



Corporate Governance at EDP

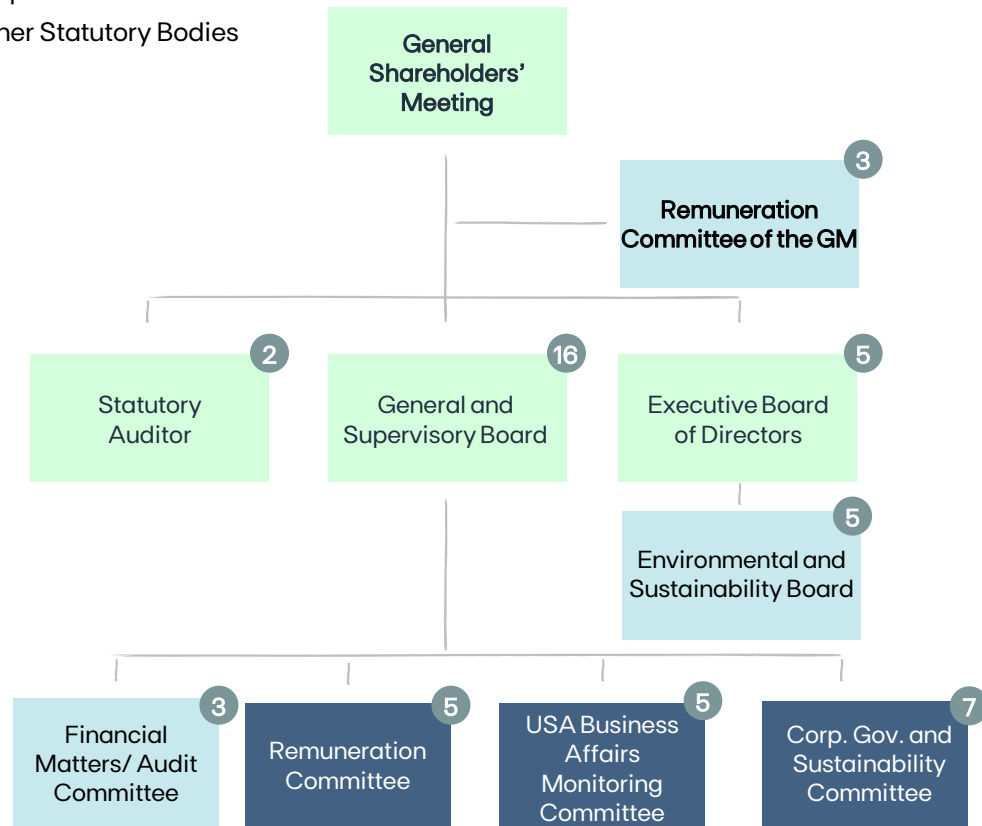
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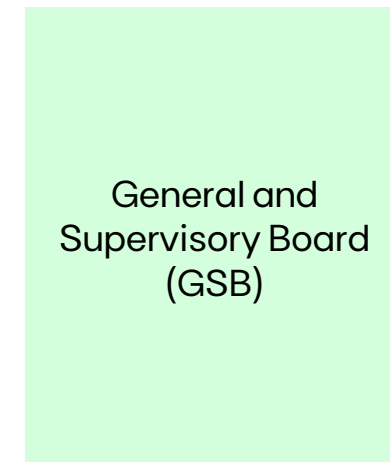
Shareholder Structure and Corporate Bodies

Dual Model of Corporate Governance, ensuring separation of functions and specialization of supervision

- Number of members
- Corporate Entities
- Corporate Bodies
- Other Statutory Bodies



Dual Corporate Governance Model



- **Monitor and evaluate the management** of the company and the subsidiaries, providing advice and assistance to the EBD
- Must issue a **prior opinion** on the main strategic decisions
- **Constitute and appoint specialized committees**



- **Setting the objectives** and management policies
- **Preparing the annual operating and financial plans**
- **Managing the Company's business affairs**

General and Supervisory Board of EDP with 16 members and a majority of independents



João Talone
Chairman
Independent

Key role linking GSB and EBD



Dingming Zhang
China Three Gorges Corporation



Shengliang Wu
China Three Gorges International Corp



Zhang Hui
China Three Gorges Brasil Energia, S.A.



Ignacio Herrero Ruiz
China Three Gorges (Europe), S.A.



Miguel Pereira Leite
China Three Gorges (Portugal), Sociedade Unipessoal, Lda.



Fernando Masaveu Herrero
Member



Felipe Fernández Fernández
Draursa, S.A.



