



General and Supervisory Board

INTERNAL REGULATION

FINANCIAL MATTERS COMMITTEE / AUDIT COMMITTEE

Approved on 13 December 2018

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FINANCIAL MATTERS/AUDIT COMMITTEE INTERNAL REGULATION

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Article 1

Establishment of the Financial Matters/Audit Committee

The aim of this Internal Regulation is to establish the rules for the organisation, functioning, responsibilities, powers and duties of the Financial Matters/Audit Committee (CMF/CAUD), appointed by decision of the General and Supervisory Board (GSB), in accordance with article 23(2) of EDP's Articles of Association.

Article 2

Mission and Principles

1. The Financial Matters/Audit Committee is responsible for exercising the functions described in Article 12 of this Regulation and its mission is to oversee and supervise the following areas on a continuous basis:
 - a) The Company's financial matters and accounting practices.
 - b) The Company's internal auditing procedures or accounting practices and the Internal Control System of the Financial Reporting (SCIRF).
 - c) Matters relating to the risk management procedures.
 - d) The work and independence of the Company's statutory auditor.
 - e) Compliance function.
2. The committee shall support other committees in financially quantifying other risks, such as regulatory, strategic and market risks that are analysed by these committees.
3. The work carried out by the Financial Matters/Audit Committee as part of its duties also extends to subsidiaries or to group companies under the terms of the Portuguese Securities Code and may include information relevant to other companies in which the Company or its subsidiaries or group companies have a direct or indirect stake.
4. The Financial Matters/Audit Committee and its members should carry out their duties in strict compliance of the Law, the Articles of Association, the Shareholder's Meeting resolutions and this Regulation and should take into consideration the recommendations related to the corporate governance best practices.



Article 3

Composition

1. The Financial Matters/Audit Committee is composed of suitably qualified and experienced members adequate to the sector in which the Company operates and to the competence diversity, knowledge and professional experience, a minimum of three independent of the GSB, as defined in the GSB Internal Regulation. There shall be one member with a higher education qualification appropriate to his/her duties and with knowledge of auditing or accounting.
2. The Financial Matters/Audit Committee shall be presided by the Chairman of the GSB, in the case he/she is an independent member, as defined in the GSB Internal Regulation.
3. The following may not be elected members of the Financial Matters/Audit Committee:
 - a) Persons who exercise functions in a rival company and who represent or act on behalf of such a company or who are in any other way bound to the interests of the rival company.
 - b) The spouses, relatives or relations by marriage up to the 3rd degree, inclusive, in indirect line, of persons barred under the provision in the previous paragraph.
4. Members of the Financial Matters/Audit Committee are elected for the same terms of office as that of the GSB which elects them.

Article 4

Functioning

1. Meetings of the Financial Matters/Audit Committee are convened by the Chairman or two of its members, either on their own initiative or at the request of any member of the GSB, the Chairman of the Executive Board of Directors (EBD) or the statutory auditor of the Company.
2. The Financial Matters/Audit Committee should meet regularly enough to ensure its duties can be carried out, and at least, quarterly.



3. Notice of the convening and agenda of each meeting must be sent to all members of the Financial Matters/Audit Committee at least five working days before the meeting is to be held.
4. The agenda must also be sent, for information purposes, to the Chairman of the GSB and Chairman of the EBD.
5. The Financial Matters/Audit Committee may decide to include external members in its meetings and, in relation to the Company and its subsidiaries/group companies, may jointly or individually interview and request the attendance of the following:
 - a) Members of the Board of Directors.
 - b) Members of the supervisory bodies.
 - c) The SA (Statutory Auditor).
 - d) Senior managers or other employees.
 - e) Shareholders.
 - f) External experts.
6. Financial Matters/Audit Committee meetings with the SA will take place without any member of the EBD attending, unless their presence is essential to the purpose of the meeting and during the strictly necessary period for such purpose.
7. The Financial Matters/Audit Committee is required to hold meetings and make decisions on the basis of a majority attendance. Decisions are taken on the basis of a majority vote and in the event of a tie the Chairman has the casting vote.
8. The decisions of the Financial Matters/Audit Committee's meetings shall be recorded in the minutes, which are signed by the committee members attending that meeting.
9. So as to develop its activity, the Financial Matters/Audit Committee may require technical assistance from the Support Office of the GSB to the Chairman of the GSB.

