

TRANSACTIONS WITH RELATED PARTIES

Rules of identification, internal reporting and action in case of conflict of interests

Following the decision taken by the General and Supervisory Board in relation to the "Framework for handling conflicts of interests", the **Executive Board of Directors** approved the rules for handling and disclosure of conflicts of interests' situations in transactions with related parties as well as the respective prevention measures, as detailed in this Work Order (OS).

A. Context:

- Market rules and accounting standards provide for duties of conduct and public disclosure in relation to transactions performed with persons or entities considered related parties by virtue of their special commercial, shareholder or other such relations with EDP.
- The essential aim of these standards are (i) to safeguard the interests of the company in situations of potential conflict of interests with the interests of persons or entities with the power to influence its management, either directly or indirectly, or to obtain benefits from management decisions and (ii) to ensure that the financial statements and market disclosure documents describe the impact of transactions with related parties on the company's financial position and results.
- The mechanisms for identifying, reporting and acting upon transactions by EDP Group employees with related parties established herein seek to prevent transactions involving conflicts of interest, as well as guarantee that transactions with related parties are properly identified and disclosed in accordance with market rules and IAS 24.
- In this context, this OS lays down the applicable rules for (i) the identification and internal reporting of transactions with related parties and (ii) the action to be taken by EDP Group decision-makers in situations of conflict of interests.

B. Rules for the identification and internal reporting of Transactions with Related Parties:

- (1)** EDP Group decision-makers must, within 10 working days of their approval, inform EDP General Secretary of any relevant information on Transactions executed or to be executed with Related Parties, subsidiaries or decision-makers listed below:
 - a)** Any Transaction between Related Parties and EDP, its subsidiaries or decision-makers, with an aggregate annual value of over EUR 75,000.00; and/or
 - b)** Any Transaction between Related Parties and EDP, its subsidiaries or decision-makers which is not performed under the normal market conditions governing similar transactions, including for amounts below EUR 75,000.00.
- (2)** Disclosures made pursuant to the paragraph above should contain, as a minimum:
 - (i)** a summary description of the operations and the obligations assumed by the parties,
 - (ii)** mention of the procedures used to select the counterparty and **(iii)** indication of the

measures adopted to prevent or resolve potential Conflicts of Interests in accordance with the rules listed below.

(3) The following transactions are not covered by the provisions of the above paragraphs:

- a)** transactions with financial entities or other transactions granting credit to decision-makers for exclusively personal ends; and
- b)** transactions between companies in the EDP Group (intra-group transactions).

C. Rules of action in situations of Conflict of Interests:

(1) EDP Group Decision-Makers must not perform or authorise transactions involving conflicts of interest or transactions in which are involved related parties with those decision-makers.

(2) It is made clear that transactions between companies in EDP Group are not covered by the restriction laid down in the preceding paragraph.

(3) In the situations described in paragraph 1, the approval and/or performance of Transactions with Parties Related to EDP Group Decision-Makers must:

- a)** in cases where the power is delegated or in some way functionally allocated to an EDP Group Decision-Maker, the transaction must be analysed and performed by an equivalent or superior member in the EDP Group hierarchy, to ensure impartiality in the decision-making process for the transaction in question;
- b)** in cases where the power falls to the management board of EDP or one of its Subsidiaries, or to any of its members, the transaction must be analysed without the intervention of the Decision-Maker involved in the Conflict of Interests. If a majority of the members of a Subsidiary's management board are involved in the Conflict of Interests, the Transaction must be analysed by the EDP Executive Board of Directors (also without the intervention of any of its members involved in the Conflict of Interest).

(4) The decision-making processes for Transactions between Related Parties and EDP, its Subsidiaries or Decision-Makers must be duly documented and the reasons justifying them must be duly described in the minutes or other decision-making support documentation. This must include the procedures followed in selecting the counterparty and, wherever possible, comparative analyses with other equivalent Transactions, with a view to ensuring transparency of the process.

