THE LIVING ENERGY BOOK

by edp renováveis

ANNUAL REPORT
2017

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We are energy at every stage of our daily journey. Energy that transforms itself, reinvents itself and takes on different forms.

An energy that lives within us, a universal language, a force that moves us and drives us ever further.

A living energy that envelops us, that innovates and with which – through small actions – we can bring about change together.

The energy that resides in every one of us is contagious and is all around us: in an embrace, when we turn on a light, in our homes, in the street, everywhere.

A living energy that we continuously harness to tell a story of the present, all while building the foundations of the future.

The Living Energy Book.

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Index


edp renewables
LIVING WIND

THE LIVING ENERGY BOOK

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António Mexia
Chairman of the Board of Directors

MESSAGE FROM THE CHAIRMAN

Dear stakeholders,

The 2017 year made clear that the energy sector is undergoing significant changes. These changes are in line with our focus in recent years, which makes me confident that, with the collaboration of all our stakeholders, EDPR will rise to the challenge and show why we are a world leader in renewable energy production and sustainability.

Today, we are certain that the energy sector of the future will be characterized by four key factors: decarbonization, digitalization, downstream and disclosure.
Decarbonization has become an unstoppable trend and electrification based on renewables plays a central role in achieving our ambitious goals for clean energy. We believe that the energy supply sector can be carbon-neutral by 2050. We were pioneers in our commitment to renewables, and today our leading position in the sector places us at the forefront among utilities.

Digitalization has had major implications in all sectors, creating deep disruptions in the most traditional business models and prompting changes throughout our value chain, from the operation of our assets to the way we relate to our customers and the way we work. We have several ongoing digital initiatives and a strong record across the different countries where we operate and we aim to be leaders in this area.

In what we call the "new Downstream," we are now seeing customers who are more informed, more technologically savvy and more demanding. Customers' role is shifting from that of mere consumers to that of a producers and managers of their own energy. This new paradigm not only has implications for the type of supply, but also attracts competitors from other sectors. As a company and as a group, EDP quickly understood the importance of placing the customer at the core of everything we do.

Lastly, we know that in the interest of society, it is not enough for companies merely to be profitable. Each year we see a trend of companies increasing their disclosure of information and being fully open and transparent in their relations with all stakeholders. For example, in 2017, over 1,300 companies disclosed to the Carbon Disclosure Project their current practices or plans to use internal carbon pricing, up from 150 companies in 2014. At EDP Group, we pride ourselves on being pioneers in this movemet. We began reporting in 2009, and since then have always acted with total transparency in accordance with the most respected standards of sustainability, whether environmental, social or ethical, or related to corporate governance and investor relations.

But we do even more to ensure the transparency of our operations and to contribute to the sustainability of our world. This is a core value for us. For that reason, we are signatories of the United Nations Global Compact initiative, which establishes ten criteria in the areas of human rights, labor, employment, environment and anti-corruption. In 2017, EDP Group was recognized for the sixth consecutive year as one of the most ethical companies in the world. And, in its 2017 list of the World's Most Ethical Companies, the Ethisphere Institute identified EDP Group as one of only six from the Energy & Utilities sector among 124 companies from 19 countries recognized. In addition, EDP Group received its highest score yet on the Dow Jones Sustainability Index, maintaining its 10th-place position in the World Index. It was also recognized in 2017 as the first fully integrated company.

We are committed to continuing to lead the discussion on the sector's future and to continuing to invest in order to make this sector a positive contributor to our society.

EDPR's strategy has been based on three key pillars: focused growth, self-funding and operational excellence. And while we know that this is the best strategy to take our company forward, we are still able to adapt our strategy to the evolution of markets and technology. 2017 showed us, once again, that we are on the right track.

This past year we created additional growth opportunities, mainly through the creation of a dedicated platform for developing offshore wind. The levelized cost of energy for this technology has decreased by 50% in recent years and we expect, given the technological developments we are witnessing, to see an additional 50% decrease by 2030. But our reasons for investing in offshore wind go far beyond the falling costs. We do it because it is a clear fit with our strategy, due to its steady cash flows with acceptable risk, asset liquidity in specific countries and the fact that it leverages capabilities we already have within EDPR.

In Brazil, we won an A-6 onshore wind auction, and we began operations on a solar farm in the United States.

In terms of our self-funding strategic principle, we continued to take actions to maintain the strength of our balance sheet, namely by maintaining our asset rotation policy and executing tax equity deals. And we will consider new approaches such as the build-and-transfer model or the sell-down of majority stakes, when appropriate.

EDPR also remained focused on preserving its push for greater operational excellence. We believe in innovation and our technical teams are always looking for ways to become more efficient. We are sure that digitalization will be crucial to improving the availability of our assets and their lifespan.

Supported by our strategy, EDPR was able to deliver its best financial results since the IPO and reinforce its role as the main growth platform within EDP Group.

Maintaining our diversification strategy, EDPR incremented its installed capacity to a total of 11,007 MW (+6% year-on-year) in 2017.

Consequently, EDPR's EBITDA saw a significant increase of 17% to reach €1,366 million. Most importantly, the Retained Cash Flow, or net cash generated by our assets, also improved considerably this year. In 2017 we reached a total of €1,114 million, which represents a 35% year-on-year recurrent increase. As such, EDPR achieved a clearly positive Net Income of €276 million versus €56 million in 2016.

All in all, we believe that EDPR's performance in 2017 was very strong on all levels and demonstrates how the company was able to define a very clear set of strategies and execute them to achieve the desired goals.

EDPR's board plans to propose an increase of the dividend per share distribution to €0.06 at the General Shareholders' Meeting.

All of this was only possible with the key contributions from EDPR's team. Their drive to contribute to the company's success and their imaginative ways to get the job done are essential for the overall success of EDPR and ultimately, EDP Group. Because of EDPR's people and their great diversity - our employees hail from 34 countries - the company is able to learn faster, anticipate challenges better and act with flexibility.

I would also like to recognize the role of the company's corporate bodies, namely my fellow members of the Board of Directors, for their full support during the year.

Lastly, a word of thanks to other stakeholders, from shareholders to business partners, government entities and regulators. They are—and will continue to be—a significant force in EDPR's future.

Yours sincerely,

João Manso Neto
Vice-chairman of the Board of Directors and CEO

INTERVIEW WITH THE CEO

Q1 What are the key takeaways of EDPR's 2017 performance?

A1: The key message is that EDPR, once again, was able to execute its strategy and achieve its goals. And we did it in an environment that is increasingly more demanding. Amid several challenges, such as increased competition, regulatory uncertainty and tax reforms, our team was able to achieve very strong financial results. And we also crated growth opportunities to ensure that we achieve our long term targets. My first word goes to our great team, across all our geographies, that did a very good job.

Q2 Picking up on the financial results, what is more relevant in your point of view?

A2: From an operational point of view, in 2017, we were able to add 600 MW to our installed capacity, therefore finishing the year with 11,007 MW. This represented an increase of 6% versus 2016, which is significant. Our operation in North America was a strong contributor to this growth, with 424 MW entering into operation, but it is also important to mention the additional 127 MW that are now operating in Brazil. This is evidence of our capacity to diversify our strategy. On what regards electricity production, we produced a total of 27.6 TWh up 13% from our 2016 production, which was also a positive outcome. As a result, our net revenues increased by 11% to a total of €1,827m, from €1,651m in 2016.

In addition to the increased capacity, the positive evolution in revenues was explained by the higher load factor, that increased to 31.0% overall from 29.6% in 2016 (+1.4 p.p.). This was more than compensated by a slight price reduction of 2%, to €59.2 per MWh, having EDPR kept its hedging policy, which minimizes our exposure to the merchant markets. On the other hand, we continued to guarantee a distinctive performance of our assets, by achieving a 97.8% rate of energy availability, higher than 2016 and well above our 97.5 % target.

Looking at the financial results, we were able to reach a strong EBITDA of €1,366m. This represents an increase of €196m versus 2016, when the EBITDA was at €1,171m. This number was possible due to the already mentioned capacity growth in the United States and Brazil and also to our continuous efforts to become more efficient. In 2017 our Core Opex/Avg. MW decreased by 2%, which is better than our 1% annual reduction target until 2020.

We were able to add 600 MW to our installed capacity, therefore finishing the year with 11,007 MW. This represented an increase of 6% versus 2016(...)

One metric that we value highly, the Retained Cash Flow, which is the net cash generated by our assets, also improved significantly this year. While in 2016 we reached €698m of Retained Cash Flow, in 2017 we increased that amount by €416m, to a total of €1,114m. I would like to reinforce the importance of this metric because this is the amount, at the end of the day, that we have available for reinvestment, deleverage or distribution to our shareholders. By lowering the cost of debt in 2017, and optimizing our project finance position, we were able to achieve savings of approximately €40m. This is also a significant outcome of 2017.

On what regards the net income, given the positive impact of other lines in the profit and loss account, we reached a net income attributable to EDPR´s shareholders of €276m, which compares positively to the 2016 result of €56m. Considering recurrent Net Income, we achieved a result of €226m, 36% higher year on year.

Overall, on the financial side, EDPR was able to deliver a very strong result.

Q3 Putting aside the financial results, what would you like to reinforce about EDPR´s strategy?

A3: EDPR´s strategy is well defined. Our long term plan is to be a world leader in renewable energy sources such as wind onshore, wind offshore and solar. To achieve this we will keep the same strategic pillars that have guided us to here: Selective growth, self-funding business and operational excellence.

We believe that the world will keep moving towards renewable energy, and that is where we want to lead. In 2017 we took strong steps, not only to reinforce our position, but also to create additional avenues of growth for the company.

On what regards North America, we still consider it to be our key growth market, with long term contracts. In 2017 we were able to secure PPA´s for 450 MW, between wind and solar, in the United States and Canada. Furthermore, we fully expect to comply with our business plan targets. 86% of our 2020 target is already secured with PPA´s and we made investments under the safe harbor to secure options that cover more than our announced target.

On solar, we installed a solar farm of 60 MW, in South Carolina. Unfortunately, further solar development in the United States was temporarily hindered by the Suniva case. The recent decision to introduce import tariffs might affect short-term solar growth in the country, but market fundamentals are still strong.

Regarding Europe and Brazil, we are very close to achieve the growth target set up in the business plan for wind onshore. Our focus now will be in creating additional growth opportunities either in wind or solar PV, based in long term power sale contracts. In Europe, France and Italy are the markets where we expect to accelerate our growth on the short term, taking advantage of our development capacity, both for wind and solar.

We believe that the world will keep moving towards renewable energy, and that is where we want to lead. In 2017 we took strong steps, not only to reinforce our position, but also to create additional avenues of growth for the company

Nonetheless, we actively search for investment opportunities in other geographies such as Portugal and Spain, where we have assets under construction. In Brazil, it is important to mention the A-6 2017 auction, where we secured 20-year PPA´s for 218 MW. Commercial operations are expected to occur in January 2023.
In wind offshore we were awarded a Contract for Difference for the delivery of 950 MW of generation on our Moray Offshore Windfarm, in the UK. And, at the same time, we progressed further in developing our windfarms in France, Le Tréport & Noirmoutier, which add to 1 GW of generation capacity. Both these projects are joint ventures with strategic partners, but more importantly, we have secured Long Term Tariff contracts for their energy output. Given the relevance of wind offshore within our business we decided to create a specific organizational platform to support the development of this technology within EDPR, and we have a very qualified team focused in the construction of the wind farms we have and on scouting the market for new opportunities.

In conclusion, we are focused in developing selective and value accretive growth opportunities, with key priority to do it in geographies where we are already present. Nonetheless, we are paying attention to other geographies, where a market for potential private PPA´s develops.

In wind offshore we were awarded a Contract for Difference for the delivery of 950 MW of generation on our Moray Offshore Windfarm, in the UK.

Q4 You mentioned before one of the key strategic pillars of EDPR´s strategy, to be a self-funding business. How will EDPR manage to grow and respect this principle?

A4: One of the cornerstones of EDPR´s strategy is to maintain a solid balance sheet. To achieve this goal, we believe that our growth should be mainly funded by our own operational cash flow, complemented by tax equity and asset rotation operations.

This year, as I already mentioned, the retained cash flow rose to this year to of €1.1bn which is a very significant outcome. In addition, we attained outstanding results with tax equity funding, by executing a transaction of $507m, with better financial conditions that in previous years, after the execution of the recent Tax Reform. On the other hand, the asset rotation program together with the sale of minority stakes has also been critical to complement the overall strategy, yielding €2.7bn since 2012, when we designed and started to execute this pioneering strategy. The asset rotation strategy, allows us not only to reinforce our balance sheet but also to finance accretive growth.

While this assets rotation strategy has been very successful, the market and the investors are becoming increasingly diversified, so we do not exclude complementary approaches such as the build and transfer model or sell-down of majority stakes, in geographies where it may make sense. It is something that we should be comfortable to discuss, if the right opportunity arrives. Nonetheless, key for any of these potential self-funding strategies, is that we are able to find quality assets and that we develop them efficiently.

Q5 You already detailed some of the challenges the company is facing. Can you elaborate on that?

A5: Before going into that, it is important to make something very clear. Wind onshore, wind offshore and solar technologies are virtually unstoppable. There is no turning back. Today, wind onshore and solar are more competitive than gas and coal-fired plants in many places. More than that, we see a huge support for renewable energy across the globe, because people know that this is critical to face climate change. So, despite the challenges that we face on a yearly basis, in different countries and with different background and dynamics, we should rest assured that we are in the sector of the present and the future.

Elaborating on some challenges, and as mentioned before, I believe that regulatory uncertainty is one of the challenges that we face, in some geographies where we operate. And we are actively managing those risks in collaboration with our key stakeholders. Nevertheless, as the framework is increasingly market based, the trend is to have a progressively lower regulatory risk.

Then we have distributed generation. Although we understand its value, mostly because of the empowerment it provides to customers, we also see some challenges in the way distributed generation is being deployed around the world. Nonetheless, we need to look at the opportunity that this will create to efficient centralized plants… and we hold top tier assets in what relates to efficiency.

Lastly, we are facing increased competition, including non-utility players that want to be players in this market. Given the specific financial conditions of some of these new entrants, the levels of return are being pressured. This is why we have been so adamant in diversify our portfolio, because only by doing that we can ensure that we have the necessary growth opportunities to design a sustainability path for our company.

Q6 What do you believe to be distinctive between EDPR and other European utilities?

A6: I believe that several factors contribute to make EDPR distinctive from its competitors.

First, EDPR is present in all of the different phases of the value chain. We develop, we build and we operate wind and solar assets. More than that, we excel in our operations due to the excellent quality of our teams. Because we are good at what we do, we believe on the internalization of core activities, through our modular maintenance and self-perform models, for the wind-farms in which the full scope contracts already expired. Also, partially due to our self-funding strategy, we have a very solid balance sheet that is able to support the continuous growth of our operational footprint. Lastly, EDPR, as a renewable energy company, creates great expectations in its stakeholders about Sustainability. Responding to these expectations the company keeps committed to excel in all three pillars of sustainability - economic, environmental and social - implementing a strategy of best practices defined in our 2016-2020 Sustainability Roadmap.

To this factors, we need to add our values as a company, which I believe are pillars to what makes us distinctive. We believe that anticipation, flexibility and respect towards all our stakeholders are intrinsic values to our company. And we have been proving this to be true, by investing in renewable energy before others, by having a flexible investment strategy that allows us to quickly allocate investment where market condition are better and by supporting our local communities.

All of this translates to EDPR being a trustworthy company.

Q7 You mentioned that Sustainability is at the core of EDPR values. What can you highlight as the main achievements of 2017 in terms of Sustainability?

A7: Sustainability is at the core of our values and while having a global vision, we take pride in addressing local and global issues.

We are focused on improving Health & Safety ratio within the company. In 2017, the number of accidents registered for employees and contractor personnel reduced by 40%, due to a greater focus on a proactive approach plus the realization of the benefits from OHSAS certification. While this is a good result, we still have not reached our main goal, which is to have zero accidents.

> Locally, our teams provide strong support to the communities where we are inserted. 2017 was a hard year in terms of natural disasters such as Hurricane Harvey and fires in Portugal. Facing those difficult moments, we took immediate actions

Locally, our teams provide strong support to the communities where we are inserted. 2017 was a hard year in terms of natural disasters such as Hurricane Harvey and fires in Portugal. Facing those difficult moments, we took immediate actions. In North America, we helped after Hurricane Harvey, providing among others, housing assistance, additional paid volunteer time and donations to charities. But we also try to be preventive, by reinforcing our commitment to biodiversity, approving a Forest Fire Prevention Plan that includes investment in partnerships with Local Communities in Spain and Portugal.

The preservation of the natural resources is one of the main concerns of EDPR. This is why the company is constantly promoting and searching new ways to create the perfect symbioses between its activities and the environment. For example, we are trying to tackle one of the main challenges of the industry, which is the lack of techniques to recycle wind turbine blades. If we are able to achieve this, we would be turning the wind business into a circular economy cycle, based on principle such as material and energy reduction, reutilization, recuperation and recycle. Note that, according to the Life cycle Assessment of EDPR's main turbine suppliers, 80% to 90% of a turbine is recyclable. We are working with a startup – Thermal Recycling of Composites – to support the development of the R3FIBER technique, a viable, maximum-efficiency system for recycling wind turbine blades and implement a wind turbine blade recycling program.

> We will be flexible, to make sure that we are able to differentiate our product from our competitors, and that we dominate and take advantage of new technologies such as solar photovoltaic and offshore. And doing so while we increase our efficiency.

Q8 We are witnessing a strong technological disruption across several industries. How do you see this impacting EDPR?

A8: We see this as an excellent opportunity to solidify the renewable energy production sector, by further lowering CAPEX and OPEX costs.

In particular, we are strengthening our data analysis capabilities, which can be impactful on what concerns the operational costs decrease, by achieving better results on predictive maintenance and accelerating the execution of corrective maintenance. We expect energy management to be highly impacted by a an increased ability to better analyze data, an opportunity that is clearly driven by new technologies. Also, we see a lot of potential in robotic process automatization, given the significant cost reduction and increased quality control it provides.

Also, we must not ignore the integration between renewable technology and batteries, in addition to hybrid farms. For these initiatives it is critical to be able to execute pilots, that will help us to escalate our ideas to a commercial viable product, only and only if, the market and regulatory frameworks are supportive.

It is important to mention that this analysis of new technologies is fully aligned with the digitalization effort of the EDP Group and is a core pillar of our Innovation culture.

Q9 What are the key perspectives for the future of EDPR?

A9: On the long term, I am very confident given that EDPR is a leader in a market that is the future of energy production. Climate Change is a reality, and it is our duty to further develop renewable energy to mitigate the impacts on climate. There is no doubt that, when in 2008 we began this journey, we made the right decision. Having said this, we know that there are short-term challenges that we need to overcome. And the best way to do it is to maintain loyal to the strategic principles that have brought us to this position of leadership, while maintaining a low risk profile.

We will be flexible, to make sure that we are able to differentiate our product from our competitors, and that we dominate and take advantage of new technologies such as solar photovoltaic and offshore. And doing so while we increase our efficiency.

With the support from all our stakeholders, specially our team and shareholders, I am sure we will be successful.

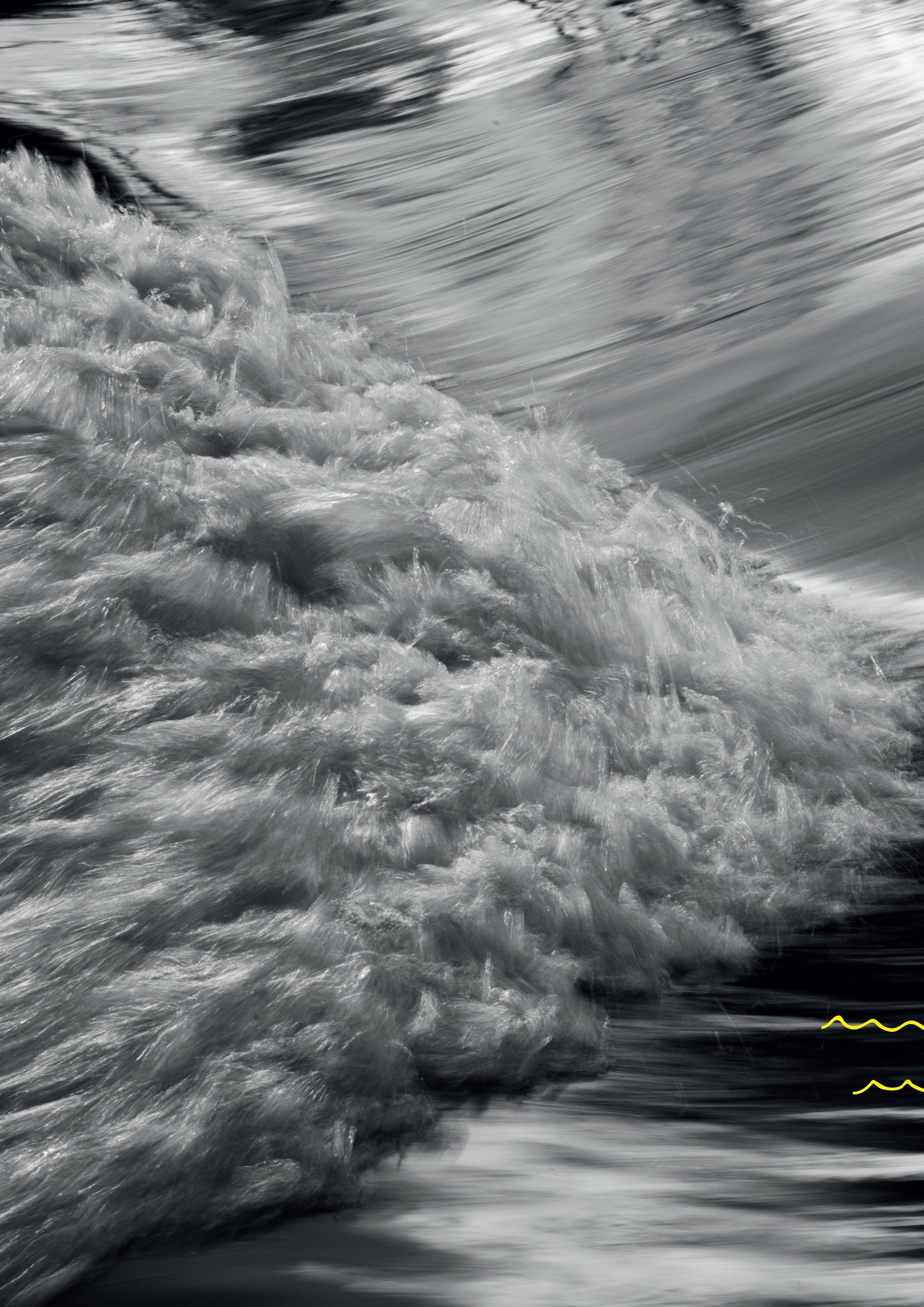
01

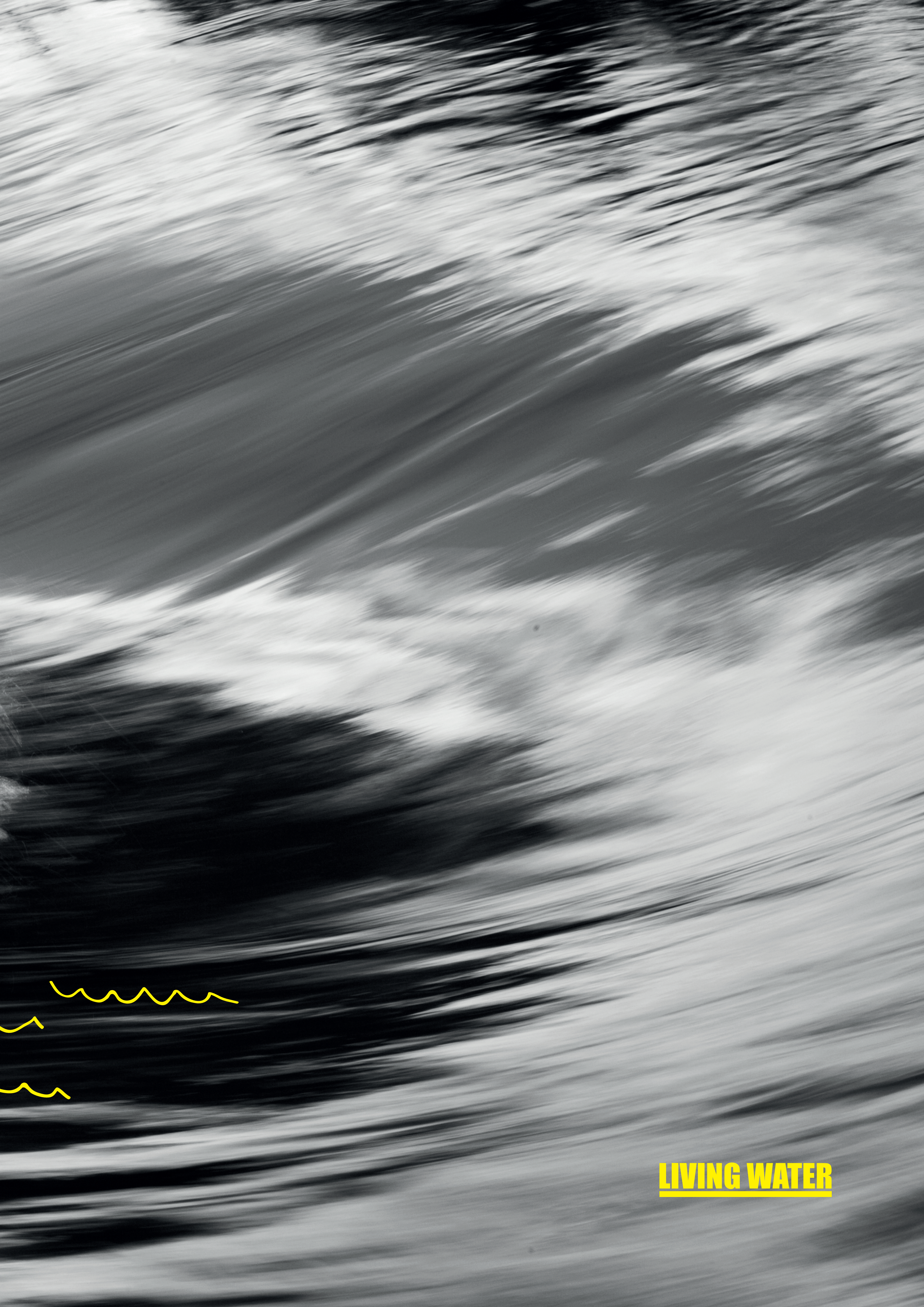
THE COMPANY

EDP Renováveis in Brief

2017 in Review

Organization




LIVING WATER

THE LIVING ENERGY BOOK

by edp renováveis

01 THE COMPANY

1.1. EDP RENOVÁVEIS IN BRIEF

1.1.1. VISION, MISSION, VALUES AND COMMITMENTS

VISION

A global energy, renewable company, leader in value, creation, innovation and sustainability.

MISSION

Aim to be a long-term market leader in the renewable energy sector, pursuing credibility through safety, value creation, social responsibility, innovation, and respect for the environment.

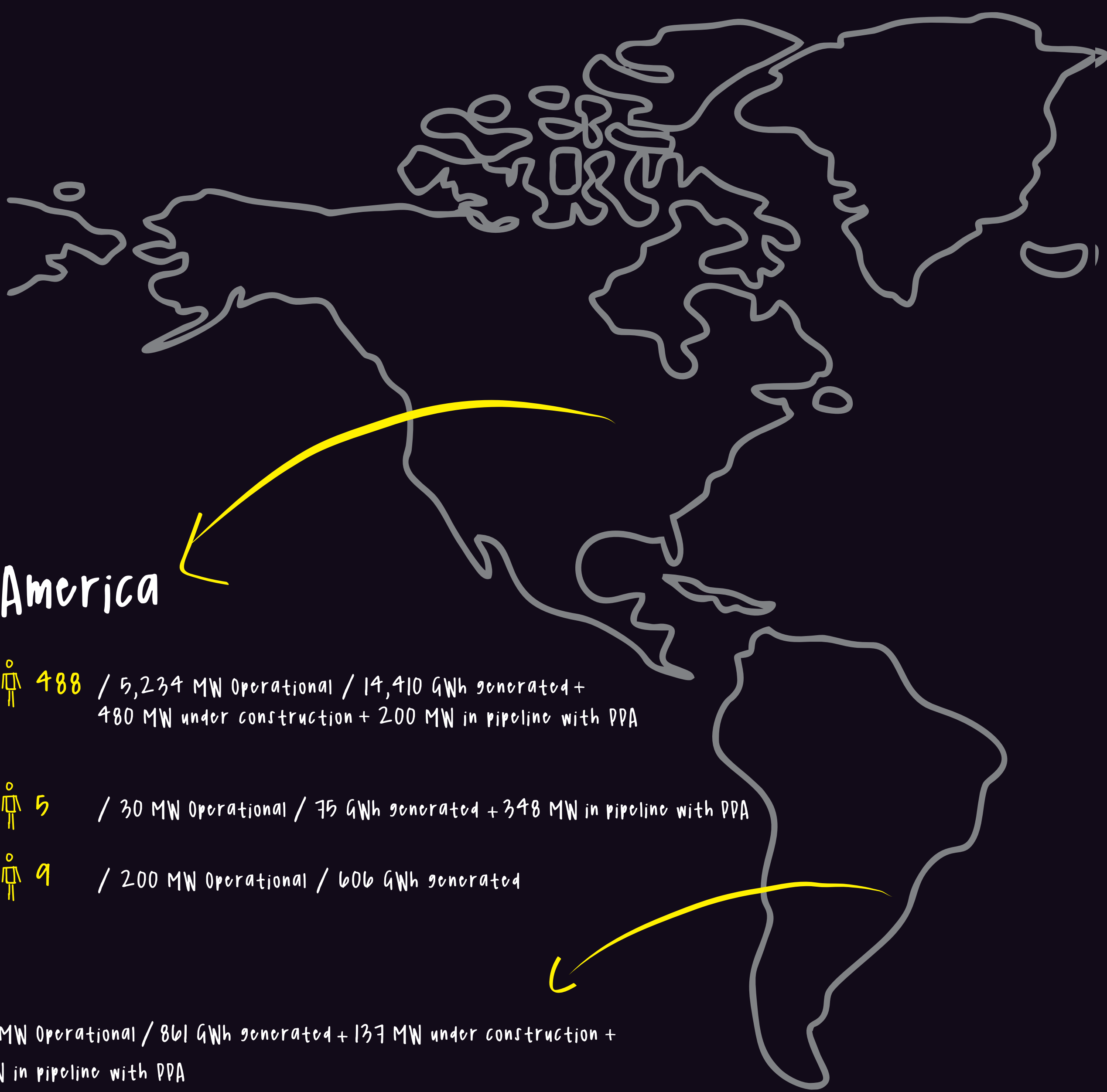
VALUES	COMMITMENTS
INITIATIVE through behaviour and attitude of our people.	• We join conduct and professional rigour to enthusiasm and initiative emphasizing team work. • We listen to our stakeholders and answer in a simple and clear manner. • We surprise our stakeholders by anticipating their needs.
TRUST of shareholders, employees, customers, suppliers and other stakeholders.	• We ensure the participatory, competent and honest governance of our business. • We believe that the balance between private and professional live is fundamental in order to be successful.
EXCELLENCE in the way we perform.	• We fulfil the commitments that we embraced in the presence of our shareholders. • We place ourselves in our stakeholder's shoes whenever a decision has to be made. • We promote the development of skills and merit.
INNOVATION to create value in our areas of operation.	• We are leaders due to our capacity of anticipating and implementing. • We avoid specific greenhouse gas emissions with the energy we produce. • We demand excellence in everything that we do.
SUSTAINABILITY aimed at the quality of life for current and future generations.	• We assume the social and environmental responsibilities that result from our performance thus contributing towards the development of the regions in which we are operating.

1.1.2. EDPR IN THE WORLD

In 2017 EDP Renováveis generated 27.6 TWh avoiding the emissions of 22 mt of CO_2.

EDPR is a market leader with top quality assets in 12 countries, managing a global portfolio of 11.0 GW of installed capacity, 828 MW under construction and much more in pipeline development, employing 1,220 employees.

Employees



North America

United States 488 / 5,234 MW Operational / 14,410 GWh generated + 480 MW under construction + 200 MW in pipeline with PPA

Canada 5 / 30 MW Operational / 75 GWh generated + 348 MW in pipeline with PPA

Mexico 9 / 200 MW Operational / 606 GWh generated

Brazil

39 / 331 MW Operational / 861 GWh generated + 137 MW under construction + 218 MW in pipeline with PPA

Europe

Portugal 73 / 1,253 MW Operational / 2,912 GWh generated + 55 MW under construction + 177 MW in pipeline

Spain 406 / 2,395 MW Operational / 5,095 GWh generated + 68 MW under construction + 25 MW in pipeline

France 60 / 410 MW Operational / 808 GWh generated + 11 MW under construction + 1 GW offshore in pipeline

Belgium 3 / 71 MW Operational / 129 GWh generated + 11 MW in pipeline

Poland 35 / 418 MW Operational / 1,093 GWh generated

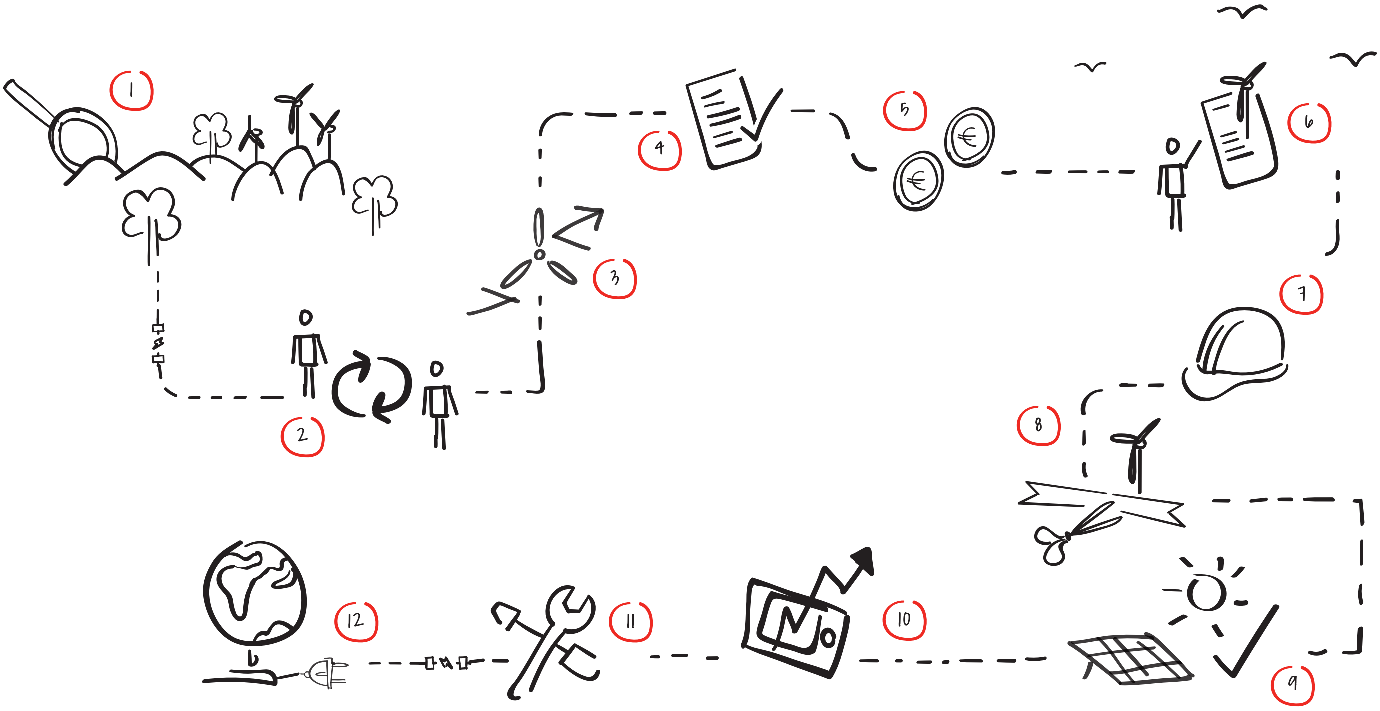
Romania 32 / 521 MW Operational / 1,295 GWh generated

Italy 28 / 144 MW Operational / 337 GWh generated + 77 MW under construction + 50 MW in pipeline

United Kingdom 42 / 950 MW of offshore in pipeline

1.1.3. BUSINESS DESCRIPTION

EDPR renewable energy business grossly comprises the development, construction and operation of wind farms and solar plants to generate and deliver clean electricity.



1 **SITE IDENTIFICATION**

Search for sites with top-class wind conditions or irradiance resource and analyse grid connection feasibility.

2 **LANDOWNER AGREEMENT**

Contact local landowners and negotiate leasing agreement.

3 **RENEWABLE RESOURCE ANALYSIS**

Install meteorological equipment to collect and study wind profile and solar radiance.

4 **OBTAIN CONSENTS AND PERMITS**

Engage with local public authorities to secure environmental, construction, operating and other licenses.

5 **PROJECT EVALUATION AND FUNDING**

Evaluate potential operational and financial risks and find appropriate finance to the project.

6 **LAYOUT DESIGN AND EQUIPMENT CHOICE**

Optimize the layout of the farm and select the best fit of equipment model based on the site characteristics.

7 **CONSTRUCTION**

Build access roads, prepare foundations, assemble wind turbines or solar panels, construct substation.

8 **OPENING CEREMONY**

Celebrate the benefits of renewable energy with local communities, authorities and other stakeholders.

9 **WIND AND SOLAR PLANT OPERATION**

Complete grid connection and start to generate renewable electricity.

10 **DATA ANALYSIS**

Monitor real-time operational data, analyse performance and identify opportunities for improvement.

11 **ONGOING MAINTENANCE SERVICE**

Keep availability figures at the highest level possible and minimise failure rates.

12 **GENERATE AND DELIVER CLEAN ENERGY**

A better energy, a better future, a better world!

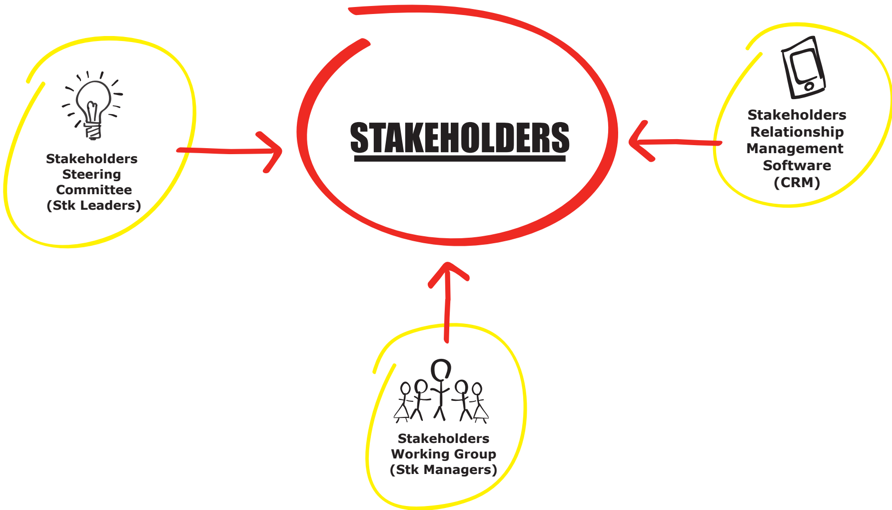
1.1.4. STAKEHOLDERS FOCUS

EDPR has a strong commitment in engaging with all its stakeholders. Based on the group's policies, the company aims to be innovative and forward-looking in the way it manages its relationships with employees, suppliers, local communities, investors, media, financial institutions and others. The following image represents the Stakeholders Groups allocated to the four categories:

EDPR follows four commitments when interacting with the stakeholders: Comprehend, Communicate, Collaborate and Trust. These belong to a comprehensive plan that involves all business areas and uses cross-functional tools.

Comprehend	Communicate
Include, identify and prioritize: EDPR regularly identifies the stakeholders that influence the company and works to analyze and understand their expectations and interests in the decisions that directly impact them.	Inform, listen and respond: Committed in promoting a two-way dialogue with stakeholders through information and consulting initiatives is part of a EDPR's objective. This can be attainable by listening, informing and responding to stakeholders in a consistent, clear, rigorous and transparent manner, resulting in a strong, meaningful and lasting relationship.
Collaborate	**Trust**
Integrate, share, cooperate and report: EDPR aims to collaborate with stakeholders by building strategic partnerships that aggregate and disperse knowledge, skills and tools. These will promote the creation of shared value in a differentiating way.	Transparency, integrity, respect and ethics: One of the company's beliefs is the importance of a trustworthy relationship with the stakeholders in establishing stable, long-term relationships. These relationships with the stakeholders are based on values like transparency, integrity and mutual respect.

The governance of this methodology is institutionalized through the two main groups: **Stakeholder Steering Committee** and **Working Group**, followed by a system: **CRM**. The **Stakeholder Steering Committee** and **Working Group** include an heterogeneous group of members from different areas of the company. The first cluster is composed with leaders in touch with each Stakeholder group and with a more strategic view. This group was created to establish the Stakeholders Management Plan, monitor progress and evaluate results. While the second cluster, is in charge of enacting the committee's plans, make the ideas operational and impactful. The inclusion of a digital tool (**CRM**) in this plan, has the objective to facilitate deployment, internal knowledge-sharing and follow-up, as well as monitoring.



MAIN COMMUNICATION CHANNELS

The communication channels play a key role in managing the relations with the stakeholders. To ensure continuous dialogue and a close relationship with them, EDPR uses the most effective channels to identify and manage expectations, minimizing and ensuring better control of the risks allocated to each stakeholder group. To clarify, EDPR has enumerated the main channels of each group of the four main categories.

MARKET

Financial Entities	Website, Quarterly & Annual Reports and Presentations Meetings & Inquiries
Competitors	Website, Events & Conferences
Investors & Shareholders	Website, Quarterly & Annual Reports and Presentations Meetings, Investor Day & Roadshows Inquiries

VALUE CHAIN

Employees and Trade Unions	Employees internal communications & Surveys Intranet, Magazine, Newsletter, HR App & Corporate TV Annual Meeting, Training & Surveys
Suppliers	Meetings, Emails Surveys & Inquiries
Scientific Community	Corporate Social Responsability Programs Meetings & Events
Offtakers	Meetings, Reports & Updates

DEMOCRACY

Public Authorities and Regulation	Interactions, Events & Meetings (with Regulators & Tax Authorities)
Parliament & Political Parties	Interactions, Events & Meetings
International Institutions	Interactions, Events & Meetings

SOCIAL + TERRITORIAL ENVIRONMENT

NGOs	Corporate Social Responsibility Events, Meetings & Events
Local Communities	Local presence, meetings, Sponsorships Visits to the wind-farms & Inaugurations Website, Conferences
Municipalities	Meetings Surveys & Inquiries Events & Corporate Social Responsibility Events
Media and Opinion Makers	Meetings & Events Website, Conferences

The communication channels are the center of stakeholder management, by allocating to each group a specific and tailored communication channel, alongside with the results of the Stakeholders Global Survey, EDPR can effectively identify perceptions, expectations, value drivers and behaviors of each stakeholders. This way, the company can keep improving each year in order to reach a better communication relationship between the stakeholder groups. Through these channels, EDPR has registered 29 complains during 2017 regarding society impacts, most of them related to possible interferences with TV signal in France. All of them with related cost corrective actions valuated in €7k.

This year, EDPR completed a Stakeholder Management Plan cycle with the possibility of comparing results regarding the previous year. This comparison of the performance and the monitoring evolution provided a developed perspective on stakeholder management, as well as on medium-term planning and policies. Furthermore, the accomplishment of the cycle provided essential information to drew up renewed and improved guidelines for stakeholder value management of the following year.

2016
2015 Performance Survey Report
Kick-off Stakeholder Management Plan

2017
2016 Performance Survey and Self Assessment
1st full year of ongoing Management Plan + new CRM system

2018
2017 Self Assessment
Segmentation
1st year of using the CRM tool

1.1.5. SUSTAINABILITY ROADMAP

At a global level, Sustainability is framed by 17 Sustainable Development Goals defined by the United Nations for the 2015-2030 horizon. In the development of its commitments, EDPR will guide its contributions by 2030 in eight of the seventeen Sustainable Develoment Goals.

EDPR, as a renewable energy company, creates great expectations in its stakeholders about Sustainability. Responding to these expectations and aligned with EDPR's contribution to the SDGs, the company keeps committed to excel in all

United Nations Sustainable Development Goals (SDGs)	Sustainability Roadmap Strategic Lines (2016-20)
Affordable and Clean Energy; Climate Action	Maintain leadership position in RENEWABLE ENERGY PRODUCTION
Decent Work and Economic Growth	CREATE VALUE while maintaining a LOW RISK profile
Life on Land	Optimize ENVIRONMENTAL MANAGEMENT
Responsible Consumption and Production	Maintain CIRCULAR ECONOMY in the internal management of the operations
	Ensure a high SAFETY STANDARDS for employees and contractors
Gender Equality	Ensure a high standard ETHICAL PROCESS
Sustainable Cities and Communities	Broaden and harmonize the mechanisms of periodic consultation of STAKEHOLDERS
	Support SOCIAL AND EDUCATIONAL INITIATIVES through Fundación EDP
	Invest in employees DEVELOPMENT and ensure continued compromise with society through VOLUNTEERING
Industry, Innovation and Infrastructure	Promote INNOVATION in operation and construction phases

three pillars of Sustainability namely the economic, the environmental and the social - defining a strategy of best practices. Following a culture of continuous improvement, 10 Sustainability goals were defined within the 2016-2020 Business Plan.

This roadmap brings together the three sustainability pillars and is laid down in 10 different areas: Operational growth, Risk controlling, Economic value creation, Environment, Value circle, People, Governance, Stakeholder Engagement, Innovation and Society. Defined goals make performance measurable to help drive the company as a growing leader in value creation, innovation and sustainability.

Sustainability Roadmap Indicators (2016-20)	Execution 2016 - 2017
• Installed capacity: 700 MW / year • Avoided CO_2: +10% (CAGR vs. 2015-20) • <1% emitted / avoided CO_2	• Increased 685 MW average • Avoided CO_2: +9% (CAGR vs. 2015-17) • 0.1% emitted / avoided CO_2
• EBITDA: +8% (CAGR vs. 2015-20) • Net Profit: +16% (CAGR vs. 2015-20) • Core Opex / Avg. MW: -1% (CAGR vs. 2015-20)	• Adj. EBITDA[1]: +12% (CAGR vs. 2015-17) • Adj. Net Profit[1]: +45% (CAGR vs. 2015-17) • Core Opex / Avg. MW: -3% (CAGR vs. 2015-17)
• 100% Certified MWs (ISO 14001) • 100% of critical suppliers with environmental management system (EMS)	• 91% Certified MWs (ISO 14001) based on 2016 Installed Capacity • 83% critical suppliers with EMS
• Maintain hazardous wastes and used water per GWh ratios aligned with previous years • >90% hazardous wastes recovered	• 31.6 Kg./GWh and 0.51 l/MWh in 2017 • 98% hazardous wastes recovered in 2017 (excluding accidents)
• 100% Certified MWs (OHSAS 18001) • 100% of critical suppliers with H&S management system • Zero accidents mind-set	• 91% Certified MWs (OHSAS 18001) • 88% of critical suppliers with H&S management system • Zero accidents mind-set
• Zero tolerance for unethical behaviors	• One communication to the Ethics Ombudsman[2]
• Stakeholders Plan development in all geographies	• Stakeholders execution plan in Spain
• c. €10 million investment (incl. energy storage and offshore structures)	• c. €2 million investment in 2016-2017
• >80% of employees in training activities • >40% of employees in volunteering activities	• 99% of employees received training in 2017 • 33% of employees participated in volunteering activities
• c. €2.5 million investment	• c. €1.2 million investment in 2016-2017

[1] EBITDA and Net Profit adjusted by non-recurrent events: 2015 Adj. EBITDA: €1.0 billion; 2015 Adj. Net Profit: €108 million; 2016 Adj. EBITDA: €1.2 billion; 2016 Adj. Net Profit: €104 million; 2017 Adj. EBITDA: €1.3 billion; 2017 Adj. Net Profit: €226 million. Adj. Net Profit CAGR would be equivalent to 16% without asset life extension adjustment effective since January 2017.

[2] In 2017 there was one communication to the Ethics Ombudsman through the Ethics Channel. However, it was decided to reject this claim as it was not considered as an issue related to the Code of Ethics.

1.2. 2017 IN REVIEW

1.2.1. KEY METRICS SUMMARY

CAPEX
€1,051m
+2% vs 2016

INSTALLED CAPACITY
11,007 MW
EBITDA + Net Equity

NEW ADDITIONS
+0.6 GW
EBITDA + Net Equity

TECHNICAL AVAILABILITY
97.8%
vs 97.7% in 2016

NET INCOME
€276m
vs €56m in 2016

NET DEBT
€2.8bn
+2% vs 2016

LOAD FACTOR
31%
+1pp vs 2016

EBITDA
€1,366m
+17% vs 2016

1,220
EMPLOYEES
+13% vs 2016

EMISSIONS AVOIDED
22 mt CO_2
+10% vs 2016

CORE OPEX/ AVG. MW
€42k/MW
-2% vs 2016

GENERATION
27,621 GWh
+13% vs 2016

91%
CAPACITY CERTIFIED OHSAS 18001 AND ISO 14001

TRAINED EMPLOYEES
99%
35 hrs/employee

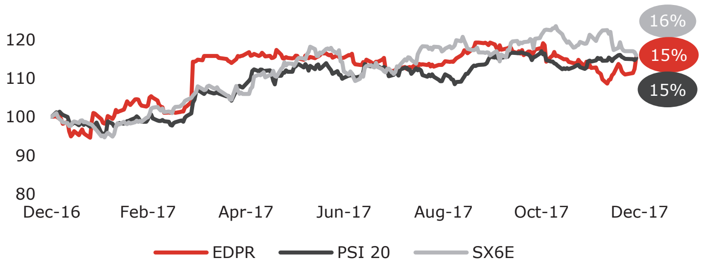
OPERATING CASH-FLOW
€981m
+13% vs 2016

1.2.2. SHARE PERFORMANCE

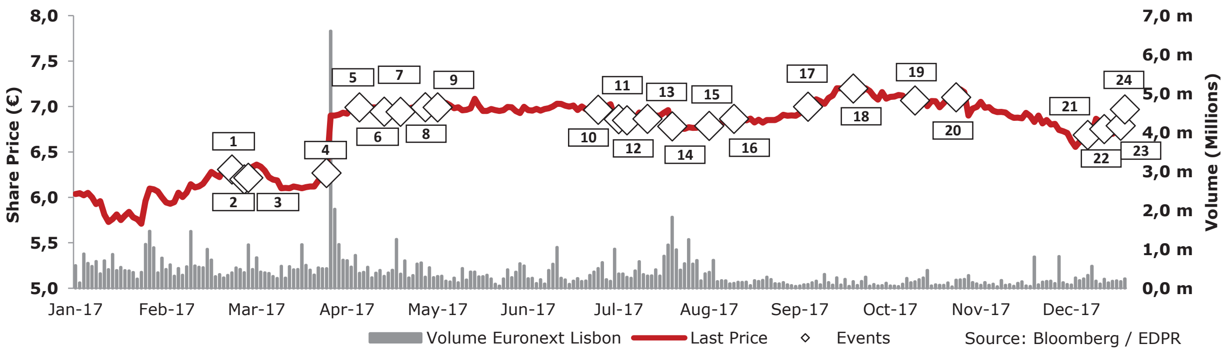
In 2017, EDPR share price closed at €6.97 with an average daily volume of 1.65 million shares.

EDPR has 872.3 million shares listed and admitted to trading in Euronext Lisbon. On December 29th, 2017 EDPR had a market capitalization of €6.1 billion, above the €5.3 billion at previous year-end, and equivalent to €6.97 per share. In 2017 total shareholder return was +16%, considering the dividend paid on May 8th of €0.05 per share.

Indexed EDPR share performance vs. PSI20 & SX6E



EDPR IN CAPITAL MARKETS	2017	2016	2015	2014	2013
Opening price (€)	6.04	7.25	5.404	3.86	3.99
Minimum price (€)	5.71	5.70	5.30	3.87	3.58
Maximum price (€)	7.20	7.28	7.25	5.70	4.36
Closing price (€)	**6.97**	**6.04**	**7.25**	**5.40**	**3.86**
Market capitalization (€ million)	**6,077**	**5,265**	**6,324**	**4,714**	**3,368**
Total traded volume: Listed & OTC (million)	421.94	291.07	289.22	396.84	448.15
…of which in Euronext Lisbon (million)	101.63	103.50	109.67	149.48	200.29
Average daily volume (million)	1.65	1.13	1.13	1.56	1.76
Turnover (€ million)	2,744.04	1,828.34	1,824.08	1,976.41	1,759.20
Average daily turnover (€ million)	10.76	7.11	7.13	7.75	6.90
Rotation of capital (% of total shares)	48%	32%	33%	46%	51%
Rotation of capital (% of floating shares)	215%	141%	148%	205%	229%
Share price performance	15%	-17%	34%	40%	-3%
Total shareholder return	**16%**	**-16%**	**35%**	**41%**	**-2%**
PSI 20	**15%**	**-12%**	**+11%**	**-27%**	**+16%**
Down Jones Eurostoxx Utilities	**16%**	**-8%**	**-5%**	**+12%**	**+9%**



1 Spanish interim regulatory revision for wind energy assets, 22-Feb
2 EDPR sale a minority stake in PT assets to CTG, 27-Feb
3 EDPR FY16 Annual Results release, 28-Feb
4 EDP: General & Voluntary Tender Offer over EDPR shares, 27-Mar
5 EDPR Annual Shareholders' Meeting, 6-Apr
6 EDPR 1Q17 Volumes and Capacity Statement release, 18-Apr
7 EDPR Board of Directors Report on EDP Tender Offer, 24-Apr
8 EDPR 1Q17 Annual Results release, 3-May
9 EDPR payment of dividend (€0.05 per share), 8-May
10 Completion of the sale of a minority stake in PT assets to CTG, 30-Jun
11 EDPR sale a 23% stake in UK wind offshore project, 7-Jul
12 EDPR 1H17 Volumes and Capacity Statement release, 11-Jul
13 EDPR established new Tax Equity structure in the US, 18-Jul
14 EDPR 1H17 Results release, 26-Jul
15 EDP notifies qualified shareholding in EDPR, 8-Aug
16 EDPR secures a 75 MW L-T contract in Indiana, US, 16-Aug
17 EDPR JV is awarded with L-T CfD for 950 MW of wind offshore in UK, 11-Sep
18 EDPR informs about change in corporate bodies, 26-Sep
19 EDPR 9M17 Volumes and Capacity Statement release, 17-Oct
20 EDPR 3Q17 Results release, 31-Oct
21 EDPR is awarded a L-T RESA for 248 MW of wind onshore in Canada, 14-Dec
22 EDPR is awarded with L-T contracts for 218 MW of wind in Brazil, 20-Dec
23 EDPR announces 2018 Financial Calendar, 28-Dec
24 EDPR completed $507m of TEI in the US for all its 2017 projects, 29-Dec

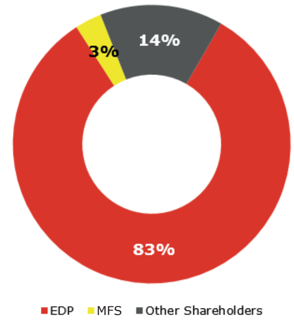
1.3. ORGANIZATION

1.3.1. SHAREHOLDERS

EDPR shareholders are spread across 21 countries. EDP ("Energias de Portugal") is the major one holding 82.6% of the share capital since the General and Voluntary Public Tender Offer closed in August 2017

EDPR total share capital is, since its initial public offering (IPO) in June 2008, composed of 872,308,162 shares issued with a nominal value of five euros each, fully paid. All these shares are part of a single class and series and are admitted to trading on the Euronext Lisbon regulated market.

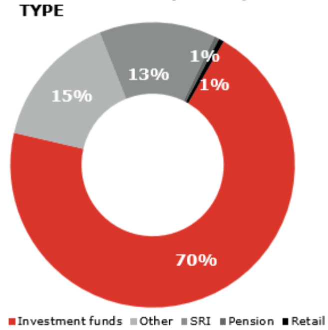
EDPR SHAREHOLDERS



MAJOR SHAREHOLDERS, THE EDP GROUP

The majority of the company's share capital is owned by EDP Group, holding 82.6% of the share capital and voting rights, since the General and Voluntary Public Tender Offer closed in August 2017, where EDP Group acquired 5.03% of EDPR's share capital and voting rights. EDP Group is a vertically integrated utility company, the largest generator, distributor and supplier of electricity in Portugal, has significant operations in electricity and gas in Spain and is one of the largest private generation group in Brazil through its stake in Energias do Brasil. In the Iberian Peninsula, EDP is the third largest electricity generation company and one of the largest distributors of gas. EDP has a relevant presence in the world energy outlook, being present in 14 countries and close to 12,000 employees around the world. In 2017, EDP had an installed capacity of 26.8 GW, generating 70 TWh, of which 39% come from wind. EDP is part of sustainability indexes (DJSI World and Europe), following its performance in the economic, social and environmental dimensions. Its holding company, EDP SA, is a listed company whose ordinary shares are traded in the Euronext Lisbon since its privatization in 1997.

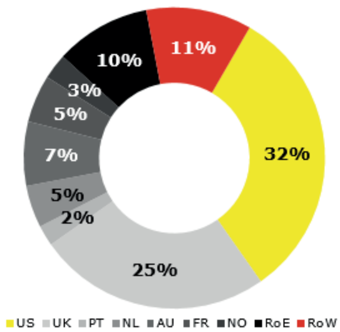
SHAREHOLDERS (Ex-EDP) BY TYPE



OTHER QUALIFIED SHAREHOLDERS

Besides the qualified shareholding of EDP Group, MFS Investment Management - an American-based global investment manager formerly known as Massachusetts Financial Services - communicated to CNMV in September 2013 an indirect qualified position, as collective investment institution, of 3.1% in EDPR share capital and voting rights.

SHAREHOLDERS (Ex-EDP) BY COUNTRY



BROAD BASE OF INVESTORS

EDPR has an international base of investors. Excluding EDP Group, EDPR shareholders comprise more than 33,500 institutional and private investors spread worldwide. Institutional investors represent about 99% of EDPR investor base (ex-EDP Group), while the remaining 1% stand private investors, most of whom are resident in Portugal. Within institutional investors, investment funds are the major type of investor, followed by sustainable and responsible funds (SRI). EDPR is a member of several financial indexes that aggregate top performing companies for sustainability and corporate social responsibility.

WORLDWIDE SHAREHOLDERS

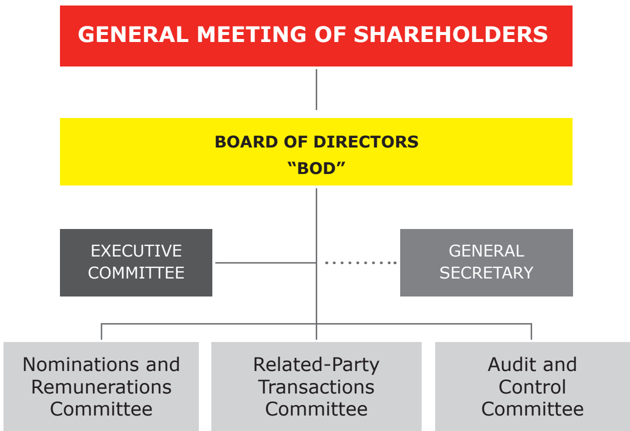
EDPR shareholders are spread across 21 countries, being United States the most representative country, accounting for 32% of EDPR shareholder base (ex-EDP Group), followed by United Kingdom, Australia, France, Netherlands, Norway and Portugal. In Rest of Europe the most representative countries are Belgium, Switzerland and Sweden.

1.3.2. GOVERNANCE MODEL

EDPR's corporate governance model is designed to ensure transparency and accountability through a clear separation of duties between management and supervision of the company's activities.

Corporate governance is about promoting corporate fairness, transparency and accountability. EDPR's corporate governance structure specifies the shareholders, board of directors, managers and other stakeholders' rights and responsibilities and spells out the rules and procedures for making decisions on corporate affairs. It also incorporates the organization's strategic response to risk management.

The corporate governance structure adopted is the one in effect in Spain. It comprises a General Meeting of Shareholders and a Board of Directors that represents and manages the company. As required by the law and established in the company's articles of association, the Board of Directors has set up four specialized committees. These are the Executive Committee, the Audit and Control Committee, the Nominations and Remunerations Committee and the Committee on Related-Party Transactions.



GENERAL SHAREHOLDERS' MEETING

General Shareholders' Meeting is the body where the shareholders participate, it has the power to deliberate and adopt decisions, by majority, on matters reserved by the law or the articles of association.

Board of Directors

António Mexia
Chairman

Emilio García-Conde
General Secretary

João Manso Neto
Vice-Chairman and CEO

Duarte Bello
COO Europe & Brazil

João Paulo Costeira
COO Offshore & CDO

Miguel Angel Prado
COO North America

Nuno Alves

João Lopes Raimundo

Jorge Santos
Chairman

João de Mello Franco
Chairman

José Ferreira Machado
Chairman

Manuel Menéndez

Allan J.Katz

António Nogueira Leite

Francisca Guedes de Oliveira

Gilles August

Francisco da Costa

Acácio Piloto

Executive Committee
Audit and Control Committee
Nominations and Remunerations Committee
Related-Party Transactions Committee
Independent Member

BOARD OF DIRECTORS

EDPR's BoD shall consist of no less than 5 and no more than 17 Directors, including a Chairperson. Currently it is composed by 17 board members, out of which 10 are independent. BoD members are elected for 3 years period and may be re-elected for equal periods.

