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**ANNUAL GENERAL SHAREHOLDERS' MEETING  
EDP – ENERGIAS DE PORTUGAL, S.A.**

14<sup>th</sup> of April 2021

**Remuneration Policy of the Corporate Bodies Proposal**

In accordance and for the effects of the contents of articles 26-A, 26-B and 26-C of the Portuguese Securities Code, as amended by Law no. 50/2020, dated 25<sup>th</sup> August, which transposes into the Portuguese legal system Directive (EU) no. 2017/828 of the European Parliament and of the Council, dated 17<sup>th</sup> March 2017, and of article 11, no. 2, paragraph d) of EDP – Energias de Portugal, S.A. (“EDP” or “Company”) By-Laws, the Company’s Remuneration Committee is responsible for submitting to the General Shareholders’ Meeting a Remuneration Policy of the Members of the Corporate Bodies proposal.

The EDP By-Laws establish, in article 8, no. 1, that the Company’s Corporate Bodies are:

- a) The General Shareholders’ Meeting (GSM);
- b) The General and Supervisory Board (GSB);
- c) The Executive Board of Directors (EBD);
- d) The Statutory Auditor (SA).

On the other hand, the By-Laws of the Company also foresee the existence of other Corporate Bodies, with statutory dignity:



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- a) The Environment and Sustainability Board (ESB);
- b) The Remuneration Committee, elected by the General Shareholders' Meeting and, within the GSB, a Committee for Financial Matters which according to the By-Laws, also assumes the designation of Audit Committee;
- c) The Board of the General Shareholders' Meeting.

The Remuneration Committee, elected by the General Shareholders' Meeting, is therefore, responsible for the determination of the remuneration of the members of the following corporate bodies: Board of the General Shareholders' Meeting; Chairman and members of the GSB, Statutory Auditor and Environment and Sustainability Board. The Financial Matters Committee or Audit Committee shall be dealt together with the other Committees of the GSB.

Considering this Committee's competences, its assignments are significantly more limited and are solely aimed at defining fixed remunerations. Thus, the legal provisions and others related to variable remunerations, in its different dimensions, are not herein applicable, without prejudice to the necessary alignment underlying the main principles on remuneration policies, anchored in particular in EDP's Business Plan for the period 2021-2025.

In the preparation of this document, the following factors were taken into consideration:

- (i) There is a renewal of the corporate bodies in some depth, of which should be highlighted the reduction of the number of members of the General and Supervisory Board;



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- (ii) Experience has shown that the duties are increasingly demanding and complex, and require a greater availability of this corporate body. In particular, it should be emphasized that during the year of 2020, instead of the usual eleven meetings held in a year, nineteen meetings took place.
- (iii) The remuneration of the corporate bodies, with the exception of the remuneration of the GSB Chairman, has remained unchanged since 2009, wherein, with reference to the remunerations of the 2006/2008 term of office, a reduction took place;
- (iv) The remuneration must also consider market comparables and be sufficiently attractive and adjusted to the level of responsibility of the duties.
- (v) The current remuneration of the members of the GSB is, for the abovementioned reasons, far below the market comparables, namely in the sector in which EDP operates.

Thus, it is proposed that the General Shareholders' Meeting approves the following Remuneration Policy of the Corporate Bodies proposal.

#### **I. Framework regarding EDP's Remuneration Policy**

The present Remuneration Policy of the Corporate Bodies proposal complies with the provisions of Law no. 50/2020, dated 25<sup>th</sup> August and incorporates the corporate governance principles set forth in the IPCG Corporate Governance Code adopted by EDP, being framed by the guidelines that have progressively been defined by the reference



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shareholders of the Company, which are issued in accordance with said applicable rules and recommendations and with the best practices in the sector.

It should be noted, as already mentioned, that the present Remuneration Policy of the Corporate Bodies proposal has a necessarily limited and reduced scope, given that the definition of the remuneration policy of the Executive Board of Directors' members is entrusted to the Remuneration Committee of the General and Supervisory Board.