Article 5

Financial Matters/Audit Committee Chairman Responsibilities

The Chairman of the Financial Matters/Audit Committee is especially responsible for:

- a) Representing the Financial Matters/Audit Committee in and out of court;



- b) Coordinate the Financial Matters/Audit Committee activity, as well as, convene and chair the respective meetings;
- c) Exercise a casting vote;
- d) Ensure the circulation of information by the Financial Matters/Audit Committee members on the matters handled and other information considered indispensable to perform their duties.

Article 6

Incompatibilities

1. In addition to others that are specifically applicable, Financial Matters/Audit Committee members are subject to the incompatibility rules set forth in article 414-A(1)(a)(b)(c)(d)(e)(f)(g) and (h) (see article 434(4) and article 437(1) of the Companies Code and also article 10 of EDP's Articles of Association).
2. Without prejudice to the power of the Financial Matters/Audit Committee to decide on the incompatibility of its members, each member shall be responsible for the permanent monitoring of the absence of any circumstances that may lead to his/her situation becoming incompatible with the performance of his/her duties.
3. Any member who has doubts regarding a situation of incompatibility in relation to him or herself or another member should refer the case to the Chairman of the Financial Matters/Audit Committee, who shall initiate an assessment process with GSB or an Eventual Committee set up for the purpose, to issue a reasoned opinion on the incompatibility.

Article 7

Independence

1. A member of the Financial Matters/Audit Committee is considered independent if he/she meets the independence requirements set forth in the GSB Internal Regulation
2. Without prejudice to the power of the Financial Matters/Audit Committee to assess the independence status of its elected members, each one shall be responsible for



permanent checking for the absence of any circumstance that might affect this status during the performance of his/her duties.

3. If a Financial Matters/Audit Committee member is in doubt as to whether or not he/she or another member meets the independence requirements, he/she shall refer the case to the Chairman of the Financial Matters/Audit Committee, who shall initiate an assessment process with the GSB or an Eventual Committee set up for the purpose, to issue a reasoned opinion on the independence status.

Article 8

Competition

1. Without authorisation from the General Meeting of Shareholders, Financial Matters/Audit Committee members can neither engage, directly or indirectly, in activities in competition with the Company, neither hold positions in, represent or act on behalf of a competing company, pursuant to article 10 of EDP's Articles of Association.
2. Financial Matters/Audit Committee members elected under article 10(4) of EDP's Articles of Association cannot attend meetings, or parts of meetings, in which competitively sensitive issues are discussed, nor can they otherwise have access to this information and documentation. This relates in particular to information regarding markets in which there is competition with the Company.

Article 9

Conflicts of Interest

1. When a Financial Matters/Audit Committee member is in a situation of conflict of interests both effective or apparent on a decision to be carried out by this body, the member must inform the Financial Matters/Audit Committee Chairman on the facts that may constitute or give cause to a conflict between his/hers interests and the social interest.



2. The Financial Matters/Audit Committee Chairman will inform the GSB Chairman of this fact, who should start a verification process before the GSB or before an eventual commission composed by GSB members for that purpose, in order to be issued a reasoned resolution on the matter.
3. On the situation set forth in the number one of this article, the Financial Matters/Audit Committee member should refrain himself/herself to participate and vote at the meeting in which the respective matter is discussed and voted, without prejudice to the obligation of providing information and clarifications when requested by the Committee or by their respective members.

Article 10

Rights and Duties

1. Without affecting their other rights as set forth in law and the EDP's Articles of Association, Financial Matters/Audit Committee members have the right to:
 - a) Obtain information considered essential for the performance of their duties, through the Chairman of the Financial Matters/Audit Committee.
 - b) Attend EBD meetings in which account are reviewed.
 - c) Propose to the Chairman of the Financial Matters/Audit Committee hiring the services of experts and advisors deemed necessary for them to perform their duties, within the agreed budget for such services.
2. Without prejudice of other rights set forth in Law and in EDP's Articles of Association, the Chairman of the Financial Matters/Audit Committee Chairman is entitled to request to the GSB Chairman all the information deemed convenient to perform his duties.
3. Without affecting their other duties as set forth in the Law and the EDP's Articles of Association, members of the Financial Matters/Audit Committee have the duty to:
 - a) Always act according to high standards of professionalism, impartiality, care and loyalty in the pursuit of the Company's interests.
 - b) Participate in the Financial Matters/Audit Committee meetings and justify as soon as possible any inability to attend.



