



*General and Supervisory Board*

**POLICY ON SELECTION OF THE MEMBERS OF THE GENERAL AND  
SUPERVISORY BOARD AND THE EXECUTIVE BOARD OF DIRECTORS OF  
EDP - ENERGIAS DE PORTUGAL S.A.**

**Approved on 13 December 2018**



## **1. Background**

EDP – Energias de Portugal, S.A. (EDP or Company) has assumed a pioneer role on corporate governance matters, having a set of internal policies and procedures which formalize the good practices implemented in its business activity, taking as benchmark the recommendations of regulators, of stakeholders and of society in general.

Taking into account the importance of company's supervision and administration in EDP's governance model in force, and that the composition of the General and Supervisory Board and the Executive Board of Directors, are considered key components of the corporate governance, it seems appropriate to approve a policy for the selection of the members of these corporate bodies, in accordance with the best practices and aiming the implementation of transparent and objective selection processes.

In this context, the Corporate Governance and Sustainability Committee, in view of its competences concerning the monitoring and supervision of matters relating to corporate governance, has decided to approve a policy for the selection of the members of the above-mentioned corporate bodies, whose principles reveal that transparency and good governance are consistent practices of company's performance.

## **2. Methodology and Selection Process**

The appointment of the members of the General and Supervisory Board and the Executive Board of Directors shall result from an objective and transparent selection process, which evaluates the adequacy of the candidates, individually and collectively, in accordance with the legal and statutory competences of the referred corporate bodies.

In the scope of the selection process, it must be assured the integration of a range of skills, professional experiences, diversity of knowledges, gender and culture, in accordance with the specificities of the companies' businesses.



Given these objectives, the selection process shall value the following criteria and competences:

The member election proposal of the General Supervisory Board and of the Executive Board of Directors should be subject to the Shareholders' Meeting duly justified regarding the candidates' profile and the function that will be carried out, so that the shareholders may verify the profile adequacy, knowledge and curricula of the candidates.

Therefore, it is important to set of criteria and competences that should be fulfilled by the candidates.

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CRITERIA:

- i) Promotion of equality of rights and opportunities in a context of diversity;
- ii) Enhancement of diversity, notably in matters of age, gender, geographical origin, skills, competences, qualifications and experience;
- iii) Promotion of the increase of the numbers of the members of the under-represented gender;
- iv) Prevention of potential conflicts of interest.

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COMPETENCES:

- i) Technical-professional competences suitable for the function;
- ii) Integrity, ethics and professional and personal values;
- iii) Sufficient knowledge of the legal, regulatory and statutory rules applicable to the its functions and to the Company;
- iv) Sufficient availability to comply with the respective legal and statutory functions;
- v) Fulfilment of the independence requisites required by law and Bylaws;
- vi) Commitment with the provisions set forth in Codes, and policies and Company's internal regulations;
- vii) Commitment towards the compliance with the best practices in corporate governance;



- viii) Skills and experience in companies' management, risk management and supervision suitable for the function;
- ix) Industry Knowledge of the and experience in the sector.

Beyond the fulfilment of the above mentioned criteria and skills, the members to be appointed for the General and Supervisory Board and the Executive Board of Directors shall be individuals of recognised national and/or international prestige, with adequate professional knowledge and experience for the exercise of the respective functions.

The corporate bodies candidates' curricula should be made available on the institutional website of the Company.

Along with the concern for each member's individual adequacy, it is also aimed that the composition of the corporate bodies demonstrates a collective adequacy, by gathering as a whole the professional and personal qualities required for the proper performance of the functions of each EDP corporate body.

Likewise, in order to determine the Executive Board of Directors number it shall be weighted, in addition to the costs and the desirable operational agility of the management, the size of the Company, the complexity of its activity and the geographical dispersion.

The Corporate Governance and Sustainability Committee shall also procure to oversee the drafting, in coordination with the Executive Board of Directors, of the succession plans regarding the internal structures and bodies of the Company and its Subsidiaries, as well as of other entities in which the Company has the right to appoint the members of the corporate bodies. In this respect, it is an objective the early identification of eventual additional human resources needs in order to ensure the continuity of the company's regular functioning.

The Corporate Governance and Sustainability Committee considers as a priority the implementation of a diversity and equality policy of opportunities. Accordingly, no



candidate for a membership of the General and Supervisory Board or Executive Board of Directors shall suffer discrimination in respect of gender, age, race, nationality or country of origin.

Specifically, with regard to gender diversity, the Corporate Governance and Sustainability Committee, in the scope of its functions, shall promote suitable measures to ensure that, until 2020, the General and Supervisory Board and / or Executive Board of Directors, shall be composed, at least of 30% of the under-represented gender.

### **3. Incompatibilities**

It shall not be considered as candidates for members of the General and Supervisory Board or the Executive Board of Directors the persons that:

- i. Are in any situation of legal or statutory incompatibility with the exercise of the functions in the respective corporate bodies;
- ii. Do not fulfil the independence requirements defined by law and Bylaws, in case the person is a candidate for independent member of the General and Supervisory Board;
- iii. Perform management or supervisory functions in more than four companies, in the case of candidates for the General and Supervisory Board.

### **4. Recruitment of external consultants**

As part of the candidate selection process, it is recommended the use of independent and external consultants with specific skills on these matters, who shall, within the identification of candidates, respect the criteria and skills set forth in this policy.

### **5. Monitoring of the adequacy and the compliance of the policy**

The Corporate Governance and Sustainability Committee shall undertake a regular thinking on the application and compliance of this policy and shall draft any changes to the proposals deemed necessary and report its conclusions on the adoption of the provisions of this policy to the General and Supervisory Board.



*Corporate Governance and Sustainability Committee*

## **6. Publication**

This policy on the selection of the members of the General and Supervisory Board and Executive Board of Directors shall be published on EDP's website.