



Non-binding translation  
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**EDP – ENERGIAS DE PORTUGAL, S.A.**

**ANNUAL GENERAL SHAREHOLDERS' MEETING**

19<sup>th</sup> April 2017

**PROPOSAL OF ITEM 3 OF THE AGENDA**

**Opinion of the General and Supervisory Board on the vote of confidence to the Executive Board of Directors regarding 2016 exercise**

**As per established on paragraph h) of no. 1 of Article 22 of EDP's By-Laws, the General and Supervisory Board must "issue, at its own initiative or when requested by the chairman of the executive board of directors, its opinion about the annual vote of confidence in directors referred to in Article 455 of the Companies Code".**

As so, in the exercise of its powers and without prejudice to the principle of institutional cooperation that guides relationships with the Executive Board of Directors in the uncompromising pursuit of EDP's interest, the General and Supervisory Board implemented a principle of the most exacting standards and full responsibility, which has special significance in terms of evaluating the activity and performance of the Executive Board of Directors.

EDP continues to be one of the few listed companies at national and international level that has voluntarily established a formal and objective process for evaluating the activity of the Executive Board of Directors. 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, recognising the ongoing efforts to achieve excellence in corporate governance practice that the General and Supervisory Board has sought to develop.



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In early 2017, the Members of the General and Supervisory Board were invited to complete a self-assessment questionnaire, which was divided into the following areas:

- Composition and Organisation.
- Activity performed in 2016.
- Institutional relationships between the General and Supervisory Board and the Executive Board of Directors.
- Overall Evaluation.

The questionnaire's purpose was to establish objective support for reflection by the General and Supervisory Board, accounting for the self-assessment opinion of the Executive Board of Directors that this body must issue and submit to a vote by 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 held on 2 March 2017. 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 the Executive Board of Directors activity and performance in 2016:

1. The General and Supervisory Board considered all of the aspects evaluated to be satisfactory in terms of:
  - Organization and competences of the Executive Board of Directors.



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- Compliance with the provisions defined by the General and Supervisory Board in matters of issuing and waiving prior opinions and handling conflicts of interest.
2. As a global evaluation of the activity carried out by the Executive Board of Directors in 2016, the General and Supervisory Board considered it to be excellent, with particular emphasis on the following areas of action:
- Strategy
  - Management of Financing
  - Cost controls
  - Execution of the 2016 Budget
  - Management and Control Information
  - Corporate Governance Practices
  - Organizational Culture
  - Communication and Image
  - Relations with Shareholders and investors
3. Without prejudice to the completed evaluation, the activity of the Executive Board of Directors shall be underlined by the continuous improvement of the respective performance in terms of its own functions, relationships with other corporate bodies of EDP and defense of Shareholders' interests.



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**Proposal**

Considering the above referred, the General and Supervisory has resolved unanimously to issue this opinion on the assessment of the activity and performance of the Executive Board of Directors during 2016 exercise and to transmit to the Shareholders its favourable position to a vote of confidence and praise in the Executive Board of Directors, its Chairman, Mr. António Mexia, and each one of its Members.

Lisbon, 2<sup>nd</sup> March 2017

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Eduardo de Almeida Catroga

Chairman of the General and Supervisory Board