Therefore, the scope of this Remuneration Policy proposal does not cover possible variable remunerations of directors, share-based remunerations or any other remuneration complements, which are matters that fall within the competence of the Remuneration Committee of the General and Supervisory Board. For that reason, some legal provisions arising from Law no. 50/2020, dated 25<sup>th</sup> August, under which these matters are specifically addressed, namely, those set forth under numbers 3 and 4 of article 26-C, are not herein applicable.

### **I.1. Description of the Decision-making Process**

In the conception of the Remuneration Policy several proposals are formulated in order to assure that remunerations are adequate, contribute to the business strategy and to the sustainability of EDP and reflect the risk profile and the long-term objectives and interests of EDP and are in conformity with the legal rules, principles and pertinent national and international recommendations.

The Remuneration Committee is also attentive to market benchmarks, following the benchmark studies carried out in due course.





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Furthermore, regarding the conception of said Remuneration Policy, the Committee has been in contact with both the members of the relevant corporate bodies and the stakeholders of the Company.

The Remuneration Committee develops mechanisms preventing and managing conflicts of interests, under the terms provided in article 10 of EDP's By-laws, observing the following essential rules:

- i) When a member of the Remuneration Committee is in an actual or apparent situation of conflict of interests, in any decision to be resolved by this corporate body, said member shall inform the Committee in advance of the facts which may constitute or cause a conflict between his/her interests and the interests of the company.
- ii) In the situation referred to in the previous paragraph, the member of the Remuneration Committee shall abstain from participating and voting in the meeting in which the matter is to be discussed and voted, notwithstanding his/her obligation to provide any information and clarification requested by the Committee or any of its members.

It should further be noted that under the terms of the Company's By-laws, the Committee is composed by a majority of independent members.

## **II. Guiding Principles**



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The Remuneration Committee has based its decisions on the matter of remuneration policy on the following main guiding principles:

- i) Definition of a policy, which is simple, clear, understandable, transparent and aligned with EDP's culture, in order that the remuneration practice may be based on uniform, consistent, fair and balance criteria.
- ii) Definition of a policy, which is consistent with the management and control of risk, efficient to avoid excessive exposition to risk and to conflicts of interest, seeking coherence with the purposes and long-term values of the Company.
- iii) Assessment and stimulus of a careful performance, in which the merit shall be duly awarded, assuring homogeneity levels compatible with GSB necessary cohesion, considering also the economic and financial situation of the company and of the country, even if EDP operates in a global scale.
- iv) Alignment of the remunerations of the several corporate bodies members with the companies with higher stock market capitalization and congeners, naturally adapted to Portuguese market.
- v) The most recent recommendations issued by European Union and Portuguese Securities Commission.
- vi) Alignment of the remunerations with the specific responsibilities inherent to the office at sake.
- vii) Alignment of the remunerations with the time that is required to be spent in each



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office.

- viii) Simplification of the remuneration policy.

The remuneration policy of EDP's Corporate Bodies shall, in essence, be clear, understandable, simple, transparent, moderated, adapted to the specific conditions of the work performed and to the company's economic situation, but also, competitive and equitable, in order to assure the purpose of value creation for the shareholders and remaining stakeholders.

### **III. Structure of the remuneration policy**

Based on these criteria, and considering the challenges that the Company intends to pursue during the upcoming mandate, and with the above-mentioned assumptions, the Commission proposes that the guidance lines mentioned below shall be applicable:

- i) It shall be maintained a differentiation between remunerations attributed to GSB members and the ones assigned to EBD members, and it shall not be attributed to the firsts a variable remuneration component or any other remuneration complement.
- ii) It shall be taken into account the performance merit and the complexity of the functions performed by the members of each body, so that the cohesion, stability and development of the company is not endangered.
- iii) As to the GSB Chairman, one must consider that the relevant duties require strong availability and involves a component of institutional representation. The GSB Chairman may also chair the Financial Matters Committee, without additional



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remuneration.