- c) Be adequately informed so as to ensure the adequate performance of their duties.
- d) Maintain confidentiality of events and information acquired in the course of their duties, except in cases where its communication is permitted by Law.

Article 11

Evaluation of the Activity of the Financial Matters/Audit Committee

1. The Financial Matters/Audit Committee shall assess any difficulties and obstacles detected by its members with regard to the performance of their duties and make every effort to ensure that appropriate measures are taken to remove difficulties and obstacles to the performance of their roles.
2. The Financial Matters/Audit Committee shall monitor compliance with rules applicable to the work of its members, in particular those set out in this Regulation.
3. Every year, the Financial Matters/Audit Committee shall evaluate:
 - a) The activity developed by the Committee and the contribution made by the members.
 - b) The compliance with this Regulation, followed by a revision, if necessary.

Article 12

Duties

1. In addition to any other duties expressly conferred on it by the GSB, the Financial Matters/Audit Committee is responsible for:
 - a) Verify when and how deemed convenient, the books, accounting records and support documentation regularity as well as any asset or amount hold by the Company under any title.
 - b) Verify the accounting policies and procedures and the valuation criteria adopted by the Company to see if they are consistent with generally accepted accounting principles appropriate to a correct presentation of its assets, liabilities and profits or losses.



- c) To issue opinions on the annual report and Company accounts.
- d) The supervision of the effectiveness of systems for risk management, internal control and internal auditing.
- e) Define and implement procedures related to the reception, treatment and resolution, by the Committee, of claims on accounting, internal accounting controls and audit matters, as well as complaints, claims or any other irregularities (fight against corruption, financial and banking crimes) derived from shareholders, employees, SA or any other agents.
- f) To assess the content of the preparation process and issuance of financial information as well as to draft a report to the GSB which should include the Financial Matters/Audit Committee analysis of this process including the accounting policies adequacy, estimates, considerations, relevant disclosures and their consistent submission between financial years.
- g) To promote an adequate coordination between the internal audit works and the legal review.
- h) Define the criteria and coordinate the selection procedure of the Statutory Auditor under Annex I of this Internal Regulation.
- i) Issue a reasoned report under the terms of the applicable law on the renovation and renewal of the Statutory Auditor mandate in the end of each mandate to be presented to the GSB.
- j) To propose the hiring and dismissal of the statutory auditor as well as its remuneration.
- k) To supervise and monitor the accounts review and the individual and consolidated accounting documents namely taking into consideration eventual remarks of the Portuguese Securities Market Commission (CMVM) and assess the content of the certification of accounts and audit annual reports with the Statutory Auditor, being the Financial Matters/Audit Committee the first recipient of such documents, namely regarding eventual reservations for recommendation presentation purposes to the GSB and the EBD.
- l) To monitor the activity and independence of the SA in order to assess its independence and the compliance with legal, regulatory and contractual



obligations and the good practice principles which may apply to auditing companies and their representatives before the audited companies.

- m) Approve the audit services provision and other audit services by the SA to the Company or to Subsidiaries of the Company, ensuring an adequate prior evaluation to independence threats that the provision of such services may lead to and the respective response to mitigate.
 - n) All communications and documents of the Statutory Auditor delivered to EDP, in particular the issue of the audit report, must necessarily be addressed to the Chairman of GSB and to the Financial Affairs Committee/Audit Committee, with carbon copy to the EBD, or when the recipient is another due to the nature of the subject, a copy of this communication or document should always be sent to the Chairman of GSB and to the Financial Matters/Audit Committee.
 - o) To assess, with the SA, the scope and breadth of the revision of the accounts and the audit.
 - p) Pursuant to the Dutch Royal Decree, to exercise the duties of supervision and monitoring in relation to EDP Finance BV.
2. In carrying out its work, the Financial Matters/Audit Committee will pay special attention to supervision of the following:
- a) Any changes in accounting policies and practices and the procedures for their approval.
 - b) The reporting of any unusual transactions in the accounts of the Company and its subsidiaries or group companies.
 - c) Any significant manual adjustments in the accounts of the Company and its subsidiaries/group companies prompted by the Board or on the intervention of the SA.
 - d) Any changes in relevant financial indicators and any alterations in the formal or informal rating of the Company or its subsidiaries or group companies.
 - e) Any significant exposure to financial risks, such as foreign currency, price, interest rate, derivatives or contingent liability risks.
 - f) The development of good governance practices for the Company in terms of the internal control system for financial procedures.



