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DECLARATION ON THE REMUNERATION POLICY

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

This Committee defined the remuneration to be attributed to Directors and to the members of the Executive Committee, with the purpose that it reflects the performance of each of the members in each year of their term of office (variable annual remuneration), as well as 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 Nominations and Remunerations Committee for the period 2017-2019, and approved last year by de General Shareholders' Meeting, establishes similar principles to those governing the previous remuneration policies in force, entailing 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.

EDPR Business Plan for North America platform includes a substantial and strategic investment-. Additionally EDPR shall consolidate its presence in Offshore wind, what includes correctly complying with the obligations assumed in relation with the already awarded Offshore Projects. Finally, the business environment for next years in Europe and Brazil is becoming very challenging.

Taking into consideration the above, and with the aim of being consistent with the market conditions, the Nominations and Remuneration Committee proposed to the Board of Directors 2 (two) new Long Term Incentive Complementary Programs: one for the COO North America and other for the COO Offshore. Additionally the Nominations and Remunerations Committee may consider studying in 2018 a Long Term Incentive Complementary Plan for COO Europe & Brazil.

Fixed remuneration

For the period 2017-2019, the fixed remuneration was approved by the 2017 Shareholders' Meeting.

As established within the previous remuneration policies in force, and in line with the information submitted to the Shareholders' General Meeting on previous years, EDP Renováveis S.A., has entered into a Management Services Agreement with EDP pursuant to which EDP Renováveis is due to pay to EDP the corresponding amount (*management fee*) for the management services rendered by it, which since May 2012 and in accordance with the



approved composition of the Board of Directors and the Executive Committee, includes the services related to both executive and non-executive directors. Under this contract, EDP currently provides to EDP the services corresponding to one executive director and for two non-executive directors.

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

The Retirement Savings Plan works as an effective retirement complement and its only applicable to the members of the Executive Committee in a percentage between 3% and 6% 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 only applies to the members of the Executive Committee.

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%). Thus, the value of the variable remuneration may range between 0% and 85% of the 80% in the case of the annual variable, and between 0% and 85% of the 120% in the case of the multi-annual variable. Such percentages are applied: (i) in case of the CEO, to the gross annual remuneration or (ii) in case of the COO Offshore, COO EU and COO NA, to the amount of 250.000€.

The key performance indicators (KPIs) used to determine the amounts of the annual and multi-annual variable remuneration for each year of the term, are proposed by the Nominations and Remunerations Committee in order to be aligned with the strategic grounds of the Company: growth, risk control and efficiency. These are the same for all members of the Executive Committee, although with specific targets for the platforms in the case of COO's. These indicators shall be applied for the financial years 2017-2019, without prejudice to any adjustments which may be proposed by the aforementioned Nominations and Remunerations Committee. The remuneration policy for the period of 2017-2019 provides the following indicators:

	KEY PERFORMANCE INDICATOR	CEO/CFO/CDO/COO Offshore			COOs NA EU/BR*		
		Percentages 2017	Group	Platform	Percentages 2017	Group	Platform
	TSR vs. Wind peers & Psi 20	15%	100%	0%	15%	100%	0%
Growth	Incremental MW (EBITDA+ENEOP)	10%	30%	70%	10%	30%	70%
Self-Funding Strategy	Asset Rotation+ Tax Equity	10%	100%	0%	7,5%	100%	0%
Risk - Return	ROIC Cash %	8%	50%	50%	8%	50%	50%
	EBITDA (in €)	15%	50%	50%	12%	50%	50%
	Net Profit (excl. Minorities)	12,5%	100%	0%	12%	100%	0%
Efficiency	Technical Availability	6%	40%	60%	6%	40%	60%
	Opex /Av. EBITDA MW (in €k)	0%	0%	0%	6%	0%	100%
	Capex /MW (in €k)	6%	50%	50%	6%	50%	50%
Additional KPIs	Sustainability	7.5%	100%	0%	7.5%	100%	0%
	Employee Satisfaction	5%	100%	0%	5%	100%	0%
	Appreciation of the Remuneration Committee	5%	100%	0%	5%	100%	0%
		100,0%			100,0%		

*For the COO NA and COO Europe & Brazil, these KPIs will be calculated, for both annual and multi-annual component, on the basis of Group's achievement, which has a weight of 100%.

Likewise, for the COO Offshore, COO EU and COO NA, there will be a qualitative evaluation from the CEO, that will have a weight of 20% for the annual variable compensation, and 32% for the multi-annual variable remuneration.

Long Term Incentive Complementary Programs

As mentioned above, the Nominations and Remunerations Committee has designed two Long Term Incentive Complementary Programs (LTICP): one for the COO Offshore, and other for the COO North America.

Regarding **COO North America**, the **LTICP** for the period 2017 – 2020 is conditioned to the achievement of the strategic business objectives as the Gross Installed MWs, EBITDA and ROIC CASH, that will be evaluated at the end of the 4-year period. The target amount is 50% of the COO NA year-end base salary for each of the four years, implying a total target of 734.000\$ for the period 2017-2020. The payment would be made based on the LTICP % achievement rate and capped at 120% of target and only will be payable in January 2021. Given the recent appointment of the COO NA, part of the plan can be substituted by the accommodation expenses derived from his move to the US, being deducted from the LTICP amount at the moment of its payment.

In **COO Offshore case**, the **LTICP** KPIs are reaching Final Investment Decision in the projects where EDPR already has subscribed long term PPAs within the time frames established, and



also obtaining additional CfD or FiT contracts. This program will cover the next three years and shall only be payable on January 2021. The maximum target amount to be accrued is 50% of the COO Offshore year-end base salary for each of the three years implying a target amount of EUR 435.000 for the period 2018-2020.

Conclusion

In conclusion, the remuneration policy includes key elements to enhance a Company's management performance not only focused on short-term objectives, but also incorporate as part of its results the interests of the Company and of shareholders in the medium and long term. These elements are: the relative weight assigned to each KPIs to calculate annual, multi-annual variable remuneration, and if such is the case, of the LTICPs, 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, as well as the additional deferral in three years for its payment as recommended by CMVM as a good corporate governance practices, conditioning its payment to the fact of there has not been unlawful actions known after the performance evaluated that may jeopardize the sustainability of the company's performance, 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.

Lisbon, February 21, 2018,

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