EDPR's BoD has the broadest power for the administration, management and governance of the company, with no limitations other than the responsibilities expressly and exclusively invested in the General Shareholders Meeting, in the company's articles of association or in the applicable law. Its members must meet at least 4 times a year, preferably once a quarter. Nonetheless, the Chairperson, on his own initiative or that of 3 Directors, shall convene a meeting whenever he deems fit for the company's interests.

EXECUTIVE COMMITTEE

EDPR's Executive Committee (EC) is composed by four members, including the Chief Executive Officer (CEO). The CEO, João Manso Neto, is empowered to ensure the daily management of the business and to coordinate the implementation of the BoD decisions and the Corporate and General Management functions, partially assigning those to the other executive officers.

In 2017, EDPR approved the new composition and areas of responsibility of the Executive Committee in order to address the challenges faced by the Company, namely the fulfillment of the Business Plan targets and the increased importance of Offshore Wind business. As part of these organizational restructuration, it was agreed to appoint João Paulo Costeira as Chief Operating Officer Offshore ("COO Offshore") and Chief Development Officer ("CDO") of EDPR.

Likewise, the Board of Directors approved the proposal from the Nominations and Remunerations Committee for the appointment of both Duarte Bello and Miguel Angel Prado as members of EDPR's Executive Committee, and for their appointments as Joint Directors and as Chief Operating Officer of Europe & Brazil and Chief Operating Officer of North America respectively.

The COO of Offshore, COO of Europe & Brazil and the COO of North America coordinate their platforms by developing, establishing and implementing the strategic plan for the renewable energy business in their respective platforms, in accordance with the guidelines set by the BOD. They are also responsible for planning, organizing and managing resources, controlling, measuring and improving the management of projects and subsidiary companies to achieve expected results to make EDPR a leader in the renewable energy sector in their respective platforms.

NOMINATIONS AND REMUNERATIONS, RELATED-PARTY TRANSACTIONS AND AUDIT AND CONTROL COMMITTEES

In addition to EC referred above, EDPR governance model contemplates permanent bodies, integrated all by independent members, with an informative, advisory and supervisory tasks independently from the BoD, such as:

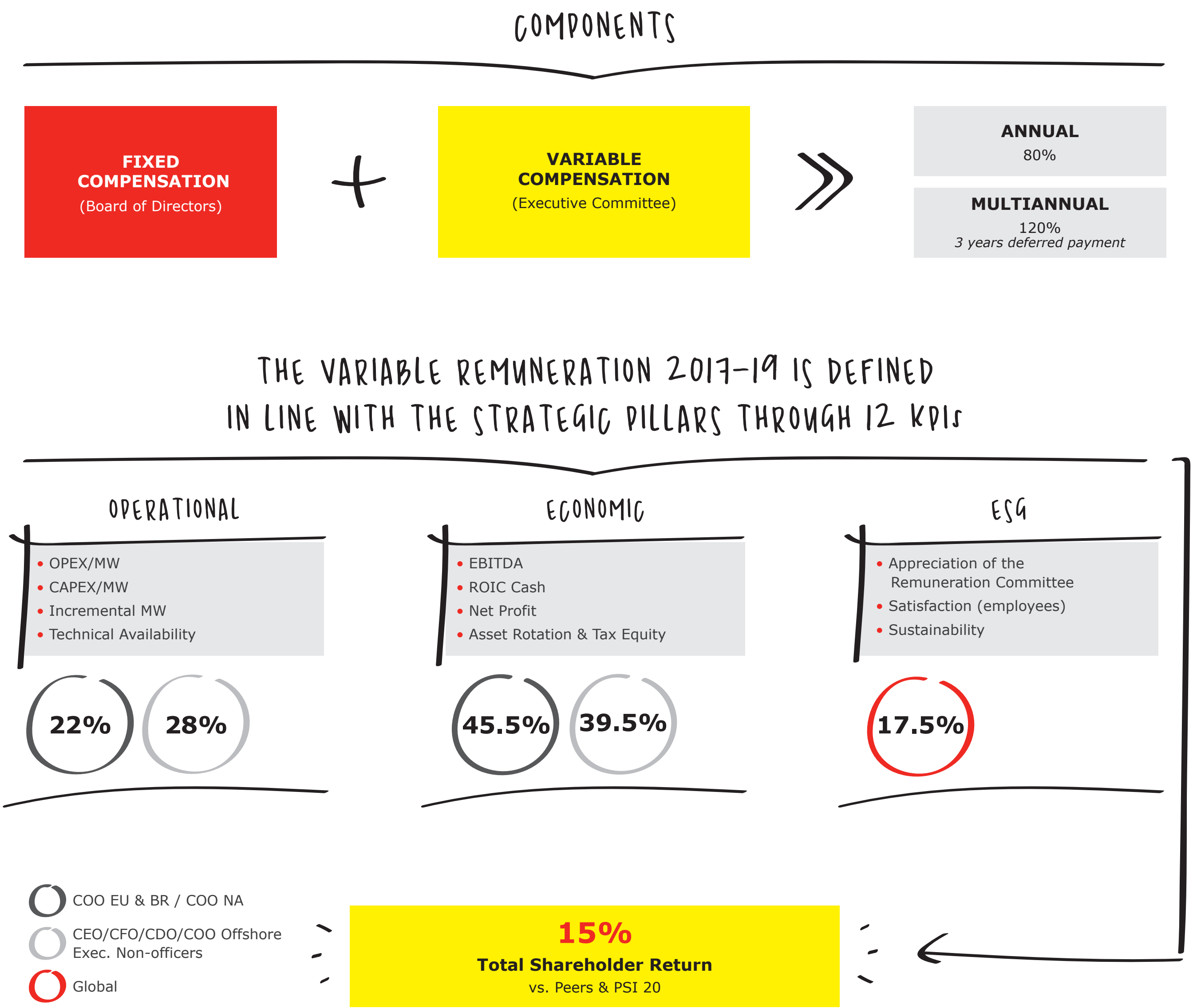
NOMINATIONS AND REMUNERATIONS COMMITTEE (Independent members)	RELATED-PARTY TRANSACTIONS COMMITTEE (Independent members)	AUDIT AND CONTROL COMMITTEE (Independent members)

FUNCTIONS

Assist and report to the BoD about appointments, re-elections, dismissals and remunerations of: • Members of the BoD • Senior management personnel	Perform the duties of ratifying transactions: • Between EDPR and EDP • Its related parties, qualified shareholders, directors, key employees or his relatives	• Propose the appointment of the company's auditors and the internal risk management and control systems • Supervise internal audits and compliance • Prepare an annual report on its supervisory activities

REMUNERATION POLICY

EDPR governance model is reinforced by an incentive structure with transparent remuneration through variable remuneration based on key performance indicators.
The graphic below describes the remuneration policy. For further information on the remuneration policy refer to the Corporate Governance section.



Note: For COOs, KPIs have a weight of 80% and 68% for the calculation of the annual and multiannual variable compensation respectively. The remaining 20% and 32% are calculated based on a qualitative evaluation of the CEO about the annual performance.

For further detailed information regarding the responsibilities and roles of the different social bodies, as well as 2017 activity, please refer to the Corporate Governance section, at the end of this report. The company also posts its up-todate articles of association and regulations at **www.edpr.com**.

1.3.3. ORGANIZATION STRUCTURE

The organization structure is designed to accomplish the strategic management of the company but also a transversal operation of all the business units, ensuring alignment with the defined strategy, optimizing support processes and creating synergies.

EDPR is organized around four main elements: a corporate center at the Holding and three business areas – Onshore Europe & Brazil, Onshore North America and Offshore platform.

Within EDPR Europe & Brazil platform, there are different business units, one for each of the countries where the company operates, namely Spain, Portugal, France/Belgium, Italy, Poland, Romania and finally Brazil.

Similarly, in the EDPR North America platform, there are three business units, that represent the operational regions in the continent: West, Central (includes Mexico) and East (includes Canada).

Finally, EDPR's Offshore business area is dedicated to Wind Offshore projects, namely projects in UK and France.

ORGANIZATIONAL MODEL PRINCIPLES

The model is designed with several principles in mind to ensure optimal efficiency and value creation.

Accountability alignment	Critical KPIs and span of control are aligned at project, country, platform and holding level to ensure accountability tracking and to take advantage of complementarities derived from end-to-end process vision.
Client-service	Corporate areas function as competence support centers and are internal service providers to all business units for all geographical non-specific needs. Business priorities and needs are defined by local businesses and best practices are defined and distributed by corporate units.
Lean organization	Execution of activities at holding level are held only when significant value is derived, coherently with defined EDPR holding role.
Collegial decision-making	Ensures proper counter-balance dynamics to ensure multiple-perspective challenge across functions.
Clear and transparent	Platforms organizational models remain similar to allow for: · Easy coordination, vertically (holding-platforms) and horizontally (across platforms); · Scalability and replicability to ensure efficient integration of future growth.

EDPR HOLDING ROLE

EDPR Holding seizes value creation, through the dissemination of best practices in the organization and the standardization of corporate processes to the platforms and the business units to improve efficiency. Its internal coordination model and interface with EDP group impacts both the company's processes (activities performed, processes steps, inputs and outputs, and decision-making mechanisms) and the company's structure, with an alignment of functions and responsibilities with the processes configuration.

The EDPR Holding structure was designed to accomplish two fundamental roles: **Strategic Management** and **Transversal Operation**.

Strategic Management covers to a) adopt a coordination model within the group, supporting the Executive Committee in the definition and control of the strategy policies and objectives; b) define specific strategic initiatives; c) review the accomplishment of the company's business plan; d) define transversal policies, rules and procedures; e) control key performance indicators.

Transversal Operation deals to i) ensure the alignment of all the platforms with the defined strategy; ii) capture synergies and optimize support processes; and iii) systematically and progressively concentrate supporting activities in shared service business units with the group.

INTEGRITY AND ETHICS

Ethical behaviour is absolutely essential for the functioning of the economy. EDPR recognizes its importance and complexity, and is committed to address ethics and its compliance. But is employees' responsibility to comply with ethical obligations.

GOVERNANCE MODEL FOR ETHICS

Ethics are the cornerstone of EDPR strategy, to the extent that EDPR has a Code of Ethics and an Anti-Corruption regulation that go beyond just defining the company principles to be adopted, but also how employees and any other service provider working on behalf of EDPR should behave when dealing with the company stakeholders. The Code of Ethics has its own regulation that defines a process and channels to report any potential incident or doubt on the application of the code. The Ethics Ombudsman is behind this communication channel, and to analyze and present to the Ethics Committee any potential ethical problem. The code is communicated and distributed to all employees and interested parties, and complemented with tailored training sessions.

HOW DO WE APPLY OUR CODE OF ETHICS?

EDPR's Code of Ethics applies to all company employees, regardless of their position in the organization and working location, and they all must comply with. Our suppliers should be aligned with the spirit of our Code of Ethics, and this is reflected in our procurement policies. The Ethics Ombudsman plays an essential role in the ethics process. He guarantees impartiality and objectivity in registering and documenting all complaints of ethical nature submitted to him. He monitors their progress and ensures that the identity of the complainants remains confidential, while entering into contact with them whenever appropriate, until the case is closed.

Identify an alleged violation of the code of ethics	Reports of alleged violations of the Code of Ethics must be submitted to the Ethics Ombudsman, indicating personal data description of the situation.
Ombudsman performs summary investigation	Ethics Ombudsman first confirms the events reported and submits a preliminary report on the initial confirmations to the Ethics Committee.
Ethics Committee decides if the complaint portrays a violation	Ethics Committee analyses every situation reported and decides as to whether it should be classified as a violation of the Code of Ethics.
When a violation is confirmed, the Committee opens an investigation	When conducting an investigation, the Company shall abide by the law and its own in house rules. After the investigation is complete, the Committee decides whether any corrective or disciplinary action is required.

In 2017 there was one communication to the Ethics Ombudsman through the Ethics Channel. However, it was decided to reject this claim as it was not considered as an issue related to the Code of Ethics.

The Code of Ethics has been widely circulated among employees of the Group through internal communications mechanisms, individual shipments, delivery to new employees, and intranet publishing. The Code of Ethics is also attached to the labour agreements of the new hires to their written acknowledgement when they join the Company. Likewise, in the Welcome Presentation organized every year for the new hires of EDPR, it is also explained the main contents of these documents, as well as the Ethics Channel existence and functioning. This information is also published on the Intranet and website of the Company.

ETHICS PROGRAM

There is a strong commitment by the Company in relation to the dissemination and promotion of compliance with the Code available to all employees through training, questionnaires, and open discussions of the findings. To this extent, from March to December 2016, EDP offered an online Ethics training ("Ética EDP") available to all employees of both Europe/Brazil and North America platforms. This course achieved a major participation of around 900 EDPR employees. This type of training will be performed periodically.

ANTI-CORRUPTION REGULATION

In order to ensure compliance with the standards of Anti-Corruption Regulation in all geographies where EDPR operates, the Company has developed an Anti-Corruption Policy of application to all EDPR Group, which was approved by its Board of Directors on December, 2014, and updated in 2017.

This Anti-Corruption Policy implies a series of procedures regarding the relationships of EDPR employees with external parties, namely the approval of certain actions regarding hospitality to and from external parties, charitable donations, and sponsorships. The Anti-Corruption Policy is available at the Company's website and intranet, and it is also attached to the labour agreements of the new hires to their written acknowledgement when they join the Company. Likewise, in the Welcome Presentation, the main contents of these documents and its functioning are also explained.

In addition, EDPR has no knowledge of any contingencies related to environment, labour practices or human rights.

EMPLOYEE RELATIONS

EDPR is committed to respect freedom of trade union association and recognises the right to collective bargaining.

At EDPR, from 1,220 employees, 20% were covered by collective bargaining agreements. Collective bargaining agreements apply to all employees working under an employment relationship with some companies of EDPR group, regardless of the type of contract, the professional group into which they are classified, their occupation or job. However, matters relating to the corporate organization itself, the laws of each country or even usage and custom in each country result in certain groups being expressly excluded from the scope of collective bargaining agreements.

The collective bargaining agreements that are applied at EDPR are usually negotiated at state level or regional level, and EDPR may be just one of the players among other leading sectorial companies in the negotiation with employees' representatives, and in some cases, governmental representatives. In Portugal and Brazil, EDP negotiates its own agreements with employees, and those apply to all employee working for companies of the group, including EDPR.

During the last years, EDPR has performed different benchmark analysis of the benefits stated at the different collective bargaining agreements that apply to our employees, comparing them against the benefits offered by the company and, in general terms, the company offers a more competitive benefits package compared to what is stated in the collective bargaining agreement.

02

STRATEGY


LIVING INNOVATION

THE LIVING ENERGY BOOK

by edp renováveis

02 STRATEGY

2.1. BUSINESS ENVIRONMENT

2.1.1. RENEWABLE ENERGY: A RESPONSE TO CLIMATE CHANGE

CLIMATE CHANGE WARNING SIGNS AND THE URGENCY FOR A LOW CARBON ECONOMY

The Earth's climate has been changing at an unprecedented scale in the last century. The fifth Intergovernmental Panel on Climate Change report states that the current warming trend can be largely attributed to human activity with a probability higher than 95%. The World Meteorological Organization confirmed in January 2018 that the last three years were the warmest ones on record: 2016 holds the global record, whilst 2017 was the warmest year without the El Niño effect and was followed by extreme weather around the world.

As it stands, the world is on track to massively miss the goals set forth in the Paris Agreement, with around 1.1° C of global average temperature rise[1] already witnessed since the pre-industrial era. To remain within the Paris Agreement boundaries, the world can only afford around 0.4° C to 0.9° C of additional average warming. Current country pledges, also known as “Nationally Determined Contributions” (NDCs), could lead to an emission decline in the coming years, but are not sufficient to reach the goals, as under the current policy pathway the rise in temperature would range between 2.6° C and 3.2° C by the end of the century according to Climate Action Tracker[2].

Around 66% of all greenhouse gas emissions comes from energy generation and use, which highlights the need to decarbonize the energy sector to effectively mitigate climate change. In particular, the impact of the electricity sector is quite significant as it is by far the largest source of CO_2 emissions, accounting for about 40% of all energy-related emissions. Therefore, to achieve the targets set by the Paris Agreement, the sector needs a resounding transformation from fossil-based to clean energy generation. The transition towards a clean power sector is particularly relevant in the context of electrification of the economy especially of the heating and transportation sectors. Electric vehicles represent one of the most promising technologies for the electrification and decarbonisation of the transportation sector and according to Bloomberg in 20 years the sales of electric vehicles could surpass the ones from internal combustion vehicles. The mass adoption of electric vehicles would result in a paradigm shift for both transportation and power sectors: on one hand, it would boost electricity demand; on the other hand, since renewables tend to be intermittent by nature as they are dependent on weather conditions, the possibility of the electric vehicle to function as a storage unit able to return electricity to the grid, would help to compensate and integrate a larger share of renewable sources.

RENEWABLES IS THE KEY FOR THE TRANSFORMATION

According to the International Renewable Energy Agency (IRENA), renewable energy, coupled with energy efficiency gains, can provide 90% of the CO_2 emissions reductions needed by 2050 to stay within the Paris Agreement boundaries. In this scenario, renewable technologies could generate more than 80% of all electricity by 2050, including a 52% share from wind and solar which would have to grow from today’s approximately a 5.5% share. The leading role of renewables

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[1] Data source: NASA

[2] The Climate Action Tracker (CAT) is an independent scientific analysis produced by three research organizations tracking climate action: Climate Analytics, Ecofys and NewClimate Institute

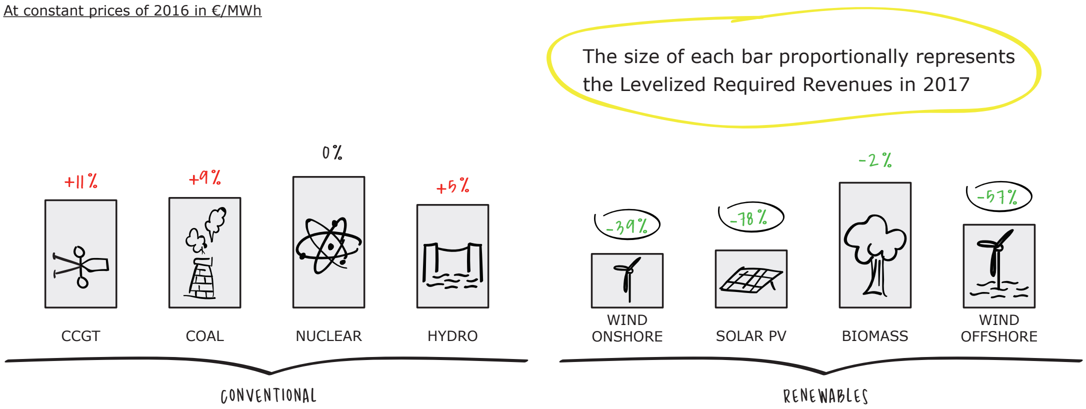
has been noticed by governments around the world and most countries have included renewable energy targets in their NDCs; from the 194 signatory countries of the United Nations Framework Convention on Climate Change that submitted NDCs, 145 referred to renewables as an effective way to mitigate climate change and 109 set specific renewable energy targets. At least 1.3 TW of renewable capacity is expected to be added globally by 2030 from NDC implementation, which means a 76% increase. Although current NDCs are not enough to achieve the Paris Agreement's targets, the so-called "ratchet mechanism", designed to periodically raise NDCs' ambition, could eventually align them with the required 2º C target.

THE TRANSITION IS POSSIBLE IN A NATURAL WAY

A clean energy revolution is naturally underway not only because it is sustainable but also because it makes economic sense; onshore wind and solar PV costs have been declining and these technologies are now among the cheapest sources of energy in a growing number of countries, as highlighted by Lazard, Bloomberg New Energy Finance and IRENA. The competitiveness of renewables has been clearly evidenced in 2017 with wind (onshore and offshore) and solar PV's tenders beating a record of low prices all around the globe.

% CHANGE BETWEEN 2010 AND 2017 OF THE LEVELIZED REQUIRED REVENUES BY TECHNOLOGY

At constant prices of 2016 in €/MWh



Source: EDPR Analysis

The awareness that renewables makes sense is increasingly growing in all sectors. Corporations, for instance, have been signing Power Purchases Agreements (PPA) with renewable generators in order to fill their electricity needs. Renewables represent now an increasingly share of new investments in power-generating facilities[3] and according to BNEF, renewable energy sources are set to represent almost 75% of the investments in new power generation technologies until 2040. Not surprisingly, Europe's major utilities pledged to become carbon-neutral "well before 2050" and even several oil and gas major companies have significantly increased their investment in renewables during the recent years. Funding institutions are also stepping back from fossil fuel projects; the World Bank announced in December 2017 that it would cease to finance upstream oil and gas after 2019 and investment funds, such as the Norway's wealth fund, banks and pension funds have announced similar pledges. Likewise, global green bond[4] issuance hit a record of USD 155.5 billion in 2017 and could reach USD 250-300 billion in 2018, according to a research from the Climate Bonds Initiative.

According to a study published by IRENA in January 2018, the EU could double the renewables' share in its energy mix, cost effectively, even without considering the economic value associated with health and environmental benefits. The share could rise to 34% in the total energy mix and up to 50% in the electricity mix (compared to 29% in 2015).

[3] According to Bloomberg, global clean energy investment in 2017 was the second highest ever at USD 333.5 billion and representing an annual increase of 3%
[4] Debt instruments to be used for projects that promote climate and environmental sustainability purposes

2.1.2. THE EVOLUTION OF RENEWABLES AROUND THE WORLD IN 2017

WIND

Wind power capacity additions in the **World** amounted to 52.6 GW in 2017, 3.7% below the previous year, reaching a total capacity of 539.6 GW, according to Global Wind Energy Council (GWEC).

In **Asia**, China remained the undisputed world's wind power leader, connecting 19.5 GW, a slight decrease compared to 2016's additions (23.3 GW), rising its total wind capacity to 188.2 GW. 2017 was also a strong year for India that installed 4.1 GW, cementing its position as fourth largest wind market in the world.

Regarding **North America**, the US was the world's second player in capacity additions, with 7.0 GW installed in 2017, fuelled by Texas (2.3 GW), Oklahoma (0.9 GW), Kansas (0.7 GW), New Mexico (0.6 GW) and Iowa (0.4 GW). Cumulative capacity reached 89.1 GW with Texas remaining the leader with 22.6 GW, over than three times more than any other state. Canada and Mexico had both modest years in terms of new capacity, with only 0.3 GW and 0.5 GW respectively.

In **Europe**, 2017 was a record year for both onshore and offshore installations, with 16.8 GW of new capacity coming online (onshore and offshore), an increase of 21% versus the previous year. Germany remained the most dynamic market, connecting 6.6 GW and representing 39% of all of Europe's new capacity. Six more EU countries had also a record year in terms of additions: namely the UK (4.3 GW), France (1.7 GW), Finland (0.6 GW), Belgium (0.5 GW), Ireland (0.4 GW) and Croatia (0.1 GW). With these results, Germany sealed its place as the EU country with the largest installed wind power capacity (56.1 GW), followed by Spain (23.2 GW), the UK (18.9 GW) and France (13.8 GW).

Concerning **Latin America**, Brazil had an outstanding year, adding 2.0 GW of installed capacity but for the remaining countries in the region it was a rather quiet year. **Other emerging economies** that achieved good results in capacity additions were South Africa (0.6 GW), Thailand and Pakistan (0.2 GW each).

2017 was also the best year ever for **offshore wind**, with Europe installing 3.2 GW, a 25% growth versus 2016, achieving a cumulative capacity of 15.8 GW, being this surge propelled by the UK and Germany, which added 1.7 GW and 1.2 GW, respectively. The sector remains highly concentrated in a few countries, with the UK, Germany, Denmark, Netherlands and Belgium representing a 98% share of the total installed capacity. 2017 will undoubtedly be remembered as a landmark year for the offshore wind industry also because the first floating offshore wind farm (30 MW) was connected in the coast of Scotland. China and other countries in Asia are also showing some progress; according to Platts, China installed 1.2 GW in 2017, bringing its total offshore capacity to 2.8 GW, while Japan, South Korea and Taiwan only saw small additions. Offshore wind is also starting to kick-off in the US.

SOLAR

Solar PV market grew by 26% in 2017, making it the best year ever, with 99 GW of capacity additions, according to GTM Research.

China surpassed the astonishing milestone of 50 GW, installing around 52 GW according to China's National Energy Administration, a record figure never seen before and clearly above expert's estimates.

According to GTM Research, the **US** added 11.8 GW of solar PV in 2017, a 22% decline versus 2016, due to the spike in installations in 2016 from projects scheduled to come online before the expected drop-down of the ITC.

Europe added 8.6 GW in 2017, according to Solar Power Europe, representing a year-on-year growth of 28%. The big surprise came from Turkey which installed 1.8 GW of solar technology, overtaking Germany (1.75 GW) as Europe's most dynamic solar market. France and the Netherlands also showed signs of progress, adding 0.9 GW each.

2.1.3. SUPPORTIVE POLICY INSTRUMENTS

A wide range of remuneration schemes has traditionally supported Renewables' projects. However, the most frequent schemes are:

- FEED-IN TARIFF (FIT) SYSTEMS: most popular scheme due to its simplicity and visibility for investors, where generators receive either a fixed payment for each unit of electricity generated regardless of the market price, or a payment on top of the market price ("Feed-in premium" and "Contract-for-difference" schemes).
- QUOTA OBLIGATIONS: on top of the market price, generators receive certificates for their final energy ("Green Certificates" or "GC") which can be sold to the off-takers obliged to fulfill a specific quota (a share of energy that must come from renewable sources), therefore providing additional income to the generators.
- TENDERS AND AUCTIONS: are becoming increasingly popular, they do not represent a support category per se as they are used to allocate financial support to different renewables technologies and to determine the support level of other types of support schemes, such as feed-in systems, in a competitive bidding procedure.
- OTHER: includes investment grants, low interest loans and tax exemptions to support renewables.

The table below describes the overall current regulation in the geographies where EDPR operates.

COUNTRY	SHORT DESCRIPTION
US	• Sales can be agreed under PPAs (up to 20 years), Hedges or Merchant prices • Renewable Energy Credits (REC) subject to each state regulation • PTC (wind-projects): collected for 10-years since COD ($24/MWh in 2017). Phase out for projects that start construction post 2016 (no PTC post 2019 projects). Projects have 4 years to be placed in service in order to qualify • ITC: 30% ITC for solar projects and new wind-projects can opt for ITC instead of PTC. Phase out for wind projects follows a similar scheme of the PTC. Phase out for solar projects (projects put in place after 2023 will qualify for just 10% ITC)
Canada	• Feed-in Tariff (Ontario). Duration: 20-years. • Renewable Energy Support Agreement (Alberta)
Mexico	• Technological-neutral auctions (opened to all technologies) in which bidders offer a global package price for the three different products (capacity, electricity generation and green certificates) • EDPR project: bilateral Electricity Supply Agreement under self-supply regime for a 25-year period
Spain	• Wind energy receives pool price and a premium per MW, if necessary, in order to achieve a target return established as the Spanish 10-year Bond yields plus a reasonable spread. The so called reasonable spread for the first regulatory period has been defined as 300 bps. • Premium calculation is based on standard assets (standard load factor, production and costs) • Since 2016, all the new renewable capacity is allocated through competitive auctions
Portugal	• Old regime (before 2006): Feed-in Tariff (FiT) inversely correlated with load factor throughout the year. Duration: 15 years for a FiT updated monthly with inflation, through the later of 15 years of operation or 2020. Following agreement of the wind sector with the government in 2012, wind generators were offered the possibility to extend FiT's duration in exchange of annual payments between 2013 and 2020 • New regime (after 2006): Feed-in-tariff awarded for a period of 20 years limited by a maximum total electricity production of 44 GWh per installed MW
France	• Until 2016: Feed-in Tariff for 15 years: • First 10 years: receive €82/MWh; inflation type indexation • Years 11-15: depending on load factor receive €82/MWh @2,400 hours decreasing to €28/MWh @3,600 hours; inflation type indexation • Since 2017: large-scale wind projects need to participate in competitive auctions in order to be granted a 20-year CfD
United Kingdom	• Market price plus Green Certificate ("Renewable Obligation Certificate") system in place since 2002 • The GC system closed in 2017, being gradually replaced by a Contract-for-Difference scheme awarded through competitive tenders
Belgium	• Market price plus Green Certificate (GC) system • Separate GC prices with cap and floor for Wallonia (€65/MWh-100/MWh) • System to adjust the number of GC per MWh according to a predefined profitability level • Option to negotiate long-term PPAs
Poland	• Wind Farm revenues are made from the sale of electricity in the wholesale market plus the sale of green certificates • Wind receive 1 GC/MWh which can be traded in the market. Electric suppliers have a substitution fee for non compliance with GC obligation. From Sep-17 onwards, substitution fee is calculated as 125% of the average market price of the GC from the previous year and capped at 300PLN
Romania	• 15-years green certificate (GC) scheme with a cap and floor currently at €29.4 and €35 respectively: • Wind-farms prior to 2013 receive 2 GC/MWh up to 2017 with postponement of 1 GC/MWh from July 1st 2013 to March 31st 2017, with gradual recovery from 2018 to 2025. From 2018 onwards will receive 1 GC/MWh • Solar plants prior to 2013 received 6 GC/MWh with postponement of 2 GC/MWh until 2024 with gradual recovery from 2025-2030 • Wind-farms post 2013 receive 1.5 GC/MWh until 2017 and 0.75 GC/MWh from 2018 onwards • Solar plants post 2013 receive 3 GC/MWh from 2014 onwards
Italy	• Wind farms in operation prior to the end of 2012 are remunerated under a pool + premium scheme applicable for the first 15 years of operation • Wind farms commissioned from 2013 onwards: competitive tenders for a 20-year CfD scheme, implemented as a floor in the wind farm electricity price, conducted as reverse auctions where operators bid on the amount of the deduction on the pre-defined base amount
Brazil	• Old installed capacity under a feed-in tariff program ("PROINFA") • Since 2008, competitive auctions awarding 20-years PPAs

2.1.4. REGULATION OVERVIEW

EU REGULATORY DEVELOPMENTS

EU EMISSIONS TRADING SYSTEM (EU ETS) REFORM

The EU ETS is a key pillar of European climate policy since its implementation in 2005. The system works by putting a limit on overall emissions from covered installations (power sector and energy intensive industry), which is reduced each year. Within this limit, companies can buy and sell emission allowances as needed.

In November 2017, the European Parliament and Council of the European Union reached a provisional agreement to revise the EU ETS for the period 2021-2030 (“Phase IV”). This revision is aimed at putting the EU on track to achieving a significant part of its commitment under the Paris Agreement to reduce greenhouse gas emissions by at least 40% by 2030.

The key reforms agreed by the Parliament and Council included measures to enhance the EU ETS resilience and speed up emissions reductions along with additional safeguards to protect the EU industry against the risk of carbon leakage.

Formal agreement and endorsement by both co-legislators is expected for early 2018. Most analysts expect that these reforms will tighten the market surplus, pointed out as one of the main reasons for a depressed carbon price over the last years.

CLEAN ENERGY FOR ALL EUROPEANS

In November 2016, the European Commission (EC) presented a new package of measures with the goal of providing a stable legislative framework to facilitate the clean energy transition. This regulatory package aims to create a more competitive and sustainable EU energy sector, while compatible with the Paris Agreement commitments.

The package consists of eight legislative proposals, including a new “Renewable Energy Directive”, the “New Market Design Initiative” and the “Energy Union Governance Regulation” and, together with four non-legislative documents and nine other reports and initiatives.

In 2017, considerable progress was made in different fields that would impact the future of renewables in Europe.

Concerning the Renewables Directive and the Governance regulation, the European Parliament, who advocates for a more ambitious package of reforms, voted in January 2018 for a for a 35% EU-wide renewable energy target for 2030, increasing the overall ambition of renewables deployment in Europe when comparing with the 27% proposed by the European Commission that reflects the conclusions of the Council of the European Union of October 2014 “2030 Climate and Energy Policy Framework**”**. Although the final target remains to be agreed, it will likely be binding only at EU-level. However, on the positive side, Member States (MS) will be required to submit “National Plans” in which they would need to set self-defined renewable energy targets. At this regard, the Energy Council also agreed to set three indicative intermediate benchmarks in the next decade.

Some other recent positive developments have been welcomed by the renewable industry. On the one side, EU MS agreed to (i) give three years’ visibility on the volume and budget of public support schemes for renewables and (ii) to avoid any retroactive measure affecting renewable support. The Energy Council also agreed to allow technology-specific auctions. Finally, MS will be required to remove barriers to Corporate Power Purchase Agreements.

Renewables are also key to the **Electricity Market Design Initiative**, with the Energy Council agreeing that renewables should have full and equal access to balancing and ancillary markets, while maintaining priority of dispatch for existing renewables’ facilities (new facilities would be subject to a system of curtailment and compensation). The European Parliament will vote its amendment during the first quarter of 2018. Trilogue negotiations between the institutions (EC, Council and Parliament) in view of final agreements are expected to occur all year round.

EUROPE AND BRAZIL; REMUNERATION FRAMEWORKS

This chapter describes the most relevant recent regulatory developments in the European-Brazilian countries where EDPR is present (for additional information, please refer to Note 01 of EDPR Consolidated Annual Accounts).

SPAIN

Since 2016, in line with the European regulation, all the new renewable capacity in Spain is allocated through auctions. The regulatory scheme is designed to provide a similar remuneration scheme to the one that applies to previous installations (ruled by RD 413/2014). Following this framework, tender participants are requested to bid discounts to the standard value of the "initial investment" parameter which determines the "investment premium", that would eventually be awarded.

In 2017, two auctions were held. The first one was in May and unlike previous auctions, it was technology neutral as different renewable technologies were allowed to compete. Nearly all the capacity was awarded to wind projects (2,979 MW out of 3,000 MW) and the remaining capacity was awarded to solar photovoltaic (PV) installations and "other technologies" representing 1 MW and 20 MW, respectively. The auction was very competitive and oversubscribed with all the wining participants bidding the maximum discount. Following the outcome of this tender, the Spanish government decided to launch an additional tender for a maximum of 3 GW, which was held in July and opened to wind and solar PV exclusively. The royal decree ruling the tender (RD 650/2017) included the possibility to increase the allocated capacity to all capacity bidding the same discount, provided it would not create an over cost to the system. Following this clause, all the capacity that offered the maximum allowed discount was awarded. Overall, 5,037 MW were awarded with solar PV power generators being the biggest winners with 3,909 MW compared to 1,120 MW from wind.

In November, the European Commission (through the Directorate-General for Competition) endorsed the Spanish support scheme for renewables, the RD 413/2014, which regulates the generation of electricity from renewable energy, cogeneration and waste. As such, the EU Commission confirmed that the Spanish support scheme for renewables is in line with the 2014 European State Aid Guidelines.

PORTUGAL

In August of 2017, the Portuguese government approved the Order 7087/2017 tightening the authorization process for new repowering and additional capacity, introducing in particular, the obligation for the Directorate-General for Geology and Energy to consult the electricity regulator that will have to assess its impact to the electricity system. The amendments to the decree ruling the repowering authorization process are still pending to be published.

FRANCE

A new contract-for-difference (CfD) scheme was released in December 2016, although existing projects still benefiting from the former feed-in tariff scheme. The new scheme obtained clearance from the European Commission, who confirmed that it was in line with the European "Guidelines on State aid for environmental protection and energy 2014-2020". According to this new scheme, wind farms having requested a PPA in 2016 would receive a 15-year CfD, being the strike price and the terms of the tariff very similar to the previous feed-in tariff. From 2017 onwards, wind farms of more than 6 wind turbines (and more than 3 MW per turbine) need to participate in competitive tenders in order to obtain a 20-year CfD, the first tender was held in November 2017. The calendar of auctions until 2020 has been announced by the regulator and up to 3 GW of wind are expected to be tendered in this period, with two tenders of 500 MW each year. On the other hand, wind farms with a maximum of 6 wind turbines (and a maximum of 3 MW per turbine) do not need to participate in tenders. Wind farms of these characteristics having requested a PPA in 2017 are entitled for a 20-year CfD with a strike price ranging between €72/MWh and €74/MWh, depending on rotor size.

In December 2016, France launched a call for the third offshore wind tender, expected to be held in 2018, for a 400-600 MW project in the coast of Dunkirk.

ITALY

On November 2017, the Strategia Energetica Nazionale (National Energy Strategy), known by the acronym SEN, was presented after several months of public consultation. The SEN announced the complete phase-out of coal power generation by 2025 (five years ahead in comparison with the previous announcement), highlighting the renewables' role and calling for renewable energy to reach a 28% of energy consumption in 2030 from 17.5% in 2015. This strategy also stated that electricity from renewable sources should account for 55% in 2030, considerably above the 33.5% figure in 2015. Regarding the large-scale renewables' support, competitive auctions for fixed tariffs seems to remain in place through 2020 and long-term PPAs taking over after that.

POLAND

In August 2017 a new methodology to calculate the substitution fee was approved. According to the new formula, the substitution fee will be calculated every year as 125% of the previous year average market price of the Green Certificate ("GC"), capped at 300 PLN. This new methodology implies a reduction of the substitution fee, previously set at 300 PLN, in particular due to current low prices of GCs.

Also in August, a new ordinance setting the new GC quotas for 2018 and 2019, was approved with the new quotas being defined at 17.5% for 2018 and 18.5% for 2019. In December the European Commission (through the Directorate-General for Competition) endorsed the Polish support scheme for renewables (2015/16 RES Act).

ROMANIA

In March 2017, the Government Emergency Ordinance 24/2017 (the so-called "EGO 24/2017") amending Law 220/2008 was published. The main features of this ordinance are: (i) extension of the GC scheme until 2031 and of the GC validity until March 2032; (ii) approval of a new methodology for the GC quota calculation; (iii) removal of the indexation of the GC parameters (GC floor would remain fixed at €29.4 and GC cap would not only lose indexation but also be reduced to €35); (iv) extension of the GC recovery for wind energy from 2018 to 2025 (included) and extension of the GC postponement for solar PV until the end of 2024 and recovery from 2025 to 2030 (included) and (v) creation of an anonymous centralized platform to trade GC (from September 2017 GCs could only be traded there) and also of an anonymous market to sell energy together with GCs.

UNITED KINGDOM

In September, the Department for Business, Energy & Industrial Strategy (DBEIS) and National Grid, published the results of the second CfD allocation round. In this round, a total of 3.3 GW of capacity awarded across eleven projects, including three wind offshore projects. EDPR's Moray East offshore project was awarded a 15-year CfD for the delivery of 950 MW wind generation at £57.50/MWh (2012 tariff-based), to be delivered starting in 2022-2023.

In October, DBEIS announced that an amount of £557 million would be available for Pot 2 CfD auctions for less established technologies, with the next auction taking place in spring 2019.

BRAZIL

Two reverse auctions where wind projects could participate were held in December 2017. In the first reverse auction, 891 MW of projects secured contracts: 791 MW were solar PV projects and only 64 MW were wind. The second auction had 3.8 GW of projects awarded, including 1.4 GW of new wind power to start operations in January 2023 at an average R$98.62/MWh, a record low price for this technology in the country. EDPR secured 219 MW, for two wind projects for a 20-year period at an initial price of R$99 and R$97/MWh (indexed to the Brazilian inflation).

NORTH AMERICA; CONTINUE LEADING THE WAY

Historically, the typical framework for wind and solar developments in the US has been decentralized, with no national feed-in tariff, resulting in a combination of three key top line drivers:

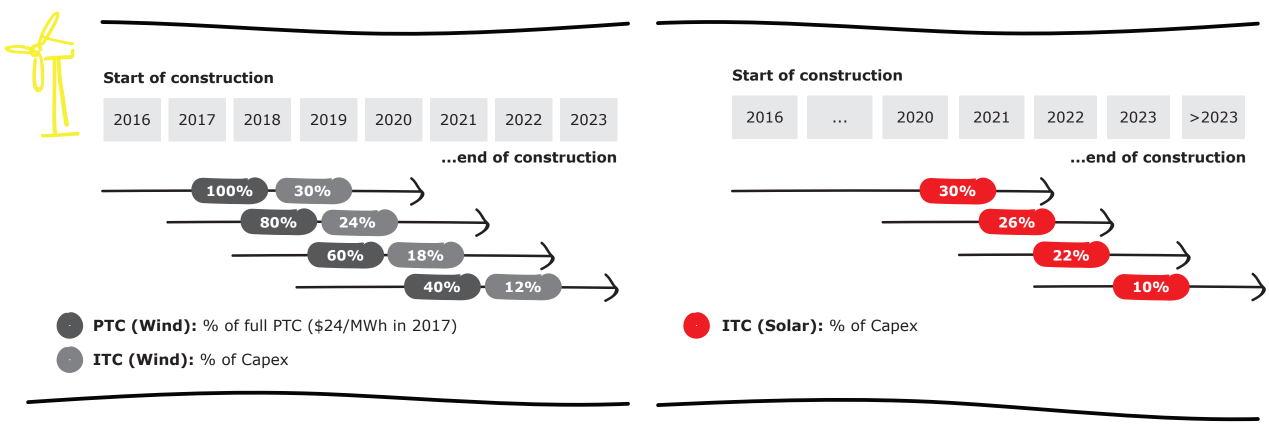
- PTCs: Production Tax Credits are the dominant wind incentives in the US and represent an extra source of revenue per unit of electricity generated ($24/MWh in 2017), over the first 10 years of the asset's life.
- ITCs: Investment Tax Credits equals to 30% of the initial capex and are the primary solar incentives.
- PPAs: Long-term, bilateral Power Purchase Agreements by which a renewable developer can sell its output to another company at a fixed price, usually adjusted for an agreed escalator.

In addition, many states have passed legislation, mainly in the form of Renewable Portfolio Standards (RPS), that require utilities to purchase a certain percentage of their energy supply from renewable sources, setting penalties to those that do not accomplish. Typically, states use Renewable Energy Credits (RECs) as the compliance mechanism. Utilities or other subject entities are required to procure enough RECs to meet their obligations under the RPS. Utilities can choose to invest directly in renewable generation assets and generate a REC for each unit of renewable energy produced or, alternatively, can purchase RECs produced by other renewable generators either through long-term bilateral contracts or in the secondary market. As a result, many utilities set up auction systems to seek long-term power purchase agreements with renewable energy generators by which they procure renewable energy and RECs.

The relevant recent regulatory developments in North America are below described (for additional information, please refer to Note 01 of EDPR Consolidated Annual Accounts).

UNITED STATES

On December 2015, the US Congress approved the "Consolidated Appropriations Act, 2016" that included an extension of the PTC for wind (including the possibility of a 30% ITC instead of PTC) and an extension of the ITC for solar. As part of the extensions, Congress also introduced a phase out of the credits. Wind projects that start construction in 2020 or later will not be eligible for the PTC or ITC and solar projects placed in service after 2023 will qualify for just 10% ITC. On May 2016, the US Internal Revenue Service (IRS) issued guidance that wind farms have 4 years from their start of construction to be placed in service and qualify for the PTC. As a result, projects that start construction prior to year-end 2019 and are placed in service prior to year-end 2023 will be eligible for the PTC. The IRS ruling also includes a provision that allows developers to secure the PTC if 5% of a project's capital components by dollar value are safe harbored in a given year and construction is completed within 4 years. Thus, if a developer safe harbors 5% of project Capex in 2016 for a given project, the project will qualify for the 100% PTC if construction is completed by year-end 2020. The graphic below depicts the phase-out calendar:



Regarding RPS, some states have upgraded their targets in 2015-2017; California and New York both upgraded their RPS standards to target 50% renewables by 2030, Oregon upgraded their RPS to 50% by 2040, Vermont enacted an RPS of 75% by 2032, Michigan upgraded their RPS to 15% by 2021, the District of Columbia increased and extended its RPS to 50% by 2032, Maryland increased and accelerated its RPS to 25% by 2020 and Rhode Island increased and extended its RPS to 38.5% by 2035. Illinois supplemented its existing RPS standard by passing an energy bill to require utilities to source at least 4 TWh of new wind and 4 TWh of new solar by 2030. Massachusetts also supplemented its existing RPS by creating requirements for offshore wind and solar procurement. RPS obligations as a percent of state retail consumption (as of July 2017) are shown in the table below. Some states have separate goals for different types of utilities such as investor-owned utilities (IOUs), cooperatives (co-ops) or municipal power companies (munis). Other states like Iowa and Texas, have set targets for installed capacity, rather than for a percentage of sales.

STATE	RPS OBJECTIVE	STATE	RPS OBJECTIVE
Arizona	15% by 2025	Montana	15% by 2015
California	50% by 2030	Nevada	25% by 2025
Colorado	30% by 2020 (IOUs) 20% by 2020 (co-ops) 10% by 2020 (munis)	New Hampshire	24.8% by 2025
Connecticut	23% by 2020	New Jersey	22.5% by 2020
Delaware	25% by 2025	New Mexico	20% by 2020 (IOUs) 10% by 2020 (co-ops)
District of Columbia	50% by 2032	New York	50% by 2030
Hawaii	100% by 2045	North Carolina	12.5% by 2021 (IOUs) 10% by 2018 (co-ops and munis)
Illinois	25% by 2025	Ohio	12.5% by 2026
Iowa	105 MW by 1999	Oregon	50% by 2040 (large IOUs) 5-25% by 2025 (other utilities)
Maine	40% by 2017	Pennsylvania	8.5% by 2020
Maryland	25% by 2020	Rhode Island	38.5% by 2035
Massachusetts	11.1% by 2009 +1%/yr	Texas	5,880 MW by 2015
Michigan	15% by 2021	Vermont	75% by 2032
Minnesota	26.5% by 2025 Xcel: 31.5% by 2020	Washington	15% by 2020
Missouri	15% by 2021	Wisconsin	10% by 2015

Another regulatory factor that could affect demand for renewable energy is national legislation or rule-making regarding carbon emissions. On August 2015, the Environmental Protection Agency (EPA) announced the Clean Power Plan (CPP), a rule to cut carbon pollution from existing power plants. On February 2016, the Supreme Court stayed implementation of the CPP pending judicial review and on October 2017, the EPA, led by Scott Pruitt, announced that it would sign a proposed rule to repeal the CPP. On December 2017, Scott Pruitt announced that the EPA will introduce a replacement rule for the CPP. It is otherwise unclear how the EPA will proceed. On a state level, some states already participate in carbon reduction programs. For example, California is a member of a carbon allowance market along with Quebec and Ontario. Meanwhile, some states in the eastern US (Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New York, Rhode Island and Vermont) are members of the Regional Greenhouse Gas Initiative which seeks to reduce carbon emissions from the power sector.

In 2017, one of the most notable new legislation was the "Tax Cuts and Jobs Act of 2017" which, among many other changes, reduced the maximum corporate tax rate from 35% to 21% and introduced the Base Erosion Anti-Abuse Tax ("BEAT"). The final impacts of these changes are still uncertain on the renewable energy market. For example, the decreased corporate tax rate is projected to boost after-tax earnings from new renewable projects, but it could also reduce the market demand for the tax credits produced by new renewable energy assets. The "BEAT" provision is a tax intended to prevent companies from engaging in "earnings stripping", a method by which large, foreign-controlled companies loan funds to their U.S. subsidiaries and then deduct the interest payments, thus reducing their U.S. tax liability. The final version of the tax reform bill stated that companies could offset up to 80% of their "BEAT" liability through the PTC/ITC value.

Another notable federal-level development spanning 2017 into 2018 was the petition for an eventual announcement of a tariff on imported crystalline silicon photovoltaic (CSPV) modules. In late 2017, after considering a petition by Suniva and SolarWorld Americas, the U.S. International Trade Commission announced a set of recommendations for tariffs to President Trump. In January 2018, President Trump announced a 30% tariff beginning in 2018 and decreasing by 5% per year, exempting the first 2.5 GW of imports in each year. As a result, the cost of some modules might increase.

GROWTH PROSPECTS

Growth in the US is motivated by several forces, including primarily the planned coal capacity retirements, RPS compliance in several states and demand from commercial and industrial entities.

29 states + DC	**RPS**	**Renewable Standards Portfolio** • Defined at **state level** • RPS policies cover **56% of total US retail electricity sales** • 2 states **increased quotas** in 2017 (MA; MD)
36 GW Coal Retirement Until 2030E; 51 GW since 2010	**Utilities**	**Utilities' Portfolio Demand** • Officially announced: **coal-fired plants being shuttered** • **Old & non-compliant** w/ environment constraints; independent of CO_2 emissions • **29% of 2010 coal fleet retired or announced** prior 2030
19% increase PPA volumes signed since 2016	**C&I**	**Commercial & Industrial Entities** • **Non-utilities** companies incl. techs, industrials, cooperatives... • **Fixed-long-term price** protected from fuel price fluctuations • **119 companies** have pledged to move to **100% renewable power**

CANADA

New Canadian renewable supply is expected to be largely determined by provincial procurements. While some provinces already produce much of their electricity through renewable sources (largely due to hydro power), Alberta, Saskatchewan and Ontario have taken steps to increase renewable energy production. Alberta, where EDPR was awarded a long-term Renewable Energy Support Agreement for 248 MW of wind onshore in the 2017 auction, is pursuing a Renewable Energy Program in order to develop 5 GW of renewable electricity generation capacity by 2030. SaskPower, the principal electric utility of Saskatchewan, has a target of 50% renewable generation capacity by 2030. Ontario has conducted multiple Large Renewable Procurements in 2014-2016.

MEXICO

Mexico is redesigning its energy sector beginning with the constitutional amendment in 2013 and ending with implementation by end of 2018. The reforms bring about the end of state-owned vertically-integrated monopolies and open the door to significant opportunities for private sector participation across the supply chains for oil and gas and for electricity. Mexico's energy reforms advanced significantly in 2016 implementing changes that will provide remuneration for all forms of generation including wind and solar. The key mechanisms of interest to renewable developers are the implementation of the wholesale electricity market, long-term supply auctions, and financial transmission rights. Mexico has conducted three long-term supply auctions in order to procure new renewable electricity.

2.1.5. CORPORATE RENEWABLE PPAS; A NEW FRAMEWORK ON THE ROAD

Corporations all around the world have been showing an increasing interest in sourcing their energy needs through renewable Power Purchase Agreements (PPAs), being wind and solar PV the most preferred technologies.

WHAT IS IT:

A corporate Power Purchase Agreement consists of a long-term contract under which a private enterprise or public institution (other than utilities) agrees to purchase electricity directly from an energy generator, rather than from a traditional supplier, for a pre-agreed price during a pre-agreed period of time, commonly with a term between 10 to 15 years. It differs from the traditional utility PPA in the sense that the off-taker is not an electricity distributor or supplier company, but rather the final consumer.

Early entrants to the corporate renewable PPA market were some of the world's biggest technological companies, including Google, Facebook or Amazon. However, the market has recently seen a diverse set of companies, including retailers and industrials entering into corporate renewable PPAs and other players as municipalities, universities and hospitals, which are also seizing opportunities.

BENEFITS:

Corporate renewable PPAs provide an opportunity for corporations to comply with their sustainability strategy commitments, by using renewable energy, therefore reducing their carbon footprint and enhancing their reputation and branding. Many private companies are setting themselves challenging energy and sustainability targets and are making these commitments public by joining international initiatives such as RE100[1]. Corporate renewable PPAs also improve cost predictability, which is especially important in a context of volatile or increasing energy prices, through the ability to set prices for a long-term period and avoid carbon and environmental penalties by complying with current and future regulatory requirements. Following the growing competitiveness of renewable energy technologies, latest PPAs signed around the world offered very attractive and stable prices to the off-takers.

From the renewable generators' perspective, corporate renewable PPAs bring predictability and visibility on future earnings to renewable generators who would be otherwise exposed to market volatility.

STATUS AND PROSPECTS:

The corporate renewable PPA market has grown significantly in the last years, with nearly 19 GW of deals signed since 2008. According to Bloomberg New Energy Finance, a record of 5.4 GW in corporate renewable PPAs have been closed in 2017.

The U.S. is the preferred market for corporate renewable PPAs, with around 11.3 GW of agreements signed according to Bloomberg, supported by a compatible renewable framework, volatile (and sometimes high) electricity prices, existence of projects with abundant resource and wide availability of expertise in structuring electricity transactions. In Europe, the corporate renewable PPAs market has experienced a slow start but has been growing at a considerable pace in the last five years. Today, more than 3 GW of corporate renewable PPAs have been structured in Europe, being the UK, Scandinavian countries and the Netherlands the largest markets.

EDPR has already a solid experience in partnerships with major companies like Bloomberg, Amazon, Home Depot, General Motors and Philips in the US along with Industrias Peñoles in Mexico.

[1] RE100 is a global initiative of influential corporations committed to 100% renewable electricity, working to massively increase demand for - and delivery of - renewable energy

2.2. BUSINESS PLAN

EDPR'S STRATEGIC PLAN THROUGH 2020 IS SUPPORTED BY THREE PILLARS; SELECTIVE GROWTH, OPERATIONAL EXCELLENCE AND SELF-FUNDING MODEL

In May 2016, EDPR presented to the financial community its Business Plan for 2016-20 at the EDP Group Investor Day held in London. Several financial markets participants were present at the event, including press, online participants, investors, analysts and rating agencies, demonstrating a great interest in the group's equity story and strategy.

EDPR increased its 2014-17 Business Plan growth targets in the new Business Plan with stronger capacity additions and technological mix. Since its inception, EDPR has been performing a strategy focused on selective growth, by investing in quality projects with predictable future cash-flows, and seamless execution, supported by core competences that yield superior profitability, all embedded within a distinctive and self-funding model designed to accelerate value creation. As a result of undertaking such strategy, at the same time flexible enough to accommodate to changing business and economic environments, EDPR remains today a leading company in the renewable energy industry.

EDPR 2020 investment case will continue to be supported by a distinctive strategic agenda which is being successfully delivered in order to outperform its 2016-20 goals.

SELECTIVE GROWTH		OPERATIONAL EXCELLENCE		SELF-FUNDING BUSINESS	
Solid value creation, investing in quality projects with predictable cash-flow stream		Profitable growth supported by distinctive core competences and unique know-how		Enhanced growth by an asset rotation program designed to accelerate value creation	
Prioritize quality investments in EDPR core markets	c. 700 MW/year	Technical expertise to maximize production	>97.5% availability	Investing in visible growth opportunities	€4.8bn investments
High visibility on projects with long term contracts awarded	>65% till 2020	Competitive projects leading to a superior load factor	33% in 2020	Profitable assets generating robust retained cash-flow (RCF)	€3.9bn RCF
Technological mix initiatives	Solar & Offshore	Unique O&M strategy to keep lowering Core Opex /Avg. MW	-1% CAGR 2015-20	Asset Rotation strategy to keep enhancing value growth	up to € 1.1bn €550m executed c.€600m new

EDPR business model set to deliver predictable and solid growth targets in core markets…

	Electricity Output	EBITDA[1]	RCF	Net Profit[1]	Dividend Pay-out[1]
2016-20	**10%** CAGR 15-20	**8%** CAGR 15-20	**€3.9 bn** 2020E	**23%** CAGR 15-20	**25-35%**
2016-17	**14%** CAGR 15-17	**12%** CAGR 15-17	**€1.8 bn** Cum. 16-17	**45%** CAGR 15-17	**29%** Avg. 16-17

…positioning to successfully lead a sector with increased worldwide relevance

[1] EBITDA and Net Profit adjusted by non-recurrent events: 2015 Adj. EBITDA: €1.0 billion; 2015 Adj. Net Profit: €108 million; 2016 Adj. EBITDA: €1.2 billion; 2016 Adj. Net Profit: €104 million; 2017 Adj. EBITDA: €1.3 billion; 2017 Adj. Net Profit: €226 million.
Adj. Target Net Profit CAGR would be equivalent to 16% without asset life extension adjustment effective since January 2017.

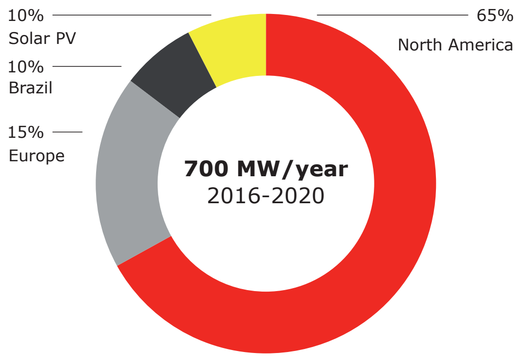
2.2.1. SELECTIVE GROWTH

The selective growth strategic pillar is the key principle behind EDPR's investment selection process, it ensures that the projects that are finally built have the best fit with the company's low risk profile. This is achieved as new projects have long-term PPAs already secured or have been awarded long-term contracts under stable regulatory frameworks, as well as exhibiting above portfolio average load factor.

Strong execution

EDPR's extensive pipeline has been an important contributing factor to the successful execution of this strategy as the availability of multiple projects coupled with strong development expertise guarantees that only the best, fully optimized projects are finally selected for investment.

CAPACITY ADDITIONS (MW; %)



Total of 3.5 GW capacity additions

SELECTIVE GROWTH TARGETS

Target BP 2016-20	2016-17
c.700 MW/year	685 MW/year
>65% visibility till 2020	86%
Solar & Offshore	Solar 63MW
	Offshore 1.0 GW France 950 MW UK

EDPR is well on track to deliver on its business plan target growth of +3.5 GW cumulative from 2016 to 2020 (700 MW/year), with 86% of the capacity additions target already secured and 600 MW installed in 2017.

Efforts in new key areas like Solar and Offshore have already crystalized securing long-term growth.

65% GROWTH FROM NORTH AMERICA, DRIVEN BY PPAS ALREADY SECURED

The United States is EDPR's main growth driver for the 2016-20 Business Plan timeframe. The visibility over Production Tax Credit (PTC) tax scheme, the strong demand from both utilities, and commercial and industrial companies for long-term PPAs from wind energy projects, combined with EDPR's diversified portfolio of projects in this market support this solid growth opportunity.

The December 2015 extension of the PTC provides long-term visibility to US growth beyond 2016-20 for new wind energy projects, reinforces the strong fundamentals of the US wind market and supports EDPR's choice to shift growth to the US.

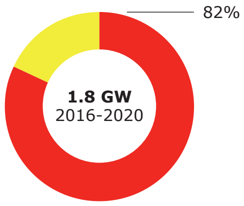
The Business Plan for 2016-20 targets 1.8 GW of wind onshore additions in the US, of which 1.5 GW were already secured as of December 2017 and are entitled to receive 100% PTC value.

In addition, it is worth mentioning that EDPR secured turbine components in 2016 that grant the option to install up to 3.1 GW of wind projects until 2020, benefitting from 100% of the PTC value. In 2017, EDPR also secured turbine components to be installed after 2021, offering more visibility post Business Plan.

In 2017, EDPR was awarded two long-term energy sale agreements in North America. The first a PPA in the State of Indiana for 75 MW of onshore wind with start of operation expected in 2018 and the second, a 20-year RESA for the delivery of 248 MW onshore wind in Alberta, Canada, with commercial operation to occur in December 2019.

US wind onshore at the core of EDPR growth strategy

US CAPACITY ADDITIONS (GW)



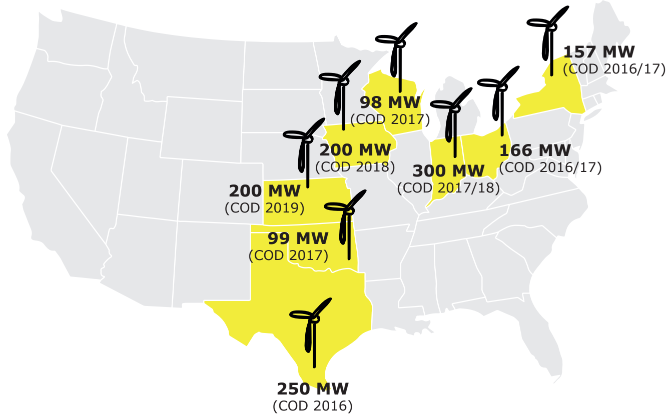
Secured

Under negotiation/identified

Project Name	MW	State	CoD
Hidalgo	250	Texas	2016
Timber Road III	100	Ohio	2016
Jericho	78	New York	2016
Arkwright	79	New York	2017
Meadow Lake V	100	Indiana	2017
Quilt Block	98	Wisconsin	2017
Red Bed Plains	99	Oklahoma	2017
Hog Creek	66	Ohio	2017
Turtle Creek	200	Iowa	2018
Meadow Lake VI	200	Indiana	2018
Prairie Queen	200	Kansas	2019

Option to grow 3.1 GW with safe harbor

1.5 GW already secured



15% GROWTH FROM EUROPE, FOCUSING ON LOW RISK REGULATORY FRAMEWORKS

For the 2016-20 Business Plan, EDPR growth in Europe represents c.15% of the planned capacity additions, a growth supported by identified short-term opportunities and medium-term pipeline options. In terms of growth by country, EDPR has high visibility to additions. Firstly, in Portugal, 216 MW will be added with a 20-year feed-in tariff, of which 49 MW are under construction. On top of those additions EDPR already installed 7 MW (3 MW of which solar) by 2017 and has 6 MW extra under construction related with over equipments. In Italy, with c.200 MW target additions, 44 MW were installed by 2017 and 127 MW more will be added with a 20-year contract of which 77 MW are currently under construction. In France, EDPR targets additions of c.100 MW through pipeline development, of which 46 MW were already installed by 2017 while 11 MW are currently under construction. In Spain, 25 MW net were added related with the acquisition of a 50% participation in a wind farm previously accounted as equity and EDPR was awarded 93 MW in January 2016, 68 MW of which are currently under construction.

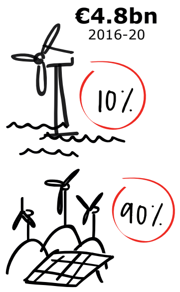
10% FROM BRAZIL, IN PROJECTS WITH LONG-TERM PPAS

In Brazil, EDPR already installed 331 MW, while 137 MW are currently under construction. EDPR has the objective to remain actively prospecting opportunities in Brazil, namely auction opportunities, given the strong fundamentals of the country, with high growth of electricity demand, robust renewable resources and availability of long-term energy supply agreements through an auction system.

