



ENERGY WITH INTELLIGENCE

ANNUAL REPORT OF THE GENERAL
AND SUPERVISORY BOARD
2015



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MESSAGE FROM THE CHAIRMAN

1. GOVERNANCE MODEL

In line with the procedure adopted in previous years, information on the structure and practices of the corporate management bodies and the statement of compliance with the recommendations of the Corporate Governance Code published in 2013 by the CMVM (Securities and Exchange Commission) is included in EDP 2015 Annual Report & Accounts.

We present here a number of general considerations on the existing EDP governance model, which has been in place for ten years, and briefly systematise the activity developed last year as regards corporate governance practices in force at the Company.

As you all know, EDP has a two-tier model, under which it pertains to the Executive Board of Directors to set the aims and management policies for the company and the Group, and to the General and Supervisory Board to permanently monitor, advise and supervise the company's management.

An assessment could be made that the solution approved at the General Meeting of 30 March 2006, although its original structure has been maintained, underwent adjustments and developments, so as to evolve and keep up, as closely as possible, with the socio-economic background in which the Company operates, and has today in place the appropriate mechanisms to meet current demands.

The Executive Board of Directors/General and Supervisory Board duality is underpinned by a permanent dialogue between both bodies, whose benefits for the Company are in direct proportion to the extent of its effectiveness. It can be said that social interest has always guided the activity of the General and Supervisory Board and the Executive Board of Directors, contributing to EDP addressing, in the best possible way, the adverse climate that has marked the last few years.

The role of corporate governance is especially relevant in this context. EDP is a reference company in Portugal and abroad, and has conducted its business, at all times, in strict compliance with applicable laws. However, today more than ever the need to go even further is a reality, to endow the companies with the tools to ensure that, in addition to these laws, it is important to promote good practices so that they are able to effectively and efficiently conduct their business in line with the private aims that gave rise to its creation and live up to their attendant social responsibilities.

In this field, EDP has taken up a proactive stance, publishing in 2010 its Corporate Governance Manual. In order to respond to the concerns expressed by the CMVM, the stakeholders and society at large, the EDP Group enshrined in this Manual the good practices implemented in its activities, by reference to the Regulator's recommendations.

The year of 2015 was marked by the preparation of a New *Corporate Governance Manual* for the EDP Group that reflects (i) the CMVM recommendations published in 2013, (ii) the changes introduced in 2015 to the General and Supervisory Board Specialized Committees, and (iii) the new Statute of the Association of Statutory Auditors and the Legal Framework for Auditing Supervision, published, respectively, by Law No. 140/2015, of 7 September, and Law No. 148/2015, of 9 September.

This new *Manual* was approved by the Corporate Governance and Sustainability Committee of the General and Supervisory Board on 16 December 2015, with the General and Supervisory Board and the Executive Board of Directors having also approved it in early 2016.

EDP firmly believes that compliance with good practices and the pursuit of social interest underpin two key aims in the Group's activity, for which the *Corporate Governance Manual* will act as the guidelines for an excellence-based corporate conduct.

2. GENERAL AND SUPERVISORY BOARD

2.1. COMPOSITION

EDP's Articles of Association provides that the General and Supervisory Board shall be composed of a number of Members not less than nine, but always higher than the number of directors and shall be composed of a majority of independent Members. It should be noted that, by virtue of his office, the Chairman of the General Shareholders' Meeting is also a Member of the General and Supervisory Board.

Members of the General and Supervisory Board in office until 21 April 2015, were as follows:

GENERAL AND SUPERVISORY BOARD		INDEPENDENT MEMBERS	DATE OF INITIAL ELECTION
Chairman	Eduardo de Almeida Catroga	Independent	30-03-2006
Vice-Chairman	China Three Gorges Corporation, represented by Dingming Zhang		20-02-2012
	Cajastur Inversiones, S.A., represented by Felipe Fernández Fernández		02-06-2008
	China International Water & Electric Corp., represented by Guojun Lu		20-02-2012
	China Three Gorges (Europe), S.A., represented by Shengliang Wu		20-02-2012
	China Three Gorges New Energy Co. Ltd., represented by Ya Yang		20-02-2012
	Fernando Maria Masaveu Herrero		20-02-2012
	José de Mello Energia, S.A., represented by Luis Filipe da Conceição Pereira		14-04-2011
	Nuno Manuel da Silva Amado		06-05-2013
	Senfora SARL, represented by Mohamed Ali Ismaeil Ali Al Fahim		16-04-2010
	Sonatrach, represented by Harkat Abderezak		12-04-2007
	Alberto João Coraceiro de Castro	Independent	30-03-2006
	António Sarmento Gomes Mota	Independent	15-04-2009
	Augusto Carlos Serra Ventura Mateus	Independent	06-05-2013
	Ilídio da Costa Leite de Pinho	Independent	20-02-2012
	Jorge Avelino Braga de Macedo	Independent	20-02-2012
	Manuel Fernando de Macedo Alves Monteiro	Independent	30-03-2006
	Maria Celeste Ferreira Lopes Cardona	Independent	20-02-2012
	Paulo Jorge de Assunção Rodrigues Teixeira Pinto	Independent	20-02-2012
	Rui Eduardo Ferreira Rodrigues Pena	Independent	12-04-2007
	Vasco Joaquim Rocha Vieira	Independent	20-02-2012
	Vítor Fernando da Conceição Gonçalves	Independent	30-03-2006

On 21 April 2015, the General Shareholders' Meeting elected 21 Members to the General and Supervisory Board for the three-year term 2015-2017, of which 11 have independent statute, as indicated below:

CONSELHO GERAL E DE SUPERVISÃO		MEMBROS INDEPENDENTES	DATA DE ELEIÇÃO INICIAL
Chairman	China Three Gorges Corporation, represented by Eduardo de Almeida Catroga *		20-02-2012
Vice-Chairman	Luís Filipe Marques Amado	Independent	21-04-2015
	Banco Comercial Português, S.A., represented by Nuno Manuel da Silva Amado		21-04-2015
	China International Water & Electric Corp., represented by Guojun Lu		20-02-2012

CONSELHO GERAL E DE SUPERVISÃO		MEMBROS INDEPENDENTES	DATA DE ELEIÇÃO INICIAL
	China Three Gorges (Europe), S.A., represented by Dingming Zhang		20-02-2012
	China Three Gorges (Portugal), Sociedade Unipessoal, Lda., represented by Shengliang Wu		21-04-2015
	China Three Gorges New Energy Co. Ltd., represented by Ya Yang		20-02-2012
	DRAURSA, S.A., represented by Felipe Fernández Fernández		21-04-2015
	Fernando Maria Masaveu Herrero		20-02-2012
	Senfora BV, represented by Mohamed Ali Ismaeil Ali Al Fahim		21-04-2015
	Sonatrach, represented by Ferhat Ounoughi		12-04-2007
	Alberto Joaquim Milheiro Barbosa	Independent	21-04-2015
	António Manuel de Carvalho Ferreira Vitorino	Independent	21-04-2015
	António Sarmiento Gomes Mota	Independent	15-04-2009
	Augusto Carlos Serra Ventura Mateus	Independent	06-05-2013
	Ilídio da Costa Leite de Pinho	Independent	20-02-2012
	João Carvalho das Neves	Independent	21-04-2015
	Jorge Avelino Braga de Macedo	Independent	20-02-2012
	Maria Celeste Ferreira Lopes Cardona	Independent	20-02-2012
	María del Carmen Fernández Rozado	Independent	21-04-2015
	Vasco Joaquim Rocha Vieira	Independent	20-02-2012

* Eduardo Catroga was an independent Member of GSB on the mandates 2006-2008, 2009-2011 and an independent chairman in the term of office 2012-2014.

In the EDP 2015 Annual Report & Accounts, there is a summary of the curriculum vitae of each member of the General and Supervisory Board for the three-year term 2015-2017, including their professional qualifications and their professional activities in, at least, the last five years, covering functions performed in other companies.

In the EDP Annual Report & Accounts for 2015, 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 incompatibilities for the performance 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 Board, there must be a majority of Members with independent statute in the General and Supervisory Board.

In order to fulfil its commitment to the adoption of the best corporate governance practices, the General and Supervisory Board has in place 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 Members' declarations of liability.

This procedure includes the following:

- ⌘ Acceptance of membership of the General and Supervisory Board is made by written statement, 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 Regulation 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 7(1) of the Internal Regulation 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 Chairman 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 Regulation 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 statement on the absence of incompatibilities and, where applicable, provided evidence of their independence, and this statement was renewed on 31 December 2015.

According to the internal procedures defined for this purpose, the General and Supervisory Board declares that, based on information collected for the purpose and the assessment made at its meeting on 3 March 2016, no situation was observed:

- ⌘ Of incompatibility in relation to its Members;
- ⌘ Likely to affect the independence of Members identified as such.

Members' statements are available to be consulted on the EDP website (www.edp.pt).

2.2. DUTIES

In the exercise of its powers, the main mission of the General and Supervisory Board is to ensure, at all times, the monitoring, counselling and supervision of the management of EDP, cooperating with the Executive Board of Directors and other management and corporate bodies in the pursuit of social interest, pursuant to the Law and the Company's Articles of Association, in particular Article 22.

In the Corporate Governance Report, a comprehensive description of the powers of the General and Supervisory Board is given. Due to their special relevance, the following aspects are emphasised:

- ⌘ The function of supervising the activities of the Executive Board of Directors has to be understood in the broadest sense, with shareholders requiring that this be performed on a permanent basis pursuant to Article 22(1)(a) of the Articles of Association, to ensure that all of EDP's shareholders and stakeholders are adequately protected.
- ⌘ The monitoring of management activities is not limited to EDP, but is extended to all Subsidiary Companies; however, bearing in mind the different size of these companies and their large number, the General and Supervisory Board pays particular attention to the following companies:
 - ≡ EDP – Gestão da Produção de Energia, S.A.
 - ≡ EDP Distribuição – Energia, S.A.
 - ≡ EDP Comercial – Comercialização de Energia, S.A.
 - ≡ EDP Gás, SGPS, S.A.
 - ≡ EDP Energias do Brasil, S. A.
 - ≡ Hidroeléctrica del Cantábrico, S.A.
 - ≡ Naturgás Energia Grupo, S. A.
 - ≡ EDP Renováveis, S.A.
 - ≡ EDP Internacional, S.A.

- ⌘ All materially relevant operations (strategic plan, business plan, budget, acquisitions and disposals, financing, investments/divestments, establishment or termination of strategic partnerships and transactions of particular strategic significance) are systematically scrutinised by the General and Supervisory Board, namely through the prior opinion procedure.
- ⌘ Clarifying matters which, due to their nature, may have implications for the image of EDP.

2.3. ORGANISATION AND FUNCTIONING

The organisation of the General and Supervisory Board is in accordance with the Law and EDP's Articles of Association, and also takes into account recommendations of best governance practices applicable to listed companies, with an emphasis on the Corporate Governance Code of CMVM.

The General and Supervisory Board works through plenary meetings and through specialised committees, in which the General and Supervisory Board delegates the exercise of certain functions, without prejudice to maintaining responsibility for their performance.

Under the terms of EDP's Articles of Association, 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. Therefore, 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 Chairman of the General and Supervisory Board to organise and coordinate activities, and to represent the Board, ensuring the proper implementation of its resolutions. Given the broad composition of the General and Supervisory Board, the Chairman 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 Chairmen to maintain direct, constant contact, whether formal or informal, to provide mutual information about the main events related to the current management of the Company and its supervision. This contact has been a reality since the beginning of the functioning of the two boards.

In addition to the plenary meetings of the General and Supervisory Board and its specialized Committees, and in the light of this permanent contact, the Chairman of the General and Supervisory Board selects issues for clarification with the Chairman of the Executive Board of Directors, subsequently, and whenever appropriate, informing the Members of the General and Supervisory Board.

The By-Laws gives the Chairman of the General and Supervisory Board the right to attend meetings of the Executive Board of Directors, without voting rights. The same right is granted to the Chairman of the Executive Board of Directors, whose presence at meetings of the General and Supervisory Board is provided for in the Articles of Association.

2.4. SPECIALIZED COMMITTEES

The specialized Committees of the General and Supervisory Board are exclusively composed of Members of the General and Supervisory Board.

Given the nature and the functions assigned to it, the General and Supervisory Board has specialized Committees for dealing with matters of particular importance.

These Committees are exclusively composed of General and Supervisory Board 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 decision-making process of the General and Supervisory Board and keep it informed on the specific subjects they deal with.

In the case of the Financial/Audit Committee and the Remuneration Committee, they were set up in response to legal and statutory requirements. The General and Supervisory Board took the decision in 2006 to establish the Corporate Governance and Sustainability Committee and, in 2012, the Strategy Committee and the Performance and Competitiveness Analysis Committee.

After the General Meeting of 21 April 2015, and following a period of internal reflection, it was deemed appropriate to merge the Strategy Committee and the Performance and Competitiveness Analysis Committee, since the powers of these two committees are compatible and, in many cases, interdependent, and this resulted in the establishment of the Strategy and Performance Committee.

The General and Supervisory Board, through its Chairman, permanently monitors the activities of its Committees, which, in turn, must periodically report on their activities to the Board.

The Corporate Governance Report contains a description of the composition and functions delegated by the General and Supervisory Board to each of its specialized Committees. On the EDP website at www.edp.pt, detailed information on the Committees and their Internal Regulations is also provided.

The mission and composition of each of the General and Supervisory Board's specialized Committees are described below.

2.4.1 FINANCIAL/AUDIT COMMITTEE

MISSION

The Financial/Audit Committee is appointed by the General and Supervisory Board under Article 23(2) of the Articles of Association, and its main mission is to monitor and supervise on a permanent basis:

- Financial matters relating to the Company.
- The internal procedures for auditing and accounting practices followed by the Company and the Internal Financial Reporting Control System (SCIRF), in coordination with the Internal Audit Department.
- Matters relating to the internal financial reporting control system and risk management processes, particularly relating to their fiscal, legal and financial aspects.
- The activity and the independence of the Statutory Auditor and the External Auditor of the Company, with whom it should maintain a close relationship.

COMPOSITION

Up to 21 April 2015, the composition of the Financial/Audit Committee was as follows:

FINANCIAL/AUDIT COMMITTEE		DATE OF INITIAL APPOINTMENT
Chairman	Eduardo de Almeida Catroga	21-02-2012
Vice-Chairman	Vítor Fernando da Conceição Gonçalves	13-07-2006
	António Sarmento Gomes Mota	07-05-2009
	Manuel Fernando de Macedo Alves Monteiro	13-07-2006
	Maria Celeste Ferreira Lopes Cardona	18-04-2012

On 22 April 2015, the General and Supervisory Board established the Financial/Audit Committee for the period 2015-2017, which since that date has had the following composition:

FINANCIAL/AUDIT COMMITTEE		DATE OF INITIAL APPOINTMENT
Chairman	António Sarmento Gomes Mota	07-05-2009*
Vice-Chairman	João Carvalho das Neves	22-04-2015
	Alberto Joaquim Milheiro Barbosa	22-04-2015
	Maria Celeste Ferreira Lopes Cardona	18-04-2012
	María del Carmen Fernandez Rozado	22-04-2015

* Designated Chairman of the Financial/Audit Committee on the 22nd April 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 Articles of Association and its main mission is:

- To define the policy and corporate objectives for setting the remuneration of the Chairman and members of the Executive Board of Directors.
- To fix the remuneration of the Chairman and members of the Executive Board of Directors.
- To monitor and evaluate the performance of the Chairman 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.

