 2019; Requests for approval of auditing and non-auditing services to be provided by the EDP Group's SA</li> </ul>
8	16 May	Lisbon	<ul style="list-style-type: none"> <li>SA - Limited Review Report on the Interim Financial Information of the EDP Group: 1st quarter of 2019</li> <li>EBD/DCCF - Requests for approval of auditing and non-auditing services to be provided by the EDP Group's SA</li> <li>FMC – Report and Opinion on the Interim Financial Information of the EDP Group: 1st quarter of 2019; Report on the provision of Auditing Services (SA) and Distinct Auditing Services (SDA) by the Statutory Auditor and the remaining “Big 4” to the EDP Group in the 1st quarter of 2019</li> </ul>
9	6 Jun.	Lisbon	<ul style="list-style-type: none"> <li>EBD/BD <i>Hydro Global</i> - Conclusions of the internal audit of the <i>San Gaban III</i> investment project</li> <li>IAD - Activities Report for the period: Internal Audit and ICFR</li> <li>EBD/DFN – 2018 Annual Report and Accounts and Performance of the EDP Group Pension Fund</li> <li>EBD/DCCF - Requests for approval of auditing and non-auditing services to be provided by the EDP Group's SA</li> <li>FMC – Internal report on the conclusions of the independent review of EDP <i>Produção's</i> investment projects issued by EY (Project Light).</li> </ul>
10	27 Jun.	Lisbon	<ul style="list-style-type: none"> <li>EBD/BD EDP <i>Comercial</i> – Customer debt in Portugal, EDP Spain and EDP Brazil</li> <li>EBD/DGU – Information control and security: Cybersecurity and Technological risks</li> <li>EBD/DCCF - Requests for approval of auditing and non-auditing services to be provided by the EDP Group's SA</li> </ul>
11	22 Jul.	Lisbon	<ul style="list-style-type: none"> <li>EBD/MCD - Results, Financial statements and Scorecard for the EDP Group, for the 1st half of 2019</li> <li>Statutory Auditor - Conclusions on the interim financial statements of the EDP Finance BV and EDP Group, with reference to the 1st half year of 2019</li> <li>AUDIT COMMITTEES of EDP <i>Brasil</i> and EDP R – Conclusions and Opinions on the interim financial information of the respective subsidiaries, with reference to the 1st half of 2019</li> <li>EBD/SGAJ - Conclusions on “Pending litigations” and Other Contingencies in the EDP Group: 1st half 2019</li> <li>EBD/DCCF - Interim financial reporting of the EDP Finance BV and the EDP Group: 1st half of 2019; Requests for approval of auditing and non-auditing services to be provided by the EDP Group's SA</li> <li>FMC - Activity Reports and Reporting of Irregularities for the 1st half of 2019; Internal memorandum on the Conclusions of the internal audit work carried out on the <i>Hidro Global (HG) San Gaban III</i> Investment Project, in Peru</li> </ul>
12	25 Jul.	Lisbon	<ul style="list-style-type: none"> <li>SA - Limited Review Report on the Interim Financial Information of the EDP Group: 1st half of 2019</li> <li>EBD/DCCF - Requests for approval of auditing and non-auditing services to be provided by the EDP Group's SA</li> <li>FMC – Report and Opinion on the Interim Financial Information of the EDP Group: 1st half 2019; Report on the provision of Auditing Services (SA) and Distinct Auditing Services (SDA) by the Statutory Auditor and the remaining “Big 4” to the EDP Group in the 1st half of 2019</li> </ul>

No	DATE	LOCATION	MAIN TOPICS
13	11-13 Sep	Lisbon	<ul style="list-style-type: none"> <li>7th MEETING OF THE EDP GROUP AUDIT COMMITTEES – Best supervisory and control practices by the Audit Committees concerning operations between related parties; <i>Auditors, the audit committee and investors: a governance triangle</i>. Engaging with investors on audit related matters; Specific aspects of Internal Audit and Control in operations with joint control and/or without control in the EDPR Group; Dam Safety at EDP Brazil; Auditing of Information and Technological Systems: gaps and challenges; Results of the survey of emerging risks; The Governance vision of institutional investors: from ESG to the development of specific assessment “frameworks”; Personal data protection in Europe and Brazil</li> </ul>
14	25 Sep	Lisbon	<ul style="list-style-type: none"> <li>IAD - Activities Report for the period: Internal Audit and ICFR</li> <li>EBD/BD EDEDP Distribuição - Fraudulent change of addresses in building identification numbers (NIP) associated with low level contracts, as part of new connections to the network</li> <li>EBD/BD EDP Distribuição-Comercial-Soluções Comerciais– Customer debt in Portugal, EDP Spain and EDP Brazil</li> <li>EBD/DCCF - Requests for approval of auditing and non-auditing services to be provided by the EDP Group’s SA</li> </ul>
15	24 Oct	Lisbon	<ul style="list-style-type: none"> <li>EBD/DCG – Results, Financial statements and Scorecard of the EDP Group, for the 3rd quarter of 2019</li> <li>Statutory Auditor - Conclusions on the interim financial statements of the EDP Finance BV and EDP Group, with reference to the 3rd quarter of 2019</li> <li>AUDIT COMMITTEES of EDP Brazil and EDP R – Conclusions and Opinions on the interim financial information of the respective subsidiaries, with reference to the 3rd quarter of 2019</li> <li>EBD/DCCF - Interim financial reporting of the EDP Finance BV and the EDP Group: 3rd quarter of 2019; Requests for approval of auditing and non-auditing services to be provided by the EDP Group’s SA</li> <li>FMC - Memorandum on the conclusions of the internal audit work (DAIC) on the contracting of SAS products</li> </ul>
16	30 Oct	Lisbon	<ul style="list-style-type: none"> <li>SA - Limited Review Report on the Interim Financial Information of the EDP Group: 3rd quarter of 2019</li> <li>FMC - Opinion on the Interim Financial Information of the EDP Group: 3rd quarter of 2019; Report on the provision of Auditing Services (SA) and Distinct Auditing Services (SDA) by the Statutory Auditor and the remaining “Big 4” to the EDP Group in the 3rd quarter of 2019</li> </ul>
17	07 Dec	Lisbon	<ul style="list-style-type: none"> <li>IAD - Activities Report for the period: Internal audit, ICFR and Compliance; Proposed Internal Audit Activity Plan for 2020</li> <li>EBD/DGR - Activity report for the period and Activity plan for 2020</li> <li>EBD/DCCF – Preliminary conclusions of the work carried out on the impairment tests on EDP Group Assets - 2019 Financial Year; Audit and non-audit services approval requests to be provided by the Statutory Auditor to the EDP Group</li> <li>FMC – Conclusions of the Report presented by the Task Force of the Investigation Process on the early termination of the EBD and transition to the CMEC regime and on the extension of the public hydric domain [DPH] concession; 2020 Plan of Activities for the Committee.</li> </ul>

### 3.5.2 REMUNERATION COMMITTEE

No	DATE	LOCATION	MAIN TOPICS
1	11 Mar.	Lisbon	Analysis of the suitability of the EBD’s remuneration policy 2018 REMC Activity Report
2	23 Apr	Lisbon	Variable annual and multi-annual remuneration of EBD members for 2018