TECHNOLOGICAL MIX

10% growth in solar, given its increasing competitiveness

In order to take advantage of this profitable renewable technology and considering its increasing competitiveness, EDPR included in its 2016-20 Business Plan a 10% growth target for PV solar. The US is the core market for this growth, where the technology is boosted by the Investment Tax Credit scheme, while in Europe, Brazil and Mexico developing options are based on fundamentals. In 2017 EDPR installed 63 MW of solar PV technology; 3 MW in Portugal and 60 MW in South Carolina with a 15-year PPA.



Investing in Offshore Wind Technology

Offshore projects are being developed by EDPR, to support growth options and to capture this new wave of industry development. These projects, located in the UK and France, are expected to start operations beyond the 2016-20 Business Plan, but are already being developed through partnerships, from which the company is also able to further develop technological expertise in the sector. In 2017 EDPR was awarded, in a joint venture with ENGIE, a 15-year CfD in the UK for the delivery of 950 MW of offshore wind generation to be completed by 2022.

2.2.2. OPERATIONAL EXCELLENCE

One of the strategic pillars that has always been a keystone of the company, setting it apart in the industry, is the drive to maximize the operational performance of its wind and solar plants. In this area, EDPR's teams, namely in operations and maintenance (O&M), have established a strong track record that supports challenging targets set in the 2016-20 Business Plan. For this period, EDPR has set targets for three key metrics: Load Factor, Technical Availability and Core Opex per MW. These metrics provide an overall view of the progress in EDPR wind assessment, O&M and cost control efforts. They also serve as good indicators for the overall operational efficiency of the company.

STRONG EXECUTION

OPERATIONAL EXCELLENCE TARGETS

On track to deliver operating excellence metrics keeping costs under control.

Target BP 2016-20	2016-17	
Technical Availability >97.5%	2016: 97.7% 2017: 97.8%	Technical expertise to maximize production
Load Factor 33% in 2020	2016: 30% 2017: 31%	Competitive projects leading to a superior load factor
Core Opex/Avg. MW -1% CAGR 2015-20	-3% CAGR 2015-17	Unique O&M strategy to keep lowering Core Opex/Avg. MW

MAINTAINING HIGH LEVELS OF AVAILABILITY >97.5%

Availability is the ratio between the energy actually generated and the energy that would have been generated without any downtime due to internal reasons, namely due to preventive maintenance or repairs. Therefore it is a clear performance indicator of the company's O&M practices as it focuses on reducing to a minimum any malfunctions and performing maintenance activities in the shortest possible timeframe.

The company has always maintained high levels of availability, having registered availability of 97.8% in 2017, in line with its 2016-20 Business Plan target. EDPR will continue to improve availability through new predictive maintenance optimization measures supported by the 24/7 control and dispatch centre, reducing damages most common during extreme weather and improving the scheduling of planned stops. Also a new spare parts warehousing strategy will be key in reducing downtime during unexpected repairs.

LEVERAGING QUALITY GROWTH ON DISTINCTIVE WIND ASSESSMENT TOWARDS 33% LOAD FACTOR

Load factor (or net capacity factor) is a measure for the renewable resource quality, that reflects the percentage of the maximum theoretical energy output, in a given period.

Ensuring the assets generate the maximum amount of energy possible is a key success factor. With regards to the operating portfolio, optimizing load factor is linked to the improvement of availability as above described and, if possible, introducing productivity enhancement retrofits that boost production by equiping older turbine models with the most up-to-date technological improvements available to increase efficiency in the utilization of the available resources of renewables. The energy assessment and engineering teams are responsible for the wind farms and solar plants development and designe in a way that maximizes load factor. They define the optimal layout of the plant by matching the positioning and choice of turbines with the characteristics of the site, specially the terrain, from the collected resource measurements and their estimated energy outputs.

The company has consistently maintained levels of load factor in the range of 29-30%, having registered 31% in 2017, which is slightly below the P50 (mean probability) assessment for the current fleet, given the lower wind resource in the period when compared with an average year. For 2020 EDPR has a target to reach 33% load factor, mainly on the back of the increase competitiveness of new capacity additions.

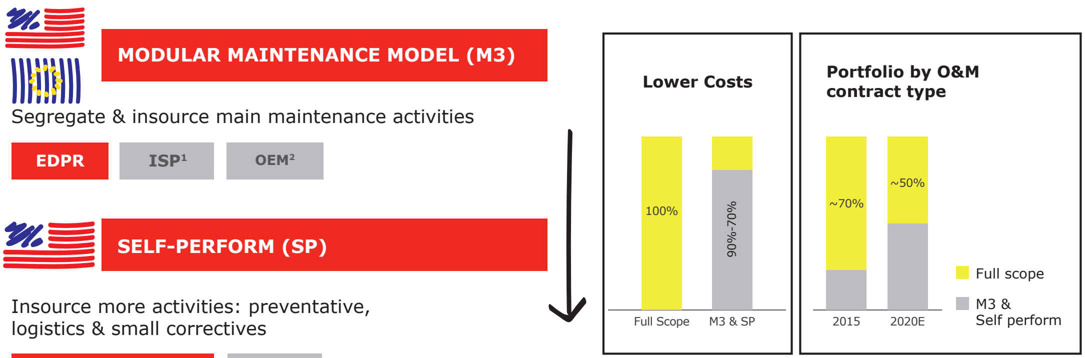
INCREASING EFFICIENCY, BY REDUCING CORE OPEX /AVG. MW -1%

In addition to all company initiatives to boost production, EDPR also focuses on strict cost control efforts to improve efficiency and profitability. Leveraging on the experience accumulated over time, EDPR set a target in the 2016-20 Bussiness Plan to reduce Core Opex /Avg. MW by -1% CAGR 2015-20. Core Opex is defined by Supplies and Services (including O&M activities) and Personnel costs, which are the costs that EDPR can actively manage. The target of reducing the manageable company costs structure, also benefits from the economies of scale of a growing company. With regards to O&M, that represents c. 30% of total Opex, EDPR has already delivered results through the implementation of its M3 (Modular Maintenance Model) system and self-perform program to some of the wind farms that are no longer under initial warranty contracts.

M3 PROGRAM AND SELF-PERFORMANCE

As EDPR's fleet becomes more mature the initial O&M contracts signed with the turbine suppliers expire. When that happens the company needs to decide between renewing the maintenance service with the OEM (Original Equipment Manufacturer) or insourcing activities to operate the wind farm on its own, whilst maintaining high levels of availability.

Based on EDPR's expertise, under the **M3 program** O&M teams will decide on the optimal balance between external contractors and in-house maintenance. Usually, EDPR keeps control of high value-added activities such as maintenance planning, logistics and remote operations while outsourcing, under direct supervision, labour-intensive tasks. This new program has quickly generated savings in operational expenses and increased control over quality. During 2017 self-perform maintenance was implemented in additional facilities whose maintenance contracts were up for renewal. The **self-perform** program is a step further in EDPR's integration of maintenance tasks and activities, which is being implemented in the US, and consequently minimizes third-parties dependency. EDPR targets to increase the share of its fleet under the M3 and Self-Perform program to c.50% by 2020, from c.30% levels in 2015.



Notes: [1] ISP - Independent Service Provider; [2] OEM - Original Equipment Manufacturer

INCREASING PRODUCTION

For the period 2016-20, and in line with its previous targets, EDPR aims to increase its total production by 10% CAGR 2015-20. This growth is to be supported by its distinctive competences and accretive projects.

EDPR is also creating value through the improvement of its assets by implementing new technologies to boost turbine power output without requiring major component changes. Performance Analysis teams are collaborating with the manufacturers to determine the best practices to apply this new technology. For instance, installing new versions of the softwares on the older machines with the support of the manufacturer, improves the operation of the turbine and increases their efficiency. Another measure is the implementation of Vortex generators where components are installed on the blades, modifying and improving the blades' aerodynamics, achieving an increase in efficiency.

2.2.3. SELF-FUNDING MODEL

EDPR self-funding model has been a cornerstone of EDPR's strategy and its success has been crucial for funding growth.

The self-funding model relies on a combination of the Retained Cash Flow from operating assets and EDPR's successfully Asset Rotation strategy, along with the US Tax Equity structures to finance the profitable growth of the business. This model, that was already included in the previous business plan, substitutes the initial financing strategy that depended on corporate debt from EDP, the major shareholder of EDPR.

STRONG EXECUTION

SELF-FUNDED BUSINESS TARGETS

Target BP 2016-20	2016-17	
€4.8bn Investments	€2.1bn (43% of BP)	Investing in visible growth opportunities
€3.9bn Retained Cash Flow	€1.8bn (46% of BP)	Profitable assets generating robust RCF
Up to €1.1bn Asset Rotation	€550m signed c.€600m new	Asset Rotation strategy to keep enhancing value growth

The primary source of funds for the company is the EBITDA generated from existing assets, which after paying debt services costs, deducting capital distributions to equity partners and taxes is called Retained Cash Flow, meaning the amount available to pay dividends to EDPR shareholders and/or to fund new investments.

A strong Retained Cash Flow generation of c.€3.9 billion is expected for the period 2016-20.

EDPR indicated in May 2016, a dividend pay-out ratio policy in the range of 25-35% of its annual net profit, thus allowing most of the Retained Cash Flow to fund growth. The dividends paid in 2017 amounted to c.€44 million.

ASSET ROTATION

Proceeds from asset rotation transactions are also important sources of funds for the self-funding model of EDPR in financing its profitable growth. This enables the company to cristalize the value yet to be realized from the future cash-flows of its existing projects over their long remaining lifetime and reinvest the corresponding proceeds in the development of new value accretive projects, with superior returns. These transactions involve the company selling minority stakes (typically 49% stake) at project level while maintaining full management control. The scope of these transactions tend to be mature projects, generally already operating and thus significantly de-risked, with high visibility to future cash-flows, that can be attractive to low risk institutional investors from whom EDPR can source a competitive cost of finance.

For the period 2016-20 EDPR has the target of completing €1.1 billion of Asset Rotation transactions, which as of December 2017, €550 million were already executed.

For the completion of the Asset Rotation target, EDPR will continue to seek accretive projects with superior returns, thus crystallizing value and accelerating profitable growth.

US TAX EQUITY

EDPR always aims to find external financing to its projects, namely through tax equity structures, typical of the US. The use of tax equity in the US enables an efficient utilization of the tax benefits generated by the project, otherwise unusable, therefore improving projects' economics. In a simplistic view, tax equity investors contribute a sizable part of the initial project investment, receiving in return almost all of the PTCs granted to the project for first 10 years of operation along with the benefits from the accelerated depreciation.

In 2017 EDPR signed two tax equity transactions, a total funding of $507 million related to all projects that started operations in 2017.

TAX EQUITY TRANSACTIONS

2017	Meadow Lake V, Redbed Plains, Quilt Block & Hog Creek	Cypress Creek
	Signed Jul-17	Signed Dec-17
	363 MW	60 MW
	$440m	$68m
	Indiana, Oklahoma, Wisconsin & Ohio	South Carolina
	Closing 4Q17	Closing 4Q17
	Bank of NY Mellon	Bank of NY Mellon

2.3. RISK MANAGEMENT

In line with EDPR's controlled risk profile, Risk Management process defines the mechanisms for evaluation and management of risks and opportunities impacting the business, increasing the likelihood of the company in achieving its financial targets, while minimizing fluctuations of results.

RISK MANAGEMENT PROCESS

EDPR's Enterprise Risk Management Process is an integrated and transversal management model that ensures the minimization of the effects of risk on EDPR's capital and earnings, as well as the implementation of best practices of Corporate Governance and transparency. The process aligns EDPR's risk exposure with the company's desired risk profile. Risk management policies are aimed to mitigate risks, without ignoring potential opportunities, thus, optimizing return versus risk exposure.

The process is closely followed and supervised by the Audit and Control Committee, an independent supervisory body composed of non-executive members.

Risk management is endorsed by the Executive Committee, supported by the Risk Committee and implemented in day-to-day decisions by all managers of the company.

EDPR created three distinct meetings of the Risk Committee in order to help decision-making, separating discussions on execution of mitigation strategies, from those on the definition of new policies:

- RESTRICTED RISK COMMITTEE: Held every month, it is mainly focused on development risk and market risk from electricity price (market, basis, profile, GCs and RECs). It is the forum to discuss the evolution of projects under development and construction and the execution of mitigation strategies to reduce merchant exposure. It also monitors the limits of defined risk policies, with regards to counterparty risk, operational risk and country risk.
- FINANCIAL RISK COMMITTEE: Held every quarter, it is held to review main financial risks and discuss the execution of mitigation strategies. Exchange rate risk, interest rate risk and credit risk from financial counterparties are most relevant risk reviewed in this committee.
- RISK COMMITTEE: Held every quarter, it is the forum where new strategic analyses are discussed and new policies are proposed for approval to the Executive Committee. Additionally, EDPR's overall risk position is reviewed, together with EBITDA@Risk and Net Income@Risk.

RISK MAP AT EDPR

Risk Management at EDPR is focused on covering all risks of the company. In order to have a holistic view, they are classified in five Risk Categories.

Within each Risk Category, risks are classified in Risk Groups. The full description of the risks and how they are managed can be found in the Corporate Governance chapter. The graph below summarizes the Risk Categories, the Risk Groups and the Risk Management mitigation strategies at EDPR.

Risk Category	Description	Risk Groups
MARKET RISKS	It refers to the risk to EDPR resulting from movements in market prices. Due to the relationship between wind production and electricity price production risk is considered within market risk. In particular, market risks are changes in electricity prices, production risk, interest rates, foreign exchange rates and other commodity prices.	• Electricity Price Risk • Electricity Production Risk • Commodity Price Risk • Liquidity Risk • Inflation Risk • Exchange Rate Risk • Interest Price
COUNTERPARTY RISK	Risk that counterparty to a transaction could default before final settlement of the transaction's cash flows. A direct economic loss would occur if transactions with the counterparty had positive economic value at the time of default. Even in the case of not defaulting, it may not comply with its contract obligations (timing, quality, etc.), implying additional higher costs due to its replacement or to delays in fulfilling the contract.	• Counterparty Credit Risk • Counterparty Operational Risk
OPERATIONAL RISK	Defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events (such as an increase in equipment default rates, increasing O&M, or natural disasters).	• Development Risk • Legal Claims Risk (Compliance) • Execution Risk • Personnel Risk • Operation Risk (Damage to Physical Assets and Equip. Performance) • Processes Risk • Information Technologies Risk
BUSINESS RISK	Potential loss in the company's earnings due to adverse changes in business margins. Such losses can result, above all, from a serious increase in equipment prices or changes in the regulatory environment. Changes in electricity prices and wind production are considered market risks.	• Energy Production Risk • Equipment Performance Risk • Regulatory Risk (renewables) • Wind Turbine Price Risk • Wind Turbine Supply Risk
STRATEGIC RISK	It refers to risks coming from macroeconomic, political, social or environmental situation in countries where EDPR is present, as well as those coming from a change in competitive landscape, from technology disruptions, from changes in energy markets or from governance decisions (investment decisions criteria, Corporate Governance and Reputational issues).	• Country Risk • Competitive Landscape Risk • Technology Disruptions Risk • Invest. Decisions Criteria Risk • Reputational Risk • Meteorological Changes • Corp. Organization and Governance • Energy Planning

MITIGATION STRATEGIES

- Close analysis of natural hedges to define best alternatives
- Hedge of market exposure through long term power purchase agreements (PPA) or short-term financial hedges
- Natural FX hedging, with debt and revenues in same currency
- Execution of FX hedging for net investment (after deducting local debt)
- Execution of FX hedging to eliminate FX transaction risk, mainly in Capex
- Execution of interest rate hedging
- Execution of inflation hedging
- Alternative funding sources such as Tax equity structures and Multilateral/Project Finance agreements

- Counterparty exposure limits by counterparty and at EDPR level
- Collateral requirement if limits are exceeded
- Monitoring of compliance with internal policy

- Supervision of suppliers by EDPR's engineering team
- Flexible CODs in PPAs to avoid penalties
- Partnerships with strong local teams
- Monitor recurrent operational risks during construction and development
- Close follow-up of O&M costs, turbine availability and failure rates
- Insurance against physical damage and business interruption
- Strict compliance with legal requirements and zero tolerance for unethical behavior or fraud
- Attractive remuneration packages and training for personnel
- Revision of all regulations that affect EDPR activity (environmental, taxes…)
- Control of internal procedures
- Redundancy of servers and control centers of wind farms

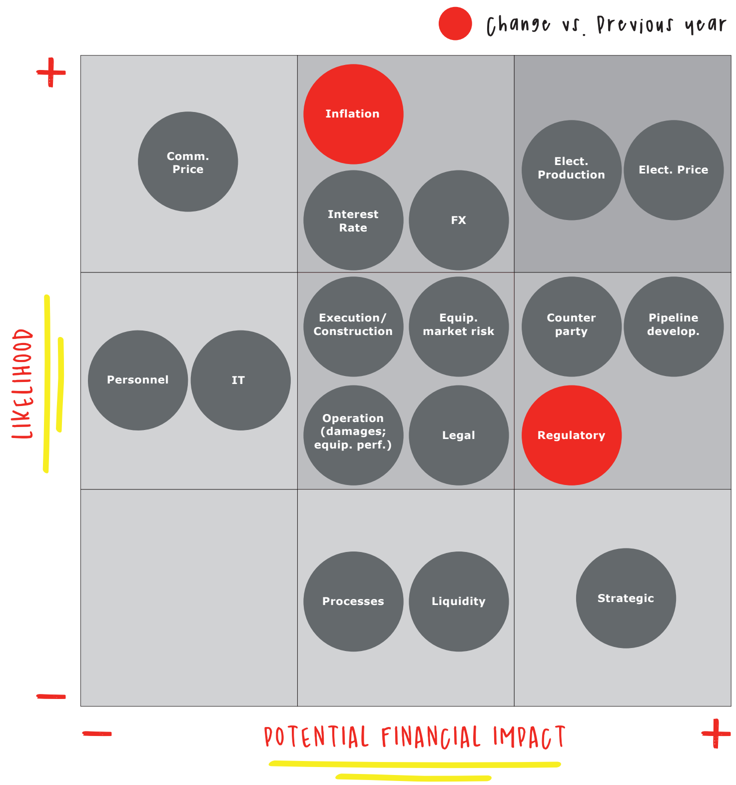
- Careful selection of energy markets based on country risk and energy market fundamentals
- Diversification in markets and remuneration schemes
- Follow-up of regulation changes in markets where EDPR is present to adjust strategy if needed
- Active involvement in all major wind associations in all EDPR markets
- Signing of medium-term agreements with turbine manufacturers to ensure visibility of turbine prices and supply
- Relying on a large base of turbine suppliers to ensure supply

- Careful selection of countries
- Worst case profitability analysis of every new investment considering all risks factors
- Risk-return metrics at project and equity level
- Consideration of stress case scenarios in the evolution of energy markets for new investment decisions
- Follow-up of cost effectiveness of renewable technologies and potential market disruptions

EDPR RISK MATRIX BY RISK CATEGORY

EDPR Risk Matrix is a qualitative assessment of likelihood and impact of the different risk categories within the company. It is dynamic and it depends on market conditions and future internal expectations.

EDPR RISK MATRIX BY RISK CATEGORY

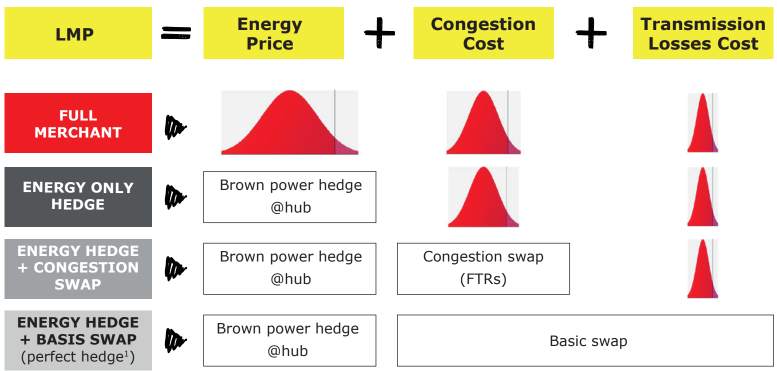


FOCUS ON MARKET RISK IN US MARKETS

EDPR has some merchant exposure in some US windfarms. This risk is mitigated through hedging the three components of locational marginal prices (LMP), namely energy price, congestion cost and transmission losses.

The most volatile risk factor is the energy price, followed by congestion cost and transmission losses. The hedging strategy will depend on the exposure of each wind farm, as well as on the liquidity of the hedging instruments.

FOCUS ON MARKET RISK IN US MARKETS



Note: [1] Excluding volume risk

THE LIVING ENERGY BOOK

by edp renováveis

03

EXECUTION


LIVING SUN

THE LIVING ENERGY BOOK

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03 EXECUTION

3.1. ECONOMIC

3.1.1. OPERATIONAL PERFORMANCE

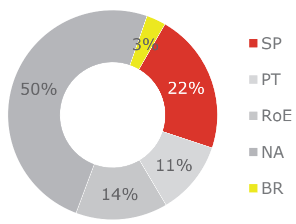
INSTALLED CAPACITY INCREASED 600 MW IN 2017

	MW			NCF			GWH		
	YE17	YE16	Var.	YE17	YE16	Var.	YE17	YE16	Var.
Spain	2,244	2,194	+50	27%	26%	+1pp	5,095	4,926	+3%
Portugal	1,253	1,251	+3	27%	28%	-1pp	2,912	3,047	-4%
Rest of Europe	1,564	1,541	+22	27%	25%	+2pp	3,662	3,257	+12%
France	410	388	+22	23%	23%	-0.4pp	808	777	+4%
Belgium	71	71	-	21%	21%	+0.2pp	129	128	+1%
Italy	144	144	-	27%	28%	-1pp	337	258	+30%
Poland	418	418	-	30%	25%	+5pp	1,093	951	+15%
Romania	521	521	-	28%	25%	+3pp	1,295	1,143	+13%
Europe	5,061	4,986	+74	27%	26%	+1pp	11,669	11,230	+4%
US	5,055	4,631	+424	35%	33%	+1pp	14,410	12,501	+15%
Canada	30	30	-	28%	28%	-	75	75	-0,4%
Mexico	200	200	-	39%	-	-	606	-	-
North America	5,285	4,861	+424	35%	33%	+1pp	15,091	12,576	+20%
Brazil	331	204	+127	43%	35%	+9pp	861	666	+29%
TOTAL	10,676	10,052	+624	31%	30%	+1pp	27,621	24,473	+13%
Other equity consolidated	331	356	-25						
Spain	152	177	-25						
US	179	179	-						
EBITDA MW + Equity consol.	11,007	10,408	+600						

EDPR CONTINUES TO DELIVER SOLID SELECTIVE GROWTH

With a top-quality portfolio, EDPR has a strong track record and proven capability to execute superior projects and deliver on targets. The installed asset base of 11.0 GW is not only young, on average 7 years, it is also mostly certified in terms of environmental and health and safety standards. Since 2008, EDPR has more than doubled its installed capacity by adding 7 GW, resulting in a total installed capacity of 11,007 MW (EBITDA + Net Equity). As of year-end 2017, EDPR had installed 5,213 MW in Europe, 5,464 MW in North America and 331 MW in Brazil.

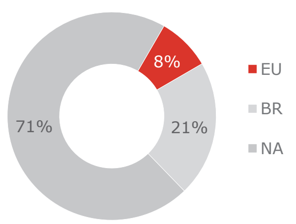
11.0 GW EBITDA + Net Equity

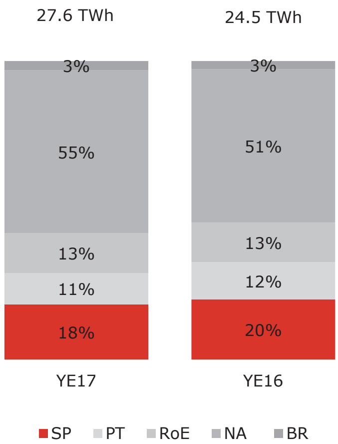


2017 INSTALLATIONS CONCENTRATED IN NORTH AMERICA

The largest growth in installed capacity occurred due to the completion of 424 MW in North America. All of the MW had previously secured PPA contracts, thus providing long-term stability and visibility on the revenue stream. In Europe there were 49 MW net added, with 25 MW net installed in Spain (related to the acquisition of a 50% stake in a Spanish wind farm that was previously accounted as equity), 22 MW in France and 3 MW in Portugal. In Brazil 127 MW were added with the installation of the JAU and Aventura wind farms.

+600 MW in 2017





13% INCREASE IN YOY GENERATION

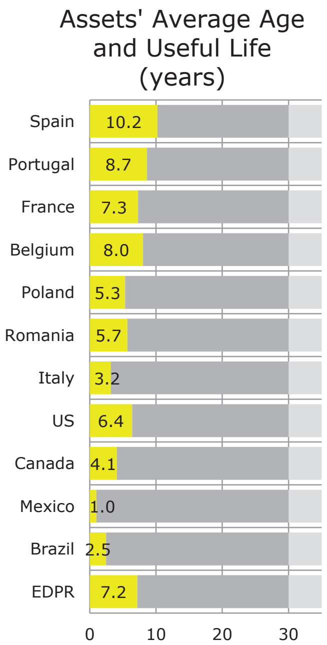
EDPR generated 27.6 TWh during 2017. When adding around 2 TWh produced from our equity projects, enough clean energy was produced to serve 59% of the electricity demand of Portugal.

The 13% year-on-year increase in the electricity output benefited from the capacity additions over the last 12 months along with the higher realized load factor.

EDPR achieved a 31% load factor during 2017 (vs 30% in 2016) benefiting from a strong recovery of the wind resource in the last quarter of the year.

EDPR also achieved a 98% availability, in line with the previous year. The company continues to leverage on its competitive advantages to maximize wind farm output and on its diversified portfolio across different geographies to minimize the wind volatility risk.

PREMIUM PERFORMANCE AND DIVERSIFIED PORTFOLIO DELIVERS BALANCED OUTPUT



EDPR's operations in North America were the main driver for the electricity production growth in 2017, increasing by +20% YoY to 15.1 TWh and representing 55% of the total output. This performance was driven by EDPR's unique ability to capture the wind resource available along with the contribution from new additions in the US. EDPR achieved a 35% load factor in North America, an increase of +1pp vs. 2016.

EDPR's production in Brazil increased by +29% YoY, reaching 861 GWh in 2017, benefiting from the positive impact of the latest capacity additions along with higher wind resource (43% load factor vs 35% in 2016; +127 MW).

In Europe, EDPR's output increased 4% YoY to 11.7 TWh mainly supported by 3% output increase in Spain and 12% in the Rest of Europe, with outstanding wind resource in the last quarter of the year.

EDPR achieved a 27% load factor in Portugal reflecting slightly lower wind resource (-1pp YoY). In Spain, EDPR delivered a load factor of 27% with a solid premium over the Spanish market average load factor (+3pp), benefiting from a strong 4Q17 (+8pp YoY) and offsetting the lower performance of the first nine months of the year. In the Rest of Europe EDPR posted higher year-on-year generation (+12%) supported by a 27% load factor (vs 25% in 2016).

PROPELLED BY THE CAPACITY ADDITIONS IN 2017, EDPR MANAGES A PORTFOLIO OF 11.0 GW SPREAD OVER 11 COUNTRIES

By the end of 2017, EDPR had 828 MW of wind onshore under construction. In the US 480 MW were under construction, namely Turtle Creek 202 MW (Iowa), Meadow Lake VI 200 MW (Indiana) and Arkwright 78 MW (New York) projects. In Europe 211 MW were under construction (77 MW in Italy, 68 MW in Spain, 55 MW in Portugal and 11 MW in France). In Brazil a total of 137 MW related to Babilonia wind farm were under construction.

As a result of continuous growth effort, EDPR also has a young portfolio with an average operating age of 7 years, with an estimate of over 22 years of useful life remaining to be captured.

3.1.2. FINANCIAL PERFORMANCE

Revenues increased 11% YoY to €1.8 billion and EBITDA summed €1.4 billion.

In 2017, EDPR's revenues totaled €1,827 million, an increase of €176 million when compared with 2016 mainly due to higher MW in operation, positive impact from prices despite lower average selling price year on year (€59/MWh vs €61/MWh in 2016) mainly as a result of capacity additions mix (product vs price), along with higher wind resource which also propelled EDPR's electricity output to an increase of 13% vs 2016.

Reported EBITDA increased by 17% year on year to €1,366 million leading to an EBITDA margin of 75%. If adjusted by non-recurring items, 2017 EBITDA increased 13% and EBITDA per MW in operation increased 7% to €134 thousand. Core opex (defined as Supplies and Services along with Personnel Costs) per average MW in operation decreased 2% year on year reflecting strict control over costs and EDPR's asset management strategy.

Other operating costs decreased to €128 million, mainly explained by one-offs in 2016 despite 2017 higher capacity in operation.

FINANCIAL HIGHLIGHTS (€ MILLIONS)	2017	2016	Δ% / €
Income Statement			
Revenues	1,827	1,651	+11%
EBITDA	1,366	1,171	+17%
Net Profit (attributable to EDPR equity holders)	276	56	+390%
Cash-Flow			
Operating Cash-Flow	981	869	+13%
Retained Cash-Flow	1,114	698	+60%
Net investments	1,036	96	+976%
Balance Sheet			
Assets	16,224	16,734	-511
Equity	7,895	7,573	+322
Liabilities	8,329	9,161	-833
Liabilities			
Net Debt	2,806	2,755	+51
Institutional Partnerships	1,249	1,520	-271

Net profit reached €276 million.

All in all, Net Profit totaled €276 million and Adjusted Net Profit €226 million, if adjusted for non-recurring events (one-offs: 2016 +€110 million, including depreciation schedule adjustment to 30 years; 2017 -€50 million, mainly related to positive adjustments on asset rotation past transactions, impairment losses and one-offs in taxes).

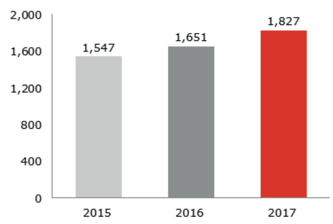
Retained cash flow increased 60% YoY to €1,114 million, capturing assets' cash generation capabilities.

Despite the challenging year EDPR was able to deliver a robust cash-flow generation. Following EBITDA cash-generation, income tax of the year, interests, banking and derivatives expenses and minority dividends/interest payments, 2017 Retained Cash-Flow increased 60% to €1,114 million. In 2017, RCF includes a non-recurrent event (+€168 million from bonus depreciation) in Tax Equity realized revenues, if adjusted by such event, RCF increased by 35% year on year.
Capital expenditures totaled €1,051 million reflecting the capacity added in the year, the capacity under construction and enhancements in capacity already in operation. Pursuing the strategic partnership between EDPR's main shareholder (EDP) and CTG, in 2017 occurred the settlement of CTG – ENEOP transaction for a total amount of €247 million.

Net Debt totaled €2,806 million, €51 million higher year on year, mainly reflecting the investments done and changes from consolidation perimeter variations in Mexico.

INCOME STATEMENT

SOLID TOP LINE PERFORMANCE



EDPR revenues increased 11% year on year to €1,827 million, an increase of €176 million when compared with 2016 mainly due to higher installed capacity, positive impact from prices despite lower average selling price due to generation mix, along with higher wind resource year on year.

Other operating income amounted €95 million with the year on year performance benefited by a gain (+€29 million) following the sale of a stake and loss of control of a UK offshore project and gains in past asset rotation transaction's adjustments along with a revaluation gain related to the acquisition of assets.

Operating Costs (Opex) totaled €556 million, with higher capacity in operation. In detail, Core Opex totaled €428 million, with Core Opex per Avg. MW and per MWh decreasing by 2% and 5% respectively, reflecting strict control over costs and EDPR's asset management strategy. Other operating costs decreased to €128 million, mainly explained by one-offs in 2016 despite 2017 higher capacity in operation.

EBITDA increased by 17% year on year to €1,366 million, leading to an EBITDA margin of 75% and unitary EBITDA per MW in operation totaled €134 thousand (+7% vs 2016). Adjusted EBITDA summed €1,339 million (+13% vs Adj. EBITDA in 2016 of €1,184 million) if adjusted by non-recurrent events.

Operating income (EBIT) increased 42% year on year to €803 million, driven by the positive top line performance as well as a 7% decrease in depreciation and amortization cost (including provisions, impairments and net of government grants) due to EDPR's change in depreciation schedule that offset the negative impact from higher capacity in operation.

At the financing level, Net Financial Expenses decreased to €302 million mainly reflecting the lower Net interest cost of debt after favorable negotiations along with lower average debt and with yearly comparison impacted by a €30 million one off accounted (in 2016) in Other financial expenses mainly on the back of early cancelation and optimization of certain project finances.

In 2017, Pre-Tax Profit summed €504 million, with income taxes totaling €48 million. Effective tax rate was 10%, positively impacted by the outcome of the US tax reform by the end of the year. Non-controlling interests amounted to €180 million, increasing year on year in line with top line performance and changes in depreciation schedule along with EDPR settlement of previous minority stakes transactions. All in all, Net Profit totaled €276 million and adjusted Net Profit € 226 million (+36% vs 2016 adjusted at €166 million) if adjusted for non-recurring events.

CONSOLIDATED INCOME STATEMENT (€ MILLION)	2017	2016	Δ% / €
Revenues	1,827	1,651	+11%
Other operating Income	95	54	+77%
Supplies and services	(327)	(305)	+7%
Personnel costs	(101)	(94)	+7%
Other operating costs	(128)	(135)	(5%)
Operating Costs (net)	(461)	(480)	(4%)
EBITDA	1,366	1,171	+17%
EBITDA/Net Revenues	75%	71%	+4pp
Provisions	0.2	(4.7)	-
Depreciation and amortisation	(583)	(624)	(7%)
Amortization of government grants	20	22	(12%)
EBIT	803	564	+42%
Financial Income / (expenses)	(302)	(350)	(14%)
Share of profits of associates	2.7	(0.2)	(1567%)
Pre-tax profit	504	214	+136%
Income taxes	(48)	(38)	+28%
Profit of the period	456	176	2
Net Profit Equity holders of EDPR	276	56	4
Non-controlling interest	180	120	+51%

BALANCE SHEET

Total equity increases by €322 million.

Total Equity of €7.9 billion increased by €322 million in 2017, of which €112 million attributable to non-controlling interests. The increased equity attributable to the shareholders of EDPR by €220 million is mainly due to €276 million of Net Profit and €96 million of Asset Rotation transactions, reduced by the €44 million in dividend payments.

Total liabilities decreased 9% by -€833 million, mainly due to a decreased in accounts payable (-€479 million), institutional partnerships (-€271 million) and financial debt (-€169 million).

With total liabilities of €8.3 billion, the debt-to-equity ratio of EDPR stood at 105% by the end of 2017, which is a decrease from the 121% in 2016. Liabilities were mainly composed of financial debt (39%), liabilities related to institutional partnerships in the US (15%) and accounts payable (28%).

Liabilities to tax equity partnerships in the US decreased 18% to €1,249 million, including +$507 million of new tax equity proceeds received in the 2017. Deferred revenues related to institutional partnerships primarily represent the non-economic liability associated to the tax credits already realized by the institutional investor, arising from accelerated tax depreciation, and yet to be recognized as income by EDPR throughout the remaining useful lifetime of the respective assets.

Deferred tax liabilities reflect the liabilities arising from temporary differences between the accounting and the tax basis of assets and liabilities. Accounts payables include trade suppliers, PP&E suppliers, deferred income related to investment grants received and derivative financial instruments.

As total assets totaled €16.2 billion in 2017, the equity ratio of EDPR reached 49%, versus 45% in 2016. Assets were 81% composed of net PP&E - property, plant and equipment, reflecting the cumulative net invested capital in renewable energy generation assets.

Total net PP&E of €13.2 billion changed to reflect €1,047 million of new additions during the year and €222 million from other (changes in Mexico consolidation perimeter and the acquisition of 50% stake in a Spanish wind farm partially offset by the loss of control over Moray (UK) and other impairments), reduced by €984 million from negative exchange differences along with €537 million from depreciation charges, impairment losses and write-offs.

Net intangible assets of €1.5 billion mainly include €1.3 billion from goodwill registered in the books, for the most part related to acquisitions in the US and Spain, while accounts receivable is mainly related to loans to related parties, trade receivables, guarantees and tax receivables.

STATEMENT OF FINANCIAL POSITION (€ MILLION)

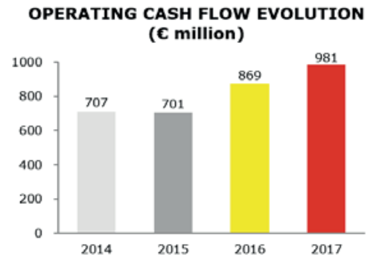
STATEMENT OF FINANCIAL POSITION (€ MILLION)	2017	2016	Δ% / €
Assets			
Property, plant and equipment, net	13,185	13,437	(252)
Intangible assets and goodwill, net	1,546	1,596	(50)
Financial investments, net	312	348	(36)
Deferred tax assets	64	76	(11)
Inventories	29	24	+5
Accounts receivable – trade, net	364	266	+98
Accounts receivable – other, net	235	338	(103)
Collateral deposits	43	46	(3)
Cash and cash equivalents	388	603	(215)
Assets held for sale	58	-	+58
Total Assets	16,224	16,734	(511)

STATEMENT OF FINANCIAL POSITION (€ MILLION)	2017	2016	Δ% / €
Equity			
Share capital + share premium	4,914	4,914	-
Reserves and retained earnings	1,146	1,155	(10)
Net profit (equity holders of EDPR)	276	56	+220
Non-controlling interests	1,560	1,448	+112
Total Equity	7,895	7,573	+322
Liabilities			
Financial debt	3,237	3,406	(169)
Institutional partnerships	1,249	1,520	(271)
Provisions	276	275	+1
Deferred tax liabilities	356	365	(9)
Deferred revenues from institutional partnerships	915	819	+95
Accounts payable – net	2,297	2,776	(479)
Total Liabilities	8,329	9,161	(833)
Total Equity and Liabilities	16,224	16,734	(511)

CASH FLOW STATEMENT

STRONG OPERATING CASH-FLOW

In 2017, EDPR generated Operating Cash-Flow of €981 million, an increase of 13% year on year, reflecting EBITDA performance and reinforcing the generation capabilities of its assets in operation.



The key items that explain 2017 cash-flow evolution are the following:

- Funds from operations, resulting from EBITDA after net interest expenses, share of profits of associates and current taxes, increased to €1,184 million.
- Operating Cash-Flow, which is EBITDA net of income tax and adjusted by non-cash items and net of changes in working capital, was €981 million.
- Capital expenditures with capacity additions, ongoing construction and development works totaled €1,051 million. Other net investing activities amounted to €29 million (cash-in).
- Pursuing the strategic partnership between EDPR's main shareholder (EDP) and CTG, in 2017 occurred the settlement of CTG – ENEOP transaction, for a total amount of €247 million.
- Proceeds from new institutional tax equity financing structure totaled €445 million, related to the tax equity signed in the US for 363 MW of wind energy projects and 60 MW of Solar PV plants. Payments to institutional partnerships totaled €195 million contributing to the reduction of Institutional Partnership liability. Total net dividends and other capital distributions paid to minorities amounted to €115 million (including €44 million to EDPR shareholders). Forex & Other had a negative impact increasing Net Debt by €269 million, mainly reflecting the consolidation of Mexican wind farm, despite dollar depreciation vs Dec-16.
- Retained Cash Flow, which captures the cash generated by operations to re-invest, distribute dividends & amortize debt, increased to €1,114 million. In 2017, RCF includes a non-recurrent event (+€168 million from bonus depreciation) in Tax Equity realized revenues, if adjusted by such event, RCF increased 35% vs 2016. Net Debt & Institutional Partnership Liability decreased by €220 million.

CASH FLOW (€ MILLION)	2017	2016	Δ% / €
EBITDA	1,366	1,171	+17%
Current Income Tax	(46)	(50)	(7%)
Net interest costs	(139)	(179)	(22%)
Share of profits of associates	3	(0.2)	-
FFO (Funds from operations)	1,184	942	+26%
Net interest costs	139	179	(22%)
Income from associated companies	(3.0)	0.2	-
Non-cash items adjustments	(52)	(12)	+338%
Changes in working capital	(62)	(43)	+43%
Operating Cash Flow	981	869	+13%
Capex	(1,051)	(1,029)	+2%
Financial Investments	15	(31)	(149%)
Changes in working capital related to PP&E suppliers	14	10	+36%
Government Grants	(0.02)	0.8	(102%)
Net Operating Cash Flow	(41)	(181)	(77%)
Sale of non-controlling interests and shareholders' loans	247	1,189	(79%)
Proceeds/(Payments) related to Institutional partnerships	250	452	(45%)
Net interest costs (post capitalisation)	(123)	(156)	(21%)
Dividends net and other capital distributions	(115)	(146)	(21%)
Forex & Other	(269)	(207)	+30%
Decrease / (Increase) in Net Debt	(51)	952	(105%)

FINANCIAL DEBT

LONG-TERM AND STABLE DEBT PROFILE

EDPR's Net Debt totaled €2.8 billion, an increase of €51 million vs 2016, mainly reflecting the investments done in the year and changes resulting from consolidation perimeter variations in Mexico.

Loans with EDP group, EDPR's principal shareholder, accounted for 70% of the debt, while loans with financial institutions represented 30%.

As of December 2017, 42% of EDPR's financial debt was Euro denominated, 46% was funded in US dollars, related to the company's investment in the US and the remaining 12% was mostly related with debt in Polish Zloty and Brazilian Real.

EDPR continues to follow a long-term fixed rate funding strategy, matching the operating cash-flow profile with its financial costs and therefore mitigating interest rate risk. Accordingly, 84% of EDPR's financial debt had a fixed interest rate. As of December 2017, 11% of EDPR's financial debt had maturity in 2018, 12% in 2019, 28% in 2020 and 49% in 2021 and beyond. In 1Q17, EDPR renegotiated a maturity extension of €1.4 billion, which was initially contracted in 2009 with EDP and scheduled to mature in 2018.

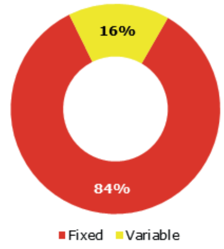
In 2017, the average interest rate was 4.0% (flat YoY), reflecting EDPR's €2.8 billion debt restructured and early amortized since 1Q16.

INSTITUTIONAL PARTNERSHIPS

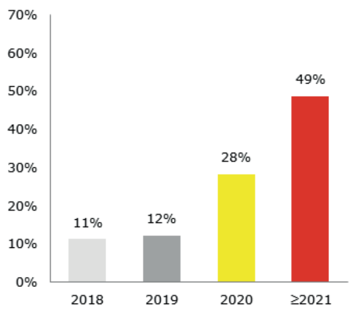
Liabilities referred to Institutional Partnerships totaled €1,249 million (-€271 million vs 2016) reflecting the benefits captured by the projects and by the establishment of a new institutional Tax Equity financing structure along with forex translation.

FINANCIAL DEBT (€ MILLION)	2017	2016	Δ €
Nominal Financial Debt + Accrued interests	3,237	3,406	-169
Collateral deposits associated with Debt	43	46	-3
Total Financial Debt	3,194	3,360	-166
Cash and Equivalents	388	603	-215
Loans to EDP Group related companies and cash pooling	0.02	1	-1
Financial assets held for trading	-	-	-
Cash & Equivalents	388	605	-217
Net Debt	2,806	2,755	+51

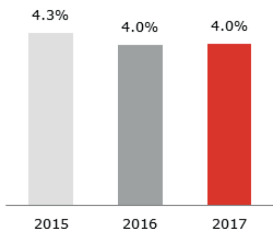
DEBT INTEREST RATE TYPE PROFILE



DEBT MATURITY PROFILE (%)



COST OF DEBT (%)



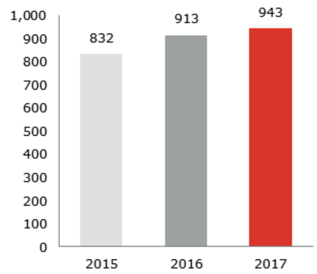
EUROPE

REVENUES

In Europe, EDPR delivered revenues of €943 million, an increase of €30 million versus 2016, reflecting the impact from higher electricity output that increased 4% versus 2016 to 11.7 TWh, and despite lower average selling price. European output benefited from capacity additions over the year along with higher load factor 31% (vs 30% in 2016). In 2017, European generation accounted for 42% of EDPR total output.

In detail, the increase in revenues was mainly the result of higher revenues in Spain, France, Italy and Romania on the back of higher generation or higher average selling prices.

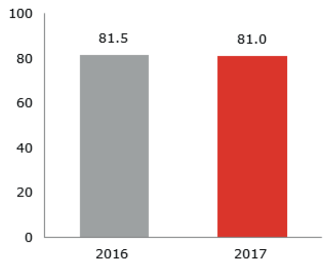
REVENUES EVOLUTION (€ million)



AVERAGE SELLING PRICE

In 2017, EDPR average selling price in Europe decreased 1% to €81 per MWh, mainly driven by a 17% lower average selling price in Poland, on the back of lower green certificate prices and a regulatory change in the substitution fee calculation method (now calculated as 125% of previous year GC avg. price).

AVERAGE SELLING PRICE (€/MWh)



NET OPERATING COSTS

Net Operating costs decreased €32 million, to €215 million, mainly explained by the increased in Other operating income totaling €66 million, with the increase year on year mainly explained by a capital gain following the sale, and loss of control, of a stake on an offshore UK project (€29 million) and gains in past asset rotation transaction's adjustments along with a revaluation gain related to the acquisition of assets. Supplies and Services and Personnel costs increased year on year on the back of higher capacity in operation and Other operating costs decreased 5%, reflecting EDPR´s strict control over costs.

In 2017, Core Opex (Supplies & Services and Personnel Costs) per average MW in operation totaled €39 thousand (+0.4% year on year) and Core Opex per MWh decreased 2% year on year to €17 benefited from the higher output in the year.

All in all, EBITDA in Europe totaled €729 million reflecting an EBITDA margin of 77% and leading to an EBIT of €437 million. In 2017, depreciations and amortizations (including provisions, impairments and net of amortizations of government grants) decreased by 5% YoY, reflecting the change in EDPR depreciation schedule from 25 to 30 years.

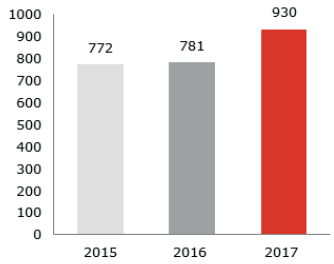
EUROPE STATEMENT (€ MILLION)	2017	2016	Δ% / €
Revenues	943	913	+3%
Other operating income	66	35	+90%
Supplies and services	(167)	(162)	+3%
Personnel costs	(30)	(30)	(2%)
Other operating costs	(84)	(89)	(5%)
Operating Costs (net)	(215)	(247)	(13%)
EBITDA	729	666	+9%
EBITDA/Net Revenues	77%	73%	+4pp
Provisions	(0.2)	(5)	-
Depreciation and amortisation	(295)	(303)	(3%)
Amortization of government grants	3	1	+159%
EBIT	437	360	+21%

NORTH AMERICA

REVENUES

In 2017, Revenues increased $150 million to $930 million, (+19% year on year) on the back of the 20% increase in electricity output and a stable average selling price in the year.

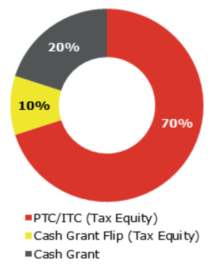
REVENUES EVOLUTION ($ million)



AVERAGE SELLING PRICE

Average selling price in the region was flat year on year at $46 per MWh. In the US, reflecting capacity additions and different mix of load factors vs prices, the average price totaled $46 per MWh (-1% vs 2016). In Canada, EDPR average selling price was $112 per MWh (+2% vs 2016) and in Mexico average selling price was $60 per MWh.

US INSTALLED CAPACITY BY TAX INCENTIVE



NET OPERATING COSTS

Net Operating costs summed $254 million, $29 million higher vs 2016, mainly explained by higher Personnel costs and Supplies and Services, justified by the higher capacity in operation and the Operational and Maintenance strategy. Core Opex (Supplies and Services and Personnel costs) per average MW in operation decreased by 1% versus 2016 to $47 thousand, reflecting EDPR focus on efficiency and control over costs along with an increase in average MW in operation. Core Opex per MWh decreased by 4% to $15, also benefitting by the higher wind resource in the year.

INSTITUTIONAL PARTNERSHIPS AND GOVERNMENT GRANTS

Income from institutional partnerships was 17% higher year on year to $255 million, reflecting new tax equity partnerships and the output from projects generating PTCs, along with PTCs upward price revision to $24 per MWh.

EDPR completed $507 million of tax equity financing in exchange for an interest in the 100 MW Meadow Lake V, 99 MW Redbed Plains, 98 MW Quilt Block and 66 MW Hog Creek US wind farms along with 60 MW of three solar PV plants in South Carolina.

NORTH AMERICA STATEMENT (US$ MILLION)	2017	2016	Δ%/US$
Electricity Sales & Other	676	562	+20%
Income from Institutional Partnerships	255	219	+17%
Revenues	930	781	+19%
Other operating income	25	26	(3%)
Supplies and services	(176)	(154)	+14%
Personnel costs	(57)	(49)	+17%
Other operating costs	(47)	(48)	(3%)
Operating Costs (net)	(254)	(225)	+13%
EBITDA	676	555	+22%
EBITDA/Net Revenues	73%	71%	+2pp
Provisions	0.4	0.1	+315%
Depreciation and amortisation	(311)	(343)	(9%)
Amortization of government grants	18	23	(21%)
EBIT	384	235	+63%

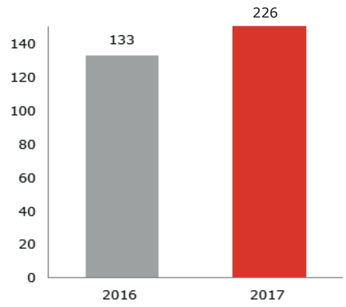
Due to the strong North America top line performance, EBITDA increased to $676 million (+22% year on year) and reached an EBITDA margin of 73% (+2pp vs 2016).

BRAZIL

REVENUES

In Brazil, EDPR reached revenues of R$226 million (+R$94 million vs 2016), representing a year on year increase of 71%, explained by an increased in electricity generation on the back of higher installed capacity and a stronger wind resource.

REVENUES EVOLUTION ($R million)

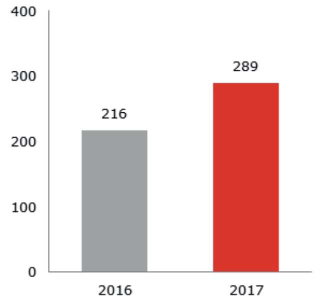


AVERAGE SELLING PRICE

The average selling price in Brazil increased to R$289 per MWh in the year, reflecting a temporary PPA unwinding at Baixas do Feijão wind farm (120 MW).

As of December 2017, EDPR had a total installed capacity of 331 MW in Brazil including 127 MW of new additions related to JAU & Aventura wind farms. Brazilian projects operate under programs with long-term contracts to sell the electricity produced for 20 years, providing long-term visibility over cash-flow generation throughout the projects' life.

AVERAGE SELLING PRICE ($R/MWh)



NET OPERATING COSTS

Net Operating costs totaled R$23 million, a decrease of R$12 million versus 2016 mainly due to higher Other operating revenues, that increased R$18 million related to adjustments in past minority stake sales transactions. Operating costs totaled R$47 million (+R$5 million vs 2016) in line with higher installed capacity. Reflecting the strict control over costs, higher average capacity in operation and increased efficiency, Core Opex totaled R$41 million, with Core Opex per Avg. MW and per MWh decreasing by 27% and 13% respectively, year on year.

Following the outstanding top line performance, in 2017, EBITDA reached R$203 million (vs R$97 million in 2016), with higher YoY EBITDA margin (90%; +17pp vs 2016).

BRAZIL INCOME STATEMENT (R$M)	2017	2016	P%/R$
Revenues	226	133	+71%
Other operating income	24	6	+298%
Supplies and services	(33)	(28)	+17%
Personnel costs	(8)	(8)	(4%)
Other operating costs	(6)	(6)	+12%
Operating Costs (net)	(23)	(36)	(35%)
EBITDA	203	97	+110%
EBITDA/Net Revenues	90%	73%	+17pp
Provisions	(0.03)	-	-
Depreciation and amortisation	(37)	(31)	+21%
Amortization of government grants	0.21	0.18	+17%
EBIT	166	66	+152%

OTHER REPORTING TOPICS

RELEVANT AND SUBSEQUENT EVENTS

The following are the most relevant events from 2017 that have an impact in 2018 and subsequent events from the first months of 2018 until the publication of this report.

- Completion of sale of minority stake in Portuguese assets to CTG
- Increase of EDP qualified shareholding over EDPR to 82.56%
- Sale of a 23% stake in UK wind offshore project Moray Offshore Windfarm (East)
- EDPR secures 125 MW long-term contract in Northern Indiana, US
- EDPR consortium is awarded with long-term CfD for 950 MW in the UK
- EDPR is awarded a long-term RESA for 248 MW of wind onshore in Canada
- EDPR is awarded long-term contracts for 218 MW of wind at the Brazilian energy auction
- EDPR completed $507 million funding of tax equity in the US for all its 2017 projects
- EDPR secures a 200 MW PPA for a new wind farm in the US

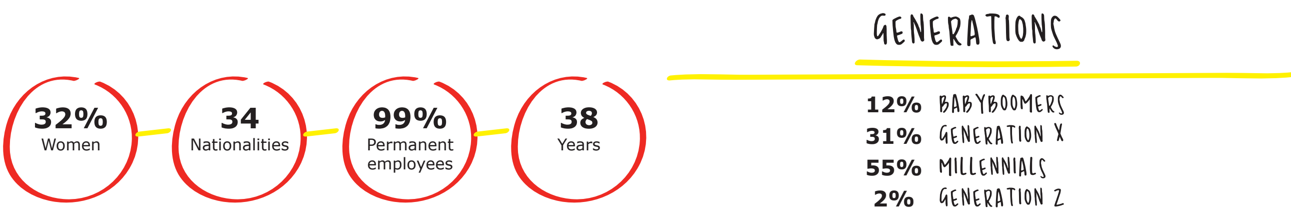
For additional information on these events, please refer to Note 39 of EDPR Consolidated Annual Accounts.

INFORMATION ON AVERAGE PAYMENT TERMS TO SUPPLIERS

In 2017 total payments made from Spanish companies to suppliers, amounted to €173,264 thousand with a weighted average payment period of 51 days, below the payment period stipulated by law of 60 days.

3.2. STAKEHOLDERS

3.2.1. EMPLOYEES



EDPR, which is home to three different generations, has currently presence in 12 markets and is constantly adapting to the changing business reality. Its HR policies are based on the Business Plan Achievements and actions focused on active listening its employees. EDPR has launched different initiatives along 2017 resulting on different tools to be a more human company.

A customized value proposition is offered to the employees throughout their employee journey, which allows them to join a multinational team and grow with it. The most relevant initiatives launched in 2017 are based on **flexibility, efficiency, transparency and development**.

EDPR has an ongoing commitment to seek new HR initiatives, programs and measures and it is essential to practice active listening by hearing employees' opinions, viewpoints and needs and work upon them. With the 2016 Climate survey and the active participation of all employees, an Action plan was developed with the main objective of turning EDPR a greater place to work. As a result, new initiatives, programs and activities were launched during the year of 2017.

With the 5 main pillars in mind (1. Work, Structure & Process; 2. Performance Management; 3. Authority & Empowerment; 4. Collaboration/Communication; 5. Flexibility & Work Life Balance), 82% of those planned actions have already been implemented and completed.

In this context, EDPR measures in an annual basis two dimensions as main global metrics of organizational climate: engagement, which refers to employees' level of commitment and motivation, and enablement, which concerns their perception of organizational support. For the following year, with the measures and actions executed in 2016 and 2017, EDPR has defined a target of increasing 2,5% the engagement and enablement of its employees.

JOINING & INTEGRATING

ATTRACTING TALENT

At EDPR, we strive to attract and retain professionals who seek to excel in their work in order to position the company as the "the first choice for employees" in the labor market. In this sense, EDPR launches some activities on an ongoing basis to strengthen its image as a leading employer. Some of those initiatives are Job fairs and Universities visits which gives EDPR visibility to different generations. During 2017, EDPR welcomed 259 employees, of whom 32% women. The average age of new hires was 31 years old. 71% of the total hires correspond to levels of Specialists and Technicians, of which 67% have University degree and above. 91% of the hires in 2017 were allocated in permanent positions and EDPR counted with 24 different nationalities among that group. Furthermore, 102 internships were offered, of which 11% were translated into new hires.

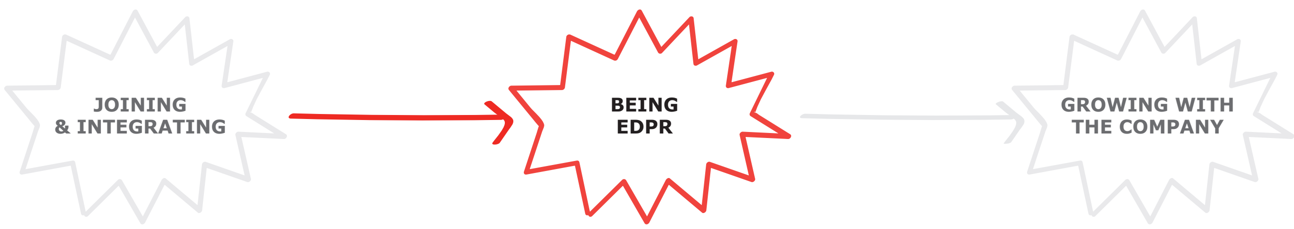
In EDPR, non-discrimination and equal opportunities are enshrined during all the selection processes. This is reflected in the Code of Ethics, which contains specific clauses on non-discrimination and equal opportunities, in line with the company’s culture of diversity. Regarding the respect for human and labor rights.

INTEGRATING NEW EMPLOYEES

The Welcome and Integration initiatives are activities that aim to:

- Facilitate new employees’ integration;
- Provide with fundamental knowledge about the culture and business;
- Promote internal networking;
- Contribute to make new employees feel the EDPR spirit.

Among the initiatives to integrate new staff, EDPR includes an Onboarding Kit with general information about the company and helpful contacts and a Welcome Day. The Welcome Day is a three-days event which helps new hires to reach the goals mentioned previously with different activities, such as a visit a windfarm or a remote dispatch center.



BEING EDPR

TRANSPARENCY

Part of EDPR value proposition is a competitive remuneration package, aligned with the best practices in the market. EDPR Compensation Package includes (i) an Annual Base Salary and (ii) a Variable Pay depending on the achievements of individual, area and company KPIs, and also an (iii) above market practice benefits package such as Health Insurance or Pension Plan.

The Remuneration package is not static, which means that it evolves at the same pace of employees’ needs and concerns as well as the business. In 2017, the Human Resources Department has focused on analyzing the life-cycle status of EDPR employees (by generation, personal situation - meaning with or without children) in order to offer a tailor-made Benefits Package, with an individualized approach from a communication perspective.

EFFICIENCY

Work smarter

With the aim of delivering excellent results and meeting deadlines, EDPR employees need to be flexible and highly responsible on their daily routine. Around this dynamic, EDPR has designed Work Smarter de EDPR a Code that includes a set of guidelines to work efficiently by maximizing the time efficiency of each daily tasks. These tasks are mainly regarding work organization, email & phone and meetings.

Additionally, different initiatives have taken place during the year in order to involve employees around this new way of working. Some of the initiatives were placing inspiring sentences and clocks in the meeting rooms to remind that time is gold.

FLEXIBILITY

EDPR believes that Work Life Balance (WLB) must be a shared responsibility and its practices have been awarded for seven years now the Responsible Family Employer Certification (EFR – Empresa Familiarmente Responsable) by Spain's Fundación MásFamilia. To continue this achievement, it is important to have a constant improvement on the measures in order to provide the most suitable and updated benefits to employees. The offered benefits include different areas, such as, Maternity/Paternity Leave, Kindergarten allowance, Dependent Allowance, Flexible working hours as well as several actions thinking about savings and future, mobility and communication.

Along 2017, the following benefits were launched for the first time:

- **Sport Aids**: This is a benefit which aims to support healthy lifestyle by giving a monetary aid per month to employees for the usage on sports activities.
- **Flexible Work**: EDPR gives the possibility to work from another location in exceptional situations by providing the means to perform with the same efficiency as working in the usual work office.
- **Book Club**: A recent initiative with the aim to share the emotions that only good books can offer us between employees by switching a book by another at the Club. Once a year all existing books in the Clubs will be donated.
- **Energy School Kit**: To respond the most common request of the employees, it was created a kit with the necessarymaterial to explain in a didactic way what are renewable energies. This action is done in schools for children starting to have the first touch with jobs.

GROWING WITH THE COMPANY

DEVELOPMENT

EDPR is committed to the development of its employees, offering them an attractive professional career and aligning their capabilities and skills with the current and future needs of the company. The growth and development of the Group's business has led EDPR able to invest in the employees by discovering, improving and emphasizing the potential of each, which can contribute to the value creation. EDPR objective is to create opportunities for its employees through mobility and development actions to boost the employees aptitudes. The HR strategy supports different initiatives to give them visibility and foster their professional development inside the company.
Vacant positions are advertised internally as a result, 71% of new Directors have been hired internally in 2017. The cornerstones of development at EDPR are Mobility & Training and Development Programs.

MOBILITY

EDPR considers mobility, both functional and geographical, as a human resources management tool that contributes to the organizational development. It is considered internally as a way of stimulating employees' motivation, skills, productivity and personal fulfilment. The mobility processes within EDPR aim to respond to the different challenges and needs of the Group, taking into account the particular characteristics of the different geographies.