COMPOSITION

Up to 21 April 2015, the composition of the Remuneration Committee was as follows:

REMUNERATION COMMITTEE		DATE OF INITIAL APPOINTMENT
Chairman	Alberto João Coraceiro de Castro	13-07-2006
	Guojun Lu	11-05-2012
	Ilídio da Costa Leite de Pinho	22-05-2012
	Paulo Jorge de Assunção Rodrigues Teixeira Pinto	18-04-2012

On 22 April 2015, the General and Supervisory Board established the Remuneration Committee for the period 2015-2017, which since that date has had the following composition:

REMUNERATION COMMITTEE		DATE OF INITIAL APPOINTMENT
Chairman	Yang Ya (Chairman)	21-04-2015
	Fernando Maria Masaveu Herrero	21-04-2015
	Ilídio da Costa Leite de Pinho	22-05-2012
	João Carvalho das Neves	21-04-2015
	Vasco Joaquim Rocha Vieira	21-04-2015

2.4.CORPORATE GOVERNANCE AND SUSTAINABILITY COMMITTEE

MISSION

The Corporate Governance and Sustainability Committee was established by the General and Supervisory Board as a specialist committee with expertise in 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 the shareholders.
- Monitoring the definition of selection criteria and necessary skills for the internal bodies and structures of the Company and the Subsidiary Companies, as well as the assessment of their impact on their composition.
- Monitoring the preparation of succession plans.

COMPOSITION

Up to 21 April 2015, the composition of the Corporate Governance and Sustainability Committee was as follows:

CORPORATE GOVERNANCE AND SUSTAINABILITY COMMITTEE		DATE OF INITIAL APPOINTMENT
Chairman	Manuel Fernando de Macedo Alves Monteiro	18-04-2012
	Ilídio da Costa Leite de Pinho	18-04-2012
	Maria Celeste Lopes Cardona	18-04-2012
	Shengliang Wu	11-05-2012
	Vasco Joaquim Rocha Vieira	18-04-2012

On 22 April 2015, the General and Supervisory Board established the Corporate Governance and Sustainability Committee for the period 2015-2017, which since that date has had the following composition:

CORPORATE GOVERNANCE AND SUSTAINABILITY COMMITTEE		DATE OF INITIAL APPOINTMENT
Chairman	Luís Filipe Marques Amado	22-04-2015
	Felipe Fernández Fernández	22-04-2015
	Jorge Avelino Braga de Macedo	22-04-2015
	Maria Celeste Ferreira Lopes Cardona	18-04-2012
	Shengliang Wu	11-05-2012

2.4.4 STRATEGY COMMITTEE

MISSION

The Strategy Committee was created as a specialist Committee to deal with matters relating to:

- Long-term scenarios and strategies.
- Strategic implementation and business planning and their budgets.
- Major investments and divestments.
- Debt and financing.
- Strategic alliances.
- Evolution of markets and competitiveness.
- Regulation.

COMPOSITION

Up to 21 April 2015, the composition of the Strategy Committee was as follows:

STRATEGY COMMITTEE		DATE OF INITIAL APPOINTMENT
Chairman	Eduardo de Almeida Catroga	18-04-2012
Vice-Chairman	Dingming Zhang	11-05-2012
	Augusto Carlos Serra Ventura Mateus	09-05-2013
	Felipe Fernández Fernández	18-04-2012
	Harkat Abderezak	18-04-2012
	Jorge Avelino Braga de Macedo	18-04-2012

STRATEGY COMMITTEE		DATE OF INITIAL APPOINTMENT
	Mohamed Ali Ismaeil Ali Al Fahim	18-04-2012
	Nuno Manuel da Silva Amado	09-05-2013
	Shengliang Wu	09-05-2013

From 22 April 2015 to 18 June 2015, the composition of the Strategy Committee was as follows:

STRATEGY COMMITTEE		DATE OF INITIAL APPOINTMENT
Chairman	Eduardo de Almeida Catroga	18-04-2012
	Alberto Joaquim Milheiro Barbosa	22-04-2015
	Augusto Carlos Serra Ventura Mateus	09-05-2013
	Dingming Zhang	11-05-2012
	Ferhat Ounoughi	22-04-2015
	Fernando Maria Masaveu Herrero	22-04-2015
	João Carvalho das Neves	22-04-2015
	Jorge Avelino Braga de Macedo	18-04-2012
	Mohamed Ali Ismaeil Ali Al Fahim	18-04-2012
	Nuno Manuel da Silva Amado	09-05-2013
	Shengliang Wu	09-05-2013

At the meeting of the General and Supervisory Board of 18 June 2015, and given that the powers of the Strategy Committee and the Performance and Competitiveness Analysis Committee are compatible and, in many cases, interdependent, the Board decided to merge these two Committees.

2.4.5 PERFORMANCE AND COMPETITIVENESS ANALYSIS COMMITTEE

MISSION

The Performance and Competitiveness Analysis Committee was created as a specialist committee responsible for matters relating to:

- Analysis of the Company's corporate performance.
- Benchmarking the Company's corporate performance in relation to other leading companies in the sector.
- Evaluation of the competitiveness of the EDP business portfolio.

COMPOSITION

Up to 21 April 2015, the composition of the Performance and Competitiveness Analysis Committee was as follows:

PERFORMANCE AND COMPETITIVENESS ANALYSIS COMMITTEE		DATE OF INITIAL APPOINTMENT
Chairman	Luís Filipe da Conceição Pereira	18-04-2012
Vice-Chairman	Ya Yang	11-05-2012
	Alberto João Coraceiro de Castro	18-04-2012
	António Sarmento Gomes Mota	18-04-2012
	Fernando Masaveu Herrero	18-04-2012
	Nuno Manuel da Silva Amado	09-05-2013

PERFORMANCE AND COMPETITIVENESS ANALYSIS COMMITTEE		DATE OF INITIAL APPOINTMENT
	Shengliang Wu	09-05-2013

From 22 April 2015 to 18 June 2015, the composition of the Performance and Competitiveness Analysis Committee was as follows:

PERFORMANCE AND COMPETITIVENESS ANALYSIS COMMITTEE		DATE OF INITIAL APPOINTMENT
Chairman	Eduardo de Almeida Catroga	18-04-2012
	Alberto Joaquim Milheiro Barbosa	22-04-2015
	Augusto Carlos Serra Ventura Mateus	22-04-2015
	Dingming Zhang	11-05-2012
	Ferhat Ounoughi	22-04-2015
	Fernando Maria Masaveu Herrero	18-04-2012
	João Carvalho das Neves	22-04-2015
	Jorge Avelino Braga de Macedo	22-04-2015
	Mohamed Ali Ismaeil Ali Al Fahim	22-04-2015
	Nuno Manuel da Silva Amado	09-05-2013
	Shengliang Wu	09-05-2013

At the meeting of the General and Supervisory Board of 18 June 2015, and given that the powers of the Strategy Committee and the Performance and Competitiveness Analysis Committee are compatible and, in many cases, interdependent, the Board decided to merge these two Committees.

2.4.6 STRATEGY AND PERFORMANCE COMMITTEE

MISSION

The Strategy and Performance Committee was established at the meeting of the General and Supervisory Board on 18 June 2015, as a result of the merger of the Strategy Committee and the Performance and Competitiveness Analysis Committee, as a specialist Committee with responsibility for matters relating to:

- Short, medium and long term scenarios and strategies.
- Strategic implementation and business planning and their 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 the Company's corporate performance, as Group, in relation to other leading companies in the sector.
- Evaluation of the competitiveness of the EDP business portfolio.

COMPOSITION

The composition of the Strategy and Performance Committee is as follows:

STRATEGY AND PERFORMANCE COMMITTEE		DATE OF INITIAL APPOINTMENT
Chairman	Eduardo de Almeida Catroga	18-06-2015
	Alberto Joaquim Milheiro Barbosa	18-06-2015
	Augusto Carlos Serra Ventura Mateus	18-06-2015
	Dingming Zhang	18-06-2015
	Ferhat Ounoughi	18-06-2015
	Fernando Maria Masaveu Herrero	18-06-2015
	João Carvalho das Neves	18-06-2015
	Jorge Avelino Braga de Macedo	18-06-2015
	Mohamed Ali Ismaeil Ali Al Fahim	18-06-2015
	Nuno Manuel da Silva Amado	18-06-2015
	Shengliang Wu	18-06-2015

3. WORK OF THE GENERAL AND SUPERVISORY BOARD

3.1. PERMANENT ACTIVITY

As part of its legal and statutory powers, the General and Supervisory Board is responsible for the permanent monitoring, counselling and supervision of EDP's activities and top level decisions, ranging from models of business organisation and management to aspects of an eminently operational nature, through decisions on new growth opportunities and their implementation, including their funding arrangements, as well as internal and external reporting of results.

The most visible part of the General and Supervisory Board's work is in its Plenary and specialized Committee meetings, which rely on the availability and participation of their Members. In this sense, it is essential to carefully and judiciously select and prepare the matters to be given special consideration by the General and Supervisory Board at these meetings.

This selection plays a vital role and requires the sharing of a common understanding on the implementation of the powers of the General and Supervisory Board, and this, of course, has improved with experience.

In order to ensure the proper organisation and preparation of 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 Chairman.

In this context, it is particularly important that the Chairman of the General and Supervisory Board exercises his responsibilities, the most important of which are as follows:

- Representing the General and Supervisory Board and being the spokesman for its decisions with the other governing bodies.
- Maintaining a permanent relationship with the Chairman of the Executive Board of Directors, both meeting regularly and whenever necessary to evaluate the overall performance of the Company and its Subsidiary Companies.
- Taking the necessary steps to ensure that the General and Supervisory Board adequately monitors the Company's and its Subsidiary Companies' business.
- Coordinating the activities of the General and Supervisory Board and the functioning of its specialized Committees.
- Ensuring that the resolutions of the General and Supervisory Board are correctly implemented.

As in previous years, the activity of the General and Supervisory Board in 2015 was based on the annual business plan and budget, which, on the one hand, aimed at being flexible enough to accommodate the typical unpredictability of an ever-evolving sector and company, and secondly, organised and structured the work of the General and Supervisory Board, including its specialized Committees, and set priorities and goals to be achieved in the context of that activity, the following being the priority objectives:

- Improvement of the General and Supervisory Board's recurrent operational activity, namely with respect to the (i) issuing of opinions and prior opinions, (ii) monitoring of the Subsidiary Companies, (iii) positioning of EDP in its competitive environment, and (iv) developing strategic partnerships.
- Consolidation of the supervision and monitoring of the EDP Group's activities, structured from a preliminary selection according to the relative importance of the topics identified in terms of the sustainable development of EDP.

The exercise of these duties requires that the General and Supervisory Board, directly or through its Chairman, its specialized Committees and the Support Office, have the means for monitoring the operation of the business structures and the key activities of the EDP Group's life and have a reasonable, up-to-date overall knowledge of the Group's situation and the markets in which it operates.

The outcome of direct or indirect action is expressed in the adoption of certain documents, the issuing of opinion and of prior opinions or the formulation of recommendations, decided in meetings on the basis of documents prepared specifically for this purpose.

In the following paragraphs, we present a summary of the activities defined for the General and Supervisory Board and its specialized Committees, grouped according to their nature, in:

- Recurrent: Primarily geared to the fulfilment of responsibilities of a deliberative nature, for example those related to the issue of opinions and preliminary opinions, and a non-deliberative nature such as the monitoring of specific areas of corporate governance or the performance of the Group companies.

- Non-recurrent: These are mainly aimed at deepening the General and Supervisory Board Members' knowledge of EDP Group and the sector where it is integrated.

Recurrent activities of a deliberative nature include, in particular, those relating to:

- 2014 Annual Report & Accounts.
- 2015 interim reports.
- Preparation of the 2015 General Meeting.
- Monitoring the implementation of EDP's Budget for 2015 and the EDP Business Plan 2014-2017.
- Approval of EDP's Budget for 2016.
- Issuing of prior opinions.
- Revision of the internal regulations of the General and Supervisory Board and the specialized Committees.
- Review of the Corporate Governance Manual.
- Changes to the Regulation on Conflicts of Interest and Transactions between EDP Related Parties.
- Review of the Regulation of the EDP Group Code of Ethics.

Recurrent activities of a non-deliberative nature include, in particular, those relating to the monitoring of:

- The Subsidiary Companies through the monitoring of the weekly meetings of the Executive Board of Directors and the periodic reporting of the institutional activity of the Chairman of the General and Supervisory Board and its specialized Committees.
- The implementation of activities subject to prior opinion, related to strategic partnerships, investments/divestments, debt and finance.
- The evolution of the regulatory framework in countries in which the Group is present.

Non-recurrent activities include, in particular, the following initiatives promoted by the General and Supervisory Board and by its specialized committees, whose main aim was to deepen the General and Supervisory Board members' knowledge of the EDP Group and the sector in which it operates:

- Conducting a strategic Workshop on Innovation.
- Conducting a strategic Workshop on the Growth and Strategic Challenges facing EDP.
- Conducting a presentation on "Comparison of energy prices in the EU and the Country Factsheet for Portugal".

Certain issues that deserved the particular attention of the General and Supervisory Board in 2015 should also be mentioned, as they contain important material aspects justifying that they be singled out in this report. In this context, the activity of the General and Supervisory Board regarding monitoring of the following issues should be noted:

- Conflicts of interest and transactions between related parties.
- Development of the strategic partnership with China Three Gorges.
- Asset turnover programme.
- Eurobond issue and subordinated debt issue ("Hybrid").
- Securitisation of receivables related to the Tariff Deficit.
- Technical investments in progress and finalised.

Paragraph 4.1 of the Report summarises in figures the main aspects of the work of the General and Supervisory Board, comparing them with those of the previous year. These stem from the consideration that the supervision, monitoring and counselling activities should also be subject to the greatest demands and transparency, with the capacity to generate additional value for the Company.

With regard to the Budget of the General and Supervisory Board for 2015, which was approved on 18 December 2014, information on its implementation is provided in paragraph 3.6.

