



General and Supervisory Board

INTERNAL REGULATION

CORPORATE GOVERNANCE AND SUSTAINABILITY

COMMITTEE

Approved on 13 December 2018

This is an unofficial translation of the Corporate Governance and Sustainability Committee Internal Regulation prepared for information purposes only. In the case of any discrepancy between this translation and the Portuguese version of the Internal Regulation, the Portuguese version will prevail.



CORPORATE GOVERNANCE AND SUSTAINABILITY COMMITTEE - CGSC

INTERNAL REGULATION

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Article 1

Establishment of the Corporate Governance and Sustainability Committee

The aim of this Internal Regulation is to establish the rules for the organisation, functioning, responsibilities, powers and duties of the Corporate Governance and Sustainability Committee (CGSC 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 CGSC, created by the GSB, is responsible for exercising the functions described in Article 4 of this Regulation and its mission is to oversee and supervise the following areas on a continuous basis:
 - a) Corporate governance;
 - b) Strategic sustainability;
 - c) Internal codes of ethics and conduct;
 - d) Systems for evaluating and resolving conflicts of interest in relations between the Company and its shareholders;
 - e) Internal proceedings and relationship between the Company and Subsidiary or Group companies and their employees, clients, providers and remaining stakeholders.
2. The work carried out by the CGSC 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 CGSC 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 CGSC is elected by the GSB and composed of no less than three members. It consists mainly of suitably qualified and experienced independent members of the GSB, as defined in the GSB Internal Regulation.
2. Members of the CGSC are elected for the same terms of office as that of the GSB which elects them.
3. The Chairman of the CGSC is elected by the GSB.
4. As a permanently co-opted member, the Chairman of the Executive Board of Directors may attend and participate in the work of the CGSC but has no voting rights.

Article 4

Functioning

1. Meetings of the CGSC 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 CGSC should meet regularly enough to ensure its duties can be carried out, at least quarterly.
3. The notice of meeting and agenda should be sent to all members of the CGSC and the Chairmen of the GSB and EBD at least eight days in advance of the meeting.
4. If essential to its work, the CGSC may decide to include external members in its meetings and, in relation to the Company and its subsidiaries, 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 Statutory Auditor.
 - d) Managerial or other members of staff, in collaboration with the appropriate administrative bodies.
 - e) Shareholders.
 - f) External experts.



5. The CGSC 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.
6. Minutes are taken of meetings of the CGSC, and which are signed by all members attending that meeting.
7. So as to develop its activity, the CGSC may require technical assistance from the Support Office of the GSB to the Chairman of the GSB.

Article 5

Corporate Governance and Sustainability Committee Chairman Responsibilities

The Chairman of the Corporate Governance and Sustainability Committee is especially responsible for:

- a) Representing the Corporate Governance and Sustainability Committee in and out of court;
- b) Coordinate the Corporate Governance and Sustainability Committee activity, as well as, convene and chair the respective meetings;
- c) Exercise a casting vote;
- d) Ensure the circulation of information by the Corporate Governance and Sustainability 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, CGSC 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 CGSC 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 CGSC, 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 CGSC 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 CGSC 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 CGSC 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 CGSC, 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, CGSC 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. CGSC 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 Corporate Governance and Sustainability 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 Corporate Governance and Sustainability Committee Chairman on the facts that may constitute or give cause to a conflict between his/hers interests and the social interest.
2. The Corporate Governance and Sustainability 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 Corporate Governance and Sustainability 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, CGSC members have the right to:
 - a) Obtain information considered essential for the performance of their duties, through the Chairman of the CGSC.