2017 INTERNAL MOBILITY

32 FUNCTIONAL
12 GEOGRAPHICAL
10 FUNCTIONAL AND GEOGRAPHICAL

TRAINING AND DEVELOPMENT PROGRAMS

The employees' development is a strategic target for EDPR. That is why a job-specific ongoing training opportunities are offer with the purpose of contributing towards the enhance of knowledge and skills, as well as specific development programs aligned with the company's strategy.

The 360 potential appraisal process is created for all employees with the objective of defining each person training needs along with their manager, being the main foundation to define a customized Training Plan.

The Training Plan consists of up to two courses from the Renewable Energy School - EDP University, one Technical, Management or Behavioral training course, optional languages courses and others from free election which are seen as important for the improvement of the employee. The differentiation point about EDP University's courses is that usually contains subjects to promote the development of the skills needed to ensure the sustainability of EDPR's business across all the markets where the company is present. Here, the networking and the share of best practices within EDP tutors and participants are unreplaceable experiences.

Furthermore, in order to support the company's growth, aligning current and future organizational demands with employees' capabilities, as well as to enhance their professional development, EDPR has designed development programs for middle management, with the goal of providing them with the proper tools to take on new responsibilities.

During 2017, EDPR carried with the Coaching Program which are sessions given to middle management to fine-tune their skills with the support of internal directors.

With the total of:

42,588 hours of training

1,104 sessions

6,388 participants

99% of our employees received training

This translates into 35 hours per employee

All these measures and commitment with the employee' well-being were recognize by Great Place to Work as EDPR was once again ranked as one of the 50 best companies to work in Spain and Poland. EDPR believes that motivated workforce aligned with the company's strategy is one of the key drivers behind the ability to deliver results.

3.2.2. COMMUNITIES

During the entire lifecycle of the wind farms, EDPR provides several economic benefits to the surrounding areas.

INFRASTRUCTURE INVESTMENTS

For the construction of wind farms, some infrastructures like roads, are required for the transportation of heavy equipment. Therefore, the construction of new roads and the rehabilitation of the existing ones will also benefit the surrounding community improving the connection for the local inhabitants. In addition, to continue with the construction flow of the wind farm and mainly in areas where wind energy is in early stages, it may be essential an upgrade of the distribution and transmission grids from the existent distribution and transmissions system operators. EDPR supports these upgrades, financially and technically, indirectly benefiting the quality of the electric service on the area. In 2017, EDPR invested c. €7 million to develop community roads and €1.6 million to improve public electric facilities.

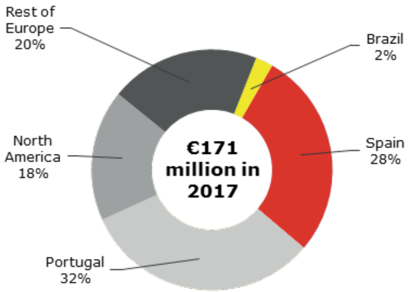
LOCAL HIRING AND PROCUREMENT PRACTICES

With the aim of improving the local economic development, a high percentage of the employees and 99% of the purchases come from locations where EDPR operates. These employees usually are designated to operational activities, such as wind farm management, wind turbines operation and maintenance, electrical and civil works maintenance environmental surveillance and other support services. EDPR benefits from the specific knowledge from the local workers.

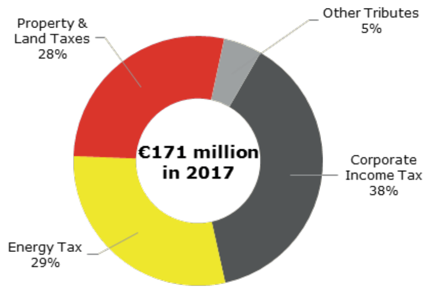
TAX CONTRIBUTION

It is an ethical and civic duty to contribute to the financing of the general functions of the States where the Group is present through the payment of taxes, contributing to the welfare of citizens, to a sustainable development of the Group's local businesses and to the value creation for shareholders. The total tax contribution of EDPR Group to the public finances amounts to €171 million in year 2017. Moreover, EDPR's Social Security contribution amounts to €13 million.

DISTRIBUTION OF EDPR GROUP'S TAX PAYMENTS BY REGION



DISTRIBUTION OF EDPR GROUP'S TAX PAYMENTS BY TYPE OF TAX



COMMUNITY PROJECTS:

EDPR believes that in order to make a positive impact on the communities where is operating and to enhance the responsible company reputation, it is vital to work for the common good by promoting and supporting social and environmental initiatives.

In 2017, EDPR invested €2 million in initiatives with the community and approved the Social Investment Policy. This policy establishes the corporate objectives and strategies related to EDPR's Social Investment, which is expressed in Corporate Social Responsibility programs and activities in the communities where EDPR is present through internally developed and collaborative initiatives, donations and volunteering. This initiatives will impact positively the promotion and development of the following four main areas: Culture & Art; Social inclusion, Sustainable ways of living & Access to energy; Natural heritage and Biodiversity and Renewable Energy & Energy Efficiency.

In 2017, these were the most relevant initiates throughout EDPR's geographies:

EDPR RURAL

EDPR Rural was launched in Brazil in 2016 in partnership with SEBRAE. The goal of this partnership is to qualify and train rural farmers to effectively produce and market their products in order to increase family incomes, better organize production and guarantee a diverse and secure supply. The program also contributes to restoring dignity and pride to agricultural professions. During 2017, two big initiatives called "Mais Negocio" were held in two municipalities of Rio Grande do Norte in order to provide training on entrepreneurship and business management to the rural families enrolled in the program.

CLOSER2YOU

EDPR invests in the development of communities located near its operations and strives to form close relationships with them in order to guarantee a positive legacy for future generations. In keeping with these commitments, the company created the Closer2You initiative, whose first edition was held in Constanta County, Romania in 2016.

Before and after the house

This year EDPR extended the initiative to Poland, Brazil and Portugal and rehabilitated a total of five homes. The biggest challenge was in Babilônia, Brazil, where EDPR worked with a low-income family with three children, two of whom suffer from a mental illness. The house was in such poor condition that it was decided build the family a new one. Collaboration agreements were reached with local authorities and suppliers in order to provide the family with water and more dignified conditions.

The initiative is a way of enriching EDPR's relationships with stakeholders and is focused on sustainable communities. In 2018, Closer2You will continue to help families close to EDPR's facilities.

GENERATION EDPR

Generation EDPR, like the other programs, is a Corporate Social Responsibility (CSR) initiative. The differentiation point is its educational approach through renewable energy. Currently, there are four main projects: Your Energy, University Challenge, Windexperts and Green Education.

YOUR ENERGY

5,258 students in Spain, Italy and Poland

UNIVERSITY CHALLENGE

126 projects in Spain and Poland

GREEN EDUCATION

+100 students in Spain, France, Romania and Italy

WIND EXPERTS

76 school groups, 360 children in Spain

University Challenge aims to foster the spirit of innovation and creativity within the academic community, which in turn will promote a greater bond between universities and the business world. The program continued this year in its ninth edition in Spain and its second edition in Poland. It saw a significant increase in the number of projects submitted.

Your Energy is an international program that helps children discover the world of renewable energy, and **Green Education** supports the education of children and teenagers from families with limited resources.

Wind Experts is an educational program for children aged 10 to 13 about renewable energy while developing their sense of creativity. Through a partnership with Science4you, children received a model of a wind turbine, which they had to use to create a new structure using only recyclable materials. In 2018 it will also be developed in Portugal.

Learn more at **generationedpr.edpr.com**

EDPR SUPPORTS HURRICANE HARVEY RELIEF EFFORTS

In August 2017, the city of Houston and other surrounding cities were devastated by Hurricane Harvey and the damage caused by the severe flooding and wind. Having its headquarters there, EDPR reacted quickly in helping all the community affected by the disaster.

Both the company and its employees jumped into action by assisting their colleagues and the rest of the community. Initiatives including housing assistance, disaster pay, and additional paid volunteer time were offered to EDPR's employees. For the communities, several actions like home tear-downs and repairs, food banks and city clean-ups were organized by a group of volunteer EDPR employees, who dedicated some of their time (during or after work) to help. EDPR also donated over $100,000 to some charities helping Hurricane Harvey Relief. These initiatives showed the spirit of share and compassion for the community that the company constantly strives to achieve.

FUNDACIÓN EDP

Fundación EDP's mission is to reinforce EDP's social responsibility with its stakeholders in the geographical areas in which it carries out its activity. This happens every year with the implementation of several programs and initiatives that seek to create value for society in different areas:

- In social matters, "EDP Solidaria" stands out for its support program for social transformation, which in 2017 has invested in 18 projects with a total amount of €0.5 million; and the "Energía Solidaria " program, which strives to increase the security, well-being and energy efficiency of the most disadvantaged families and the NGOs that collaborate with them.
- Fundación EDP's commitment to education and the first job continues to be reinforced year after year through different programs, with the main focus on the scholarships of first work experience which facilitate the entry of students in the business world.
- In the environmental area, it stands out the support to entities dedicated to environmental conservation by doing activities of conservation of different species.
- Fundación EDP also carries out activities in the cultural field, being particularly noteworthy in 2017, with the presence of Fundación EDP in the 76th Madrid Book Fair, in which Portugal was the guest country, showing the Portuguese cultural reality, with activities related to literature, cinema and music.

HUMAN RIGHTS:

According to the code of ethics, EDPR respects and undertakes to promote human rights, particularly in its supply chain.

The Principles of Sustainable Development of EDPR affirm the commitments to integrate the social aspects in planning and decision-making, to respect and promote respect for human rights in their sphere of influence, to reject abusive and discriminatory practices, as well as to ensure equal opportunities.

Additionally, EDP Group assumes the Universal Declaration of Human Rights and the conventions, treaties or international initiatives, such as the conventions of the International Labor Organization, the United Nations Global Compact and the guiding principles for business and human rights endorsed by the United Nations Human Rights Council – Ruggie Framework.

The strong sense of ethics at EDPR requires that its suppliers do not have conflicts with EDPR ethical standards. In this way, the acceptance of alignment with the spirit of EDPR's Code of Ethics and the UN Global Compact principles is required. Additionally, the EDP Group Sustainable Procurement Policy includes a reference to the promotion of respect for dignity and human rights and rejection of any form of forced labor or child labor, harassment, discrimination, abuse or other types of physical or psychological violence.

The channel for complaining to and questioning the Ethics Ombudsman of EDPR is the preferred means of contact related to the matters of human rights and labor, including in the context in the supply chain.

3.2.3. SUPPLIERS

The EDPR's market leadership, based in value creation capacity, innovation and relationship with its stakeholders, is much influenced by the performance of its suppliers.

EDPR bases its relationship with suppliers on trust, collaboration and creation of shared value. This results in a joint capacity to innovate, strengthen sustainability policy and improve quality of operations.

EDPR SUPPLY CHAIN

After a period of an extensive characterization study of EDPR´s purchases, aiming a deeper knowledge about the economic, social and environmental impacts of EDPR's supply chain, 2017 was a year for definition of priorities concerning sustainability management.

The suppliers are evaluated throughout an multi criteria matrix (annual value spend; supply frequency; access to customers; access to technical equipment or sensitive data; supplier substitutability; component substitutability; supply failure consequence; supplier segmentation; safety risks, environmental risks and obligations) to identify their criticism.

Streamlining, from the point of view of criticism for the business, EDPR's suppliers are categorized in:

- **Critical suppliers:** Turbines, BOP (Balance of Plant) and O&M (Operation and Maintenance), and;
- **Non-critical suppliers:** Indirect purchases.

After the implementation of the Sustainable Procurement Policy, a better control has been introduced in the suppliers management process. This year, EDPR has worked in many areas, namely in the definition of pre-qualification and evaluation processes of its suppliers.

Over **5,050**[(1)] suppliers contribute to EDPR success	**93**[(2)] suppliers are considered as critical	Critical suppliers represent **67%**[(3)] of the invoiced volume in Europe & Brazil and **83%**[(4)] in North America	**99%**[(5)] Local Purchases (Purchases in countries of operation of EDPR)

SUSTAINABLE MANAGEMENT OF THE SUPPLY CHAIN

EDPR has defined **policies and procedures** to ensure the several aspects that fill in with the sustainability of the supply chain, as well as the management and mitigation of any type of environmental, social or ethical risks in the supply chain.

PROGRESS

SUSTAINABLE PROCUREMENT POLICY **2017**

In EDPR, 2017 has been a year of work in the definition and creation of the beginning of the processes of pre-qualification and evaluation of its suppliers.

Never losing of site the EDP Group Sustainable Procurement Policy, EDPR as the firm intention of continue to work with the best practices in this field.

EDPR continues to work with mature suppliers and companies that look to meet the demanding requirements on quality, environment and prevention, as well as to comply with economical/financial solvency requirements.

[1] Based on purchase orders placed in 2017
[2] Critical suppliers as defined as per EDP formal corporate standard methodology
[3 & 4] Based on the total invoiced volume in 2017
[5] Based on purchase orders placed in 2017. Local purchases are considered these ones realized in countries where EDPR has activities: from Brazil purchasing center in Brazil; from Europe purchasing center in all the European countries where EDPR operates, and from North America in US, Canada and Mexico.

POLICIES, PROCEDURES AND STANDARDS		
Procurement Policy	• After an extensive characterization study of EDPR's purchases, aiming a deeper knowledge about the economic, social and environmental impacts of EDPR's supply chain, a congregation of policies started to be defined. • EDPR takes into account the 10 principles of the UN Global Compact and Code of Ethics acceptance, the Health & Safety and Quality certificates, as well as technical quality and economical/financial solvency of suppliers.	
Procurement Manual	• EDPR has a Procurement Manual, which includes sustainability principles to be taken into account when ordering products or contracting services. • These principles summarize the most relevant aspects for EDPR in terms of sustainability in the supply chain: health and safety, respect for the environment, ethics, local development and innovation.	
Code of Conduct	• In the end of 2017, EDP Group approved a Code of Conduct for all Suppliers. EDPR propelled all its suppliers to know and accept all the commitments involved (Compliance; Ethical; Environmental; Labor; Workplace, Safety and Health; Community and Human Rights and Management Commitments). • It spells out the general and common contractual rules EDP Code of Conduct is available in **www.edp.com**	
EDPR's Code of Ethics	• EDPR is governed under a strong sense of ethics and requires its suppliers to have no conflicts with the company's ethical standards. • EDPR´s suppliers must know and accept by written the principles established in the Code of Ethics. EDPR's Code of Ethics is available in **www.edpr.com**	100% of the EDPR critical suppliers are aligned with Global Compact criteria and EDPR's Code of Ethics
UN Global Compact	• EDPR is a signatory of the UN Global Compact for Sustainable Development and is committed to implement these principles as well as to promote the adoption of these principles on its area of influence. • EDPR´s suppliers must accept to comply with the UN Global Compact's ten principles, on human rights, labor, environment and anti-corruption and provide the confirmation as signatories of the UN Global Compact directives or a written declaration of their acceptance.	
Health & Safety System and OH&S Policy	• Health & Safety System, based on the OHSAS 18001:2007 specifications require EDPR's employees and all other individuals working on behalf of EDPR to follow best practices in those areas, as required in EDPR's OH&S Policy. • The health and safety management system is supported by different manuals, control procedures, instructions and specifications which ensure the effective execution of EDPR's OH&S Policy. EDPR´s Health & Safety Policy are available in **www.edpr.com**	
EDPR´s Environment and Biodiversity Policies	• EDPR is committed to integrate the respect for the environment into all phases of the business through the value chain and ensure that all stakeholders, including suppliers, have the necessary skills to do so. • EDPR´s suppliers shall adopt all necessary measures to ensure strict compliance with all applicable environmental regulations as well as EDPR´s Environment and Biodiversity Policies, internal norms, procedures and systems in place as regards to environmental management. • EDPR has implemented an Environmental Management System (EMS) developed and certified according to the international standard ISO 14001. EDPR´s suppliers shall know and understand the EMS and ensure the full compliance with the procedures set. • Suppliers shall make the EMS available to its employees and subcontractors. EDPR´s Environment and Biodiversity Policies are available in **www.edpr.com**	

EDPR suppliers have successfully perform the approval processes established by EDP Group. The rule "pass or fail" is applied to suppliers. If they do not meet the main requirements set by EDPR they will not be selected to provide services.

For all suppliers considered as critical (regardless of the purchase volume) EDPR ensures from the bidding to the time of providing the service (work execution or maintenance) the compliance of technical quality, economical/financial solvency, and health, safety and environmental management.

MANAGEMENT AND MITIGATION OF ENVIRONMENTAL, SOCIAL OR ETHICAL RISKS

EDPR monitors critical suppliers during their services delivery, taking into account aspects as quality, safety, health and environment (waste management, oil spills, etc.). EDPR also ensures the compliance with standards, commitments and procedures of EDPR in all value chain.

A) During the execution phase, the construction manager works closely with a health & safety supervisor and environmental supervisor, plus holds weekly meetings with suppliers (BOP contractor and, where applicable, the turbine supplier).

Contractors receive feedback and improvement plans are established in the areas of quality, health & safety and environment through performance reports. In addition, the company also has external supervision in these areas.

B) During the wind farms operation phase, the wind farm manager is responsible for service quality and compliance with the rules and health & safety and environmental procedures. These processes are reinforced by the management systems according to OHSAS 18001 and ISO 14001.
Given the impact of their performance in these areas, contractors assuming these management systems as own systems is crucial for EDPR.

Suppliers share with EDPR their new solutions, products or upgrades to improve collaboration between both parties.

EDPR uses applications for health and safety and environmental management, including regulatory and obligation tracking, which work as collaborative tools, therefore involving the entire organization and suppliers to prevent work and environmental accidents. Furthermore, in the wind farms are carried out drills regarding health and safety and environmental accidents or incidents.

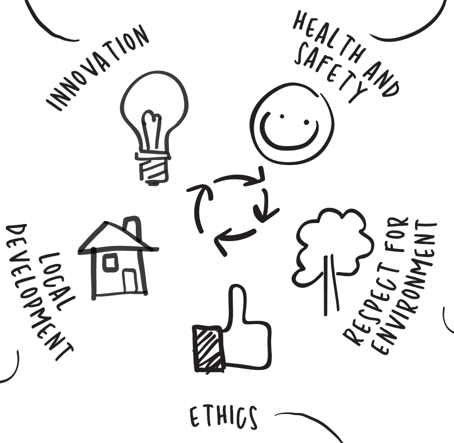
The relevant aspects for EDPR in relation to sustainability in the supply chain are Innovation, Health and Safety, Respect for the Environment, Ethics and Local Development. These aspects are expressed in the Procurement Manual.

In 2017 EDPR installed, in collaboration with Vestas, an array of solar panels directly connected with one operating wind turbine generator in Spain. This installation will provide deeper knowledge about the benefits of combining both technologies. This option has several upsides, as it makes use of the existing infrastructure with almost no investment, excluding the solar panels, as the new capacity.

88% of EDPR's critical suppliers have Occupation Health & Safety System (OHS).[1]

EDPR completed 1,681 hours of training on OHS to its suppliers, involving 71 companies and 2,020 workers.

Additionally, EDPR audited 73 contractors companies, regarding OH&S issues.



100% of the critical suppliers are aligned with criteria for impacts on society.

More than 20,000*jobs associated to EDPR's Supply Chain.

More than €735*million gross value added associated to EDPR's Supply Chain.

83% of EDPR's critical suppliers have environmental systems.[1]

300* Thousand ton GHG emissions associated to EDPR's direct and indirect Supply Chain, 5%* of which are related to direct suppliers.

100% of the critical suppliers are aligned with labor practices criteria and human rights criteria.

~0%* EDPR's purchases identified as having significant risk for incidents of child labor, forced or compulsory labor, freedom of association.

[1] Critical suppliers as defined as per EDP formal corporate standard methodology.

*Data resulting from characterization of the supply chain performed by PwC using ESCHER (Efficient Supply Chain Economic and Environmental Reporting) tool, based on 2014 purchasing data.

3.2.4. MEDIA

EDPR's reputation and brand visibility depend, among other things, on media organizations, which represent an extremely important stakeholder group within the company. In order to maintain this stakeholder informed, EDPR works to keep all media organizations up-to-date about initiatives the company carries out, whether related to financial issues, company performance, corporate social responsibility or any other relevant activities. To better achieve this, EDPR always strives to respond quickly to all questions and/or comments that might appear, and it has developed a media calendar.

For better understanding between both parties and to pursue a fluid and dynamic dialogue with this stakeholder group, EDPR has developed several communication channels that allows the media to easily get in touch with the organization. The innovation this year was the improved corporate website (**www.edpr.com**), which includes three large sections dedicated to media: news repository, multimedia area and the contact center. With the release of this new website, EDPR believes that following the current trends and the best practices which always tries to achieve, it made it more user-friendly and mobile-first for its users. Other kind of media communication channels are press conferences, interviews with company top-management and conference calls. Currently, EDPR is developing a new media kit which will improve the clarification of the company's business and its main indicators to the opinion-makers and the media.

In 2017, the mainly interactions with the media generated news primarily in Portugal, Spain, North America and Brazil. These news items reflect the company's strategy for each of these markets. Portugal was the largest source of the news items, with highest favorability. Some other important news items mention this year included: the conclusion of wind farm projects, plans to advance with new wind farms in various countries, government approval of new projects, data on EDPR increasing energy production, positive developments of the company's shares on the stock exchange, power purchase agreements, charitable actions such as a donation to Hurricane Harvey repair and rebuilding efforts, actions in support of start-ups, financial results and strategic divestments. Brazil also had a strong impact on news by the end of the year due to the December power generation auctions where EDPR was one of the active bidders.

3.3. SAFETY FIRST: PROACTIVE APPROACH

ZERO ACCIDENTS MINDSET

At EDPR, is top priority to guaranty the health, safety and well-being of its employees and contractors. A commitment that is supported by the Health and Safety (H&S) policy. The company is aware that it works in a sector particularly sensitive to occupational risk, which is why the primary goal is to set an EDPR way for maintaining health and safety requirements across all geographies. To achieve it, the main focus is on hands-on training by rigorously verifying the implementation of safety standards and updating the standard operating procedures to match the regulatory changes.

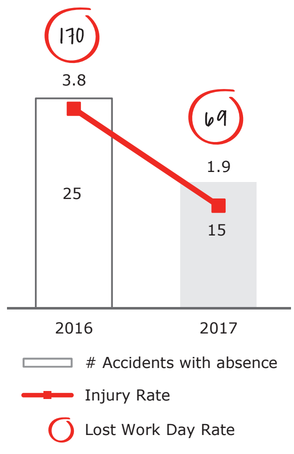
As an integral part of the H&S strategy, employees actively engage in both behavior-based safety and risk assessment activities based on the potential risks associated with their tasks. They rigorously follow the guidelines and always strive to achieve the safest workplace for all those who provide services in the facilities. H&S committees and subcommittees throughout EDPR pursue and support the implementation of H&S measures by collecting information from different operational levels and involving employees with the establishment and communication of the preventative plan. These committees, present on every working field, ensure that employees' and contractors' concerns are listened and resolved.

With the intention of promoting positive and healthy interactions/discussions, EDPR promotes employees' and contractors' to work as a team to improve safety performance. The main principles are:

- Employees feel ownership for safety and take responsibility for themselves and others.
- Employees do not accept low safety standards and risk-taking.
- Employees actively talk and listen the others to understand their perspective.
- Employees believe true improvement is only achieved as a group, and that zero injuries is an attainable goal.

To constantly keep improving the safety programs, EDPR encourages multiple safety campaigns throughout the year with several positive (safety) incentive programs for its employees'.

Furthermore, in order to achieve the zero accidents target, EDPR has implemented H&S management systems based on the OHSAS 18001:2007 specifications. The standards and procedures of these systems are adapted to the specificities of each geography where they are implemented and are developed based on the country's regulation and industry's best practices. The commitment to the H&S is further supported through the OHSAS 18001 certification. By the end of 2017, this certification covers 91%[1] of EDPR's installed capacity.



EDPR focus on an approach that is data driven to identify and react to leading indicators of injuries. The implementation of the H&S management systems allows it to manage and prevent future accidents with the objective of reaching the zero accident goal.

During 2017, EDPR registered a substantial improvement in its H&S ratios. The number of accidents with absence registered for employees and contractor personnel decreased by 40%, resulting in a drop of 49% in the injury rate to 1.9[2] impacted by lower number of accidents and more worked hours. Additionally, the lost work day rate decreased by 59% to 69[3], driven by lower average lost work days per accident.

A greater focus on proactive approach in the H&S management plus the realization of the benefits from OHSAS certification results in a significant improvement in the statistics.

[1] Calculation based on 2016YE installed capacity.
[2] Injury Rate calculated as [# of accidents with absence/Hours worked * 1,000,000]
[3] Lost Work Day Rate calculated as [# of working days lost/Hours worked * 1,000,000]

3.4. ENVIRONMENT

EDPR protects the environment complementing the strategy of fighting against climate change with its responsable management along the whole value chain.

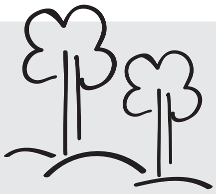
Wind power is one of the most environmentally friendly ways of producing energy. The impact of EDPR's business on the environment is small but nevertheless, the company works on a daily basis to hold itself to a higher standard. EDPR believes that proactive environmental management generates value and constitutes the duty of any socially responsible company, that's why it is one of the pillars of EDPR's Environmental Policy.

Protecting the climate

EDPR produces competitive energy based on renewable sources that contribute to sustainable economic growth

EDPR core business activity inherently implies the reduction of GHG emissions. Wind and solar energy has zero carbon emissions, contributing to the world's fight against climate change and does not produce harmful SO_x, NO_x or mercury emissions, protecting valuable air and water resources.

Besides, generation from wind and solar energy does not consume water in its operational processes.



Engaged with biodiversity

Fighting against climate change is the best contribution to tackle biodiversity loss

EDPR is aware of the sensitivity of natural ecosystems and the pressures affecting biodiversity. The main approach to contribute to the global challenge of reducing biodiversity loss is clear: produce clean energy (without emissions), to fight against climate change, one of the greatest threats for biodiversity.

The environmental strategy of the company complements this approach ensuring the minimization of the impacts on biodiversity along the whole value chain and seeking an overall positive balance with projects focused on the conservation of wildlife. It is EDPR's duty, as a sustainable company, to contribute to the development of research and conservation programs, as well as, to broadening scientific knowledge on biodiversity matters, by supporting institutions and strengthening dialogue and partnerships.

Preserving natural resources

EDPR promotes the efficient use of natural resources in all activities, within the framework of a circular economy

The wind turbine is mainly made of recyclable material, which according to the Life Cycle Assessment of EDPR's main turbine supplier it is around 80% to 90%[1]. The missing percentage is concerning the turbine's blades that are composed and manufactured by complex materials (glass or carbon fibers, thermos-hardened resins, sandwich structures, coatings, etc.), make it very hard to recycle.

The volume of these wastes can't still be compared with the size of the wind energy business, since it has been developed recently. Though, with the increasing maturity of the business, it is believed that these numbers will progressively increase.

[1] According to the Life Cycle Assessments of our main turbine suppliers

EDPR is strongly committed to contribute to the protection of the environment through a proactive environmental management of its facilities in operation, assured through the Environmental Management System (EMS). The EMS is developed in accordance with the ISO 14001 international standard and certified by an independent certifying organization.

In 2017, EDPR's activities avoided the emission of 22,051 thousand tons of CO_2.

These emissions represent 0.1% of the total amount of emissions avoided and 50% of the total emissions are from the necessary electricity consumption by the wind farms. In 2017, 100% of the emissions related to electricity consumption in windfarms and our own offices in Spain and US have been compensated by Certifications of Origin in Spain and Renewable Energy Certificates (RECs) in US, obtained from the renewable energy generation.

Beyond the emissions related to the operation phase, from a life cycle point of view others shall be considered (manufacture of components, transport, construction...). EDPR wind farms with a projected life span of 30 years, will pay back its life cycle energy consumption in less than a year[1], meaning, more than 29 years of a wind farm's life will be producing clean energy.

2017 was a hard year in terms of natural disasters mainly driven by Climate Change affecting a lot of countries, including some where EDPR has presence. EDPR is especially concerned about forest fires since rural communities where the company's facilities are located are particularly vulnerable to disasters of this nature.

Apart of counting with a business model that relies on clean energy generation, fighting against Climate Change and the risk it poses to forest fires, EDPR is firmly committed to contribute in reducing and preventing forest fires.

Furthermore, reinforcing the commitment to biodiversity and the local communities, during 2017, EDPR approved a Forest Fire Prevention Plan which includes the following initiatives:

- Investment in partnerships with Local Communities in Spain and Portugal;

- Collaboration with NGOs in the prevention and mitigation of impacts related to forest fires through activities such as tree planting and land preservation for conservation purposes;

- Volunteering actions.

The management of wind energy waste is a significant and constant concern for EDPR. The lack of a technique to recycle wind turbine blades at the end of their useful life is recognized as one of the challenges of the industry. In this regard, in 2017, the company announced a cooperation agreement with the start up Thermal Recycling of Composites (TRC) to support the development of the R3FIBER technique, a viable, maximum-efficiency system for recycling wind turbine blades that are no longer in use, and implement a wind turbine blade recycling program.

Developed by TRC and a team at CSIC's National Center for Metallurgical Research, the R3FIBER technology is based on using materials without producing waste.

This technology fully harnesses mass, energy and the reuse of materials. The highlight is its unique feature of creating high-quality fibers (without resins) suitable for reuse. Therefore, R3FIBER technology is both sustainable since it does not generate waste, and efficient because it allows a maximum energy recovery.

This pilot program will apply to damaged wind turbine blades that need to be replaced, and in the future, blades from EDPR wind farms that have reached the end of their life cycle. To address the situation of managing this non-hazardous waste going forward, EDPR has partnered with TRC to create a new, sustainable system that allows wind turbine blades to be put to use.

3.5. INNOVATION

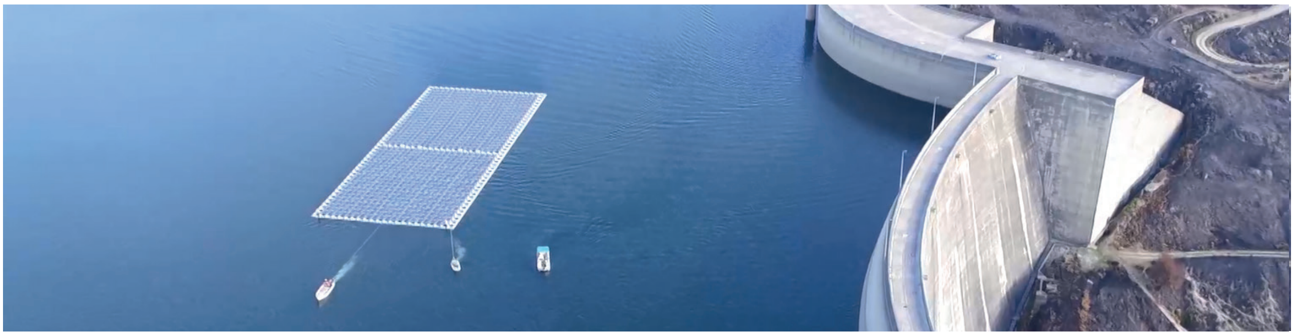
Exploring new business options as technology keeps developing and put into practice inventive solutions that improve processes are key steps in EDPR's value creation strategy

During 2017 EDPR launched innovative projects focused on adding value to existing areas of the business, such as the combination of existing power plants (wind and hydro, in alliance with EDP) with solar PV and storage. These are tangible examples of combined effort with partners and suppliers with the goal of bringing the renewable industry forward.

At the same time the Company's high-skilled teams kept implementing new solutions in day-to-day business operations, boosting value creation through the application of innovative and lean initiatives.

FLOATING SOLAR – A JOINT EFFORT WITH EDP

Generating electricity since January 2017 in the Alto Rabagão reservoir in Northern Portugal this project is a combined effort of EDP Produção, EDP Comercial and EDP Renováveis in which each company of the group brings its expertise to the dashboard.



Alto Rabagão floating solar plant

The experimental solar plant was the world's first power plant to combine hydro and solar technologies. It has an installed capacity of 0.2 MW and occupies 2.500 square meters, floating in waters 60 m depth. The 840 solar panels installed are expected to deliver 300 MWh/year of clean energy to the hydro power plant substation already existent nearby.

This is the first project where the floating panels work in tandem with the dam's hydroelectric rotors, meaning that the solar panels produce energy during the day while saving hydro power to compete during intermittent demand peaks. When there is no demand the electricity produced by the solar panels allows the hydro plant to be autonomous from the network, consuming renewable energy to keep its systems running.

One of the main goals of the pilot, in which EDPR's expertise is vital, is to compare the offshore solar production versus a similar plant located onshore nearby. It's been proven that if the panels reach an excessive temperature its performance decreases. Those installed in the floating plant, naturally refrigerated, are able to deliver a better performance than the similar plant onshore.

This solution combined with the fact that floating solar plants would need less space than onshore to reach the same installed capacity, as floating power plants do not need to avoid terrain constrains due to the morphology of the lands, will open new opportunities for this brand new technology.

While studies in Alto Rabagão will continue, the EDP group is already considering the extension of this experience to larger facilities.

HYBRID TECHNOLOGIES – COMBINING WIND, SOLAR AND STORAGE

In 2017 EDPR installed, in collaboration with Vestas, an array of solar panels directly connected with one operating wind turbine generator in "El Conilete" wind farm (Andalucia, Spain). This installation will provide deeper knowledge about the benefits of combining both technologies. This option has several upsides, as it makes use of the existing infrastructure with almost no investment, excluding the solar panels, as the new capacity will take advantage of inverters, transformers, switchgears and cables. A new software was developed between Vestas and EDPR to control and monitor the performance of the combined generator.

A second phase of this project has already been launched, consisting in the addition of coupled batteries to create a combined wind, solar and storage generator. EDPR will benefit in this project from the experience acquired in the storage systems it has already installed in its solar and wind power plants in Romania.

El Conilete hybrid power plant installation

INNOVATING IN DAY-TO-DAY OPERATIONS

After more than a decade of continuous expansion EDPR's capacity to deliver top quality assets has been more than proven. Always looking for improvement, 2017 saw new innovative solutions in the construction and commissioning procedures of our power plants, making the process faster, safer and more environmentally friendly.

As an example, in the Meadow Lake V wind farm (Indiana, USA), on top of the already established "98 out of the gate" program (target is to reach 98% of availability in each turbine as fast as possible) that resulted in 99% pre-COD availability generating 22.7 million KWh of test energy, field-driven innovations piloted by EDPR's team in collaboration with Mortenson, civil contractor, successfully crystalized in the completion of a full scale stay-form foundation pedestal which eliminated risk associated with heavy materials, equipment, and suspended overhead loads from the turbine foundation and reduced the cost while improving safety for the construction workers

Another initiative launched was the utilization of a digital transition process – making this the first project that turned 100% digital documents to EDPR. This has an estimated savings of $30,000 in paper and printing costs, with an additional $30,000 of savings in administrative costs to assemble binders and store and scan documents into EDPR's internal document management system.

CORPORATE-WIDE PLANNING TOOL

During 2017 EDPR also implemented a new planning methodology based on a single tool and integrated process throughout the organization. Effective implementation lowered lead times, decreased budgeting work peaks, allowed for planning full useful life of assets, and improved scenario and reforecasting capabilities. The new planning system is cloud-based, easy to access to all the personnel involved from any geography, thus improving work-life balance and data integrity and accountability.

As a direct upside, it will add important insights to top level discussion and a deeper understanding of business driver impact on financial performance, helping EDPR to reach another level in the business analysis. During 2018 the tool will keep its roll-out to all the departments involved in the budgeting process of the company.

THE LIVING ENERGY BOOK

by edp renováveis

04

SUSTAINABILITY


LIVING SUSTAINABILITY

THE LIVING ENERGY BOOK

by edp renováveis

04 SUSTAINABILITY

4.1. MATERIALITY ASSESSMENT

The macro-economic context, where the challenges of sustainability are increasing, summing up with the diversity of EDPR's stakeholders, results in a large and complex list of important issues, which must be prioritized according to its relevance and significance. An issue is considered material when it influences the decision, the action and the performance of an organization and its stakeholders.

4.1.1. BACKGROUND AND OBJECTIVES

EDPR's material issues were identified and the results achieved supported the preparation of this Annual Report, as reflected in the company's management strategy and, in particular, in its agenda for sustainability.

4.1.2. METHODOLOGY

The methodology adopted is based on the Accountability Standards and this information is collected corporately and within each business units.

Materiality is acquired by the interception of the issues identified by stakeholders with the importance given internally by the business. The topics identified by the company are prioritized according to the frequency with which they appear in different categories analyzed.

RELEVANCE FOR SOCIETY

The relevance for society is determined by the importance/impact of a specific theme from an external perspective to the company, designated as society perspective. Therefore, the society vision reflects the vision idea/concept of the several stakeholder groups that have influence on or are influenced by EDPR's activities. This vision must be obtained through sources that ensure independence from the company by means of collecting on most cases external data. This vision must be achieved through sources that are independent from the company to collect, on most cases, external data.

In parallel, the establishment of a society vision is also supported by documents, analysis and international/national specific studies that allow a broad perspective of the emerging trends in the sustainability area. Consequently, the company considers that the vision of the several stakeholders reflects the vision of society, thus allowing the assessment of the expectations outside EDPR.

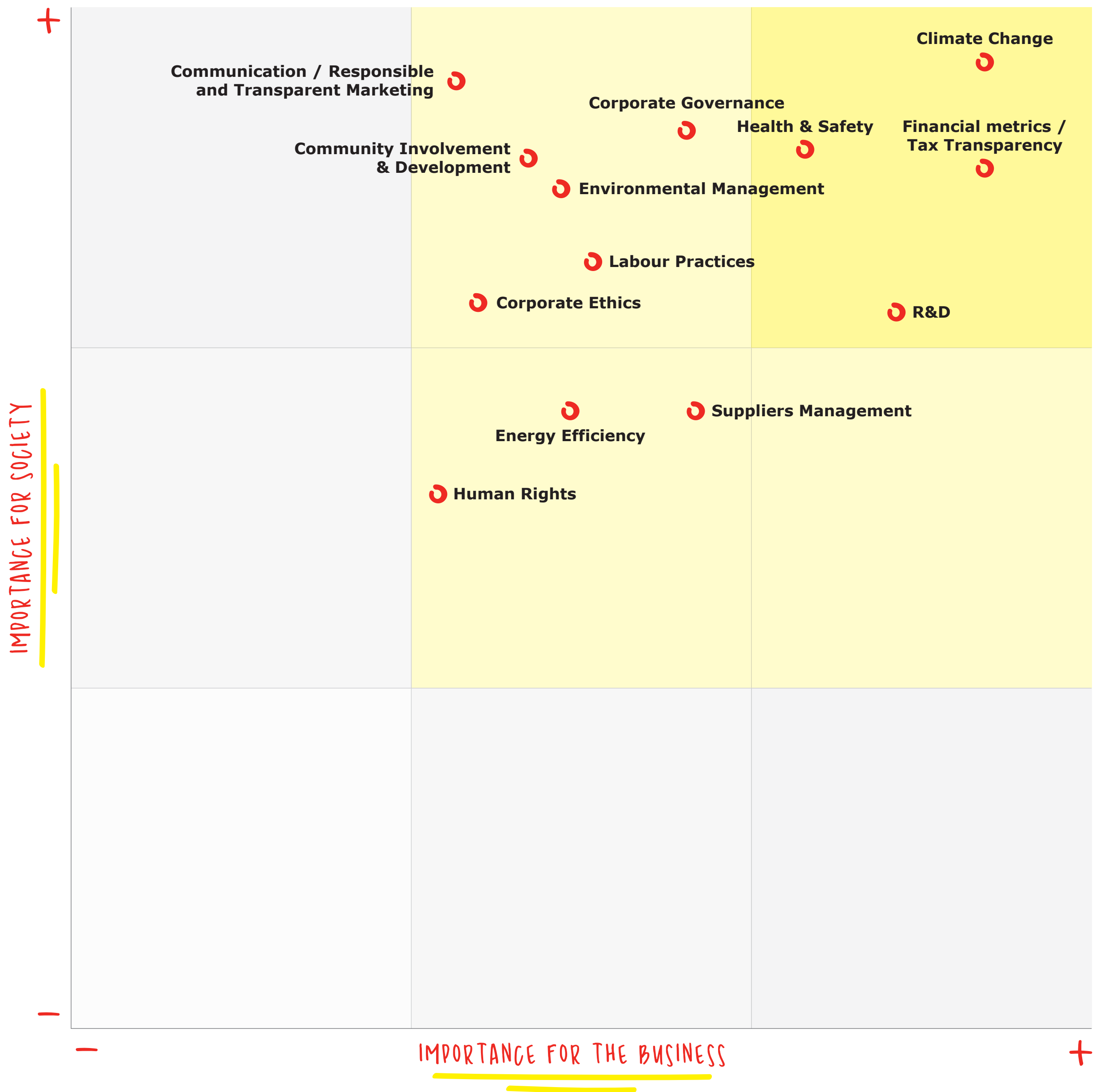
RELEVANCE FOR BUSINESS

The vision of the business is obtained through the evaluation of the importance/impact of a specific theme from an internal perspective to the company. This vision is originated from the analysis of the defined business strategic goals as these, depict the current positioning and concerns of EDPR, reflect the future vision of the business.

RESULTS

The materiality matrix describes visually and promptly the most sensitive and impacting themes by comparing the relevance to society with the relevance to the business. The critical and sensitive themes for the business, obtained from the analysis of the materiality matrix, allows the company to drive the strategy and support the decision-making process as well as to focus the report of information based on shared interests between company and stakeholder, therefore, facilitating the relationship among them.

MATERIALITY MATRIX

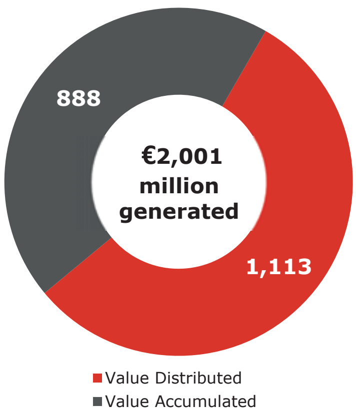


4.2. ECONOMIC TOPICS

GRI 201-1 - DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED

€ MILLION	2017	2016
ECONOMIC VALUE GENERATED AND DISTRIBUTED		
Turnover	1,637	1,485
Other income	321	251
Gains/(losses) on the sale of financial assets	0	2
Share of profit in associates	3	0
Financial income	41	54
Economic value generated	2,001	1,792
Cost of raw material and consumables used	35	31
Supplies and services	327	305
Other costs	128	135
Personnel costs	101	94
Financial expenses	343	404
Current tax	46	50
Dividends	133	153
Economic value distributed	1,113	1,172
Economic value accumulated	888	620

ECONOMIC VALUE GENERATED IN 2017 (€ million)



GRI 201-2 - FINANCIAL IMPLICATIONS AND OTHER RISKS AND OPPORTUNITIES FOR THE ORGANIZATION'S ACTIVITIES DUE TO CLIMATE CHANGE

According to the International Renewable Energy Agency (IRENA), renewable energy, coupled with energy efficiency gains, can provide 90% of the CO_2 emissions reductions needed by 2050 to stay within the Paris Agreement boundaries. In this scenario, renewable technologies could generate more than 80% of all electricity by 2050, including a 52% share from wind and solar which would have to grow from today's approximately a 5.5% share. The leading role of renewables has been noticed by governments around the world and most countries have included renewable energy targets in their NDCs.

A clean energy revolution is naturally underway not only because it is sustainable but also because economically, onshore wind and solar PV costs have been declining and these technologies are now among the cheapest sources of energy in a growing number of countries, as highlighted by Lazard, Bloomberg New Energy Finance and IRENA. The competitiveness of renewables has been clearly evidenced in 2017 with wind (onshore and offshore) and solar PV's tenders beating a record of low prices all around the globe.

This awareness is increasingly growing in all sectors. Corporations, for instance, have been signing power purchases agreements (PPA) with renewable generators in order to fill their electricity needs. Renewables represent now an increasingly share of new investments in power-generating facilities[1] and according to BNEF, renewable energy sources are set to represent almost 75% of the investments in new power generation technologies until 2040. Not surprisingly, Europe's major utilities pledged to become carbon-neutral "well before 2050" and even several oil and gas major companies have significantly increased their investment in renewables during the recent years. Funding institutions are also stepping back from fossil fuel projects; the World Bank announced in December 2017 that it would cease to finance upstream oil and gas after 2019 and investment funds, such as the Norway's wealth fund, banks and pension funds have announced similar pledges. Likewise, global green bond[2] issuance hit a record of USD 155.5 billion in 2017 and could reach USD 250-300 billion in 2018, according to a research from the Climate Bonds Initiative.

According to a study published by IRENA, the EU could double the renewables' share in its energy mix, cost effectively, even without considering the economic value associated with health and environmental benefits. The share could rise to 34% in the total energy mix and up to 50% in the electricity mix (compared to 29% in 2015).

GRI 201-3 - DEFINED BENEFIT PLAN OBLIGATIONS AND OTHER RETIREMENT PLANS

Information on EDPR benefit plan obligations, can be found in Note 10 in the Financial Statements.

GRI 201-4 - FINANCIAL ASSISTANCE RECEIVED FROM GOVERNMENT

Information on EDPR financial assistance received from government through Production Tax Credits, Cash Grants and other Tax savings in the US, can be found in Income from institutional partnerships in US wind farms and Amortization of deferred income (government grants) in the Consolidated Income Statement and additional details on Note 7, Note 12 and Note 30 in the Financial Statements.

GRI 202-1 - RATIOS OF STANDARD ENTRY LEVEL WAGE COMPARED TO LOCAL MINIMUM WAGE

The values presented in the table below, show the average standard entry-level wage compared to the local minimum wage for each one of the countries where EDPR has presence. To protect the privacy of employees' wages in those countries where the headcount is smaller, the analysis is not disclosing the information by country and gender.

%	2017	2016
STANDARD ENTRY LEVEL WAGE VS LOCAL MINIMUM WAGE		
Europe	190%	204%
North America	247%	234%
Brazil	309%	337%

Note: European ratio is calculated by using the sum of the entry-level wages (in €) of every country where EDPR operates (except Belgium, that was removed to protect the privacy of employees due to the small headcount) and the sum of the minimum wage of all these countries (in €). 2016 data has been restated using the same criteria.
Note 1: Canada and Mexico information was also removed to protect the privacy of employees in the country due to the small headcount.

GRI 202-2 - PROPORTION OF SENIOR MANAGEMENT HIRED FROM THE LOCAL COMMUNITY

The Code of Ethics contains specific clauses of non-discrimination and equal opportunities in line with the company's culture of diversity. This is reflected in the procedures for hiring people via a non-discriminatory selection processes.

[1] According to Bloomberg, global clean energy investment in 2017 was the second highest ever at USD 333.5 billion and representing an annual increase of 3%
[2] Debt instruments to be used for projects that promote climate and environmental sustainability purposes

A potential employee's race, gender, sexual orientation, religion, marital status, disability, political orientation or opinions of any other nature, ethnic or social origin, place of birth or trade union membership are not considered.

There are no specific procedures explicitly requiring local recruitment. However, a high percentage of EDPR employees' are hired from the same country in which the company operates.

71% of the new Directors have been hired internally.

%	2017
% OF LOCAL RECRUITMENT	DIRECTORS
Europe	70%
North America	79%
Brazil	100%
Corporate	71%

GRI 203-1 - INFRASTRUCTURE INVESTMENTS AND SERVICES SUPPORTED

Wind and solar energy require infrastructure investments which benefit surrounding communities.

This includes the reinforcement of existing electricity networks and the rehabilitation of existing roads or the construction of new roads.

The investment in roads is necessary in order to transport heavy equipment (wind turbine components, power transformers, etc.) to the site during construction. The improved road system facilitates future maintenance activities after construction works, as well as improves access to remote locations for the surrounding communities. During the operation of the wind farms, these roads are maintained and further opportunities may be identified to increase the positive impact in the community.

The integration of the generation capacity may also require upgrades in the distribution and transmission grids that belong to the system operators. Those upgrades indirectly benefit the quality of service offered in the surrounding areas by minimizing electricity supply interruptions.

In 2017, EDPR invested €7 million to develop community roads and €1.6 million to improve public electric facilities.

GRI 203-2 - SIGNIFICANT INDIRECT ECONOMIC IMPACTS

Renewable energy technologies are viewed not only as tools for mitigating climate change, but are also increasingly recognized as investments that can provide direct and indirect economic advantages by reducing dependence on imported fuels (and hence, improving trade balances), enhancing local air quality and safety, advancing energy access and security, propelling economic development, and, creating jobs.

GRI 204-1 - PROPORTION OF SPENDING ON LOCAL SUPPLIERS

At EDPR, there is no specific policy or in-house procedure for preferring locally based suppliers.

Nevertheless, under equal commercial terms, EDPR chooses local suppliers in order to enhance the socio-economic sustainability of the 12 countries across Europe and the Americas where it is present.

In this way, around 99%* of the purchases were sourced from local suppliers (purchases in countries of operation of EDPR).

Moreover, during the construction of the company's projects, the local community can see an influx of temporary local construction workers and suppliers that provide a positive impact on the local economy.

Note: * is based on # of purchase orders placed in 2017.

GRI 205-1 - OPERATIONS ASSESSED FOR RISKS RELATED TO CORRUPTION

EDPR analyses all the new markets were enters operations through a Market overview. This study also evaluates the corruption risk.

EDPR during 2015, implemented an Anti-Bribery Policy of application to all EDPR Group. This Anti-Corruption Policy involves a series of procedures regarding the relationships of EDPR employees with external parties, namely the approval of certain actions regarding hospitality to and from external parties, charitable donations, and sponsorships.

Additional information on the Whistleblowing Channel and the Ethics Channel can be found at Section 5 Corporate Governance, C. II. Reporting Of Irregularities or visit the ethics information on the corporate governance section, in the website, **www.edpr.com.** Moreover, additional information is detailed in the Integrity and ethics Section.

Anti-Bribery Policy is available at www.edpr.com.

GRI 205-2 - COMMUNICATION AND TRAINING ON ANTI-CORRUPTION POLICIES AND PROCEDURES

There is a strong commitment by the Company in relation to the dissemination and promotion of compliance with the Code of ethics, which includes Bribery & Corruption section, available to all employees through training, questionnaires, and open discussions of the findings. To this extent, from March to December 2016, EDP offered an online Ethics training ("Ética EDP") available to all employees of both Europe/Brazil and North America. This course achieved a major participation of around 900 EDPR employees. This type of training will be performed periodically.

GRI 205-3 - CONFIRMED INCIDENTS OF CORRUPTION AND ACTIONS TAKEN

EDPR has no knowledge of any corruption-related incidents recorded during 2017.

Moreover, the company has internal procedures to monitor compliance with the Code of Ethics and defines actions to be taken in case of incidents.

Additional information on the Whistleblowing Channel and the Ethics Channel can be found at Section 5 Corporate Governance, C. II. Reporting Of Irregularities or visit the ethics information on the corporate governance section, in the website, **www.edpr.com.** Moreover, additional information is detailed in the Integrity and ethics Section.

GRI 206-1 - LEGAL ACTIONS FOR ANTI-COMPETITIVE BEHAVIOR, ANTI-TRUST, AND MONOPOLY PRACTICES

EDPR has no knowledge of any legal actions for anti-competitive behavior, anti-trust or monopoly practices recorded during 2017.

For additional information related to Economic topics, please refer to Business Environment, Financial, Employees, Communities and Safety Organization Structure Sections.

4.3. ENVIRONMENTAL TOPICS

Note: EDPR reports EBITDA windfarms environmental indicators the year after the COD (Commercial Operating Date), when the trial periods is over and the indicators are already significant. So that, the windfarms that have entered into operation in 2017 will be included in the environmental indicators of 2018.

GRI 302-1 - ENERGY CONSUMPTION WITHIN THE ORGANIZATION

Wind turbines and solar panels require a small amount of electricity to operate. This energy consumption is generally self-consumed. Given the intermittency of wind generation, sometimes it is needed to consume electricity from the grid.

MWH	2017	2016	%
ENERGY CONSUMPTION			
Wind farms:			
Electricity consumption	64,964	67,423	-4%
Offices:			
Electricity consumption	4,475	3,776	19%
Gas	999	1,009	-1%

Note: Gas conversion factor according to Agência Portuguesa de Ambiente.

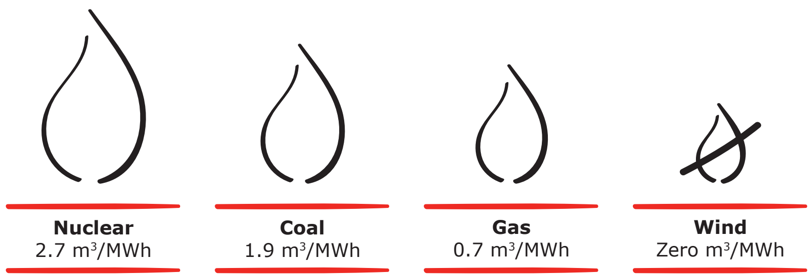
GRI 302-4 - REDUCTION OF ENERGY CONSUMPTION

EDPR' activity is based on clean energy generation, and it produces about 398 times the electricity consumed by itself. Nonetheless, the company is conscious about promoting a culture of rational use of resources and promotes many internal campaigns to encourage sustainable behaviors as is explained in its website **www.edpr.com.**

GRI 303-1 - WATER WITHDRAWAL BY SOURCE

Generation from wind energy does not consume water in its operational processes. The water is consumed mainly for human use. The consumption of water per electricity generated accounts for 0.51 liters/MWh. Even so, the company actively seeks to adopt more eco-efficient practices. An example of this, in 2017, 38 substations had rainwater collection and treatment systems installed to cover their own water supply needs.

WATER CONSUMPTION PER TECHNOLOGY



Source: 2014 EWEA, Saving water with wind energy.

GRI 304-1 - OPERATIONAL SITES OWNED, LEASED, MANAGED IN, OR ADJACENT TO, PROTECTED AREAS AND AREAS OF HIGH BIODIVERSITY VALUE OUTSIDE PROTECTED AREAS

COUNTRY	FACILITY NAME	TYPE OF OPERATION	POSITION IN RELATION WITH PROTECTED AREA	FACILITY AREA IN PROTECTED NATURAL AREA (ha)	% FACILITY AREA IN PROTECTED NATURAL AREA (%)	ATTRIBUTE OF THE PROTECTED AREA	STATUS OF THE PROTECTED AREA
Belgium	Cerfontaine	Wind farm	Adjacent	0.0	0%	Terrestrial	Natura 2000
	Chimay	Wind farm	Adjacent	0.0	0%	Terrestrial - Freshwater	Natura 2000
France	Patay	Wind farm	Inside	41.6	100%	Terrestrial	Natura 2000
	Ségur	Wind farm	Inside	1.3	100%	Terrestrial	National protected area
	Ayssènes - Le Truel	Wind farm	Inside	1.3	100%	Terrestrial	National protected area
	Marcellois	Wind farm	Inside	1.1	100%	Terrestrial	Natura 2000
	Massingy	Wind farm	Inside	0.9	100%	Terrestrial	Natura 2000
	Tarzy	Wind farm	Inside	39.9	100%	Terrestrial	Regional park
	Francourville	Wind farm	Inside	41.2	100%	Terrestrial	ZICO
Poland	Ilza	Wind farm	Inside	30.2	91%	Terrestrial	Regional park
	Tomaszow	Wind farm	Adjacent	0.0	0%	Terrestrial - Freshwater	Natura 2000
Portugal	Pena Suar	Wind farm	Inside	6.3	100%	Terrestrial	Natura 2000
	Açor	Wind farm	Partially Within	0.1	1%	Terrestrial	Natura 2000
	Açor II	Wind farm	Partially Within	6.0	88%	Terrestrial	Natura 2000
	Cinfaes	Wind farm	Inside	4.9	100%	Terrestrial	Natura 2000
	Bustelo	Wind farm	Inside	8.9	100%	Terrestrial	Natura 2000
	Vila Cova	Wind farm	Inside	14.6	100%	Terrestrial	Natura 2000
	Falperra-Rechãzinha	Wind farm	Partially Within	30.3	91%	Terrestrial	Natura 2000
	Fonte da Quelha	Wind farm	Inside	8.1	100%	Terrestrial	Natura 2000
	Alto do Talefe	Wind farm	Inside	9.2	100%	Terrestrial - Freshwater	Natura 2000
	Fonte da Mesa	Wind farm	Partially Within	8.2	83%	Terrestrial	Natura 2000
	Malanhito	Wind farm	Partially Within	1.5	3%	Terrestrial	Natura 2000
	Madrinha	Wind farm	Inside	4.1	100%	Terrestrial	Natura 2000
	Safra-Coentral	Wind farm	Inside	19.7	100%	Terrestrial	Natura 2000
	Negrelo e Guilhado	Wind farm	Inside	9.6	141%	Terrestrial	Natura 2000
	Testos	Wind farm	Partially Within	2.9	22%	Terrestrial	Natura 2000
	Serra Alvoaça	Wind farm	Partially Within	7.8	61%	Terrestrial	Natura 2000 National protected area
	Tocha	Wind farm	Inside	6.8	100%	Terrestrial	Natura 2000
	Padrela/Soutelo	Wind farm	Partially Within	1.0	41%	Terrestrial	Natura 2000
	Guerreiros	Wind farm	Partially Within	0.1	0%	Terrestrial	Natura 2000
	Vila Nova	Wind farm	Partially Within	7.1	42%	Terrestrial	Natura 2000
	Vila Nova II	Wind farm	Partially Within	9.1	34%	Terrestrial	Natura 2000
	Balocas	Wind farm	Partially Within	0.4	1%	Terrestrial	Natura 2000
	Ortiga	Wind farm	Adjacent	0.0	0%	Terrestrial	Natura 2000
	S. João	Wind farm	Adjacent	0.0	0%	Terrestrial	Natura 2000
	Alto Arganil	Wind farm	Adjacent	0.0	0%	Terrestrial	Natura 2000
	Salgueiros-Guilhado	Wind farm	Adjacent	0.0	0%	Terrestrial	Natura 2000
	Serra do Mú	Wind farm	Adjacent	0.0	0%	Terrestrial	Natura 2000
Romania	Pestera	Wind farm	Adjacent	0.0	0%	Terrestrial	Natura 2000
	Sarichioi	Wind farm	Partially Within	0.1	0%	Terrestrial	Natura 2000
	Burila Mica	Solar plant	Inside	22.7	100%	Terrestrial -Freshwater	Natura 2000
Spain	Sierra de Boquerón	Wind farm	Inside	10.4	100%	Terrestrial	Natura 2000
	La Cabaña	Wind farm	Partially Within	8.2	53%	Terrestrial	Natura 2000
	Corme	Wind farm	Partially Within	2.6	17%	Terrestrial - Marine	Natura 2000
	Hoya Gonzalo	Wind farm	Partially Within	0.7	4%	Terrestrial	Natura 2000
	Tahivilla	Wind farm	Adjacent	0.0	0%	Terrestrial	Natura 2000 National protected area
	Coll de la Garganta	Wind farm	Partially Within	0.1	1%	Terrestrial - Freshwater	Natura 2000
	Puntaza de Remolinos	Wind farm	Partially Within	1.8	57%	Terrestrial	Natura 2000
	Planas de Pola	Wind farm	Partially Within	6.2	55%	Terrestrial	Natura 2000
	Avila	Wind farm	Adjacent	0.0	0%	Terrestrial - Freshwater	Natura 2000
	Buenavista	Wind farm	Adjacent	0.0	0%	Terrestrial - Marine	Natura 2000
	Serra Voltorera	Wind farm	Adjacent	0.0	0%	Terrestrial	Natura 2000
	Villoruebo	Wind farm	Partially Within	2.0	41%	Terrestrial - Freshwater	Natura 2000
	Villamiel	Wind farm	Partially Within	4.9	75%	Terrestrial - Freshwater	Natura 2000
	La Mallada	Wind farm	Partially Within	1.4	8%	Terrestrial - Freshwater	Natura 2000
	Las Monjas	Wind farm	Partially Within	0.01	0%	Terrestrial - Freshwater	Natura 2000
	Coll de la Garganta	Wind farm	Partially Within	0.06	1%	Terrestrial - Freshwater	Natura 2000
	Tejonero	Wind farm	Adjacent	1.07	0%	Terrestrial	Natura 2000
	Ávila	Wind farm	Adjacent	0.0	0%	Terrestrial - Freshwater	Natura 2000
	Sierra de los Lagos	Wind farm	Adjacent	0.0	0%	Terrestrial	Natura 2000
	Mostaza	Wind farm	Adjacent	0.0	0%	Terrestrial	Natura 2000
	Los Almeriques	Wind farm	Adjacent	0.0	0%	Terrestrial - Freshwater	Natura 2000
	Suyal	Wind farm	Adjacent	0.0	0%	Terrestrial	Natura 2000
	Serra Voltorera	Wind farm	Adjacent	0.0	0%	Terrestrial	Natura 2000
	Monseivane	Wind farm	Partially Within	17.3	98%	Terrestrial - Freshwater	Natura 2000
	La Celaya	Wind farm	Partially Within	9.1	70%	Terrestrial - Freshwater	Natura 2000
	Cerro del Conilete	Wind farm	Partially Within	0.01	0%	Terrestrial	Natura 2000
		Wind farm	Adjacent	0.0	0%	Terrestrial	Natura 2000

According to GRI requirements

BIODIVERSITY POLICY

edp renewables

With the implementation of its Biodiversity Policy, EDP Renewables (EDPR) is contributing to the world's objective of reducing biodiversity loss due to human activity.

In particular, EDPR:

- Is aware of the sensivity of natural ecosystems and of the pressures that these are subject to, as well as of the intrinsic value of the initiatives aimed at protecting biodiversity;
- Has significant experience in minimizing the impact on biodiversity resulting from its activities;
- Wants to have an even more active role in the conservation of biodiversity and its promotion.