3.2. PLENARY MEETINGS

During 2015, the General and Supervisory Board met in 10 plenary sessions, to discuss, on average, 7 topics per meeting, the most important of which were the following:

No	DATE	LOCATION	MAIN TOPICS
1	22 Jan.	Lisbon	<ul style="list-style-type: none"> ▪ Securitisation of receivables related to tariff deficit SRP 2014 ▪ Communication Policy and Image of the EDP Group ▪ EDP Group's Information Technology Policy ▪ Real estate investment and disinvestment of EDP Group ▪ Accounting policies of EDP Group
2	3 Mar.	Lisbon	<ul style="list-style-type: none"> ▪ EDP 2014 Annual Report & Accounts ▪ State of play of Investment Projects ▪ Market reactions to improvement in the rating of EDP ▪ Proposal from GSB for election of Statutory Auditor (triennium 2015-2017) ▪ Opinion on evaluation of the EBD 2014 ▪ Opinion on evaluation of the GSB 2014 ▪ GSB Budget Implementation for 2014 ▪ Activity report for the Specialist committees in 2014 ▪ GSB Annual Report 2014
3	22 Apr.	Lisbon	<ul style="list-style-type: none"> ▪ Implementation of the incompatibilities and independence regime for GSB Members ▪ Internal Rules of Procedure for GSB and Specialist committees ▪ Deliberation on parameters of issue of prior GSB opinions ▪ Specialist GSB committees ▪ GSB and specialist committees business plan for 2015 ▪ Organisation and composition of the Support Office for the Chairman and the General and Supervisory Board ▪ Eurobond issue - prior opinion waiver ▪ Highlights of the EDP Business Plan 2014-17 and EDP Budget 2015
4	7 May	Lisbon	<ul style="list-style-type: none"> ▪ EDP Group Accounts Q1 2015 ▪ Issuing of Subordinated Debt (Hybrid) ▪ Fundação EDP - Board of Trustees ▪ Investment/Divestment Projects ▪ Financing policy, structure of financial debt and deleverage
5	18 Jun.	Lisbon	<ul style="list-style-type: none"> ▪ <i>Asset Rotation</i> – EDP R ▪ <i>Arkwright Summit Investment</i> ▪ <i>Jericho Rise Investment</i> ▪ Change of name of Hidroeléctrica del Cantábrico to EDP España ▪ Gender diversity in the governing bodies of listed entities ▪ Mapping of the risks to the EDP Group ▪ Assignment of a portion of the extra SRP's 2014 deficit - Prior opinion waiver ▪ Deliberation on parameters of issue of prior GSB opinions ▪ Specialist GSB committees ▪ Internal Rules of Procedure for GSB and specialist Committees

No	DATE	LOCATION	MAIN TOPICS
			<ul style="list-style-type: none"> ▪ GSB and specialist Committees business plan for 2015
6	30 Jul.	Lisbon	<ul style="list-style-type: none"> ▪ EDP Annual Report & Accounts - 1st Half 2015 ▪ Change to EDP's headquarters ▪ EDP Renováveis Asset <i>Rotation</i> - state of play ▪ Disposal by EDP Energias do Brasil of two mini-hydropower plants in Mato Grosso do Sul - Prior opinion waiver ▪ Efficiency improvement programmes (ongoing) ▪ FMC report on the communication of irregularities ▪ GSB and specialist Committees activity report - 1st Half 2015
7	11 Sep.	Lisbon	<ul style="list-style-type: none"> ▪ Meridiano project ▪ Pegasus project ▪ Corporate bodies of Fundação EDP - Chairman of the Board of Directors ▪ Human Resources Strategy ▪ <i>Energy Outlook</i> 2015 ▪ Strategic workshops ▪ Issuing of Subordinated Debt (Hybrid)
8	29 Oct.	Lisbon	<ul style="list-style-type: none"> ▪ EDP Annual Report & Accounts - 9M2015 ▪ EDP/CTG Partnership - Update ▪ Chaglla project in Peru (456 MW) ▪ Timber Road III project in the USA (101 MW) ▪ Growth opportunities in the USA - outside Business Plan ▪ Change to corporate headquarters of subsidiaries ▪ Investment projects - State of play ▪ Regulatory agenda for Portugal, Spain and Brazil - State of play ▪ Amendments to Regulations on Conflicts of Interest and Transactions between EDP Related Parties ▪ Review of the Regulations for the EDP Group Code of Ethics ▪ Composition of the Ethics Committee
9	3 Dec.	Lisbon	<ul style="list-style-type: none"> ▪ Chaglla project ▪ Assignment of SRP 2014 extra cost deficit ▪ Hidalgo Extension Investment project - Prior opinion waiver ▪ Babilónia Project - Prior opinion waiver ▪ Abolishment of Control and Audit Committee (<i>Comisión de Control y Auditoria</i>) of Hidroelectrica del Cantábrico - Prior opinion waiver
10	17 Dec.	Lisbon	<ul style="list-style-type: none"> ▪ EDP Budget 2016 ▪ EDP/CTG Strategic partnership ▪ Energy price comparison in the EU and the Country factsheet for Portugal ▪ Securitisation of credits for the extra SRP 2015 cost - Prior opinion waiver ▪ GSB Activity Plan and Budget 2016

3.3. ISSUE OF OPINIONS AND PRIOR OPINIONS

According to the provisions of Article 22(1)(b) of EDP By-Laws, it is the responsibility of the General and Supervisory Board to issue an opinion on the Annual Report & Accounts. Therefore, following preliminary meetings leading to the preliminary assessment of the accounts for the year 2014 and the accounts for the first quarter, second half and first nine months of 2015, in collaboration with the Audit Committee/Financial Committee, the Corporate Governance and Sustainability Committee, the Strategy and Performance Committee, the Executive Board of Directors, the Boards of the relevant Corporate Centres for the effect and the Statutory Auditor/External Auditor, the General and Supervisory Board issued a favourable opinion on the accounts for the EDP Group for the year 2014, as well as for the first quarter, second half and first nine months of 2015.

At the same time, it is important to highlight Article 17(2) of the EDP Articles of Association, that defines a number of matters subject to the prior approval of the General and Supervisory Board, which has the power to

set the parameters for measuring the economic or strategic value of the operations that must be submitted for its opinion.

Matters subject to the prior approval of the General and Supervisory Board are as follows:

- The adoption of the Company's Strategic Plan.
- The performance by the Company or Subsidiary Companies of the following:
 - Acquisitions and disposals 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.

On 18 June 2015, the General and Supervisory Board approved a set of rules for the issuing and waiver of prior opinions. These rules seek to ensure the effective exercise of the statutory powers of the General and Supervisory Board and the Executive Board of Directors, in order to promote the pursuit of the interests of the Company. In general terms, the mechanism created by the General and Supervisory Board 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 favourable prior opinion 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 for the waiver of prior opinion 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.

Note that the General and Supervisory Board intervened in 29 operations, covering the issuing of an opinion, the issuing of a prior opinion at a meeting and the waiver of prior opinion.

3.3.1 OPINIONS AND PRIOR OPINIONS IN MEETINGS

During the 2015 financial year, the General and Supervisory Board was requested to give preliminary opinions and advice 21 times, and all requests were given a favourable opinion:

ISSUING OF OPINIONS AND OF PRIOR OPINIONS

Date	Subject
22-Jan	Securitisation of receivables related to tariff deficit SRP 2014
03-Mar	EDP 2014 Annual Report & Accounts (issuing of opinion)
07-May	EDP Accounts Q1 2015 (issuing of opinion)
07-May	Issuing of subordinated debt (hybrid)
18-Jun	Asset Rotation EDP R
18-Jun	Arkwright Summit Investment

ISSUING OF OPINIONS AND OF PRIOR OPINIONS

Date	Subject
18-Jun	Jericho Rise Investment
18-Jun	Change of name of Hidroelectrica del Cantábrico
30-Jul	EDP Annual Report & Accounts H1 2015 (issuing of opinion)
30-Jul	Change of EDP's headquarters
11-Sep	Pegasus project
29-Oct	EDP Annual Report& Accounts 9M2015 (issuing of opinion)
29-Oct	Disposal of minority holding in EDP R Italy and EDP R Poland
29-Oct	ENEOP assets
29-Oct	Chaglla project in Peru (456 MW)
29-Oct	Growth opportunities in the USA - Outside Business Plan
29-Oct	Timber Road III project in the USA (101 MW)
29-Oct	Change to corporate headquarters of subsidiaries
03-Dec	Chaglla project
03-Dec	Assignment of SRP 2014 extra cost deficit
17-Dec	EDP Budget for 2016

Valuation of Operations*

Maximum value (M Euros)	1400
Average value (M Euros)	487

* Includes only quantified operations

3.3.2 PRIOR OPINION WAIVER

In 2015, the waiver of prior opinion mechanism was requested by the Executive Board of Directors in 8 cases, and the requests for waiver of prior opinion, after checking the procedures involved, were granted:

PRIOR OPINIOR WAIVER

Date	Subject
16-Apr	Eurobond Issue
13-May	Assignment of SRP 2014 extra cost deficit
15-Jul	Disposal by EDP Energias do Brasil of two mini-hydropower plants in Mato Grosso do Sul
12-Nov	Hidalgo Extension Investment project
12-Nov	Babilónia project
12-Nov	Abolishment of Control and Audit Committee (Comisión de Control y Auditoria) of Hidroelectrica del Cantábrico
15-Dec	Securitisation of credit claims for the additional cost of SRP 2015
28-Dec	Assignment of extra SRP 2015 deficit

Valuation of Operations*

Maximum value (M Euros)	750
Average value (M Euros)	289

* Includes only quantified operations

3.4. WORK OF SPECIALIST COMMITTEES

3.4.1 FINANCIAL COMMITTEE/AUDIT COMMITTEE

No	DATE	LOCATION	MAIN TOPICS
1	23 Jan.	Lisbon	<ul style="list-style-type: none"> IAD - Activities Report for Q4 2014; Self-Evaluation Report 2014; Business Plan for 2015 EBD/CATD - Request for approval of Audit and Non-Audit Services in EDP Portugal EBD/MPC - Scorecard for EDP Group in November 2014 FMC - Activity, Self-Assessment and Irregularities Reports 2014
2	6 Feb.	Lisbon	<ul style="list-style-type: none"> CA/EA - impairment test results for EDP Group assets for the year 2014; Fees invoiced to the EDP Group in the year 2014 EBD/CATD - Request for approval of Audit and Non-Audit Services in EDP Portugal EBD/GRD - Activity in 2014; control mechanisms for the implementation of mitigation and risk management measures; Evolution of KRI; Objectives for 2015
3	24 Feb.	Lisbon	<ul style="list-style-type: none"> CA/EA - Report on the conclusions of the financial statements of EDP and EDP Finance BV and the SCIRF of the EDP Group in the year 2014; Report and opinion on the accounts, the SCIRF and Sustainability, for the year 2014 Audit Committees of EDP Energias do Brasil, EDP Renováveis and Hidroeléctrica del Cantábrico - Opinion on the 2014 Annual Report & Accounts EBD/CATD - Annual Reports for the EDP Group and EDP Finance BV for 2014; Requests for approval of Audit and Non-Audit Services in EDP Portugal EBD/MPC - Scorecard for the EDP Group in 2014 EBD/SGAJ- Legal Department: report on "pending litigation" in the EDP Group for the year 2014 FMC - Opinion on the activity and independence of the CA/EA in the year 2014; Opinion on the Annual Report & Accounts of the EDP Group and EDP Finance BV and the SCIRF of the EDP Group, for 2014; Proposal for the Election of the Statutory Auditor for the EDP Group for the triennium 2015-2017
4	29 Apr.	Lisbon	<ul style="list-style-type: none"> CA/EA - Activity Plan for the Statutory Auditing for the EDP Group; Report on the conclusions of the financial statements of the EDP Group and EDP Finance BV for Q1 2015; Report and Opinion on the Accounts of the EDP Group Q1 2015 Audit Committees of EDP Energias do Brasil, EDP Renováveis and Hidroeléctrica del Cantábrico - Opinion on the Accounts for Q1 2015 EBD/CATD - Annual Report & Accounts of the EDP Group and EDP Finance BV, for Q1 2015; Requests for approval of Audit and Non-Audit Services in EDP Portugal EBD/MPC - Scorecard for the EDP Group in Q1 2015 FMC - Proposal for Activity Plan and schedule of meetings for 2015; Proposal for Internal Rules of Procedure for the Committee; Contracts for the provision of external audit services for 2015 and Statutory Audits for the three year period 2015-2017; Opinion on the Annual Report & Accounts of the EDP Group, for Q1 2015

No	DATE	LOCATION	MAIN TOPICS
5	25 May	Lisbon	<ul style="list-style-type: none"> IAD - Organisation, functioning and resources of the audit function; preparation methodology for the Annual Activity Plan; Activity Report for Q1 2015 EBD/CATD - Request for approval of Audit and Non-Audit Services in EDP Portugal EBD/DIS - Governance of Information and Communication Technologies (ICT), ICT policies and standards and information control and security mechanisms
6	18 Jun.	Lisbon	<ul style="list-style-type: none"> EBD/CATD - Request for approval of Audit and Non-Audit Services in EDP Portugal EBD/MPC - April 2015 Scorecard for the EDP Group EBD/FND - EDP Group Financial Policy and Pension Fund CA/EA - Audit Committee Institute (ACI) 2015 Survey; Reform of Auditing in the European Union
7	23 Jul.	Lisbon	<ul style="list-style-type: none"> CA/EA - Report on the conclusions of the financial statements of the EDP Group and EDP Finance BV, Q1 2015; Report and Opinion on the Accounts of the EDP Group, 1st half, 2015 Audit Committees of EDP Energias do Brazil, EDP Renováveis and Hidroeléctrica del Cantábrico - Opinion on the Annual Report & Accounts for the 1st half, 2015 EBD/CATD - Annual Report of the EDP Group and EDP Finance BV, for the 1st half, 2015; Requests for approval of Audit and Non-Audit Services in EDP Portugal EBD/DCG - Scorecard for the EDP Group, 1st half 2015 EBD/SGAJ- Report on "pending litigation" in the EDP Group for the 1st half 2015 FMC - Activity and Irregularities Reports for the 1st half 2015; Opinion on the activity and independence of the CA/EA; Opinion on the Annual Report & Accounts of the EDP Group and EDP Finance BV, 1st half 2015
8	11 Sep.	Lisbon	<ul style="list-style-type: none"> IAD - Activity Report as at the end of July 2015 EBD/GRD - Risk Management; Implementation of the Activity Plan; Diagnostic process for the Business Continuity Management in EDP Group Companies; GRD links with other areas of EDP, in risk mapping, monitoring, management and mitigation EBD/CATD - Request for approval of Audit and Non-Audit Services in EDP Portugal
9	22 Oct.	Lisbon	<ul style="list-style-type: none"> CA/EA - Report on the conclusions of the financial statements of the EDP Group and EDP Finance BV, 3Q2015; Report and Opinion on the Accounts of the EDP Group, 3Q2015 Audit Committees of EDP Energias do Brasil, EDP Renováveis and Hidroeléctrica del Cantábrico - Opinion on the Annual Report & Accounts for 3Q2015 EBD/CATD - Annual Report & Accounts of the EDP Group and EDP Finance BV, 3Q2015; Requests for approval of Audit and Non-Audit Services in EDP Portugal EBD/MPC - Scorecard for EDP in 3Q2015 FMC - Opinion on the activity and independence of the CA/EA; Opinion on the Annual Report & Accounts of the EDP Group, 3Q2015

No	DATE	LOCATION	MAIN TOPICS
10	21 Nov.	Lisbon	<ul style="list-style-type: none"> ▪ CA/EA - Impairments in generation of assets recorded by the main companies similar to EDP in the Iberian Peninsula and the rest of Europe over the last few years ▪ EBD/BD EDP VALOR - Insurable risk management in the EDP Group; Relationship between the Insurable Risks Department of EDP Valor and the Corporate Risk Management Department, the risk management areas in the companies in Portugal and in other geographies and Energia RE ▪ EBD/CATD - Request for approval of Audit and Non-Audit Services in EDP Portugal ▪ IAD - Activity Report as at the end of November 2015; Proposal for Activity Plan for 2016. ▪ EBD/CATD - Request for approval of Audit and Non-Audit Services in EDP Portugal
11	11 Dec.	Lisbon	<ul style="list-style-type: none"> ▪ EBD/BD EDP R - Classification of Wind Farm projects (Tiers); Cost capitalisation policy; Analysis of the viability of projects; Recommendations of the IAD Reports ▪ FMC - Contributions to the IAD Activity Plan 2016; Regulatory instruments for the Committee's activities; Activity Plan for the Committee for 2016

3.4.2 REMUNERATION COMMITTEE

No	DATE	LOCATION	MAIN TOPICS
1	2 Mar.	Lisbon	<ul style="list-style-type: none"> ▪ Statement on the remuneration policy for the Members of the Executive Board ▪ 2014 Committee's Activity Report
2	17 Jun.	Lisbon	<ul style="list-style-type: none"> ▪ Committee's Internal Rules ▪ 2015 Committee's Activity Plan ▪ Variable remuneration for the Members of the Executive Board 2014 ▪ Remuneration policy for 2015-2017
3	29 Oct.	Lisbon	<ul style="list-style-type: none"> ▪ Remuneration policy for 2015-2017
4	17 Dec.	Lisbon	<ul style="list-style-type: none"> ▪ Remuneration policy for 2015-2017 ▪ 2016 Committee's Activity Plan

3.4.3 CORPORATE GOVERNANCE AND SUSTAINABILITY COMMITTEE

No	DATE	LOCATION	MAIN TOPICS
1	27 Feb.	Lisbon	<ul style="list-style-type: none"> ▪ Committee's Annual Activity Report ▪ Conflict of interests and related parties (2014) ▪ Corporate Governance – 2014 ▪ Ethics and Conduct – (2014) ▪ Sustainability
2	7 May	Lisbon	<ul style="list-style-type: none"> ▪ Committee's Internal Rules ▪ 2015 Committee's Activity Plan ▪ Conflict of interests and related parties (Q1 2015) ▪ Ethics and Conduct (Q1 2015)
3	29 Jul.	Lisbon	<ul style="list-style-type: none"> ▪ Conflict of interests and related parties (Q2 2015) ▪ Ethics and Conduct (Q2 2015) ▪ Corporate image