Sofia Saigado
Independent Member



Zili Shao
Independent Member



João Carvalho das Neves
Independent Member



Laurie Fitch
Independent Member



Luis Palha da Silva
Independent Member
Chairman of the GSM



María Carmen Rozado
Independent Member



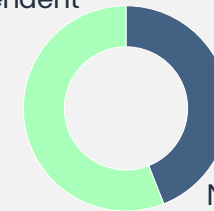
Sandrine Dixson-Declève
Independent Member



Esmeralda da Silva Santos Dourado
Independent Member

Status

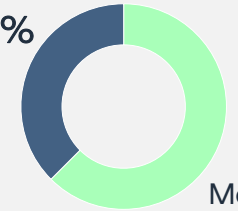
Independent
56%



Non-indep.
44%

Gender Diversity

Female
37.5%



Male
62.5%

- > 16 members all non-executive
- > 3-years mandate (2021-2023)
- > 10 meetings in 2022, avg. attendance of 99%
6 meetings in 2023 YTD
 - Of which 7 meetings mainly focused on Business Plan
- > The remuneration is fixed and takes into account the tasks performed (ruling, number of committees, etc)

Financial Matters Committee

- **Composition:** 3 members
- **Independence:** 3 independent members
- Requires Audit and Accounting background
- **Mission:** Financial matters and accounting practices; internal audit practices and procedures; internal mechanisms and procedures of the Internal Control System for Financial reporting (ICSFR) and matters relating to risk management and control system

Corporate Governance and Sustainability Committee

- **Composition:** 7 members
- **Independence:** 4 independent members
- **Mission:** CG; Sustainability in all its dimensions; internal codes of ethics and conduct; internal proceedings and relationship between the Company and Subsidiaries or Group companies; and succession plans

Remuneration Committee

- **Composition:** 5 members
- **Independence:** 3 independent members
- Requires remuneration policies matters background
- **Mission:** Propose company policy and objectives regarding the EBD's remuneration to the GSM, execute the EBD's remuneration policy approved by the GSM

USA Business Affairs Monitoring Committee

- **Composition:** 5 members
- **Independence:** 4 independent members
- Chairman of the committee has to be the Chairman of the GSB.
- **Mission:** monitoring and resolutions on matters related with the activity undertaken by companies wholly or majority held by and/or subsidiary of EDP Group in the United States of America

GSB activity in 2022, a year that was marked by a crisis in the energy sector and a challenging macro environment



2022

Impacts of the international crisis

Requested the update of EDP's risk map and a detailed analysis of the Group's regulatory and liquidity risks.

Extraordinary meeting of the GSB was called to systematise the war impacts on EDP (security risks of people and assets, energy markets, supply chain and cybersecurity).

The GSB monitored the contingency plans created by the EBD for the different scenarios of conflict development.

Execution and update of the Business Plan

Sharp focus on updating EDP's Business Plan.

Renewal of the vision for 2030 horizon.

Analysis of EDP's growth opportunities in its different areas.

The analysis was completed with EDP's means of financing, and the final version of the updated Business Plan and its respective communication to the market were subject to favourable prior opinion from the Board as early as the first quarter of 2023.

Group Investments and Operations

Issued an opinion on:

- Acquisition of the Kronos solar platform in Germany.
- 8 investment or divestment operations with an avg. value >€350M.
- 4 financing operations with an avg. value of ~€1.6 Bn.

Other activities

Assessment approval of the quarterly, annual accounts and 2023 Budget of EDP.

Deepen its knowledge of the different EDP's companies.

Monitored the process of the rebranding of the EDP Group.

Appreciated the risk management model, the whole risk management process and the strategic activities of Risk - Corporate Global Unit.

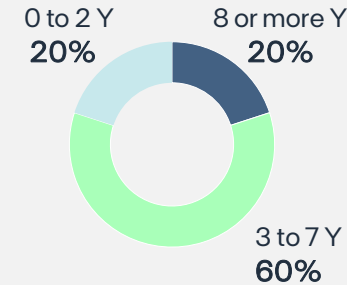
Executive Board of Directors



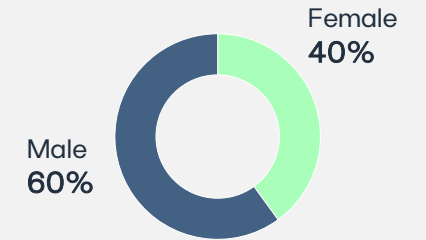
2021-2023 Mandate



Board Tenure



Gender Diversity



- > 5 members
- > 3-years mandate (2021-2023)
- > Elected by shareholders, including CEO
- > Meets at least twice a month, with 59 meetings in 2022 and 36 in 2023 YTD
- > Fixed and Variable Remuneration (including ESG performance), approved by the GSM

Management targets are fully aligned with shareholder interests and ESG performance

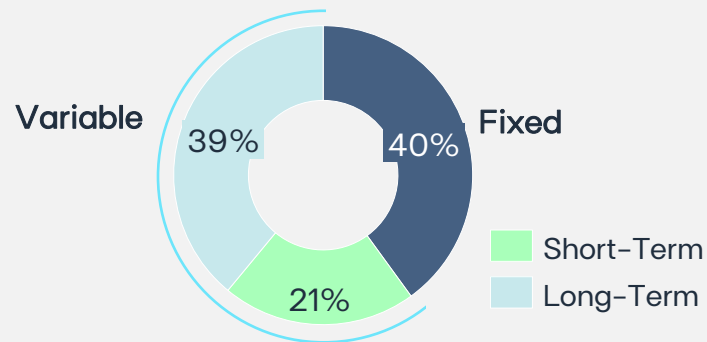


General Characteristics

- Disclosure:
 - **Quantifiable Targets/Achievement:** To be disclosed in annual remuneration report
- **Share-Based remuneration:** Yes
- **Malus / Clawback:** Yes / Yes