EDPR deems biodiversity to be integrated in the management of its companies. The objective is to achieve an overall positive impact on biodiversity.

To that end, EDPR is committed to:

1. Integrate the biodiversity impact assessment in all phases of its activities: project design, construction, operation and dismantlement of its energy generation and distribution infrastructures;

2. Minimize any negative impact on biodiversity arising from its activities, and promote positive impacts. When significant negative impacts cannot be prevented, EDPR will pursue consensual compensation measures, which allows the achievement of a globally positive biodiversity balance sheet;

3. Contribute to broadening scientific knowledge on the different aspects of biodiversity, in particular by supporting institutions selected in a transparent manner and in accordance with superior technical capability criteria;

4. Strengthen dialogue and partnerships on biodiversity issues with public or private entities;

5. Regularly and transparently report on its performance in relation to biodiversity, under the revision of independent bodies, and promote regular consulation to the different stakeholders, on this issue.

Approved by the Executive Committee, January 2011

GRI 304-2 - SIGNIFICANT IMPACTS OF ACTIVITIES, PRODUCTS, AND SERVICES ON BIODIVERSITY

Potential environmental impacts are analyzed in detail in the environmental impact studies of the projects. Additionally, feasible alternatives are assessed and preventive, corrective and compensation measures are determined.

The company has defined general procedures in its Environmental Management System to prevent, correct or compensate impacts in the environment. In addition, efforts are intensified with specific monitoring procedures in the small number of sites located inside or close to protected areas.

Potential environmental impacts are analyzed in detail in the environmental impact studies of the projects.

GRI EU13 - BIODIVERSITY OF OFFSET HABITATS COMPARED TO THE BIODIVERSITY OF THE AFFECTED AREAS

In the small number of sites located inside or close to protected areas, EDPR intensifies the efforts with specific monitoring procedures, as defined in the Environmental Management System.

GRI 304-3 - HABITATS PROTECTED OR RESTORED

After the construction period, it is EDPR duty to return the site to its initial state. Therefore, the company performs morphological restoration and reseeding works. In 2017, almost 6 hectares of affected land were restored.

Furthermore, EDPR collaborates with Fundación Patrimonio Natural and Migres to promote, maintain and manage the natural heritage.

Fundación Patrimonio Natural is linked to the Castilla y León Regional Government. In 2017, an economic contribution of € 25,000 was made to work in collaboration with the Fundación Patrimonio Natural in the following actions:

- Repositioning of a transmitter acquired in 2016 in an adult real kite individual and reception of data from the transmitters in operation placed since the beginning of the radiolabelling program.

- Follow-up actions of the breeding population of the royal kite in the regions of Pinares (Valladolid), Tierra del Vino and Guareña (Zamora) and analysis of the movements of the radio-marked individuals.

Fundación Migres is linked to the Andalucía Regional Government. In 2017, an economic contribution of €10,000 was made to work in collaboration with the Fundación Migres in the following actions:

1. Coordination and follow-up of the environmental surveillance plan carried out in the wind farms

Through the execution of this measure:

- The surveillance protocol is coordinated in all wind farms in the Tahivilla area
- The spatiotemporal monitoring of the accident occurrence is carried out
- The correct execution of the surveillance is supervised
- The establishment of the period to the reinforcement of the surveillance
- The continuous training of the people responsible for the environmental monitoring.

In addition, in 2017, a quality protocol for environmental monitoring has been designed, where several measures were established for quality control, as well as indicators for monitoring which contribute in obtaining the best results. This protocol must ensure a quality that allows a maximum reduction in accident rate.

2. Proposal for environmental measures for the conservation of threatened raptures in the environment around the wind farms of la Janda

This measure has not been executed yet. It will be carried out in 2018 with what has already been paid in 2017. It has not been started because there are some measures that have not yet been approved by the Environment.

3. Scientific monitoring of migration in the strait of Gibraltar

With this monitoring, we can know the fluctuations that occur in the number of specimens of the different migratory species, as well as detect possible conservation problems of these species and their habitats. This is especially important in a scenario of global change. Through the development of a specific program for monitoring the migration of gliding, marine and passerine birds in the Strait of Gibraltar, the aim is to detect:

- Changes in migratory populations that may be related to the trends of these species globally, as indicators of their conservation status.
- Changes in the migratory patterns of the species.
- Reveal the biological meaning of these changes in relation to the current scenario of global change.

GRI 305-1 - DIRECT (SCOPE 1) GHG EMISSIONS

EDPR's Scope 1 emissions represent 1,604 tons of CO_2 equivalent. 1,020 tones are emitted by transportation related to the windfarms operation, 177 tones by gas consumption in the company's offices and the rest of it is related to SF6.

Part of the equipment used for electricity generation purposes contains SF6 gasses and during 2017, EDPR registered emissions of 17 kg of this gas, which is equivalent almost to 407t CO_2.

Note: Emissions were estimated according to GHG Protocol (including official sources such as IPCC or the U.S Department of Energy)

GRI 305-2 - ENERGY INDIRECT (SCOPE 2) GREENHOUSE GAS (GHG) EMISSIONS

EDPR's CO_2 indirect emissions represent 8,005 tons, 7,821 tons driven by electricity consumption by the wind farms and solar plants and 184 tons electricity consumption by the offices.

In 2017, 100% of the emissions related to electricity consumption in windfarms and our own offices in Spain and US have been compensated by Certifications of Origin in Spain and Renewable Energy Certifications (RECs) in US, obtained from the renewable energy generation.

Note 1: The emission factors used are based on the following sources: Portugal - EDP, Turbogás, Tejo Energia, Rede Eléctrica Nacional (REN), and Entidade Reguladora dos Serviços Energéticos (ERSE); Spain – Red Eléctrica de España (REE); Brazil - Ministry of Science and Technology - SIN (National Interconnected System); Other European Countries; and Canada - IHS CERA.

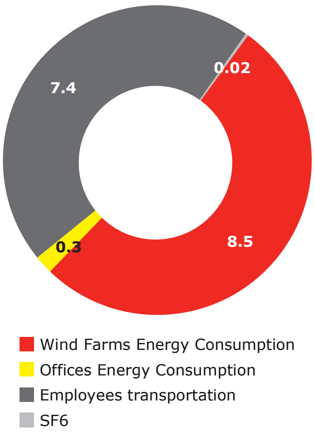
Note 2: Electricity consumption emissions were calculated with the global emission factors of each country.

GRI 305-3 – OTHER INDIRECT (SCOPE 3) GREENHOUSE GAS (GHG) EMISSIONS

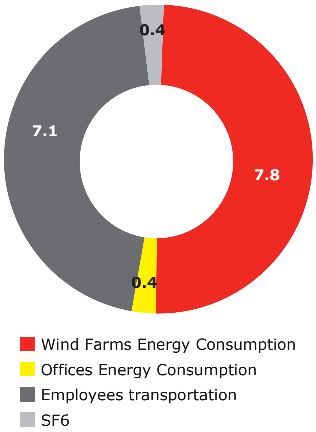
EDPR's work requires employees to travel and commute. Based on the estimates, the transportation used by employees accounted for a total of 6,124 tons of CO_2 emissions.

Note: Emissions were estimated according to GHG Protocol, by following the DEFRA standard. Employee commuting emissions were calculated from data collected in a survey to all employees.

CO$_2$ EQ EMITTED IN 2016 (K TONS)



CO$_2$ EQ EMITTED IN 2016 (K TONS)



GRI 305-5 - REDUCTION OF GREENHOUSE GAS (GHG) EMISSIONS

Even though EDPR activity inherently implies the reduction GHG emissions, the company goes one-step forward by compensating 100% of the emissions related to grid connection of the windfarms and offices in Spain and US.

EDPR core business activity inherently implies the reduction GHG emissions. Wind and solar energy has zero carbon emissions, contributing to the world's fight against climate change and does not produce harmful SO_x, NO_x, or mercury emissions, protecting valuable air and water resources. In 2017, it was estimated that the company's activities avoided the emission of 22,051 thousand tons of CO_2.

The company's emissions represent 0.1% of the total amount of emissions avoided and 50% of the total emissions are from the necessary electricity consumption by the wind farms. Even though EDPR's activity is based on the clean energy generation, it is conscious about promoting a culture of rational use of resources. During 2017, EDPR continued promoting initiatives that foster environmental best practices in its offices.

In 2017, 100% of the emissions related to electricity consumption in windfarms and our own offices in Spain and US have been compensated by Certifications of Origin in Spain and Renewable Energy Certifications (RECs) in US, obtained from the renewable energy generation.

Note 1: To calculate the emissions avoidance, the energy generation has been multiplied by the CO_2 eq emission factors of each country and state within the US. EDPR considers the emission factor of just fossil fuel energy, as it is considered that by increasing the generation of renewable energy, there is a displacing of these technologies, while other renewable technologies and nuclear plants will continue with its quota of generation. Note 2: In order to calculate avoided emissions, generation in Mexico is included as well as the country is included at operational data. Note 3: The emission factors used are based on the following sources: Portugal - EDP, Turbogás, Tejo Energia, Rede Eléctrica Nacional (REN), and Entidade Reguladora dos Serviços Energéticos (ERSE); Spain – Red Eléctrica de España (REE); Brazil - Ministry of Science and Technology - SIN (National Interconnected System); USA - Emissions & Generation Resource Integrated Database (eGRID) for each state emission factor; Other European Countries, Mexico and Canada - IHS CERA.

GRI 306-2 - WASTE BY TYPE AND DISPOSAL METHOD

The main contribution to the hazardous waste produced by wind farms is related to oil and oil-related wastes such as oil filters or oil containers, used mainly for lubrication of the turbines. The consumption of this oil is based on certain pre-defined replacement time frequencies (between 2 and 5 years, based on the component, oil type and manufacturer).

During 2017, the recovery rate was 88% impacted mainly by a significant spill with a volume of 80 metric tons of soil contaminated brought to disposal. The increase in hazardous wastes is mainly due to the contamination of the soil. This soil was removed and fully restored. Excluding this fact and other accidents such as blades breakage that generate fiberglass, the recovery rate would have been 98%, what certifies that the company has been actively working to improve the recycling rate of its hazardous wastes, through authorized waste haulers. The increase shown in non-hazardous wastes is driven by glass fiber and metals from blades. These metals where fully recovered.

Annual fluctuations in hazardous waste generated are heavily dependent on the pluri-annual oil replacement programs above mentioned. Non-hazardous wastes generated by the company include metals, plastics, paper or domestic garbage which is recycled in their vast majority.

The following table summarizes the amount wastes generated per GWh in EDPR's facilities and the rate of recycling. The following table summarizes the amount wastes generated:

	2017	2016	Δ%
WASTE GENERATED BY EDPR			
Total waste (kg/GWh)	58.0	50.1	16%
Total hazardous waste (kg/GWh)	31.6	27.1	16%
% of hazardous waste recovered	88%	87%	1%
Excluding accidents			
Total waste (kg/GWh)	53.7	43.6	23%
Total hazardous waste (kg/GWh)	25.2	24.3	4%
% of hazardous waste recovered	98%	97%	1%
	2017	**2016**	**Δ%**
WASTE GENERATED BY EDPR			
Total hazardous wastes (t)	836	647	29%
Total hazardous waste disposed (t)	99	84	17%
Total hazardous waste recovered (t)	737	563	31%
Total non-hazardous wastes (t)	700	547	28%
Total non-hazardous waste disposed (t)	244	227	7%
Total non-hazardous waste recovered (t)	456	320	42%
Total wastes (t)	1,536	1,195	29%

Note: For the purposes of this report, all wastes have been classified as Hazardous or Non-hazardous according to European Waste Catalogue; However, in each country where EDPR has a geographic presence, each wind farm is required to adhere to national law by following company procedures for handling, labelling, and storage of wastes to ensure compliance. In cases, like in the United States, when the company's operations generate small quantities of substances which fall into additionally-regulated categories such as used oils and universal wastes, EDPR follows strict standards for handling and disposal of these waste types to ensure and remain compliant with all applicable laws.
Note 2: 2016 ratios per GWh has been restated.

GRI 306-3 - SIGNIFICANT SPILLS

Given EDPR's activity and its locations, oil spills and fires are the major environmental risks the company faces. The Environmental Management System is designed and implemented to prevent emergency situations from happening. But, just to be cautionary, the system covers the identification and management of these, including the near-miss situations.

EDPR defines as significant spill the ones above 0.16 m^3 that reached the ground. Additionally, EDPR registers near miss situations, when registered incident does not reach the category of significant spill. In 2017, the company had 3 significant spills with a total volume of 0.64 m^3 of oil spilled, 1 incipient fire, 3 fires without environmental impact and 1 fire with minimal impacts (0.5 acre) on the neighboring forest. All cases were properly managed: oil spills were confined early and contaminated soil was collected and managed. Additionally, 65 near miss were registered driven by small oil leaks that did not reach bare soil.

EDPR performs regular environmental drills to guarantee that all employees are familiar with the risks and have received the appropriate training to prevent and act, if necessary.

GRI 307-1 - NON-COMPLIANCE WITH ENVIRONMENTAL LAWS AND REGULATIONS

During 2017, the company did not receive any penalty for non-compliance with environmental laws and regulations.

GRI 308-1 - NEW SUPPLIERS THAT WERE SCREENED USING ENVIRONMENTAL CRITERIA

EDPR´s Environment and Biodiversity Policies reflect a responsible management of the environment along the whole value chain. According to these policies, EDPR is committed to ensure that everyone involved, including suppliers, has the necessary, adequate skills for the purpose.

The suppliers of EDPR shall adopt all necessary measures to ensure strict compliance with all applicable environmental regulations as well as EDPR´s Environment and Biodiversity Policies, internal norms, procedures and systems in place as regards to environmental management.

EDPR has implemented, for all its wind farms in operation, an Environmental Management System (EMS) developed according to the international standard ISO 14001. EDPR´s suppliers shall know and understand the EMS and ensure the full compliance with the procedures set. Supplier shall make the EMS available to its employees and subcontractors.

In 2017, 83% of EDPR’s critical suppliers (defined as per EDP formal corporate standard methodology) in Corporate, Europe and Brazil and in North America had environmental systems.

GRI 308-2 - NEGATIVE ENVIRONMENTAL IMPACTS IN THE SUPPLY CHAIN AND ACTIONS TAKEN

In 2015, EDPR carried out a study to characterize its Supply Chain, including the analysis of the exposure to economic, social and environmental risks. This analysis was performed using ESCHER (Efficient Supply Chain Economic and Environmental Reporting) methodology developed by PwC. For the ESCHER calculation routine PwC used EDP Group 2014 data.

The study allowed EDPR to determine the following results: 300* thousand-ton GHG emissions associated to EDPR’s direct and indirect Supply Chain, 5%* of which related to direct suppliers.

Through this study, EDPR aims to identify areas where should focus its improvement activities in order to significantly reduce its exposure to risk and optimize impacts.

Note: Analysis performed by PwC using ESCHER (Efficient Supply Chain Economic and Environmental Reporting) tool, based on 2014 purchasing data. This study is still representative of EDPR reality and companies in the sector perform these studies every 2/3 years. Data presented in this chapter resulting from this study is marked with an *.

! For additional information related to Environmental topics please refer to the Positive Balance on the environment Section and Suppliers Section.

4.4. SOCIAL TOPICS

GRI 102-8 - INFORMATION ON EMPLOYEES AND OTHER WORKERS

In 2017, EDPR had 1,220 employees. 22% worked at EDPR holding, 38% in the European Platform, 37% in the North American Platform and 3% in Brazil.

WORKFORCE BREAKDOWN	2017	% FEMALE	2016	% FEMALE
BY EMPLOYMENT TYPE:				
Full time	1,188	30%	1,050	31%
Part time	32	97%	33	94%
BY EMPLOYMENT CONTRACT:				
Permanent	1,203	32%	1,066	33%
Temporary	17	0%	17	24%
BY COUNTRY:				
Spain	406	34%	373	34%
Portugal	73	12%	72	10%
France	60	40%	53	38%
Belgium	3	33%	2	0%
Poland	35	34%	38	37%
Romania	32	41%	32	38%
Italy	28	36%	23	35%
UK	42	43%	34	47%
USA	488	31%	410	33%
Canada	5	0%	5	0%
Brazil	39	28%	34	29%
Mexico	9	33%	7	29%
Total	1,220	32%	1,083	33%

The average number of contractors' workers during the period has been 870 in Europe, 1,372 in North America and 559 in Brazil.

GRI 401-1 - NEW EMPLOYEE HIRES AND EMPLOYEE TURNOVER

Throughout the year, EDPR hired 259 employees while 121 are no longer with the company, resulting in a turnover ratio of 16%, which is slightly higher than the previous year.

2,801 contractors involved in construction and operation and maintenance activities during 2017.

EMPLOYEE TURNOVER	NEW HIRES	DEPARTURES	TURNOVER
BY AGE GROUP:			
Less than 30 years old	151	51	37%
Between 30 and 39 years old	74	38	10%
Over 40 years old	34	32	9%
BY GENDER:			
Female	82	45	16%
Male	177	76	15%
BY COUNTRY:			
Spain	61	31	11%
Portugal	4	3	5%
France	20	10	25%
Belgium	0	0	0%
Poland	0	1	1%
Romania	2	2	6%
Italy	8	3	20%
UK	17	6	27%
USA	133	58	20%
Canada	0	0	0%
Brazil	11	6	22%
Mexico	3	1	22%
Total	259	121	16%

Note: Turnover calculated as: (new hires+departures)/2

GRI EU17 - DAYS WORKED BY CONTRACTOR AND SUBCONTRACTOR EMPLOYEES INVOLVED IN CONSTRUCTION, OPERATION AND MAINTENANCE ACTIVITIES

Contractors involved in construction, operation and maintenance activities worked 691,929 days during 2017.

GRI EU18 - PERCENTAGE OF CONTRACTOR AND SUBCONTRACTOR EMPLOYEES THAT HAVE UNDERGONE RELEVANT HEALTH AND SAFETY TRAINING

As an integral part of the health & safety strategy, the company offers several training courses and risk assessment activities according to the potential risks identified for each position within the company.

EDPR is equally concerned with the health and safety standard of all employees and contractors. To this extent, the contractors are subject to a health and safety screening when they bid to work for the company. Once the contractor is selected, they are required to present proof of having completed the required training. 72% of contractors have undergone relevant health and safety training during 2017 given by EDPR. Nevertheless, is mandatory for the companies that work with EDPR to assure that all the contractors have undergone health and safety courses.

GRI 401-2 - BENEFITS PROVIDED TO FULL-TIME EMPLOYEES THAT ARE NOT PROVIDED TO TEMPORARY OR PART-TIME EMPLOYEES

As a responsible employer, a quality employment that can be balanced with personal life is a priority for the company. The package of benefits provided to full-time employees does not differ from that offered to part-time employees, and generally it goes beyond what is agreed in collective bargaining agreements. This benefits package includes medical insurance, life insurance, pension plan and conciliation measures.

EDPR recognized with ESR certificate – Socially Responsible Company - and ranked among the 50 best companies to work in Spain and Poland.

GRI 102-41 - COLLECTIVE BARGAINING AGREEMENTS

From EDPR's 1,220 employees, 20% were covered by collective bargaining agreements.

EMPLOYEES COVERED BY COLLECTIVE BARGAINING AGREEMENTS	2017	%
Spain	51	13%
Portugal	73	100%
France	55	92%
Belgium	1	33%
Poland	0	0%
Romania	0	0%
Italy	28	100%
UK	0	0%
USA	0	0%
Canada	0	0%
Brazil	39	100%
Mexico	0	0%
Total	247	20%

Collective bargaining agreements apply to all employees working under an employment relationship with and for the account of some companies of EDPR group, regardless of the type of contract, the professional group into which they are classified, their occupation or job. However, matters relating to the corporate organization itself, the laws of each country or even usage and custom in each country result in certain groups being expressly excluded from the scope of collective bargaining agreements.

GRI 401-3 – PARENTAL LEAVE

PARENTAL LEAVE	MATERNAL	PATERNAL	TOTAL
Spain	7	11	18
Portugal	0	2	2
France	2	2	4
Belgium	0	0	0
Poland	4	4	8
Romania	0	0	0
Italy	4	1	5
UK	3	0	3
USA	6	25	31
Canada	0	0	0
Brazil	0	0	0
Mexico	0	0	0
Total	26	45	71

In 2017, 71 employees enjoyed a maternal or paternal leave. All returned but after that, six of them extended their leave. Additionally, 96% of the employees who enjoyed a parental leave in 2016 are still EDPR employees.

GRI EU15 - PERCENTAGE OF EMPLOYEES ELIGIBLE TO RETIRE IN THE NEXT 5 AND 10 YEARS BROKEN DOWN BY JOB CATEGORY AND BY REGION

EMPLOYEES ELIGIBLE TO RETIRE	IN 10 YEARS	IN 5 YEARS
BY EMPLOYMENT CATEGORY:	81	31
Directors	21	9
Specialist	40	17
Managers	5	2
Technicians	15	3
BY COUNTRY:	81	31
Spain	20	8
Portugal	17	7
Poland	2	2
Italy	0	0
France	1	0
UK	0	0
Romania	1	0
USA	39	13
Brazil	1	1

Note that the employees eligible to retire in the next 5 years is with 60 years reference and in the next 10 years with 57 years reference.

38yr EDPR employees' average age

GRI 402-1- MINIMUM NOTICE PERIODS REGARDING OPERATIONAL CHANGES

Per country case law, EDPR may have a minimum period which it must comply with for giving formal notice of organizational changes at the companies in the Group with an impact on employees. However, it is customary to communicate significant events to the affected groups in advance.

As an employer in the United States, EDPR complies with the Worker Adjustment and Retraining Notification (WARN) Act Guide to Advance Notice of Closings and Layoffs.

GRI 403-1 - WORKERS REPRESENTATION IN FORMAL JOINT MANAGEMENT-WORKER HEALTH AND SAFETY COMMITTEES

A significant part of the organization plays a fundamental role in the implementation of its health and safety policy. The company created health and safety committees that collect information from different operational levels and involve employees in the definition and communication of a preventive plan.

During 2017, 4.0% of all employees attended health and safety committee meetings, representing 64% of the total workforce. All EDPR geographies have active health and safety committees in place.

GRI 403-2 - TYPES OF INJURY AND RATES OF INJURY, OCCUPATIONAL DISEASES, LOST DAYS, AND ABSENTEEISM, AND NUMBER OF WORK-RELATED FATALITIES

H&S INDICATORS (EDPR AND CONTRACTORS PERSONNEL)	2017	2016	%
Number of industrial fatal accidents	0	0	0%
Europe	0	0	0%
North America	0	0	0%
Brazil	0	0	0%
Number of industrial accidents with absence	15	25	-40%
Europe	9	13	-31%
North America	2	12	-83%
Brazil	4	0	-
Working days lost by accidents caused	534	1,124	-52%
Europe	397	820	-52%
North America	100	304	-67%
Brazil	37	0	-
Injury Rate (IR)[1]:	1.9	3.8	-49%
Europe	3.1	4.9	-36%
North America	0.6	3.3	-83%
Brazil	3.4	0.0	-
Lost work day rate (LDR)[2]:	69	170	-59%
Europe	137	309	-56%
North America	28	83	-67%
Brazil	31	0	-

1 Injury Rate calculated as [# of accidents with absence/Hours worked * 1,000,000]
2 Lost Work Day Rate calculated as [# of working days lost/Hours worked * 1,000,000]
Note: Minor first aid injuries are not included and number of days is calculated as the number of calendar days

EDPR did not record any fatal accidents during 2016 and 2017.

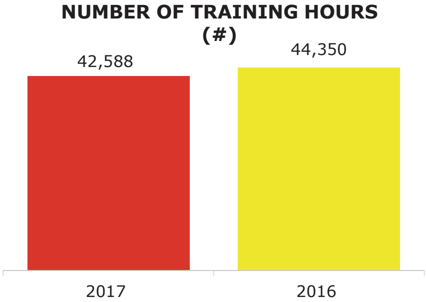
During 2017, EDPR registered a substantial improvement in its H&S ratios. The number of accidents with absence registered for employees and contractor personnel decreased by 40%, resulting in a drop of 49% in the injury rate to 1.9[3] impacted by lower number of accidents and more worked hours. Additionally, the lost work day rate decreased by 59% to 69[4], driven by lower average lost work days per accident.

A greater focus on proactive approach in the H&S management plus the realization of the benefits from OHSAS certification results in a significant improvement in the statistics.

GRI EU25 - NUMBER OF INJURIES AND FATALITIES TO THE PUBLIC INVOLVING COMPANY ASSETS, INCLUDING LEGAL JUDGMENTS, SETTLEMENTS AND PENDING LEGAL CASES OF DISEASES

During 2017, EDPR did not identify injuries or fatalities to the public involving company assets.

GRI 404-1 - AVERAGE HOURS OF TRAINING PER YEAR PER EMPLOYEE BY EMPLOYEE



TRAINING METRICS	2017	2016
Number of Training Hours (#)	42,588	44,350
Training Investment (k€)	1,736	1,492
Number of Attendances (#)	6,388	9,024

For a complete description of EDPR's Training and Human Resources strategy, please refer to the Employees Section.

GRI 404-2 - PROGRAMS FOR UPGRADING EMPLOYEE SKILLS AND TRANSITION ASSISTANCE PROGRAMS

EDPR strives to offer to the total workforce opportunities to develop professionally and assume new roles to reach the goals of the company. Employees are encouraged to take advantage of the functional and geographic mobility opportunities.

GRI 404-3 - PERCENTAGE OF EMPLOYEES RECEIVING REGULAR PERFORMANCE AND CAREER DEVELOPMENT REVIEWS

All of EDPR's employees, regardless of their professional category, are evaluated every two years to determine their development potential by providing the most suitable training. EDPR creates tailored development plan to address specific needs.

EDPR's Code of Ethics contains specific clauses of non-discrimination and equal opportunities in line with the company's culture of diversity.

Moreover, EDPR offers the possibility to all employees to define a Personal Development Plan. This plan is very effective tool that enable us to structure training actions for the candidate aimed at widening their abilities and expertise since it requires a reflection upon the results of their skills assessment and identify the individual's strong points and areas where he can improve, taking into account the employee's development level, as well as the teamwork and organizational strategy.

[3] Injury Rate calculated as [# of accidents with absence/Hours worked * 1,000,000]
[4] Lost Work Day Rate calculated as [# of working days lost/Hours worked * 1,000,000]

The potential assessment process is independent from performance appraisal and is based on a 360 degree evaluation model which considers feedback from oneself, peers, subordinates and the manager.

"EDPR undertakes to ensure that its labor policies and procedures prevent unjustified discrimination and different treatment on the basis of ethnic or social origin, gender, sexual orientation, age, creed, marital status, disability, political orientation, opinion, birthplace or trade union membership." Principles of Action – Code of Ethics

GRI 405-1 - DIVERSITY OF GOVERNANCE BODIES

BOARD OF DIRECTORS COMPOSITION	2017
BY AGE GROUP:	
Under 30 years old	0%
Between 30 and 50 years old	18%
Over 50 years old	82%
BY GENDER:	
Female	6%
Male	94%

Following the best Corporate Governance practices, in 2016 EDPR analyzed and discussed about the possible criteria applicable in the selection of the new members of its Governing Bodies. As a conclusion, within others, it was agreed to take into account the following: the education, experience in the energy sector, integrity and independence, having a proven expertise and the diversity that such candidate may provide to the related body. Based on this, the Board of Directors would submit a proposal to the General Shareholders' Meeting which should be approved by majority, for an appointment for an initial period of three (3) years.

A detailed description of the governance bodies can be found at the Corporate Governance Chapter of this report, Annex - Biographies. Please refer to LA1 and LA13 to employees related information.

GRI 405-2 - RATIO OF BASIC SALARY AND REMUNERATION OF WOMEN TO MEN

M/F SALARY RATIO	M/F SALARY
Board Directors (non executive)	102%
Directors	113%
Specialist	107%
Managers	114%
Technicians	105%

Note: Ratios are calculated by using the average salary of men and the average salary of women per each category (in €). Ratios can be affected by the different levels included in each category.

GRI 406-1 - INCIDENTS OF DISCRIMINATION AND CORRECTIVE ACTIONS TAKEN

In 2017, EDPR had knowledge of a complaint for discrimination at the Equal Employment Opportunity Commission (EEOC). The issue was analyzed by the responsible area and finally, resolved and withdrawn by the complainant.

GRI 407-1 - OPERATIONS AND SUPPLIERS IN WHICH THE RIGHT TO FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING MAY BE AT RISK

In 2015, EDPR carried out a study to characterize its Supply Chain, based on an analysis of the exposure to economic, social and environmental risks. This analysis was performed using ESCHER (Efficient Supply Chain Economic and Environmental Reporting) methodology developed by PwC. For the ESCHER calculation routine PwC used EDP Group 2014 data related to suppliers. The study allowed EDPR to determine the following results:

- ~0%* EDPR's direct suppliers identified in which the right to exercise freedom of association and collective bargaining may be at significant risk.

Note: Analysis performed by PwC using ESCHER (Efficient Supply Chain Economic and Environmental Reporting) tool, based on 2014 purchasing data. This study is still representative of EDPR reality and companies in the sector perform these studies every 2/3 years. Data presented in this chapter resulting from this study is marked with an *.

GRI 408-1 - OPERATIONS AND SUPPLIERS AT SIGNIFICANT RISK FOR INCIDENTS OF CHILD LABOR

EDPR's Code of Ethics has specific clauses against child or forced labor. The company did not identify any operation that could have a significant risk for incidents of child labor, forced and compulsory labor or indigenous rights.

EDPR Ethical Process guarantees transparency and confidentiality.

However, in 2015, EDPR carried out a study to characterize its Supply Chain, based on an analysis of the exposure to economic, social and environmental risks. This analysis was performed using ESCHER (Efficient Supply Chain Economic and Environmental Reporting) methodology developed by PwC. For the ESCHER calculation routine PwC used EDP Group 2014 data related to suppliers.

The study allowed EDPR to determine the following results:

- ~0%* EDPR's direct suppliers identified as having significant risk for incidents of child labor.

Note: Analysis performed by PwC using ESCHER (Efficient Supply Chain Economic and Environmental Reporting) tool, based on 2014 purchasing data. This study is still representative of EDPR reality and companies in the sector perform these studies every 2/3 years. Data presented in this chapter resulting from this study is marked with an *.

For further information about the Code of Ethics and the Ethics Channel please visit the Section 5 Corporate Governance, C.II. Reporting Of Irregularities or visit the ethics information on the corporate governance section, in the website, **www.edpr.com.**

GRI 409-1 - OPERATIONS AND SUPPLIERS AT SIGNIFICANT RISK FOR INCIDENTS OF FORCED OR COMPULSORY LABOR

EDPR's Code of Ethics has specific clauses against child or forced labor. The company did not identify any operation that could have a significant risk for incidents of forced and compulsory labor or indigenous rights.

However, in 2015, EDPR carried out a study to characterize its Supply Chain, based on an analysis of the exposure to economic, social and environmental risks. This analysis was performed using ESCHER (Efficient Supply Chain Economic and Environmental Reporting) methodology developed by PwC.

For the ESCHER calculation routine PwC used EDP Group 2014 data related to suppliers.

The study allowed EDPR to determine the following results:

- ~0%* EDPR's direct suppliers identified as having significant risk for incidents of forced or compulsory labor.

Note: Analysis performed by PwC using ESCHER (Efficient Supply Chain Economic and Environmental Reporting) tool, based on 2014 purchasing data. This study is still representative of EDPR reality and companies in the sector perform these studies every 2/3 years. Data presented in this chapter resulting from this study is marked with an *.
For further information about the Code of Ethics and the Ethics Channel please visit the Section 5 Corporate Governance, C.II. Reporting Of Irregularities or visit the ethics information on the corporate governance section, in the website, **www.edpr.com.**

GRI 411-1 - INCIDENTS OF VIOLATIONS INVOLVING RIGHTS OF INDIGENOUS PEOPLES

EDPR did not identify any operation that could have a significant risk for incidents with indigenous rights.

GRI 412-1 - OPERATIONS THAT HAVE BEEN SUBJECT TO HUMAN RIGHTS REVIEWS OR IMPACT ASSESSMENTS

EDPR has renewable plants in operation in 11 countries and is present in 12 countries, all of which are within the scope of the Code of Ethics premises and regulation.

GRI 412-2 - EMPLOYEE TRAINING ON HUMAN RIGHTS POLICIES OR PROCEDURES

There is a strong commitment by the Company in relation to the dissemination and promotion of compliance with the Code of Ethics, which includes a Human Rights section.

The Code of Ethics has been widely circulated among employees of the Group through internal communications mechanisms, individual shipments, delivery to new employees, and intranet publishing. The Code of Ethics is also attached to the labour agreements of the new hires to their written acknowledgement when they join the Company. Likewise, in the Welcome Presentation organized every year for the new hires of EDPR, it is also explained the main contents of these documents, as well as the Ethics Channel existence and functioning. This information is also published on the Intranet and website of the Company.

Additionally, from March to December 2016, EDP offered an online Ethics training ("Ética EDP") available to all employees of both Europe/Brazil and North America platforms. This course achieved a major participation of around 900 EDPR employees. This type of training will be performed periodically.

GRI 412-3 - SIGNIFICANT INVESTMENT AGREEMENTS AND CONTRACTS THAT INCLUDE HUMAN RIGHTS CLAUSES OR THAT UNDERWENT HUMAN RIGHTS SCREENING

EDPR has a Code of Ethics that contains specific clauses for the respect for human rights. The Procurement Manual also includes a chapter to put the UN Global Compact principles into practice.

GRI 413-1 – OPERATIONS WITH LOCAL COMMUNITY ENGAGEMENT, IMPACT ASSESSMENTS, AND DEVELOPMENT PROGRAMS

EDPR is aware of the impact that the activity has in the local communities where it develops wind farms and how it can maximize those potential benefits for the company and the inhabitants of the surrounding areas through an open communication with the stakeholders. Therefore, the company knows the importance of having a relationship of trust and collaboration with the communities where it has presence from the very initial stages of its projects. Usually, this relationship is encouraged by organizing some informative sessions, through open dialogs with these communities in order to explain the benefits of wind energy. EDPR also organizes volunteering and sport activities to promote a sustainable development of the society. Its business generates further indirect positive impacts in the areas where the company is present through local hiring and procurement and also by the development of infrastructures and the payment of taxes and rents.

GRI 413-2 -OPERATIONS WITH SIGNIFICANT ACTUAL AND POTENTIAL NEGATIVE IMPACTS ON LOCAL COMMUNITIES

Wind farm energy is a long lasting economic development driver for the municipalities where it is present. EDPR performance of studies assessing the impact on the environment and the community before the construction, these studies include the most significant issues for the affected areas such as emissions, wastes, changes to land use, changes in landscape, health and safety impacts, affected economic activities, impacts on infrastructure, existence of historical and cultural heritage, presence of indigenous communities, and the need to displace local populations.

During operation, grievance mechanisms are also available to ensure that suggestions or complaints are properly recorded and addressed. This allows us not only to solve the complaints but to introduce improvements in all processes. A good example is the way EDPR handles the complaints related to possible interferences with TV signal. A procedure was settled involving the town halls to facilitate and speed up the collection of these complaints as soon as they arise, a proper analysis and communication with the plaintiff and a fast-satisfactory resolution.

EDPR has different programs in place to assess and manage the impact on communities, and to maximize the shared value of the company's projects.

GRI 414-1 - NEW SUPPLIERS THAT WERE SCREENED USING SOCIAL CRITERIA

<u>EDPR carried out a study to characterize its Supply Chain, including the analysis of the exposure to economic, social and environmental risks.</u>

EDPR is governed by a strong sense of ethics and requires that its suppliers do not have conflicts with EDPR ethical standards. In this way, the acceptance of alignment with the spirit of EDPR's Code of Ethics is required. As part of a supplier qualification process the supplier shall provide a written declaration of acceptance of the principles established in EDPR's Code of Ethics.

Additionally, the EDP Group and EDPR, has a Procurement Manual, which includes a chapter that guides each Purchasing Department to put sustainability principles into practice. Therefore, when procuring and contracting goods and services EDPR appeals to all reasonable endeavors so that selected suppliers accept to comply with the UN Global Compact's ten principles in the areas of human rights, labor, the environment and anti-corruption. Procedures to guarantee this accomplishment are defined.

100% of the EDPR critical suppliers (defined as per EDP formal corporate standard methodology) are aligned with Global Compact criteria and EDPR's Code of Ethics.

GRI 414-2 - NEGATIVE SOCIAL IMPACTS IN THE SUPPLY CHAIN AND ACTIONS TAKEN

In 2015, EDPR carried out a study to characterize its Supply Chain, based on an analysis of the exposure to economic, social and environmental risks. This analysis was performed using ESCHER (Efficient Supply Chain Economic and Environmental Reporting) methodology developed by PwC. For the ESCHER calculation routine PwC used EDP Group 2014 data related to suppliers.

The study allowed EDPR to determine the following results:

- More than 20 000* employment associated to EDPR's Supply Chain.
- More than €735* million gross value added associated to EDPR's Supply Chain.
- ~0%* EDPR's direct suppliers identified as having significant risk for incidents of child labor, forced or compulsory labor, freedom of association.

Through this study, EDPR aims to identify areas where should focus its improvement activities in order to significantly reduce its exposure to risk and optimize impacts.

Moreover, in terms of Health & Safety, in 2017, 88% of EDPR's critical suppliers (as defined as per EDP formal corporate standard methodology) had an Occupation Health & Safety System (OHS) in place. EDPR completed 1,681 hours of training on OHS to its suppliers, involving 71 companies and 2,020 workers. Additionally, EDPR audited 73 contractors companies, regarding OH&S issues.

Note: Analysis performed by PwC using ESCHER (Efficient Supply Chain Economic and Environmental Reporting) tool, based on 2014 purchasing data. This study is still representative of EDPR reality and companies in the sector perform these studies every 2/3 years. Data presented in this chapter resulting from this study is marked with an *.

GRI 415-1 -POLITICAL CONTRIBUTIONS

EDPR made no contributions to political parties in 2017.

GRI 419-1 - NON-COMPLIANCE WITH LAWS AND REGULATIONS IN THE SOCIAL AND ECONOMIC AREA

During 2017, the company received a total penalty of €400,244 , mainly tax-related.

For additional information related to Social topics, please refer to Organization structure, Employees, Communities, Suppliers and Safety first Sections.

4.5. REPORTING PRINCIPLES

This is the seventh year EDPR publishes an integrated report describing the company's performance, with respect to the three pillars of sustainability: economic, environmental and social.

Information is presented according Global Reporting Initiative (GRI) *Standard 101 Foundation* guidelines for Sustainability Reporting and provides also information on the additional electricity sector supplement indicators directly related to the company business, which is the power generation from renewable sources, basically wind.

A full GRI Standards Content Index for the report can be found in the website **www.edpr.com.**

UNITED NATIONS GLOBAL COMPACT

Global Compact is an initiative of the United Nations launched in 2000 that defines guideline directives for businesses that opt to contribute to sustainable development. EDPR has become signatory of this initiative and is committed to put these principles into practice, informing society of the progress it has achieved.

In addition, the company has a Code of Ethics that contains specific clauses on the respect for human rights. In compliance with the Code, EDPR expresses its total opposition to forced or compulsory labor and recognizes that human rights should be considered fundamental and universal, based on conventions, treaties and international initiatives like the United Nations Universal Declaration of Human Rights, the International Labor Organization and the Global Compact. EDPR's Procurement Manual also includes a chapter that guides each Purchasing Department to put these principles into practice, so, when procuring and contracting goods and services, EDPR appeals to all reasonable endeavors so that selected suppliers accept to comply with the UN Global Compact's ten principles in the areas of human rights, labor, environment and anti-corruption.

To learn more about the UN Global Compact, please visit **www.unglobalcompact.org.**

GLOBAL REPORTING INITIATIVE

The GRI Standards are the first global standards for sustainability reporting, representing the global best practice for reporting on a range of economic, environmental and social impacts. A company's adherence to this initiative means that it concurs with the concept and practices of sustainability. This Annual Report has been prepared in accordance with the GRI Standards in its Core option, and these Standards have been independently assured according to ISAE 3000 by KPMG.

To learn more about the GRI guidelines, please visit **www.globalreporting.org**.

Materiality

This report includes the relevant information for the company's stakeholders, as derived from the materiality studies performed.

Sustainability Context

This report is placed in the context of the company strategy to contribute to the sustainable development of society, whenever possible.

Accuracy, Clarity, Comparability And Reliability

The information presented follows the GRI guidelines aim to make information comparable, traceable, accurate and reliable.

Stakeholder Inclusiveness

The concerns and the feedback received from the stakeholders were taken into account during the report's creation. For additional information about thestakeholders, please refer to The Company and Stakeholders Section or visit its website.

Completeness + Balance

Unless otherwise stated, this report covers all the company's subsidiaries and is presented in a balanced and objective perspective.

Timeliness

The information presented in this report relates to FY2017. EDPR is committed to report sustainability information at least once a year. Additionally, sustainability information is reported in market reports.

4.6. EXTERNAL CHECKS

4.6.1. INDEPENDENT ASSURANCE REPORT

KPMG Asesores, S.L.
Pº. de la Castellana, 259 C
28046 Madrid

Independent Assurance Report to the Management of EDP Renováveis, S.A.

To the Management of EDP Renováveis, S.A.

We performed a limited assurance review on the non-financial information contained in EDP Renováveis, S.A., (hereinafter EDP Renováveis) Annual Report for the year ended 31 December 2017 (hereinafter 'the Report'). The information reviewed corresponds specifically to the GRI indicators described in chapters 03 Execution and 04 Sustainability.

EDP Renováveis management is responsible for the preparation and presentation of the Report in accordance with the *Sustainability Reporting Standards* of Global Reporting Initiative (GRI Standards), in its core option, as described in point 102-54 of the GRI Content Index of the Report. Management is also responsible for the information and assertions contained within the Report; for determining its objectives in respect of the selection and presentation of sustainable development performance, including the processes for determining the material issues and the key stakeholder groups; and for establishing and maintaining appropriate performance management and internal control systems from which the reported performance information is derived.

Our responsibility is to carry out a limited assurance engagement and to express a conclusion based on the work performed. We conducted our engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the International Auditing and Assurance Standards Board and also in accordance with the guidance set out by the Instituto de Censores Jurados de Cuentas de España (ICJCE). These standards require that we plan and perform the engagement to obtain limited assurance about whether the Report is free from material misstatement.

KPMG applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the Internal Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

Our limited assurance engagement consisted of making enquiries of management and persons responsible for the preparation of information presented in the Report, and applying analytical and other evidence gathering procedures. These procedures included:

- Verification of EDP Renováveis processes for determining the material issues, and the participation of stakeholder groups therein.
- Interviews with relevant staff at group level and selected business unit level concerning sustainability strategy and policies and corporate responsibility for material issues, and the implementation of these across the business.
- Evaluation through interviews concerning the consistency of the description of the application of EDP Renováveis policies and strategy on sustainability, governance, ethics and integrity.

2

- Risk analysis, including searching the media to identify material issues during the year covered by the Report.
- Review of the consistency of information comparing GRI Universal Standards with internal systems and documentation.
- Analysis of the processes of compiling and internal control over quantitative data reflected in the Report, regarding the reliability of the information, by using analytical procedures and review testing based on sampling.
- Review of the application of the requirements of the *Sustainability Reporting Standards* of Global Reporting Initiative (GRI Standards), in accordance with core option.
- Reading the information presented in the Report to determine whether it is in line with our overall knowledge of, and experience with, the sustainability performance of EDP Renováveis.
- Verification that the financial information reflected in the Report was audited by independent third parties.

Our multidisciplinary team included specialists in social, environmental and economic business aspects.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is lower than that of a reasonable assurance engagement. This report may not be taken as an auditor's report.

Our conclusion has been formed on the basis of, and is subject to, the matters outlined in this Independent Review Report. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusions.

Based on the limited assurance procedures performed and the evidence obtained, as described above, nothing has come to our attention that causes us to believe that the 2017 Annual Report of EDP Renováveis S.A. for the year ended 31 January 2017, have not in all material respects, been prepared and presented in accordance with the *Sustainability Reporting Standards* of Global Reporting Initiative (GRI Standards), in its core option, as described in point 102-54 of the GRI Content Index of the Report, including the reliability of data, adequacy of the information presented and the absence of significant deviations and omissions.

Under separate cover, we will provide EDP Renováveis management with an internal report outlining our complete findings and areas for improvement.

In accordance with the terms of our engagement, this Independent Review Report has been prepared for EDP Renováveis, S.A. in relation to its 2017 Annual Report and for no other purpose or in any other context.

KPMG Asesores, S.L.

José Luis Blasco Vázquez

28 February 2018

THE LIVING ENERGY BOOK

by edp renováveis

05

CORPORATE GOVERNANCE


LIVING HUMANITY

THE LIVING ENERGY BOOK

by edp renováveis

05 CORPORATE GOVERNANCE

PART I – INFORMATION ON SHAREHOLDER STRUCTURE, ORGANIZATION AND CORPORATE GOVERNANCE

A. SHAREHOLDER STRUCTURE

I. CAPITAL STRUCTURE

1. CAPITAL STRUCTURE

EDP Renováveis, S.A. (hereinafter referred to as "EDP Renováveis", "EDPR" or the "Company") total share capital is, since its initial public offering (IPO) in June 2008, EUR 4,361,540,810 consisting of issued and fully paid 872,308,162 shares with nominal value of EUR 5.00 each. All the shares are part of a single class and series and are admitted to trading on the Euronext Lisbon regulated market.

Codes and tickers of EDP Renováveis SA share:

ISIN: ES0127797019

LEI: 529900MUFAH07Q1TAX06

Bloomberg Ticker (Euronext Lisbon): EDPR PL

Reuters RIC: EDPR.LS

EDPR main shareholder is EDP – Energias de Portugal, S.A., through EDP – Energias de Portugal, S.A. Sucursal en España (hereinafter referred as "EDP"), with 82.6% of share capital and voting rights. Excluding EDP, EDPR shareholders comprise more than 33,500 institutional and private investors spread across 21 countries with main focus in the United States and United Kingdom.

Institutional Investors represent 99% of Company shareholders (ex-EDP Group), mainly investment funds and socially responsible investors ("SRI"), while Private Investors, mostly Portuguese, stand for 1%.

For further information about EDPR shareholder structure please see chapter 1.3 Organization.

2. RESTRICTIONS TO THE TRANSFERABILITY OF SHARES

EDPR's Articles of Association have no restrictions on the transferability of shares.

3. OWN SHARES

EDPR does not hold own shares.

4. CHANGE OF CONTROL

EDPR has not adopted any measures designed to prevent successful takeover bids.

The Company has taken no defensive measures for cases of a change in control in its shareholder structure.

EDPR has not entered into any agreements subject to the condition of a change in control of the Company, other than in accordance with normal practice. In the case of financing of certain wind farm projects, lenders have the right to approve change in control at the borrower if the later ceased to be controlled, directly or indirectly, by EDPR. In the case of guarantees provided by EDP Group companies, if EDP, directly or indirectly ceases to have the majority of EDPR then EDP is no longer obliged to provide such services or guarantees. The relevant subsidiaries will be obliged to provide for the cancellation or replacement of all outstanding guarantees within approximately sixty (60) days of the change of control event.

In the cases of intra-group services agreements and according to the Framework Agreement signed between EDP Renováveis S.A. and EDP Energias de Portugal S.A., the contracts will maintain their full force as long as (i) EDP maintains its share capital above 50% or the right to exercise directly or indirectly more than 50% of voting rights on EDPR's share capital or (ii) even if the share capital of EDP or its voting rights are below 50%, but more than half of the Members of the Board or of EDPR's Executive Committee are elected through an EDP proposal.

5. SPECIAL AGREEMENTS REGIME

EDPR does not have a system for the renewal or withdrawal of counter measures particularly to provide for the restriction on the number of votes capable of being held or exercised by only one shareholder individually or together with other shareholders.

6. SHAREHOLDERS AGREEMENTS

The Company is not aware of any shareholders' agreement that may result in restrictions on the transfer of securities or voting rights.

II. SHAREHOLDINGS AND BONDS HELD

7. QUALIFIED HOLDINGS

Qualifying holdings in EDPR are subject to the Spanish Law, which regulates the criteria and thresholds of the shareholder's ownerships. Pursuant to the Article 125, of the Spanish Securities Market Law ("Ley de Mercado de Valores") EDPR is providing the following information on qualifying holdings and their voting rights as of December 31st 2017.

As of December 31st 2017, the following qualified holdings were identified:

SHAREHOLDER	# SHARES	% CAPITAL	% VOTING RIGHTS
EDP – Energias de Portugal, S.A. – Sucursal en España	720,191,372	82.6%	82.6%
EDP detains 82.6% of EDPR capital and voting rights, through EDP – Energias de Portugal, S.A. – Sucursal en España.			
MFS Investment Management	27,149,038	3.1%	3.1%
MFS Investment Management is an American based active and global asset manager. In September 24th 2013, MFS Investment Management reported to Comisión Nacional del Mercado de Valores (CNMV) its indirect qualified position as collective investment institution.			
Total Qualified Holdings	747,340,410	85.7%	85.7%

As of December 31st 2017, EDPR's shareholder structure consisted of a total qualified shareholding of 85.7%, with EDP and MFS Investment Management detaining 82.6% and 3.1% of EDPR capital respectively.

8. SHARES HELD BY THE MEMBERS OF THE MANAGEMENT AND SUPERVISORY BOARDS

The Members of the Board of Directors of the Company and it delegated Committees, do not own directly or indirectly any shares from EDPR as of December 31st 2017. The last share transactions made by EDPR's Board Members were reported in August 2017 to the regulatory and supervisory entities (CMVM – Comissão de Mercado de Valores Mobiliários – in Portugal and CNMV – Comisión Nacional del Mercado de Valores – in Spain) following EDP's General and Voluntary Public Tender Offer for the acquisition of the shares issued by EDPR.

9. POWERS OF THE BOARD OF DIRECTORS

The Board of Directors is vested with the broad-ranging powers of administration, management, and governance of the Company, with no other limitations besides the powers expressly assigned to the General Shareholders' Meetings in the Company's Articles of Association (specifically in article 13) or in the applicable law. Within this context, the Board is empowered to:

- Acquire personal property, real state, rights, shares and participations for the Company under any onerous or lucrative title;
- Dispose of mortgage or encumber Company's property, real state, rights, shares and participations and cancel mortgages and other rights;
- Negotiate and enter into loans and credit operations as deemed necessary;
- Negotiate and formalize acts and contracts with public entities or private individuals;
- Take any civil and criminal actions involving the Company, representing it before the functionaries, authorities, corporations, governmental, administrative, economic-administrative, contentious-administrative and judicial tribunals, labor courts and the labor sections of the Supreme Courts and of the High Courts of the Autonomous Communities, without limitation including before the European Court of Justice, and in general, before the public administration at all levels intervening in, promoting, monitoring and closing cases, trials and proceedings, consenting to rulings, filing appeals, including cassation and other extraordinary appeals, desisting and agreeing, issuing notices and summonses and granting Power of Attorney to solicitors and other proxies, with the faculties deemed necessary in each the case, including general powers for legal proceedings and the special powers as necessary, as well as revoking such powers;
- Agree the allotment of dividends;
- Convene the General Meetings and submit the proposals to the shareholders for their consideration;
- Conduct the Company's operations and the organization of its work and operations, staying abreast of the Company businesses and operations, managing the investment of funds, making extraordinary depreciations of its obligations and doing what deemed necessary to achieve objectives of the Company;
- Appoint and remove Directors and other technical and administrative personnel of the Company, defining their responsibilities and their remuneration;
- Settle the transfer of the Company's registered office within the same municipal area;
- Incorporate legal entities under the terms stipulated in the law; assigning and investing in them all kind of assets and rights, as well as executing merger and cooperation agreements, association, groups, joint ventures, and joint property agreements and settle their amendment, transformation and termination;
- All other powers expressly assigned to the Board in the Articles of Association or in the applicable law, being this enumeration merely indicative and in no way restrictive.

As of April 9th 2015, the General Shareholders' Meeting approved the delegation to the Board of Directors of the power to issue in one or more occasions both:

- Fixed income securities or other debt instruments of analogous nature,
- Fixed income securities or other type of securities (warrants included) convertible or exchangeable into EDP Renováveis, S.A. shares, or that recognize at the Board of Directors' discretion the right of subscription or acquisition of shares of EDP Renováveis, S.A. or of other companies, up to a maximum amount of three hundred million Euros (EUR 300,000,000) or its equivalent in other currency.

As part of such delegation, the General Shareholder's Meeting delegated into the Board of Directors the power to increase the share capital up to the necessary amount to execute the power above. Additionally, it was also approved to authorize the Board of Directors for the acquisition of own shares by the Company and/or the affiliate companies. These delegations may be exercised by the Board of Directors within a period of five (5) years since the proposal was approved, and within the limits provided under the law and the By-Laws.

The General Shareholders' Meeting may also delegate to the Board of Directors the power to implement an adopted decision to increase the share capital, indicating the date or dates of its implementation and establishing any other conditions that were not specified by the General Shareholders' Meeting. The Board of Directors may use this delegation wholly or partially, and may also decide not to perform it in accordance with the situation and conditions of the Company, the market, or any particularly relevant events or circumstances that justify such decision. of which the General Shareholders' Meeting must be informed at the end of the time limit or limits for adopting and performing the decision.

10. SIGNIFICANT BUSINESS RELATIONSHIPS BETWEEN THE HOLDERS OF QUALIFYING HOLDINGS AND THE COMPANY

Information on any significant business relationships between the holders of qualifying holdings and the Company is described on topic 90 of this Report.

B. CORPORATE BOARDS AND COMMITTEES

I. GENERAL SHAREHOLDERS' MEETING

A. COMPOSITION OF THE BOARD OF THE GENERAL MEETING

11. BOARD OF THE GENERAL SHAREHOLDERS' MEETING

The Members of the Board of the General Shareholders' Meeting are its Chairman, the Chairman of the Board of Directors or his substitute, the other Directors and the Secretary of the Board of Directors.

The Chairman of the General Shareholders' Meeting is José António de Melo Pinto Ribeiro, who was elected on the General Meeting of April 8th, 2014, for a three-year (3) term; and re-elected on the General Shareholders' Meeting held on April 6th,2017 for an additional three-year (3) term.

The Chairman of the Board of Directors is António Mexia, who was re-elected for a three-year (3) term on the General Shareholders' Meeting held in April 9th, 2015.

The Secretary of the Board of Directors is Emilio García-Conde Noriega who is also the Secretary of the General Shareholders' Meeting, and was appointed as Secretary of the Board of Directors on December 4th 2007. The Secretary of the Board of Directors' mandate does not have an end of term date according to the Spanish Companies Law since he is a non-Member of the Board.

The Chairman of the General Shareholders' Meeting of EDPR has at his disposal, the necessary human and logistical resources required for the performance of his duties. Therefore, in addition to the resources provided by the Company's General Secretary, the Company hires a specialized entity to give support to the meeting and to collect, process and count the votes submitted by the shareholders on each General Shareholders' Meeting.

B. EXERCISING THE RIGHT TO VOTE

12. VOTING RIGHTS RESTRICTIONS

Each share entitles its holder to one vote. EDPR's Articles of Association have no restrictions regarding voting rights.

13. VOTING RIGHTS

EDPR's Articles of Association have no reference to a maximum percentage of voting rights that may be exercised by a single shareholder or by shareholders that are in any relationship. All shareholders, regardless the number of shares owned, may attend to the General Shareholders' Meeting and request the information or explanations that they consider relevant regarding the matters included in the Agenda of the convened meeting, and are entitled as shareholders of the Company, to take part in its deliberations and to participate in its voting process.

In order to exercise their right to attend, the Company informs in the related Notice and Shareholders' Guide of each General Shareholders' Meeting, that the shareholders must have the ownership of their shares duly registered in the Book Entry Account at least five (5) days prior to the date of the General Shareholders' Meeting.

Any shareholder may be represented at the General Shareholders' Meeting by a third party, even if such representative is not a shareholder, by means of a revocable Power of Attorney. The Board of Directors may require shareholders' Power of Attorney to be in the Company's possession at least two (2) days in advance, indicating the name of the representative.

These Powers of Attorney shall be granted specifically for each General Shareholders' Meeting and can be evidenced, in writing or by remote means of communication, such as mail or post.

Shareholders may vote on the topics included on the Meeting's Agenda, in person (or by means of the corresponding representative) at the meeting, by ordinary mail or by electronic communication. Remote votes can be revoked subsequently by the same means used to cast them, always within the deadlines established for that purpose; or by personal attendance to the General Shareholders' Meeting of the shareholder who casted the vote to his/her representative.

The Board of Directors approves a Shareholder's Guide for each General Shareholders' Meeting, detailing mail and electronic communication voting forms among other matters. This Guide is available at the Company's website (**www.edprenovaveis.com**).

Votes by post shall be sent in writing to the place indicated on the Notice of the meeting, accompanied by the documentation indicated in the Shareholder's Guide. In order to vote by electronic means, the shareholders who requested it, will receive a password in accordance with the deadlines and form established in the Notice of the General Shareholders' Meeting.

Pursuant to the terms of article 15 of the Articles of Association, both electronic and mail-in votes must be received by the Company before midnight (24.00 hours) of the day before the scheduled meeting date of first call.

14. DECISIONS THAT CAN ONLY BE ADOPTED BY A QUALIFIED QUORUM

According to EDPR's Articles of Association and as established in the law, both ordinary and extraordinary General Shareholders' Meetings are validly constituted when first called if the shareholders, either present or represented, jointly reach at least twenty-five percent (25%) of the subscribed voting capital. On second call, the General Shareholders' Meeting will be validly constituted regardless of the amount of the capital present or represented.

To validly approve the issuance of bonds, the increase or reduction of capital, the transformation, global assignment of assets and liabilities, merger or spin-off of the Company, the transfer of the Registered Office abroad, the elimination or limitation of pre-emptive rights of new shares and in general, any necessary amendment to the Articles of Association, in the Ordinary or Extraordinary Shareholders' Meeting, it is required that on first call, the Shareholders, either present or represented, reach at least fifty percent (50%) of the subscribed voting capital and, on second call, at least twenty-five percent (25%) of the subscribed voting capital.

In relation to the quorum required to validly approve these matters, in accordance with the Law and the Articles of Association, when the shareholders attending represent more than fifty percent (50%) of the subscribed voting capital, the above mentioned resolutions will be validly adopted by absolute majority, and in the case the shareholders attending represent between the twenty-five percent (25%) and the fifty percent (50%) - but without reaching it - the favourable vote of the two-thirds (2/3) of the present or represented capital in the General Shareholders' Meeting will be required to approve these resolutions.

EDPR has not established any mechanism that may intend to cause mismatching between the rights to receive dividends or the subscription of new securities and the voting right of each common share and has not adopted mechanisms that hinder the passing of resolutions by shareholders, including fixing a quorum for resolutions greater than that provided by the law.

II. MANAGEMENT AND SUPERVISION

A. COMPOSITION

15. CORPORATE GOVERNANCE MODEL

EDPR is a Spanish Company listed in a regulated stock exchange in Portugal. The corporate organization of EDPR is subject to its personal law and to the extent possible, to the recommendations contained in the Portuguese Corporate Governance Code, ("Código de Governo das Sociedades") approved by the Comissão do Mercado de Valores Mobiliários ("CMVM" - Portuguese Securities Market Commission) in July 2013. This governance code is available at CMVM website (www.cmvm.pt).

The organization and functioning of EDPR corporate governance model aims to achieve the highest standards of corporate governance, business conduct and ethics referenced on the best national and international practices.

EDPR has adopted the governance structure currently applicable in Spain. It comprises a General Shareholders' Meeting and a Board of Directors that represents and manages the Company.

As contemplated in the law and in its Articles of Association, the Company's Board of Directors has set up four committees. These are the Executive Committee, the Audit and Control Committee, the Nominations and Remunerations Committee and the Related-Party Transactions Committee.

In order to ensure a better understanding of EDPR corporate governance by its shareholders, the Company publishes its updated Articles of Association as well as its Committees Regulations at its website (**www.edprenovaveis.com**).

The governance model of EDPR was designed to ensure the transparent and meticulous separation of duties and the specialization of supervision. EDPR performs the management and supervision activities os the Company though the following governing bodies:

- General Shareholders' Meeting
- Board of Directors
- Executive Committee
- Audit and Control Committee
- External auditor

The purpose of the choice of this model is, to the extent possible, to adapt the Company's corporate governance structure to the Portuguese legislation. The governance model adopted by EDPR therefore seeks, as far as it is compatible with its personal law, to correspond to the so-called "Anglo-Saxon" model set forth in the Portuguese Commercial Companies Code, in which the management body is a Board of Directors, and the supervision and control duties are of the responsibility of an Audit and Control Committee.

The experience of institutional operating indicates that the governance model approved by EDPR shareholders, and adopted in EDPR, is appropriate to the corporate organization of its activity, especially because it affords transparency and a healthy balance between the management functions of the Executive Committee, the supervisory functions of the Audit and Control Committee and oversight by different Board of Directors special committees.

The institutional and functional relationship between the Executive Committee, the Audit and Control Committee and the other Non-Executive members of the Board of Directors has been of internal harmony conductive to the development of the Company's business.

16. RULES FOR THE NOMINATION AND REPLACEMENT OF DIRECTORS

According to Article 29.5 of the Company's Articles of Association, the Nominations and Remunerations Committee is empowered by the Board of Directors to advise and inform the Board regarding the appointments (including by co-option), re-elections, removals and remuneration and duties of the Board Members, as well as the composition of the several Committees of the Board. The Committee also advises on the appointment, remuneration and dismissal of top management officers. The Committee proposes the appointment and re-election of the Directors and of the composition the Committees by presenting a proposal with the names of the candidates that considers to have the best qualities to fulfil the role of Board Member.