### 3.5.3 CORPORATE GOVERNANCE AND SUSTAINABILITY COMMITTEE

No	DATE	LOCATION	MAIN TOPICS
1	30 Jan.	Lisbon	Stakeholder Management Customer relationship strategy and policy Corporate governance model
2	06 Mar.	Lisbon	CGSC's 2018 Activity Report Conflict of interests and related parties: Assessment of 4Q2018 information Appreciation of the 2018 Corporate Governance Report Ethics and Conduct – Strategy, appraisal of the Ethics Committee's opinions and Change in the Composition of the Ethics Committee Human Resources Strategy and Succession Plans
3	15 May	Lisbon	Conflict of interests and related parties: Assessment of 1Q2019 information Ethics and Conduct: Consideration of the opinions issued by the Ethics Committee in 1Q2019 2018 Activity report of the Customer Ombudsperson
4	24 Jul.	Lisbon	Conflict of interests and related parties: Assessment of 2Q2019 information Ethics and Conduct: Appraisal of the opinions issued by the Ethics Committee in 2Q2019 and the 2018 Human Resources: Analysis of the results of the 2018 climate study Sustainability; Monitor EDP's strategic Sustainability agenda and its contribution to the United Nations (UN) Sustainable Development goals and monitor the activity of the Environment and Sustainability Council Report of CGSC activities for 1H2019 and Calendar and Plan of Activities for 2H2019
5	29 Oct	Lisbon	Conflict of interests and related parties: Appraisal of the 3Q2019 information; EDP Sonatrach Natural Gas Ethics and Conduct: Consideration of the opinions issued by the Ethics Committee in 3Q2019 Foundations of the EDP Group (PT; BR and ES) - Strategic plan and monitoring of projects Sustainability; EDP 2018 DJSI Performance and Euronext and ESI Excellence Europe Indexes Foundations of the EDP Group (PT; BR and ES) - Strategic plan and monitoring of projects
6	11 Dec	Lisbon	Conflict of interests and related parties Relationship with Suppliers - Global strategy and Policy for selecting, contracting and assessing activity Main perspectives and challenges in managing the group's relations with its customers The CGSC's 2020 Plan of Activities

### 3.5.4 STRATEGY AND PERFORMANCE COMMITTEE

No	DATE	LOCATION	MAIN TOPICS
1	30 Jan.	Lisbon	EDP R Growth strategy, changes in the remuneration scheme and impact on profitability Latin America: Market entry strategy, financial performance and market shares
2	21 Feb.	Lisbon	<i>Business Plan</i> : Support reflection and analyses
3	6 Mar.	Lisbon	2018 Committee's Activity Report 2019-2022 Business Plan
4	23 Apr	Lisbon	Monitoring Strategic and Business risks of the EDP Group EDP Group financing and capital structure Strategy and performance of activities in the business support areas (EDP Valor)
5	15 May	Lisbon	EDP Offshore - setting up of a global joint venture Investment projects - Status report Operational efficiency projects – Status report
6	24 Jul.	Lisbon	SPC Activity Report 1H2019 and SPC Activity Plan 2H2019 Value performance of the EDP Group's shares 1H19 Overview of EDP's strategy and performance
7	25 Sep	Lisbon	EDPR/Engie partnership for offshore wind: status report Performance and strategy monitoring of distribution activities in the EDP group
8	29 Oct	Lisbon	EDPR – Sell-down Strategy Value performance of the EDP Group's shares 9M19 Performance and strategy monitoring of conventional production activities in the EDP group
9	11 Dec	Lisbon	Calendar and Activity Plan for the Committee 2020 EDPR/Engie partnership for offshore wind: status report EDP Budget for 2020 – preliminary version

### 3.6 BUDGET OF THE GENERAL AND SUPERVISORY BOARD

The General and Supervisory Board, at its meeting on 13 December 2018, has unanimously decided to approve its Operating Budget for the year 2019, in the amount of 4.4 million euros.

The budgeted expenses already included around 16% for extraordinary costs, related to the contracting of financial and legal consulting services within the scope of CTG's takeover bid on EDP and EDP R. Of the estimated recurrent costs, about 64% refer to remuneration of GSB members and 17% to the staff costs of the CGS Support Office, with the remaining expense destined to cover the expenses with external supplies and services, necessary for the normal functioning of the Board.

In terms of execution, the Board's overall cost was around 6 million euros, exceeding the budgeted amount by 35%. This is due to the increase seen in the contracting of financial and legal consulting services, which were not foreseen, within the scope of the announcement of the referred CTG's takeover bid of EDP and EDP R, and also in the contracting of services to assist GSB in the monitoring and analysis of the evolution of market events.

However, excluding these extraordinary costs, the General and Supervisory Board presented in 2019 a total of recurring expenses 16% lower than the budget.

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## GENERAL AND SUPERVISORY BOARD ACTIVITY AND PERFORMANCE ASSESSMENT

EDP voluntarily instituted a formal and objective process for assessment of its own activity. This is a distinctive practice adopted by the General and Supervisory Board, which is in line with the Dow Jones Sustainability Index assessment criteria, and corresponds to the acknowledgment of the ongoing efforts to achieve excellence in terms of the corporate governance practices that the General and Supervisory Board has developed.

This self-assessment process, provided for in article 19 paragraph 2 of the Internal Regulations of the General and Supervisory Board, is based on individual interviews carried out with each member of the General and Supervisory Board which is in turn based on a questionnaire that aims to assess the personal perception of each member of the Board itself, particularly at the level of:

- Composition and Organisation
- Performance of its activity
- Relationship with the Specialist Committees
- Relationship with EDP corporate entities
- Individual Self-evaluation

The assessment process, which includes the content, format and conclusions of the questionnaire, individual, face-to-face interviews and the preparation of autonomous reports for the General and Supervisory Board and respective Committees, was carried out, analysed and certified by Mercer, an external consultant.

The purpose of the interviews was also to establish an objective support for the reflection of the General and Supervisory Board, in view of the self-assessment opinion that this body should issue.

Therefore, in early 2020, members of the General and Supervisory Board were interviewed in person so that two types of approach, both qualitative and quantitative, were included in the report.

Based on the responses to that questionnaire, at the meeting of 20 February 2020, the General and Supervisory Board jointly reflected on this data, concluding that as a global assessment of performance in 2019, on average, the General and Supervisory Board considered its performance “Above Expectations”.

Without prejudice to the assessment already carried out, underlying the activity of the General and Supervisory Board is the ongoing improvement of its performance, both in terms of its own functions, its relationship with other EDP corporate entities and also in defending Shareholder interests.

The General and Supervisory Board also noted that 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.

The conclusions of the assessment of the GSB and its Specialized Commissions are presented in more detail below:

### **1. General Supervisory Board**

The members classified the “Composition, organization and operation” as “Above expectations”, with a number of slightly lower set of assessments - “Opportunity for improvement”, in the points referring to “Number of members that make up the GSB” and “Advance distribution of supporting documentation”.

The performance of GSB’s activity was rated “Above expectations”. The sub-points referring to “Human resources management and succession plans” and “Monitoring of strategic partnerships” were classified, in their global average, as “Opportunity for improvement” to be considered in the future.

With regard to the relationship with the Specialist Committees, the assessments proved to be very consistent, varying between a perception of “Above expectations” to “Excellent”, with the assessment for “Monitoring of CEP activity” being the best assessed item.

As for the assessment of the relationship with the other EDP governing bodies, this shows an assessment of “Above expectations”, with there being no distinction in the average results of the two questions put.

The “Individual self-assessment” also obtained a result of “Above expectations”, with the item referring to knowledge of applicable laws obtaining a slightly lower assessment.

### **2. Financial Affairs Committee/Audit Committee**

Members assessed almost all of the points of analysis as “Excellent”.