CEO remuneration

2021 – assuming 100% targets



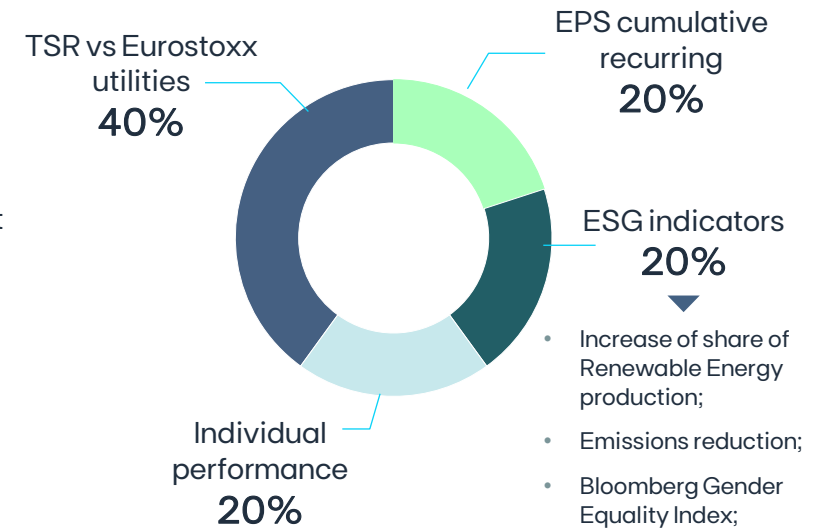
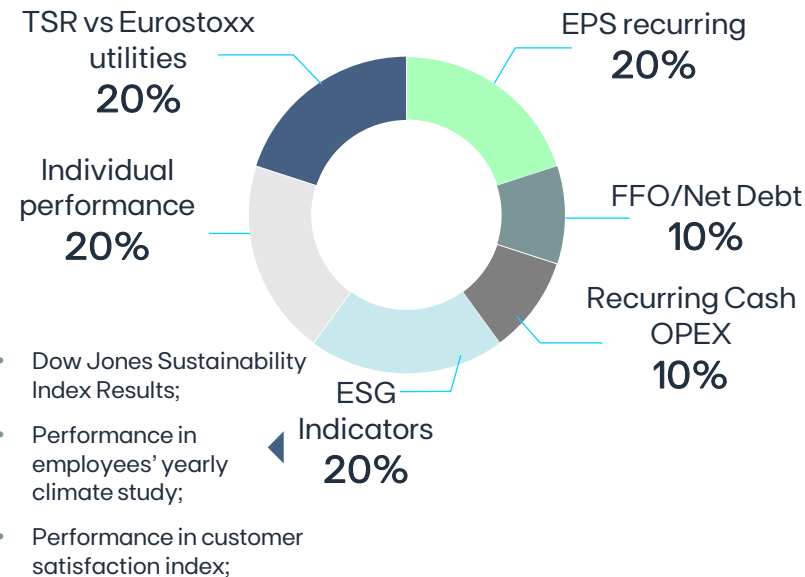
Variable Remuneration KPIs

Short-Term KPIs:

- Comparison with **Budget**
- Max. Limit: **80%** fixed remuneration
- **>85%** of the targets need to be accomplished

Long-Term KPIs:

- Comparison with **Business Plan**
- Max. Limit: **145%** fixed remuneration
- **>85%** of the targets need to be accomplished
- Performance measured during **3 year period**
- Paid after 3-year period, during 3 years (t+3, t+4, t+5)



02

2022–2023: Corporate Governance main highlights

Remuneration policy of the Executive Board, “Say on Pay”, Dividend payout ratio and “Say on Climate” as the main recent improvements



Stakeholders' Concerns

- EBD remuneration policy does not include payment in shares, has a short period of assessment, has similar KPIs for ST and LT and has no deferral in remuneration payment. (2020)
- Lack of transparency on Executive Board performance for each KPI impacting variable remuneration
- Remuneration Report appraised in the GSM (“Say on Pay”)
- The level of dividend is not in the long-term interest of shareholders
- Climate Transition Plan appraised in the GSM (“Say on Climate”)



