

**PROPOSAL FOR THE TRANSITIONAL EXTENSION OF THE CURRENT EXECUTIVE BOARD OF DIRECTORS REMUNERATION POLICY AND RESPECTIVE APPLICATION TO THE MEMBERS OF THIS BOARD TO BE ELECTED FOR THE 2021-2023 TRIENNIUM MANDATE, TO BE IN FORCE UNTIL THE 2021 ANNUAL GENERAL SHAREHOLDERS' MEETING**

**TO BE PRESENTED TO THE EDP – ENERGIAS DE PORTUGAL, S.A. GENERAL SHAREHOLDERS' MEETING**

Whereas:

- Law no. 50/2020, of 25 August, which transposes into Portuguese law Directive (EU) 2017/828 of the European Parliament and of the Council, of 17 May 2017 (Directive on Shareholders' Rights II), introduced changes to the remuneration policy regime for members of governing bodies of listed companies. In fact, this diploma has assigned, on the one hand, a decision-making role to shareholders of listed companies with regard to the remuneration policy, imposing that they expressly approve the methods used to determine the remuneration of the directors for the functions they exercise and also established, on the other hand, that the remuneration policies to be followed by these companies translate into a structured, complete and integrated set of criteria that contribute “to the company's business strategy, to its long-term interests and to its sustainability”(Article 26-C, no. 1 of the Portuguese Securities Code).
- The changes introduced by such Law no. 50/2020 with regard to the remuneration policy apply both to the management body and to the supervisory body, being important and advantageous to have a minimum alignment of remuneration criteria in relation to both corporate bodies, although naturally differentiated due to the distinct nature and different requirements inherent to the exercise of management and supervisory functions.
- The business strategy with which the remuneration policies should be aligned necessarily depends on the Executive Board of Directors to be appointed because, although there is a continuum in the strategic guidelines for the development of the activities of EDP - Energias de Portugal, S.A. (EDP) and of its subsidiaries, those will always be dependent on the formation of the Executive Board of Directors in office, which is responsible for managing the company's activities and, in particular, setting the objectives and management policies of the company and of the group, as well as of the General and Supervisory Board, to be appointed at the annual general shareholders' meeting, called upon to provide advice and assistance to the executive body, notably with regard to the company's strategy and achievement of objectives

- which results, in short, that the application of the remuneration policy should reflect the evaluation of the execution of the business strategy conformed by both these governing bodies.
- EDP's Remuneration Committees have been submitting to the vote of Shareholders the remuneration policy of their governing bodies and not only - in minimum compliance with what is required by Law no. 28/2009, of 19 June, already revoked - a mere summary statement of it, guiding its actions by reinforced criteria of transparency and recognition of the fundamental role of shareholders in this matter.
- Article 26-F no. 1 of the Portuguese Securities Code sets forth that "*Until the approval of a remuneration policy, the existing remuneration practices remain in force*".
- The Remuneration Committee of the General and Supervisory Board is responsible for presenting remuneration proposals for the members of the Executive Board of Directors, pursuant to Article 26-B no. 1 of the Portuguese Securities Code, in conjunction with Article 27 of EDP's Articles of Association.

The Remuneration Committee of the General and Supervisory Board intends to submit to the Shareholders a proposal for the transitional extension of the current Executive Board of Directors remuneration policy and respective application to the members of this Board to be elected for the 2021-2023 triennium mandate, to be in force up until the 2021 annual general shareholders' meeting, considering that the temporary extension, for some weeks, of the current policy's application constitutes a solution that promotes legitimacy and efficiency until the presentation of a new remuneration policy proposal in line with EDP's strategy, already tailored according to the new composition of the Executive Board of Directors and in line with the remuneration policy that may be proposed for the General and Supervisory Board.

Lisbon, 17 December 2020



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**Wu Shengliang**

**Chairman of the Remuneration Committee of the General and Supervisory Board**