No	DATE	LOCATION	MAIN TOPICS
			<ul style="list-style-type: none"> Committee's Activity Report H1 2015
4	29 Oct.	Lisbon	<ul style="list-style-type: none"> Ethics and Conduct <ul style="list-style-type: none"> Review of the Regulations for the Code of Ethics Appraisal of the amendment to the composition of the Ethics Committee Sustainability <ul style="list-style-type: none"> Analysis of EDP's Sustainability policies Analysis of results of the Dow Jones Sustainability Index Conflict of interests and related parties <ul style="list-style-type: none"> EDP/CTG Partnership Update Chaglla Project in Peru (456 MW) Assessment of Q3 2015 information Assessment of the results of the audit of the Regulations on Conflicts of interests and Transactions between EDP's related parties Review of the Regulations on Conflicts of interests and Transactions between EDP's related parties
5	16 Dec.	Lisbon	<ul style="list-style-type: none"> Ethics and Conduct (Q3 2015) EDP's Corporate Governance Manual 2016 Committee's Activity Plan

3.4.4 STRATEGY COMMITTEE

No	DATE	LOCATION	MAIN TOPICS
1	3 Mar.	Lisbon	<ul style="list-style-type: none"> Analysis of HC Energia and Naturgas 2014-17 Business Plans
2	6 May	Lisbon	<ul style="list-style-type: none"> Performance of EDP Group's Business Units in Q1 2015 Performance of EDP share price in 2014 EDP Group customers' debts
3	17 Jun.	Lisbon	<ul style="list-style-type: none"> Status of EDP Renováveis Strategic partnerships in EDP Group

3.4.5 PERFORMANCE AND COMPETITIVENESS ANALYSIS COMMITTEE

No	DATE	LOCATION	MAIN TOPICS
1	3 Mar.	Lisbon	<ul style="list-style-type: none"> Performance of EDP Group's Business Units in 2014 Profitability of the EDP Group and its Business Units (2010-2014) Performance of EDP share price in Q3 2015
2	6 May	Lisbon	<ul style="list-style-type: none"> Performance of EDP Group's Business Units in Q1 2015 Performance of EDP share price in 2014 EDP Group customers' debts
3	17 Jun.	Lisbon	<ul style="list-style-type: none"> Status of EDP Renováveis Strategic partnerships in EDP Group

3.4.6 STRATEGY AND PERFORMANCE COMMITTEE

No	DATE	LOCATION	MAIN TOPICS
1	29 Jul.	Lisbon	<ul style="list-style-type: none"> Performance of EDP Group's Business units in H1 2015 Assessment of EDP – consensus of analysts Relative competitiveness of EDP Group (2011-2014)

No	DATE	LOCATION	MAIN TOPICS
2	24 Sep.	São Paulo	▪ Status of EDP Brasil
3	28 Oct.	Lisbon	▪ Innovation Workshop
4	10 Dec.	Lisbon	▪ EDP Group budget for 2016
5	16 Dec.	Lisbon	▪ Workshop on EDP's Growth and Strategic Challenges

3.5. SPECIFIC THEMES OF THE ACTIVITY OF GENERAL AND SUPERVISORY BOARD

3.5.1 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:

3.5.1.1 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 assessment and 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 July 29, 2010, the General and Supervisory Board approved the first draft of the "Regulations on conflicts of interests", which was revised during 2015, and a new version was approved on October 29, 2015 (Regulation) available on the EDP's website (www.edp.pt). In summary and in terms of reporting requirements, provided for in the aforementioned Regulation, the following applies:

- The Executive Board 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 must identify those Shareholders with a minimum qualifying holding of 2% in EDP or in its controlled 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 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). Since the Regulation became effective, no situation has been identified that required the preliminary opinion procedure for conflicts of interest to be implemented.

Under the rules applicable to EDP regarding significant transactions between related parties, the General and Supervisory Board examined the seven cases of transactions undertaken with Shareholders with qualifying holdings in EDP, submitted to it by the Executive Board during 2015, under Section 4.1 of the Regulation and concluded that, during that year, there was no evidence of:

- 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.
- Potential conflicts of interests underlying the transactions identified by the Executive Board having been resolved in a manner contrary to the interests of the Company.

3.5.1.2 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.

For legal transactions or situations between related parties that are likely to cause a conflict of interest between those involved that will have an impact on the interests of EDP, the Executive Board has to request the preliminary opinion of the General and Supervisory Board or its waiver, and also has to provide the following information:

- A brief description of the operations and obligations assumed by the parties.
- A statement on 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.

With respect to legal business or cases that exist between related parties that are likely to give rise to a conflict of interests between those involved, which could impact the interests of EDP, these should be subject to 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 the potential conflict of interests must be made directly by the General and Supervisory Board within its decision making authority.

With respect to legal business or cases that exist between related parties that are likely to give rise to a conflict of interests between those involved, which could impact the interests of EDP, which are subject to a request for waiver of a prior opinion from the General and Supervisory Board, at least three Members of the 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 of waiving of prior report, 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.

3.5.1.3 SIGNIFICANT TRADE RELATIONSHIPS BETWEEN THE HOLDERS OF QUALIFYING HOLDINGS AND THE COMPANY

Whilst undertaking its activities, irrespective of relevance, EDP agrees business transactions and operations under normal market conditions for similar transactions with various entities, particularly with financial institutions, which include shareholders with qualifying holdings in EDP and related companies.

It should be noted that, as in 2014, during 2015 several transactions were agreed between EDP and China Three Gorges Corporation ("CTG"), as detailed in item 3.5.2 below. It is worth noting that the transactions agreed were considered for the purposes of compliance with the Strategic Partnership Agreement between EDP and CTG in December 2011, effective as of May 2012, in relation to the total investment of € 2 billion to be made by CTG.

During 2015, the Banco Comercial Português (BCP) bank provided the EDP Group with financial intermediary services, having integrated the syndicate of banks which acted as Joint Lead Managers and Bookrunners for the issue of subordinated debt, in September 2015. Also in 2015, approximately € 100 million was transferred to BCP, through an assignment without recourse, which referred to part of the extra-cost deficit of SRP 2015.

In 2015, Sonatrach provided natural gas to the EDP Group and the Soto 4 combined cycle power station under long-term supply contracts, for the amount of € 153,540,000.

3.5.2 DEVELOPMENTS OF THE STRATEGIC PARTNERSHIP WITH CHINA THREE GORGES

As part of the developments referred to in 3.5.1 above, the transactions concluded during 2015 between the EDP Group and China Three Gorges Corporation ("CTG") are described in this item:

- On May 19, 2015, CWEI (Brasil) Participações, Ltda., a subsidiary of CTG, concluded the purchase of a minority interest in wind farms in Brazil. According to the terms of the purchase, CWEI (Brasil) Participações, Ltda. will invest a total of R\$ 385.7 million, including investments already made and an estimated R\$ 86.8 million in future investments for projects currently being built/developed.
- On December 28, 2015, an agreement was reached with ACE Poland S.A.R.L. and ACE Italy S.A.R.L., both wholly owned subsidiaries of ACE Investment Fund LP – an entity in which China Three Gorges Hong Kong Ltd. holds an investment, with the latter being a wholly owned subsidiary of CTG – for the sale of a shareholding representing 49% of the social capital and the supplies for a portfolio of wind assets with capacity of 598 MW in Poland and Italy, for the total amount of € 392 million. The transaction covers 392 MW of wind farm operations in Poland and 100 MW in Italy, with an average life of 4 years, and also 107 MW under construction in Poland and in Italy. This transaction was subject to obtaining prior regulatory approvals and other prior terms, with completion scheduled for the first semester of 2016.

All of these areas have been considered by the General and Supervisory Board, given its responsibilities towards accompanying the activities of the EDP Group.

3.5.3 ASSET ROTATION PROGRAMME

Throughout 2015, EDP continued with its asset turnover program, which is included in the EDP Group 2014 – 2017 Business Plan, and it sold minority interests to institutional investors. This strategy enabled the company to finance future cash-flows of ongoing projects and reinvest the cash-flows to develop projects to create value. Thus, on June 22, 2015, EDP informed the market that EDP Renováveis had decided to instruct Citigroup Global Markets Limited and UBS Investment Bank to analyse efficient alternatives to finance and rotate its assets, focusing particularly on the possibility of establishing a YieldCo consisting of European assets for wind generation to be accepted for trading on the Stock Exchange in Spain.

Subsequently, on September 14, 2015, and based on (i) the results from extensive analysis undertaken by EDP Renováveis and its advisors; and (ii) the evolution in the capital markets, EDP Renováveis announced that it had decided to suspend the process for a YieldCo to be considered for trading on a regulated market and stated that it would continue to assess alternatives to expand its asset rotation program, aimed at maintaining its strategic pillar of self-financing whilst identifying new growth opportunities.

On November 26, 2015, EDP Renováveis reached an agreement with a consortium of investors led by Axium Infrastructure for the sale of a minority interest of 340 MW in a portfolio of wind assets in the United States, with total production capacity of 1 002 MW. This *portfolio* consists of seven wind farms, of which 0.6 GW have been operating since 2008 and 0.4 GW scheduled to start operating in 2015. All of the farms have long term contracts for the sale of electricity. Based on the (i) price of the transaction and (ii) tax equity liability anticipated from the projects, the total implied value of 340 MW amounts to US\$ 590 million, which converts into US\$ 1.7 million/MW. With this transaction, which is subject to the necessary regulatory approvals, EDP Renováveis reaches a total of approximately € 800 million through the strategic rotation of assets and it will complete, two years ahead of schedule, the asset rotation program of € 700 million included in the strategic timetable for the period 2014 – 2017. Exceeding its goals permits EDP Renováveis to make further investments in its growth strategy based on developing competitive projects with long term visibility.

The General and Supervisory Board continually monitored this issue, which was discussed during various Plenary Meetings.

3.5.4 ISSUE OF EURO BONDS AND ISSUE OF SUBORDINATED DEBT ("HYBRID")

On April 16, 2015, EDP Finance BV set the price of a bond issue for the amount of € 750 million maturing in April 2025 and 2% coupon. The bonds were issued under EDP's and EDP Finance BV's "Programme for the Issuance of Debt Instruments" and were listed on the Irish Stock Exchange. The purpose of this issue was to finance the

Company's needs arising from its normal activities, enabling it to extend the maturity date and strengthen its financial flexibility.

On September 10, 2015, EDP set the price and coupon for an issue of subordinated debt instruments for the amount of € 750 million, with a 5.5 years purchase option exercisable by EDP, after the issue, maturing in September 2075 and coupon of 5.375%. The instruments in question are unsecured, senior only to EDP's ordinary shares and subordinated to its senior debt obligations. The main characteristics of this issue include the option to defer interest payments, which are cumulative and can be capitalized, and it is subject to mandatory payment. The coupon has to be reviewed on the stipulated dates and in accordance with previously defined rules stated in the terms of the issue. The purpose of this issue was to finance the Company's needs arising from the its normal activities, enabling it to extend the average life of its debt, improve its credit indicators and strengthen its financial flexibility.

It should be noted that these operations were subject either to a favourable prior opinion from the General and Supervisory Board or waiver of this opinion and, in either case, the Supervisory Body performed a follow-up.

3.5.5 SECURITISATION OF RECEIVABLES RELATED TO TARIFF DEFICIT SRP 2014

On March 18, 2015, EDP Serviço Universal agreed to assign, fully and without recourse, to Tagus – Sociedade de Titularização de Créditos, S.A., part of the 2014 Tariff Deficit, and respective interest, for the amount of € 500 million.

On May 18, 2015, EDP Serviço Universal agreed to sell € 186 million, and respective interest, of the 2014 Tariff Deficit, from the extra cost of production under special regime.

On December 14, 2015, EDP Serviço Universal agreed to sell € 93 million, and the respective interest, of the 2014 Tariff Deficit, from the extra cost of the production under special regime.

On December 29, 2015, EDP Serviço Universal agreed to sell € 100 million, and the respective interest, of the 2015 Tariff Deficit, from the extra cost of the production under special regime.

It should be noted that these operations were subject either to a favourable prior opinion from the General and Supervisory Board or waiver of this opinion and, in either case, the Supervisory Body performed a follow-up.

3.5.6 TECHNICAL INVESTMENTS IN PROGRESS

The position regarding significant ongoing technical investments is frequently discussed in the General and Supervisory Board meetings, which enables the supervisory body to accompany these positions where the EDP Group is located and where it develops these types of projects. This is a matter of great importance, considering the amounts involved and the added value to the Company from exploiting such.

3.6. GENERAL AND SUPERVISORY BOARD BUDGET

The 2015 budget for the General and Supervisory Board was approved in the meeting of December 18, 2014, with budgeted expenditure of 3,335,000 Euros, of which a 71% fraction corresponds to remuneration, of which 58% refers to remuneration of the members of the General and Supervisory Board and 13% to remuneration of the members of the Support Office for the General and Supervisory Board.

As in previous years, there was concern to control the approved budget, even though it was rigidly structured, given that 71% of costs refer to remuneration.

In terms of implementation, the overall cost of the General and Supervisory Board, including the remuneration of its members individually listed and identified in the Corporate Governance Report, amounted to 3,313,000 Euros, which represents a variation of approximately -1%, equivalent to less 22,000 Euros.

4. GENERAL AND SUPERVISORY BOARD ACTIVITY AND PERFORMANCE ASSESSMENT

4.1. GENERAL AND SUPERVISORY BOARD ACTIVITY INDICATORS

	2015	2014	VARIATION
Plenary meetings planned (no.)	8	7	1
Plenary meetings held (no.)	10	8	2
Attendance of Members in Plenary meetings (%)	84	79	5perct. points
Committee meetings planned (no.)	31	32	-1
Committee meetings held (no.)	31	32	-1
Member attendance of Committee meetings (%)	90	73	17 percent. points
Attendance of the CEBD (Chairman of Executive Board of Directors) at plenary meetings (%)	90	100	-10percent. points
Opinions (no.)	4	4	0
Prior opinions (no.)	17	17	0
Waivers of prior opinion (no.)	8	7	1
Training initiatives/workshops (no.)	2	2	0

4.2. 2015 PLENARY MEETINGS OF THE GENERAL AND SUPERVISORY BOARD – PARTICIPATION

List of meetings and attendance by members through 21 April 2015:

NAME	22/JAN	03/APR	%
Eduardo de Almeida Catroga - Chairman	P	P	100
Dingming Zhang - Vice-Chairman	P	P	100
Alberto João Coraceiro de Castro	P	P	100
António Sarmiento Gomes Mota	P	P	100
Augusto Carlos Serra Ventura Mateus	P	A	50
Felipe Fernández Fernández	P	P	100
Fernando Maria Masaveu Herrero	P	P	100
Guojun Lu	R	R	0
Harkat Abderezak	P	A	50
Ilídio da Costa Leite de Pinho	P	P	100
Jorge Avelino Braga de Macedo	P	P	100
Luis Filipe da Conceição Pereira	P	A	50
Manuel Fernando de Macedo Alves Monteiro	P	P	100
Maria Celeste Ferreira Lopes Cardona	P	P	100
Mohamed Ali Ismaeil Ali Al Fahim	P	P	100
Nuno Manuel da Silva Amado	P	A	50
Paulo Jorge de Assunção Rodrigues Teixeira Pinto	P	P	100
Rui Eduardo Ferreira Rodrigues Pena	P	P	100
Shengliang Wu	P	P	100
Vasco Joaquim Rocha Vieira	P	P	100
Vítor Fernando da Conceição Gonçalves	P	P	100
Ya Yang	R	P	50