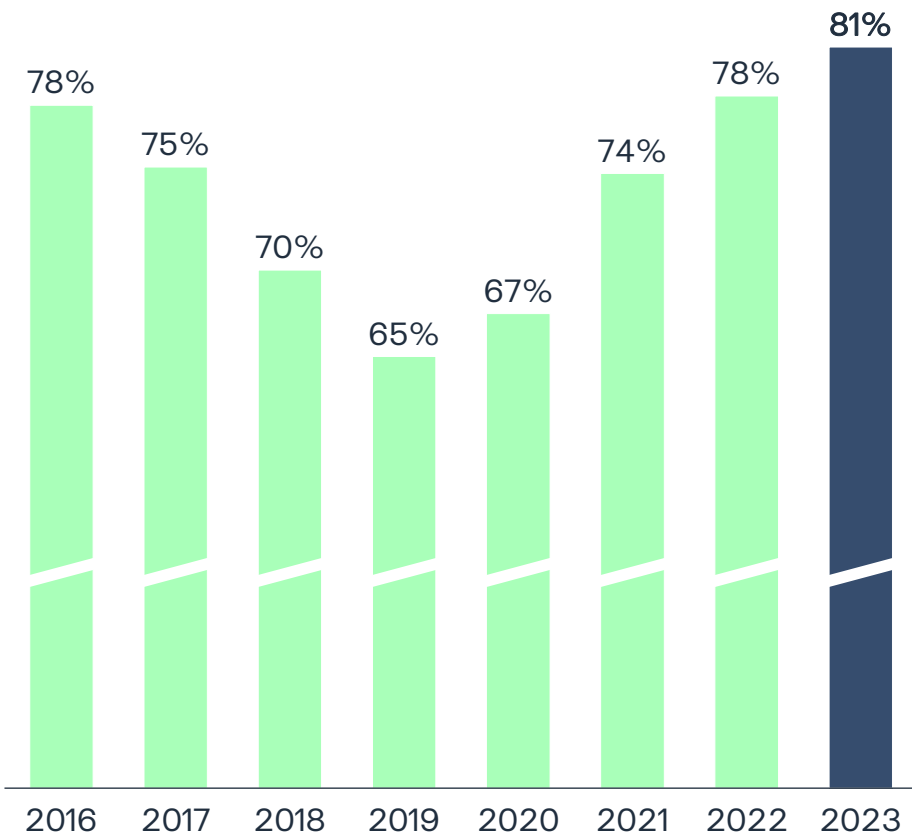
Implemented Change

- 2021 remuneration policy included:
 - ✓ LT incentive settled in shares
 - ✓ Three-year period of assessment for LT performance
 - ✓ Different KPIs for ST and LT performance
 - ✓ Partial deferral of payment
- 2022 Remuneration Report included additional disclosure on objectives and performance for each KPI impacting the quantitative component of the variable remuneration
- Remuneration Report 2022 put for advisory vote at the 2023 GSM
- New Dividend Policy, with revised Payout Ratio reducing from 75%-85% to 60%-70%, increasing our dividend floor to €0.195 in 2024-25 and €0.20 in 2026
- Climate Transition Plan 2030 put for advisory vote at the 2023 GSM

Participation levels increasing for the last 5 years, peaking in 2023; All items were approved by >98% of the votes, except for items 2 and 4

Share capital represented in the General Shareholders' Meeting

[%; 2016-2023]



 Approved



| | |
|---|--------------------------|
| Item 1.1 – Consolidates account's | 99.99% |
| Item 1.2 – Remunerations Report | 98.35% |
| Item 1.3 – Climate Transition Plan 2030 | 99.73% |
| Item 2.1 – Allocation of Profits | 96.96% |
| Item 2.2 – Dividend Distribution | 96.20% |
| Item 3 – Appraisal EBD GSB Auditor | 99.22% 99.06% 99.21% |
| Item 4 – Acquisition of Shares | 97.84% |
| Item 5 – Acquisition of Bonds | 99.50% |
| Item 6 – Max. 10% capital increase | 99.04% |
| Item 7 – Suppression of preference rights | 98.53% |
| Item 8 – Appointment of Pedro Vasconcelos | 99.97% |

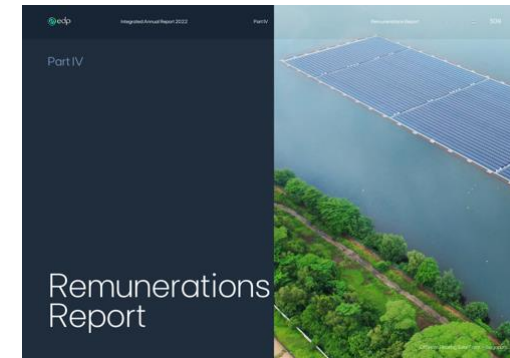
Following the continuous shareholder engagement over 2022, EDP puts forward a “Say on Climate” and a “Say on Pay”



Considering market best practices and after **extensive shareholder engagement** throughout 2022, EDP decided to put the **Remunerations Report** and the **Climate Transition Plan** for shareholders appreciation autonomously

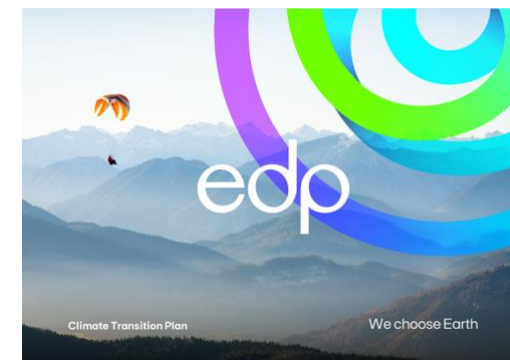
Remunerations Report

Provide a comprehensive and integrated description of the remuneration earned by the members of the corporate and governing bodies of EDP, attributed or due during the 2022 financial year



Climate Transition Plan

Reinforces our commitments, clarifying the challenges that must be met and the road we need to follow to curb all our sources of direct and indirect emissions towards Net Zero



03

ESG Strategy

We are leading the decarbonization of the sector, working every day towards Net Zero



ESG Framework. 2026 Targets



#1 integrated electric utility

Dow Jones Sustainability Index, Dec-22

We will

Decarbonize for a climate-positive world

Coal free by 2025

All green by 2030

Net Zero by 2040

We are

Empowering our communities for an active role in the transition

~€200 Mn
in social investments
(accumulated)