In a perspective of continuous improvement, we have highlighted the topics that obtained a slightly lower score: “Advance distribution of supporting documentation”, “Preparation of the subjects covered” and “Relationship between time spent on each matter and its importance”, which were still “Above expectations”.

### **3. Remuneration Committee**

Members assessed almost all of the points of analysis as “Excellent”.

In a perspective of continuous improvement, we would highlight the topic that obtained a slightly lower score: “Advance distribution of supporting documentation”, which was still “Above expectations”.



#### 4. Corporate Governance and Sustainability Committee

The members assessed “Composition, organization and operation” as “Above expectations”. It is important to highlight that there was a set of items classified as “Excellent”, that is: “Number of meetings”, “Advance notification of calls to meetings”, “Level of openness in the meetings to participate in the analysis and discussion of the topics” and “Manner in which possible differences in opinion are discussed”. On the other hand, topics related to “Time and availability” and “Advance distribution of supporting documentation” were assessed as “Opportunity for improvement”.

Regarding the performance evaluation of the CGSC for its activity, it obtained a rating of “Above expectations” as well as that of individual self-assessment, “above expectations”. However, in a perspective of continuous improvement, it is considered appropriate to place an additional focus on the topics which had a slightly lower score: “Overall organization of the Company and the Subsidiaries in terms of corporate governance”; “Level of knowledge of its mission and responsibilities as a member” and “Level of knowledge about the context and trends in the sector and key topics that the Company faces for the proper performance of its functions”.

#### 5. Strategy and Performance Committee

Members rated “Composition, organization and operation”, “Individual self-assessment”, as well as “CEP’s performance in its activity” as “Above their expectations”.

However, in a perspective of continuous improvement, it is considered appropriate to place an additional focus on topics that had a lower score: “Monitoring, in conjunction with the Financial Matters Committee/Audit Committee, of risk management and control policies, particularly strategic and business risks”; “Monitoring of strategic alliances and partnerships entered into by the Company and the concrete actions resulting therefrom, within the framework of the Company’s strategy”; “Level of knowledge about applicable laws, EDP’s Statutes and Regulations for the carrying out of its functions”.

## 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 prepared and proceeded with to analyse the current evaluation process.

At the beginning of 2020, each member of EDP's GSB was interviewed by Mercer specialised senior consultants on an evaluation questionnaire on both quantitative and qualitative perspectives. This evaluation 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 Evaluation	1. Composition, organisation and operation
REMC Evaluation	2. Performance of its activity
SPC Evaluation	3. Relationship with the Specialized Committees
CGSC Evaluation	4. Relationship with other EDP governing bodies
FMC Evaluation	5. Individual 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/Audit Commission

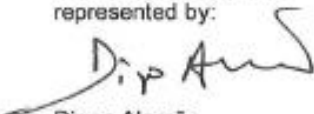
From the analysis of the questionnaires results, and with regards specifically to the evaluation of the GSB and each of the Specialised Commissions, all sub-dimensions evaluated obtained an average evaluation between "Opportunity for improvement" and "Excellent".

It is also worth mentioning that the average of the GSB's evaluations in the dimensions analysis was "Above expectations". The average evaluation of REMC scores in dimensions was "Excellent", for SPC was "Above expectations" for GCSC was "Above expectations", and for FMC was "Excellent".

Mercer considers that the evaluation process of the GSB and each Specialised Commission adopted by EDP, is a good practice of corporate governance principles.

13th of February 2020

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 2020

One of the main responsibilities of the General and Supervisory Board is to supervise, monitor and advise the Executive Board of Directors in defining the Group's main strategic lines. This is one of the central issues for the members of this body, with the General and Supervisory Board having important and interventive role in shaping the future of EDP.

The energy sector, and the electricity sector in particular, is witnessing a paradigm shift resulting from the rapid development of new disruptive and increasingly accessible technologies, coupled with an urgent need to decarbonize the economy and Society. At the same time, there is a growing competitive pressure from new technologies and companies, some of which have not traditionally been present in our sector, which will make the future more challenging. Also pressured by the path of decarbonization of society and the implementation of new regulations that aim to respond to the United Nations Sustainable Development Goals, the market has also signalled growing concern and scrutiny in the implementation of Environmental, Social and Governance policies and a gradual focus on investment in sustainability concerns, creating new challenges for companies. In this context, the General and Supervisory Board will continue to work side by side with the Executive Board of Directors in order to design a strategic vision that will allow EDP to assert itself as the leader of the ongoing energy transition process.

In 2019, the Group experienced a year of transition and change of cycle marked by the end of the Public Takeover Bid launched by CTG for EDP and EDP R, by launching a new strategic plan for the period from 2019 to 2022 and by a new configuration of its shareholder structure. In that year, the achievement of important objectives from the strategic plan, such as the projects announced for growth in renewables, carrying out the sell-down objectives, the commitment to sell assets in the Iberian Peninsula, or the launch of a partnership for the more accelerated development of offshore wind, enabled us to achieve credibility in the ability to implement the plan and the recognition of EDP as a green player in the market.

The coming year will be strongly marked by the implementation of the ambitious objectives of the current strategic plan, particularly with the carrying out of processes launched by the plan in the previous year, such as the sale of water assets in Portugal, or the undertaking of new growth options in new technologies, and new markets, such as that sought with the implementation of the offshore partnership with Engie. This year of 2020 will also be important for the reaffirmation of the company's position as an operator of renewables and a reference in terms of ESG criteria in the market, while also recognizing the importance that networks will have in the future.

In this context, next year's strategic challenges are enormous and should be compatible with the objectives of focused growth, a sound balance sheet, attractive shareholder returns and creation of value for the benefit of all stakeholders. In 2020, it will be necessary to continue to reaffirm the history of EDP as a green player and global leader in energy transition.

Within the scope of its powers, the General and Supervisory Board will continue to guide its activity in 2020 with a view to creating conditions, in coordination with the Executive Board of Directors, for ensuring the future of the EDP Group 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 and the related stakeholders.

In the political-regulatory context, in 2019 there were some moments of clarification, particularly with the conclusion of the long process of the Parliamentary Committee of Inquiry regarding the payment of excessive charges to electricity producers. However, pressure remained in other areas, so the effects of this situation are likely to be felt throughout 2020.

As a company naturally exposed to the capital market and the sensitivity of international investors, the Board's main concern will be to ensure the Group's internal stability and a climate of dialogue and cooperation between the main stakeholders, so that the company can continue to affirm its internationally recognized technical and business ability.

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 General and Supervisory Board would like to leave a word of thanks to all its stakeholders and, in particular:

- To the Shareholders, for their trust in this body;
- To the Chairperson and other members of the Executive Board of Directors, for their quality work in the management of the company and for their participation in meetings of the General and Supervisory Board;
- To the other members of the governing bodies of EDP and EDP Group Companies, for their commitment and focus in carrying out their activity;
- 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, confidence, resilience and the good work they have undertaken.

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

- Mr. Yinsheng Li, representative of CTG, whose functions at EDP, following a resignation request submitted by himself, ceased at the end of 2019, for his sound contribution to the performance of this Board;
- Ms. Rita Sousa, chief of staff to the Chairperson of the General and Supervisory Board until December 2019, for the total dedication and extreme professionalism shown over the years in which she led the Office.