- g) The internal audit matters, having the possibility to request to the Compliance and Internal Audit Department any information deemed relevant, including the internal audit procedures and internal control on the financial report.
 - h) The identification, evaluation, risk management and control and evaluations of the internal level of compliance as well as the continuous monitoring of performance and risk management system efficiency of the Company, jointly with the EBD, following namely the risk control policies, the key risk indicators (KRI) identification and the integrated risk evaluation methodologies, having the possibility to request to the Risk Management Department and to the Corporate Risk Department the information deemed convenient.
 - i) The activity and the contractual relations with the Statutory Auditor, without interfering with the performance of their functions, having the possibility to formulate recommendations or request for clarifications within the GSB, EBD and SA relation, regarding financial information as well as monitor and assess in accordance with the applicable law the objectivity and independence of the SA, namely with reference to other audit services.
 - j) The accounting legal review results and the way how they contributed to the integrity of the preparation and disclosure of the financial information as well as the role of the Financial Matters/Audit Committee performance on this procedure, reporting this information to the GSB and the EBD.
 - k) The Internal control report content of the Compliance and internal Audit Department and of the SA.
3. Among its functions, the Financial Matters/Audit Committee is also authorized to:
- a) Propose to the GSB and the EBD measures addressed to guarantee the integrity of financial information and to the improvement of the financial information internal control systems, risk management system and internal audit.
 - b) Propose to the GSB the contracting of specialist services and independent consultants in accordance with the appropriate budgets.
 - c) Carry out other inquires in departments of the Company and its subsidiaries/group companies, when necessary in order to enable it to fulfil its duties.



- d) Obtain all the information it requires in order to carry out its duties, either directly or indirectly through the Chairman of the GSB.
 - e) Attend meetings of the EBD; attendance at meetings at which the annual accounts are to be considered is mandatory.
 - f) Assess, annually, the activity and performance of the Compliance and Internal Audit Department as well as the work conditions adequacy namely the human resources and technical means levels.
 - g) Review, annually, coordination with the EBD, the Internal Audit Basic Standard.
 - h) Monitor on a permanent basis the communication of the Company to the Statutory Auditors Association the conclusion of contracts, on behalf of the SA, the nature and duration of the service to be provided for.
4. The Financial Matters/Audit Committee will establish all the necessary mechanisms to enable it to work in conjunction with the supervisory bodies in the subsidiaries or group companies, with the aim of holding regular joint meetings and defining procedures for monitoring their work.

Article 13

Reporting to the GSB

1. At the beginning of each year, the Financial Matters/Audit Committee must submit its yearly Plan of Activities to the GSB Plenary Meeting for approval.
2. The Financial Matters/Audit Committee will inform the GSB of its conclusions and minutes and must submit written reports or statements on the most important matters.
3. The informative elements referred on the previous number should also be made available on the internal information sharing platform.
4. At the first semester GSB ordinary meeting, the Financial Matters/Audit Committee Chairman shall present to the GSB updated information on the most important matters with which the Committee has dealt.



5. The Financial Matters/Audit Committee must produce an annual report of its work and its assessment of this work, which will be submitted to the GSB for consideration and will be included in its annual report.

Article 14

Internal Regulation

1. The Financial Matters/Audit Committee will annually review the implementation of this Regulation and will submit to the Chairman of the GSB the amendments necessary to improve the Committee's work, for approval in GSB Plenary Meeting.
2. The GSB Internal Regulation applies to all areas not covered by this Regulation.

Article 15

Publication

The Internal Regulation of the Financial Matters/Audit Committee is published on the institutional website of the Company.



ANNEX I
PROCEDURE ON CRITERIA AND THE SELECTION PROCESS OF STATUTORY AUDITOR (SA)
OF THE COMPANY

Article 1

Object

This procedure is to establish the criteria and the selection process of the Statutory Auditor of the Company.

Article 2

Competence

1. The Audit Committee (AUDC) is responsible to define the criteria and coordinate the selection process of the Statutory Auditor of the Company.
2. AUDC may request to the GSB Chairman for technical support of the GSB Support Office.