>3,000
new hires

Protecting our planet, contributing to its regeneration

100%
Projects with Net
Gain Biodiversity
tracking system

90%
waste recovery
along the value
chain

Engaging our partners for an impactful transformation

100%
suppliers
compliant with
ESG Due Diligence

90%
of purchases
volume aligned with
EDP's ESG goals

We have

A strong ESG culture protecting and empowering human life

Aim to Zero fatal accidents

70%
employees received
ESG training

Remuneration linked to ESG

A WAY FOR A BETTER TOMORROW



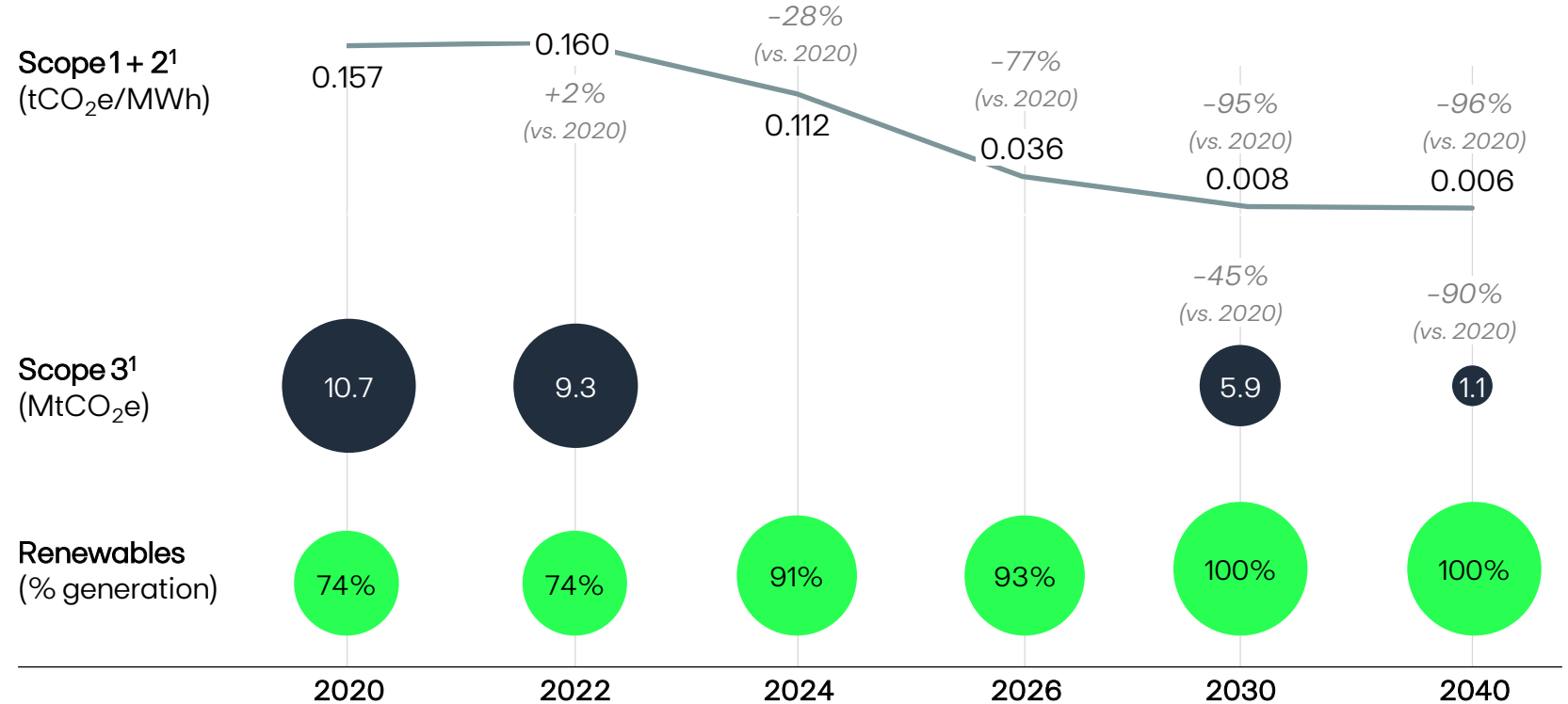
All in all – our ESG commitments

| Ambition | Goal | 2022 | 2026 target | 2030 ambition |
|---|---|-----------|-------------|---------------|
| Decarbonize: for a climate-positive world | SBTi: Scope 1 + Scope 2, gCO ₂ e/kWh (% vs. 2020) ¹ | 160 (+2%) | 36 (-77%) | 8 (-95%) |
| | SBTi: Scope 3, MtCO ₂ e (% vs. 2020) ¹ | - | - | ~6Mn (-45%) |
| | Renewables generation, % | 74% | 93% | 100% |
| Communities: Empowering our Communities for an active role in the transition | Global investment in communities, cumulative ² | ~€54 Mn | ~€200 Mn | >€300 Mn |
| | Social impact investment beneficiaries ³ | ~6 m | 20 m | >30 m |
| | New hires, number | >2,000 | >3,000 | >6,500 |
| | Training in upskilling and reskilling program, % training ⁴ | 40% | 45% | >45% |
| Planet: Protecting our planet contributing to its regeneration | Total recovered waste ⁵ , % per year | 95% | 90% | >90% |
| | Biodiversity Net Gain in new projects | n.a. | - | 100% |
| | Projects with Net Gain Biodiversity tracking system | n.a. | 100% | 100% |
| Partners: Engaging our Partners for an impactful transformation | Suppliers compliant with ESG Due Diligence ⁶ , % | 100% | 100% | 100% |
| | Purchases volume aligned with EDP ESG goals, % | >50% | 90% | >90% |
| ESG Culture: A strong ESG culture protecting and empowering human life | Fatal accidents, number | 5 | 0 | 0 |
| | Women employees, % | 27% | 31% | 35% |
| | Women employees in leadership, % | 28% | 31% | 35% |
| | Employees receiving ESG training | 60% | 70% | 90% |

