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STATEMENT ON THE REMUNERATION POLICY OF THE EXECUTIVE BOARD OF DIRECTORS OF
EDP – ENERGIAS DE PORTUGAL, S.A. TO BE PRESENTED AT THE GENERAL SHAREHOLDERS'
MEETING ON 19 APRIL OF 2017

1. On the 19th April 2016, at the General Shareholders' Meeting of EDP – Energias de Portugal, S.A. (EDP or Company), it was presented and subject to approval, according to the applicable law, some amendments to the proposal regarding the remuneration policy of the members of EDP Executive Board of Directors (EBD) for the term of office 2015-2017, approved on the General Shareholders' Meeting held on the 21st 2015. The referred amendments concerned the fixed remuneration and the performance indicators used for the calculation of the annual and multi-annual variable remuneration. Based on past experience and on the work developed throughout 2016, the Remuneration Committee (REMC) of the General and Supervisory Board (GSB) resolved to propose to this General Shareholders' Meeting the maintenance of the remuneration policy of the members of the EBD, for 2017, grounded on the following principles and rules:
 - 1.1 Annual fixed remuneration of the EBD Chairman in the amount of € 800 000. Based on the analyses undertaken, although competitive, in relation to this remuneration component this value is below the average of the analyzed universe.
 - 1.2 Annual fixed remuneration of the EBD member responsible for financial matters (CFO) and the Chief Executive Officer (CEO) of EDP Renováveis Group (EDPR) in the individual amount of € 560 000.
 - 1.3 Annual fixed remuneration of the remaining EBD Members in the amount of € 480 000 each.
 - 1.4 Retirement Saving Plans (RSP) assigned to Directors during their term of office, amounting in net terms to 10% of their fixed annual remuneration. The terms of these standard RSP are those set by the applicable Law in force regarding these financial products.
 - 1.5 Maintenance of the remuneration structure in which the variable component may double the fixed component, and in which the multiannual variable component, which reflects the assessment for the entire term of office, will have a weighting of 60%, which compares with 40% of the weight assigned to the annual variable component.

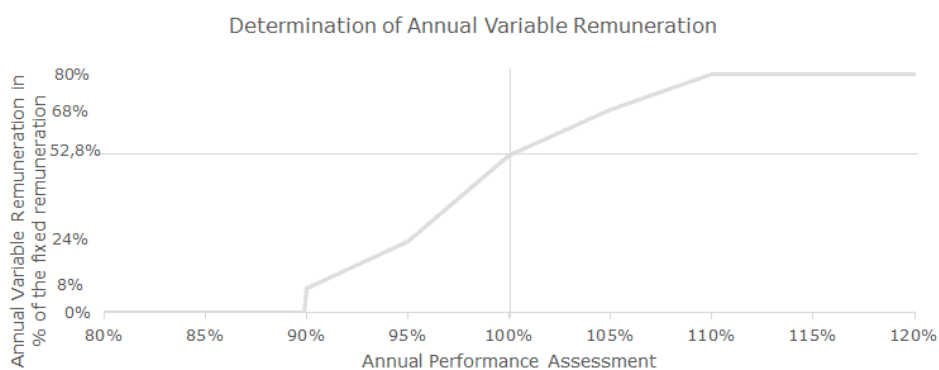


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1.6 Minimum and maximum thresholds defined for the attribution of the variable remuneration and the highest value it may assume on the following conditions:

- a. For the annual variable component (limited to 80% of the fixed remuneration) according to the following parameters, linearly calculated:
 - If performance reaches less than 90% of the defined objectives, there will be no annual variable remuneration attribution;
 - If the performance is between 90% and 95% of the defined objectives, it is due an amount within the range of 8% and 24% of the fixed remuneration of each member of the EBD;
 - If performance is between 95% and 100% of the defined objectives, it is due an amount within the range of 24% and 52,8% of the fixed remuneration of each member of the EBD;
 - If performance is between 100% and 105% of the defined objectives, it is due an amount within the range of 52,8% and 68% of the fixed remuneration of each member of the EBD;
 - If performance is between 105% and 110% of the defined objectives, it is due an amount within the range of 68% and 80% of the fixed remuneration of each member of the EBD;
 - If performance meets the defined objectives in more than 110% of the defined objectives, it's due an amount equal to 80% of the fixed remuneration of each member of the EBD.

Graphically:

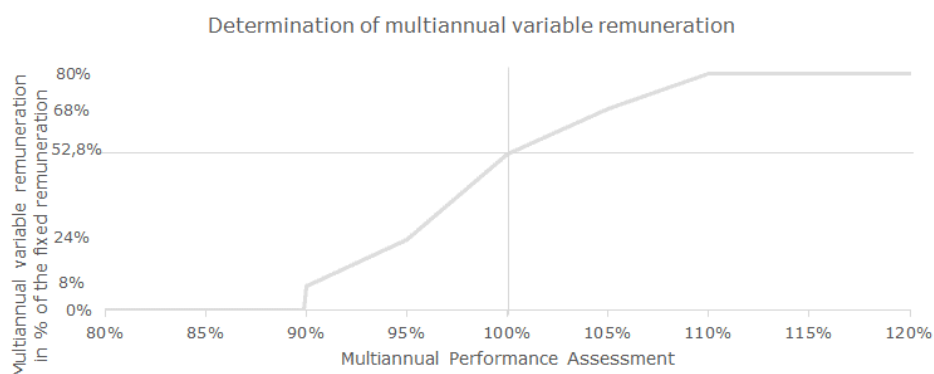




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- b. For the multiannual variable component (which may be of up to 120% of the fixed remuneration) according to the following parameters, linearly calculated:
- If performance is less than 90% of the defined objectives, there will be no multiannual variable remuneration attribution;
 - If performance is between 90% and 95% of the defined objectives, it's due an amount within the range of 12% and 36% of the fixed remuneration of each member of the EBD;
 - If performance is between 95% and 100% of the defined objectives, it's due an amount within the range of 36% and 79,2% of the fixed remuneration of each member of the EBD;
 - If performance is between 100% and 105% of the defined objectives, it's due an amount within the range of 79,2% and 102% of the fixed remuneration of each member of the EBD;
 - If performance is between 105% and 110% of the defined objectives, it's due an amount within the range of 102% and 120% of the fixed remuneration of each member of the EBD;
 - If performance meets the defined objectives in more than 110%, it's due an amount equal to 120% of the fixed remuneration of each member of the EBD.

Graphically:



1.7 Existence of a criteria that condition the allocation of the multiannual variable remuneration to the performance throughout the entire term of office: although it is calculated annually, it only becomes effective if, at the end of the term, in average, at



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least 90% of the fixed goals have been achieved, assessed by the performance of the company, by its comparison with strategic benchmarks of reference and by the individual contribution of each member of the EDB for that aim.

1.8 Weighting of 20% with respect to qualitative individual performance regarding the annual objectives and 35% for multiannual targets.

1.9 Payment of the multiannual bonus is deferred through time, for a period not less than three years, being the aforesaid payment conditional upon the non-performance of intentional unlawful acts, known after the completion of the evaluation and that jeopardize the sustainability of the performance of the company, and being made after its determining and approval by the REMC.

1.10 The indicators used to evaluate the performance of the EBD, will be as follows:

a. Annual performance indicators with relation to the 2017 annual budget, which have received a prior favorable opinion from the GSB on 15th December 2016 and was approved by EBD on the same date

a.1. Quantitative component and its respective weight:

Total shareholder return vs Eurostoxx utilities and PSI20 ¹	(25%)
Earnings per Share	(20%)
Net debt to EBITDA	(15%)
Operating cash flow excluded regulatory receivables	(13%)
Residual Income	(7%)

The 80% resulting from the weighted sum of these indicators reflect a performance, which is common to all EBD members.

a.2. Qualitative component

The remaining 20% result from an individualized qualitative evaluation made by the Committee, based on the individual performance of each one of the EBD members and after consultation of the EBD Chairman.

a.3. The value resulting from the quantitative and qualitative component, as previously mentioned, is also weighted by a factor of 80% of the fixed annual remuneration.

¹ Source: Bloomberg



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b. Multiannual performance indicators with relation to the business plan 2016-2020, which received a prior favorable opinion from the General and Supervisory Board, on the 4th May 2016 and was approved by the EBD on the same date (targets disclosed on the 5th May 2016 in London, on Capital Markets Day, according to the document filed in the website of the Portuguese Securities Market Commission at www.cmvm.pt)

b.1. Quantitative component and its weight

Total shareholder return vs Eurostoxx utilities and PSI20 ²	(18.5%)
Earnings per Share	(18.5%)
Net debt to EBITDA	(15%)
Sustainability Performance Indicator	(8%)
Operating cash flow excluded of regulatory receivables	(5%)

The 65% resulting from the weighted sum of these indicators reflect a performance, which is common to all EBD members.

b.2. Qualitative component

The remaining 35% result from an individualized qualitative assessment made by the REMC, based on the individual performance of each one of the EBD members and after consulting the EBD Chairman.

b.3. The value resulting from the quantitative and qualitative component, as previously referred, is also weighted, by a factor of 120% of the fixed annual remuneration.

1.11 In accordance with the criteria set out above, in annual terms, the potential maximum amount, to be assigned to the members of EBD, in case the set goals are completely achieved, which implies the payment of the maximum values set for the annual and multi-annual variable remuneration, as described above, is as follows:

- a. EBD Chairman: € 2 583 908
- b. CFO of EDP and CEO of EDP Renováveis Group: € 3 617 471
- c. Remaining EBD members: € 7 751 724

² Source Bloomberg



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- d. Total: € 13 953 103
- 1.12 It shall be clarified that EDP Directors do not enter into any contracts, either with the company or with third parties, in view of the mitigating of the inherent risk to the variability of their remuneration established by the company.
- 1.13 It is further enlightened that within EDP there are not any agreements in force, which foresees payments in the event of dismissal or termination by consent of the directors' functions, nor in this regards any payments were made during the year of 2016.
- 1.14 The evolution of EDP's activity has increasingly added an international dimension, which may entail consequences at remuneration and compensations level. Beyond the remuneration regime related to the work performed abroad, committed to the purview of the EBD, the Remuneration Committee, within the framework of its statutory competences, proposes that the fixed and variable remunerations, irrespective of the geography where EBD members operate, be treated, for internal purposes, under the existing tax regime in Portugal, so as to prevent unjustified discrepancies in net remunerations between the members of EBD.

Pursuant to article 2, no. 1, of the Law 28/2009, dated 19th June and article 27^o, no. 2 of EDP By-laws, the Remuneration Committee of the General and Supervisory Board of EDP submits to the approval of the shareholders the statement on the remuneration policy of the members of the Executive Board of Directors of EDP in accordance with the terms above.

Lisbon, 2nd of March 2017

A handwritten signature in black ink, appearing to be 'Yang Ya', is written over a horizontal line.

Yang Ya

Chairman of the Remuneration Committee of the General and Supervisory Board