- iv) If the chairmanship of the Financial Matters Committee is assigned to another member of the GSB, other than its Chairman, said member must have compatible remuneration, in accordance with the responsibility of the position and the requirement of availability.
- v) In any case, the GSB Chairman or the Chairman of the Financial Matters Committee, if they are different persons, will not be able to accumulate any other remuneration relative to the base remuneration attributed to them.
- vi) It is also important to distinguish the performance of other specific functions within GSB, namely the participation of GSB members in other committees, as well as the functions performed in those committees.
- vii) Finally, it should be considered that, historically, the remuneration of the Chairman of the General Shareholders' Meeting Board is similar to the remuneration attributed to a Committee Chairman. Therefore, the remuneration of the Chairman of the General Shareholders' Meeting Board is aligned accordingly, and the inherent belonging to the position of Member of the GSB is also considered.

#### **IV. Remuneration limits**

Within this conformity, and considering the above mentioned, the Commission submit to shareholders the remuneration proposal of the members of the corporate bodies mentioned below, for the exercise that began on the 1<sup>st</sup> of January 2021 and until the





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term of the respective mandates, as follows:

<b>GSB</b>	<b>Annual Remuneration<sup>1</sup></b>
<b>Chairman of GSB:</b>  <b>Other Benefits:</b> The use of a vehicle, in accordance with the culture and practice consistently followed at EDP, for company vehicles, which includes the appointment of a driver, the payment of costs and expenses related to the vehicle and its use.	€ 515,000.00
<b>Regular Member of GSB:</b>	€ 70,000.00

<b>Financial Matters Committee/Audit Committee</b>	<b>Annual Remuneration<sup>1</sup></b>
To the base remuneration of the Member accrue the following amounts:	
(a) Chairman:	+ € 73,000.00 <sup>2</sup> (total of € 143,000.00)
(b) Regular Member:	+ € 25,000.00

<b>Other Committees</b>	<b>Annual Remuneration<sup>1</sup></b>
Members of the GSB who also exercise functions in one or more committees:	
(a) For each committee in which they participate as Chairman:	+ € 25,000.00
(b) For each committee in which they participate as	

<sup>1</sup> Gross amounts.

<sup>2</sup>If applicable, that is, if the function is performed by someone other than the GSB Chairman.



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a Regular Member:	+ € 20,000.00
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General Shareholders Meeting Board	Annual Remuneration <sup>1</sup>
(a) Chairman	€ 70,000.00, accrued with € 25,000.00
(b) Deputy Chairman	€ 5,000.00

Other Corporate Bodies	Remuneration <sup>1</sup>
(a) Statutory Auditor	The Committee resolved that the remuneration of the Statutory Auditor shall correspond to the values contained in the “Agreement for the Rendering of Professional Audit Services” entered into between EDP and PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda.
(b) Environment and Sustainability Board	The members of this Board have the right to receive one attendance fee per meeting in the amount of € 1,750.00

In what regards the fixation of the above mentioned remunerations, the following additional rules shall apply:

- (a) The Chairman of the GSB and the Chairman of the Financial Matters Committee/Audit Committee (if not the Chairman of the GSB) are not entitled to any additional remuneration, even if they participate in other committees.



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- (b) No other member of the GSB may accumulate, besides the base remuneration, a remuneration in more than two committees according to the above mentioned amounts, even if he participates in a higher number.

#### **IV. Agreements between EDP and Members of the Corporate Bodies**

Under the terms and for the purposes of paragraph e) of no. 2 of article 26-C of the Portuguese Securities Code, as amended by Law no. 50/2020, dated 25<sup>th</sup> of August, it is herein stated that are presently in force the following contracts or agreements entered into by and between EDP and the members of its Corporate Bodies:

- i) “Agreement for the Rendering of Statutory Professional Audit Services” entered into by and between EDP and PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda., appointed as Statutory Auditor, executed on the 28<sup>th</sup> of April 2020, in force until the issuance of the Legal Certification of Accounts of EDP and of the remaining companies of the Group with registered offices in Portugal, with reference to the year ended on the 31<sup>st</sup> of December 2020, pursuant to which no termination clause and/or applicable notice period is provided for.

Lisbon, 12<sup>th</sup> of March 2021

The Remuneration Committee

Luís Cortes Martins  
Chairman

José Gonçalo Maury  
Member

Jaime Amaral Anahory  
Member