1. 2020 as base year, 2. Accumulated OPEX 2021-2030. Includes voluntary & mandatory investment + management costs, 3. Accumulated 2021-2030. Includes direct and indirect beneficiaries & A2E clients, 4. Excludes transversal training, 5. Includes construction, operational and dismantling phases and considers the change in EDP's technology mix, 6. Purchases >25k€

Coal free by 2025
All green by 2030
Net Zero by 2040

Reinforce efforts for the decarbonization pathway of EDP's portfolio towards Net Zero, by aligning objectives with suppliers and processing the learning curve on offsetting to reduce emissions outside the value chain



Key milestones

Decommission coal plants with a clear plan to mitigate impact on the community (e.g., reskilling, repurposing assets)

Decommission/repurpose gas assets (full portfolio)

Ensure green procurement from all suppliers (start to engage now and provide support to ensure compliance by 2040)

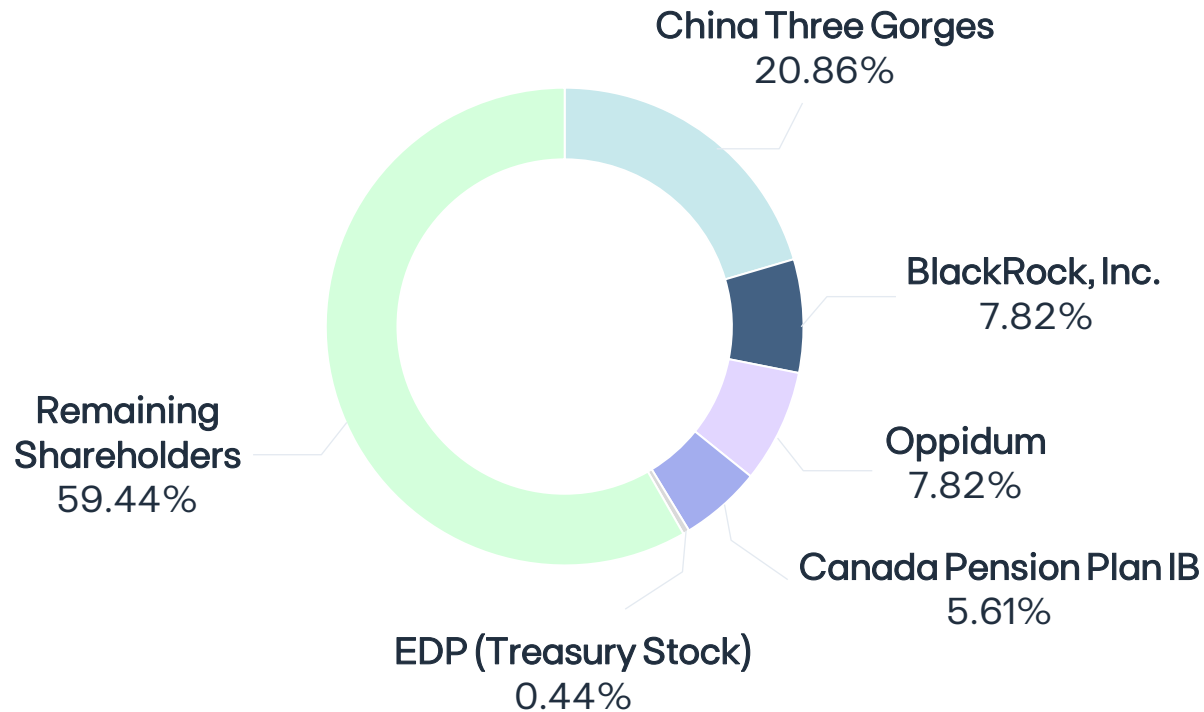
Appendix

Stable and geographically diverse shareholder base; New dividend policy, with increase in DPS floor and decrease in payout ratio



Shareholder Structure

As of March 2023



Attractive dividend policy

From...

To...

DPS floor

€0.19

€0.19 in 2023

€0.195 in 2024-25

€0.20 in 2026

Target payout

75-85%

60-70%

Sustainable EPS growth to deliver DPS increase

General Shareholders' Meetings

General Shareholders' Meeting's Duties

- **Assess the annual reports**, which are produced by the Executive Board of Directors and the General and Supervisory Board and certified by the Statutory Auditor;
- **Vote on proposals for dividend policy**;
- **Elect and dismiss the members** of the Board of the General Meeting, the General and Supervisory Board, the Executive Board of Directors, the Statutory Auditor and the members of the Environmental and Sustainability Board a three-year term of office (2021 - 2023);
- Decide on **amendments to the Articles of Association**;
- **Appoint a Remuneration Committee**;
- **Deal with any other matters** brought before it and exercises any other powers that may be conferred to it by law.