Following the best Corporate Governance practices, in 2016 EDPR analyzed and discussed about the possible criteria applicable in the selection of the new members of its Governing Bodies. As a conclusion, within others, it was agreed to take into account the following: the education, experience in the energy sector, integrity and independence, having a proven expertise and the diversity that such candidate may provide to the related body. Based on this, the Board of Directors would submit a proposal to the General Shareholders' Meeting which should be approved by majority, for an appointment for an initial period of three (3) years. These members may be re-elected once or more times for further periods of three (3) years. For more information about the composition of the Board of Directors please check the Sustainability chapter at its topic GRI 405-1, and the Annex of this report which includes the curricular details of its Members.

Pursuant to Articles 23 of the Articles of Association and 243 of the Spanish Companies Law, shareholders may group their shares until constituting an amount of capital equal or higher than the result of dividing the company's capital by the number of Members of the Board, to be entitled to appoint a number of Directors equal to the result of the fraction using only whole amounts. Those shareholders making use of this power, cannot intervene in the nomination of the other members of the Board of Directors.

In case of a vacancy, pursuant to the Articles of Association and the Spanish Companies Law, the Board of Directors may co-opt a new Board Member, who will occupy the position until the next General Shareholders' Meeting, to which a proposal will be submitted for the ratification of such appointment by co-option. Pursuant to the Spanish Companies Law, the co-option of Directors must be approved by absolute majority of the Directors at the meeting.

17. COMPOSITION OF THE BOARD OF DIRECTORS

Pursuant to Articles 20 and 21 of the Company's Articles of Association, the Board of Directors shall consist of no less than five (5) and no more than seventeen (17) Directors. The term of office shall be of three (3) years, and may be re-elected once or more times for equal periods.

The number of Board Members was established in seventeen (17) members according to the decision of the General Shareholders' Meeting held on June 21st 2011. As of December 31st, 2017, the members of the Board of Directors are:

BOARD MEMBER	POSITION	DATE OF FIRST APPOINTMENT	DATE OF RE-ELECTION	END OF TERM
António Mexia	Chairman	18/03/2008	09/04/2015	09/04/2018
João Manso Neto	Vice-Chairman, CEO	18/03/2008	09/04/2015	09/04/2018
João Paulo Costeira	Director	21/06/2011	09/04/2015	09/04/2018
Duarte Bello*	Director	26/09/2017	-	Until the next General Shareholders' Meeting
Miguel Ángel Prado*	Director	26/09/2017	-	Until the next General Shareholders' Meeting
Nuno Alves	Director	18/03/2008	09/04/2015	09/04/2018
João Lopes Raimundo	Director	04/06/2008	09/04/2015	09/04/2018
João Manuel de Mello Franco	Director	04/06/2008	09/04/2015	09/04/2018
Jorge Santos	Director	04/06/2008	09/04/2015	09/04/2018
Manuel Menéndez Menéndez	Director	04/06/2008	09/04/2015	09/04/2018
Gilles August	Director	14/04/2009	09/04/2015	09/04/2018
Acácio Piloto	Director	26/02/2013	09/04/2015	09/04/2018
António Nogueira Leite	Director	26/02/2013	09/04/2015	09/04/2018
José Ferreira Machado	Director	26/02/2013	09/04/2015	09/04/2018
Allan J. Katz	Director	09/04/2015	-	09/04/2018
Francisca Guedes De Oliveira	Director	09/04/2015	-	09/04/2018
Francisco Seixas da Costa	Director	14/04/2016	-	14/04/2019

*In 2017, Miguel Dias Amaro and Gabriel Alonso resigned from their positions as members of the Board of Directors, and in order to cover these vacancies, in accordance with the proposals submitted by the Nominations and Remunerations Committee, the Board of Directors agreed in its meeting held on September 26th, 2017 to appoint by co-option Duarte Bello and Miguel Ángel Prado as Members of the Board of Directors of EDPR and its Executive Committee. The term of these co-options will be in full force until the next General Shareholders' Meeting, to which a proposal of ratification will be submitted according to the terms explained in the topic 16 above.

18. EXECUTIVE, NON-EXECUTIVE AND INDEPENDENT MEMBERS OF THE BOARD OF DIRECTORS

EDPR's Articles of Association, which are available at Company's website (**www.edprenovaveis.com**), contain the rules on independence for the fulfilment of duties in any body of the Company. The independence of the Directors is evaluated according to the Company's personal law, the Spanish law.

Despite the applicable CMVM recommendations do not specifically require a minimum of independent members within the Board of Directors, and only recommends to take into account some criteria as the adopted governance model, the size of the Company, its shareholder structure and the relevant free float; article 12 of EDPR's Board of Directors regulations requires that at least a twenty-five percent (25%) of the Members of the Board shall be independent. Likewise, Article 20.2 of EDPR's Articles of Association defines independent members of the Board of Directors as those who are able to perform their duties without being limited by relations with the Company, its significant Shareholders, or its management officers and comply with the other legal requirements.

In addition, Article 23 of the Articles of Association refers to the incompatibilities with the position of Director of the Company, establishing that the following may not be Directors:

- Those who are directors of or are associated with any competitor of EDPR, or have family relations with them. In this respect a Company shall be considered as a competitor of EDPR, whenever it is engaged, if it is directly or indirectly involved in the production, storage, transport, distribution, marketing or supply of electricity or fuel gas; or also if has interests opposed to those of EDPR, or to the ones of any competitor or any of the companies in its group, and the Board members, employees, lawyers, consultants, or representatives of any of them. Under no circumstances shall companies belonging to the same group as EDPR, including abroad, be considered competitors;
- Those who are in any other situation of incompatibility or prohibition under the law or EDPR's Articles of Association. Under Spanish law, among others, are not allowed to be Directors those who are underage - under eighteen (18)

years - and were not emancipated, disqualified, competitors, convicted of certain offences, or that hold certain management positions.

The Chairman of EDPR's Board of Directors does not have executive duties.

In accordance with the law and pursuant the last amendment of Articles of Association, it has been established that a Non-Executive Directors can only be represented in the Board meetings by other Non-Executive Director. The following table includes the executive, non-executive and independent members of the Board of Directors. The independent members mentioned below meet the independence and compatibility criteria required by the law and the Articles of Association.

BOARD MEMBER	POSITION	INDEPENDENT
António Mexia	Chairman and Non-Executive Director	-
João Manso Neto	Executive Vice-Chairman and Executive Director	-
João Paulo Costeira	Executive Director	-
Duarte Bello*	Executive Director	-
Miguel Ángel Prado*	Executive Director	-
Nuno Alves	Non-Executive Director	-
João Lopes Raimundo	Non-Executive Director	Yes
João Manuel de Mello Franco	Non-Executive Director	Yes
Jorge Santos	Non-Executive Director	Yes
Manuel Menéndez Menéndez	Non-Executive Director	-
Gilles August	Non-Executive Director	Yes
Acácio Piloto	Non-Executive Director	Yes
António Nogueira Leite	Non-Executive Director	Yes
José Ferreira Machado	Non-Executive Director	Yes
Allan J. Katz	Non-Executive Director	Yes
Francisca Guedes de Oliveira	Non-Executive Director	Yes
Francisco Seixas da Costa	Non- Executive Director	Yes

*In 2017, Miguel Dias Amaro and Gabriel Alonso resigned from their positions as members of the Board of Directors, and in order to cover these vacancies, in accordance with the proposals submitted by the Nominations and Remunerations Committee, the Board of Directors agreed in its meeting held on September 26th, 2017 to appoint by co-option Duarte Bello and Miguel Ángel Prado as Members of the Board of Directors of EDPR and its Executive Committee.

19. PROFESSIONAL QUALIFICATIONS AND BIOGRAPHIES OF THE MEMBERS OF THE BOARD OF DIRECTORS

The main positions held by the members of the Board of Directors in the last five (5) years, those that they currently hold, positions in Group and non-Group companies and other relevant curricular information details are available in the Annex of this Report.

20. FAMILY, PROFESSIONAL AND BUSINESS RELATIONSHIPS OF THE MEMBERS OF THE BOARD OF DIRECTORS WITH QUALIFYING SHAREHOLDERS

Qualifying Shareholders in EDPR are subject to the Spanish Law, which regulates the criteria and thresholds of the shareholders' holdings. As of December 31st 2017, and as far as the Company was informed, there are no family or business relationships of Members of the Board of Directors with qualifying shareholders but only professional relationships due to the fact that some of the Members of EDPR's Board of Directors are currently Members of the Board of Directors in other companies belonging to the same group as EDP Energias de Portugal S.A., which are the following:

- António Mexia;
- João Manso Neto;
- Nuno Alves;
- Manuel Menéndez Menéndez.

Or employees in other companies belonging to EDP's Group, which are the following:

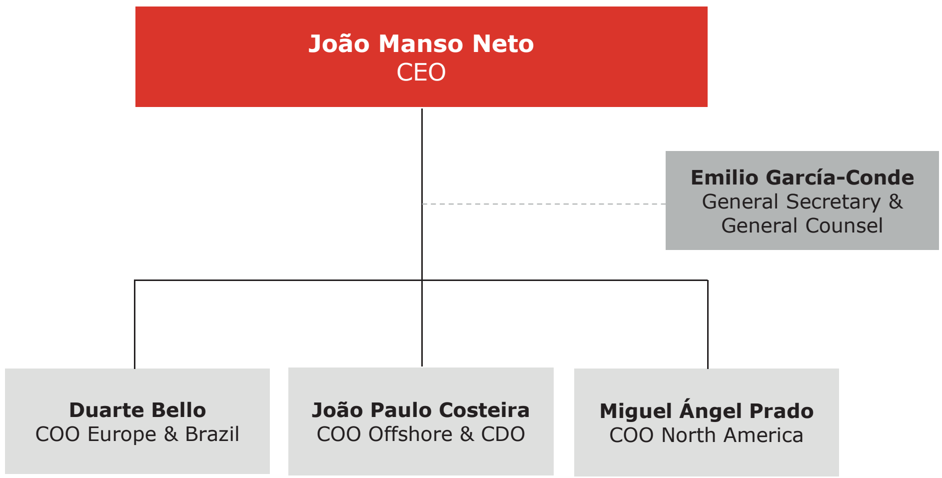
- João Paulo Costeira;
- Duarte Bello;
- Miguel Ángel Prado.

21. MANAGEMENT STRUCTURE

According to the Spanish Law and Spanish companies' practices, the daily management of the business is guaranteed by a Chief Executive Officer who is empowered to ensure the day-to-day management of the Company. This type of organization is different from what occurs on the Portuguese companies in which a "Conselho de Administração Executivo" takes the assignment of areas of business and each Executive Director is responsible to and for an area of business.

In 2017, EDPR approved the new composition and areas of responsibility of the Executive Committee in order to address the challenges faced by the Company, namely the fulfilment of the Business Plan targets and the increased importance of Offshore Wind business. As part of these organizational restructuration, it was agreed to appoint João Paulo Costeira as the Chief Operating Officer Offshore ("COO Offshore") and Chief Development Officer ("CDO") of EDPR.

Likewise, the Board of Directors approved the proposal from the Nominations and Remunerations Committee for the appointment of both Duarte Bello and Miguel Ángel Prado as Members of EDPR's Board of Directors and of its Executive Committee, and for their appointments as Joint Directors and as Chief Operating Officer of Europe & Brazil and Chief Operating Officer of North America respectively. Given such approvals, as of 31st December 2017, EDPR Executive Committee is composed by the following members, who are also Joint Directors:



B. FUNCTIONING

22. BOARD OF DIRECTORS REGULATIONS

EDPR's Board of Directors Regulations is available at Company's website (**www.edprenovaveis.com**), and at Company's headquarters at Plaza de la Gesta, 2, Oviedo, Spain.

23. NUMBER OF MEETINGS HELD BY THE BOARD OF DIRECTORS

According to the Law and its Articles of Association, EDPR's Board of Directors meetings take place at least once every quarter. During the year ending on December 31st 2017, the Board of Directors held eight (8) meetings. Minutes of all meetings were drawn. The table below expresses the attendance percentage of the participation of the Directors to the meetings held during 2017:

BOARD MEMBER	POSITION	ATTENDANCE*
António Mexia	Chairman and Non-Executive	75%
João Manso Neto	Executive Vice-Chairman and CEO	100%
João Paulo Costeira	Executive	75%
Duarte Bello*	Executive	100%
Miguel Ángel Prado*	Executive	100%
Nuno Alves	Non-Executive	50%
João Lopes Raimundo	Non-Executive and Independent	100%
João Manuel de Mello Franco	Non-Executive and Independent	100%
Jorge Santos	Non-Executive and Independent	100%
Manuel Menéndez Menéndez	Non-Executive	75%
Gilles August	Non-Executive and Independent	62.5%
Acácio Piloto	Non-Executive and Independent	100%
António Nogueira Leite	Non-Executive and Independent	100%
José Ferreira Machado	Non-Executive and Independent	100%
Allan J. Katz	Non-Executive and Independent	75%
Francisca Guedes de Oliveira	Non-Executive and Independent	100%
Francisco Seixas da Costa	Non- Executive and Independent	100%

*The percentage reflects the meetings attended by the Members of the Board, provided that Duarte Bello and Miguel Ángel Prado joined the Board on September 26th 2017, and therefore, the percentage expressed is calculated over the meetings celebrated since then.

24. COMPETENT BODY FOR THE PERFORMANCE APPRAISAL OF EXECUTIVE DIRECTORS

The Nominations and Remunerations Committee is the body responsible for the evaluation of the performance of the Executive Directors. According to Article 249 bis of the Spanish Companies Law, the Board of Directors supervises the effective functioning of its Committees as well as the performance of the delegated bodies and Directors designated.

25. PERFORMANCE EVALUATION CRITERIA

The criteria for assessing the Executive Directors' performance are described on topics 70, 71 and 72 of this Report.

26. AVAILABILITY OF THE MEMBERS OF THE BOARD OF DIRECTORS

The members of Board of Directors of EDPR are fully available for the performance of their duties having no constraints for the execution of this function simultaneously with other positions. The positions held at the same time in other companies within and outside the group, and other relevant activities undertaken by members of the Board of Directors throughout the financial year are listed in the Annex of this report.

C. COMMITTEES WITHIN THE BOARD OF DIRECTORS OR SUPERVISORY BOARD AND BOARD DELEGATES

27. BOARD OF DIRECTORS' COMMITTEES

Pursuant to Article 10 of the Company's Articles of Association, the Board of Directors may have delegated bodies. The Board of Directors has set up four Committees:

- Executive Committee
- Audit and Control Committee
- Nominations and Remunerations Committee
- Related-Party Transactions Committee

With the exception of the Executive Committee, all Committees are composed of independent members. The regulations of EDPR Board of Directors' Committees are available at the Company's website (**www.edprenovaveis.com**).

28. EXECUTIVE COMMITTEE COMPOSITION

Pursuant to Article 27 of the Company's Articles of Association, the Executive Committee shall consist of no less than four (4) and no more than seven (7) Directors.

Its constitution, the nomination of its members and the extension of the powers delegated must be approved by two-thirds (2/3) of the members of the Board of Directors.

In its meeting held on September 26th 2017, the Board of Directors acknowledged the resignation of Gabriel Alonso and Miguel Dias Amaro from their positions as members of the Board and Executive Committee, and thus the Board agreed to appoint by cooption of both Duarte Bello and Miguel Ángel Prado as members of EDPR Board of Directors, of its Executive Committee and Joint Directors. Given such approvals, as of December 31st 2017, EDPR Executive Committee is composed by the following members, who are also Joint Directors:

- João Manso Neto, who is the Chairman and CEO
- João Paulo Costeira
- Duarte Bello
- Miguel Ángel Prado

Additionally, Emilio García-Conde Noriega is the Secretary of the Executive Committee.

29. COMMITTEES COMPETENCES

EXECUTIVE COMMITTEE

FUNCTIONING

In addition to the Articles of Association, this committee is also governed by its regulations approved on June 4th 2008 and last amended on November 2nd 2016. The committee regulations are available at the Company's website (**www.edprenovaveis.com**).

In order to adopt the best practices of Corporate Governance and with the aim of promoting the transparency in the management of the Company, the regulations of this committee include within the list of non - delegable matters of the Board of Directors a clarification on the definition of the matters that should be considered as strategic matters based on economical, risk or special features criteria.

The Executive Committee shall meet at least once a month and whenever is deemed appropriate by its Chairman, who may also suspend or postpone meetings when he sees fit. The Executive Committee shall also meet when requested by at least two (2) of its members.

The Chairman of the Executive Committee, who is currently also the Vice-Chairman of the Board of Directors, submits to the Chairman of the Audit and Control Committee and to the rest of the members of the Board, the convening notices and minutes of the meetings of this Committee.

Meetings of the Executive Committee are valid if half of its members plus one are present or represented. Decisions shall be adopted by majority. In the event of a tie, the Chairman shall have the casting vote.

Executive Directors shall provide any clarifications needed by the other Directors or corporate bodies whenever requested to do so.

The composition of the Executive Committee is described on the previous topic.

The Executive Committee is a permanent body to which all the competences of the Board of Directors that are delegable under the law and the Articles of Association can be assigned. The non-delegable competences are the following:

- Election of the Chairman of the Board of Directors;
- Appointment of Directors by co-option;
- Request to convene or convening of General Shareholders' Meetings and the preparation of the agenda and proposals of resolutions;
- Preparation of the Annual Reports and Management Reports and their presentation to the General Shareholders' Meeting;
- Change of registered office;
- Preparation and approval of mergers, spin-off, or transformation projects of the Company;
- Monitoring the effective functioning of the Board of Directors committees and the performance of delegated bodies and appointed directors;
- Definition of the Company's general policies and strategies. In any case, the following transactions individually considered, shall be subject to the prior approval of the Board of Directors, or its ratification in cases of justified urgency:
    - Acquisition or sale of assets, rights or participations with an economic value higher than seventy-five million Euros (EUR 75,000,000) and not included in the budget approved by the Board of Directors;
    - Opening or closing of establishments/branches or relevant parts of establishments /branches, as well as the extension or reduction of its activity;

    - Other business activity or transactions, including expansion investments, with a significant strategic relevance or with an economic value higher than seventy-five million Euros (EUR 75,000,000) and not included in the budget approved by the Board of Directors; or
    - Creation or termination of strategic alliances or partnerships or other forms of long-term cooperation;
- Authorization or waiver of the obligations arising from duty of loyalty;
- Organization and functioning of the Board of Directors;
- Preparation of any report required by the law to the management body, provided that the operation referred in the report cannot be delegated;
- Appointment and dismissal of Chief Executive Officer, top management directly depending from the Board of Directors or any of its members, and their general contractual conditions including remuneration;
- Decisions concerning director's remuneration within the Articles of Association's frame and, if any, the remuneration policy approved by the General Meeting;
- Policy concerning own shares;
- The faculties that the General Meeting may have delegated on the Board of Directors, except for the cases expressly authorized by the first to sub delegate them.

2017 ACTIVITY

In 2017 the Executive Committee held 50 meetings. The Executive Committee's main activity is the daily management of the Company.

AUDIT AND CONTROL COMMITTEE

COMPOSITION

Pursuant to Article 28 of the Company's Articles of Association and Article 9 of the Committee's Regulations, the Audit and Control Committee consists of no less than three (3) and no more than five (5) members.

According to Article 28.5 of the Articles of Association the term of office of the Chairman of the Audit and Control Committee is a maximum of six (6) years. Jorge dos Santos was first elected on April 8th, 2014 for the position of Chairman of the Audit and Control Committee, following the opinion presented by the Nominations and Remuneration Committee.

The Audit and Control Committee consists of three (3) independent members, plus the Secretary. As of December 31st 2017, the members of the Audit and Control Committee are:

- Jorge Santos, who is the Chairman
- João Manuel de Mello Franco
- João Lopes Raimundo

Additionally, Mr. Emilio García-Conde Noriega is the Secretary of the Audit and Control Committee.

COMPETENCES

The competences of the Audit and Control Committee are as follows:

- Reporting, through the Chairman, to the General Shareholders' Meetings on questions falling under its jurisdiction;
- Proposing the appointment of the Company's auditors to the Board of Directors for subsequent approval by the General Shareholders' Meeting, as well as the contractual conditions, scope of the work – specially concerning audit services, "audit related" and "non-audit" – annual activity evaluation and revocation or renovation of the auditor appointments;

- Supervising the finance reporting and the functioning of the internal risk management and control systems, as well as, evaluating those systems and proposing the adequate adjustments according to the Company necessities;
- Supervising internal audits and compliance;
- Establishing a permanent contact with the external auditors to assure the conditions, including independence, that may be adequate for provision of services performed by them acting as the Company speaker for these subjects related to the auditing process, and receiving and maintaining information on any other questions regarding accounting subjects;
- Preparing an annual report on its supervisory activities, including eventual constraints, and expressing an opinion on the Management Report, the accounts and the proposals presented by the Board of Directors;
- Receiving notices of financial and accounting irregularities presented by the Company's employees, shareholders, or entities that have a direct interest and judicially protected, related with the Company's social activity;
- Engaging the services of experts to collaborate with Committee members in the performance of their functions (when engaging the services of such experts and determining their remuneration, it must be taken into account the importance of the matters entrusted to them and the economic situation of the Company);
- Drafting reports at the request of the Board and its Committees;
- Any other powers entrusted to it by the Board of Directors or the Articles of Association.

FUNCTIONING

In addition to the Articles of Association and the law, this Committee is governed by its regulations approved on June 4th 2008 and amended on May 4th 2010, which are available at the Company's website (**www.edprenovaveis.com**).

The committee shall meet at least once a quarter and additionally whenever its Chairman sees fit. This committee shall draft minutes of every meeting held and inform the Board of Directors of its decisions at the first Board meeting after each committee meeting.

Decisions shall be adopted by majority. The Chairman shall have the casting vote in the event of a tie.

2017 ACTIVITY

In 2017 the Audit and Control Committee's activities included the following:

- Monitor the closure of quarterly accounts, first half-year and year-end accounts, to familiarize itself with the preparation and disclosure of financial information, internal audit, internal control and risk management activities;
- Analysis of relevant rules to which the committee is subject in Portugal and Spain;
- Information about the independence of the External Auditor and the rules of the appointment of an External Auditor for 2018,2019 and 2020;
- Issuance of the favorable opinion about the proposals received to perform external auditor services, and proposal of the new External Auditor of EDPR to be submitted to the Board of Directors to its presentation to the General Shareholders' Meeting to be held in 2018 (including its contractual conditions and scope);
- Assessment of the external auditor's work, especially concerning the scope of work in 2017, approval of all "audit related" and "non-audit" services and analysis of external auditor's remuneration;
- Supervision of the quality and integrity of the financial information in the financial statements and participation in the Executive Committee meeting at which these documents were analyzed and discussed;
- Drafting of an opinion about the individual and consolidated reports and accounts, in a quarterly, half year and yearly basis;
- Monitoring of the 2017 Internal Audit Action Plan and pre-approval of the 2018 Internal Audit Action Plan;
- Monitoring of the Internal Audit recommendation issued at June 2017 closing;
- Supervision of the quality, integrity and efficiency of the internal control system, risk management and internal auditing;
- Information about Whistle-Blowing;
- Information about the contingencies affecting to the Group;

- Information about the proposal of application of results for the fiscal year ended on December 31st and the distribution of dividends;
- Quarterly and annual report of its activities and self-assessment about its performance.

The Audit and Control Committee found no constraints during its control and supervision activities.

The information regarding the meetings celebrated by this Committee and the attendance of its related members during the year 2017 is described at topic 35.

NOMINATIONS AND REMUNERATIONS COMMITTEE

COMPOSITION

Pursuant to Article 29 of the Company's Articles of Association and Article 9 of its Regulations, the Nominations and Remunerations Committee shall consist of no less than three (3) and no more than six (6) members. At least one of its members must be independent and shall be the Chairman of the committee.

In accordance with Recommendation 52 of the Spanish Unified Code of Good Governance ("*Código Unificado de Buen Gobierno"*) approved by the Board of CNMV on February 18th 2015, the Nominations and Remunerations Committee must be entirely constituted by Non-Executive Directors and being the majority of them independent. In compliance with this Recommendation, and to the extent possible, also with the recommendation indicated in chapter II.3.1 of the Portuguese Corporate Governance Code (as considering that in Spain this committee shall be entirely comprised by members of its Board of Directors), EDPR's Nominations and Remunerations Committee is entirely constituted by Non-Executive and independent members of its Board of Directors.

As of December 31st 2017, the Nominations and Remunerations Committee consists of four (4) independent members, plus the Secretary:

- João Manuel de Mello Franco, who is the Chairman
- António Nogueira Leite
- Acácio Jaime Liberado Mota Piloto
- Francisco Seixas da Costa

Additionally, Emilio García-Conde Noriega is the Secretary of the Nominations and Remunerations Committee.

None of the committee members are spouses or up to third degree relatives in direct line of the other members of the Board of Directors.

The committee members shall maintain their positions for as long as they are Company Directors. Nonetheless, the Board may decide to discharge members of the committee at any time and the members may resign said positions while remaining Company Directors.

COMPETENCES

The Nominations and Remunerations Committee is a permanent body belonging to the Board of Directors with an informative and consultative nature and its recommendations and reports are not binding.

The Nominations and Remunerations Committee has no executive functions. The main functions of the Nominations and Remunerations Committee are to assist and report to the Board of Directors about appointments (including by co-option), re-elections, removals, and the remuneration of the Board Members and its Officers, the composition of the Board delegated Committees, as well as the appointment, remuneration, and removal of executive staff.

The Nominations and Remunerations Committee shall also inform the Board of Directors on general remuneration and incentive policy and incentives for Board members and executive staff. These functions include the following:

- Defining the standards and principles governing the composition of the Board of Directors and the selection and appointment of its members;
- Proposing the appointment and re-election of Directors in cases of appointment (also by co-option) for the submission to the General Shareholders' Meeting by the Board of Directors;
- Proposing to the Board of Directors the candidates for the different committees;
- Proposing to the Board, within the limits established in the Articles of Association, the remuneration system, distribution method, and amounts payable to the Directors;
- Making proposals to the Board of Directors on the conditions of the contracts signed with Directors;
- Informing and making proposals to the Board of Directors regarding the appointment and/or removal of executives and the conditions of their contracts and generally defining the hiring and remuneration policies of executive staff;
- Reviewing and reporting on incentive plans, pension plans, and compensation packages;
- Reflecting on the governance system adopted by EDPR in order to identify areas for improvement;
- Any other functions assigned to it in the Articles of Association or by the Board of Directors.

FUNCTIONING

In addition to the Articles of Association, the Nominations and Remunerations Committee is governed by its Regulations approved on June 4th 2008. The committee's regulations are available at the Company's website (**www.edprenovaveis.com**).

This committee shall meet at least once every quarter and also whenever its Chairman sees fit. This committee shall draft minutes of every meeting held and inform the Board of Directors of its decisions at the first Board meeting after each committee meeting. Decisions shall be adopted by majority. The Chairman shall have the deciding vote in the event of a tie.

2017 ACTIVITY

In 2017 the Nominations and Remunerations Committee activities were:

- Proposing to the Board of Directors submitting the re-election Jose Antonio Pinto Ribeiro as Chairman of the General Shareholder's Meeting for the statuary term of three (3) years to the Shareholder's Meeting hold in April 9th, 2017.Performance evaluation of the Board of Directors and the Executive Committee;
- Drafting of the Remuneration Policy and Remuneration Model for 2017-2019 to be proposed to the Board of Directors and submitted to the General Shareholders' Meeting;
- Drafting the report of its activities performed during the year 2017;
- Analysis and issuance of a reflection on the Corporate Governance system adopted by EDPR;
- Proposing to the Board of Directors the submission of the proposal to the Shareholder's Meeting of the appointment by co-option of Duarte Bello and Miguel Ángel Prado as new members of the Board of Directors due to the vacant positions;
- Proposing the appointment of Duarte Bello and Miguel Ángel Prado as Members of the Executive Committee of EDPR;
- Reflection about the rotation and re- assignment of the competences between the Officers;
- Considering the increased importance of Offshore Wind business, propose to appoint João Paulo Costeira as the Chief Operating Officer Offshore ("COO Offshore") and Chief Development Officer ("CDO") of EDPR;
- Reflection and approval of the contractual conditions of the new appointments, including the proposal for Complementary Long Term Programs for the positions of COO NA and COO Offshore in accordance with the market conditions and the strategic long term targets of the Company.

RELATED-PARTY TRANSACTIONS COMMITTEE

COMPOSITION

Pursuant to Article 30 of the Articles of Association, the Board of Directors may set up other committees, such as the Related-Party Transactions Committee. This committee shall consist of no fewer than three (3) members the majority of whom must be independent. Currently, the Related-Party Transactions committee consists of three (3) independent members plus the Secretary.

Members of the Related-Party Transactions Committee shall be considered independent if they can perform their duties without being conditioned by their relations with EDPR, its majority shareholders or its Directors, and where appropriate, meet the other requirements of the applicable legislation.

As of December 31st, 2017, the members of this Committee are:

- José Ferreira Machado, who is the Chairman
- Acácio Jaime Liberado Mota Piloto
- Francisca Guedes de Oliveira

Additionally, Emilio García-Conde Noriega is the Secretary of the Related-Party Transactions Committee.

The committee members shall maintain their positions for as long as they are Company Directors. Nevertheless, the Board may decide to discharge members of the committee at any time and the members may resign these positions while, still remaining Company Directors.

COMPETENCES

The Related Party Transactions Committee is a permanent body belonging to the Board of Directors that performs the following duties, without prejudice, to others that the Board may assign to it:

- Periodically reporting to the Board of Directors on the commercial and legal relations between EDPR or related entities and EDP or related entities;
- In connection with the approval of the Company's annual results, reporting on the commercial and legal relations between the EDPR Group and the EDP Group and the transactions between related entities during the fiscal year in question;
- Ratifying the transactions executed between EDPR and/or related entities, and EDP and/or related entities by the stipulated deadline in each case, provided that the value of the transaction exceeds EUR 5,000,000 or represents 0.3% of the consolidated annual income of the EDPR Group for the previous fiscal year;
- Ratifying any modification of the Framework Agreement signed by EDPR and EDP on May 7th 2008;
- Making recommendations to the Board of Directors of the Company or its Executive Committee regarding the transactions between EDPR and related entities with EDP and related entities;
- Asking EDP for access to the information needed to perform its duties;
- Ratifying, in the correspondent term according to the necessities of each specific case, the transactions between Qualifying Holdings other than EDP with entities from the EDP Renováveis Group whose annual value is superior to EUR 1,000,000;
- Ratifying, in the corresponding terms according to the necessities of each specific case, the transactions between Board Members, “Key Employees” and/or family members with entities from EDP Renováveis Group whose annual value is superior to EUR 75,000.

In case the Related Party Transactions Committee does not ratify the commercial or legal relations between EDP or its related entities and EDP Renováveis and its related entities, as well as those related with Qualifying Holders other than EDP, Board Members, “Key Employees” and/or their relatives, such relations must be approved by 2/3 of the members of the Board of Directors as long as half of the members proposed by entities different from EDP, including independent Directors, vote favourably, except when a majority of members expresses its approval prior to submitting the matter to the Related Party Transactions Committee for its approval.

The terms of the bullet points above shall not apply to transactions between EDP or its related entities and EDPR or its related entities carried out under standardized conditions, and are applied equally to different related entities of EDP and EDPR, even standardized price conditions.

FUNCTIONING

In addition to the Articles of Association, the Related-Party Transactions Committee is governed by its regulations approved on June 4th 2008 and amended on February 28th 2012. The committee's regulations are available at the Company's website (www.edprenovaveis.com).

This committee shall draft minutes of every meeting held and inform the Board of Directors of decisions that it makes at the first Board meeting held after each committee meeting. Decisions shall be adopted by majority. The Chairman shall have the casting vote in the event of a tie.

2017 ACTIVITY

In 2017, the Related Party Transactions Committee revised, approved and proposed to the Board of Directors the approval of all agreements and contracts between related parties submitted to its consideration.

Chapter E – I, topic 90, of this report includes a description of the fundamental aspects of the agreements and contracts between related parties.

III. SUPERVISION

A. COMPOSITION

30. SUPERVISORY BOARD MODEL ADOPTED

EDPR's governance model, as long as it is compatible with its personal law (Spanish law), corresponds to the so-called "Anglo-Saxon" model set forth in the Portuguese Commercial Companies Code, in which the management body is a Board of Directors, and the supervision and control duties are of the responsibility of an Audit and Control Committee.

31. COMPOSITION OF THE AUDIT AND CONTROL COMMITTEE

Composition of Audit and Control Committee is reflected on topic 29. The dates of first appointment as members of the Audit and Control Committee are the following:

MEMBER	POSITION	FIRST APPOINTMENT DATE
Jorge Santos	Chairman	03/05/2011
João Manuel de Mello Franco	Vocal	04/06/2008
João Lopes Raimundo	Vocal	11/04/2011

32. INDEPENDENCE OF THE MEMBERS OF THE AUDIT AND CONTROL COMMITTEE

Information concerning the independence of the members of the Audit and Control Committee is available on the chart of topic 18 of the report. As mentioned on the first paragraph of topic 18, the independence of the members of the Board and of its Committees is evaluated according to the Company's personal law, the Spanish law.

33. PROFESSIONAL QUALIFICATIONS AND BIOGRAPHIES OF THE MEMBERS OF THE AUDIT AND CONTROL COMMITTEE

Professional qualifications of each member of the Audit and Control Committee and other important curricular information, are available in the Annex of this report.

B. FUNCTIONING

34. AUDIT AND CONTROL COMMITTEE REGULATIONS

The Audit and Control Committee regulations are available at the Company's website (**www.edprenovaveis.com**) and at the Company's Headquarters at Plaza de la Gesta, 2, Oviedo, Spain.

35. NUMBER OF MEETINGS HELD BY THE AUDIT AND CONTROL COMMITTEE

The Audit and Control Committee held eight (8) formal meetings and several follow up meetings along 2017.

On June 14th, 2017, Jorge Santos and João Melo Franco attended the meeting of the Risk Committee were it was discussed the report about the "US market basis risk & unwind of Brazilian regulated PPAs" and on June 29th, 2017, João Melo Franco also attended to the Directors meeting ("Encuentro de Consejeros") convened by the "Instituto de Auditores Internos de España" where there were discussed matters as the technical guidelines applicable to the Audit Committees of Public Interest Entities, cybersecurity for Directors or corporate criminal liability.

In 2017, Jorge Santos and João Melo Franco also met the Committee in charge of the Finance issues of EDP Group and KMPG to discuss the main conclusions about the Company results.

The table below shows the attendance percentage to the meetings of the Audit and Control Committee. During the year 2017 none of the members delegated their votes in other member.

MEMBER	POSITION	ATTENDANCE
Jorge Santos	Chairman	100%
João Manuel de Mello Franco	Vocal	100%
João Lopes Raimundo	Vocal	100%

36. AVAILABILITY OF THE MEMBERS OF THE AUDIT AND CONTROL COMMITTEE

The members of the Audit and Control Committee are fully available for the performance of their duties having no constraints for the execution of this function simultaneously with positions in other companies. The positions held simultaneously in other companies inside and outside the Group and other relevant activities undertaken by members of this Committee throughout the financial year are listed in the Annex of this report.

C. POWERS AND DUTIES

37. PROCEDURES FOR HIRING ADDITIONAL SERVICES TO THE EXTERNAL AUDITOR

In EDPR there is a policy of pre-approval by the Audit and Control Committee for the selection of the External Auditor and any related entity for non-audit services, according to Recommendation IV.2 of the Portuguese Corporate Governance Code. This policy was strictly followed during 2017.

The non–audit services provided by the External Auditor and entities in a holding relationship with or incorporated in the same network as the External Auditor were previously approved by the Audit and Control Committee according to Article 8.2, b) of its Regulations and upon review of each specific service, which considered the following aspects: (i) such services having no effect on the independence of the External Auditor and any safeguards used; and (ii) the position of the External Auditor in the provision of such services, notably the External Auditor’s experience and knowledge of the Company.

Furthermore, although hiring services other than auditing services to the External Auditor is admissible, it is envisaged as an exception. In 2017 such services reached only around 14.5% of the total amount of services provided to the Company.

38. OTHER DUTIES OF THE AUDIT AND CONTROL COMMITTEE

Apart from the competences expressly delegated on the Audit and Control Committee according to Article 8 of its Regulations and in order to safeguard the independence of the External Auditor, the following powers of the Audit and Control Committee were exercised during the 2017 financial year and should be highlighted:

- Proposal of re- election and hiring of the External Auditor and responsibility for establishing their remuneration as well as pre-approval of any services to be hired from the External Auditor and perform its direct and exclusive supervision;
- Assessment of the qualifications, independence, and performance of the External Auditors, and obtaining, yearly and directly from the External Auditors, written information on all relations existing between the Company and the Auditors or associated persons, including all services rendered and all services in progress. In order to evaluate independence, the Audit Committee, obtained the information regarding External Auditors’ independence in light of the Spanish Law no. 22/2015 of July 20th, 2015 (“Ley de Auditoría de Cuentas”);
- Review of the transparency report, signed by the Auditor and disclosed at its website. This report covers the matters provided for under Law no. 22/2015 of July 20th, 2015 (“Ley de Auditoría de Cuentas”); , including those regarding the quality control internal system of the audit firm and the quality control procedures carried out by the competent authorities;
- Definition of the Company’s hiring policy concerning persons who have worked or currently work with the External Auditors;
- Review with the External Auditors their scope, planning, and resources to be used in their provision of services;
- Responsibility for the settlement of any differences between the Executive Committee and the External Auditors concerning financial information;
- Contracts signed between EDPR and its Qualified Shareholders that were analysed by the Audit and Control Committee. This information is included on the annual report of the Audit and Control Committee regarding those cases that needed a previous opinion from the committee.

Within this context, it should be particularly stressed that the External Auditor’s independence was safeguarded by the implementation of the Company’s policy for the pre-approval of the services to be hired to External Auditors (or any entity in a holding relationship with or incorporating the same network as the External Auditors), which results from the application of the rules issued by the European Union on this matter. According to such policy, the Audit and Control Committee makes an overall pre-approval of the services proposal made by the External Auditors and a specific pre-approval of other services that will eventually be provided by the External Auditors, particularly, tax consultancy services and services other than “audit and audit related” services.

IV-V. STATUTORY AND EXTERNAL AUDITORS

39-41.

According to the Spanish law, the External Auditor ("Auditor de Cuentas") is appointed by the General Shareholders' Meeting and corresponds to the statutory auditor body ("Revisor Oficial de Contas") described on the Portuguese Law. Consequently, the information about the External Auditor is available on chapter V of the report, points 42 to 47.

42. EXTERNAL AUDITOR IDENTIFICATION

EDPR's External Auditor is, since 2007, KPMG Auditores S.L., a Spanish Company whose partner in charge of accounts auditing is, currently and since January 2014, Estibaliz Bilbao. KPMG Auditores S.L. is registered at the Spanish Official Register of Auditors under number S0702 and with Tax Identification Number B-78510153.

43. NUMBER OF YEARS OF THE EXTERNAL AUDITOR

KPMG Auditores S.L. is in charge of EDPR's accounts auditing, having been performing these duties during ten (10) consecutive years from the date EDPR became Public Interest Entity.

44. ROTATION POLICY

According to the personal Law of EDPR -the Spanish Law- amended in 2015, the maximum term for an auditing firm is established in a 10-year term from the date the company is declared as a "Public Interest Entity".

In the case of EDPR, this date is when the IPO was launched in 2008. On December 31st 2017, KPMG Auditores S.L. has ended its last consecutive year as EDPR's External Auditor from the date that it became Public Interest Entity. Consequently it is foreseen that the Company External Auditor will rotate at the next General Shareholders' Meeting.

45. EXTERNAL AUDITOR EVALUATION

The Audit and Control Committee is responsible for the evaluation of the External Auditor according to the competences granted by its Regulations. The evaluation of the Audit and Control Committee is made annually. The Audit and Control Committee acts as the company speaker for the relevant matters with the External Auditor and with whom establishes a permanent contact throughout the year to assure the conditions, including the independence, adequate to the services provided by them related to the auditing process, and receiving and maintaining information on any other questions regarding accounting subjects. In 2017, according to the Audit and Control Committee's competences and in line with Recommendation II.2.2, it was the first and direct recipient and the corporate body in charge of the permanent contact with the external auditor on matters that may pose a risk to their independence and any other matters related to the auditing of accounts. It also receives and stores information on any other matters provided for in legislation on audits and in auditing standards in effect at any time. The External Auditor within the scope of its duties, verified the implementation of the remuneration policies and systems of the corporate bodies as well as the efficiency and effectiveness of the internal control mechanisms and report any shortcomings to the supervisory body of the Company.

46. NON-AUDIT SERVICES CARRIED OUT BY THE EXTERNAL AUDITOR

According to the rules described on topic 29 of this Report, in EDPR there is a policy of pre-approval by the Audit and Control Committee for the selection non-audit services according to Article 8.2, b) of the Audit and Control Committee Regulations.

During 2017 the non-audit services provided by the External Auditor for EDPR's business units consisted mostly on i) quarterly review of the Spanish and Portuguese companies' financial statements which is considered a non-audit service according to the respective local regulations; ii) review of the internal control system on financial reporting for the EDPR

Group iii); review of the non-financial information related to sustainability included in the EDPR Group's annual report; and iv) agreed upon procedures requested by non-controlling interests and by financial institutions in order to obtain certified assurance over certain financial information.

KPMG was engaged to provide the above-mentioned services due to its in-depth knowledge of the Group's activities and processes. These engagements did not risk the independence of the External Auditor and were pre-approved by the Audit and Control Committee prior to rendering the services.

47. EXTERNAL AUDITOR REMUNERATION IN 2017

TYPE OF SERVICES (€)	PORTUGAL	SPAIN	BRAZIL	US	OTHER	TOTAL	%
Statutory audit	237,648	374,068	149,846	942,806	863,217	2,567,585	85%
Other audit related services	-	10,915	-	-	4,427	15,342	0.5%
Total audit related services	237,648	384,983	149,846	942,806	867,644	2,582,927	86%
Tax consultancy services	-	-	-	-	-	-	0.0%
Other services un related to statutory auditing	24,154	407,257	-	6,442	-	437,853	14.5%
Total non-audit related services	24,154	407,257*	-	6,442	-	437,853	14.5%
Total	**261,802**	**792,240**	**149,846**	**949,248**	**867,644**	**3,020,780**	**100%**

*This amount includes, between others, services that refer to the entire Group such as the review of the internal control system on financial reporting and review of the non-financial information related to sustainability included in the EDPR Group's annual report, which are invoiced to a Spanish company. Variation with respect to the previous year mainly refer to the mentioned review of the internal control system on financial reporting and to the quarterly review of the Spanish and Portuguese companies' financial statements which are considered non-audit services according to the respective local regulations.

C. INTERNAL ORGANIZATION

I. ARTICLES OF ASSOCIATION

48. AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Amendments to the Articles of Association of the Company are of the responsibility of the General Shareholders' Meeting who has the power to decide on this matter. According to Article 17 of the Company's Articles of Association ("Constitution of the General Shareholders' Meeting, Adoption of resolutions"), to validly approve any necessary amendment to the Articles of Association, the Ordinary or Extraordinary Shareholders' Meeting will need:

- On first call, that the Shareholders either present or represented by proxy, represent at least fifty percent (50%) of the subscribed voting capital.
- On second call, that the Shareholders either present or represented by proxy, represent at least twenty-five percent (25%) of the subscribed voting capital.

In the event that the shareholders attending represent more than fifty percent (50%) of the subscribed voting capital, the resolutions referred to in the present paragraph will be validly adopted when reached absolute majority. If the shareholders attending represent between twenty-five percent (25%) and fifty percent (50%) – but without reaching it – the favourable vote of two-thirds (2/3) of the present or represented capital in the General Shareholders' Meeting will be required in order to validly approve these resolutions.

II. REPORTING OF IRREGULARITIES

49. IRREGULARITIES COMMUNICATION CHANNELS

WHISTLEBLOWING

EDPR has always carried out its activity by consistently implementing measures to ensure the good governance of its companies, including the prevention of incorrect practices, particularly in the areas of accounting and finance.

On this basis, EDPR provides the Group workers with a channel enabling them to report directly and confidentially to the Audit and Control Committee any practice presumed illicit or any alleged accounting and/or financial irregularity in their Company, in compliance with the provisions of CMVM Regulation no. 4/2013.

With this channel for reporting irregular accounting and financial practices, EDPR aims to:

- Guarantee conditions that allow workers to freely report any concerns they may have in these areas to the Audit and Control Committee;
- Facilitate the early detection of irregular situations, which, if practiced, might cause serious damage to the EDPR Group, its workers, customers and shareholders.

Contact with the Company’s Audit and Control Committee is only possible by email and post, and access to information received is restricted.

Any complaint addressed to the Audit and Control Committee will be kept strictly confidential and the whistle-blower will remain anonymous, provided that this does not prevent the investigation of the complaint. He/she will be assured that the Company will not take any retaliatory or disciplinary action as a result of exercising his/her right to blow the whistle on irregularities, provide information, or assist in an investigation. The process and functioning rules of this channel are explained in the Welcome Presentation organized every year for the new hires of EDPR and also published on the intranet and website of the Company.

The Secretary of the Audit and Control Committee receives all the communications and presents a quarterly report to the members of the Committee.

In 2017 there were no communications regarding any irregularity at EDPR.

ETHICS CHANNEL AND CODE OF ETHICS

EDPR has a Code of Ethics published on its intranet and its website, which includes principles like transparency, honesty, integrity, non-discrimination, equal opportunity, and sustainability.

The Code of Ethics has been widely circulated among employees of the Group through internal communications mechanisms, individual shipments, delivery to new employees, and intranet publishing. The Code of Ethics is also attached to the labour agreements of the new hires to their written acknowledgement when they join the Company. Likewise, in the Welcome Presentation organized every year for the new hires of EDPR, they are explained the main contents of this document and its bylaws, as well as the Ethics Channel existence and functioning.

There is a strong commitment by the Company in relation to the dissemination and promotion of compliance with the Code available to all employees through training, questionnaires, and open discussions of the findings. To this extent, from March to December 2016, EDP offered an online Ethics training (“Ética EDP”) available to all employees of both Europe/Brazil and North America platforms. This course achieved a major participation of around 900 EDPR employees. This type of training will be performed periodically.

There is also an Ethics Channel and Ethics Regulation to articulate any specific claims of the Code of Ethics and to resolve doubts on all matters relating to the Code of Ethics.

Communications regarding possible breaches of the Code of Ethics are sent to the Ethics Ombudsman, who performs a first analysis, forwarding its conclusions to the Ethics Committee of EDPR, which receives, records, processes, and reports it to the Board of Directors.

In 2017 there was one (1) communication to the Ethics Ombudsman through the Ethics Channel. However, it was decided to reject this claim as it was not considered as an issue related to the Ethics Code.

ANTI-CORRUPTION POLICY

In order to ensure compliance with the standards of Anti-Corruption Regulation in every geography where EDPR operates, the Company developed in 2014 an Anti-Bribery Policy of application to all EDPR Group, which was approved by its Board of Directors on December 19th 2014, and updated in 2017. This Anti-Corruption Policy implies a series of procedures regarding the relationships of EDPR employees with external parties, namely the approval of certain actions regarding hospitality to and from external parties, charitable donations, and sponsorships. This Policy was implemented in the Group in 2015, through the introduction of several approval systems in the corporate's employee channels in order to ensure transparency and prevent any corrupt business practice, and was communicated to all EDPR employees. Once this implementation was finished, the corresponding training sessions were organized for part of our employees, and made available in the intranet, in order to ensure appropriate knowledge and understanding of the Policy.

The Anti-Corruption Policy is available at the Company's website (**www.edprenovaveis.com**) and intranet, and it is also attached to the labour agreements of the new hires to their written acknowledgement when they join the Company. Likewise, in the Welcome Presentation organized every year for the new hires of EDPR, they are also explained the main contents of this documents and its functioning.

III. INTERNAL CONTROL AND RISK MANAGEMENT

50. INTERNAL AUDIT

EDPR's Internal Audit Department is composed by eight (8) members. The function of EDPR's Internal Audit is to carry out an objective and independent assessment of the Group's activities and of its internal control situation, in order to make recommendations to improve the internal control mechanisms over systems and management processes in accordance with the Group's objectives.

Additionally, EDPR has a Responsibilities Model and a SCIRF Manual (Internal Control System over Financial Reporting), in which individuals, governing bodies and committees responsible for implementing and managing the internal control system are indicated.

The Responsibilities Model includes the functions and main activities in the management and maintenance of the system at all levels of the organization including monitoring activities related to the annual cycle, the implementation of controls and documentation of evidence and supervision activities.

The SCIRF Manual incorporates the general principles of the Internal Control System over Financial Reporting as well as the methodology used, the procedures for ensuring the effectiveness of internal control and design of models, documentation, evaluation and reporting.

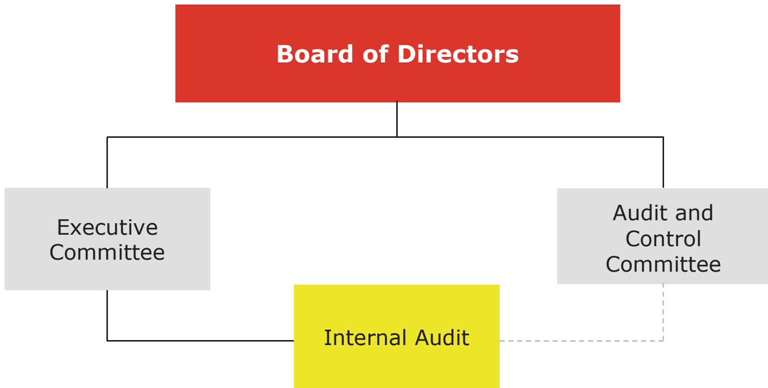
In line with the general principles of the model adopted by EDPR for the management of the SCIRF, the COSO Internal Control integrated Framework 2013 (Committee of Sponsoring Organizations of the Treadway Commission), the responsibility for supervising the Internal Control System lies in the Board of Directors and the Audit and Control Committee. The CEO is accountable before the Board and must ensure the proper functioning and effectiveness of the

SCIRF, promoting its design, implementation and maintenance. The Executive Committee must support the CEO in this task, guiding the development of the Entity Level Controls of the Company and the controls in their areas of responsibility, relying when necessary on other levels of the organization. Also, the Senior Managers are responsible for evaluating any deficiencies and implementing appropriate improvement opportunities.

To fulfil these responsibilities, EDPR's Internal Audit offers support and advice for the management and development of the SCIRF.

51. ORGANIZATIONAL STRUCTURE OF INTERNAL AUDIT

The Internal Audit function in EDPR Group is a corporate function carried out by the Internal Audit Department, which reports both to the Chairman of EDPR's Executive Committee and to EDPR's Audit and Control Committee.



52. RISK MANAGEMENT

EDPR's Enterprise Risk Management Process is an integrated and transversal management model that ensures the minimization of the effects of risk on EDPR's capital and earnings, as well as the implementation of best practices of Corporate Governance and transparency. The process aligns EDPR's risk exposure with the company's desired risk profile.

The process is closely followed and supervised by the Audit and Control Committee, an independent supervisory body composed of non-executive members.

Market, counterparty, operational, business and strategic risks are identified and assessed and, following the result of the assessment, Risk Policies are defined and implemented across the company. These policies are aimed to mitigate risks without compromising potential opportunities, thus, optimizing return versus risk exposure.

During 2017, EDPR reassessed Operational Risk for the company, executing a bottom-up analysis across all departments, as stated in EDPR's Operational Risk Policy.

53. RISK MAP

Risk Management at EDPR is focused on covering all risks of the company. In order to have a holistic view of risks, they are grouped in Risk Categories, which are Market, Counterparty, Operational, Business and Strategic. The definition of Risk Categories at EDPR is as follows:

1. Market Risk – It refers to the risk to EDPR resulting from movements in market prices. Due to the relationship between wind production and electricity price, production risk is considered within market risk. In particular, market risk are changes in electricity prices, production risk, interest rates, foreign exchange rates and other commodity prices;

2. Counterparty Risk (credit and operational) – Risk that counterparty to a transaction could default before final settlement of the transaction's cash flows. A direct economic loss would occur if transactions with the counterparty had positive economic value at the time of default. Even in the case of not defaulting, it may not comply with its contract obligations (timing, quality, etc.), implying additional higher costs due to its replacement or to delays in fulfilling the contract;

3. Operational Risk (other than counterparty) – Defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events (such as an increase in equipment default rates, increasing O&M, or natural disasters);

4. Business Risk – Potential loss in the company's earnings due to adverse changes in business margins. Such losses can result above all from a serious increase in equipment prices or changes in the regulatory environment. Changes in electricity prices and production are considered market risks;

5. Strategic Risk – It refers to risks coming from macroeconomic, political, social or environmental situation in countries where EDPR is present, as well as those coming from a change in competitive landscape, from technology disruptions, from changes in energy markets or from governance decisions (investment decisions criteria, Corporate Governance and Reputational issues).

Within each Risk Category, risks are classified in Risk Groups.

1. Market Risk

1. i) Electricity price risk

EDPR faces limited electricity price risk as it pursues a strategy of being present in countries or regions with long-term visibility on revenues. In most countries where EDPR is present, prices are determined through regulated framework mechanisms. In those countries with no regulated tariffs, power purchase agreements are negotiated with different off takers to eliminate electricity and Green Certificate or Renewable Energy Credit (REC) price risks.

Despite EDPR's strategy of eliminating market price risk, EDPR still has some plants with merchant exposure.

In Europe, EDPR operates in countries where the selling price is defined by a feed-in-tariff (Portugal, France and Italy) or in markets where, on top of the electricity price, EDPR receives either a pre-defined regulated premium or a green certificate, whose price is achieved on a regulated market (Spain, Belgium, Poland and Romania). EDPR is also developing investment activity in the UK, where current incentive system is based on green certificates but will change to a feed in tariff.

In countries with a pre-defined regulated premium or a green certificate scheme, EDPR is exposed to electricity price fluctuations. Considering current Power Purchase Agreements (PPAs) in place, EDPR is exposed to electricity price risk in Romania, in Poland and partially in Spain. Additionally, in European countries with a green certificate scheme (Romania and Poland), EDPR is exposed to fluctuation on the price of green certificates.

The US market does not provide a regulated framework system for the electricity price. Nevertheless, renewable generation is incentivized through PTCs (Production Tax Credits) and regional Renewable Portfolio Standard (RPS) programs that allow receiving RECs for each MWh of renewable generation. REC prices are very volatile and depend on the regional supply/demand equilibrium in the relevant market.

Most of EDPR's capacity in the US has predefined prices determined by bundled (electricity + REC) long-term contracts with local utilities in line with the Company's policy of avoiding electricity price risk. Despite existing long term contracts, some EDPR's plants in the US do not have PPA and are selling merchant with exposure to electricity and REC prices. Additionally, some plants with existing PPAs do not sell their energy where it is produced and are therefore exposed to basis risk (difference in price between the location where energy is produced and that where energy is sold).

In Ontario (Canada), the selling price is defined by a long-term feed-in-tariff, thus, there is no electricity price exposure.

In Brazilian operations, the selling price is defined through a public auction which is later translated into a long-term contract. Electricity price exposure is almost null, with little exposure for the production above or below the contracted production.

Under EDPR's global approach to minimize the exposure to market electricity prices, the Company evaluates on a permanent basis, if there are any deviations to the pre-defined limits (measured through EBITDA at risk, Net Income at risk and total merchant exposure).

EDPR intends to eliminate Green Certificates and REC price risk with the signing of bundled PPAs with private off takers, which include the sale of the electricity and the Green Certificate or REC. In some cases, the offtake may be interested in contracting only the Green Certificate or the REC, thus a GCPA (Green Certificate Purchase Agreement) or a RECPA (REC Purchase Agreement) is signed. During 2017, EDPR signed new long-term PPAs in the US for 774 MW.

In those geographies with remaining merchant exposure, EDPR uses various commodity-hedging instruments in order to minimize the exposure to fluctuating market prices. In some cases, due to the lack of liquidity of financial derivatives, it may not be possible to successfully hedge all existing merchant exposure, after considering PPAs in place.

In 2017 EDPR financially hedged most of its remaining merchant exposure in Poland, Romania, Spain and the US.

As aforementioned, some US plants have exposure to REC price risk and/or basis risk (difference in electricity price between locations). EDPR hedges REC prices through forward sales and basis exposures through financial swaps or FTR (Financial Transmission Rights).

1. ii) Energy Production Risk

The amount of electricity generated by EDPR's renewable plants is dependent on weather conditions, which vary across locations, from season to season and from year to year. Variation on the amount of electricity that is generated affects EDPR's operating results and efficiency.

Not only the total wind or solar production in a specific location is relevant, but also the profile of production. Wind usually blows more at night than at daytime, when energy prices are lower and the opposite for solar. Generation profile will affect the discount or add-on in price of a plant versus a baseload generation.

Finally, curtailment of a plant will also affect its production. Curtailment occurs when the production of a plant is stopped by the TSO (Transmission System Operators) for external reasons to the Company. Examples of cases of curtailment are upgrades in transmission lines or exceptional congestion (high level of electricity generation for available transmission capacity).

EDPR mitigates wind and solar resource volatility and seasonality through geographical diversification of its asset base in different countries and regions.

EDPR acknowledges the correlation between different plants in its portfolio that allows for this geographical diversification, which enables EDPR to partially offset production variations in each region and to keep the total energy generation relatively steady. Currently, EDPR is present in 12 countries: Spain, Portugal, France, Belgium, Poland, Romania, UK (no generation), Italy, US, Canada, Brazil and Mexico.

EDPR has analyzed the potential use of financial products to hedge wind risk and might use this product to mitigate risk in specific cases.

Profile risk and curtailment risk are managed ex-ante. For every new investment, EDPR factors the effect that expected generation profile and curtailment will have on the output of the plant. Generation profile and curtailment of EDPR's plants are constantly monitored by EPDR's Risk department to detect potential future changes.

1. iii) Risks related to financial markets

EDPR finances its plants through project finance or corporate debt. In both cases, a variable interest rate might imply significant fluctuations in interest payments.

On the other hand, due to EDPR's presence in several countries, revenues are denominated in different currencies. Consequently, exchange rate fluctuations may have a material adverse effect on financial results or on the value of the foreign investment.

1. iii) a) Interest rate risk

Given the policies adopted by EDPR Group, current exposure to variable interest rate is not significant and financial cash flows are substantially independent from the fluctuation of interest rates.

The purpose of interest rate risk management policies is to reduce the exposure of long-term debt cash flows to market fluctuations, mainly by contracting long term debt with a fixed rate.

- When long-term debt is issued with floating rates, EDPR settles derivative financial instruments to swap from floating to fixed rate.
- EDPR has a portfolio of interest-rate derivatives with maturities of up to 13 years. Sensitivity analyses of the fair value of financial instruments to interest-rate fluctuations are periodically performed.

With most of interest rate being fixed, main exposure to interest rates arises at refinancing. To protect against this risk, EDPR intends to maintain a balanced maturity profile for its corporate fixed debt, thus, diversifying the risk of bad timing when refinancing occurs.

Repricing calendar of debt is continuously monitored together with interest rates in order to detect good timing for restructuring debt.

Taking into account risk management policy and approved exposure limits, Global Risk Area supports the Finance team in interest rate hedging decisions and the Finance team submits the financial strategy appropriate to each project/location for Executive Committee's approval.

1. iii) b) Exchange rate risk

EDPR has international operations and is exposed to the exchange-rate risk resulting from investments in foreign subsidiaries. Currency exposure in operating plants is to U.S. dollar, Romanian leu, Polish zloty, Brazilian real, British pound and Canadian dollar.

EDPR hedges risk against currency fluctuations by financing in the same currency as the revenues of the project. When local financing is not available, EDPR hedges debt cash flows though cross currency interest rate swaps.

EDPR also hedges net investment (investment after deducting local debt) in foreign currency through cross currency interest rate swaps.

Finally, EDPR contracts foreign exchange forwards to hedge the risk in specific transactions, mainly in payments to suppliers which may be denominated in different currencies.

EDPR's hedging efforts minimize exchange rate volatility, but do not eliminate completely this risk due to high costs associated to hedging FX in certain situations.

1. iii) c) Inflation risk

In specific projects, regulated remuneration is linked to inflation. Additionally, O&M costs are considered to be linked to inflation in most cases.

Exposure to inflation in revenues may be naturally hedged with exposure to interest rates and EDPR regularly analyses inflation exposure and its relationship with interest rates to adjust level of interest rate coverage in project finance structures.

Exposure to inflation in O&M costs is managed at the moment of the investment decisions, by executing sensitivity analyses.

1. iii) d) Liquidity risk

Liquidity risk is the risk of EDPR not meeting its financial obligations. Liquidity risk is mainly related to extreme market movements in electricity prices, interest or exchange rates, which may change the expected cash flow generation.

EDPR tracks liquidity risk in the short term (margin calls, etc) and in the long term (financing sources) in order to meet strategic targets previously set (EBITDA, debt ratio and others).

EDPR's strategy to manage liquidity risk is to ensure that its liquidity is sufficient to meet financial liabilities when due, under both normal and stressed conditions, and without incurring unacceptable losses or risking damage to EDPR's reputation.

Different funding sources are used such as Tax Equity investors, multilateral organizations, project finance, corporate debt and asset rotation in order to ensure long-term liquidity to finance planned projects and working capital.

1. iv) Commodity price risk (other than electricity)

In projects in which there is a significant number of years between investment decision and start of construction, EDPR may be exposed to the price of the materials used in turbine manufacturing, foundations and interconnection through escalation formulae included in the contracts with suppliers.

In order to manage this risk, EDPR may hedge the market exposure in OTC/future commodity markets, considering the risks (potential losses) and the cost of the hedge.

2. Counterparty Risk

Counterparty credit risk is the risk that the counterparty to a transaction could default before the final settlement of the transaction's cash flows. An economic loss could occur, either a direct economic loss if the transaction has a positive value at the moment of default (counterparty credit risk) or a replacement cost due to change of the counterparty (counterparty operational risk).

