



Internal Regulation of the Strategy and Performance Committee

**INTERNAL REGULATION
STRATEGY AND PERFORMANCE
COMMITTEE**

Approved on 13 December 2018

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INTERNAL REGULATION OF THE STRATEGY AND PERFORMANCE COMMITTEE

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Article 1

Establishment of the Strategy and Performance Committee

The aim of these Internal Regulation is to establish the rules for the organisation, functioning, responsibilities, powers and duties of the Strategy and Performance Committee (SPC or Committee), appointed by decision of the General and Supervisory Board (GSB), in accordance with article 23(1) of EDP's Articles of Association.

Article 2

Mission and Principles

1. The SPC, established by the GSB, is responsible for exercising the functions described in Article 9 of this Regulation and its mission is to oversee the following areas on a continuous basis:
 - a) Short, medium and long-term strategies and scenarios.
 - b) Strategic implementation, business planning and respective budgets.
 - c) Investments and divestiture.
 - d) Debt and financing
 - e) Strategic alliances.
 - f) Development of markets and competitiveness.
 - g) Regulatory issues.
 - h) Analysis of the EDP Group's and its Business Units performance.
 - i) Benchmarking the EDP Group's performance in relation to the sector's leading companies.
 - j) Assessment of the competitiveness of EDP's business portfolio.
2. The work carried out by the Committee as part of its duties also extends to subsidiaries and may include information relevant to other companies in which the Company or its subsidiaries have a direct or indirect stake.
3. The SPC and its members must ensure its activities strictly comply with law, the Articles of Association, the decisions of the General Meeting and with this Regulation.



Article 3

Composition

1. The SPC is elected by the GSB and must be composed of at least five members, all suitably qualified and experienced.
2. Members of the Committee are elected for the same terms of office as that of the GSB which elects them.
3. The Chairman of the SPC is elected by the GSB.
4. The Chairman of the EBD may attend and participate in the work of the SPC but has no voting rights.

Article 4

Functioning

1. Meetings of the 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 or Chairman of the EBD.
2. The SPC should meet regularly enough to ensure its duties can be carried out and at least once every three months.
3. The notice of meeting and agenda should be sent to all members of the Strategy and Performance Committee and the Chairman of the GSB and of the EBD at least eight days in advance of the meeting.
4. If essential to its work, the Strategy and Performance Committee may decide to include external members in its meetings and, in relation to the Company and its subsidiaries, may jointly or individually request the attendance of the following:
 - a) Members of the Board of Directors.
 - b) Members of the Supervisory bodies.
 - c) The Statutory Auditor.
 - d) Senior Management or other members of staff, in collaboration with the appropriate administrative bodies.
 - e) Shareholders.
 - f) External experts.



5. The Strategy and Performance Committee is required to hold meetings and make decisions by majority attendance. Decisions are taken on a majority vote basis and in the event of a tie, the Chairman has a casting photo.
6. Minutes are taken of each meeting of the Strategy and Performance Committee and are signed by all members attending the meeting.
7. In pursuit of its objectives, the Strategy and Performance Committee may request from the Chairman of the GSB the technical assistance of the GSB Support Office.

Article 5

Strategy and Performance Committee Chairman Responsibilities

The Chairman of the Strategy and Performance Committee is especially responsible for:

- a) Representing the Strategy and Performance Committee in and out of court;
- b) Coordinate the Strategy and Performance Committee activity, in conjunction with the GSB Chairman, as well as, convene and chair the respective meetings;
- c) Exercise a casting vote;
- d) Ensure the circulation of information by the Strategy and Performance 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, Strategy and Performance Committee members are subject to the incompatibility rules set forth in article 414-A(1)(a)(b)(c)(d)(e)(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 Strategy and Performance 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 Strategy and Performance 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 Strategy and Performance 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 Strategy and Performance 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 SPC 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 SPC, 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, SPC 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. 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 SPC 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 SPC Chairman on the facts that may constitute or give cause to a conflict between his/hers interests and the social interest.
2. The SPC 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 SPC 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, Committee members have the right to:
 - a) Obtain information considered essential for the performance of their duties, through the Chairman of the SPC.
 - b) Propose to the Chairman of the SPC 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 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 SPC 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 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 Strategy and Performance Committee

1. The 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 SPC shall monitor compliance with rules applicable to the work of its members, in particular those set out in this Regulation.
3. Every year, the Committee shall evaluate:
 - a) The activity developed, 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 SPC is responsible for the following duties:
 - a) Analyse the strategic plans of the Company, analysing the different development scenarios on which those plans are based and their implementation in the different markets and business areas in which the Company operates.
 - b) Assess the Company's business plans and annual budget, considering the Company's strategic guidelines.
 - c) Analyse investment and divestment projects, mergers, acquisitions and business restructuring of significant value, considering the Company's strategic guidelines.



- d) Monitor funding operations and the evolution of capital structure, namely by analysing the Company's debt, considering all variables with relevant impact on these issues.
 - e) Monitor strategic alliances established by the Company and subsequent specific actions, considering the Company's strategic guidelines.
 - f) Monitor, in articulation with the Financial Matters/Audit Committee, the risk control and management policies, in particular strategic and business risks.
 - g) Follow up on the regulatory frameworks that affect the Company's activity, assessing regulatory risk and predictable impact on the Company's results.
 - h) Appraise requests for prior opinions presented by the EBD, whenever such is considered relevant by the Chairman of the GSB.
 - i) Oversee and advise, in close collaboration with the EBD, on the definition of the Company's key performance indicators.
 - j) Analyse the Company's corporate performance, using suitable tools to measure the performance, reports prepared by the Company's management and strategy bodies and research reports from third parties.
 - k) Conduct the Company's performance benchmark against the leading companies in the sector and comparable international best practices.
 - l) Assess the competitiveness of the portfolio of EDP businesses in terms of areas of activity and locations.
 - m) Oversee the execution and results of significant investment projects.
2. For matters deemed significant and with impact on the Company's business, the Committee shall prepare a written document with the main conclusions and recommendations, submitting it to the Plenary meeting of the GSB for discussion and approval.

Article 13

Reporting to the GSB

1. At the beginning of each year, the Committee must submit its yearly Plan of Activities to the GSB for approval.



2. The SPC should inform the GSB Chairman of all decisions and minutes as well as present reports and written information on the most relevant matters.
3. The informative elements referred on the previous number should also be made available on the internal information sharing platform.
4. At the GSB ordinary Plenary Meeting, after the end of the first semester, the Chairman of the SPC shall summarise the situation on the most important matters which the Committee has dealt with.
5. The Committee must produce an annual report of its activities and an assessment of these activities, which will be submitted for approval by the Plenary Meeting of the GSB and will be included in the annual report of the GSB.

Article 14

Internal Regulation

1. On an annual basis, the SPC will review the implementation of this Regulation, and will propose to the Plenary GSB for approval, any necessary amendments to enable the Committee to fully carry out its work.
2. The GSB Internal Regulation is applicable to all areas not covered by this Regulation.

Article 15

Publication

This Regulation is published on the institutional website of the Company.