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

5<sup>th</sup> April 2018

**PROPOSAL OF ITEM 7 OF THE AGENDA**

**Statement of the Remuneration Committee**  
**on the Remuneration Policy of the Corporate Bodies**

In accordance and for the effects of the contents of article 2, no. 1 of Law no. 28/2009, dated 19<sup>th</sup> June and of article 11, no. 2, paragraph d) of EDP – Energias de Portugal, S.A. (“EDP”) By-Laws, the Company’s General Annual Shareholders’ Meeting is responsible for the approval of the proposal on the Remuneration Policy of the Members of the Corporate Bodies that is submitted by the respective Remuneration Committee.

EDP – Energias de Portugal, S.A. By-Laws establish, on 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 the Monitoring of 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.

The Remuneration Committee, considering last mandate's experience, has considered that the guiding principles on remuneration that have been applicable in the last years remain fully appropriate.

Thus, it is proposed that the General Meeting approves the following Statement on the Remuneration Policy of the Corporate Bodies.

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

EDP's remuneration Policy is framed by the guidelines defined by reference shareholders of the Company, which are issued in accordance with the applicable rules and recommendations and with the best practices in the sector.



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The Corporate Bodies' Remuneration Policy is annually reviewed and a statement, which resumes its general guidelines, is, with the same periodicity, subject to approval by the General Shareholders under proposal of the Remuneration Committee. On the definition of said Remuneration Policy several proposals are formulated in order to assure that remunerations are adequate, reflect the risk profile and the long-term objectives of EDP and are in conformity with the legal rules, principles and pertinent national and international recommendations.

## II. Guiding Principles

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, 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 dully 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



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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 stake.
- vii) Alignment of the remunerations with the time that is required to be spent in each office.

The remuneration policy of EDP's Corporate Bodies shall, in essence, be 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 remuneration policy**

Based on these criteria, and considering the challenges that the Company intends to pursue during the upcoming mandate, the Commission decided 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



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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. Furthermore, as per article 23, number 3 of Bylaws, GSB Chairman, as independent, shall also chair the Financial Matters Committee;
- iv) In what regards the Deputy Chairman, it shall also be considered the duties and works performed by him in other committees.
- v) 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.
- vi) 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.

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

Within this conformity, and considering the above mentioned, the Commission submit to shareholders the maximum remuneration proposal of the members of the corporate bodies mentioned below, for the exercise that begun on 1<sup>st</sup> January 2018 and until the term of the respective mandates, as follows:



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GSC	Annual Remuneration <sup>1</sup>
Chairman of GSC:	€ 515,000.00
Deputy Chairman of GSC:	€ 72,000.00
Regular Member of GSC:	€ 47,000.00

Financial Matters Committee/Audit Committee	Annual Remuneration <sup>1</sup>
To the base remuneration of the Member accrue the following amounts:	
(a) Chairman:	+ € 73,000.00 <sup>2</sup> (total of € 120,000.00)
(b) Deputy Chairman:	+ € 58,000.00 (total of € 105.000.00)
(c) Regular Member:	+ € 23,000.00 (total of € 70,000.00)

Other Committees	Annual Remuneration <sup>1</sup>
Members of the GSB who also exercise functions in one or more committees:	
(a) For each committee in which participate as Chairman:	+ €23,000.00
(b) For each committee in which participate as Deputy Chairman:	+ €15,000.00
(c) For each committee in which participate as Regular Member:	+ €10,000.00

General Shareholders Meeting Board	Annual Remuneration <sup>1</sup>
(a) Chairman	€ 47,000.00, accrued with

<sup>1</sup> Gross amounts.

<sup>2</sup> Not applicable at the moment.



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	€ 23,000.00 (total of € 70,000.00)
(b) Deputy Chairman	€ 3,000.00

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 Statutory Audit Services" entered into between EDP and KPMG & Associados, Sociedade de Revisores Oficiais de Contas
(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 GSC and the Chairman of the Financial Matters Committee/Audit Committee are not entitled to any additional remuneration, even if they participate in other committees.
  
- (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.

Lisbon, 1<sup>st</sup> March 2018



The Remuneration Committee

A handwritten signature in black ink, appearing to read "Luís Cortes Martins".

Luís Cortes Martins

Chairman

A handwritten signature in black ink, appearing to read "José Gonçalo Maury".

José Gonçalo Maury

Member

A handwritten signature in black ink, appearing to read "Jaime Amaral Anahory".

Jaime Amaral Anahory

Member