



General and Supervisory Board

INTERNAL REGULATION

REMUNERATION COMMITTEE

Approved on 13 December 2018

This is an unofficial translation of the Remuneration Committee Internal Regulation prepared for information purposes only. In the case of any discrepancy between this translation and the Portuguese version of the Internal Regulation, the Portuguese version will prevail.



REMUNERATION COMMITTEE INTERNAL REGULATION

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Article 1

Establishment of the Remuneration Committee

The aim of this Internal regulation is to establish the rules for the organisation, functioning, responsibilities, powers and duties of the Remuneration Committee (RC or Committee), appointed by decision of the General and Supervisory Board (GSB), in accordance with article 27(1) of EDP's Articles of Association.

Article 2

Mission and Principles

1. The Remuneration Committee is responsible for performing the deeds stated in Article 12 hereto, with the mission to:
 - a) Define the company policy and objectives regarding the Executive Board of Directors Chairman' and Directors' remuneration determination.
 - b) Set the Executive Board of Directors Chairman' and Directors' remuneration.
 - c) Monitor and assess the Executive Board of Directors Chairman' and Directors' performance for the purposes of determination of the variable remuneration.
2. The Remuneration Committee and its members must ensure its activities strictly comply with law, the Articles of Association, the decisions of the General Meeting and with this regulation.

Article 3

Composition

1. The Remuneration Committee is elected by GSB and composed by no less than three members, with adequate knowledge and experience in remuneration policy matters having a majority of independent members, as defined in the GSB internal regulation.
2. The Remuneration Committee Members are elected for the same term of office as that of the GSB which elects them.
3. The resolution electing the Committee members also nominates its Chairman.



Article 4

Functioning

1. Meetings of the Remuneration Committee are convened by the Chairman or two of its members.
2. The Remuneration Committee meets at least once per semester in order to follow up the Company's situation in the relevant matters to determine and set up the EBD Chairman's and Director's variable remuneration.
3. The notice convening the meeting and its agenda must be sent to all members of the Remuneration Committee and to the chairman of the GSB and EBD at least eight days before the date set for the meeting.
4. The Remuneration Committee may decide on the participation of external elements in its meetings, namely representatives of the Human Resources Consultancy company hired for that purpose, as well as to request the presence of, regarding the Company and Subsidiary Companies:
 - a) Members of the corporate bodies.
 - b) Members of the overseeing bodies.
 - c) Statutory Auditor.
 - d) Senior management of the EDP Group, in articulation with the empowered management bodies.
5. The Remuneration Committee ensures that the consulting services on remuneration are provided with independence and that the respective providers will not be engaged in any other service provision to the Company or to any other subsidiary company without express authorization of this Committee.
6. The Remuneration Committee freely decides to engage any necessary or convenient consulting services for the performance of their duties.
7. The Remuneration Committee cannot resolve without the presence of the majority of its members, the resolutions are taken by majority of votes and the Chairman has a casting vote in case of tie vote.
8. Minutes are taken of every meeting of the Remuneration Committee, and these are signed by the committee members attending the meeting.



9. So as to develop its activity, the Remuneration Committee may require technical assistance from the Support Office of the GSB to the Chairman of the GSB.

Article 5

Remuneration Committee Chairman Responsibilities

1. The Chairman of the Remuneration Committee is especially responsible for:
 - a) Representing the Remuneration Committee in and out of court;
 - b) Coordinate the Remuneration Committee activity, as well as, convene and chair the respective meetings;
 - c) Exercise a casting vote;
 - d) Ensure the circulation of information by the Remuneration Committee members on the matters handled.
2. In order to provide information or clarification to shareholders, the Chairman, or in his absence, other Remuneration Committee member, ensures the presence in the annual shareholders meeting or in any other shareholder meeting if the agenda covers any matter related to the Company's bodies or committees' members remuneration or if such presence is required by shareholders.

Article 6

Incompatibilities

1. In addition to others that are specifically applicable, Remuneration Committee members are subject to the incompatibility rules set forth in article 414-A(1)(a)(b)(c)(d)(e)(g) and (h) (see article 434(4) and article 437(1) of the Companies Code and also article 10 of EDP's Articles of Association).
2. Without prejudice to the power of the Remuneration Committee to decide on the incompatibility of its members, each member shall be responsible for the permanent monitoring of the absence of any circumstances that may lead to his/her situation becoming incompatible with the performance of his/her duties.



3. Any member who has doubts regarding a situation of incompatibility in relation to him or herself or another member should refer the case to the Chairman of the Remuneration Committee, who shall initiate an assessment process with GSB or an Eventual Committee set up for the purpose, to issue a reasoned opinion on the incompatibility.

Article 7

Independence

1. A member of the Remuneration Committee is considered independent if he/she meets the independence requirements set forth in the GSB Internal Regulation.
2. Without prejudice to the power of the Remuneration Committee to assess the independence status of its elected members, each one shall be responsible for permanent checking for the absence of any circumstance that might affect this status during the performance of his/her duties.
3. If a Remuneration Committee member is in doubt as to whether or not he/she or another member meets the independence requirements, he/she shall refer the case to the Chairman of the Remuneration Committee, who shall initiate an assessment process with the GSB or an Eventual Committee set up for the purpose, to issue a reasoned opinion on the independence status.

Article 8

Competition

1. Without authorisation from the General Meeting of Shareholders, Remuneration Committee members can neither engage, directly or indirectly, in activities in competition with the Company, neither hold positions in, represent or act on behalf of a competing company, pursuant to article 10 of EDP's Articles of Association.
2. Remuneration Committee members elected under article 10(4) of EDP's Articles of Association cannot attend meetings, or parts of meetings, in which competitively sensitive issues are discussed, nor can they otherwise have access to this information



and documentation. This relates in particular to information regarding markets in which there is competition with the Company.