2. i) Counterparty Credit Risk

If the transactions or portfolio of transactions with the counterparty has a positive economic value at the time of default, an economic loss would occur.

To control credit risk at EDPR, thresholds of Expected Loss and Unexpected Loss are established at company level as defined under Basel Standards and re-evaluated monthly. If the threshold is surpassed by the company as a whole, mitigation measures are implemented in order to remain within the pre-established limit.

Additionally, Expected Loss limits are established for each individual counterparty or Group of counterparties (parent and subsidiaries).

2. ii) Counterparty Operational Risk

If the transactions or portfolio of transactions with the counterparty do not have a positive economic value at the time of default, it will impact operations. Despite no direct loss at the time of default, the replacement of the counterparty could imply a cost to EDPR due to potential delays, higher contract value with a new counterparty (replacement costs), etc.

Construction and O&M subcontractors are counterparties to which EDPR is exposed from an operational point of view.

To minimize the probability of incurring in potential replacement costs with counterparties, EDPR´s policy concerning counterparty operational risk is managed by an analysis of the technical capacity, competitiveness, credit quality and replacement cost of the counterparty.

3. Operational Risk

3. i) Development Risk

Renewable plants are subject to strict regulations at different authority levels (international, national, state, regional and local) relating to the development, construction, grid interconnection and operation of power plants. Among other things, these laws regulate landscape and environmental aspects, building licenses, land use and land securing and access to the grid issues.

While level of exigency might be different depending on the geographies, EDPR acknowledges a trend for legislations to align towards concentrating the most restrictive rules and development risks on the consenting (environmental and urban permissions) and interconnection (electricity connection of the plant to the national grid).

In this context, EDPR's experience gathered in different countries is useful to anticipate and deal with similar situations in other countries.

During the development and design phase, EDPR focuses on the optimization of its projects. By mastering the variables, such as choice of locations, layout, etc, the objective is to make our projects more resilient to permitting risks.

Additionally, EDPR mitigates development risk by generating optionality, with development activities in 12 different countries (Spain, Portugal, France, Belgium, Poland, Romania, UK, Italy, US, Canada, Brazil and Mexico) and a portfolio of projects in several stages of maturity. EDPR has a large pipeline of projects that provide a "buffer" to overcome potential delays in the development of prioritized projects, ensuring growth targets and being able to compensate permitting delays in some geographies.

3. ii) Execution Risk

During the construction of the foundations, interconnection and substation of a plant, and the installation of the equipment, different events (bad weather, accidents, etc) might occur that could imply an over cost or a delay in the commercial operation date of the plant:

- The delay implies a postponement of cash flows, affecting profitability of the investment.
- When a plant has a PPA, a delay of the commercial operation date might imply the payment of LDs, with the consequent loss of revenues and the impact on annual financial results.

During the design phase, EDPR engineering teams supervise the engineering and the installation method. Construction is subcontracted to technically capable construction companies.

In both cases, a critical path analysis is performed to assess the reliability of construction and installation plan. Also, collaterals may be required to the counterparty following EDPR's Counterparty Risk Policy.

3. iii) Operation Risk

Damage to Physical Assets

Renewable plants in construction and in operation are exposed to weather hazards, natural disasters, etc. These risks depend on the location.

All plants are insured the physical damage during construction and operation. During operation, any natural disaster, weather hazard or accident will be partially insured to revenue losses due to the event.

Equipment Performance Risk (O&M costs)

Output from renewable plants depends upon the operating availability of the equipment.

EDPR mitigates this risk by using a mix of suppliers which minimizes technological risk, avoiding exposure to a unique manufacturer.

EDPR also engages suppliers through medium-term full-scope maintenance agreements during the first years of operation to ensure alignment with supplier in minimizing technology risk.

Finally, for older plants, EDPR has created an Operation and Maintenance (O&M) program with an adequate preventive and scheduled maintenance program. EDPR externalizes non-core technical O&M activities of its renewable plants, while primary and value added activities continue to be controlled by EDPR.

3. iv) Information Technology

IT (Information Technologies) risk may occur in the technical network (information network for plants operation) or in the office network (information network of corporate services: ERP, accounting…)

EDPR mitigates this risk creating redundancy of servers and control centers of renewable plants. Redundancy is created in a different location to anticipate potential natural disasters, etc.

3. v) Legal claims (compliance)

EDPR faces potential claims of third parties and fraud of its employees.

DEDPR aims strict compliance with existing regulation and has zero tolerance to fraud. EDPR revises periodically its compliance with all the regulations that affects its activity (environmental, taxes…)

3. vi) Personnel

EDPR identifies two main risk factors regarding personnel: turnover and health and safety.

- Turnover: Cost of replacing an employee. A high turnover implies direct costs of replacement and indirect costs of knowledge loss.
- Health and safety: Likelihood that a person may be harmed or suffers adverse health effects if exposed to a hazard.

EDPR mitigates turnover through constant reassessment and benchmarking of remuneration schemes in different geographies. Additionally, EDPR offers flexibility to its employees to improve work life balance. In 2017, EDPR was elected as "Great Place to Work" in Spain.

EDPR aims zero-accidents at work by constantly training in health and safety issues and certifying its facilities according to the OHSAS 18001 standard.

3. vii) Processes

Internal processes are subject to potential human errors that may negatively affect the outcome.

Internal Audit Department regularly reviews internal processes and recommends the establishment of new controls or the improvement in the implementation of existing procedures.

4. Business Risk

4. i) Regulatory Risk (renewables)

The development and profitability of renewable energy projects are subject to policies and regulatory frameworks. The jurisdictions in which EDPR operates provide different types of incentives supporting energy generated from renewable sources.

Remuneration schemes have become less competitive in some countries due to the financial crisis and it cannot be guaranteed that current support will be maintained in all EDPR's geographies or that future renewable energy projects will benefit from current support measures. Regulation promoting green energy has been revised or is under revision in some of the countries where EDPR is present.

In the US, renewable generation from wind will be incentivized through Production Tax Credits (PTC) at a Federal level for all projects beginning of construction up to 2019. Level of incentives will be progressively fading out. Additionally, wind and solar production is also incentivized through State RPS Programs that allow receiving RECs (Renewable Energy Credit) for each MWh of renewable generation.

EDPR is managing its exposure to regulatory risks through diversification, by being present in several countries and through participation as an active member in several wind and solar associations.

Regulatory Risk in each of EDPR's countries is monitored continuously, considering current regulation, potential drafts of new laws, feedback from associations, evolution of installed renewable generation capacity and other inputs. EDPR has developed an internal quantitative assessment of Regulatory Risk that serves as an indicator for changes in supporting schemes. This measure is updated annually in all EDPR´s geographies.

Regulatory Risk is also considered ex-ante, at the moment of the investment, through sensitivity analyses that are performed to evaluate its impact in project profitability under different scenarios.

4. ii) Equipment Market Risk

Equipment Price Risk

Price of equipment is affected, not only by market fluctuations of the materials used, but also by the demand of this equipment.

For every new project, EDPR secures the demand risk by engaging in advance with manufacturers, elected through a competitive process.

Equipment Supply Risk

The demand for new plants may offset the offer of equipment. Currently, the local component requirement in some geographies (Ex: Brazil) may create this shortfall situation.

EDPR faces limited risk to the availability and price increase of equipment due to existing framework agreements with major global suppliers. The Company uses a large mix of suppliers in order to diversify equipment supply risk.

For geographies with specific requirements of local component, EDPR does not engage in a project before securing the supply of the equipment.

5. Strategic Risk

5. i) Country Risk

Country Risk is defined as the probability of occurrence of a financial loss in a given country due to macroeconomics, political or natural disasters. EDPR has defined a Country Risk Policy that assesses country risk through an internal scoring based on publicly available data. This internal scoring is compared with external assessments from renowned organizations. Each risk factor affecting country risk is evaluated independently to decide on potential mitigating actions:

- **Macroeconomic Risk:** risks from the country's economic evolution, affecting revenue or cost time of the investments
- **Political Risk:** all possible damaging actions or factors for the business of foreign companies that emanate from any political authority, governmental body or social group in the host country
- **Natural disaster risk:** natural phenomena (seismicity, weather) that may impact negatively in the business conditions

Before approving a project in a new geography, EDPR analyses the risk of the new country and compares it to our existing portfolio. Mitigation measures may be decided when this risk is above a certain threshold.

5. ii) Competitive landscape

In the renewable business, size can be an advantage or disadvantage in specific situations. For example, in development of renewable plants, small and dynamic companies are usually more competitive than larger companies. On the other hand, when participating in tender processes for offshore wind farms, the size of the investment benefits larger companies.

Additionally, the consequences of a change in the competitive landscape due to mergers and acquisitions may also be a risk.

To mitigate the risks, EDPR has a clear knowledge of its competitive advantages and tries to leverage on them. When EDPR has no advantage versus its competitors, alternatives are considered in order to become competitive. For example, for offshore wind farms, EDPR has partnered with large companies with previous experience in large electricity generation projects, in order to become a more competitive consortium.

5. iii) Technology disruptions

Most renewables are relatively recent technologies, which are continuously evolving and improving efficiency. As such, some initially expensive technologies can become competitive in a relatively short time.

EDPR growth focuses in the most competitive renewable technologies at the moment, which are onshore wind, offshore wind and PV solar, but also participates in other innovative projects such as floating offshore wind.

5. iv) Meteorological changes

Future estimations of wind and solar production are based on analysis of historical measurements for more than 20 years, and they are considered to be representative of the future. Relevant unexpected meteorological changes could lead to a lower production than the one expected from historical data.

When evaluating a new investment, EDPR considers potential changes in the production forecasted, however, the size of the potential deviation in the case of relevant meteorological changes is uncertain.

5. v) Investment decisions criteria

Not all projects have the same risk profile. This will depend on merchant exposure of remuneration, construction risk, etc.

In order to take proper business decisions, EDPR uses Risk Adjusted Metrics for investment decisions, which take into consideration the different risks inherent of each project.

5. vi) Energy Planning

Assumptions in future evolution of energy markets affect the profitability of the investments for the period after the fixed remuneration (regulated tariff or PPAs). Structure of electricity markets in most of EDPR geographies (marginal setting price) were not designed to consider a great share of generation from renewable sources with zero marginal price. Thus, the increase in renewable generation could lead to lower pool prices in medium term if reforms of electricity markets are not properly undertaken.

When investing, EDPR performs sensitivity analyses to stress pool price scenarios for the period without fixed remuneration to understand the robustness of the profitability of the investment.

5. vii) Corporate Organization and Governance

Corporate governance systems should ensure that a company is managed in the interests of its shareholders.

In particular, EDPR has an organization in place with a special focus on transparency, where the management body (Board of Directors) is separated from the supervision and control duties (Audit and Control Committee). Members of the Audit Committee are invited to the General Risk Committee of EDPR.

5. viii) Reputational risk

Companies are exposed to public opinion and today's social networks are a rapid mean to express particular opinions. A bad reputation could eventually harm financial results of a company in the short and in the long term.

Sustainability makes part of the essence of EDPR. EDPR is not only committed in building a better future, but also in doing it well, in an ethical and sustainable manner, consequently limiting reputational risk.

54. RISK FUNCTIONS AND FRAMEWORK

A corporation can manage risks in two different ways, one risk at a time on a largely and compartmentalized basis, or all risks together within a coordinated and strategic framework. The latter approach is called "Enterprise Risk Management" and is the approach used at EDPR.

Risk Management at EDPR is supported by three distinct organizational functions, each one with a different role: Strategy (Risk Profiler), Management (Risk Manager) and Controlling (Risk Controller).

RISK FUNCTIONS	DESCRIPTION
Strategy – General risk strategy & policy	• Global Risk Department provides analytically supported proposals to general strategic issues • Responsible for proposing guidelines and policies for risk management within the company
Management – Risk management & risk business decisions	• Implement defined policies by Global Risk • Responsible for day-to-day operational decisions and for related risk taking and risk mitigating positions
Controlling – Risk control	• Responsible for follow-up of the results of risk taking decisions and for contrasting alignment of operations with general risk policy approved by the board

The Risk Committee is the forum where the different Risk Functions discuss the policies to be implemented and control the risk exposure of the company. EDPR's Risk Committee integrates and coordinates all Risk Functions and assures the link between corporate's risk appetite and defined strategy and the operations of the company.

EDPR created three distinct meetings of the Risk Committee in order to separate discussions on execution of mitigation strategies from those on the definition of new policies:

- **Restricted Risk Committee:** Held every month, it is mainly focused on development risk and market risk from electricity price (market, basis, profile, GCs and RECs). It is the forum to discuss the evolution of projects under development and construction and the execution of mitigation strategies to reduce merchant exposure. It also monitors the limits of defined risk policies, with regards to counterparty risk, operational risk and country risk.
- **Financial Risk Committee:** Held every quarter, its objective is the review of the main financial risks and to discuss the execution of mitigation strategies. Exchange rate risk, interest rate risk and credit risk from financial counterparties are most relevant risks reviewed by this committee.
- **Risk Committee:** Held every quarter, it is the forum where new strategic analyses are discussed and new policies are proposed for approval to the Executive Committee. Additionally, EDPR's overall risk position is reviewed, together with EBITDA@Risk and Net Income@Risk.

55. DETAILS ON THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS IMPLEMENTED IN THE COMPANY REGARDING THE PROCEDURE FOR REPORTING FINANCIAL INFORMATION

With the purpose of not only controlling risks, but also managing them ex-ante, EDPR has created Global Risk policies that are enforceable at a Global Level. These policies are proposed and discussed in the Risk Committee and approved by the Executive Committee.

Compliance with Global Risk policies is verified every month in the Restricted Risk Committee.

INTERNAL CONTROL SYSTEM OVER FINANCIAL REPORTING

EDPR has an Internal Control System over Financial Reporting (SCIRF) updated and monitored in line with international standards of Internal Control.

This system covers the main aspects of the COSO framework: maintaining a control environment for the preparation of qualified financial information, assessment of the risks of financial reporting, existence of control activities to mitigate risks of error, information and communication and evaluation mechanisms.

SCOPE REVISION AND UPDATE

The SCIRF Manual includes the annual update of the scope that aims to identify companies, areas and processes that must be included in the scope of SCIRF, according to criteria of materiality and risk, including the risk of error or fraud.

The risk analysis included in the scoping process for SCIRF, includes both the different types of risk (operational, economic, financial, technological or legal) and the control objectives of financial reporting (existence and occurrence, completeness, measurement, presentation, disclosure and comparability, and rights and obligations in terms of their potential impact on the financial statements).

The results of the updated scope with the methodology outlined are communicated at all levels of the organization involved in the SCIRF and supervised by the Audit and Control Committee.

CONTROL ACTIVITIES

In documented SCIRF processes and controls, information capture mechanisms are established (including identification of the scope of consolidation) and are specified the steps and checks that are carried out for the preparation of the financial information that will be part of consolidated financial statements.

The procedures for the review and approval of financial information are provided by the areas of Planning and Control, and Administration, Consolidation and Tax. Financial information is supervised in the scope of its competences by the Audit Control Committee, prior to the formulation of the accounts by the Board of Directors.

The SCIRF includes control activities related to these processes, embodied in Entity Level Controls, Process Controls and General Computer Controls. These processes include review and approval activities of the financial information which are described in the processes of elaboration of individual accounts, preparation of consolidated accounts and processing of consolidated financial statements.

EDPR has descriptions of Competency Profiles for the Positions to be carried out in the exercise of the main features of each position that includes a description of the main responsibilities. These include the descriptions of the key positions of those involved in the preparation of financial information. These descriptions include responsibilities in the preparation of financial information and compliance with internal control procedures.

The documentation of processes and associated controls designed include among others, the completion of closure activities by completing monthly closing checklists by entity, setting time limits for the closures, the identification of the relevance of the operations in order to be reviewed at the appropriate level, conducting analytical reviews of financial information, the existence of limitations in systems to prevent erroneous records or access by unauthorized persons, analysis of deviations from the budget, the analysis in Executive Committees of relevant and significant facts that could cause a significant impact on the accounts, or the allocation of responsibilities for calculating amounts to be provisioned for them to be carried out by authorized personnel with the right skills.

In addition to the mentioned processes, major transactional processes resulting from the scope are documented. The description of the activities and controls are designed with the aim of ensuring the registration, evaluation, appropriate presentation and disclosure of transactions in financial reporting.

Control activities of EDPR’s SCIRF also include those relating to systems and information technology (Computer General Controls) following an international reference, the COBIT framework (Control Objectives for Information and related Technologies). The importance of this area is that information systems are the tools with which financial information is prepared, and is therefore relevant for transactions conducted with them.

These control activities include those related to access control to applications and systems, segregation of duties, management of corrective and preventive maintenance, new projects implementation, administration and management of the systems, facilities and operations (back-ups, security incidents) and their proper monitoring and planning. These activities are developed taking into account the requirements of control and supervision.

Among the activities of SCIRF’s scope update, there is a periodic analysis of the existence of service suppliers that perform relevant activities in relation to the processes of preparing financial information.

SCIRF SUPERVISION

The Audit and Control Committee supervises the SCIRF in the scope of the exercise of their activities through the monitoring and supervision of the developed mechanisms for SCIRF's implementation, evolution and evaluation, and the results of the scope analysis and the extent of the situation in terms of coverage. To this extent, the Internal Audit Department assists the Audit and Control Committee.

EDPR has an Internal Audit Department under the Chairman of the Executive Committee. The Audit and Control Committee supervises the Internal Audit Department as establishes the Basic Internal Audit Act.

The main functions of the Internal Audit Department are set out in the Basic Internal Audit Act, which includes, among others, the evaluation of the activities of internal control systems, including the internal control system over financial reporting.

The annual work plans of the Internal Audit Department obtain the opinion of the Audit and Control Committee. The Internal Audit Department reports to the Audit and Control Committee about the status and the performance of the audit works.

Among these activities, Internal Audit supports the Audit and Control Committee in supervising the implementation and maintenance of SCIRF and reports the results of the evaluation, improvement actions identified and their evolution.

The entity has action plans for improvement actions identified in SCIRF's assessment processes, which are accompanied and supervised by the Internal Audit Department, considering their impact on the financial information.

Also in the year 2017, as in previous years, a process of self-certification was made by the heads of the various process owners regarding proper documentation update on SCIRF controls and processes in their area of responsibility and the implementation of controls with corresponding evidence.

SCIRF EVALUATION

Besides the monitoring and evaluation activities described in the preceding paragraph, in case the auditors identified internal control weaknesses in the scope of their financial audit work, they are expected to communicate these circumstances to the Audit and Control Committee, which regularly monitors the results of the audit work.

Additionally, in 2017 the EDPR Group decided to have its SCIRF audited by the external auditor. As a result of its evaluation, the external auditor issued a report with a favorable opinion on the SCIRF of the EDPR Group, according to ISAE 3000 (International Standard on Assurance Engagements 3000).

CORPORATE COMPLIANCE

The implementation of a solid corporate culture of integrity and transparency has always been a priority for EDPR, structuring its supervision and monitoring through a regulatory compliance conduct basis and through the adoption of ethical values and principles; both consolidated as central elements of its business model. In order to lead and manage the necessary measures and initiatives required to this implementation and its functioning, on the Board of Directors held on April 14th, 2016, it was agreed to appoint Emilio García-Conde Noriega as Compliance Officer of EDPR.

During 2017, EDPR launched a project to evaluate the potential corporate criminal liability risks of EDPR in all of its geographies and to assess the compliance structure to be adopted in order to comply the requirements of the applicable criminal regulations. This project is being performed with the support of a specialized advisor.

The Board of Directors held on December 19th, 2017 approved: i) a new Criminal Liability Prevention Models for Spain that should be deployed during 2018; ii) to create a new Compliance Area to provide support to the Compliance Officer in the performance of its duties; and iii) to work in the definition of a criminal risk matrix at an international level including an inventory of the potential risks and its controls for each of EDPR's geographies.

IV. INVESTOR ASSISTANCE

56. INVESTOR RELATIONS DEPARTMENT

EDPR seeks to provide to shareholders, investors, and stakeholders all the relevant information about the Company and its business environment, on a regular basis. The promotion of transparent, consistent, rigorous, easily accessible, and high-quality information is of fundamental importance to an accurate perception of the Company's strategy, financial situation, accounts, assets, prospects, risks, and significant events.

EDPR, therefore, looks to provide investors with accurate information that can support them in making informed, clear and concrete investment decisions.

The Investor Relations Department was created to ensure a direct and permanent contact with all market related agents and stakeholders, to guarantee effective communication, equality between shareholders and to prevent imbalances in the information access.

The EDPR Investor Relations Department (IR) is the intermediary between EDPR and its actual and potential shareholders, the financial analysts that follow Company's activity, all investors and other members of the financial community. The main purpose of the department is to guarantee the principle of equality among shareholders, by preventing asymmetries in the access of the information and reducing the gap between market perception and Company's strategy and intrinsic value. The department responsibility comprises developing and implementing EDPR's communication strategy and preserving an appropriate institutional and informative relationship with the financial market, the stock exchange at which EDPR shares trade and the regulatory and supervisory entities (CMVM – Comissão de Mercado de Valores Mobiliários – in Portugal and CNMV – Comisión Nacional del Mercado de Valores – in Spain).

EDPR is clearly aware of the importance of detailed and transparent information, delivered on-time to the market. Consequently, EDPR publishes Company's price sensitive information before the opening or following the closing of the Euronext Lisbon stock exchange through CMVM's information system and, simultaneously, make that same information available on the website investors' section and through the IR department's mailing list. In 2017, EDPR made 34 press releases, including quarterly, semi-annual and annual results presentations and handouts elaborated by the IR Department. In addition, the IR Department also elaborates key data files and interim presentations which are available on the website investors' section.

On each earnings announcement, EDPR promotes a conference call and webcast, at which the Company's management updates the market on EDPR's activities. On each of these events, shareholders, investors and analysts had the opportunity to directly submit their questions and to discuss EDPR's results as well as the Company's outlook and strategy.

EDPR IR Department is coordinated by Rui Antunes and is located at the Company's head offices in Madrid, Spain. The department structure and contacts are as follows:

IR Contacts:

- Rui Antunes, Head of Planning & Control, Investor Relations and Sustainability
- Calle Serrano Galvache, 56; Centro Empresarial Parque Norte; Edificio Olmo – 7th floor; 28033 – Madrid – España
- Website: www.edprenovaveis.com/en/investors-edpr
- E-Mail: ir@edpr.com
- Phone: +34 902 830 700 / +34 914 238 429

In 2017, EDPR promoted and participated in several events, namely roadshows, conferences, presentations to investors and analysts, meetings and conference calls. During the year, EDPR management and the IR team attended to 10 broker conferences, held 24 roadshows and reverse roadshows, along with conference calls and meetings, totaling more than 300 interactions with institutional investors across Europe and US.

EDPR IR Department was in permanent contact with capital markets agents, namely financial analysts who evaluate the Company. In 2017, as far as the Company is aware, sell-side analysts issued more than 107 reports evaluating EDPR's business and performance.

At the end of the 2017, as far as the Company is aware of, there were 25 institutions elaborating research reports and following actively EDPR activity. As of December 31st 2017, the average price target of those analysts was of Euro 7.4 per share with the majority reporting "Buy" and "Neutral" recommendations on EDPR's share: 12 Buys, 12 Neutrals and 1 Sell.

COMPANY	ANALYST	PRICE TARGET	DATE	RECOMMENDATION
AXIA	Maria Almaça	€ 8.30	24-Aug-16	Buy
Bank of America Merrill Lynch	Pinaki Das	€ 7.70	1-Mar-17	Buy
BBVA	Daniel Ortea	€ 7.80	30-Oct-17	Outperform
Berenberg	Lawson Steele	€ 4.50	7-Feb-17	Sell
BPI	Gonzalo Sanchez-Bordoña	€ 8.00	14-Jun-17	Neutral
Bryan, Garnier & Co	Xavier Caroen	€ 6.30	3-Feb-17	Neutral
Caixa BI	Helena Barbosa	€ 7.60	9-Jan-17	Buy
Citigroup	Akhil Bhattar	€ 6.85	31-Oct-17	Neutral
Deutsche Bank	Virginia Sanz de Madrid	€ 8.20	6-Dec-17	Buy
Exane BNP	Manuel Palomo	€ 8.00	20-Sep-17	Overweight
Fidentiis	Daniel Rodríguez	€ 5.78	18-Dec-14	Hold
Goldman Sachs	Manuel Losa	€ 7.40	6-Jul-17	Neutral
Grupo CIMD	António Seladas	€ 7.50	9-Oct-17	Neutral
Haitong	Jorge Guimarães	€ 6.75	24-Jul-17	Neutral
HSBC	Pablo Cuadrado	€ 7.80	6-Nov-17	Buy
JB Capital Markets	José Martins Soares	€ 8.00	25-Oct-17	Neutral
JP Morgan	Javier Garrido	€ 7.80	1-Nov-17	Overweight
Kepler Cheuvreaux	Jose Porta	€ 7.80	24-Aug-17	Buy
Macquarie	Jose Ruiz	€ 6.75	6-Jul-17	Neutral
Morgan Stanley	Carolina Dores	€ 8.10	31-Oct-17	Equalweight
Natixis	Philippe Ourpatian	€ 6.90	1-Mar-17	Neutral
Sabadell	Felipe Echevarría	€ 8.20	10-Oct-16	Buy
Santander	Bosco Mugiro	€ 7.70	27-Mar-17	Buy
Société Générale	Jorge Alonso	€ 7.40	31-Oct-17	Hold
UBS	Hugo Liebaert	€ 8.00	22-Feb-17	Buy

57. MARKET RELATIONS REPRESENTATIVE

EDPR representative for relations with the market is Rui Antunes, Head of Planning & Control, Investor Relations and Sustainability Department.

58. INFORMATION REQUESTS

During the year, IR Department received more than 400 information requests and interacted more than 230 times with institutional investors. On average, information requests were replied in less than 24 hours, with complex requests being replied within one-week time. As of December 31st 2017 there was no pending information request.

V. WEBSITE – ONLINE INFORMATION

59-65.

EDPR considers online information a powerful tool in the dissemination of material information, updating its website with all the relevant documents. Apart from all the required information by CMVM and CNMV regulations, EDPR website also carries financial and operational updates of Company's activities ensuring an easy access to the information.

EDPR website: www.edprenovaveis.com

INFORMATION:	LINK:
Company information	www.edprenovaveis.com /en/investors/corporate-governance/company-data www.edprenovaveis.com/en/edpr/our-company/who-we-are
Corporate by-laws and bodies/committees regulations	www.edprenovaveis.com/en/investors/corporate-governance/governing-bodies
Members of the corporate bodies	www.edprenovaveis.com/en/board-directors-
Market relations representative, IR department	www.edprenovaveis.com/en/investors-edpr
Means of access	www.edprenovaveis.com/en/general-contacts-
Financial statements documents	www.edprenovaveis.com/en/investors/investors-information/reports-and-results
Corporate events Agenda	www.edprenovaveis.com/en/investors-edpr
General Shareholders' Meeting information	www.edprenovaveis.com/en/investors/corporate-governance/general-meetings

D. REMUNERATION

I. POWER TO ESTABLISH

66. COMPETENCES TO DETERMINE THE REMUNERATION OF THE CORPORATE BODIES

The Nominations and Remunerations Committee is a permanent body belonging to the Board of Directors with an informative and advisory nature. Its recommendations and reports are non-binding.

As such, the Nominations and Remunerations Committee has no executive functions. The main functions of the Nominations and Remunerations Committee are to assist and inform the Board of Directors regarding the nominations (including by co-option), re-elections, dismissals, and the remuneration of the Board Members and its position about the composition of the Board of Directors, as well as the nominations, remuneration, and removal of senior management personnel.

The Nominations and Remunerations Committee is the body responsible for proposing to the Board of Directors the determination of the remuneration of the Executive management of the Company; the Declaration on Remuneration Policy; the evaluation and compliance of the KPI's (Key Performance Indicators); the annual and multi annual variable remuneration, if applicable, and also proposes the remuneration of the Non-Executive Directors and members of the Board Committees.

The Board of Directors is responsible for the approval of the above-mentioned proposals except to the extent it concerns the Declaration on the Remuneration Policy which is approved by the General Shareholders' Meeting.

The Declaration on the Remuneration Policy is submitted by the Board of Directors to the approval of the General Shareholders' Meeting as an independent proposal. According to the Company's Articles of Association the Board of Directors remuneration is subject to a maximum value that can only be modified by a Shareholders agreement.

II. NOMINATIONS AND REMUNERATION COMMITTEE

67. NOMINATIONS AND REMUNERATIONS COMMITTEE

The Composition of the Nominations and Remunerations Committee is reflected on topic 29 of the report.

The Nominations and Remunerations Committee did not hire any external consultancy services corresponding to 2017.

68. KNOWLEDGE AND EXPERIENCE REGARDING REMUNERATION POLICY

The Chairman of the Nominations and Remunerations Committee has knowledge and experience regarding Remuneration Policy as member of the Remuneration Committee of a Portuguese listed company as mentioned on his biography available in the Annex of this report, together with the biographies of all other members of the Nominations and Remunerations Committee.

III. REMUNERATION STRUCTURE

69. REMUNERATION POLICY

Pursuant to Article 26.1 of the Company's Articles of Association the Directors shall be entitled to a remuneration which consists of (i) a fixed amount to be determined annually by the General Shareholders' Meeting for the whole Board of Directors and of (ii) attendance fees regarding the Board Meetings.

The above-mentioned 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 Shareholders' Meeting and comply with current legal provisions.

The total amount of the remunerations that the Company will pay to its Directors under the terms provided in the previous paragraphs shall not exceed the amount determined by the General Shareholders' Meeting. The maximum remuneration approved by the General Shareholders' Meeting for all the members of the Board of Directors was EUR 2,500,000 per year.

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 annual remuneration approved by the General Shareholders' Meeting for the variable remuneration for all the executive members of the Board of Directors was EUR 1,000,000 per year.

EDPR, in line with EDP Group corporate governance practices, has signed an Executive Management Services Agreement with EDP, under which the Company bears the cost for such services to some of the members of the Board of Directors to the extent their services are devoted to EDPR.

The Non-Executive Directors only receive a fixed remuneration, which is calculated on the basis of their work exclusively as Directors or with their membership on the Nominations and Remunerations Committee, Related Party Transactions

Committee, and the Audit and Control Committee. Those members who are seated in two different Committees do not accumulate two remunerations. In these cases, the remuneration to be received is the one that corresponds to the highest value.

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 are not any payments for the dismissal or termination of Director's duties.

The remuneration policy for the Directors of the Company is submitted each year to the General Shareholders' Meeting for approval.

70. REMUNERATION STRUCTURE

The remuneration policy applicable for 2017-2019, proposed by the Nominations and Remuneration Committee and approved by the General Shareholders' Meeting held on April 6th, 2017 (the "Remuneration Policy"), defines a structure with a fixed remuneration for all members of the Board of Directors, whereas for the members of the Executive Committee defines a fixed and a variable remuneration, with an annual component and a multi-annual component.

EDPR Business Plan for North America platform includes a substantial and strategic investment. On the other hand, EDPR wishes to consolidate its presence in offshore wind on the renewable energy landscape by delivering the projects in which it holds a stake as well as by identifying and developing new opportunities in the same markets or new ones with similar characteristics. Finally, the business environment for next years in Europe and Brazil is becoming very challenging.

Taking into consideration this business perspective and with the aim of reaching a consistency 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, to its submission to the next General Shareholders' Meeting. Additionally the Nominations and Remunerations Committee may consider studying in 2018 a Long Term Incentive Complementary Plan for COO Europe & Brazil.

On the topic below can be found the KPIs ("Key Performance Indicators") stated in the Remuneration Policy for variable annual and multi-annual variable components.

71. VARIABLE REMUNERATION

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

The variable annual remuneration may range from 0 to 68% of the annual fixed remuneration and the multi-annual remuneration from 0 to 120% of the annual fixed remuneration.

For Executive Committee Members that are also Officers, there will be a qualitative evaluation of the CEO about the annual performance. This evaluation will have a weight of 20% for the final calculation in the annual variable remuneration and of 32% in the multi-annual variable remuneration. The other 80% will be calculated based on the weights indicated in the next paragraph for the annual variable remuneration and 68% for the multi-annual variable.

The key performance indicators (KPIs) used to determine the amounts of the annual and multi-annual variable remuneration 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 COOs NA and EU/BR. For the year 2017 and in order to align the indicators with the company objectives, some minor amendments were applied to some KPIs.

The indicators are as follows:

	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	10.0%	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%
	Apreciation of the Remuneration Committee	5%	100%	0%	5%	100%	0%
		100,0%			**100,0%**		

*In respect of COO's annual and multiannual KPIs, both are calculated using the Group achievement, that weights 100%.

According to the Remuneration Policy approved by the General Shareholders' Meeting, 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%.

As mentioned above, two Long Term Incentive Complementary Programs (LTICP) have been designed and will be proposed to the next General Shareholders Meeting: 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. The target amount is 50% of the COO NA year-end base salary (USD183.444 gross amount) for each of the four years, implying a total target of 734.000$ for the period 2017-2020.

The LTICP KPIs measures are as follows: 2017-2020 EDPR Gross Installed MWs in North America, 2017-2020 EDPR EBITDA in North America, 2017-2020 EDPR ROIC Cash in North America

The measures will be consistent across the Plan, and will be evaluated only at the end of the Plan Term (i.e., in January 2021 for the four-year total) and payments would be made based on the LTICP % achievement rate and capped at 120% of target. 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.

In COO Offshore case, the LTICP KPIs measures are based in 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 be paid on January 2021. The maximum target amount (TA) to be accrued yearly is 50% of the COO Offshore year-end base salary (EUR 145.000 gross amount) implying a maximum total of EUR 435.000 for the period 2018-2020.

72. MULTI-ANNUAL REMUNERATION

The Remuneration Policy incorporates the deferral for a period of three years of the multi-annual variable remuneration, being the relevant payment conditioned to the lack of any willful illicit action, known after the appraisal and which endangers the sustainable performance of the company, in line with CMVM corporate governance practices.

Given such deferral policy, an amount of €135.000 (gross amount) corresponding to the Multi-Annual remuneration of Rui Teixeira (former EDPR Executive Committee Member) achieved by him on the period 2014-2016 pursuant to the Appointments and Remuneration Committee evaluation issued on February 18th, 2015, and approved on the Board of Directors Meeting held on February 24th, 2015, was due on 2017.

73. VARIABLE REMUNERATION BASED ON SHARES

EDPR has not allocated variable remuneration on shares and does not maintain Company shares that the Executive Directors have had access to.

74. VARIABLE REMUNERATION BASED ON OPTIONS

EDPR has not allocated variable remuneration on options.

75. ANNUAL BONUS AND NON-MONETARY BENEFITS

The key factors and grounds for any annual bonus scheme are described on topics 71 and 72. Additionally, the Officers, with the exception of the CEO, received the following non-monetary benefits: company car and Health Insurance. In 2017, the non-monetary benefits amounted to EUR 128,753

The Non-Executive Directors do not receive any relevant non-monetary benefits as remuneration.

76. RETIREMENT SAVINGS PLAN

The retirement savings plan for the members of the Executive Committee that are also Officers, acts as an effective retirement supplement with a range between 3% to 6% of their annual salary. The percentage is defined according with the retirement savings plan applicable in their home country. The retirement savings plan has been approved by the General Shareholders’ Meeting on April 14th 2016 (the Remuneration Policy included the retirement plan).

IV. REMUNERATION DISCLOSURE

77. BOARD OF DIRECTORS REMUNERATION

The remuneration paid by EDPR to the members of its Board of Directors for the year ended on December 31st 2017 was as follows:

REMUNERATION	FIXED (€)	TOTAL (€)
EXECUTIVE DIRECTORS		
João Manso Neto*	0	0
João Paulo Costeira**	61,804.00	61,804.00
Miguel Ángel Prado	0	0
Duarte Bello	15,451.00	15,451.00
Miguel Amaro**	46,353.00	46.353.00
Gabriel Alonso**	0	0
NON-EXECUTIVE DIRECTORS		
António Mexia*	0	0
Nuno Alves*	0	0
João Lopes Raimundo	60,000.00	60,000.00
António Nogueira Leite	55,000.00	55,000.00
João Manuel de Mello Franco	60,000.00	60,000.00
Jorge Henriques dos Santos	80,000.00	80,000.00
Gilles August	45,000.00	45,000.00
Manuel Menéndez Menéndez	45,000.00	45,000.00
Acácio Jaime Liberado Mota Piloto	55,000.00	55,000.00
José A. Ferreira Machado	60,000.00	60,000.00
Francisca Guedes de Oliveira	55,000.00	55,000.00
Allan J.Katz	45,000.00	45,000.00
Francisco Seixas da Costa	55,000.00	55,000.00
Total	738,608.00	738.608.00

*António Mexia, João Manso Neto and Nuno Alves do not receive any remuneration from EDPR. EDPR and EDP signed an Executive Management Services Agreement according to which EDPR pays to EDP a fee for the services rendered by these Board Members.
**Gabriel Alonso, Miguel Amaro, Duarte Bello, Miguel Ángel Prado and João Paulo Costeira, as Officers and members of the Executive Committee, and for the relevant period of 2017 corresponding to each of them, received their remuneration as Directors as described on the table above and as other Group companies' employees, as described on the table below.

According to the Executive Management Services Agreement signed with EDP, EDPR is due to pay an amount to EDP, for the services rendered by the Executive Managers and the Non-Executive Managers. The amount due under said Agreement for the management services rendered by EDP in 2017 is EUR 621,070, of which EUR 531,070 refers to the management services rendered by the Executive Members and EUR 90,000 to the management services rendered by the Non-Executive Members. The retirement savings plan for the members of the Executive Committee, excluding the Officers, acts as an effective retirement supplement and corresponds to 5% of their annual salary.

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.

78. REMUNERATION FROM OTHER GROUP COMPANIES

The total remuneration of the Officers during the relevant 2017 period corresponding to each of them, ex-CEO, was the following:

REMUNERATION	PAYER	FIXED	VARIABLE ANNUAL	VARIABLE MULTI-ANNUAL	TOTAL
João Paulo Costeira	EDP Energías de Portugal, S.A. Sucursal en España	€228,196	€ 90,000	135,000	€453,196
Miguel Amaro	EDP Energías de Portugal, S.A. Sucursal en España	€182,271	€ 87,500	-	€269,771
Gabriel Alonso	EDPR North America LLP	US$317,507	US$105,000	149,418	US$571,925
Duarte Bello	EDP Energías de Portugal, S.A. Sucursal en España	€50,718	-	-	€50,718
Miguel Ángel Prado	EDPR North America LLP	US$69,543	-	-	US$69,543

All the amounts are in EUR, except Gabriel Alonso and Miguel Ángel Prado ones, which are in USD.

79. REMUNERATION PAID IN FORM OF PROFIT SHARING AND/OR BONUS PAYMENTS

In EDPR there is no payment of remuneration in the form of profit sharing and/or bonus payments and the reasons for said bonuses or profit sharing being awarded.

80. COMPENSATION FOR RESIGNED BOARD MEMBERS

In EDPR there is no compensation paid or owed to former executive Directors concerning contract termination during the financial year.

81. AUDIT AND CONTROL COMMITTEE REMUNERATION

MEMBER	POSITION	REMUNERATION (€)*
Jorge Santos	Chairman	80,000
João Manuel de Mello Franco	Vocal	60,000
João Lopes Raimundo	Vocal	60,000

*The Non-Executive Directors receive only a fixed remuneration, which is calculated based on their work exclusively as Directors or with their membership on the Nominations and Remunerations Committee, Related-Party Transactions Committee, and/or the Audit and Control Committee.

82. REMUNERATION OF THE CHAIRPERSON OF THE GENERAL SHAREHOLDERS' MEETING

In 2017, the remuneration of the Chairman of the General Shareholders' Meeting of EDPR was EUR 15,000.

V. AGREEMENTS WITH REMUNERATION IMPLICATION

83-84.

EDPR has no agreements with remuneration implication.

VI. SHARE-ALLOCATION AND/OR STOCK OPTION PLANS

85-88.

EDPR does not have any Share-Allocation and/or Stock Option Plans.

E. RELATED-PARTY TRANSACTIONS

I. CONTROL MECHANISMS AND PROCEDURES

89. RELATED-PARTY TRANSACTIONS CONTROLLING MECHANISMS

In order to supervise the transactions between the Group Companies and its qualified shareholders, the Board of Directors has created the Related-Party Transactions Committee, a permanent body with delegated functions. The Related-Party Transactions Committee duties are described on topic 29 of the Report. The Audit and Control Committee also supervises the transactions with qualified shareholders when requested by the Board of Directors according to Article 8.2, i) of its Regulations. This information is included on the annual report of the Audit and Control Committee. The mechanisms established on both committees' regulations and also the fact that one of the members of the Related-Party Transactions Committee is member of the Audit and Control Committee constitutes a relevant element for an adequate evaluation of the relations established between EDPR and third entities.

90. TRANSACTIONS SUBJECT TO CONTROL DURING 2017

During 2017, EDPR has not signed any contracts with the members of its corporate bodies or with holders of qualifying holdings, excluding EDP, as mentioned below.

The contracts signed between EDPR and its related parties have been analyzed by the Related-Party Transactions Committee according to its competences, as mentioned on the previous topic, and have been concluded according to the market conditions.

The total amount of supplies and services in 2017 incurred with or charged by the EDP Group was EUR 18,629,789, corresponding to 5.6% of the total value of Supplies & Services for the year (EUR 326,885,895).

The most significant contracts in force during 2017 are the following:

FRAMEWORK AGREEMENT

The framework agreement was signed by EDP and EDPR on May 7th 2008 and came into effect when the latter was admitted to trading. The purpose of the framework agreement is to set out the principles and rules governing the legal and business relations existing when it came into effect and those entered into subsequently.

The framework agreement establishes that neither EDP nor the EDP Group companies other than EDPR and its subsidiaries can engage in activities in the field of renewable energies without the consent of EDPR. EDPR shall have worldwide exclusivity, with the exception of Brazil, where it shall engage its activities through a joint venture with EDP Energias do Brasil S.A., for the development, construction, operation, and maintenance of facilities or activities related to wind, solar, wave and/or tidal power, and other renewable energy generation technologies that may be developed in the future. Nonetheless, the agreement excludes technologies being developed in hydroelectric power, biomass, cogeneration, and waste in Portugal and Spain.

It lays down the obligation to provide EDP with any information that it may request from EDPR to fulfil its legal obligations and prepare the EDP Group's consolidated accounts. The framework agreement shall remain in effect for as long as EDP directly or indirectly owns more than 50% of the share capital of EDPR or appoints more than 50% of its Directors.

EXECUTIVE MANAGEMENT SERVICES AGREEMENT

On November 4th 2008 EDP and EDPR signed an Executive Management Services Agreement which was last amended in February 2017.

Through this contract, EDP provides management services to EDP Renováveis, including matters related to the day-to-day running of the Company. Under this agreement EDP appoints three people from EDP to be part of EDPR's Management: (i) one Executive Manager which is member of the EDPR Executive Committee and CEO, and (ii) two Non-Executive Managers, for which EDP Renováveis pays EDP an amount defined by the Related Party Committee, and approved by the Board of Directors and the Shareholders Meeting. Under this contract, EDPR incurred an amount of EUR 621,070.6 for the management services rendered in 2017.

FINANCE AGREEMENTS AND GUARANTEES

The most significant finance agreements between EDP Group companies and EDPR Group companies were established under the above-described Framework Agreement and currently include the following:

LOAN AGREEMENTS

EDPR and EDPR Servicios Financieros SA (as the borrower) have loan agreements with EDP Finance BV and EDP Servicios Financieros España (as the lender), companies 100% owned by EDP Energias de Portugal S.A. Such loan agreements can be established both in EUR and USD, up to 10-year tenor and are remunerated at rates set at an arm's length basis. As of December 31st 2017, such loan agreements totalled USD 1,472,783,052 and EUR 965,870,000.

CURRENT ACCOUNT AGREEMENT

EDPR Servicios Financieros (EDPR SFE) and EDP Servicios Financieros España (EDP SFE) signed an agreement through which EDP SFE manages EDPR SFE's cash accounts. The agreement also regulates the current account (cc) scheme on arm's length basis. As of December 31st 2017, there are two different current accounts with the following balance and counterparties:

- in USD, for a total amount of USD 23,055,466 in favour of EDP SFE;
- in EUR, for a total amount of EUR 35,164,912 in favour of EDP SFE.

The agreements in place are valid for one year as of date of signing and are automatically renewed for equal periods.

COUNTER-GUARANTEE AGREEMENT

A counter-guarantee agreement was signed, under which EDP or EDP Energias de Portugal S.A., Sucursal en España (hereinafter guarantor or EDP Sucursal) undertakes on behalf of EDPR, EDP Renewables Europe SLU (hereinafter EDPR EU), and EDP Renewables North America LLC (hereinafter EDPR NA) to provide corporate guarantees or request the issue of any guarantees, on the terms and conditions requested by the subsidiaries, which have been approved on a case by case basis by the EDP's Executive Board.

EDPR will be jointly liable for compliance by EDPR EU and EDPR NA. The subsidiaries of EDPR undertake to indemnify the guarantor for any losses or liabilities resulting from the guarantees provided under the agreement and to pay a fee established in arm's length basis. Nonetheless, certain guarantees issued prior to the date of approval of these agreements may have different conditions. As of December 31st 2017, such counter-guarantee agreements totaled EUR 6.401.170 and USD 316.560.000.

The counter-guarantee agreement under which EDP Energias do Brasil, SA or EDPR were undertaking on behalf of EDPR Brasil to provide corporate guarantees or request the issue of any guarantees on the terms and conditions requested by the subsidiaries, is no longer applicable and only the guarantees issued beforehand still in place until their expiring date. As of December 31st 2017, such counter-guarantee agreements totaled BRL 159,586,407.

CROSS CURRENCY INTEREST RATE SWAPS

Due to the net investments in EDPR NA, EDPR Canada, EDPR Brazil, Polish and Romanian companies, EDPR's accounts were exposed to the foreign exchange risk. With the purpose of hedging this foreign exchange risk, EDPR Group companies settled the following Cross Currency Interest Rate Swap (CIRS). As of December 31st 2017, the total amount of CIRS by geography and currency are as following:

- in USD/EUR, with EDP Sucursal for a total amount of USD 2,619,281,096;
- in CAD/EUR, with EDP Energias de Portugal SA for a total amount of CAD 30,050,000 (NDF);
- in BRL/EUR, with EDP Energias de Portugal SA for a total amount of BRL 168,000,000 (NDF);
- in PLN/EUR, with EDP Energias de Portugal SA for a total amount of PLN 741,641,090;
- in RON/EUR with EDP Energias de Portugal SA for a total amount of RON 689,573,000.

HEDGE AGREEMENTS – EXCHANGE RATE

EDPR Group companies entered into several hedge agreements with EDP Energias de Portugal S.A., with the purpose of managing the transaction exposure related to the short term or transitory positions in Polish subsidiaries, fixing the exchange rate for PLN/EUR and EUR/PLN in accordance to the prices in the forward market in each contract date. As of December 31st 2017, the total amount of Forwards and Non Delivery Forwards by geography and currency are as following:

- Polish operations, for EUR/PLN, a total amount of PLN 210,345,293 (FWDs);
- Polish operations, for PLN/EUR, a total amount of EUR 1,755,379 (FWDs)

HEDGE AGREEMENTS – COMMODITIES

EDP and EDPR EU entered into hedge agreements for 2017 for a total volume of 3,686,670 MWh (sell position) and 1,551,275 MWh (buy position) at the forward market price at the time of execution related with the expected sales of energy in the Spanish market.

CONSULTANCY SERVICE AGREEMENT

On June 4th 2008, EDP and EDPR signed a consultancy service agreement. Through this agreement, and upon request by EDPR, EDP (or through EDP Sucursal) shall provide consultancy services in the areas of legal services, internal control systems, financial reporting, taxation, sustainability, regulation and competition, risk management, human resources, information technology, brand and communication, energy planning, accounting and consolidation, corporate marketing, and organizational development.

The price of the agreement is calculated as the cost incurred by EDP plus a margin. For the first year, it was fixed at 8% based on an independent expert on the basis of market research. For 2017 the estimated cost of these services is EUR 5.406.049.4. This was the total cost of services provided for EDPR, EDPR EU, and EDPR NA.

The duration of the agreement is one (1) year tacitly renewable for equal periods.

RESEARCH AND DEVELOPMENT AGREEMENT

On May 13th 2008, EDP Inovação S.A. (hereinafter EDP Inovação), an EDP Group Company, and EDPR signed an agreement regulating relations between the two companies regarding projects in the field of renewable energies (hereinafter the R&D Agreement).

The object of the R&D Agreement is to prevent conflicts of interest and foster the exchange of knowledge between companies and the establishment of legal and business relationships. The agreement forbids EDP Group companies other than EDP Inovação to undertake or invest in companies that undertake the renewable energy projects described in the agreement.

The R&D Agreement establishes an exclusive right on the part of EDP Inovação to project and develop new renewable energy technologies that are already in the pilot or economic and/or commercial feasibility study phase, whenever EDPR exercises its option to undertake them.

The fee corresponding to this agreement in 2017 is EUR 694,252.47.

The agreement shall remain in effect for as long as EDP directly or indirectly maintains control of more than 50% of both companies or appoint the majority of the members of the Board and Executive Committee of the parties to the agreement.

MANAGEMENT SUPPORT SERVICES AGREEMENT BETWEEN EDP RENOVÁVEIS PORTUGAL S.A., AND EDP VALOR – GESTÃO INTEGRADA DE RECURSOS S.A.

On January 1st 2003, EDPR - Promoção e Operação S.A., and EDP Valor – Gestão Integrada de Recursos S.A. (hereinafter EDP Valor), an EDP Group Company, signed a management support service agreement.

The object of the agreement is the provision to EDPR – Promoção e Operação S.A. by EDP Valor of services in the areas of procurement, economic and financial management, fleet management, property management and maintenance, insurance, occupational health and safety, and human resource management and training.

The remuneration accrued by EDP Valor by EDPR Promoção e Operação S.A. and its subsidiaries for the services provided in 2017 totalled EUR 1,041,383.24. The initial duration of the agreement was five (5) years from date of signing on January 1st 2008, and tacitly renewable for equal periods of one (1) year. Either party may renounce the contract with one (1) year’s notice.

INFORMATION TECHONOLOGY MANAGEMENT SERVICES AGREEMENT BETWEEN EDP RENOVÁVEIS S.A. AND EDP ENERGIAS DE PORTUGAL S.A.

On January 1st 2010 EDPR and EDP signed an IT management services agreement.

The object of the agreement is to provide to EDPR the information technology services described on the contract and its attachments by EDP.

The amount incurred for the services provided in 2017 totalled EUR 692,471.9.

The initial duration of the agreement is one (1) year from date of signing and it is tacitly renewed for a new period of one (1) year.

Either party may renounce the contract with one (1) month notice.

CONSULTANCY AGREEMENT BETWEEN EDP RENOVÁVEIS BRASIL S.A., AND EDP ENERGIAS DO BRASIL S.A.

The object of the agreement is to provide to EDP Renováveis Brasil S.A. (hereinafter EDPR Brasil) the consultancy services described on the contract and its attachments by EDP – Energias do Brasil S.A. (hereinafter EDP Brasil). Through this agreement, and upon request by EDPR Brasil, EDP Brasil shall provide consultancy services in the areas of legal services, internal control systems, financial reporting, taxation, sustainability, regulation and competition, risk management, human resources, information technology, brand and communication, energy planning, accounting and consolidation, corporate marketing, and organizational development.

The amount incurred by EDP Brasil for the services provided in 2017 totalled BRL 202,303.

The initial duration of the agreement is one (1) year from the date of signing and it is tacitly renewed for a new period of one (1) year.

91. DESCRIPTION OF THE PROCEDURES APPLICABLE TO THE SUPERVISORY BODY FOR THE ASSESSMENT OF THE BUSINESS DEALS

The most significant contracts signed between EDPR and its Qualified Shareholders are analysed by the Related-Party Transactions Committee according to its competences, as mentioned on topic 89 of the report and by the Audit and Control Committee when requested.

According to Article 9.1 g) of the Related-Party Transactions Committee Regulations, the Committee analyses and supervises, according to the necessities of each specific case, the transactions between Qualifying Holdings other than EDP with entities from the EDP Renováveis Group whose annual value is superior to EUR 1,000,000. This information is included on the annual report of the Audit and Control Committee regarding those cases whose previous opinion was requested. The mechanisms established on both committees regulations and also the fact that one of the members of the Related-Party Transactions Committee is a member of the Audit and Control Committee constitutes a relevant element for an adequate evaluation of the relations established between EDPR and third entities.

II. DATA ON BUSINESS DEALS

92. DETAILS OF THE PLACE WHERE THE FINANCIAL STATEMENTS INCLUDING INFORMATION ON BUSINESS DEALINGS WITH RELATED PARTIES ARE AVAILABLE, IN ACCORDANCE WITH IAS 24, OR ALTERNATIVELY A COPY OF SAID DATA.

The information on business dealings with related parties is available on Note 37 of the Financial Statements.

PART II – CORPORATE GOVERNANCE ASSESSMENT

1. DETAILS OF THE CORPORATE GOVERNANCE CODE IMPLEMENTED

According to article 2 of CMVM Regulation 4/2013, EDPR informs that the present Report has been drafted under the Recommendations of CMVM's Corporate Governance Code published on July 2013. The CMVM Corporate Governance Code and its Regulations are available at CMVM website (www.cmvm.pt).

2. ANALYSIS OF COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE IMPLEMENTED

The following table shows the CMVM recommendations set forth in the code and indicates EDPR's compliance with it and the place in this report in which they are described in more detail.

During 2017 EDPR continued its consolidation task as to the Company's governance principles and practices. The high level of compliance with the best governance practices by EDPR was once again recognized by an initiative of Deloitte, the UK-based financial services firm, which rewards the best investor relations performance among companies listed on Euronext Lisbon: the annual IRG Awards Gala. This awards recognize the year's greatest accomplishments in the Portuguese business and financial markets, based on policies and attitudes of transparency, the quality of the information produced and its investor relations. EDPR once again, has been awarded for the Best Annual Report in the non-financial sector at the Investor Relations & Governance Awards, which took place September 19th in Lisbon, for excellence in accuracy, transparency, thoroughness and clarity.

EDPR has been recognized with several IRG awards and nominations in past years. This is the third consecutive year in which the company has won the award for Best Annual Report in the Non-Financial Sector, and its seventh time overall.

Also in order to comply with the Recommendation II.2.5 of the Portuguese Corporate Governance Code, and according to the results of the reflection made by the Nominations and Remunerations Committee, the governance model that was adopted has been ensuring an effective performance and articulation of EDPR Social Bodies and proved to be adequate to the Company's governance structure without any constraints to the performance of its checks and balances system adopted to justify the changes made in the governance practices of EDPR.

The explanation of CMVM's recommendations that EDPR does not adopt or that the Company deems not applicable, reasoning and other relevant comments as well as reference to the part of the report where the description may be found, are in the table below.

In this context, EDPR states that it has adopted the CMVM recommendations on the governance of listed companies provided in the Portuguese Corporate Governance Code, with the exceptions indicated below.

#.#.	**CMVM RECOMMENDATIONS**
STATEMENT OF COMPLIANCE	
I.	VOTING AND CORPORATE CONTROL
I.1. **Adopted**	Companies shall encourage shareholders to attend and vote at general meetings and shall not set an excessively large number of shares required for the entitlement of one vote, and implement the means necessary to exercise the right to vote by mail and electronically.
Chapter B – I, b), topic 12 and 13	
I.2. **Adopted**	Companies shall not adopt mechanisms that hinder the passing of resolutions by shareholders, including fixing a quorum for resolutions greater than that provided for by law.
Chapter B – I, b), topic 14	
I.3. **Adopted**	Companies shall not establish mechanisms intended to cause mismatching between the right to receive dividends or the subscription of new securities and the voting right of each common share, unless duly justified in terms of long-term interests of shareholders.
Chapter B – I, b) topic 14	

#.#.	CMVM RECOMMENDATIONS
STATEMENT OF COMPLIANCE	
I.4. **Not Applicable**	The Company's articles of association that provide for the restriction of the number of votes that may be held or exercised by a sole shareholder, either individually or in concert with other shareholders, shall also foresee for a resolution by the General Assembly (5 year intervals), on whether that statutory provision is to be amended or prevails – without super quorum requirements as to the one legally in force – and that in said resolution, all votes issued be counted, without applying said restriction.
Chapter A – I, topic 5	
I.5. **Adopted**	Measures that require payment or assumption of fees by the Company in the event of change of control or change in the composition of the Board and that which appear likely to impair the free transfer of shares and free assessment by shareholders of the performance of Board Members, shall not be adopted.
Chapter A – I, Topic 2 and 4	
II.	SUPERVISION, MANAGEMENT AND OVERSIGHT
II.1.	SUPERVISION AND MANAGEMENT
II.1.1. **Adopted**	Within the limits established by law, and except for the small size of the Company, the board of Directors shall delegate the daily management of the Company and said delegated powers shall be identified in the Annual Report on Corporate Governance.
Chapter B – II, Topic 21, 28 and 29	
II.1.2. **Adopted**	The Board of Directors shall ensure that the Company acts in accordance with its objectives and shall not delegate its responsibilities as regards the following: i) define the strategy and general policies of the Company, ii) define business structure of the group, iii) decisions considered strategic due to the amount, risk and particular characteristics involved.
Chapter B- II, Topic 29	
II.1.3. **Not Applicable**	The General and Supervisory Board, in addition to its supervisory duties , shall take full responsibility at corporate governance level, whereby through the statutory provision or by equivalent means, shall enshrine the requirement for this body to decide on the strategy and major policies of the Company, the definition of the corporate structure of the group and the decisions that shall be considered strategic due to the amount or risk involved. This body shall also assess compliance with the strategic plan and the implementation of key policies of the Company.
(The governance model adopted by EDPR, as it is compatible with its personal law, corresponds to the so-called "Anglo-Saxon" model set forth in the Portuguese Commercial Companies Code, in which the management body is a Board of Directors, and the supervision and control duties are of the responsibility an Audit and Control Committee.)	
II.1.4. **Adopted**	Except for small-sized companies, the Board of Directors and the General and Supervisory Board, depending on the model adopted, shall create the necessary committees in order to: a) Ensure a competent and independent assessment of the performance of the executive Directors and its own overall performance, as well as of other committees; b) Reflect on the system structure and governance practices adopted, verify its efficiency and propose to the competent bodies, measures to be implemented with a view to their improvement.
Chapter B – II, C), Topic 27, 28 and 29	
II.1.5. **Adopted**	The Board of Directors or the General and Supervisory Board, depending on the applicable model, should set goals in terms of risk-taking and create systems for their control to ensure that the risks effectively incurred are consistent with those goals.
Chapter B – III; C), III – Topic 52, 53, 54 and 55	
II.1.6. **Adopted**	The Board of Directors shall include a number of Non-Executive members ensuring effective monitoring, supervision and assessment of the activity of the remaining members of the board.
Chapter B – II, Topic 18 and Topic 29	

#.#.	CMVM RECOMMENDATIONS
STATEMENT OF COMPLIANCE	
II.1.7. **Adopted** Chapter B – II, Topic 18	Non-Executive members shall include an appropriate number of independent members, taking into account the adopted governance model, the size of the Company, its shareholder structure and the relevant free float. The independence of the members of the General and Supervisory Board and members of the Audit Committee shall be assessed as per the law in force. The other members of the Board of Directors are considered independent if the member is not associated with any specific group of interests in the Company nor is under any circumstance likely to affect an exempt analysis or decision, particularly due to: a. Having been an employee at the Company or at a Company holding a controlling or group relationship within the last three years; b. Having, in the past three years, provided services or established commercial relationship with the Company or Company with which it is in a control or group relationship, either directly or as a partner, board member, manager or Director of a legal person; c. Being paid by the Company or by a Company with which it is in a control or group relationship besides the remuneration arising from the exercise of the functions of a board member; d. Living with a partner or a spouse, relative or any first degree next of kin and up to and including the third degree of collateral affinity of Board Members or natural persons that are direct and indirectly holders of qualifying holdings; e. Being a qualifying shareholder or representative of a qualifying shareholder.
II.1.8. **Adopted** Chapter B – II, C) - Topic 29	When Board Members that carry out executive duties are requested by other Board Members, said shall provide the information requested, in a timely and appropriate manner to the request.
II.1.9. **Adopted** Chapter B – II, C) - Topic 29	The Chair of the Executive Board or of the Executive Committee shall submit, as applicable, to the Chair of the Board of Directors, the Chair of the Supervisory Board, the Chair of the Audit Committee, the Chair of the General and Supervisory Board and the Chairperson of the Financial Matters Board, the convening notices and minutes of the relevant meetings.
II.1.10. **Not applicable** (The Chairperson of EDPR's Board of Directors does not have executive duties) Chapter B – II, A) – Topic 18	If the chair of the board of Directors carries out executive duties, said body shall appoint, from among its members, an independent member to ensure the coordination of the work of other Non-Executive members and the conditions so that said can make independent and informed decisions or to ensure the existence of an equivalent mechanism for such coordination.
II.2	SUPERVISION
II.2.1. **Adopted** Chapter B – II – Topic 18; Chapter B – II, C) - Topic 29; and Chapter B – III, A) – Topic 32	Depending on the applicable model, the Chair of the Supervisory Board, the Audit Committee or the Financial Matters Committee shall be independent in accordance with the applicable legal standard, and have the necessary skills to carry out their relevant duties.
II.2.2. **Adopted** Chapter B – C), Topic 29; and Chapter B – V, Topic 45	The supervisory body shall be the main representative of the external auditor and the first recipient of the relevant reports, and is responsible, inter alia, for proposing the relevant remuneration and ensuring that the proper conditions for the provision of services are provided within the Company
II.2.3. **Adopted** Chapter B – II, Topic 29; Chapter B – III, C) – Topic 38; and Chapter B – III – V, Topic 45	The supervisory board shall assess the external auditor on an annual basis and propose to the competent body its dismissal or termination of the contract as to the provision of their services when there is a valid basis for said dismissal.
II.2.4. **Adopted** Chapter B – II, Topic 29; and Chapter B – III, C) – III	The supervisory board shall assess the functioning of the internal control systems and risk management and propose adjustments as may be deemed necessary.
II.2.5. **Adopted** Chapter B – II, Topic 29	The Audit Committee, the General and Supervisory Board and the Supervisory Board shall decide on the work plans and resources concerning the internal audit services and services that ensure compliance with the rules applicable to the Company (compliance services), and should be recipients of reports made by these services at least when it concerns matters related to accountability, identification or resolution of conflicts of interest and detection of potential improprieties.