P = Present; **A** = Absent; **R** = Represented

Total from 2015 meetings: 2

Average participation: 84%

List of meetings and attendance by members after 22 April 2015:

NAME	22/APR	07/MAY	18/JUN	30/JUL	11/SEP	29/OCT	03/DEC	17/DEC	%
Eduardo Almeida Catroga – Chairman	P	P	P	P	P	P	P	P	100
Luís Filipe Marques Amado – Vice-Chairman	P	P	P	P	P	P	P	P	100
Alberto Joaquim Milheiro Barbosa	P	P	P	P	P	P	P	P	100
António Manuel de Carvalho Ferreira Vitorino	P	P	A	P	P	P	P	P	87.5
António Sarmiento Gomes Mota	P	P	P	P	P	P	P	P	100
Augusto Carlos Serra Ventura Mateus	P	P	P	P	P	P	P	P	100
Dingming Zhang	P	R	R	R	R	P	A	P	37.5
Felipe Fernández Fernández	P	P	P	P	P	P	P	P	100
Ferhat Ounoughi	P	P	P	P	A	P	A	P	75
Fernando María Masaveu Herrero	P	P	P	P	A	P	R	P	75
Guojun Lu	R	R	R	R	R	R	A	A	0
Ilídio da Costa Leite de Pinho	P	P	P	A	A	P	A	P	62.5
João Carvalho das Neves	P	P	P	P	P	P	P	P	100
Jorge Avelino Braga de Macedo	P	P	P	P	P	P	A	P	87.5
Maria Celeste Ferreira Lopes Cardona	P	P	P	P	P	P	P	P	100
María del Carmen Fernandez Rozado	P	P	P	P	P	P	P	P	100
Mohamed Ali Ismaeli Ali Al Fahim	P	P	P	P	P	P	P	A	87.5
Nuno Manuel da Silva Amado	A	P	P	P	A	P	P	P	75
Shengliang Wu	P	P	P	P	P	P	P	P	100
Ya Yang	P	R	P	R	P	P	A	P	62.5
Vasco Joaquim Rocha Vieira	P	P	P	P	P	P	P	P	100

P = Present; **A** = Absent; **R** = Represented

Total from 2015 meetings: 8

Average participation: 83%

4.3. SELF-ASSESSMENT OF THE ACTIVITY OF THE GENERAL AND SUPERVISORY BOARD

EDP voluntarily instituted a formal and objective process for assessment of its own activity. This pertains to a distinctive process adopted by the General and Supervisory Board that contributes directly to the evaluation of the Dow Jones Sustainability Index.

In early 2016, Members of the General and Supervisory Board were invited to complete a self-assessment questionnaire, which was divided into two major areas:

- ■ Assessment of the adequacy of formal and organisational aspects.
- ■ Material evaluation of the activity of the General and Supervisory Board.

The questionnaire's purpose was to objectively support reflection by the General and Supervisory Board, accounting for the self-assessment opinion that this body must issue and submit to 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 3 March 2016.

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 its activity and performance in 2015:

- ■ The General and Supervisory Board considered its overall performance in 2015 to be excellent, with all of the following aspects considered very good or excellent:
 - ■ Members, organisation and functioning of the General and Supervisory Board.
 - ■ Relevance of activities performed by Committees.
 - ■ Institutional cooperation between the General and Supervisory Board and the Executive Board of Directors.
- ■ With respect to the material assessment of activity of the General and Supervisory Board, the following activities were also considered very good or excellent:
 - ■ Supervision, monitoring and advice from the Executive Board of Directors.
 - ■ Monitoring of EDP strategy.
 - ■ Monitoring of EDP Business Plan and Budget.
 - ■ Monitoring of financial and accounting information.
 - ■ Corporate governance practices.

Without prejudice to the assessment conducted, the activity of the General and Supervisory Board is supported by continuous improvement of respective performance in terms of distinct functions, the relationship with other corporate bodies of EDP and in defending Shareholder interests.

The General and Supervisory Board has made the following observations 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 the Executive Board of Directors 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.

5. CHALLENGES OF THE GENERAL AND SUPERVISORY BOARD IN 2016

2015 was marked by the election of General and Supervisory Board Members for the 2015-2017 term-of-office. In the beginning of the mandate, the Internal Regulations of the General and Supervisory Board and of the specialized Committees were assessed aiming to introduce several adjustments that considered:

- The improvement needs felt in the previous mandate.
- The sediment experience of the General and Supervisory Board practice and activity, of its Chairman and of the specialized Committees in their institutional relationship with the Executive Board of Directors and its Chairman.
- The good practices recommendations on CMVM Corporate Governance Code.
- The trends on good governance practices at an international level.
- The continuous increase of transparency and active institutional cooperation between corporate bodies.

While this analysis was in course, the Strategy and Performance Committee was created, which results from the merger of the Strategy Committee with the Analysis Performance and Competitiveness Committee, as the respective competences are complementary.

Through 2015, a near accompaniment of the Executive Board of Directors activity and of the EDP Group performance was maintained, namely in the more critical matters and in the areas and geographies more demanding, where the regulatory and market context have been volatile, with inevitable repercussions at the Group's performance.

Within the competences of permanent accompaniment, auditing and supervision of the Company's management, the General and Supervisory Board will in 2016 continue, naturally, to guide the respective activity having in mind the compliance of the respective competences and creating conditions for the effectiveness of major strategic priorities of EDP Group and seeking to assure that they will be aligned with all Shareholders' expectations.

EDP's strategic agenda has the purpose of conciliate a set of priorities that the General and Supervisory Board and respective Committees are willing to accompany: (i) continue to grow, (ii) continue the financial deleverage, (iii) preserve a low risk business profile, (iv) continue to improve efficiency levels and (v) deliver attractive returns to the Shareholders.

The General and Supervisory Board expresses, once again, its total confidence in the support of its Shareholders so that, in 2016, it is possible to provide to EDP's corporate bodies all the backing and indispensable collaboration to the success of the respective functions.

6. ACKNOWLEDGEMENTS

The General and Supervisory Board wishes to thank:

- ■ Shareholders, for the trust they have placed in this body and for the ongoing support that they have provided for its functioning.
- ■ The Chairman and other members of the Executive Board of Directors, for the results achieved and for their participation in meetings of the General and Supervisory Board and its specialised Committees.
- ■ The other Members of governing bodies of EDP and EDP Group companies.
- ■ The General Secretariat and the Legal Department of EDP, for the support provided to the functioning of the General and Supervisory Board.
- ■ Employees of the General and Supervisory Board Support Office for the support provided to the activity of this Board and its specialised Committees.
- ■ All employees of the EDP Group for the manner in which they have contributed to the results achieved.

The General and Supervisory Board also wishes to express its deepest gratitude to Prof. Alberto Castro, Dr. Luís Filipe Pereira, Dr. Manuel Alves Monteiro, Dr. Paulo Teixeira Pinto, Dr. Rui Pena and Prof. Vítor Gonçalves, Members of the General and Supervisory Board until the General Meeting of April 2015, for the contributions, collaboration and commitment they have consistently demonstrated in conducting the activities of this Board.

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ANNUAL REPORT
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2015

02. annexes

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**ANNUAL REPORT
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ANNUAL REPORT
OF THE GENERAL AND
SUPERVISORY BOARD
2015

1. GENERAL AND SUPERVISORY BOARD'S OPINION ON THE 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 Committees during 2015 as recorded in the Annual Report;
- c) The documentation presented for the assessment of EDP's Accounts and Annual Report 2015, provided by the Executive Board of Directors, the Statutory Auditor, the External Auditor and the Financial Matters Committee, namely:
 - i. The detailed presentation made by the Executive Board of Directors on EDP's Account and Annual Report 2015, highlighting the main financial indicators, which are reproduced below:
(EUR million)

Indicators	EDP SA	EDP Group
Gross profit	183	5.455
EBITDA	-46	3.924
EBIT	-50	2.443
Net profit ¹	802	913
Net assets	22.438	42.537
Total equity ¹	7.300	8.670
Total liabilities	15.138	30.415
Gross debt	11.344	19.271

¹ – Attributable to the shareholders of EDP

- ii. The Report and Opinion of the Statutory Auditor through which it proposes that the Annual General Meeting approve the Executive Board of directors annual report and the financial statements for the exercise ending in 31 of December of 2015.
- iii. The legal certification of individual and consolidated accounts and the External Auditor review report presented by KPMG, including the conclusion that, based on work performed:
 - The consolidated and the individual financial statements present fairly, in all material respects, the financial position of EDP, as of the 31st of December 2015, the results of its operations, cash flows, the changes in equity and the comprehensive income for the year then ended, in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, and the information contained therein is complete, true, current, clear, objective and lawful.
 - The financial information included in the Executive Board of Directors Report is consistent with the financial statements and that the Report on Corporate Governance includes the information required by the article 245.º-A of the Securities Code (CVM).
- iv. The presentation made by the KPMG concerning its report on the EDP SCIRF (Financial Information Report Control System), which concluded that its controls were properly designed and operated effectively during the financial year of 2015.
- v. The Financial Matters Committee's opinion on the Accounts that allows for the conclusion:
 - That Financial Matter Committee appreciates favorably the Management Report and the individual and consolidated IFRS accounts of Group EDP for the exercise ending in 31 December 2015,
 - That the design and functioning of SCIRF is satisfactory and the operation of the Risk Management Systems minimizes business risks.

2. The General and Supervisory Board has decided unanimously:

- a) To express its agreement in relation to the EDP's Accounts and Annual Report 2015.
- 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 2015 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 2015 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 Executive Board of Directors in the course of 2015 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 Audit Committee opinion on the Statutory Auditor and External Auditor performance and independence, according to which the Audit Committee has assessed positively the work done by KPMG, considering that it has carried out its professional duties with quality , competence, accuracy, impartiality and independence.
- f) To recommend to the EDP Annual Shareholders' General Meeting the approval of the 2015 individual and consolidated Accounts and Annual report, as well as the Executive Board of Directors' proposal for results allocation.

Eduardo de Almeida Catroga

Chairman of the General Supervisory Board

Lisbon, March 3rd 2016

2. GENERAL AND SUPERVISORY BOARD'S STATEMENT ON EDP'S ANNUAL REPORT AND ACCOUNTS

Pursuant article 245º n.º 1, paragraph c) of 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 245º of CVM (annual management report, annual accounts, legal certification of the accounts and remaining account documents), regarding 2015 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 2015 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, 3rd March 2016

 Eduardo de Almeida Castro – Chairman (as representative of China Three Gorges Corporation)	 Luís Filipe Marques Amado – Vice-Chairman
 Ya Yang (as representative of China Three Gorges New Energy Co.)	 Guojun Lu (as representative of China International Water & Electric Corp.)
 Dingming Zhang – Vice-Chairman (as representative of China Three Gorges (Europe), S.A.)	 Shengliang Wu (as representative of China Three Gorges (Portugal) Sociedade Unipessoal, Lda.)
 Felipe Fernández Fernández (as representative of DRAURSA, S.A.)	 Fernando Maria Masaveu Herrero
 Nuno Manuel da Silva Amado (as representative of Banco Comercial Português, S.A.)	 Ferhat Dungsani (as representative of Sonatrach)
 Mohamed Ali Al Fahim (as representative of Senfora B.V.)	 António Sarmiento Gomes Mota
 Maria Celeste Ferreira Lopes Cardona	 Ilídio da Costa Leite de Pinho
 Jorge Braga de Macedo	 Vasco Rocha Vieira
 Augusto Carlos Serra Ventura Mateus	 João Carvalho das Neves
 Alberto Joaquim Milheiro Barbosa	 Maria del Carmen Fernández Rozado
 António Manuel de Carvalho Ferreira Vitorino	

3. OPINION OF THE FINANCIAL MATTERS/AUDIT COMMITTEE ON THE MANAGEMENT REPORT AND EDP ANNUAL ACCOUNTS

1. Under the terms of the legal and statutory duties, 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 EDP Group's corporate departments, the Audit Committees (AUDC) of the Subsidiaries and the Statutory and External Auditors (SA/EA) of EDP Group.
2. For the period ended December 31, 2015, the Audit Committee met with the EDP's Board of Directors and the heads of the corporate departments to monitor and analyze the most relevant aspects of the activity developed by the EDP Group, in particular with:
 - i. The Executive Board of Directors (EBD) that presented the Financial and Management information (The Financial Statements IFRS, the Scorecard and the Results of the period);
 - ii. The corporate heads of Accounting, Reporting IFRS and Taxation (DCF), Management Control (DCG) and Financial Services (DF) departments, that presented and discussed with AUDC the relevant information related to the scope of consolidation, the accounting policies and practices, the financial reporting IFRS, the unusual or significant transactions, the subsequent events, the financial management policy, the evolution of the Pension Fund and other relevant financial and business information considered of interest to the Committee;
 - iii. The corporate heads of Internal Audit (DAI), Risk Management (DGR) and Information Systems (DSI) departments, that presented and discussed with AUDC, respectively, the findings of the audit and internal control works performed, the assessment of internal risk management systems and the key issues related to the integrated operation and control and security of the information systems;
 - iv. The corporate heads of the Legal Department (SGAJ), which presented and discussed with AUDC, the most relevant findings of the "litigations" process, focused in the major litigations and other contingencies and review of the provisions, taking into account the assessment risk carried out in accordance with IAS 37.
3. Also with reference to the period ended on 31 December 2015, the AUDC held meetings with the subsidiaries Audit Committee's Chairmen, to discuss the main issues and any significant matters which may affect EDP Group's Financial Statements, and received from:
 - i. The Audit Committee of EDP Renováveis (EDPR) - the report and the supporting documentation to the issue of a favorable opinion on the Management Report, Consolidated Accounts and Corporate Governance Report of EDPR Group;
 - ii. The Audit Committee of EDP Energias do Brasil - the report with the supporting information and documentation to the issue of a favorable opinion on the Financial Statements of the company and its subsidiaries.
4. The AUDC also met with the Statutory and External Auditors (SA/EA), to review the main findings and conclusions of the audit work conducted on the condensed consolidated financial statements of EDP Group, for the period ended on 31 December, 2015, where were presented and discussed:
 - i. The most relevant findings of the work conducted on the consolidated statement of financial position (showing total assets of 42.537 M€ and shareholders' equity attributable to the equity holders of EDP Group of 8.670 M€) and the consolidated income statement (showing a turnover of 15.517 M€ and a net profit for the year attributable to equity holders of EDP Group of 913 M€);
 - ii. The conclusions of the work conducted on the assessment of Internal Control System over Financial Reporting (SCIRF), which include the results of the tests of design and of operating effectiveness, done in different geographies made about 1.961 checks in defined types of controls - Global, Application and IT General Controls;

- iii. The conclusions of the work conducted on the implementation of policies and systems of governing bodies' remunerations;

Considering the work carried out, the SA/EA issued an unqualified Opinion, with reference to the period ended at December 31, 2015, on (1) EDP's Individual and Consolidated Financial Statements Report, including the Executive Board of Directors and the Corporate Governance Reports; (2) the Independent Evaluation Report on the Internal Control System over Financial Reporting (SCIRF) of EDP Group and (3) the Independent Report on Reliability Assurance.

- 5. Based on Audit Committee's oversight of the main aspects of EDP Group's activity and business performance, the review and discussion of the information and documentation provided by the Executive Board of Directors and the heads of Corporate Departments, the EDP Subsidiaries' Audit Committees and by the Statutory and External Auditors, it is the Audit Committee's understanding that it has received all necessary explanations to the questions raised and in relation to EDP Group's Management Report and Accounts, for the period ended as at December 31, 2015.
- 6. Considering the mentioned above and not being aware of any material relevant events, which may affect the accuracy of the financial information produced and made available by the company or the appraisal of the quality of the work performed by EDP's Statutory and External Auditors or their independence, for the period ended as at 31 December 2015, the Audit Committee:
 - i. Issues a favorable opinion on the Annual Report and Individual and Consolidated IFRS Financial Statements of EDP Group and on the profits from the operations at that date, by virtue of its understanding that they are in accordance with the applicable accounting principles and legal and statutory provisions in force;
 - ii. Assesses positively the operation of the Internal Control System over Financial Reporting (SCIRF), whose continuous improvement has helped to ensure greater reliability of financial information produced and disclosed by the company;
 - iii. Considers effectiveness that the operating of the Risk Management Systems is appropriate and ensures the alignment of the management of the risk with the policies and procedures defined in the EDP Group and with the best practices in this area, allowing for the monitoring and mitigation of the risks inherent in the business activities in the business and support processes.

