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## **DECLARATION ON THE REMUNERATION POLICY**

The definition of the proposal of the remuneration policy for the members of the Board is incumbent on Nomination and Remunerations Committee which is appointed by the Board of Administration.

This Committee defined the remuneration to be attributed to Directors and members of the Management Team, with the purpose that it reflects the performance of each of the members in each year of their term of office (variable annual remuneration), and also their performance during their term of office establishing a variable component which is consistent with the maximisation of the Company's long term performance (variable multi-annual remuneration for a three-year period), thereby guaranteeing the alignment of the performance of the governing bodies with the interests of the shareholders.

The remuneration policy proposed by the Appointments and Remunerations Committee for the period 2011-2013, defines a structure with a fixed remuneration for all members of the Board of Directors and a variable remuneration, with an annual component and a multi-annual component for the members of the Executive Committee and the Management Team.

For the period 2011-2013, it was decided to maintain the remuneration structure in terms of its components, as well as to keep the same nominal value of fixed annual component as the one in force during the 2009-2010 period, revise the KPIs (Key Performance Indicators) for variable multi-annual and annual components, and unify for Executive Committee and Management Team the implementation of the Correlation Matrix of Goals Achievements to determine the variable remuneration.

### **Fixed remuneration**

For the period 2011-2013, fixed remuneration proposed is the same as the one set for the 2009-2010 period.

With the exception of the CEO, and those members that could likewise be part of the Management Team, the members of the Executive Committee do not receive any remuneration from EDP Renováveis. Nonetheless EDP Renováveis has entered into an Executive Management Services Agreement with EDP pursuant to which EDP Renováveis is due to pay EDP the corresponding amount for the executive management services rendered by the aforementioned members of the Executive Committee.

The non-executive directors may opt between a fixed remuneration or attendance fees per meeting, in a value equivalent to the fixed remuneration proposed for a director, taking into consideration the duties carried out.

The Retirement Savings Plan for the members of the Executive Committee who are not part of the Management Team, works as an effective retirement complement and corresponds to 5% of the value of their respective annual remuneration.

The Directors do not get any relevant non-monetary benefit as a form of remuneration.

## **Variable annual and multi-annual remuneration**

Variable annual and multi-annual remuneration applies to the members of the Executive Committee and the Management Team.

Variable annual and multi-annual remuneration will be a percentage of fixed annual component, with a superior weight for multiannual vs. annual component (120% vs. 80%). That is, the value of the variable remuneration may range between 0% and 85% of the 80% of the annual gross fixed remuneration, in the case of the annual variable, and between 0% and 85% of the 120% of the annual gross fixed remuneration, in the case of the multi-annual variable.

The KPIs used to determine the amounts of the annual and multi-annual variable regarding to each year of the term are aligned with the strategic grounds of the Company: growth, risk control and efficiency. These are the same for all the members of the Executive Committee and Management Team, although with specific targets for the platforms in the case of COO's of the Management Team:

- The relative performance of the Total Shareholder Return of EDP Renováveis vs Benchmark, (PSI-20 and peers);
- EDP Renováveis growth (MW and pipeline)
- The risk – result of EDP Renováveis (ROIC Cash; market exposure, EBITDA and net result)
- Efficiency (technical availability, OPEX/MW, CAPEX/MW);
- Additional targets only applicable to the multi-annual variable (sustainability, employee satisfaction and appreciation of the Appointments and Retributions Committee)

The relative weight assigned to each KPIs to calculate annual or multi-annual variable remuneration, the relevance associated with the achievement of such KPIs on the platform in the case of COOs, the three-year term considered for determining the value of variable multi-annual component of the remuneration, the use of the qualitative criteria focused on a strategic and medium term perspective of the development of the Company, the existence of a maximum limit for the variable remuneration and the relative importance of this component in the total remuneration value are determining elements in maximising that the management performance of the Company not only focuses on short term objectives but incorporates the interests of the Company and of shareholders in the medium and long term.