- b) Propose to the Chairman of the CGSC 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 Corporate Governance and Sustainability 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 CGSC 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 CGSC 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

1. The CGSC 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 CGSC shall monitor compliance with rules applicable to the work of its members, in particular those set out in this Regulation.
3. Every year, the CGSC 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 CGSC is responsible for:
 - a) Overseeing and assessing the suitability of the corporate governance model implemented by the Company and their compliance with internationally accepted models of corporate governance, forwarding any appropriate recommendations in this area to the GSB and the EBD.
 - b) Supervising compliance with, and the correct application of, the corporate governance principles and standards in force, in liaison with the work of the GSB, EBD and SA, promoting and requesting the exchange of information necessary for this purpose.
 - c) Overseeing and assessing the Company's corporate image before several stakeholders namely in terms of the market in general, investors and the supervisory authorities, by monitoring the work of the appropriate Company departments, taking into consideration the implemented strategies, policies, process and procedures.
 - d) Support and monitor the drawing up of, Company policies and strategies for sustainability and their implementation, forwarding any appropriate recommendations in these areas to the GSB and the EBD.
 - e) Supervising the work of the Environment and Sustainability Board.
 - f) The ongoing monitoring, assessment and supervision of internal procedures for matters relating to conflicts of interest and the effectiveness of systems for the assessment and resolution of conflicts of interest.
 - g) Assisting in defining the policy of the Company and its subsidiaries for the code of conduct, the adoption of good practices and compliance with the highest standards of ethics.
 - h) Overseeing the application of the code of ethics, establishing regulatory guidelines and striving to ensure that it is correctly implemented by the Company and its subsidiaries at senior levels.



- i) Intervening in the mediation of conflicts of interest arising out of the work of the Company, namely with regard to shareholders.
 - j) Issuing opinions on the application of rules for incompatibility and independence to members of the Company's corporate bodies, when requested by the GSB.
 - k) Issuing opinions on matters subject to GSB previous opinion or exemption from previous opinion relating to related parts, corporate governance and sustainability, or that have given rise to conflicts of interest involving the Company, shareholders and members of the corporate bodies, which shall be given notice to the GSB for its decision.
 - l) In collaboration with the EBD, supervising the definition of the criteria and powers required for the structures and internal bodies of the Company, its subsidiaries and other entities for which the Company has the right to appoint members of corporate bodies, and their repercussions on the respective composition, in conjunction with EDP's Selection Policy and the criteria set forth therein on terms of merit, adequacy to the function and diversity.
 - m) In collaboration with the EBD, supervising the drawing up succession plans for the structures and internal bodies of the Company, its subsidiaries and other entities for which the Company has the right to appoint members of corporate bodies.
 - n) In collaboration with the appropriate bodies, arranging for the timely replacement or filling of vacant positions in the Company's corporate bodies.
2. In carrying out its work, the CGSC will pay special attention to supervision of the following:
- a) Changes in policies and practices relating to corporate governance, namely changes in statutes or internal regulation.
 - b) The overall organisation of the Company and its subsidiaries with regard to corporate governance.
 - c) The Company's institutional and commercial relations with members of the corporate bodies and qualifying shareholders, identifying any conflicts of interest.
 - d) Compliance with good governance practices, ethical codes and codes of conduct on the part of the Company and its subsidiaries.



3. With regard to point 1, paragraph n), the CGSC must strive to define criteria and powers which take into account:
 - a) Experience and merit in business management.
 - b) Professional and academic ability within the Company's area of work.
 - c) Identification with the aims and values of the Company.
 - d) Decision-making abilities and independence in management.
 - e) Integrity, ethics and professional and personal values.
4. The CGSC will establish all the necessary mechanisms to enable it to work in conjunction with organisations and departments in the Company and its subsidiaries, with the aim of holding regular joint meetings and defining procedures for monitoring activities.

Article 13

Reporting to the GSB

1. At the beginning of every year, the CGSS must submit its yearly Plan of Activities to the GSB Plenary Meeting for approval.
2. The CGSC 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 half-year GSB ordinary meeting, the CGSC Chairman shall present to the GSB updated information on the most important matters with which the Committee has dealt.
5. The CGSC must produce an annual report of its activities and an assessment of these activities, which will be submitted to the GSB plenary for approval and will be included in the annual report of GSB.



Article 14

Internal Regulation

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

Article 15

Publication

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