D. Definitions:

The following definitions shall apply for the purposes of this OS:

(1) Conflict of interests: situation in which the financial or non-financial ends or benefits that a Decision-Maker aims to secure or obtain for himself or third parties through a Transaction may interfere with their duties of impartiality, objectivity and compliance with the Code of Ethics to which the decision-maker is bound in the exercise of his/her duties, or with the interests of the relevant EDP Group company.

(2) Control: the power to determine or influence, directly or indirectly, management and management policies, or to manage financial and operating policies, namely by virtue of:

- a) holding, directly or indirectly, more than half of the voting rights;
- b) an agreement allowing the exercise of more than half of the voting rights representing the share capital;
- c) the capacity to appoint or dismiss the majority of the members of the board of directors or of the supervisory board.

(3) Decision-makers: persons described in paragraphs (7)(f), (g) and (h) below.

(4) Suppliers: individuals or companies that supply products or provide services to EDP or its Subsidiaries.

(5) EDP Group: the group of companies comprising EDP – Energias de Portugal, S.A. (parent company) and the companies controlled by or in a group relationship with it (“**Subsidiaries**”), by virtue of:

- a) holding the majority of the voting rights or the ability to exercise these under a shareholder agreement; or
- b) the capacity to appoint or dismiss the majority of the members of their management boards.

(6) Significant influence: the capacity to participate in decision-making on the financial and operating policies of a given entity, without exercising Control over these policies; it is understood that EDP Group has a “significant influence” over an entity if whenever it holds, at least, 25% of its voting rights (calculated according to the provisions of the Securities Code or Company Code, as applicable).

(7) Related Parties: The following are considered related parties:

- a) Shareholders with a qualified holding of at least 2% in the share capital of EDP or one of its Subsidiaries;
- b) Any company controlled by or in a group relationship (by virtue of fulfilment of one of the criteria set forth in paragraph (5)(a) and (b) above) with a person or entity referred to in the preceding paragraph;
- c) Any entity under the control of EDP or over which EDP or one of its Subsidiaries exerts Significant Influence;
- d) Entities controlled jointly by EDP and other entities, in particular joint-ventures in which EDP Group holds joint control;
- e) Third parties with whom EDP or its Subsidiaries have common commercial interests, in particular co-operation or business partnership agreements, including companies controlled by or in a group relationship with those third parties (by virtue of fulfilment of one of the criteria set forth in paragraph (5)(a) and (b) above).
- f) Members of management boards (executive or non-executive) of EDP and EDP Group Subsidiaries identified as such by the Executive Board of Directors, by virtue of their direct or indirect authority and responsibility for the planning, management and control of EDP Group activities as part of their duties with certain EDP Group Subsidiaries;
- g) EDP Group senior management, including top-level directors and other staff with equivalent duties or ranking in the EDP Group, provided that the company's Executive Board of Directors identifies them as such by virtue of their direct or

indirect authority and responsibility for the planning, management and control of EDP Group activities;

- h)** EDP Group employees on the permanent payroll of the EDP Group, on fixed or indefinite individual employment contracts, including those suspended temporarily, within the scope of their duties and powers; all other employees working for EDP Group, including under secondment, on a long-term or occasional basis and regardless of the nature of the contract, on temporary assignment or under a service provision contract, as well as those on work placement or vocational training programmes, to the extent determined by the specific legal relationship established;
- i)** Any of the following relatives of Decision-Makers:
 - i)** Spouse or *de facto* partner; and
 - ii)** Descendants, ascendants and other dependents of any Decision-Maker or of person referred to in (i) above.
- j)** Any entity directly or indirectly under the Control or Significant Influence (as defined above) of a Decision-Maker;
- k)** Any benefits fund or plan, including pensions, other retirement benefits, life insurance and medical care, that serves EDP Group employees or any other Party Related to EDP Group.

(8) Transaction: a legal act or undertaking, or any other act involving a transfer of resources, services or obligations between two or more persons or entities.

The Executive Board of Directors