Article 9

Conflicts of Interest

1. When a Remuneration Committee member is in a situation of conflict of interests both effective or apparent on a decision to be carried out by this body, the member must inform the Remuneration Committee Chairman on the facts that may constitute or give cause to a conflict between his/hers interests and the social interest.
2. The Remuneration Committee Chairman will inform the GSB Chairman of this fact, who should start a verification process before the GSB or before an eventual commission composed by GSB members for that purpose, in order to be issued a reasoned resolution on the matter.
3. On the situation set forth in the number one of this article, the Remuneration Committee member should refrain himself/herself to participate and vote at the meeting in which the respective matter is discussed and voted, without prejudice to the obligation of providing information and clarifications when requested by the Committee or by their respective members.

Article 10

Rights and Duties

1. Without affecting their other rights as set forth in law and the EDP's Articles of Association, Remuneration Committee members have the right to:
 - a) Obtain information considered essential for the performance of their duties, through the Chairman of the Remuneration Committee.
 - b) Propose to the Chairman of the Remuneration Committee hiring the services of experts and advisors deemed necessary for them to perform their duties, within the agreed budget for such services.
2. Without prejudice of other rights set forth in Law and in EDP's Articles of Association,



the Remuneration Committee Chairman is entitled to request to the GSB Chairman all the information deemed convenient to perform his duties.

3. Without affecting their other duties as set forth in the Law and the EDP's Articles of Association, members of the Remuneration Committee have the duty to:
 - a) Always act according to high standards of professionalism, impartiality, care and loyalty in the pursuit of the Company's interests.
 - b) Participate in the Remuneration Committee meetings and justify as soon as possible any inability to attend.
 - c) Be adequately informed so as to ensure the adequate performance of their duties.
 - d) Maintain confidentiality of events and information acquired in the course of their duties, except in cases where its communication is permitted by law.
 - e) Not hire any private individual or legal person, to support the Remuneration Committee in the performance of its duties, who provides or has provided services in the past 3 years to any structure under the governance of the management body, the management body of that company or subsidiaries or which has a current relationship with the company or subsidiaries or the company's consultant.

Article 11

Evaluation of the Activity

1. The Remuneration Committee shall assess any difficulties and obstacles detected by its members with regard to the performance of their duties and make every effort to ensure that appropriate measures are taken to remove difficulties and obstacles to the performance of their roles.
2. The Remuneration Committee shall monitor compliance with rules applicable to the work of its members, in particular those set out in this Regulation.
3. Every year, the Remuneration Committee shall evaluate:
 - a) The activity developed, and the contribution made by the members.
 - b) The compliance with this Regulation, followed by a revision, if necessary.



Article 12

Duties

Besides other duties expressly attributed to it by GSB, the Remuneration Committee is responsible for:

- a) Defining, annually, the remuneration policy for the EBD Chairman and Directors in line with the corporate governance best practices, namely by setting criteria for the remuneration's variable component.
- b) Determining the several components of base and variable remuneration, particularly the pension plans for retirement or incapacity.
- c) Setting remunerations according to defined policy, allowing the Company to attract, within a reasonable economic cost, qualified professionals, induce the alignment of shareholders' interests and constitute a development factor of a professionalization culture, promotion of merit and transparency within the Company.
- d) Determining the significant part of the multi-year variable remuneration to be deferred in time, at least for a period of three years. The payment of which is conditional on not undertaking intentional unlawful acts known after completion of the assessment and which jeopardise the sustainability of the company's performance.
- e) Annually evaluating the executive management body considering, among other factors, compliance with the company's strategy and previously defined objectives, plans and budgets, in order to ponder and determine the variable remuneration of the EBD Chairman and Directors.
- f) Assessing the individual performance of each member of the EBD, including in this assessment the contribution of each member to the operating efficiency of the body and relations with the different bodies of the company.
- g) Monitoring the contractual changes of the mandates of the Chairman of the EBD and the executive directors, that reflect on their remuneration, particularly in the event of suspension or termination of those mandates.



- h) Setting the maximum amount of compensation payable to the Chairman of the EBD and the executive directors in the event of termination of office.
- i) Evaluating consequences, in the scope of the adopted remuneration policy, of the possible remuneration to EBD Chairman or Directors for holding an office in participated or Subsidiary Companies.
- j) Submitting before the annual General Meeting a statement on remuneration policy for EBD Chairman and Directors adopted by the Committee.
- k) Establish the necessary mechanisms to coordinate its activity with the Remuneration Committee elected by the General Meeting to set remuneration for the remaining social bodies.
- l) Monitor definition of the remuneration policies of Directors of Subsidiaries.

Article 13

Reporting to the GSB

1. At the beginning of every year, the Remuneration Committee must submit their yearly Plan of Activities to the GSB Plenary Meeting for approval.
2. The Remuneration Committee will inform the GSB of its conclusions and minutes and must submit written reports or statements on the most important matters.
3. The informative elements referred on the previous number should also be made available on the internal information sharing platform, as long as they do not include confidential information.
4. At the first semester GSB ordinary meeting, the Remuneration Committee Chairman shall present to the GSB updated information on the most important matters with which the Committee has dealt.
5. Yearly, the Remuneration Committee shall draft a report on its activity and on its evaluation on the same, which will be submitted to GSB's appreciation and will be part of its annual report.



Article 14

Internal Regulation

1. The Remuneration Committee will annually review the implementation of this Regulation and will submit to the Chairman of the GSB the amendments necessary to improve the Committee's work, for approval in GSB Plenary Meeting.
2. GSB Internal Regulation applies, with due adaptation, to all areas not covered by this Regulation.

Article 15

Publication

This Regulation is published on the institutional website of the Company.