**Hum**

HUMAN  
ENERGY

MAN

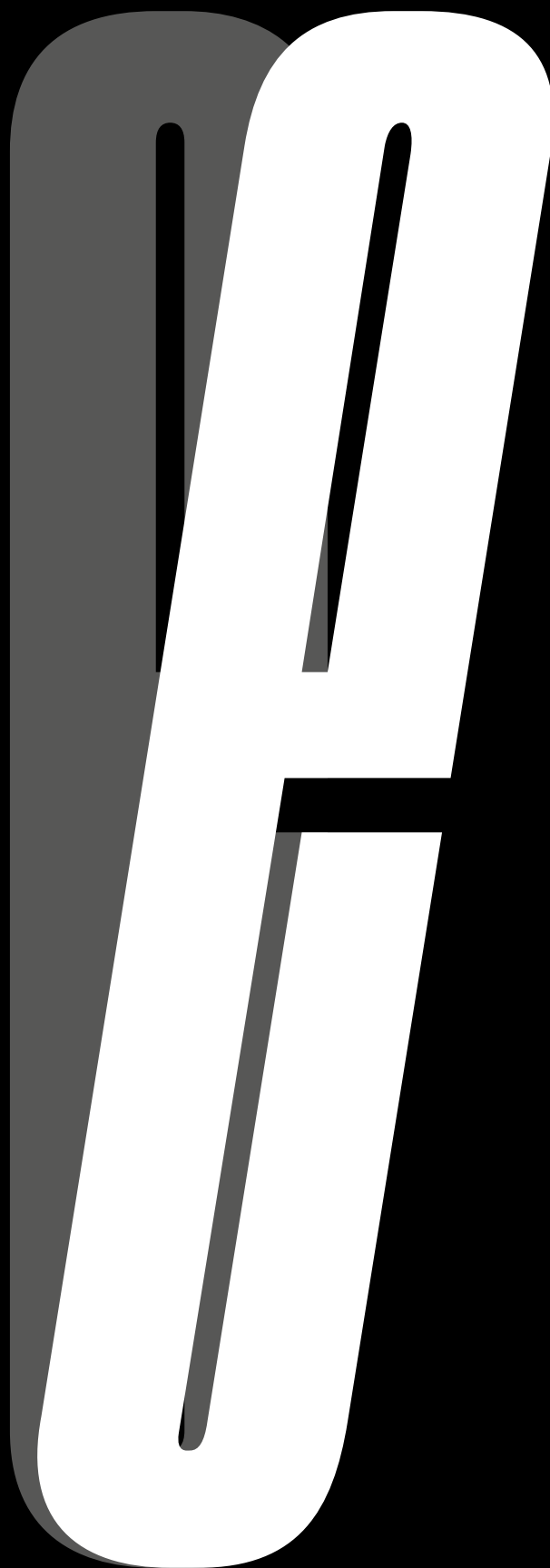
**energy**



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*edp*



## 01 OPINION OF THE GENERAL AND SUPERVISORY BOARD ON EDP'S ANNUAL 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 2019 as recorded in the Annual Report;
- c) The documentation presented for the assessment of EDP's Accounts and Annual Report 2019, provided by the Executive Board of Directors (EBD), the Statutory Auditor and the Financial Matters Committee (FMC) namely:
  - i. The detailed presentation made by the EBD on EDP's Account and Annual Report 2019, highlighting the main financial indicators, which are reproduced below:

(EUR thousands)

Indicators	EDP SA	EDP Group
Gross profit	229.690	5.217.150
EBITDA	-1.294	3.705.617
EBITD	-30.017	1.838.468
Net Profit <sup>3</sup>	720.916	511.751
Net assets	22.704.773	42.361.646
Total equity <sup>4</sup>	7.445.497	12.632.013
Total liabilities	15.259.276	29.729.633
Net debt	7.381.029	13.826.835

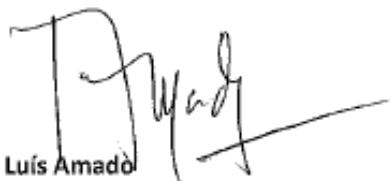
1. – Attributable to the shareholders

- 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 31<sup>st</sup> of December 2019 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. The FMC's opinion on the Accounts that allows for the conclusion that it appreciates favorably the Management Report and the individual and consolidated IFRS accounts of Group EDP for the exercise ended 31<sup>st</sup> December 2019.

**2. The GSB has decided unanimously:**

- a) To express its agreement in relation to the EDP's Accounts and Annual Report 2019.
- 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 31<sup>st</sup> December 2019 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 2019 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 2019 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 FMC's opinion on the Statutory Auditor performance and independence, according to which the FMC has assessed positively the work done by PWC, 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 2019 individual and consolidated Accounts and Annual report, as well as the Executive Board of Directors' proposal for results allocation.



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

Lisbon, 20<sup>th</sup> February 2020

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



Conselho Geral e de Supervisão

### STATEMENT

Pursuant article 245, No. 1, paragraph c) of Portuguese 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 245<sup>a</sup> of CVM (annual management report, annual accounts, legal certification of the accounts and remaining account documents), regarding 2019 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 2019 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, 28<sup>th</sup> February 2020

Luis Filipe Marques Amado – Chairman

Shengliang Wu (as representative of China Three Gorges International Corp.)

Li Li (as representative of China Three Gorges Brasil Energia Ltda.)

Felipe Fernández Fernández (as representative of DRAURSA, S.A.)

Nuno Manuel da Silva Amado (as representative of Banco Comercial Português, S.A.)

Mohammed Al-Shamsi (as representative of Senfora B.V.)

Maria Celeste Ferreira Lopes Cardona

Jorge Braga de Macedo

Augusto Carlos Serra Ventura Mateus

Clementina Maria de Jesus Silva Barroso

Luis Maria Viana Palha da Silva

Dingming Zhang

Dingming Zhang – Vice-Chairman (as representative of China Three Gorges Corporation)

Ignacio Herrero Ruiz (as representative of China Three Gorges (Europe), S.A.)

Eduardo de Almeida Catroga (as representative of China Three Gorges (Portugal), Sociedade Unipessoal, Lda.)

Fernando Maria Masaveu Herrero

Karim Djebbour (as representative of Sonatrach)

Laurie Lee Fitch

Ilidio da Costa Leite de Pinho

Vasco Joaquim Rocha Vieira

João Carvalho das Neves

Maria del Carmen Fernandez Bozard

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



GSB – Audit Committee (AUDC)

Report and Opinion of the Audit Committee on the Annual

Report and Accounts of EDP – 31 December 2019

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 services of the company, the Audit Committees of the subsidiaries and the Statutory Auditor ("SA" or "PwC") of EDP Group, for the year ended as of 31 December 2019.
2. For this period, the Audit Committee has met regularly 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, in particular 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 Services, 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 Services, 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 Services, 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 Services, to supervise the most relevant conclusions about the "litigation" process, focused in the main litigations and other contingencies and the review of the provisions, based on 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 Financial Services, to monitor the management information and the performance of EDP's Pension Fund;
  - vii. The corporate heads of Digital Global Unit, to accompany EDP's information and control systems - Cybersecurity and Technology Risk.
3. With reference to the period ended on December 31, 2019, 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 (EDP R), the information and documentation supporting the favorable opinion issued on the approval of the Interim Financial Information and the Directors' Report and Consolidated Financial Statements for the year;





## Report and Opinion of the Audit Committee on the Annual

GSB – Audit Committee (AUDC)

Report and Accounts of EDP – 31 December 2019

- ii. The Audit Committee of EDP - Energias do Brasil (EDP B), 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 2019 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;
  - iii. The conclusions of the audit work on impairment tests on goodwill, concession rights and other relevant fixed assets recorded in EDP's accounts;
  - iv. The matters and information presented in the Additional Report to the Audit Committee; and
  - v. The conclusions on the most relevant audit matters included in the Legal Certification of Accounts and Audit Report.
- Considering the results of those audit work, the Statutory Auditor issued, without reservation or emphasis, for the period ended as at December 31, 2019, the Legal Certification of the Accounts and Audit Report on the Individual and Consolidated Financial Statements of EDP, as well as the Opinions on the Directors' Report, the Corporate Governance Report, the Non-financial information set forth for in article No. 508-G of the Portuguese Companies Law and the Additional Information required in Article No. 10 of the Regulation (EU) No. 537/2014.
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, EDP subsidiaries' Audit Committees and 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, 2019, the Audit Committee issues a favorable opinion on the Annual Report, the Financial Statements (individual and consolidated) 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.

