

5. Remuneration

5.1. Remuneration of the members of the Board of Directors and its Audit and Control Committee

Pursuant to Article 26 of the Company's Articles of Association, the remuneration of the members of the Board of Directors shall consist of a fixed amount to be determined by the General Meeting for the whole Directors and expenses for attending Board meetings.

The above article also establishes the possibility of the Directors being remunerated with Company shares, share options or other securities granting the right to obtain shares, or by means of share-indexed remuneration systems. In any case, the system chosen must be approved by the General Meeting and comply with current legal provisions.

The maximum remuneration approved for each fiscal year by the General Meeting of Shareholders, for all the members of the Board of Directors was EUR 2,500,000.

Pursuant to Article 26.4 of the Company's Articles of Association the rights and duties of any kind derived from the condition of Board Member shall be compatible with any other rights and obligations either fixed or variable that could correspond to the Board Members as a consequence of other employment or professional engagements, if any, carried out in the Company. Variable remuneration resulting from said contracts or from any other relationship, including being a Board Member, will be limited to a maximum annual amount to be established by the General Shareholders' Meeting.

The maximum remuneration approved by the General Meeting of Shareholders for this Variable remuneration in 2011 for all the members of the Board of Directors is EUR 600,000.

The Nominations and Remunerations Committee is responsible for proposing to the Board of Directors, although not bindingly, the system, distribution and amount of remuneration of the Directors on the basis of the overall amount of remuneration authorized by the General Meeting. It can also propose to the Board the terms of contracts with the Directors. The distribution and exact amount paid to each Director and the frequency and other details of the remuneration shall be determined by the Board on the basis of a proposal from the Nominations and Remunerations Committee.

5.2. Performance-based components, variable component and fixed amount

The remuneration of the Executive Committee and the Management Team is built in three blocks: fixed remuneration, annual and multi-annual bonus.

The annual bonus is defined as a maximum of 68% of the annual salary and is calculated based on the following indicators in each year of their term:

- 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).

The multi-annual bonus is defined as a maximum of 102% of the annual salary and is calculated based on the same drivers as for annual bonus but measured on a multi-year timeframe to be paid at the end of the period and with additional environmental and social perspectives including, (I) the performance of the Sustainability Index applied to EDP (DJSI method), (II) Employee satisfaction survey, (III) Appreciation of the Nominations and Remunerations Committee.

According to the Remuneration Policy approved at the General Meeting of Shareholders', the maximum variable remuneration (annual and multi-annual) is applicable if all the above mentioned KPI's were achieved and the performance evaluation is equal or above 110%.

The remuneration to the CEO and the Executive Committee Directors that are also members of the Management Team was paid directly by EDPR while for the other members of the Executive Committee there was no direct payment to its members.

Although the remuneration for all the members of the Board of Directors is provided for the members of the Executive Committee with the exception of the CEO and those members that could likewise be part of the Management Team (who devote most of their work to the activity of EDPR) are not remunerated by EDPR.

This corporate governance practice of remuneration is in line with the model adopted by the EDP Group, in which the executive Directors of EDP do not receive any remuneration directly from the group companies on whose governing bodies they serve, but rather through EDP.

Nonetheless, in line with the above corporate governance practice, EDPR has signed an Executive Management Services Agreement with EDP, under which the Company bears the cost for the render of those services corresponding to the remuneration defined for the executive members of the Board of Directors.

The non-executive Directors only receive a fixed remuneration, which is calculated on the basis of their work exclusively as Directors or cumulatively with their membership on the Nominations and Remunerations Committee, Related Party Transactions Committee and the Audit and Control Committee.

EDPR has not incorporated any share remuneration or share purchase options plans as components of the remuneration of its Directors. No Director has entered into any contract with the company or third parties that have the effect of mitigating the risk inherent in the variability of the remuneration established by the company.

In EDPR there aren't any payments for the dismissal or termination of Director's duties.

