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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 Nominations 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 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), 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 Nominations and Remunerations Committee for the period 2011-2013, and approved by the Shareholders' Meeting last April 11, 2011, 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.

The policy adopted last year, remains therefore in force and is being applied in accordance with its terms, which are again summarized in this document.

### **Fixed remuneration**

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

According to the information previously submitted to the Shareholders, EDP Renováveis 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 executive and non-executive services.

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 works as an effective retirement complement and corresponds (i) for members of the Executive Committee who are not "Officers", 5% of the value of their respective annual remuneration and (ii) for the members of the Executive Committee designated as "Officers", 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 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%). 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 members of the Executive Committee, although with specific targets for the platforms in the case of COO's. Indicators which apply to the years 2012 and 2013, duly adopted according to the proposal of the Nominations and Remunerations Committee, are applicable respectively to the year 2011:

- The relative performance of the Total Shareholder Return of EDP Renováveis vs Benchmark, (PSI-20 and peers);
- EDP Renováveis growth (MW and profitable Ready to Build pipeline);
- The risk – result of EDP Renováveis (ROIC Cash; EBITDA and net profit);
- Efficiency (technical availability, OPEX/MW, CAPEX/MW);
- Additional targets (sustainability, employee satisfaction and appreciation of the Nominations and Remunerations 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.

Lisbon, February 22, 2013,

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