Lisbon, 20 February 2020.

(Luis Filipe Amado, Chairman)

The Audit Committee

(Clementina D'Amato Barroso)

(Maria Celeste Cardona)

(João Carvalho das Neves - Vice Chairman)

(Maria del Carmen Fernandez Rozado)

## **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 exacting standards and full responsibilities, which has special significance in terms of evaluating the activity and performance of the Executive Board of Directors.

EDP voluntarily instituted a formal and objective process for assessing the activity of the Executive Board of Directors. This is a distinctive practice adopted by the General and Supervisory Board, which is in line with the Dow Jones Sustainability Index assessment criteria, and corresponds to the acknowledgment of the ongoing efforts to achieve excellence in terms of the corporate governance practices that the General and Supervisory Board has developed.

The assessment process, which includes the content, format and conclusions of the questionnaire, individual, face-to-face interviews and the preparation of its autonomous report for the Executive Board of Directors, was carried out, analysed and certified by Mercer, an external consultant.

In early 2020, the members of the General and Supervisory Board were interviewed in person so that two types of approach, both qualitative and quantitative, were included in the assessment of the Executive Board of Directors, which was divided into:

- Composition, organisation and operation
- Performance of its activity
- Relationship with the General and Supervisory Board
- Relationship with other stakeholders

The aim 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 responses to the questionnaire, the General and Supervisory Board reflected as a whole upon such data and extracted the corresponding conclusions in the meeting on 20 February 2020. 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 2019:

1. The General and Supervisory Board considered all of the aspects evaluated to be satisfactory in terms of:

- Organization and remit of the Executive Board of Directors
- Fulfilment of the provisions defined by the General and Supervisory Board in relation to the issuance and dismissal of prior opinions, and the handling of conflicts of interest.

2. As an overall assessment of the activity carried out by the Executive Board of Directors in 2019, the General and Supervisory Board considered the performance to be above expectations, with particular emphasis on the following areas of action:

- Financial management
- EBD availability for GSB initiatives
- Quality of the presentations made
- Level of openness in the meetings to participate in analysis and discussion of the topics
- EBD's reputation in the relevant markets

Based on the aforementioned criteria, members rated "Composition, organization and operation" as "Above Expectations". However, they identified the "Monitoring of EDP subsidiary companies" as an "Opportunity for improvement". It is also important to note that there is a



wide range of topics assessed as “Excellent”, namely: “Time and availability”, “Commitment”, “Strategy”, “Financial Management”, “Preparation of accounting information” and “Preparation of management control information”.

Regarding the EBD’s relationship, both with the GSB and with the other stakeholders, the average result of the assessment was “Above expectations”.

In a perspective of continuous improvement, it is considered appropriate to place an additional focus on topics that had a lower score: (i) “Advance distribution of supporting documentation”; (ii) “Monitoring of EDP’s Subsidiaries”, (iii) “Regulator and Government”.

Without prejudice to the carried-out assessment, the activity of the Executive Board of Directors must be under-pinned by continuous improvement in terms of its respective performance levels, its own functions, relationships with other EDP corporate entities, and the upholding of all shareholder 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 in 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 2020, each GSB member was interviewed by Mercer specialised senior consultants on an evaluation questionnaire on both quantitative and qualitative perspectives, 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

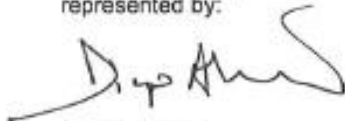
QUESTIONNAIRE	ANALYSIS DIMENSIONS
EBD's Evaluation	1. Composition and organisation 2. Performance of its activity 3. Relationship with the GSB 4. Relationship with other interlocutors

From the analysis of EBD's evaluation questionnaires filled by GSB members, all evaluated sub-dimensions obtained an average evaluation between "Opportunity for improvement" and "Excellent". It should also be noted that the average of the EBD's evaluations in the analysis dimensions in the table above was "Above expectations".

Mercer considers that the GSB's evaluation process on EBD performance adopted by EDP, is a good practice of corporate governance principles.

13th of February 2020

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

### 5.1. INTRODUCTION

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

- The financial matters and accounting practices of the Company.
- 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 (SA) of the Company.
- 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 Subsidiaries/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 Internal 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 MEETINGS

The Committee met on a formal basis a total of seventeen times in 2019, on the dates indicated below:

NAME	24/ JAN	31/ JAN	28/ FEB	11/ MAR	21/ MAR	11/ APR	9/ MAY	16/ MAY	6/ JUN	27/ JUN	22/ JUL	25/ JUL	11-13 SEP	25/ SEP	24/ OCT	30/ OCT	5/ DEC	%
<b>LUÍS FILIPE AMADO (CHAIRMAN)</b>	P	P	P	P	P	P	P	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	P	P	P	P	P	P	P	100
Clementina Dâmaso Barroso	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	100
Maria Celeste Ferreira Lopes Cardona	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	100
Maria del Carmen Fernandez Rozado	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	100

P = PRESENT; A = ABSENT; R = REPRESENTED

TOTAL MEETINGS IN 2019: 17  
AVERAGE PARTICIPATION: 100%

Apart from these seventeen ordinary meetings, the members of the Committee met frequently in 2019 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 OPERATIONAL ACTIVITIES

The meetings addressed the themes set out in the FMC's 2019 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 - Participation in the meetings of the Executive Board of Directors (EBD), in which the preliminary accounts for the year ended 31 December 2018 and the 1st and 3rd quarters and 1st half of 2019 were presented and discussed; Supervision and discussion of financial Reporting (accounting policies and criteria adopted; individual and condensed financial statements, changes to the consolidation perimeter; unusual transactions of significant values; subsequent events), 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 2019 (EDP in Portugal, EDP Spain, EDP R and EDP Brazil); 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 Internal Control over Financial Reporting System (ICFR). Within the scope of this and due to its importance, the FMC particularly monitored:
  - the main conclusions of the auditing work for "Large Hydroelectric Investments of EDP Produção carried out between 2007 and 2017" and the state of implementation of the recommended improvement actions;
  - the main conclusions of the audit work on *Hydro Global's* internal control system in Peru (Project San Gaban III) and the status of implementation of the recommendations issued.

