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STATEMENT ON THE REMUNERATION POLICY OF THE EXECUTIVE BOARD OF
DIRECTORS OF EDP – ENERGIAS DE PORTUGAL, S.A. FOR THE THREE YEAR PERIOD
2015-2017 TO BE PRESENTED AT THE GENERAL SHAREHOLDERS' MEETING ON THE
21st OF APRIL OF 2015

Pursuant to article 2, No. 1, of the Law 28/2009, 19th June and article 27º, No. 2 of EDP Bylaws, the Remuneration Committee of the General and Supervisory Board of EDP submits to approval of the shareholders the following statement on the remuneration policy of members of the Executive Board of Directors (EBD) of EDP:

1. On the 12th of May of 2014, at the General Shareholders' Meeting of EDP – Energias de Portugal, S.A. (EDP), it was presented and approved, according to the law the remuneration policy of the members of EBD for 2013 and 2014. During 2014 the Remuneration Committee of the General and Supervisory Board (Committee or REMC) held several meetings in which benchmarking exercise was conducted with similar sized companies in the PSI 20 or with foreign peers, in particular, Spanish and incorporating the Eurostoxx Utilities, to assess the adequacy of the remuneration policy.
2. Based on past experience and work undertaking during 2014, the REMC decided to propose to this Assembly the maintenance of the remuneration policy of the EBD members of EDP, for the triennium 2015-2017, without prejudice to any adjustments to be made next year, taking into account the election of the Social Bodies for the next term in this Assembly, which is based on the following principles and rules:
 - a. Maintenance of the fixed remuneration of the EBD Chairman of 600 000 EUR, an amount already practiced on the last three terms of office, since 2006. Likewise, the ratio between the fixed remuneration of the other Executive Directors and its Chairman remains at 80%. Based on the analysis undertaken, although competitive, this value is below the average remuneration of the analyzed universe. As a result of this decision, if approved, at the end of this current term, the fixed remuneration component (and by consequence, the maximum limit of the total compensation of the EBD members) will be the same in nominal terms, for 12 consecutive years;
 - b. Maintenance of the Retirement Saving Plans (RSP) assigned to the Executive Board of Directors members during their term of office, amounting in net terms, 10% of their fixed annual remuneration. The characteristics of these RSP are covered by the legislation applicable to these financial products;



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- c. Maintenance of the remuneration structure by which the variable component can duplicate the fixed component and the multiannual variable component that reflects the evaluation for the whole term of office, will have a weighting of 60% compared with 40% of the weight assigned to the set of indicators that assess the annual performance;
 - d. Maintenance of minimum and maximum thresholds to define the existence of a performance bonus and the highest value that it may assume. More specifically, if the actual performance falls below 90% of the targets submitted to the GSB, there will not be any payment. If, on the other hand, it exceeds 10% of its targets, it shall be assigned, always and only, the maximum value. These general criteria apply both to the annual variable component (limited to 80% of the fixed remuneration) as to the multiannual component (which can go up to 120% of the fixed remuneration);
 - e. Maintenance of the criteria that determines the allocation of the multiannual variable remuneration regarding the performance throughout the term of office: although it is calculated annually, it only becomes effective if, at the end of the mandate, 90% of the goals have been achieved, according to the performance of the company, its comparison with strategic benchmarks and the individual contribution of each member of the EDB;
 - f. Individual performance will weight 20% regarding the annual objectives and 32% for multi-year targets;
 - g. The payment of the multiannual performance bonus will occur with a three year lag regarding the respective year;
3. The indicators used to evaluate the performance of the EBD, particularly regarding the comparison between the stock market performance of EDP and its Iberian and European peers and regarding the economic and financial performance, will be as follows:

a. Annual performance indicators

a.1. Quantitative component and its weight:

Total shareholder return vs Eurostoxx utilities e PSI20	(19%)
ROIC/WACC	(19%)
Growth of gross profit	(14%)
Growth of net profit	(14%)
EBITDA performance	(7%)
Operating cash flow excluded of regulatory receivables performance	(7%)



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The 80% resulting from the weighted sum of these indicators reflect the performance that is common to all EBD members.

a.2. Qualitative component:

The remaining 20% result from an individualized evaluation by the REMC, based on the individual performance of each of the EBD members.

a.3. The resulting value of the quantitative and qualitative component is also weighted, as previously mentioned, by a factor of 80% of the fixed annual remuneration.

b. **Multiannual performance indicators**

b.1. Quantitative component and its weight

Total shareholder return vs Eurostoxx utilities e PSI20	(17%)
ROIC/WACC	(17%)
EBITDA performance	(8,5%)
Operating cash flow excluded of regulatory receivables performance	(8,5%)
Sustainability Performance Indicator	(17%)

The 68% resulting from the weighted sum of these indicators reflect the performance that is common to all EBD members.

b.2. Qualitative component:

The remaining 32% result from an individualized assessment by REMC, based on the individual performance of each of the EBD members.

b.3. The resulting value of the quantitative and qualitative component is also weighted, as previously mentioned, by a factor of 120% of the fixed annual remuneration.

4. In accordance with the criteria set out above, in annual terms, the potential maximum amount, to be assigned to the members of EBD, if all the goals have been achieved, which implies the payment of the maximum values set for the remuneration annual and multi-annual variable, as described above, is as follows:

- a. EBD Chairman: € 1,937,931
- b. Other Executive Directors (individual amount): € 1,542,621
- c. Total: € 11,193,655 (assuming the maintenance of the current number of Directors)



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5. EDP Directors will not enter into contracts, either with the company or with third parties, with the goal of mitigating the risk inherent to the variability of their remuneration established by the company.
6. It is further clarified that there are no contracts in EDP that foresee payments in the event of dismissal or termination by agreement of the directors' functions, nor were any payments made in this context during the year of 2014.
7. The development of EDP's activity has increasingly added an international dimension, which may affect the remuneration and compensation policies. Beyond the regime of remuneration associated with work performed abroad, consigned to the purview of the EBD, the RC, within the framework of its statutory powers, proposes that the fixed and variable remuneration, irrespective of the geography where members of EBD are to operate, be treated, for domestic purposes, under the existing tax regime in Portugal, so as to prevent unjustified discrepancies in net remuneration between members of EBD.

In accordance to the applicable law and EDP's articles of association, the Remuneration Committee of the General and Supervisory Board submits to the approval of the Shareholders the declaration on remuneration policy of the members of the Executive Board of Directors in accordance with the above stated terms.

Lisbon, 2nd of March 2015

Alberto João Coraceiro de Castro
Chairman of the Remuneration Committee of the General and Supervisory Board