Lisbon, 3 March 2016

4. GENERAL AND SUPERVISORY BOARD'S STATEMENT ON THE ASSESSMENT AND PERFORMANCE OF THE EXECUTIVE BOARD OF DIRECTORS IN 2015

The General and Supervisory Board, in the uncompromising pursuit of the interests of the EDP and in the exercise of its powers and without prejudice to the principle of institutional cooperation that steers the relationship with the Executive Board of Directors, believes and has also put into practice a principle of maximum exigency and accountability, which has special significance in terms of the assessment of the work and performance of the Executive Board of Directors.

EDP is still one of the few national and international listed companies that has voluntarily established a formal and impartial process to assess the work of the Executive Board of Directors. This distinctive practice adopted by the General and Supervisory Board directly contributes to the Dow Jones Sustainability Index evaluation, and it acknowledges the continued effort of excellence in corporate governance practices that the General and Supervisory Board has sought to develop.

At the beginning of 2016, the members of the General and Supervisory Board were invited to complete a questionnaire to assess the work of the Executive Board of Directors, which was divided into two major areas:

- ■ Assessment of the adequacy of aspects of a formal and organizational nature.
- ■ Material assessment of the work of the Executive Board of Directors.

The purpose of the questionnaire was to be an impartial support document for the reflection by the General and Supervisory Board, for the purpose of the opinion this body must issue and submit to EDP's shareholders for voting regarding the assessment of the Executive Board of Directors.

Based on the answers to the questionnaires, the General and Supervisory Board jointly analysed these data at the meeting of 3 March 2016, and drew its conclusions. Hence, pursuant to its rules, which were approved in line with best corporate governance practices, the General and Supervisory Board wishes to record the following conclusions on the process of assessing the work and performance of the Executive Board of Directors in 2015:

The General and Supervisory Board assessed all the aspects under evaluation as adequate in terms of:

- ■ Organization and powers of the Executive Board of Directors.
- ■ Compliance with the provisions defined by the General and Supervisory Board on:
 - ≡ The issue and waiving of prior opinions.
 - ≡ Handling conflicts of interest.

The General and Supervisory Board considered the overall performance of the Executive Board of Directors in 2015 to be excellent, with particular emphasis on the following areas of activity:

- ■ Information and control management
- ■ Preparation of financial and accounting information
- ■ Relationship with Shareholders and investors

Regardless of the assessment made, the work of the Executive Board of Directors is underpinned by the continual improvement of its performance, both in terms of the performance of its duties and the relationship with the other corporate bodies of EDP, and also in the best interests of the shareholders.

Lisbon, 3rd March 2016

5. FINANCIAL MATTERS/AUDIT COMMITTEE'S ANNUAL REPORT

5.1. INTRODUCTION

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

- Financial matters relating to the Company.
- The internal procedures for auditing and accounting practices followed by the Company and the Internal Financial Reporting Control System (SCIRF), in coordination with the Internal Audit Department.
- Matters relating to the internal financial reporting control system and risk management processes, particularly relating to their fiscal, legal and financial aspects.
- The activity and independence of the Statutory Auditor (CA - Chartered Accountant) and the External Auditor (EA) of the Company with whom it must maintain a close relationship.

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 Subsidiary/Group Companies and relevant information from other companies held directly or indirectly by the Company or Subsidiary/Group Companies.

Under the GSB resolution of 22 April 2015, the Committee was established on 13 July 2006 and is composed of the following Members, all of whom have independent status:

- António Gomes Mota (Chairman)
- João Carvalho das Neves (Vice-Chairman)
- Alberto Barbosa
- Maria Celeste Cardona
- Maria del Carmen Rozado

The skills, mission and powers of this Committee are set forth in its Internal Regulation (available at www.edp.pt), which was approved by the GSB on 18 June 2015.

5.2. COMMITTEE MEETINGS

The Financial Matters Committee formally met eleven times in 2015 on the dates indicated below:

- Through 21 April 2015, the Committee was composed as follows and met three times:

NAME	23-JAN	06-FEB	24-FEB	%
Eduardo de Almeida Catroga (Chairman)	P	P	P	100
Vítor Fernando Conceição Gonçalves (Vice-Chairman)	P	P	P	100
António Sarmiento Gomes Mota	P	P	P	100
Manuel Fernando de Macedo Alves Monteiro	P	P	P	100
Maria Celeste Ferreira Lopes Cardona	P	P	P	100

P = Present; A = Absent; R = Represented

Total from 2015 meetings: 3

Average participation: 100%

- After 22 April 2015, the Committee had the following Members and met eight times on the dates indicated below:

NAME	29-APR	25-MAY	18-JUN	27-JUL	21-SEP	22-OCT	19-NOV	11-DEC	%
António Sarmiento Gomes Mota (Chairman)	P	P	P	P	P	P	P	P	100
João Carvalho das Neves (Vice-Chairman)	P	P	P	P	P	P	P	P	100
Alberto Barbosa	P	P	P	P	P	P	P	P	100
Maria Celeste Ferreira Lopes Cardona	P	P	P	P	P	P	P	P	100
Maria del Carmen Fernandez Rozado	P	P	P	P	P	P	P	P	100

P = Present; A = Absent; R = Represented

Total from 2015 meetings: 8

Average participation: 100%

5.3. ACTIVITIES PERFORMED BY THE COMMITTEE

Apart from conducting eleven ordinary meetings, as cited in paragraph two, Members of the Committee met frequently in 2015 for informal work meetings and exchanged information on subjects of greatest important or those that required the most urgent resolution related to FMC activities.

With respect to matters subject to monitoring and supervision and accounting for the fulfilment of defined statutory and regulatory rights and duties, the FMC:

- Participated in Executive Board of Directors meetings of EDP, during which preliminary accounts for fiscal year 2014, as well as the first quarter, first six months and first nine months of 2015, were presented and discussed;
- As deemed necessary and timely, invited EDP directors and managers to participate in the Committee meetings who had duties and responsibilities related to issues for which the FMC deemed necessary consultation of a higher level of seniority;
- Several meetings were also attended by the Internal Auditing Leader (DAI - *Internal Audit Department*), the Statutory Auditor (CA) and the External Auditor (EA) of the EDP Group.

The meetings addressed the themes set out in the FMC 2015 Activities Plan and undertook the main objective of obtaining information and analysing the most relevant issues, with particular focus on the following items:

- Supervision of EDP financial and business information - Evaluation and discussion of financial reporting (accounting policies and criteria adopted; condensed financial statements, changes to the consolidation perimeter; unusual transactions or transactions of significant values; subsequent events), Scorecard, Financial Policy and other issues of relevant interest to the FMC, tasks that rely upon the participation of the EDP and corporate leaders from EDP (Department of Consolidation, IFRS Reporting and Taxation; Department of Management Control and Finance Department);
- Monitoring of the activity of the Internal Audit Department (IAD)* – Approval of the 2015 Activities Plan Proposal (EDP Portugal, EDP Spain, EDP Renováveis and EDP Brasil); Evaluation of methodology and approach to the internal auditing process at the EDP Group for 2015; Supervision of execution of the Annual Auditing Plan and monitoring of audit reports issued, as well as the evolution of the implementation status of auditing recommendations and improvement actions from the SCIRF (Internal Financial Reporting Control System), in regard to the close of fiscal year 2014 and the first nine months of 2015, tasks that relied upon the participation of leaders from the Corporate Centre Internal Audit Department (IAD).

The FMC also assessed the activity and performance of the Corporate Centre Internal Audit Department in 2015;

- *Monitoring of the activity of the EDP Group Risk Management Department (GRD)* - Evaluation of activities performed by the Risk Management Department with respect to mapping issues and the management of risks and relationship with EDP risk areas and the Main Subsidiaries of the EDP Group. Additionally, the FMC and EDP Valor monitored the most critical aspects of insurable risk management policies at the EDP Group. These actions relied upon participation of Members of the EBD, the EDP Valor Board of Directors and leaders from GRD and the Insurable Risks Unit (IRD);
- *Monitoring of the EDP Group Litigation Process* – Supervision of information and documentation contained in the “Dossier of litigation underway at the EDP Group” for fiscal year 2014 and the first six months of 2015, which relied upon the participation of corporate leaders from EDP (General Secretariat and Legal Department and Consolidation, IFRS Reporting and Taxation Department);
- *Monitoring of the activity of the EDP Group Information Systems Department (DIS)* – Evaluation of activities performed by DSI, accounting for the governance model for Information and Communication Technologies (ICT), ICT policies and standards for the EDP Group and information control and security mechanisms – *Cybersecurity* and technological risks, which relied upon the participation of the EBD and the corporate leaders from the DIS;
- *Monitoring of the contractual relationship with the Statutory Auditor (CA) and the External Auditor (AE) and respective activity* – Evaluation of the Report of conclusions and Opinion concerning the Report and Accounts as well as the SCIRF of the EDP Group and EDP Finance BV, for the fiscal year ended 31 December 2014; evaluation and approval of the proposed hiring of Services for Legal Review of Accounts and Auditing for fiscal year 2015; Evaluation of the methodology and approach to the external auditing process at the EDP Group for fiscal year 2015; Evaluation of Reports on Conclusions and Opinions concerning EDP Financial Statements and the corresponding Report for the first quarter, the first six months and the first nine months of 2015 and Assessment and approval of Requests for Authorisation to Provide Other Audit Services and Additional Services by Statutory Auditor/External Auditor, requested by the CATD Corporate Centre (Consolidation, Auditing and Taxation Department) in 2015, in strict accordance with the respective Regulation;

In order to monitor this report and other matters deemed relevant or pertinent, the Committee relied upon the participation and cooperation of representatives of the Statutory Auditor/External Auditor;

- *Relationship with Audit Committees of subsidiaries* – Monitoring of Activity, Agendas, Minutes of Meetings and Reports / Opinions issued by the Audit Committees of EDP Spain, EDP Renováveis and EDP Energias do Brasil, concerning the accounts for the fiscal year ended 31 December 2014 and Financial Statements for the first quarter, first six months and the first nine months of 2015;
- *Monitoring of Irregularities Reporting* – Analysis of sixty complaints and/or notices received from third-party entities and respective conclusions reported by internal EDP leaders, all addressed and closed with respect to calendar year 2015.

Although the complaints and/or notices received are not within the scope of the “matters covered” by the prevailing Regulation, particularly with respect to subject matter related to accounting, finance, internal control, auditing and the fight against corruption and banking and financial crime, the FMC requested, whenever applicable, the monitoring thereof by appropriate EDP departments, as well as the reporting of results from ensuing actions, when completed.

In accordance with Item 8.1 - Supervision-Report, of the Regulation of Procedures to be Adopted Concerning the Reporting of Irregularities, the FMC issued and submitted to the GSB an independent report on this matter, with conclusions from investigations and evaluation of results achieved.

Further, as part of its activities, the FMC has always strived to strengthen the knowledge of mechanisms and procedures applied to prevent or detect the occurrence of situations that may affect the EDP Group’s capacity for action in order to **(i)** Produce, analyse and disseminate relevant information that adequately and faithfully represents the economic and financial situation of the EDP Group; **(ii)** Minimise the risks of intentional or unintentional errors in financial reporting and the misappropriation or misuse of the company’s own resources.

The conclusions drawn from these activities and tasks allowed FMC to support the issuance of Opinions concerning the Accounts of EDP and EDP Finance BV, related to fiscal year 2014, the first quarter of 2015, the first six months of 2015 and the first nine months of 2015.

It also bears mentioning that at the end of 2015 FMC approved the 2016 Agenda and Activities Plan, a working tool that contains the main actions to be conducted by this Committee in each month of that calendar year. These documents contribute not only to greater future effectiveness and efficiency of the Committee, but also align its actions with the prevailing and internationally accepted best practices for corporate governance.

5.4. PROCESS FOR EVALUATION OF PERFORMANCE AND INDEPENDENCE OF THE EDP GROUP STATUTORY AUDITOR AND THE EXTERNAL AUDITOR

The FMC paid special attention to the nature and scope of services provided by the company that conducts the Statutory Audit of Accounts and External Auditing (KPMG) for the EDP Group in order to assess compliance with the principles and best practices governing the activity of audit firms and their representatives with audited clients and the objective assessment of their independence.

The analysis of information collected and addressed by the Committee in 2015 in this regard did not identify the existence of conflicts of interest or situations that objectively affect the independence of the Statutory Auditor/External Auditor in the provision of professional services to the EDP Group.

It should be noted, however, that pursuant to Article 4 of Annex II of the FMC Internal Regulation, the annual assessment of the Statutory Auditor/External Auditor is subject to the issuance of an independent report on the performance of the Statutory Auditor and External Auditor and on the independence thereof, to be submitted to the GSB along with this report.

5.5. ASSESSMENT OF ACTIVITY PERFORMED BY THE COMMITTEE AND ITS MEMBERS

As regularly observed and in accordance with Article 11(4) of the FMC Internal Regulation, such body has performed its self-assessment exercise based on two essential objectives: (i) provide each Member of the FMC and Committee as a whole with a space for reflection on their performance, particularly with respect to how such Committee has addressed the themes that comprise its Annual Activities Plan, as well as with respect to the functions it is responsible for performing by law and pursuant to company bylaws, FMC internal rules and other regulatory instruments of EDP governing matters that the FMC must consider and (ii) allow the Committee to adopt, if applicable, measures to improve its procedures and courses of action in order to make it more efficient in the future.

Though the FMC intends to continue improving its activities, considering its knowledge of the practices followed by other comparable national and international companies, the Committee firmly believes that it has been guided by high levels of standards aligned with recommended best practices that address the matters within its field of action.

As such, the FMC considers its overall activity to be positive and remains committed to orienting its activities to the principles of rigour, transparency and independence in the service of stakeholders and creation of value for the company.

5.6. DIFFICULTIES ENCOUNTERED BY THE FMC IN THE PERFORMANCE OF ITS ACTIVITIES

The functions undertaken by the FMC are demanding both from a technical perspective and in terms of the overall knowledge of matters that are addressed thereby, in addition with respect to the examination of aspects of greatest relevance to the business that are performed within the corporate perimeter of EDP, and, further, concerning the availability required of Members of the Committee for the functioning thereof.

The FMC notes that it has not encountered situations that would present additional difficulties and call into question the requirements upon which its action must be based – freedom of analysis, judgment, fact-finding and investigation and autonomy to discuss and enquire, at the most varied levels, with respect to matters that it has deemed to warrant its greatest attention. Likewise, no circumstances restricted its independence or freedom of action.

5.7. ACKNOWLEDGEMENTS

In concluding this activities report, the FMC expresses its satisfaction with respect to the manner in which work was performed in 2015 and thanks the GSB and EBD for its ongoing commitment to this Committee; to the broad range of leaders of the company with which the Committee has worked throughout this period; to the Audit Committees of subsidiaries – Hidroelétrica del Cantábrico Group, EDP Renováveis Group and EDP Energias do Brasil Group – with which fruitful institutional relationships have been forged; to the Statutory Auditor and the External Auditor of EDP for their ongoing commitment and work performed, 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.