The FMC also assessed the activity and performance of the Internal Audit function in the EDP Group with regard to the calendar year 2018;

- 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 as well as the methodology of their relationship for the Corporate Risk Management Department with the other corporate areas and the main subsidiaries;
- d. *Monitoring of the "Ongoing Litigation" Process* – Supervision of information and documentation on ongoing litigation and other contingencies in progress, with reference to 31 December 2018 and the 1st half of 2019, as well as its evolution compared to the last 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 procedures and actions taken and ongoing for the recovery of past due debts;

- f. *Monitoring of the activity of Information Systems* – Monitoring of the Governance Model for Information and Communication Technologies (ICT), ICT Policies and Standards and Information control and security mechanisms (Cybersecurity and Technological Risks);
- g. *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 R and EDP Brazil, on the Accounts for the year ended 31 December 2018 and Financial statements for the 1st and 3rd quarters and the 1st half of 2019. Under the scope of this objective, the FMC held the 8th Meeting of the Audit Committees of the EDP Group from 11 to 13 September 2019, in Lisbon, with the participation of **(i)** external entities (*Morrow Sodali, PwC* and other Consultants), who submitted the following topics to the Committees related to the development of their activity: Auditors, the audit committee and investors - a governance triangle; Risk management of the EDP Group from the perspective of the External Auditor; The Governance view of institutional investors - from ESG to the development of specific assessment “frameworks; The protection of personal data in Europe and Brazil; and **(ii)** Directors of the EBD and other internally responsible individuals of the EDP Group (EDP Brazil Board of Directors, Internal Audit and Compliance Corporate Departments, Risk Management, EDP R DAI and EDP Brazil DAIC), who presented, respectively, Results of the survey of emerging risks; Evolution of the main indicators of EDP Brazil; Auditing of Information and Technological Systems; Specific aspects of Internal Audit and Control in operations with joint control and/or without control in the EDP Group and Dam Safety in EDP Brazil. This meeting provided an important exchange of information, experiences and knowledge, as well as an improvement in the relationship mechanisms between the EDP Group Audit Committees;
- h. *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 Internal Control over Financial Reporting System (ICFR) of EDP and EDP Finance BV, for the financial year ending 31 December 2018; 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 2019 financial year; Evaluation of the methodology and approach to the external auditing process of the EDP Group for the 2019 financial year; Evaluation and approval of the Requests for Other Auditing Services and Additional Services by the Statutory Auditor/External Auditor in 2019; 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 2019;
- i. *Monitoring Communications of Irregularities in Portugal* – The complaint received at the end of 2018, caused by possible privileged relations between an EDP service provider and the company itself, was investigated and closed after the completion of the investigation process carried out by the Internal Audit and Compliance Directorate (DAIC). The three received in 2019 were also investigated and closed, after measures were taken by EDP leading to the resolution of the anomalies found in irregular energy consumption. In compliance with the Regulation for Procedures to be Adopted for the Reporting of Irregularities, approved by the GSB on 24 January 2019, the Committee issued an autonomous report on this matter, referring to the year 2019.

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 information that adequately and faithfully represents the economic and financial situation of the EDP Group and (ii) Minimising the risks of intentional or unintentional errors in financial reporting and the misappropriation or misuse of the company’s own resources.

With respect to matters subject to monitoring and supervision mentioned above, and given the fulfilment of the defined statutory and regulatory rights and duties, the FMC invited the directors of the EBD and Subsidiary companies and other EDP directors, with duties and responsibilities at a higher level of seniority to join in Committee meetings, and representatives of the Statutory Auditing Company (“SAC”/ “SA”) of the EDP Group.

The conclusions drawn from these activities and tasks enabled the FMC to support the issuance of Opinions concerning the EDP Report and Accounts and EDP Finance BV, related to the 2018 financial year, in addition to the EDP Interim Reports for the 1st and 3rd quarters and the 1st half of 2019 and other relevant information for the GSB and the EBD.

It should also be noted that at the end of 2019, the FMC approved the 2020 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 Board, but also puts the action of this Body in line with current and internationally accepted best practices of corporate governance.

## 5.5 PROCESS FOR ASSESSING THE ACTIVITY AND INDEPENDENCE OF THE STATUTORY AUDITOR (SA)

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 SA in the provision of professional services to the EDP Group.

It should also be noted that the assessment of the Statutory Auditor with reference to the 2019 fiscal year is the subject of an independent report on its activity and independence.

## 5.6 DIFFICULTIES EXPERIENCED IN THE PERFORMANCE OF THEIR DUTIES

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 environment, in the context of the availability that the operation of the Committee requires of its members - the FMC 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, filing, 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

Within the scope of the collective assessment of the GSB, EBD and GSB Specialised Committees carried out by an external entity, the members of the Commission once again carried out their self-assessment procedure based on two essential objectives: (i) to provide each member 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 legally responsible for undertaking, the company's articles of association, internal rules concerning its functioning and other applicable EDP regulatory instruments and governing matters that the FMC should take into consideration and; (ii) enable the Board 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. Finally, it should be noted that the Committee remains committed to its performance being guided by an attitude of rigour, transparency and independence, at the service of the stakeholders, in creating value for the Company.

The results of this collective evaluation process are included in Chapter 04 of the GSB Annual Report, certified by the external entity which carried out the interviews and filled out the evaluation questionnaires.

## 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 2019, and wishes to thank the General and Supervisory Board (GSB) and the Executive Board of Directors (EBD) 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 (SA) 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 – 2019 Financial Year

GSB – Audit Committee (AUDC)

1. In financial year 2019, 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 - PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda. ("SA" or "PwC") - 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.
2. The assessing process of the Statutory Auditor of EDP Group by the Audit Committee, with reference to the financial year 2019, was based on the following:
  - i. Monitoring of the work developed and the relationship between the Statutory Auditor and the Committee;
  - ii. Analysis of the contracts' execution for the provision of legal statutory audit services and other audit and non-audit services between EDP and PwC;
  - iii. Analysis of the replies of the Committee members to the internal Questionnaire on the assessment of SA's activity and independence;
  - iv. Analysis of the information received from PwC, within the scope of the communication requirements defined 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 the services provided and amount of the remuneration received; (f) Annual revenues from audit and non-audit services provided and (g) Confirmation of independence and statement on services potentially conflicting with independence, in the context of the execution of the provision contracts of 2019.
3. The conclusions of the analysis of the documentation and information previously mentioned 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, 2019. 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 6.971 thousand euros. Of this amount, the statutory audit services (5.703 thousand euros) were about 82% and the non-audit services (1.268 thousand euros) represent 18% of the total;
  - b) The fees billed by the Statutory Auditor (3.379 thousand euros) to EDP SA and its subsidiaries in Portugal represent approximately 6% of SA's turnover in Portugal (57.058 thousand euros), with reference to the previous year (in this geography, the fees earned by the SA for the financial year 2019 were not yet available). The fees due to the Statutory Auditor for the provision of non-audit services to EDP, S.A. and its subsidiaries in Portugal (792 thousand euros), refer to services not required by law, which represent approximately 31% of the fees due for the statutory audit services (2.587 thousand euros);





Report and Opinion of the Audit Committee on the Assessment of the Activity and Independence of the Statutory Auditor of EDP – 2019 Financial Year

GSB – Audit Committee (AUDC)

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- 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.
- 4. Based on the conclusions drawn from the Statutory Auditor’s assessment process and a broad exchange of views among the Audit Committee members, it is pleased to note that there has been a good relationship with the SA, responding to a dynamic increasingly intervention of the Audit Committee, that resulted in an improvement in the information mechanisms and a more efficient way of acting.

In addition, the interaction that AUDC developed with the SA, throughout the 2019 financial year, whether in work meetings or through the provision of the most varied contributions and clarifications, allowed the collection of information about its action, availability and attitude.

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

Lisbon, 20 February 2020.

(Luís Filipe Amado - Chairman)

(Clemeztina Dâmaso Barroso)

The Audit Committee

(Maria Celeste Cardona)

(João Carvalho das Neves – Vice Chairman)

(Maria del Carmen Fernández Rozado)



## **07 ANNUAL REPORT OF THE FINANCIAL MATTERS COMMITTEE ON THE COMMUNICATION OF IRREGULARITIES**

### **7.1 INTRODUCTION**

In compliance with the provisions of the Regulation on the Reporting of Irregularities, the Financial Matters Committee/EDP Audit Committee (“FMC” or “Committee”) has prepared its report, which presents the results of the process involving complaints reported by third-parties to the FMC.