Board of General Meeting

- The Board of the General Meeting is composed of a Chairman and a Vice-Chairman as well as the company's secretary appointed by the Executive Board of Directors
- The current members of the Board of the General Shareholders' Meeting are as follows:
 - **Chairman** (also a member of GSB): Luís Palha da Silva
 - **Vice Chairman**: Mafalda Miranda Barbosa
 - **Company Secretary**: Rita Ferreira de Almeida
- The **Chairman** receives **no remuneration**, as he is also a member of the GSB and is already remunerated for that position

General Shareholders' Meeting

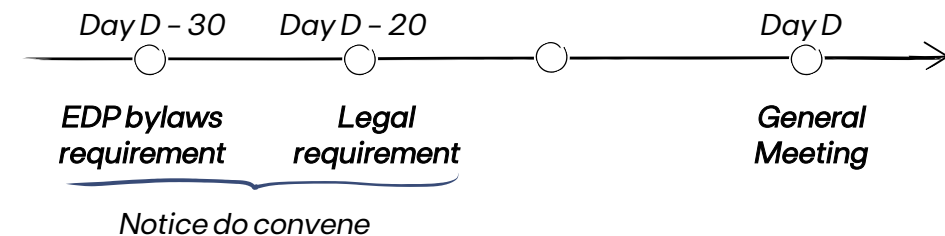
Voting cap

- According to EDP bylaws, **votes** cast by a shareholder, on its own account or on behalf of another shareholder, **that exceed 25% of the votes corresponding to the share capital shall not be considered**
- This limitation **applies to all decisions of the General Meeting**, including those for which the law or EDP's Articles of Association provide for a qualified majority of the Company's share capital
- Over the past few years, the subject of statutory limitation on voting rights has already been discussed by the Shareholders' General Meeting of EDP on three occasions (2011 | 2012 | 2019)

Convene and Agenda

- The general meeting must be convened whenever one or more of the shareholders owning shares corresponding to at least 2% of the share capital request it.
- Request an issue to be included and voted on in a GM that is already called or to be called (2% of the share capital)

Timeline



General and Supervisory Board main assignments

Main assignments:

- Permanently **monitor and evaluate the management** of the company and the subsidiaries, providing advice and assistance to the EBD
- Continuously **monitor the activity of EDP's Statutory Auditor and the external auditor**
- **Issue opinions on management reports and accounts;**
- **Constitute and appoint specialized committees**
- Exercises any other **powers invested in law**
- Must issue a **prior opinion** on the main strategic decisions, such as larger contracts of funding, investments/divestments and spin-offs, mergers or transformation projects



General and Supervisory Board main considerations

Composition:

- Majority of independent members
- Need to fulfill academic background and skills requirements
- **3-years mandate (2021-2023)**
- **Number of effective members not lower than nine, but always higher than the number of directors of the EBD.**

Election:

- Elected by proposed list of members voted in **general shareholders meeting**, including Chairman who should be an independent member
- Shareholders with **voting rights between 10-20%** may subscribe lists for the **separate election of a member of the GSB**

Meetings:

- At least once every three months

Remuneration:

- The remuneration is **fixed** and takes into account the **tasks performed** (ruling, number of committees, etc)
- There is **no variable** remuneration