6. ASSESSMENT REPORT ON THE WORK AND INDEPENDENCE OF THE STATUTORY AUDITOR AND EXTERNAL AUDITOR OF EDP GROUP IN THE 2015 FINANCIAL YEAR

Throughout the year 2015, the Audit Committee ("AUDC" or "Committee") has paid particular attention to the nature and scope of the Statutory and External Audit services provided to the EDP Group ("EDP") by KPMG & Associados – Sociedade de Revisores Oficiais de Contas, S.A. ("KPMG"), in order to assess the performance of their duties and to assess its independence, in compliance with legal, regulatory and contractual provisions and the principles and best practices that governed the action of KPMG and its representatives to EDP.

The assessment process of the activity and independence of the Statutory and External Auditors ("SA/EA") of EDP Group, with reference to the period ended December 31, 2015, based on the following:

- (i) The appreciation of the work done and the relationship for the SA/AE with the Committee;
- (ii) The analysis of the execution of contracts for the Statutory and External Audit Services concluded between EDP and KPMG;
- (iii) The analysis of the responses of the Committee Members to the internal questionnaire of the Assessment system activity and independence of the SA/AE;
- (iv) The analysis of KPMG information received under Article 3 of Annex II, of the Internal Rules of AUDC: (a) Governance structure of the Statutory and External Auditors; (b) Internal quality control system of the SA/EA; (c) Declaration on independence practices of the SA/EA 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 in the previous year and amount of remuneration received; (f) Annual revenues from audit services provided; (g) Annual revenues from other than providing audit services and (h) Indication whether some potentially conflicting services with independence are provided.

The analysis of that information does not indicate the existence of conflicts of interest or situations affecting the independence of KPMG, in providing professional services to EDP Group, with reference to the year 2015. It stands out for its importance in the assessment process of the independence of SA/EA, as follows:

- a) The amount of total fees charged in different geographies to EDP Group (€ 8.744 m) represents less than 0,5% of KPMG's aggregate turnover in Portugal, Spain, Brazil and the United States of America;
- b) The fees billed to EDP Portugal (€ 3.418 m) represent about 3% KPMG Portugal turnover. These fees dropped by 3,5% for the year 2014 (€3.542 m);
- c) The fees of other than statutory and external audit services (€1.785 m) charged by KPMG to EDP, represented approximately 20% of total services provided in different geographies (€8.744 m);
- d) The auditors' independence was also confirmed by KPMG: (i) pursuant to and in accordance with the independence rules of the Order of Statutory Auditors, the Commission of the Securities Market and own KPMG network, including those defined by the 8th Directive of the European Commission, as well as those defined by KPMG through the application of International Standards on Auditing issued by the International Federation of Accountants and (ii) under the monitoring of all services provided to EDP by any Company network office, based on a KPMG internal computer application (Sentinel).

Based on the conclusions drawn from this assessment process and a broad exchange of views among the AUDC Members, it notes with satisfaction that there have been improvements to the SA/EA relationship level with AUDC, responding to a dynamic increasingly interventionist and active of the Committee in this area, resulting in an improvement in the mechanisms and information tools and more efficient way of working.

Furthermore, the interaction that AUDC developed with KPMG over 2015 financial year, whether in work meetings or through correspondence and provision of various contributions and clarifications, allowed the collection of information on their action, availability and attitude, whereby AUDC is the opinion that KPMG (SA/EA) performed their duties with quality, competence, accuracy, impartiality and independence.

Notwithstanding this assessment, it is the intention of AUDC to continue to develop, in conjunction with KPMG (SA/EA), a reflection to step up the work in progress, in order to identify areas of activity that may require operating improvements and the provision to services in a process of continuous improvement of the audit and supervision activity in EDP.

7. ANNUAL REPORT OF THE FINANCIAL MATTERS /AUDIT COMMITTEE ON REPORTING OF IRREGULARITIES

7.1. INTRODUCTION

In compliance with the provisions of the Regulation on Mechanisms for Reporting of Irregularities, the Financial Matters Committee ("FMC" or "Committee") prepared a report on third-party entity participation to the General and Supervisory Board.

7.2. REPORTING OF IRREGULARITIES RECEIVED AND ADDRESSED BY FMC

The FMC received and addressed sixty reported irregularities during the reference period. The main conclusion from analysis of the reporting received is that there were no situations that significantly impact matters of accounting, finance, internal control and auditing. The reporting essentially pertained to complaints about deficiencies in measurement and counting equipment (energy fraud/theft), and complaints about billing and improper energy cuts.

Although reporting of irregularities did not fall within the purview of the FMC, this entity has requested, when deemed appropriate, that appropriate departments at EDP monitor such items and report on the ensuing results from actions triggered, once completed.

It should be noted that the report that was pending at the end of the first six months of 2015 related to the disciplinary process initiated for an EDP Distribuição employee was concluded during the second half of the same year.

At the end of 2015, sixty cases of irregularities had been received and concluded by the FMC based upon the conclusions drawn from analysing the response from EDP leaders.

8. REMUNERATION COMMITTEE'S ANNUAL REPORT

8.1. INTRODUCTION

The General and Supervisory Board appointed the Remuneration Committee pursuant to Article 27(1) of the Memorandum of Association, designating the following mission:

- Define corporate policies and objectives related to the setting of compensation of the Chairman of the Executive Board of Directors (EBD) and directors.
- Set the compensation of the Chairman of the EBD and directors.
- Monitor and assess the performance of the Chairman of the Board of Directors and directors for purposes of determining variable remuneration.
- Monitor the dissemination of external information on remuneration and the EBD remuneration policy.

This Committee is distinguished from the Remuneration Committee elected in the General Meeting, with the latter responsible for establishing the remuneration policy for the other governing bodies of the Company.

Up to 21 April 2015, the composition of the Remuneration Committee was as follows:

REMUNERATION COMMITTEE		DATE OF INITIAL APPOINTMENT
Chairman	Alberto João Coraceiro de Castro	13-07-2006
	Guojun Lu	11-05-2012
	Ilídio da Costa Leite de Pinho	22-05-2012
	Paulo Jorge de Assunção Rodrigues Teixeira Pinto	18-04-2012

On 22 April 2015, the General and Supervisory Board established the Remuneration Committee for the period 2015-2017, which since that date has had the following composition:

REMUNERATION COMMITTEE		DATE OF INITIAL APPOINTMENT
Chairman	Yang Ya (Chairman)	21-04-2015
	Fernando Maria Masaveu Herrero	21-04-2015
	Ilídio da Costa Leite de Pinho	22-05-2012
	João Carvalho das Neves	21-04-2015
	Vasco Joaquim Rocha Vieira	21-04-2015

The powers of SBRC, as well as its missions and responsibilities, are set out in the Internal Regulation (available at www.edp.pt) of such Committee, the terms of which were approved on 18 June 2015.

8.2. MEETINGS

List of meetings and attendance by members through 21 April 2015:

NAME	2-MAR	%
Alberto João Coraceiro de Castro - Chairman	P	100
Guojun Lu	P	100
Ilídio da Costa Leite de Pinho	A	0
Paulo Jorge de Assunção Rodrigues Teixeira Pinto	P	100

P = Present; **A** = Absent; **R** = Represented

Total from 2015 meetings: **1**

Average participation: **75%**

List of meetings and attendance by members after 22 April 2015:

NAME	17-JUN	29-OCT	17-DEC	%
Yang Ya - Chairman	P	P	P	100
Fernando Masaveu Herrero	P	P	P	100
Ilídio da Costa Leite de Pinho	P	P	P	100
João Carvalho das Neves	P	P	P	100
Vasco Joaquim Rocha Vieira	P	P	P	100

P = Present; **A** = Absent; **R** = Represented

Total from 2015 meetings: **3**

Average participation: **100%**

8.3. ACTIVITY PERFORMED BY THE COMMITTEE

In 2015, the SBRC conducted four ordinary meetings with an average participation of 94% of its Members. In addition to ordinary meetings, informal work meetings were conducted and written information was exchanged with respect to matters relevant to the activities of the SBRC.

The main item for the first meeting, held on 2 March 2015, was the "Annual statement on the EBD Member Remuneration Policy." During such session, Members of the SBRC conducted a detailed examination of each aspect of the remuneration policy and the manner in which the selected indicators facilitated or hindered the fulfilment of the purpose of ensuring a competitive remuneration policy. An analysis was also conducted with respect to the degree to which an incentive system was established that could be considered a benchmark for alignment of executive management activity with the interests of both shareholders and partners of the company from an economic sustainability and financial perspective, respectively.

After several interactions between SBRC Members, no reasons were identified to amend the basic principles that have presided over the definition of remuneration, including the maintenance of a variable component with double

the weight of the fixed portion, and in which the factors of multi-year performance are weighted more strongly than those related to annual performance.

Consequently, the SBRC decided to submit the Annual Declaration on the EBD Member Remuneration Policy, which embodies the aforementioned guidelines, on an annual basis for approval by Shareholders in the General Meeting.

In the second meeting, held on 17 June 2015 and the first with the members appointed for the 2015-2017 period, the main concerns were as follows:

- Determine variable annual remuneration for fiscal year 2014 and the multi-year remuneration of EBD Members assigned to the same fiscal year, based on previously approved guidelines voted upon in the General Meeting. The SBRC called on the Chairman of the Executive Board of Directors (EBD), Dr. António Mexia, for this item of the meeting, who shared his assessment of the performance of the other Members of the EBD with the Committee Members and provided necessary explanations.
- Assess the adequacy of the current compensation policy for EBD Members, with the Committee having decided to hire an external consultant specialising on these matters in order to provide support on this matter.

In the third meeting (second with the new members), held on 29 October 2015, the Committee analysed and discussed conclusions from the study conducted by the external consultant about such party's position concerning the remuneration policy for members of the EDP EBD as compared to market practices, particularly PSI20 and Euro Stoxx Util 600 Companies.

In the fourth meeting (third with the new members), held on 17 December 2015, the main theme was definition of the remuneration policy for EBD Members for 2016 and 2017 in terms of fixed and variable annual remuneration for the 2015-2017 period in regard to multi-year remuneration.

Whenever deemed necessary, the Committee consults members of the GSB Support Office in performing its activity.

8.4. SELF-ASSESSMENT OF ACTIVITY PERFORMED

Within the scope of its regulatory powers, the SBRC must annually conduct a self-assessment of the activity performed thereby.

Accordingly, based upon the methodology implemented to assess the activity of the General and Supervisory Board and other specialised Committees of this Council, Members of the SBRC were invited in January 2016 to complete a questionnaire concerning the assessment of activity performed by the Committee in 2015, which was divided into three major areas:

- Organisation, members and functioning
- Activity performed in 2015
- Global and individual assessment

Based on response to the self-assessment questionnaire in the meeting conducted on 2 March 2015, Committee Members reflected on the results thereof and concluded that the Committee performed its functions with excellence on an overall basis.

9. CORPORATE GOVERNANCE AND SUSTAINABILITY COMMITTEE'S ANNUAL REPORT

9.1. INTRODUCTION

The Corporate Governance and Sustainability Committee was formed by the General and Supervisory Board ("GSB") as a specialised committee with authority on matters related 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;
- Monitoring the definition of selection criteria and necessary skills for the internal bodies and structures of the Company and the Subsidiary Companies, as well as the assessment of their impact on their composition;
- Monitoring the preparation of succession plans.

The Committee had the following members through 21 April 2015:

CORPORATE GOVERNANCE AND SUSTAINABILITY COMMITTEE		DATE OF INITIAL APPOINTMENT
Chairman	Manuel Fernando de Macedo Alves Monteiro	18-04-2012
	Ilídio da Costa Leite de Pinho	18-04-2012
	Maria Celeste Lopes Cardona	18-04-2012
	Shengliang Wu	11-05-2012
	Vasco Joaquim Rocha Vieira	18-04-2012

On 22 April 2015, the General and Supervisory Board implemented the Corporate Governance and Sustainability Committee for the 2015-2017 period, which since that date has had the following composition:

CORPORATE GOVERNANCE AND SUSTAINABILITY COMMITTEE		DATE OF INITIAL APPOINTMENT
Chairman	Luís Filipe Marques Amado	22-04-2015
	Felipe Fernández Fernández	22-04-2015
	Jorge Avelino Braga de Macedo	22-04-2015
	Maria Celeste Ferreira Lopes Cardona	18-04-2012
	Shengliang Wu	11-05-2012

The powers of the CGSC, as well as its mission and duties, are provided in the Internal Regulation of such Committee (available at www.edp.pt) the terms of which were approved on 18 June 2015.

9.2. MEETINGS

List of meetings and attendance by members through 21 April 2015:

NAME	2-MAR	%
Manuel Fernando de Macedo Alves Monteiro	P	100
Ilídio da Costa Leite de Pinho	P	100
Maria Celeste Lopes Cardona	A	0
Shengliang Wu	P	100
Vasco Rocha Vieira	P	100

P = Present; **A** = Absent; **R** = Represented

Total from 2015 meetings: **1**

Average participation: **80%**

List of meetings and attendance by members after 22 April 2015:

NAME	07/MAY	29/JUL	29/OCT	16/DEC	%
Luís Filipe Marques Amado - Chairman	P	P	P	P	100
Felipe Fernández Fernández	A	P	P	P	75
Jorge Avelino Braga de Macedo	P	P	P	P	100
Maria Celeste Ferreira Lopes Cardona	P	P	P	P	100
Shengliang Wu	P	P	P	P	100

P = Present; **A** = Absent; **R** = Represented

Total from 2015 meetings: **4**

Average participation: **95%**

9.3. ACTIVITY PERFORMED

Within the context of its powers, the CGSC conducted five meetings in 2015 with an average attendance of 92% and also relied upon the participation of individuals from outside the Committee whenever necessary, addressing the following matters in particular during such meetings:

- Report on Relevant Situations concerning Conflict of Interest;
- Ethics and Conduct;
- Sustainability;
- Corporate Image (Customer Ombudsman);
- Corporate Governance;
- Monitoring of activities of the Customer Ombudsman Office.

The CGSC has performed an important role in preparing and systematising information to be reported to the GSB, and the following items should be indicated in this realm: (i) the assessment and supervision conducted

with respect to internal procedures related to conflicts of interest, as well as the effectiveness of systems for assessing and resolving such conflicts and (ii) the support provided in defining the policy of the Company and Subsidiaries with respect to rules of conduct, adoption of best practices and compliance with the highest standards of ethics, as well as concerning sustainability topics.

Also worthy of mention were presentations by the Customer Ombudsman concerning the EDP Group's corporate image, affording the Committee deeper knowledge in this realm.

It should also be indicated that the CGSC made an important contribution in analysing the subjects of Corporate Governance, which play an increasingly relevant role within any company. Within this context, it should be mentioned that the Corporate Governance Manual was reviewed in accordance with (i) the "Corporate Governance Code" published by CMVM in 2013, (ii) the restructuring of the General and Supervisory Board Specialist Committees approved on 18 June 2015, under the terms of which the Strategy Committee and Performance and Competitiveness Committee were merged into a single committee known as the Strategy and Performance Committee and (iii) recently published legislation, particularly Law 140/2015, of 7 September, which approves the New Statute of the Association of Statutory Auditors, and Law 148/2015, of 9 September, which approves the Legal Framework for Auditing Supervision.

The activity carried out in 2015 by this Committee allows one to conclude that necessary coordination mechanisms are being implemented for the respective activity with entities and departments of the company and subsidiaries, thereby resulting in the definition of procedures that allow for the monitoring of the various matters subject to analysis and the presentation thereof before plenary meetings of the GSB, whenever justified and in light of respective relevance.

In order to develop its activity the CGSC relies upon the cooperation of members of the GSB Support Office whenever necessary.

9.4. ACTIVITY ASSESSMENT

Within the scope of its regulatory activities, CGSC must conduct an annual self-assessment of the activity performed thereby.

Accordingly, and based upon the method developed for assessment of the activity of the General and Supervisory Board and other specialised Committees of this Board, in January 2016, Members of the CGSC were invited to complete a questionnaire that is aimed at providing each Member of the CGSC and the Committee as a whole with an opportunity to reflect on its performance, particularly with respect to functions that it is responsible for performing under the Internal Regulation of the cited Committee, approved by the General and Supervisory Board.