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

During 2019, three complaints were received, dealt with and closed by the FMC in connection with possible irregularities in consumption or in electricity metering facilities and equipment.

Regarding these situations, the Committee requested the competent EDP services to inspect the facilities reported and report on the results of the actions initiated, once completed. After the investigation, it was found that fraud had taken place with regard to consumption and there were irregularities in the electricity metering equipment, and EDP took measures leading to its resolution, in accordance with the internal rules in force.

Regarding the pending complaint carried over from the previous year, caused by possible privileged relations between an EDP service provider and the company itself, it should be noted that it was also closed after the completion of the investigation process carried out by the Internal Audit and Compliance Directorate (DAIC), which led to a set of recommendations, the implementation of which is being monitored by the FMC.

### **7.3 CONCLUSIONS**

The main conclusion to be taken from analysing the communications received, processed and closed during the years of 2018 and 2019 is that there were no situations that significantly impacted matters concerning accounting, finance, internal control or auditing.

## 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

On 31 December 2019, the Remuneration Committee of the General and Supervisory Board had the following composition, which was the same throughout the year:

REMUNERATION COMMITTEE		FIRST APPOINTMENT DATE
<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 Rules of Procedure (available at [www.edp.com](http://www.edp.com)) of such Committee, the terms of which were approved on 18 June 2015.

### 8.3 MEETINGS

Chart of meetings and attendance in 2019:

NAME	11/MAR	23/APR	%
<b>SHENGLIANG WU - CHAIRMAN</b>	<b>P</b>	<b>P</b>	<b>100</b>
Fernando María Masaveu Herrero	A	P	50
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 IN 2019: 2  
AVERAGE PARTICIPATION: 90%

## 8.4 OPERATIONAL ACTIVITY

In the two meetings held by the Remuneration Committee, the most important issues debated were:

- Proposal for the annual statement on the EBD remuneration Policy
- Approval of 2018 REMC Activity Report
- Variable annual and multi-annual remuneration of EBD members for 2018

## 8.5 SELF-ASSESSMENT

As part of its regimental obligations, the Remuneration Committee must conduct an annual self-assessment of its own activities. As such, through interviews carried out by an external entity, the members of the Committee once again carried out their self-assessment procedure based on two essential objectives: (i) to provide each member and the entire Committee with an opportunity to reflect on their respective performances, particularly in respect to how the Board has addressed the topics that currently comprise its Annual Activities Plan, including the functions it is responsible for undertaking, 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.

The results of this collective evaluation process are included in Chapter 04 of the GSB Annual Report, certified by the external entity which carried out the interviews and filled out the evaluation questionnaires.

## 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 EDP's By-Laws, with the mission of permanently monitoring and supervising matters relating to:

- Corporate governance;
- 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

On 31 December 2019, the Corporate Governance and Sustainability Committee member composition was the following:

CORPORATE GOVERNANCE AND SUSTAINABILITY COMMITTEE (*)		FIRST APPOINTMENT DATE
<b>CHAIRMAN</b>	<b>LUÍS FILIPE MARQUES AMADO</b>	<b>22/04/2015</b>
	Augusto Carlos Serra Ventura Mateus	06/04/2018
	Felipe Fernández Fernández	22/04/2015
	Ignacio Herrero Ruiz	13/12/2018
	Jorge Avelino Braga de Macedo	22/04/2015
	Maria Celeste Ferreira Lopes Cardona	18/04/2012

(\*) YINSHENG LI HAS INCORPORATED THE CORPORATE GOVERNANCE AND SUSTAINABILITY COMMITTEE UNTIL 24 DECEMBER 2019, DATE IN WHICH HE HAS TENDERED HIS RESIGNATION AS MEMBER REPRESENTATIVE OF THE GENERAL AND SUPERVISORY BOARD. ON THE GENERAL AND SUPERVISORY BOARD MEETING HELD ON 23 JANUARY 2020, THIS BOARD HAS APPROVED THE RECOMPOSITION OF THE CORPORATE GOVERNANCE AND SUSTAINABILITY COMMITTEE, HAVING APPOINTED LI LI FOR THIS COMMITTEE.

### 9.3 MEETINGS

During 2019, the Corporate Governance and Sustainability Committee held 6 meetings, which had an average participation of 86% of its members. The attendance charts are hereby presented for each meeting.

Chart of meetings and attendance in 2019:

NAME	30/JAN	06/MAR	15/MAY	24/JUL	29/OCT	11/DEC	%
<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>100</b>
Augusto Mateus	P	P	P	P	P	P	100
Felipe Fernández Fernández	P	P	P	P	A	P	83
Jorge Braga de Macedo	P	P	P	P	P	P	100
Maria Celeste Cardona	P	P	P	P	P	P	100
Ignacio Herrero Ruiz	P	P	A	A	P	P	67
Yinsheng Li.	P	R	P	A	P	A	50

P = PRESENT; A = ABSENT; R = REPRESENTED

TOTAL MEETINGS IN 2019: 6  
AVERAGE PARTICIPATION: 86%

## 9.4 OPERATIONAL ACTIVITIES

Below are the most significant topics addressed in the meetings of the Corporate Governance and Sustainability Committee during 2019:

- Appraisal of information related to existing transactions with related parties, assessing the existence of conflict of interest, on a quarterly basis;
- Analysis of EDP Group's Ethics and Conduct strategy, and appraisal of the Ethics Committee's opinions regarding ethical complaints, on a quarterly basis;
- Approval of the 2018 Corporate Governance Report;
- Analysis of the Stakeholder Management of EDP Group;
- Study of the client relationship strategy and policy and analysis of the 2018 Ombudsman's activity report;
- Analysis of the Human Resources strategy, Succession Plans and the results of the EDP Group's organizational climate study;
- Monitoring of EDP's strategic sustainability agenda and its contribution to the United Nations Sustainable Development objectives; monitoring the activity of the Environment and Sustainability Council; Analysis of EDP's 2018 results on the Dow Jones Index and the Euronext and ESI Excellence Europe Indices;
- Monitoring of the Strategic Plan and projects of the Foundations of EDP Group (Portugal; Brazil and Spain);
- Analysis of the global strategy of Supplier Management in EDP Group, the policy of selection, hiring and evaluation of the activity of these stakeholders;
- Approval of the CGSC activity plan for the following year and approval of the previous year's activity report.

## 9.5 SELF-ASSESSMENT

As part of its regulatory obligations, the Corporate Governance and Sustainability Committee must conduct an annual self-assessment of its own activities. As such, through interviews carried out by an external body, the members of the Committee once again carried out their self-assessment procedure based on two essential objectives: (i) to provide each member and the entire Committee with an opportunity to reflect on their respective performances, particularly in respect of how the Committee has addressed the topics that currently comprise its Annual Activities Plan, including the functions it is responsible for undertaking, 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.

The results of this collective evaluation process are included in Chapter 04 of the GSB Annual Report, certified by the external entity which carried out the interviews and filled out the evaluation questionnaires.