General and Supervisory Board rights and duties

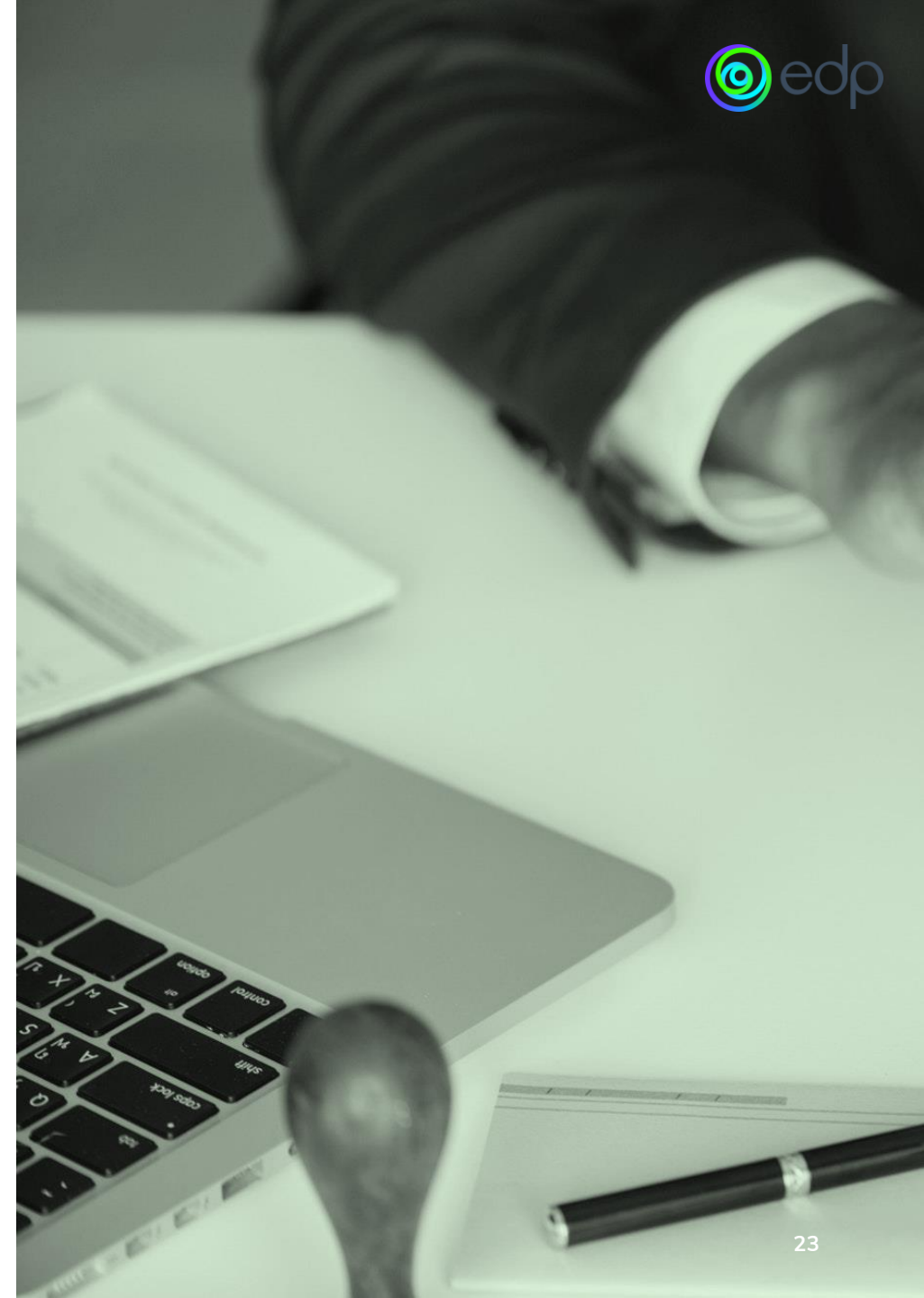
Rights:

- Obtain information considered essential for the performance of their duties, through the Chairperson of the GSB, without prejudice of access and information restrictions regarding members which are in a conflict of interests situation.
- Ask the Chairperson of the GSB to instigate EBD to implement any actions related to the activities of EDP, subsidiaries and non-profit institutions economically dependent on them.

Duties:

- Always act according to high standards of professionalism, impartiality, care and loyalty in the pursuit of the Company's interests.
- Be adequately informed so as to ensure the adequate performance of their duties.
- Maintain the confidentiality on events and information acquired in the course of their duties, except in cases where its communication is permitted by Law.

Non exhaustive list, further duties and disclosures may apply in accordance with the applicable law.



General and Supervisory Board voting decisions

Voting of Decisions:

- As a collegiate body, the GSB **makes its decisions in plenary meetings**, regardless of the delegation of specific powers to its Committees.
 1. Decisions are taken by a **majority of votes** cast by members present or represented and postal votes.
 2. A GSB member should not participate in any voting in which he/she has a direct or indirect conflicting interest with the Company or a Subsidiary.
 3. The execution of the GSB decisions is overseen by its Chairperson.



General and Supervisory Board independence validation

- A person is considered independent if he/she is **not associated with any specific interest group in the Company** and is **not under any circumstance liable to affect his/her impartiality** in making analyses or decisions, such as any of the situations indicated below or in relation to him or herself, or his or her spouse or relatives by birth or marriage to the third degree.
 - a) Being an owner, occupying a management position, having a contractual tie with or acting on behalf of or on the account of **owners of qualifying holdings of 2% or more** of the share capital or voting rights of EDP or a similar percentage in a company that controls it, or of a EDP's competing company.
 - b) Being **re-elected for more than two consecutive or intercalated terms**.
 - c) Having **exercised for twelve years**, on a consecutive or non-consecutive basis, **functions in any corporate body of the Company** exception made to, from the end of its functions in any body and its new appointment, at least a three-year period has elapsed.
 - d) Having, in the last three years, **provided services or had a significant commercial relation with the Company** or one of its Subsidiaries.
 - e) **Being a remuneration beneficiary paid by the Company** or one of its Subsidiaries other than the remuneration deriving from the execution of its functions as a GSB member.

General and Supervisory Board incompatibility declaration

- **GSB members are bound to an incompatibility regulation** governing the exercise of their duties, both from a legal and statutory perspective.

Accepting the position depends on a written statement, which shall attest:

- Adequate knowledge of the legal, regulatory and statutory rules applicable to the position's and the Company's activities;
- Unreserved acceptance of the rules laid down by the GSB's Rules of Procedure.
- The absence of any legal or statutory incompatibilities affecting the prosecution of GSB membership duties;
- The fulfillment of all independence requirements set out in Article 7.1 of the Rules of Procedure, should the member be elected as an independent GSB member;
- The duty to report to the GSB Chairman – or, in the latter's case, directly to the GSB – any supervening fact that may create a situation of incompatibility or loss of independence.