This exercise is important for addressing the continuous improvement that it intends to implement for the functioning of the Committee.

Having analysed the results for the cited self-assessment process, the following items are reported:

- Generally, Members of the CGSC considered the respective composition, organisation and functioning to be adequate, without prejudice to the maintenance of the principle of continuous improvement that always underlies any assessment process;
- With respect to the overall balance of activity, the assessment process performed demonstrates the overall fulfilment of the CGSC Activities Plan for 2015, with the most positive factors reflected by the overall activity of the Committee, the productivity of meetings held and the relationship between the Committee and the General and Supervisory Board.

10. STRATEGY AND PERFORMANCE COMMITTEE'S ANNUAL REPORT

10.1. INTRODUCTION

Pursuant to Article 23(1) of the EDP Bylaws, the General and Supervisory Board (GSB) may create specialised or monitoring committees beyond those provided for by law to execute certain functions, having created the Performance and Competitive Analysis Committee (PCAC) and the Strategy Committee (STRC) during the previous three-year period (2012-2014).

At its first meeting following the election for the 2015-2017 term of office, conducted on 22 April 2015, the General and Supervisory Board decided to maintain the Strategy Committee and Performance and Competitiveness Committee for the exercise of the functions set forth in the GSB Internal Regulation and their respective Internal Regulations.

Given the compatibility between matters concerning the Strategy Committee and the Performance and Competitive Analysis Committee, effective 22 April 2015 these Committees began to meet jointly with the General and Supervisory Board, which decided in its 18 June 2015 meeting to merge these Committees, resulting in the formation of the Strategy and Performance Committee ("SPC" or "Committee"), composed of the following Members:

- Eduardo de Almeida Catroga
- Alberto Joaquim Milheiro Barbosa
- Augusto Carlos Serra Ventura Mateus
- Dingming Zhang
- Ferhat Ounoughi
- Fernando María Masaveu Herrero
- João Carvalho das Neves
- Jorge Braga de Macedo
- Mohamed Ali Al-Fahim
- Nuno Manuel da Silva Amado
- Shengliang Wu

The SPC was created as a specialised committee with authority for matters related 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 skills, mission and powers of this Committee are set forth in its Internal Regulation (available at www.edp.pt), which was approved by the GSB on 18 June 2015.

10.2. COMMITTEE MEETINGS

List of SPC meetings and attendance in 2015:

NAME	29-JUL	24-SEP	28-OCT	10-DEC	16-DEC	%
Eduardo Almeida Catroga - Chairman	P	P	P	P	P	100
Alberto Barbosa	P	P	P	P	P	100
Augusto Mateus	P	P	P	P	P	100
Dingming Zhang	R	R	P	A	P	40
Ferhat Ounoughi	A	P	P	A	P	60
Fernando Masaveu Herrero	P	R	P	R	R	40
João Carvalho das Neves	P	P	P	P	P	100
Jorge Braga de Macedo	P	P	P	P	P	100
Mohamed Al-Fahim	P	A	P	A	A	40
Nuno Amado	P	A	P	A	A	40
Shengliang Wu	P	P	P	P	P	100

P = Present; **A** = Absent; **R** = Represented

Total from 2015 meetings: **5**

Average participation: **75%**

List of Strategy Committee (STRC) meetings, attendance and members until 21 April 2015:

NAME	3-MAR	%
Eduardo Almeida Catroga - Chairman	P	100
Dingming Zhang - Vice-Chairman	P	100
Augusto Mateus	A	0
Felipe Fernandez	P	100
Harkat Abderezak	A	0
Jorge Braga de Macedo	P	100
Mohamed Al-Fahim	P	100
Nuno Amado	A	0
Shengliang Wu	P	100

P = Present; **A** = Absent; **R** = Represented

Total from 2015 meetings: **1**

Average participation: **67%**

List of Strategy Committee (STRC) meetings, attendance and members after 22 April 2015:

NAME	06-MAY	17-JUL	%
Eduardo Almeida Catroga - Chairman	P	P	100
Alberto Barbosa	P	P	100
Augusto Mateus	P	P	100
Dingming Zhang	R	R	0
Ferhat Ounoughi	P	P	100
Fernando Masaveu Herrero	R	P	50
João Carvalho das Neves	P	P	100
Jorge Braga de Macedo	P	P	100
Mohamed Al-Fahim	P	P	100
Nuno Amado	P	P	100
Shengliang Wu	P	P	100

P = Present; **A** = Absent; **R** = Represented

Total from 2015 meetings: **2**

Average participation: **86%**

List of Performance and Competitive Analysis Committee (PCAC) meetings, attendance and members until 21 April 2015:

NAME	3-MAR	%
Luís Filipe Pereira - Chairman	A	0
Ya Yang - Vice-Chairman	P	100
Alberto João Coraceiro de Castro	P	100
António Sarmiento Gomes Mota	P	100
Fernando Masaveu Herrero	A	0
Nuno Amado	P	100
Wu Shengliang	P	100

P = Present; **A** = Absent; **R** = Represented

Total from 2015 meetings: **1**

Average participation: **71%**

List of Performance and Competitive Analysis Committee (PCAC) meetings, attendance and members after 22 April 2015:

NAME	06-MAY	17-JUN	%
Eduardo Almeida Catroga - Chairman	P	P	100
Alberto Barbosa	P	P	100
Augusto Mateus	P	P	100
Dingming Zhang	R	R	0
Ferhat Ounoughi	P	P	100
Fernando Masaveu Herrero	R	P	50
João Carvalho das Neves	P	P	100
Jorge Braga de Macedo	P	P	100
Mohamed Al-Fahim	P	P	100
Nuno Amado	P	P	100
Shengliang Wu	P	P	100

P = Present; **A** = Absent; **R** = Represented

Total from 2015 meetings: **2**

Average participation: **86%**

10.3. ACTIVITIES PERFORMED BY THE COMMITTEE

During 2015 the SPC, STRC and PCAC held a total of 8 meetings, with the involvement of external staff, such as member of the administrative bodies and executive staff of EDP and its subsidiaries, which was considered important.

In these meetings, the following topics were broached:

- ■ *Performance* of the EDP Group's business Units in 2014 and in the first three quarters of 2015.
- ■ Performance of EDP and EDP Renováveis in 2014.
- ■ Profitability of the EDP Group and its Business Units (2010 – 2014).
- ■ Evolution of customer debt in Portugal and Spain.
- ■ Strategic and performance analysis of EDP Renováveis.
- ■ Update on strategic partners in the EDP Group.
- ■ Analysis of HC Energia and Naturgas Business Plans.
- ■ Monitoring of the EDP Energias do Brasil strategic and business plan.
- ■ Strategic workshop on innovation.
- ■ Strategic workshop on growth and the strategic challenges faced by EDP.
- ■ EDP Group budget for 2016.

For the development of its activity the SPC has two members of the GSB Support Office.

10.4. ACTIVITY ASSESSMENT

Under its statutory powers the SPC must carry out an annual self-evaluation of its activity.

Accordingly, using the methodology developed for the evaluation of the activity of the GSB and other Specialist Committees of the Board, the Members of the SPC were invited to complete a questionnaire on the evaluation of activity performed by the Committee in 2015, which was undertaken in three main areas:

- ■ Organization, Composition and Operation.
- ■ Activity performed in 2015.
- ■ Overall and Individual Evaluation.

Based on response to the self-assessment questionnaire in the meeting conducted on 2nd March 2016, Committee Members reflected on the results thereof and concluded that the Committee performed its functions very positively on an overall basis. However, in a context of continuous improvement, it was possible to identify activity areas for improvement, particularly in relation to the planning and means of distribution for supporting documentation and monitoring strategic alliances and partnerships].

LIST OF ACRONYMS AND ABBREVIATIONS

The following acronyms and abbreviations are used throughout this report for ease of expression, although the names and expressions they substitute may also be used occasionally:

GM - General Meeting

EA - External Auditor

ECB - European Central Bank

EBD - Executive Board of Directors

Cajastur - Caja de Ahorros de Asturias

PACC - Performance Analysis and Competitiveness Committee

GSB - General and Supervisory Board

CGSC - Corporate Governance and Sustainability Committee

SPC - Strategy and Performance Committee

SC - Strategy Committee

FC - Financial Committee/Audit Committee

CTG - China Three Gorges

RC - Remuneration Committee (GSB)

CVM - Portuguese Securities' Code

CMVM - Portuguese Securities Market Commission

CSC - Portuguese Companies' Code

EDP (or **Company**) - EDP - Energias de Portugal, SA

EDP Brasil - EDP Energias do Brasil, S.A.

EDP R - EDP Renováveis, S.A.

EDP SU - EDP Serviço Universal, S.A.

IMF - International Monetary Fund

GSBSO - GSB Support Office

HC - Hidroeléctrica del Cantábrico, S.A.

Naturgas - Naturgas Energía, S.A.

NGOs - non-governmental organisations

CEBD - Chairman of the Executive Board of Directors

CGSB - Chairman of the General and Supervisory Board

AR - EDP's Annual Report and Accounts

IR - Internal Regulations

SA - Statutory auditor

Subsidiaries/Controlled companies - companies in a control or group relationship with EDP, pursuant to Article 21 of the Portuguese Securities' Code

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

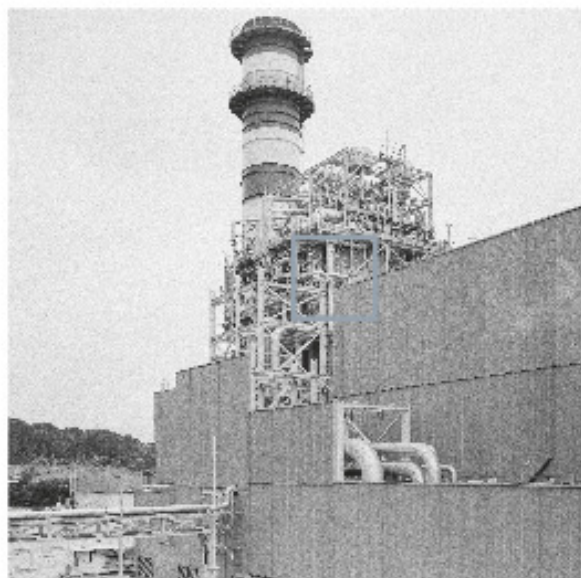
Note: References to corporate bodies with no other mention should be regarded as referring to EDP's corporate bodies.



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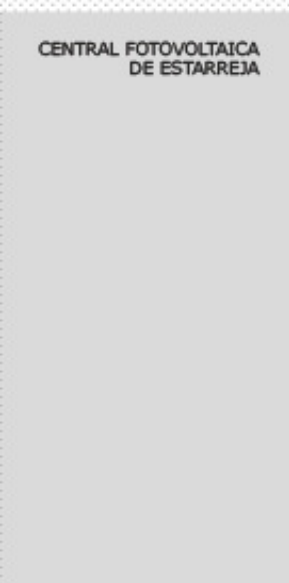
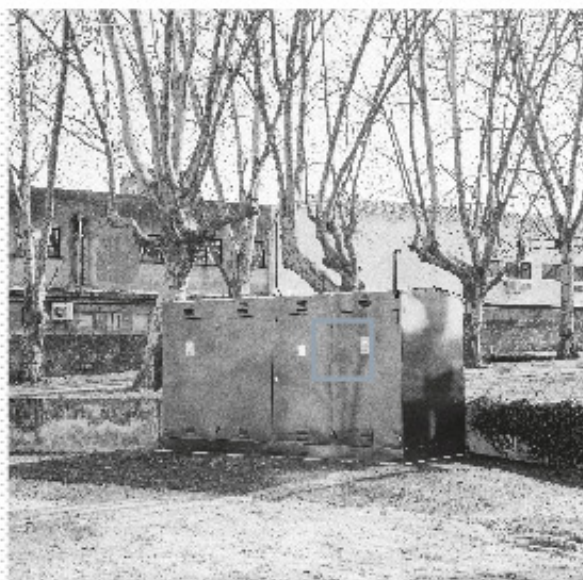


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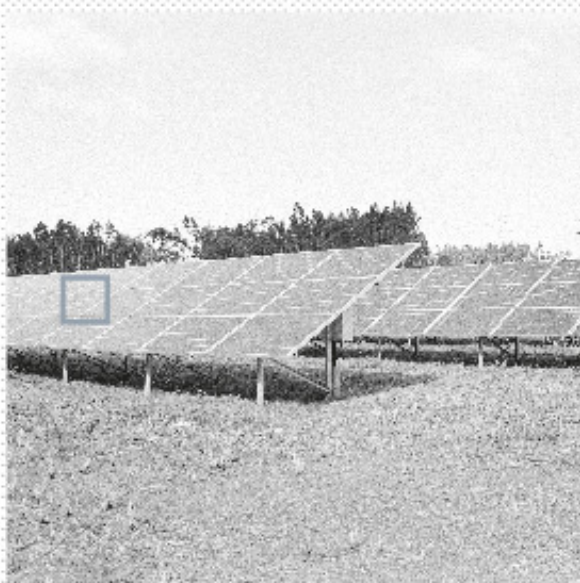




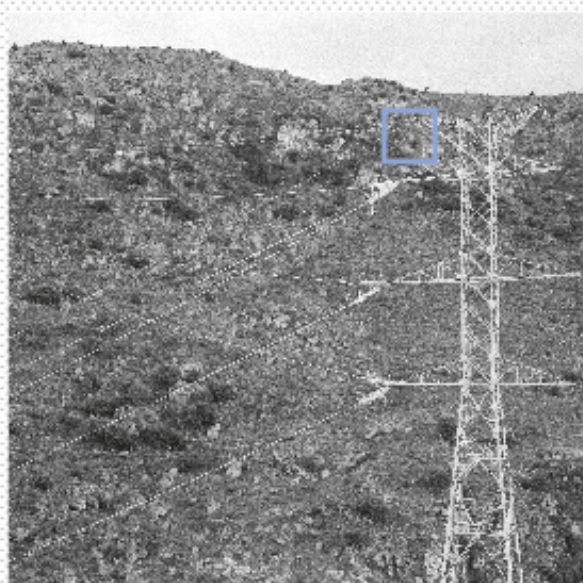
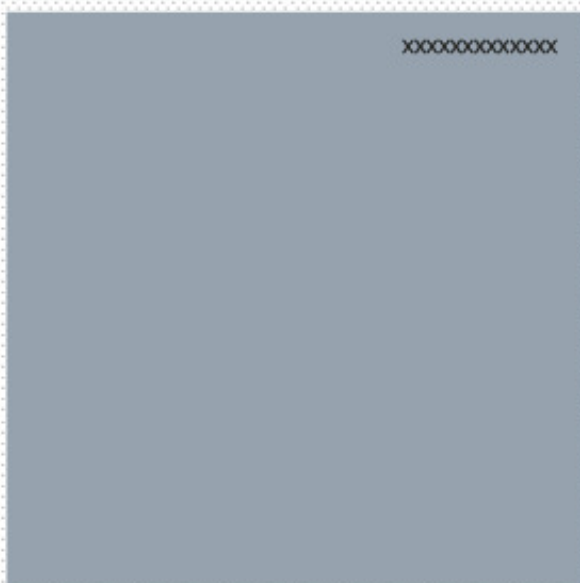
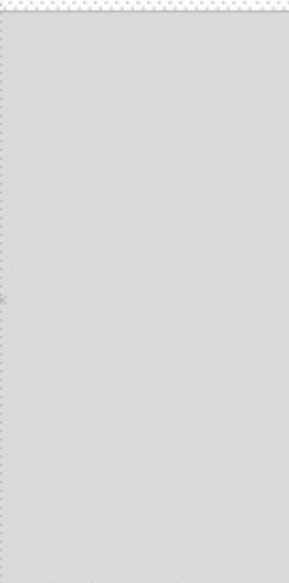
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