## 10 STRATEGY AND PERFORMANCE COMMITTEE'S ANNUAL REPORT

### 10.1 INTRODUCTION

Pursuant to item no. 1 of article 23 of the EDP By-Laws, the General and Supervisory Board may create Specialised 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 Specialised 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 competences, 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

During 2019, the Strategy and Performance Committee was composed as follows:

STRATEGY AND PERFORMANCE COMMITTEE		FIRST APPOINTMENT DATE
<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

The composition of the Strategy and Performance Committee in 2019 resulted from a unanimous decision of the General and Supervisory Board at the meeting on 13 December 2018.

## 10.3 MEETINGS

Chart of Strategy and Performance Committee meetings during 2019:

NAME	30/JAN	21/FEB	03/MAR	23/APR	15/MAY	24/JUL	25/SEP	29/OCT	11/DEC	%
<b>EDUARDO DE ALMEIDA CATROGA</b>	<b>P</b>	<b>P</b>	<b>P</b>	<b>P</b>	<b>P</b>	<b>P</b>	<b>A</b>	<b>P</b>	<b>P</b>	<b>89</b>
Augusto Carlos Serra Ventura Mateus	P	P	P	P	P	P	A	P	P	89
Fernando Maria Masaveu Herrero	P	P	A	P	P	R	P	P	P	78
Ignacio Herrero Ruiz	P	P	P	P	P	A	A	P	P	78
Jorge Avelino Braga de Macedo	P	P	P	P	P	P	P	P	P	100
Karim Djebbour	P	A	A	P	P	P	P	P	A	67
Laurie Fitch	P	P	P	P	P	P	P	P	P	100
Mohammed AlShamsi	P	P	P	P	P	P	P	A	A	78
Nuno Amado	P	A	P	P	A	P	P	P	P	78
Shengliang Wu	P	A	P	P	P	A	A	R	A	44
Vasco Rocha Vieira	P	P	P	P	A	P	P	P	P	89

P = PRESENT; A = ABSENT; R = REPRESENTED

TOTAL MEETINGS IN 2019: 9  
AVERAGE PARTICIPATION: 81%

## 10.4 OPERATIONAL ACTIVITIES

During 2019, the Strategy and Performance Committee held a total of nine meetings, which had an average participation rate of 81%, with the involvement of external staff as deemed relevant, including members of the management bodies and senior staff of EDP and its subsidiary companies.

In these meetings, the following topics were dealt with:

- 2019-2022 Business Plan
- Value performance of the EDP Group's shares
- EDP Group financing and capital structure
- Monitoring strategic and business risks of the EDP Group
- Strategy and performance of activities in the business support areas (EDP *Valor*)
- EDP R – Growth strategy, changes in the remuneration scheme and impact on profitability
- Latin America – Market entry strategy, financial performance and market shares
- EDPR/Engie partnership in wind offshore – creation of a global Joint Venture
- Investment projects - Status report
- Operational efficiency projects – Status report
- Overview of EDP's strategy and performance
- EDPR – Sell-down strategy
- Performance and strategy monitoring of distribution activities in the EDP group
- Performance and strategy monitoring of conventional production activities in the EDP group



- EDP Budget for 2020 – preliminary version

For the development of its activity, the Strategy and Performance Committee has the support of the elements of the General and Supervisory Board Support Office.

## 10.5 SELF-ASSESSMENT

As part of its regimental obligations, the Strategy and Performance Committee must conduct an annual self-assessment of its own activities. As such, through interviews carried out by an external entity, the members of the Committee once again carried out their self-assessment procedure based on two essential objectives: (i) to provide each member and the entire Committee with an opportunity to reflect on their respective performances, particularly in respect to how the Board has addressed the topics that currently comprise its Annual Activities Plan, including the functions it is responsible for undertaking, 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.

The results of this collective evaluation process are included in Chapter 04 of the GSB Annual Report, certified by the external entity which carried out the interviews and filled out the evaluation questionnaires.

# 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:

**EBD** – Executive Board of Directors

**GSB** - General and Supervisory Board

**CGSC** - Corporate Governance and Sustainability Committee

**SPC** - Strategy and Performance Committee

**FMC** - Financial Matters Committee

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

**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.

**ESG** – Environmental, Social and Governance.

**SDG** – Sustainable Development Goals

**SA** - Statutory Auditor

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

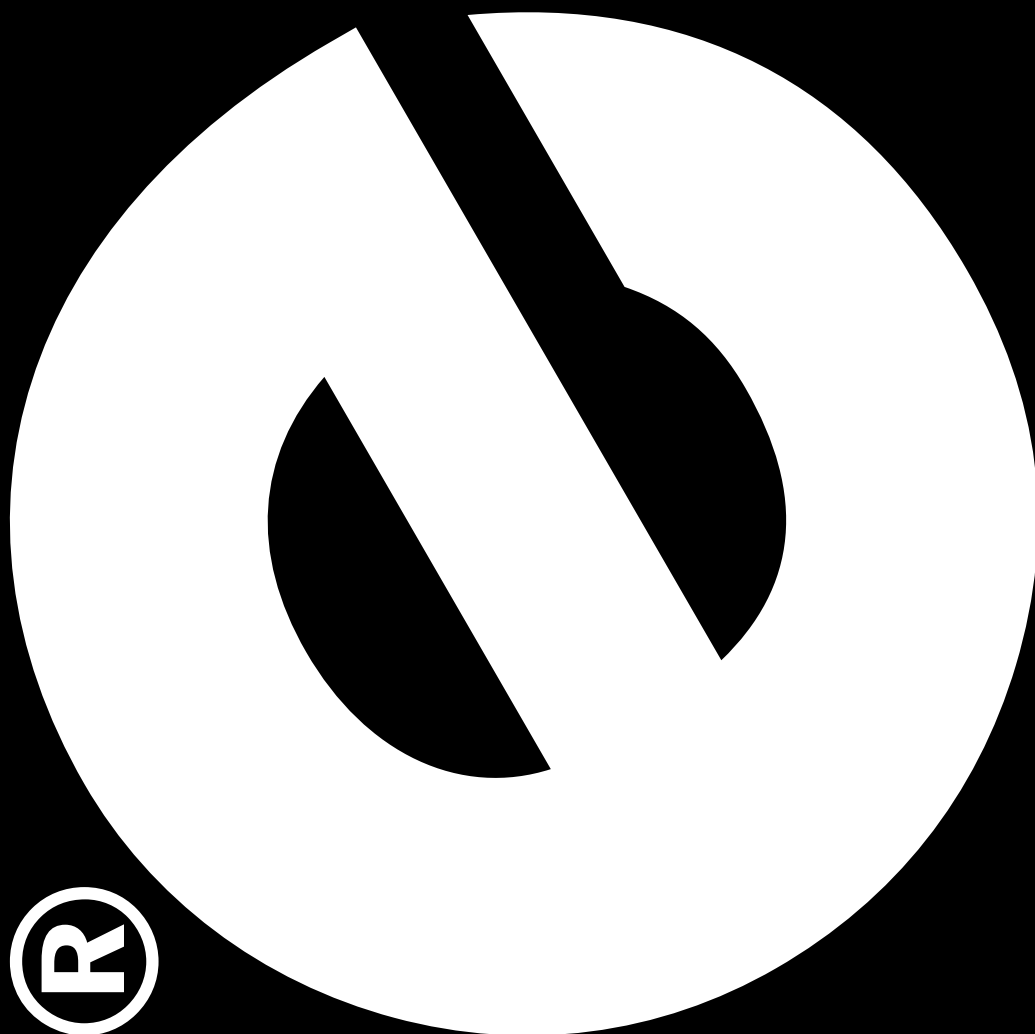
**Sonatrach** - Société Nationale pour la Recherche, la Production, le Transport, La Transformation et la Commercialisation des Hydrocarbures

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





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