Article 3

Criteria and SA selection process of the company

1. The selection of the Statutory Auditor of the Company will be made taking into account the following criteria:
 - i. Professional technical experience of the candidate;
 - ii. Academic curriculum and professional experience of team members dedicated by the candidate to the work among companies of EDP Group;
 - iii. Specific know how of the competitor among companies of EDP Group;
 - iv. Technical quality of the proposal;
 - v. Work methodology
 - vi. Guarantees of honesty, independence, absence of conflicts of interest;
 - vii. Number of hours foreseen to develop the work;



- viii. Price, detailing the value of the proposed fees and average fees per hour, per professional category and financial conditions;
 - ix. Guarantees of operational and financial capacity of the competitor.
2. On the choice of proposal(s) it deems most advantageous, AUDC, will consider the criteria identified in the preceding paragraph by the order it deems most appropriate, taking into account the specific circumstances.
 3. Except in cases of mandate reappointment, the SA selection is made through a selection procedure coordinated by the Financial Matters/Audit Committee with the following phases:
 - i. Drawn-up of the procedure documents addressed to statutory auditors or statutory auditors' companies inviting them to present accounting legal reviews service provision proposals. The documents should point out:
 - a. the activity scope of EDP.
 - b. the service to be provided for.
 - c. the selection criteria set forth in number 1 of this article and the priority order of such under the terms deemed more adequate, taking into consideration the procedure specific circumstances.
 - ii. Opening of procurement procedure, under the terms and modality deemed adequate for the Company, that could include to the proposal request of specific statutory auditors or statutory auditors' companies and direct negotiation with the interested applicants.
 - iii. Evaluation of the proposal(s) and selection of the more convenient proposal according to the criteria as defined in the procedure documents in order to propose to the Shareholders' Meeting the appointment of the Statutory Auditor for their consideration.
 - iv. Preparations of the report on the conclusion of the selection procedure under the terms of the following article.

Article 4

Proposals Assessment Report and Selection Proposal of the Financial Matters/Audit Committee



1. After reviewing the proposals, taking into account the referred to in Article 3, AUDC prepares a report on the evaluation process of proposals to the GSB, with a view to select the Statutory Auditor of the Company.
2. The AUDC report must include a critical review of the conclusions of the process and properly support the proposal for a statutory auditor selection of the Company.
3. The report should include a recommendation on the selection of the SA with a minimum of two options to be proposed to the Shareholders' Meeting of the Company, expressing the justifications for their preference.
4. The Financial Matters/Audit Committee states in the report that the recommendation is exempt from third party influences and that no clause that aims to limit the SA choice by the Shareholders' Meeting of the Company has been imposed.
5. This article is applicable to the reappointment of the SA mandate, being the Financial Matters/Audit Committee in this case exempt from presenting other option according to number 3.
6. The report referred to in the preceding paragraphs must be submitted to the GSB.



ANNEX II

STATUTORY AUDITOR ANNUAL ASSESSMENT PROCEDURE

Article 1

Object

This procedure is to establish the rules for the annual evaluation of the Statutory Auditor (SA) of the Company.

Article 2

Competence

1. The Committee on Financial Matters / Audit Committee (AUDC) is responsible for the annual review of the SA and the EA of the Company, including as to their independence.
2. In the assessment of the SA, AUDC can ask the Chairman of the GSB, technical support from the GSB Support Office.

Article 3

SA Report

Until the 31st of January of each year, the SA of the Company submit to AUDC a report with the following elements:

- a) SA governance structure;
- b) SA Internal quality control system;
- c) Declaration on independence practices of the SA which also confirms the completion of an internal review of independence compliance of such practices;
- d) The mechanisms used to assess whether any service provided to EDP is a threat to their independence;
- e) Description of services provided by the SA to EDP, by geography, in the previous year and amount of remuneration received;
- f) Annual revenues from audit services rendered;
- g) Annual revenues from other than provided audit services;



- h) Indication of whether some potentially conflicting services with independence are provided.
- i) Confirm the independence of the SA or the threats to its independence and the measures for the respective mitigation.

Article 4

AUDC Assessment

1. Upon reception of the document referred to in Article 3, AUDC prepares a report on the performance of the SA and on their independence.
2. The AUDC report shall include a critical review of the information received in relation to each of the paragraphs and subparagraphs contained in Article 3 and shall also express a conclusion as to the degree of independence of the SA according to the following classification: acceptable; acceptable with lower risks; not acceptable.
3. The report referred to in the preceding paragraphs must be submitted to the GSB.