#.#.	CMVM RECOMMENDATIONS
STATEMENT OF COMPLIANCE	
II.3.	REMUNERATION SETTING
II.3.1. **Adopted**	All members of the Remuneration Committee or equivalent should be independent from the Executive Board Members and include at least one member with knowledge and experience in matters of remuneration policy.
Chapter D – II – Topic 29, 67 and 68	
II.3.2. **Adopted**	Any natural or legal person that provides or has provided services in the past three years, to any structure under the Board of Directors, the Board of Directors of the Company itself or who has a current relationship with the Company or consultant of the Company, shall not be hired to assist the Remuneration Committee in the performance of their duties. This recommendation also applies to any natural or legal person that is related by employment contract or provision of services with the above.
Chapter D – II – Topic 67	
II.3.3. **Adopted**	A statement on the remuneration policy of the management and supervisory bodies referred to in Article 2 of Law No. 28/2009 of 19 June, shall also contain the following: a) Identification and details of the criteria for determining the remuneration paid to the members of the governing bodies; b) Information regarding the maximum potential, in individual terms, and the maximum potential, in aggregate form, incurred to members of corporate bodies, and identify the circumstances whereby these maximum amounts may be payable; c) Information regarding the enforceability or unenforceability of payments for the dismissal or termination of appointment of Board Members.
Chapter D – III – Topic 69	
II.3.4. **Not Applicable**	Approval of plans for the allotment of shares and/or options to acquire shares or based on share price variation to Board Members shall be submitted to the General Meeting. The proposal shall contain all the necessary information in order to correctly assess said plan.
Chapter V – III, Topic 73 and 85-88	
II.3.5. **Adopted**	Approval of any retirement benefit scheme established for members of corporate members shall be submitted to the General Meeting. The proposal shall contain all the necessary information in order to correctly assess said system.
Chapter D – III, Topic 76	

III.	REMUNERATION
III.1. **Adopted**	The remuneration of the executive members of the board shall be based on actual performance and shall discourage taking on excessive risk-taking.
Chapter D – III, Topic 69, 70, 71 and 72	
III.2. **Adopted**	The remuneration of Non-Executive Board Members and the remuneration of the members of the supervisory board shall not include any component whose value depends on the performance of the Company or of its value.
Chapter D – III, Topic 69; and Chapter D – IV, Topic 77	
III.3. **Adopted**	The variable component of remuneration shall be reasonable overall in relation to the fixed component of the remuneration and maximum limits should be set for all components.
Chapter D – III, Topic 71 and 72	
III.4. **Adopted**	A significant part of the variable remuneration should be deferred for a period not less than three years, and the right of way payment shall depend on the continued positive performance of the Company during that period.
Chapter D – III, Topic 72	
III.5. **Adopted**	Members of the Board of Directors shall not enter into contracts with the Company or with third parties which intend to mitigate the risk inherent to remuneration variability set by the Company.
Chapter D – III, Topic 69	

#.#.	CMVM RECOMMENDATIONS
STATEMENT OF COMPLIANCE	
III.6. **Not Applicable**	Executive Board Members shall maintain the Company's shares that were allotted by virtue of variable remuneration schemes, up to twice the value of the total annual remuneration, except for those that need to be sold for paying taxes on the gains of said shares, until the end of their mandate.
Chapter D – III, Topic 73	
III.7. **Not Applicable**	When the variable remuneration includes the allocation of options, the beginning of the exercise period shall be deferred for a period not less than three years.
Chapter D – III, Topic 74	
III.8. **Adopted**	When the removal of board member is not due to serious breach of their duties nor to their unfitness for the normal exercise of their functions but is yet due on inadequate performance, the Company shall be endowed with the adequate and necessary legal instruments so that any damages or compensation, beyond that which is legally due, is unenforceable.
Chapter D – III, Topic 69 and 72	
IV.	AUDITING
IV.1. **Adopted**	The external auditor shall, within the scope of its duties, verify the implementation of remuneration policies and systems of the corporate bodies as well as the efficiency and effectiveness of the internal control mechanisms and report any shortcomings to the supervisory body of the Company.
Chapter B – III – V, Topic 45	
IV.2. **Adopted**	The Company or any entity with which it maintains a control relationship shall not engage the external auditor or any entity with which it finds itself in a group relationship or that incorporates the same network, for services other than audit services. If there are reasons for hiring such services - which must be approved by the supervisory board and explained in its Annual Report on Corporate Governance - said should not exceed more than 30% of the total value of services rendered to the Company.
Chapter B – III – V, Topics 37 and 46	
IV.3. **Adopted**	Companies shall support auditor rotation after two or three terms whether four or three years, respectively. Its continuance beyond this period must be based on a specific opinion of the supervisory board that explicitly considers the conditions of auditor's independence and the benefits and costs of its replacement.
Chapter B – III – V, Topic 44	
V.	CONFLICTS OF INTEREST AND RELATED PARTY TRANSACTIONS
V.1. **Adopted**	The Company's business with holders of qualifying holdings or entities, with which they are in any type of relationship pursuant to article 20 of the Portuguese Securities Code, shall be conducted during normal market conditions.
Chapter B – C), Topic 90	
V.2. **Adopted**	The supervisory or oversight board shall establish procedures and criteria that are required to define the relevant level of significance of business with holders of qualifying holdings - or entities with which they are in any of the relationships described in article 20/1 of the Portuguese Securities Code – thus significant relevant business is dependent upon prior opinion of that body.
Chapter B – C), Topic 89 and 91	
VI.	INFORMATION
VI.1. **Adopted**	Companies shall provide, via their websites in both the Portuguese and English languages, access to information on their progress as regards the economic, financial and governance state of play.
Chapter B – C) – V, Topics 59-65	
VI.2. **Adopted**	Companies shall ensure the existence of an investor support and market liaison office, which responds to requests from investors in a timely fashion and a record of the submitted requests and their processing, shall be kept.
Chapter B – C) – IV, Topic 56	

ANNEX

PROFESSIONAL QUALIFICATIONS AND BIOGRAPHIES OF THE MEMBERS OF THE BOARD OF DIRECTORS

ANTÓNIO MEXIA

Born: 1957

Current positions in EDPR or EDP group of companies:

- Chairman of the Board of Directors of EDP Renováveis S.A.
- Chairman and CEO of the Executive Board of Directors of EDP - Energias de Portugal, S.A.
- Permanent Representative of EDP - Energias de Portugal, Sociedade Anónima, Sucursal en España, and Representative of EDP Finance BV
- Chairman of the Board of Directors of EDP - Energias do Brasil, S.A.
- Member of de Board of Directors of Fundação EDP

Current positions in companies outside EDPR and EDP group of companies:

- Member of the Board of Directors of Banco Comercial Português (BCP)
- President of the Board of Directors of Union de l'Industrie Electrique - EURELECTRIC

Other previous positions:

- Minister of Public Works, Transport and Communication for Portugal's 16th Constitutional Government
- Chairman of the Portuguese Energy Association (APE)
- Executive Chairman of Galp Energia
- Chairman of the Board of Directors of Petrogal, Gás de Portugal, Transgás and Transgás-Atlântico
- Vice-Chairman of the Board of Directors of Galp Energia
- Director of Banco Espírito Santo de Investimentos
- Vice-Chairman of the Board of Directors of ICEP (Portuguese Institute for Foreign Trade)
- Assistant to the Secretary of State for Foreign Trade
- Assistant Lecturer in the Department of Economics at Université de Genève (Switzerland)

Education:

- BSc in Economics from Université de Genève (Switzerland)
- Postgraduate lecturer in European Studies at Universidade Católica

JOÃO MANSO NETO

Born: 1958

Current positions in EDPR or EDP group of companies:

- Executive Vice-Chairman of the Board of Directors and Chairman of the Executive Committee (CEO) of EDP Renováveis S.A.
- Chairman of the Board of Directors of EDP Renewables Europe SLU, EDP Renováveis Brasil S.A. and EDP Renováveis Servicios Financieros S.A.
- Executive Director of EDP Energias de Portugal S.A.
- Member of the Board of Directors of Hidroeléctrica del Cantábrico S.A.
- Permanent Representative of EDP Energias de Portugal SA Sucursal en España, and Representative of EDP Finance BV
- Chairman of the Board of Directors of EDP Gás.com Comércio de Gás Natural S.A.

Current positions in companies outside EDPR and EDP group of companies:

- Member of the Board of the Operador del Mercado Ibérico de Energía, Polo Español (OMEL)
- Member of the Board of OMIP - Operador do Mercado Ibérico (Portugal), SGPS, S.A.
- Member of the Board of MIBGAS

Main positions in the last five years:

- Member of the Executive Board of Directors of EDP Energias de Portugal S.A.
- Chairman of EDP Gestão da Produção de Energia S.A.
- CEO and Vice-Chairman of Hidroeléctrica del Cantábrico S.A.
- Vice-Chairman of Naturgás Energia Grupo S.A.
- Member of the Board of the Operador del Mercado Ibérico de Energía, Polo Español (OMEL)
- Member of the Board of OMIP - Operador do Mercado Ibérico (Portugal) SGPS S.A.

Other previous positions:

- Head of the International Credit Division, and General Manager responsible for Financial and South Retail areas at Banco Português do Atlântico
- General Manager of Financial Management, General Manager of Large Corporate and Institutional Businesses, General Manager of the Treasury, Member of the Board of Directors of BCP Banco de Investimento and Vice-Chairman of BIG Bank Gdansk in Poland at Banco Comercial Português
- Member of the Board of Banco Português de Negócios
- General Manager and Member of the Board of EDP Produção

Education:

- Degree in Economics from Instituto Superior de Economia
- Post-graduate degree in European Economics from Universidade Católica Portuguesa; program in Economics at the Faculty of Economics, Universidade Nova de Lisboa
- Advanced Management Program for Overseas Bankers at the Wharton School in Philadelphia

JOÃO PAULO COSTEIRA

Born: 1965

Current positions in EDPR or EDP group of companies:

- Chief Operating Officer - Offshore of EDP Renováveis S.A.
- Chief Development Officer of EDP Renováveis S.A.
- Member of the Board of Directors of EDP Renováveis S.A.
- Member of the Executive Committee of EDP Renováveis S.A.

Current positions in companies outside EDPR and EDP group of companies:

- (none)

Main positions in the last five years:

- Chief Operating Officer for Europe & Brazil of EDP Renováveis S.A.
- Chairman of the Board of Directors of EDP Renewables Italia SRL, EDP Renewables France Holding S.A., EDP Renewables SGPS SA, EDP Renewables South Africa Ltd, EDP Renováveis Portugal S.A., EDPR PT- Parques Eólicos S.A., EDPR PT Promoção e Operação S.A., ENEOP 2 S.A., Greenwind S.A. and South Africa Wind & Solar Power SLU
- Director of EDP Renewables Europe SL, EDP Renewables Polska SP zoo, EDP Renewables Romania SRL, EDP Renewables UK Ltd, EDP Renováveis Brasil SA and EDP Renováveis Servicios Financieros S.A.

Other previous positions:

- Commercial Director of Portgás
- General Manager of Lisboagás (Lisbon's Natural Gás LDC), Managing Director of Transgás Industria (Liberalized wholesale customers), and Managing Director of Lusitaniagás (Natural gas LDC) at Galpenergia Group (Portugal's National Oil & Gas Company)
- Member of the Management Team of GalpEmpresas and Galpgás
- Executive Board Member for Natural Gas Distribution and Marketing (Portugal and Spain)

Education:

- Degree in Electrical Engineering by the Faculdade Engenharia da Universidade do Porto
- Master in Business Administration by IEP/ESADE (Oporto and Barcelona)
- Executive Development Program at École des HEC (Université de Lausanne)
- Strategic Leadership Development Program at INSEAD (Fontainebleau)
- Advanced Management Program of IESE (Barcelona)

DUARTE BELLO

Born: 1979

Current positions in EDPR or EDP group of companies:

- Chief Operating Officer of EDP Renováveis S.A. for Europe and Brazil
- Member of the Board of Directors of EDP Renováveis S.A.
- Member the Executive Committee of EDP Renováveis S.A.

Current positions in companies outside EDPR and EDP group of companies:

- (none)

Main positions in the last five years:

- Head of EDP Group M&A and Corporate Development
- Member of EDP Group Investment Committee

Other previous positions:

- Chief of Staff for EDP's CEO
- Project Manager in EDP Group M&A and Corporate Development
- Financial Analyst at Schroder Salomon Smith Barney in London and Lisbon
- Financial analyst in Citigroup's Investment Banking division in London

Education:

- Business and Administration from Faculdade de Economia da Universidade Nova de Lisboa
- MBA from INSEAD (Singapore and France)

MIGUEL ÁNGEL PRADO

Born: 1975

Current positions in EDPR or EDP group of companies:

- Chief Operating Officer of EDP Renováveis S.A. for North America and CEO EDP Renewables North America LLC
- Member of the Board of Directors of EDP Renováveis S.A.
- Member of the Executive Committee of EDP Renováveis S.A.

Current positions in companies outside EDPR and EDP group of companies:

- (none)

Main positions in the last five years:

- Head of Investments, Mergers and Acquisitions at EDP Renováveis S.A.
- Leadership of the asset rotation strategy of EDP Renováveis S.A.
- Member of EDPR Group Investment Committee

Other previous positions:

- He has worked in EDP and EDPR for nearly 15 years, investing more than 18 Billion by executing a significant number of relevant acquisitions in 12 different countries
- Manager at Arthur Andersen Corporate Finance department

Education:

- PhD in Business and Management by the University of Oviedo and Bradford (UK)
- Executive MBA by the IE (Instituto de Empresa, Madrid)

NUNO ALVES

Born: 1958

Current positions in EDPR or EDP group of companies:

- Member of the Board of Directors of EDP Renóvaveis S.A.
- Member and CFO of the Executive Board of Directors of EDP - Energias de Portugal, S.A.
- Chairman of the Board of Directors of EDP - Imobiliária e Participações, S.A., Energia RE S.A., Sãvida - Medicina Apoiada, S.A., SCS - Serviços Complementares de Saúde, S.A.
- Member of Board of Directors of EDP - Energias do Brasil, S.A. and member of the Board of Directors of Hidroeléctrica del Cantábrico S.A.
- Permanent Representative and Member of the Executive Committee of EDP - Energias de Portugal, Sociedade Anónima, Sucursal en España
- Manager of EDP IS - Investimentos e Serviços, SU Lda
- Representative of relations with the Market and CMVM of EDP - Energias de Portugal, S.A.

Main positions in the last five years:

- Member of the Executive Board of Directors and CFO of EDP - Energias de Portugal, S.A.
- Representative of EDP Finance BV

Other previous positions:

- In 1988, he joined the Planning and Strategy Department of Millennium BCP
- Associate Director of the Millennium BCP bank's Financial Investments Division
- Investor Relations Officer for the Millennium BCP Group
- Coordinating Manager of Millennium BCP Retail network
- Head of the Capital Markets Division of Millennium BCP Investimento
- Co-Head of Millennium BCP Investment Banking Division
- Chairman and CEO of CISF Dealer, the brokerage arm of Millennium BCP Investimento
- General Manager of Millennium BCP
- Executive Board Member of Millennium BCP Investimento, responsible for BCP Group Treasury and Capital Markets

Education:

- Degree in Naval Architecture and Marine Engineering
- Master in Business Administration by the University of Michigan

**JOÃO
LOPES
RAIMUNDO**

Born: 1960

Current positions in EDPR or EDP group of companies:

- Member of the Board of Directors of EDP Renováveis S.A.
- Member of the Audit and Control Committee of EDP Renováveis S.A.

Current positions in companies outside EDPR and EDP group of companies:

- Member of the CA of Montepio Holding S.A.
- Member of the CAE of Caixa Económica Montepio Geral ("CEMG")
- Chairman of Montepio Investimento S.A.
- Member of the CA of HTA – Hoteis, Turismo e Animação dos Açores, S.A.
- Member of the CA of SIBS, SGPS, S.A.
- Member of the CA of SIBS FPS – Forward Payment Solutions, S.A.

Main positions in the last five years:

- Member of the Board of Directors of CIMPOR - Cimentos de Portugal, SGPS S.A.
- Managing Director of Millennium BCP's Investment Banking Division
- CEO and Board Member of Millennium BCP Capital S.A.
- Chairman of the Board of BCP Holdings (USA), Inc.
- General Manager of Banco Comercial Português
- Member of the Board of OMIP – Operador do Mercado Ibérico (Portugal), SGPS S.A.
- Member of the Investment Committees of the Fundo Revitalizar Norte, FCR (managed by Explorer Investments, SCR SA), Fundo Revitalizar Centro, FCR (Managed by Oxy Capital, SCR, S.A.) and Fundo Revitalizar Sul, FCR (Managed by Capital Criativo, SCR S.A.)
- Member of the CAE of Montepio Recuperação de Crédito ACE

Other previous positions:

- Senior auditor of BDO - Binder Dijker Otte Co.
- Director of Banco Manufactures Hanover (Portugal) S.A.
- Member of the Boards of TOTTAFactor SA (Grupo Banco Totta e Açores) and Valores Ibéricos, SGPS SA In 1993, held positions with Nacional Factoring, da CISF - Imóveis and CISF Equipamentos
- Director of CISF - Banco de Investimento
- Member of the Board of Directors of Leasing Atlântico, Comercial Leasing, Factoring Atlântico, Nacional Leasing and Nacional Factoring
- Member of the Board of Directors of BCP Leasing, BCP Factoring and Leasefactor SGPS
- Chairman of the Board of Directors of Banque BCP (Luxemburg)
- Chairman of the Executive Committee of Banque BCP (France)
- Member of the Board of Banque Privée BCP (Switzerland)
- General Manager of BCP's Private Banking Division
- Member of the Board of Directors of Banco Millennium BCP de Investimento S.A.
- General Manager of Banco Comercial Português S.A.
- Vice-Chairman of the General Assembly Board of Millennium Angola
- Vice-Chairman and CEO of Millennium BCP Bank NA (USA)

Education:

- BSc in Business Administration from Universidade Católica Portuguesa
- Master in Business Administration from INSEAD

JOÃO MANUEL DE MELLO FRANCO

Born: 1946

Current positions in EDPR or EDP group of companies:

- Member of the Board of Directors
- Chairman of the Nominations and Remunerations Committee
- Member of the Audit and Control Committee of EDP Renováveis S.A.

Current positions in companies outside EDPR and EDP group of companies:

- Chairman of the Board of Villas Boas ACP - Corretores de Seguros, S.A.
- Member of the Board of ACP-Mediaçao de Seguros, S.A.

Main positions in the last five years:

- Chairman of the Audit Committee of Sporting Clube de Portugal-Futebol SAD
- Chairman of the Board of Directors of Portugal Telecom SGPS, S.A.
- Chairman of the Audit Committee, Member of the Corporate Governance Committee, Member of the Evaluation Committee and Member of the Remuneration Committee of Portugal Telecom SGPS S.A.

Other previous positions:

- Member of the Board of Directors of Tecnologia das Comunicações, Lda
- Chairman of the Board of Directors of Telefones de Lisboa e Porto S.A.
- Chairman of Associação Portuguesa para o Desenvolvimento das Comunicações
- Chairman of the Board of Directors of Companhia Portuguesa Rádio Marconi
- Chairman of the Board of Directors of Companhia Santomense de Telecomunicações e da Guiné Telecom
- Vice-Chairman of the Board of Directors and CEO of Lisnave (Estaleiros Navais) S.A.
- CEO and Chairman of the Board of Directors of Soponata
- Director and Member of the Audit Committee of International Shipowners Reinsurance Co S.A.
- Vice-Chairman of José de Mello Imobiliária SGPS S.A.

Education:

- BSc in Mechanical Engineering from Instituto Superior Técnico de Lisboa
- Certificate in strategic management and company boards
- Holder of a grant of Junta de Energia Nuclear

JORGE SANTOS

Born: 1951

Current positions in EDPR or EDP group of companies:

- Member of the Board of Directors of EDP Renováveis S.A.
- Chairman of the Audit and Control Committee of EDP Renováveis S.A.

Current positions in companies outside EDPR and EDP group of companies:

- Full Professor of ISEG, University of Lisbon
- Director at "Fundação Económicas"
- Member of the "Conselho Diretivo" of the "Fundação do Centro Cultural de Belém"
- Coordinator of the Master Program in Economics of ISEG

Main positions in the last five years:

- President of the Economics Department of Instituto Superior de Economia e Gestão of the Universidade de Lisboa (ISEG)
- President of the General Assembly of IDEFE

Other previous positions:

- Coordinator of the committee for evaluation of the EC Support Framework II
- Member of the committee for the elaboration of the ex-ante evaluation of the EC Support Framework III. From 1998 to 2000
- Chairman of the research unit "Unidade de Estudos sobre a Complexidadena Economia (UECE)"
- Chairman of the scientific council of Instituto Superior de Economia e Gestão (ISEG) of the Universidade de Lisboa
- Coordinator of the committee for the elaboration of the Strategic Programme of Economic and Social Development for the Peninsula of Setúbal

Education:

- Degree in Economics from Instituto Superior de Economia e Gestão
- Master degree (MSc) in Economics from the University of Bristol
- Ph.D. in economics from the University of Kent
- Doctorate Degree in Economics from the Instituto Superior de Economia e Gestão of Universidade de Lisboa

MANUEL MENÉNDEZ MENÉNDEZ

Born: 1959

Current positions in EDPR or EDP group of companies:

- Member of the Board of Directors of EDP Renováveis S.A.
- Chairman of the Board of Directors of Hidroeléctrica del Cantábrico S.A.

Current positions in companies outside EDPR and EDP group of companies:

- CEO of Liberbank S.A.

Main positions in the last five years:

- Chairman and CEO of Liberbank S.A.
- Chairman of Banco de Castilla-La Mancha
- Chairman of Cajastur
- Chairman of Hidroeléctrica del Cantábrico S.A.
- Chairman of Naturgás Energía Grupo S.A.
- Representative of Peña Rueda, SL in the Board of Directors of Enagas S.A.
- Member of the Board of Confederación Española de Cajas de Ahorro (CECA)
- Member of the Board of UNESA

Other previous positions:

- Member of the Board of Directors of EDP Renewables Europe SLU
- University Professor in the Department of Business Administration and Accounting at the University of Oviedo

Education:

- BSc in Economics and Business Administration from the University of Oviedo
- PhD in Economic Sciences from the University of Oviedo

GILLES AUGUST

Born: 1957

Current positions in EDPR or EDP group of companies:

- Member of the Board of Directors of EDP Renováveis S.A.

Current positions in companies outside EDPR and EDP group of companies:

- Member of the Board of Fondation Chirac
- Lawyer and founder of August Debouzy Law Firm
- Lecturer at École Supérieure des Sciences Economiques et Commerciales, at Collège de Polytechnique and at CNAM (Conservatoire National des Arts et Métiers)

Main positions in the last five years:

- Lawyer and founder of August Debouzy Law Firm

Other previous positions:

- Lawyer at Finley, Kumble, Wagner, Heine, Underberg, Manley & Casey Law Office in Washington DC
- Associate and later became Partner at Baudel, Salés, Vincent & Georges Law Firm in Paris
- Partner at Salés Vincent Georges
- Knight of thé Légion d'Honneur and Officer in thé Ordre National du Mérite

Education:

- Master in Laws from Georgetown University Law Center in Washington DC (1986)
- Post-graduate degree in Corporate Law from University of Paris II Phantéon, DEA (1984)
- Master in Private Law from the same University (1981)
- Graduated from the École Supérieure des Sciences Economiques et Commerciales (ESSEC)

ACÁCIO PILOTO

Born: 1957

Current positions in EDPR or EDP group of companies:

- Member of the Board of Directors of EDP Renováveis S.A.
- Member of the Nominations and Remunerations Committee of EDP Renováveis S.A.
- Member Related-Party Transactions Committee of EDP Renováveis S.A.

Current positions in companies outside EDPR and EDP group of companies:

- Member of the Supervisory Board and Chairman of the Risk Committee of Caixa Económica Montepio Geral

Main positions in the last five years:

- Member of the Board of Directors and Member of the Audit Committee of INAPA IPG S.A.
- Millennium BCP General Manager responsible for the Asset Management business
- CEO of Millennium Gestão de Activos SGFIM
- Chairman of Millennium SICAV
- Chairman of BII International

Other previous positions:

- International Division of Banco Pinto e Sotto Mayor
- International and Treasury Division of Banco Comercial Português
- Head of International Corporate Banking
- Group Treasurer and Head of Capital Markets of Millennium BCP
- Seconded to the Groups Subsidiary in charge of Asset Management, AF Investimentos, joining its Executive Committee and acting as Chairman of the following group companies: AF Investimentos, Fundos Mobiliários; AF Investimentos, Fundos Imobiliários; BPA Gestão de Patrimónios; BCP Investimentos International; AF Investimentos International and Prime International and member of the Executive Committee
- Executive Board Member of BCP - Banco de Investimento, in charge of Investment Banking
- Head of Treasury and Capital Markets of BCP – Banco de Investimento

Education:

- Law degree by the Law School of Lisbon University
- During 1984 and 1985 he was a scholar from the Hanns Seidel Foundation, Munich were he obtained a Post- Graduation in Economic Law by Ludwig Maximilian University
- Post- Graduation in European Community Competition Law by Max Planck Institut
- Trainee at the International Division of Bayerische Hypoteken und Wechsel Bank
- Professional education courses, mostly in banking and financial management, namely the International Banking School (Dublin, 1989), the Asset and Liability Management Seminar (Merrill Lynch International) and the INSEAD Executive Program (Fontainebleau)

ANTÓNIO NOGUEIRA LEITE

Born: 1962

Current positions in EDPR or EDP group of companies:
- Member of the Board of Directors of EDP Renováveis S.A.
- Member of the Nominations and Remunerations Committee of EDP Renováveis S.A.

Current positions in companies outside EDPR and EDP group of companies:
- Member of the Board at HipogesIberia - Advisory, S.A.
- Director of Sagasta, STC, S.A.
- Member of the Advisory Committee at Incus Capital Advisors
- Chairman of the Board, Embopar, SGPS, S.A.
- Chairman of the Board, Sociedade Ponto Verde, S.A.
- Vice-President of "Fórum para a Competitividade"
- Chairman of the Board at Forum Oceano

Main positions in the last five years:
- Group Caixa Geral de Depósitos (Portugal's largest banking group)
- Vice-Chairman of the Executive Committee of Caixa Geral de Depósitos S.A.
- Chairman of the Board at Caixa Banco de Investimento S.A., Caixa Capital SCR SGPS S.A., Caixa Leasing e Factoring S.A., Partang SGPS S.A.
- Group José de Mello (one of Portugal's leading private groups)

Other previous positions:
- Director of Soporcel SA (1997-1999)
- Director of Papercel SGPS SA (1998-1999)
- Director of MC Corretagem SA (1998-1999)
- Chairman of the Board, Lisbon Stock Exchange (1998-9)
- Secretary of State for Treasury and Finance and Alternate Governor (IMF, EBRD, EIB, WB)
- Member of the Economic and Financial Committee of the European Union
- Advisor GE Capital, (2001-2002)
- Director of Brisal S.A. (2002-2011)
- Director of CUF, SGPS, S.A. (2002-2011)
- Director of CUF Quimicos, S.A. (2005-2011)
- Director of Efacec Capital, S.A. (2005-2011)
- Director of Jose de Mello Saúde, SGPS, S.A. (2005-2011)
- Director of Jose de Mello Investimentos, SGPS, S.A. (2010-2011)
- Chairman of the Board of Directors, OPEX, S.A. (2002-2011)

Education:
- Degree, Universidade Católica Portuguesa, 1983
- Masters of Science in Economics, University of Illinois at Urbana-Champaign
- Ph.D. in Economics, University of Illinois at Urbana-Champaign

JOSÉ FERREIRA MACHADO

Born: 1957

Current positions in EDPR or EDP group of companies:

- Member of the Board of Directors of EDP Renováveis S.A.
- Chairman of the Related-Party Transactions Committee of EDP Renováveis S.A.

Current positions in companies outside EDPR and EDP group of companies:

- Vice Rector NOVA University Lisbon

Main positions in the last five years:

- Pro Vice Chancellor and Dean of the Faculty of Business and Management of Regent's University London
- Dean NOVA School of Business and Economics
- Professor of Economics and Econometrics at Nova SBE
- Op-ed columnist at O Sol

Other previous positions:

- Associate Dean at Nova SBE
- Consultant for the Research Department at Banco de Portugal
- Member of the Advisory Board of Instituto de Gestão de Crédito Público
- Visiting Assisting Professor at University of Illinois at Urbana Champaign
- Consultant at GANEC

Education:

- Degree in Economics by Universidade Técnica de Lisboa
- Agregacão (Habilitation) in Statistics and Econometrics by Universidade Nova de Lisboa
- PhD in Economics by the University of Illinois at Urbana-Champaign

**ALLAN
J. KATZ**

Born: 1947

Current positions in EDPR or EDP group of companies:

- Member of the Board of EDP Renováveis S.A.

Current positions in companies outside EDPR and EDP group of companies:

- Founder of the American Public Square
- Executive Committee Chair of the Academic and Corporate Board to ISCTE Business School in Lisbon Portugal
- Board member of the International Relation Council of Kansas City
- Board Member of the WW1 Commission Diplomatic Advisory Board
- Distinguished Professor, University of Missouri at Kansas City
- Creator of Katz, Jacobs and Associates, LLC (KJA)
- Frequent speaker and moderator on developments in Europe and on American Politics

Main positions in the last five years:

- Ambassador of the United States of America to the Republic of Portugal

Other previous positions:

- National Director of the Public Policy practice group at the firm of Akerman Senterfitt
- Assistant Insurance Commissioner and Assistant State Treasurer for the State of Florida
- Legislative counsel to Congressman Bill Gunter and David Obey
- General Counsel to the Commission on Administrative Review of the US House of Representatives
- Member of the Board of the Florida Municipal Energy Association
- President of the Brogan Museum of Art & Science in Tallahassee, Florida
- Board member of the Junior Museum of Natural History in Tallahassee, Florida
- First Chair of the State Neurological Injury Compensation Association
- Member of the State Taxation and Budget Commission
- City of Tallahassee Commissioner

Education:

- BA from UMKC in 1969
- JD from Washington College of Law at American University in Washington DC in 1974

FRANCISCA GUEDES DE OLIVEIRA

Born: 1973

Current positions in EDPR or EDP group of companies:

- Member of the Board of EDP Renováveis S.A.
- Member Related-Party Transactions Committee of EDP Renováveis S.A.

Current positions in companies outside EDPR and EDP group of companies:

- Associate Dean at Católica Porto Business School (responsibility of Faculty Management)
- Associate Dean for the Master Programmes at Católica Porto Business School
- Member of the Social and Economic Council

Main positions in the last five years:

- Coordinator of the MSc programme in Business Economics at Católica Porto Business School
- Coordinator of the seminars in economics at the Master of Public Administration at Católica Porto Business School
- Coordinator of the PHD in Economics at the Universidade Católica de Moçambique

Other previous positions:

- Assistant Professor at Católica Porto Business School
- Researcher at the National Statistics Institute

Education:

- PHD in Economics at Nova School of Business and Economics
- Master in Economics at Faculdade de Economia da Universidade do Porto
- Undergraduate degree in Economics at Faculdade de Economia da Universidade do Porto
- PHD scholarship from Fundação para a Ciência e Tecnologia

FRANCISCO SEIXAS DA COSTA

Born: 1948

Current positions in EDPR or EDP group of companies:

- Member of the Board of EDP Renováveis S.A.
- Member of the the Nominations and Remunerations Committee of EDP Renováveis S.A.

Current positions in companies outside EDPR and EDP group of companies:

- Member of the Consultative Council of the School of Economics, University of Coimbra
- Member of the Consultative Council of Janus - Journal of International Relations
- Member of the General Council of FCSH, Universidade Nova de Lisboa
- Chairman of the Consultative Council of the Calouste Gulbenkian Foundation, Delegation in Paris
- Independent Non-Executive Director of Jeronimo Martins SGPS S.A.
- Member of the Committee on Corporate Governance and Corporate Responsibility of Jerónimo Martins SGPS S.A.
- Member of the Strategic Council, Mota-Engil SGPS S.A.
- Independent Non-Executive Director, Chairman of the Nomination and Remuneration Committee and Member of the Audit Committee of Mota-Engil Africa S.A.
- University professor, Universidade Autónoma, Lisbon, Portugal

Main positions in the last five years:

- Ambassador to France and to Monaco (non-resident)
- Permanent Representative to UNESCO, Paris
- Executive Director of the North-South Centre, Council of Europe
- President of the General Council of Trás-os-Montes e Alto Douro University (UTAD)

Other previous positions:

- Career diplomat, Portuguese Ministry of Foreign Affairs Embassies in Oslo, Luanda and London
- Director, Planning and Programming Office, Institute for Economic Co-operation, Secretary of State for Development Co-operation, Lisbon
- Portuguese chief negotiator of Lomé IV convention
- Deputy Director-General for European Affairs, Ministry of Foreign Affairs, Lisbon
- Secretary of State for European Affairs (1995/2001), Portuguese government, Lisbon
- Head of Portuguese ministerial delegations to the Council of Europe, the Organisation for Economic and Development Co-operation (OECD), the Western European Union (WEU), the Schengen Agreement and the World Trade Organisation
- Portuguese chief negotiator of the EU Amsterdam Treaty
- President of the Committee of Ministers of the Schengen Agreement
- President of the Council of Ministers of the EU Internal Market
- Portuguese chief negotiator of the EU Nice Treaty
- Permanent Representative to the United Nations, New York, vice-president of ECOSOC, chairman of the Economic and Financial Committee of the General Assembly, vice-president of the General Assembly
- Permanent Representative to the Organization for Security and Co-operation in Europe, Vienna, chairman of the OSCE Permanent Council
- Ambassador to Brazil, Brasília

Education:

- Degree in Political and Social Sciences, Lisbon University

EMILIO GARCÍA-CONDE NORIEGA

Born: 1955

Current positions in EDPR or EDP group of companies:

- General Secretary and General Counsel of EDP Renováveis S.A.
- Member/Chairman and/or Secretary of several Boards of Directors of EDPR's subsidiaries in Europe
- Compliance Officer of EDP Renováveis S.A.

Current positions in companies outside EDPR and EDP group of companies:

- (none)

Main positions in the last five years:

- General Counsel of Hidrocantábrico and member of the management committee
- General Secretary and General Counsel of EDP Renováveis SA
- Member and/or Secretary of several Board of Directors of EDPR's subsidiaries in Europe

Other previous positions:

- Legal Counsel of Soto de Ribera Power Plant (consortium comprising Electra de Viesgo, Iberdrola and Hidrocantábrico)
- General Counsel of Soto de Ribera Power Plant
- Chief of administration and human resources of the consortium
- Legal Counsel of Hidrocantábrico

Education:

- Law Degree from the University of Oviedo

THE LIVING ENERGY BOOK

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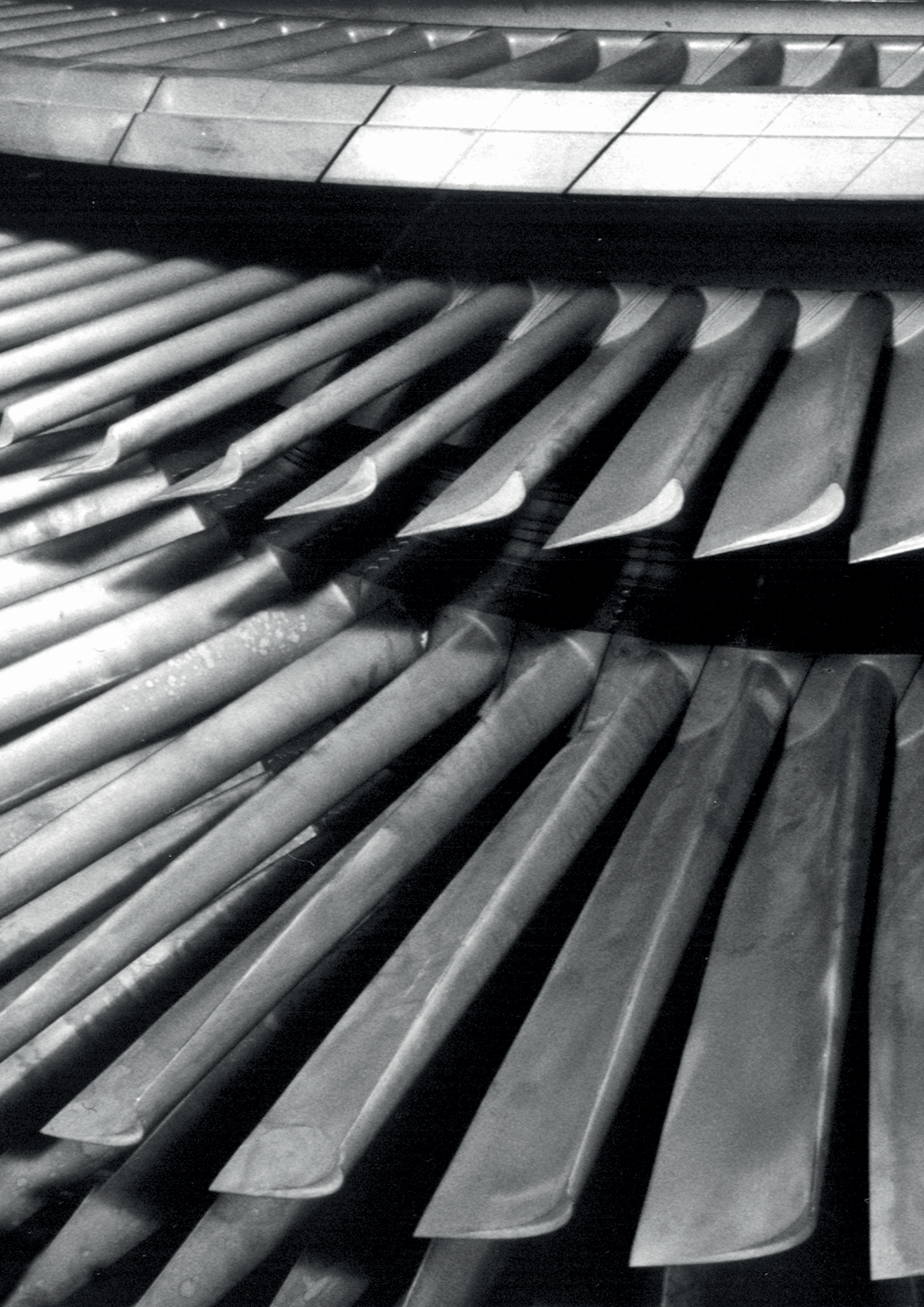
06

2017 CONSOLIDATED ANNUAL ACCOUNTS




LIVING TECHNOLOGY

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CONSOLIDATED INCOME STATEMENT
FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2016

THOUSAND EUROS	NOTES	2017	2016
Revenues	6	1,601,619	1,453,214
Income from institutional partnerships in U.S. wind farms	7	225,568	197,544
		1,827,187	1,650,758
Other income	8	94,940	53,752
Supplies and services	9	-326,886	-304,740
Personnel costs and employee benefits	10	-100,761	-93,894
Other expenses	11	-128,162	-134,925
		-460,869	-479,807
		1,366,318	1,170,951
Provisions		184	-4,705
Amortisation and impairment	12	-563,365	-602,287
		803,137	563,959
Financial income	13	41,181	54,242
Financial expenses	13	-342,761	-404,335
Share of net profit in joint ventures and associates	18	2,708	-185
PROFIT BEFORE TAX		504,265	213,681
Income tax expense	14	-48,058	-37,569
NET PROFIT FOR THE YEAR		456,207	176,112
ATTRIBUTABLE TO			
Equity holders of EDP Renováveis	27	275,895	56,328
Non-controlling interests	28	180,312	119,784
NET PROFIT FOR THE YEAR		456,207	176,112
EARNINGS PER SHARE BASIC AND DILUTED - EUROS	26	0.32	0.06

The following Notes form an integral part of these Consolidated Annual Accounts

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEARS ENDED AT 31 DECEMBER 2017 AND 2016

THOUSAND EUROS	2017		2016	
	EQUITY HOLDERS OF THE PARENT	NON-CONTROLLING INTERESTS	EQUITY HOLDERS OF THE PARENT	NON-CONTROLLING INTERESTS
Net profit for the year	275,895	180,312	56,328	119,784
Items that will never be reclassified to profit or loss				
Actuarial gains/(losses)	15	2	-3	-
Tax effect of actuarial gains/(losses)	-	-	-	-
	15	2	-3	-
Items that are or may be reclassified to profit or loss				
Fair value reserve (available for sale financial assets)	367	30	1,786	145
Tax effect of fair value reserve (available for sale financial assets)	-	-	-	-
Fair value reserve (cash flow hedge)	-20,074	2,014	-23,406	3,010
Tax effect from the fair value reserve (cash flow hedge)	3,308	-478	8,108	-708
Fair value reserve (cash flow hedge) net of taxes of non-current assets held for sale	-	-	-	-
Share of other comprehensive income of joint ventures and associates, net of taxes	13,587	-	1,143	-
Reclassification to profit and loss due to changes in control	-4,212	-	-	-
Exchange differences arising on consolidation	-105,362	-119,486	4,707	42,730
	-112,386	-117,920	-7,662	45,177
Other comprehensive income for the year, net of income tax	-112,371	-117,918	-7,665	45,177
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	163,524	62,394	48,663	164,961

The following Notes form an integral part of these Consolidated Annual Accounts

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017 AND 2016

THOUSAND EUROS	NOTES	2017	2016
Assets			
Property, plant and equipment	15	13,185,201	13,437,427
Intangible assets	16	249,514	210,189
Goodwill	17	1,296,227	1,385,493
Investments in joint ventures and associates	18	303,518	340,120
Available for sale financial assets		8,585	8,186
Deferred tax assets	19	64,479	75,840
Debtors and other assets from commercial activities	21	40,546	83,536
Other debtors and other assets	22	48,717	59,845
Collateral deposits associated to financial debt	29	32,720	28,974
TOTAL NON-CURRENT ASSETS		15,229,507	15,629,610
Inventories	20	28,565	23,903
Debtors and other assets from commercial activities	21	323,107	280,539
Other debtors and other assets	22	114,217	102,491
Current tax assets	23	72,141	77,635
Collateral deposits associated to financial debt	29	10,026	17,072
Cash and cash equivalents	24	388,061	603,219
Assets held for sale	25	58,179	-
TOTAL CURRENT ASSETS		994,296	1,104,859
TOTAL ASSETS		16,223,803	16,734,469
Equity			
Share capital	26	4,361,541	4,361,541
Share premium	26	552,035	552,035
Reserves	27	-124,738	-19,652
Other reserves and Retained earnings	27	1,270,244	1,174,710
Consolidated net profit attributable to equity holders of the parent		275,895	56,328
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		6,334,977	6,124,962
Non-controlling interests	28	1,560,175	1,448,052
TOTAL EQUITY		7,895,152	7,573,014
Liabilities			
Medium / Long term financial debt	29	2,808,595	3,292,591
Provisions	30	270,352	269,531
Deferred tax liabilities	19	355,613	365,086
Institutional partnerships in U.S. wind farms	31	2,163,722	2,339,425
Trade and other payables from commercial activities	32	489,929	463,908
Other liabilities and other payables	33	650,061	1,154,437
TOTAL NON-CURRENT LIABILITIES		6,738,272	7,884,978
Short term financial debt	29	428,368	113,478
Provisions	30	5,366	5,531
Trade and other payables from commercial activities	32	685,146	810,131
Other liabilities and other payables	33	381,246	258,891
Current tax liabilities	34	90,253	88,446
Liabilities held for sale	25	-	-
TOTAL CURRENT LIABILITIES		1,590,379	1,276,477
TOTAL LIABILITIES		8,328,651	9,161,455
TOTAL EQUITY AND LIABILITIES		16,223,803	16,734,469

The following Notes form an integral part of these Consolidated Annual Accounts

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEARS ENDED AT 31 DECEMBER 2017 AND 2016

THOUSAND EUROS	TOTAL EQUITY	SHARE CAPITAL	SHARE PREMIUM	RESERVES AND RETAINED EARNINGS	EXCHANGE DIFFERENCES	HEDGING RESERVE	FAIR VALUE RESERVE	EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF EDP RENOVÁVEIS	NON-CONTROLLING INTERESTS
BALANCE AS AT 31 DECEMBER 2015	6,834,109	4,361,541	552,035	1,094,362	-18,928	-22,356	4,346	5,971,000	863,109
Comprehensive income									
- Fair value reserve (available for sale financial assets) net of taxes	1,931	-	-	-	-	-	1,786	1,786	145
- Fair value reserve (cash flow hedge) net of taxes	-12,996	-	-	-	-	-15,298	-	-15,298	2,302
- Share of other comprehensive and associates, net of taxes	1,143	-	-	-	-	1,143	-	1,143	-
- Actuarial gains/(losses) net of taxes	-3	-	-	-3	-	-	-	-3	-
Exchange differences arising on consolidation	47,437	-	-	-	4,707	-	-	4,707	42,730
- Net profit for the year	176,112	-	-	56,328	-	-	-	56,328	119,784
Total comprehensive income for the year	213,624	-	-	56,325	4,707	-14,155	1,786	48,663	164,961
Dividends paid	-43,615	-	-	-43,615	-	-	-	-43,615	-
Dividends attributable to non-controlling interests	-42,563	-	-	-	-	-	-	-	-42,563
Acquisitions without changes of control of EDPR Spain subsidiaries	-1,368	-	-	1,327	-	-	-	1,327	-2,695
Sale without loss of control of EDPR North America subsidiaries	262,848	-	-	15,140	9,658	-1,338	-	23,460	239,388
Sale without loss of control of EDPR Europe subsidiaries	414,927	-	-	130,412	1,728	4,424	-	136,564	278,363
Other changes resulting from acquisitions/sales and equity increases	-91,031	-	-	-24,747	-	-	-	-24,747	-66,284
Other	26,083	-	-	1,834	10,476	-	-	12,310	13,773
BALANCE AS AT 31 DECEMBER 2016	7,573,014	4,361,541	552,035	1,231,038	7,641	-33,425	6,132	6,124,962	1,448,052
Comprehensive income									
- Fair value reserve (available for sale financial assets) net of taxes	397	-	-	-	-	-	367	367	30
- Fair value reserve (cash flow hedge) net of taxes	-15,230	-	-	-	-	-16,766	-	-16,766	1,536
- Share of other comprehensive and associates, net of taxes	13,587	-	-	-	13,587	-	-	13,587	-
- Reclasification to profit and loss due to changes in control	-4,212	-	-	-	-4,212	-	-	-4,212	-
- Actuarial gains/(losses) net of taxes	17	-	-	15	-	-	-	15	2
Exchange differences arising on consolidation	-224,848	-	-	-	-105,362	-	-	-105,362	-119,486
- Net profit for the year	456,207	-	-	275,895	-	-	-	275,895	180,312
Total comprehensive income for the year	225,918	-	-	275,910	-95,987	-16,766	367	163,524	62,394
Dividends paid	-43,615	-	-	-43,615	-	-	-	-43,615	-
Dividends attributable to non-controlling interests	-48,730	-	-	-	-	-	-	-	-48,730
Sale without loss of control of EDPR Europe subsidiaries	210,433	-	-	93,926	-	2,502	-	96,428	114,005
Other changes resulting from acquisitions/sales and equity increases	-7,719	-	-	-7,107	584	-	-	-6,523	-1,196
Other	-14,149	-	-	-4,013	5,090	-876	-	201	-14,350
BALANCE AS AT 31 DECEMBER 2017	7,895,152	4,361,541	552,035	1,546,139	-82,672	-48,565	6,499	6,334,977	1,560,175

The following Notes form an integral part of these Consolidated Annual Accounts

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2016

THOUSAND EUROS	2017	2016
Operating activities		
Cash receipts from customers	1,587,467	1,432,454
Payments to suppliers	-383,425	-416,125
Payments to personnel	-104,901	-92,245
Other receipts / (payments) relating to operating activities	-76,790	10,302
Net cash from operations	1,022,351	934,386
Income tax received / (paid)	-41,063	-65,697
Net cash flows from operating activities	981,288	868,689
Investing activities		
Cash receipts relating to:		
Changes in cash resulting from perimeter variations (*)	28,342	2,166
Property, plant and equipment and intangible assets	13,405	2,412
Interest and similar income	4,327	9,847
Dividends	17,898	6,313
Loans to related parties	16,364	41,460
Other receipts from investing activities	6,564	30,144
	86,900	92,342
Cash payments relating to:		
Changes in cash resulting from perimeter variations (*)	-1,385	-
Acquisition of assets / subsidiaries (****)	-11,513	-52,751
Property, plant and equipment and intangible assets	-1,037,184	-1,019,167
Loans to related parties	-17,195	-45,160
Other payments in investing activities (****)	-16,316	-5,199
	-1,083,593	-1,122,277
Net cash flows from investing activities	-996,693	-1,029,935
Financing activities		
Sale of assets / subsidiaries without loss of control (**)	210,432	697,881
Receipts / (payments) relating to loans from third parties	4,838	-305,454
Receipts / (payments) relating to loans from non-controlling interests	9,164	410,637
Receipts / (payments) relating to loans from Group companies	-183,681	-554,272
Interest and similar costs including hedge derivatives from third parties	-52,824	-73,906
Interest and similar costs from non-controlling interests	-19,209	-6,564
Interest and similar costs including hedge derivatives from Group companies	-157,211	-159,427
Governmental grants	-16	-
Dividends paid	-92,353	-84,727
Receipts / (payments) from wind activity institutional partnerships - USA	250,022	451,788
Other cash flows from financing activities	-99,287	-67,239
Net cash flows from financing activities	-130,125	308,717
Changes in cash and cash equivalents	-145,530	147,471
Effect of exchange rate fluctuations on cash held	-69,628	19,016
Cash and cash equivalents at the beginning of the period	603,219	436,732
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (***)	388,061	603,219

(*) Mainly includes (i) 26,498 thousand Euros and 1,844 thousand Euros related to the full consolidation of Eólica de Coahuila and Tebar Ibérica respectively; and (ii) -725 thousand Euros due to the loss of control of Moray Offshore Windfarm (East). See note 5;
(**) Refer to the proceeds, deducted from transaction costs, from the sale by EDPR SGPS of the Portuguese company EDPR PT-PE (see note 5);
(***) See note 24 of the consolidated financial statements for a detailed breakdown of Cash and cash equivalents;
(****) See note 42.

Variations in the following financing captions, including cash flow variations, during the period ending December 31, 2017 are as follows:

THOUSAND EUROS	BANK LOANS (*)	GROUP LOANS	NON-CONTROLLING INTERESTS LOANS	U.S. INSTITUTIONAL PARTNERSHIPS	DERIVATIVES	TOTAL
Balance as of December 31, 2016	742,411	2,617,612	610,087	2,339,425	716,101	7,025,636
Cash flows						
- Receipts/(payments) relating to loans from third parties	4,838	-	-	-	-	4,838
- Receipts/(payments) relating to loans from non-controlling interests	-	-	9,164	-	-	9,164
- Receipts/(payments) relating to loans from Group companies	-	-183,681	-	-	-	-183,681
- Interest and similar costs including hedge derivatives from third parties	-45,077	-	-	-	-7,748	-52,825
- Interest and similar costs from non-controlling interests	-	-	-19,209	-	-	-19,209
- Interest and similar costs including hedge derivatives from Group companies	-	-105,394	-	-	-51,817	-157,211
- Receipts/ (payments) from derivative financial instruments	-	-	-	-	-73,698	-73,698
- Receipts / (Payments) from institutional partnership in US wind farms	-	-	-	250,022	-	250,022
Changes of perimeter	250,234	-	7,665	-	-2,302	255,597
Exchange differences	-47,885	-185,087	2,790	-289,892	785	-519,289
Fair value changes	-	-	-	-	-293,289	-293,289
Accrued expenses	46,819	99,427	27,864	1,174	49,745	225,029
Unwinding	-	-	-	88,561	-	88,561
Changes in U.S. Institutional Partnerships related to ITC/PTC	-	-	-	-225,568	-	-225,568
Balance as of December 31, 2017	951,340	2,242,877	638,361	2,163,722	337,777	6,334,077

(*) Net of collateral deposits

NOTES TO THE CONSOLIDATED ANNUAL ACCOUNTS FOR THE YEARS ENDED 31 DECEMBER 2017 AND 2016

01. THE BUSINESS OPERATIONS OF THE EDP RENOVÁVEIS GROUP

EDP Renováveis, Sociedad Anónima (hereinafter referred to as "EDP Renováveis" or "EDPR") was incorporated on 4 December 2007. Its main corporate objective is to engage in activities related to the electricity sector, namely the planning, construction, operation and maintenance of electricity generating power stations, using renewable energy sources, mainly wind. The registered offices of the company are located in Oviedo, Spain. On 18 March 2008 EDP Renováveis was converted into a company incorporated by shares (Sociedad Anónima).

As at 31 December 2016 EDP Energias de Portugal, S.A through its Spanish branch EDP S.A. - Sucursal en España ("EDP Branch") held a qualified shareholding of 77.53% of the share capital and voting rights of EDPR and 22.47% of the share capital was free-floated in the Euronext Lisbon. On August 8th 2017, EDP increased its qualified shareholding over EDPR to 82.56% resulting from the acquisition in the General and Voluntary Public Tender Offer for the acquisition of shares representative of the share capital of EDPR of 43,907,516 shares which corresponds to 5.03% of EDPR's share capital and voting rights. Thus EDPR's free-floated share capital in the Euronext Lisbon decreased to 17.44% (see note 26).

As at 31 December 2017, EDP Renováveis S.A. directly holds a 100% stake in the share capital of the following companies: EDP Renewables Europe, S.L. (EDPR EU), EDP Renewables North America, LLC (EDPR NA), EDP Renewables Canada, Ltd. (EDPR Canada), EDP Renováveis Brasil, S.A. (EDPR BR), EDPR Offshore España, S.L. (formerly South África Wind & Solar Power, S.L.U.) and EDPR Offshore France, S.A.S. (formerly EDPR Yield France Services, S.A.S.). Refer to Annex 1 for a listing of all subsidiaries directly and indirectly held by EDPR S.A.

The Company belongs to the EDP Group, of which the parent company is EDP Energias de Portugal, S.A., with registered offices at Avenida 24 de Julho, 12, Lisbon (Portugal).

In December 2011, China Three Gorges Corporation (CTG) signed an agreement to acquire 780,633,782 ordinary shares in EDP from Parpública - Participações Públicas SGPS, S.A., representing 21.35% of the share capital and voting rights of EDP Energias de Portugal S.A., a majority shareholder of the Company. This operation was concluded in May 2012.

The terms of the agreements through which CTG became a shareholder of the EDP Group stipulate that CTG would make minority investments totaling 2,000 million of Euros in operating and ready-to-build renewable energy generation projects (including co-funding capex).

Within the agreement mentioned above, the following transactions have taken place:

- In June 2013, EDPR completed the sale of 49% equity shareholding in EDPR Portugal to CTG through CITIC CWEI Renewables S.C.A.
- In May 2015, EDPR closed the sale of 49% of the following EDPR Brasil subsidiaries to CTG through CWEI Brasil participaçoes LTDA: Elebrás Projetos S.A, Central Nacional de Energia Eólica S.A, Central Eólica Baixa do Feijão I S.A, Central Eólica Baixa do Feijão II S.A, Central Eólica Baixa do Feijão III S.A, Central Eólica Baixa do Feijão IV S.A, Central Eólica Jau S.A. and Central Eólica Aventura S.A.
- In October 2016, EDPR completed the sale of 49% equity shareholding in EDP Renewables Polska SP.Zo.o. to CTG through ACE Poland S.Á.R.L. and the sale of 49% equity shareholding in EDP Renewables Italia S.r.l. to CTG through ACE Italy S.Á.R.L. (see note 5).
- In June 2017, EDPR Group closed the sale of 49% equity shareholding in EDPR PT - Parques Eólicos, S.A. to CTG through ACE Portugal S.Á.R.L. (see note 5).

EDPR EU operates through its subsidiaries located in Spain, Portugal, France, Belgium, Netherlands, Poland, Romania, Italy and United Kingdom. EDPR EU's main subsidiaries are: EDP Renovables España, S.L. and EDPR Participaciones S.L. (wind farms in Spain), EDP Renováveis Portugal, S.A. and EDPR PT – Parques Eólicos, S.A. (wind farms in Portugal), EDP Renewables France and EDPR France Holding S.A.S. (wind farms in France), EDP Renewables Belgium (wind farms in Belgium), EDP Renewables Polska, SP.ZO.O and EDPR Renewables Polska HoldCo, S.A. (wind farms in Poland), EDPR România S.r.l. and EDPR RO PV S.r.l. (wind and photovoltaic solar farms in Romania), EDP Renewables Italy, S.r.l. and EDP Renewables Italia Holding, S.r.l. (wind farms in Italy) and EDPR UK Limited (offshore development projects in UK).

EDPR NA's main activities consist of the development, management and operation of wind and solar farms in the United States of America and providing management services for EDPR Canada and EDPR Mexico. EDPR Canada and EDPR Mexico's main activities consist of the development, management and operation of wind farms in Canada and Mexico.

EDPR BR's main activities consist of the development, management and operation of wind farms in Brazil.

EDP Renováveis Group, through its subsidiaries has an installed capacity, as follows:

INSTALLED CAPACITY MW	31 DEC 2017	31 DEC 2016
United States of America	5,055	4,631
Spain	2,244	2,194
Portugal	1,253	1,251
Romania	521	521
Poland	418	418
France	410	388
Brazil	331	204
Mexico	200	200
Italy	144	144
Belgium	71	71
Canada	30	30
	10,677	10,052

Additionally, the EDP Renováveis Group through its equity-consolidated companies has an installed capacity, attributed to EDPR, as follows:

INSTALLED CAPACITY MW	31 DEC 2017	31 DEC 2016
United States of America	179	179
Spain	152	177
	331	356

Variation in the installed capacity of the equity-consolidated companies refer to the company Tebar Eólica S.A. in which EDPR gained control after the acquisition of an additional 50% of shareholding (see note 5) in 2017, therefore this company is included in subsidiaries' installed capacity.

REGULATORY FRAMEWORK FOR THE ACTIVITIES IN THE UNITED STATES OF AMERICA

The United States federal government and various state governments have implemented policies designed to promote the growth of renewable energy, including wind power. The primary federal renewable energy incentive program is the Production Tax Credit (PTC), which was established by the U.S. Congress as part of 1992 Energy Policy Act. Additionally, many states have passed legislation, principally in the form of renewable portfolio standards ("RPS"), which require utilities to purchase a certain percentage of their energy supply from renewable sources, similar to the Renewable Energy Directive in the EU.

American Recovery and Reinvestment Act of 2009 includes a number of energy related tax and policy provisions to benefit the development of wind energy generation, namely (i) a three year extension of the PTC until 2012 and (ii) an option to elect a 30% Investment Tax Credit ("ITC") that could replace the PTC through the duration of the extension. This ITC allows the companies to receive 30% of the cash invested in projects placed in service or with the beginning of construction in 2009 and 2010. In December 2010, the Tax Relief, Unemployment, Insurance and Reauthorization, and Job Creation Act of 2010 was approved and includes an one year extension of the ITC, which allow the companies to receive 30% of the cash invested in projects with beginning of construction until December 2011 as long as placed in service until December 2012.

On 1 January 2013, the US Congress approved "The American Taxpayer Relief Act" that includes an extension of the Production Tax Credit (PTC) for wind energy, including the possibility of a 30% Investment Tax Credit (ITC) instead of the PTC. Congress set 31 December 2013 as the new expiration date of these benefits and changed the qualification criteria (projects will only qualify as long as they are under construction by year-end 2013). The legislation also includes a depreciation bonus on new equipment placed in service which allows the depreciation of a higher percentage of the cost of the project (less 50% of the Investment Tax Credit) in the year that it is placed in service. This bonus depreciation was 100% in 2011 and 50% for 2012.

On 16 December 2014 and 15 December 2015, the U.S. Congress approved the "Tax Increase Prevention Act of 2014" and Consolidated Appropriations Act, 2016" that included an extension of the PTC for wind, including the possibility of a 30% Investment Tax Credit instead of the PTC. Developers have until the end of 2016 to start construction of new wind farms to qualify for 10 years of production tax credits at the full level. Congress introduced a phase out for projects that start construction after 2016 and before 2020. These projects will still qualify for production tax credits, but at reduced levels. The levels are 80% for projects starting construction in 2017, 60% in 2018, and 40% in 2019. Developers of projects that start construction before 2020 may elect to claim 30% investment tax credits instead of production tax credits, subject to a similar phase out. The phase out reduces the value of the 30% investment tax credit to 24% in 2017, 18% in 2018, and 12% in 2019. Neither production tax credits nor investment tax credits are allowed for wind projects that start construction in 2020 or later.

The aforementioned "Consolidated Appropriations Act, 2016" also extended the Investment Tax Credit (ITC) for solar projects. Solar projects that are under construction by the end of 2019 will now qualify for the 30% ITC. The credit is reduced to 26% for projects starting construction in 2020 and to 22% for projects starting construction in 2021. The credit drops to a permanent 10% level for projects that begin construction in 2022 or later or that begin construction before 2022, but are placed in service in 2024 or later. Projects must be placed in service by the end of 2023 to qualify for a credit above 10%.

Additionally, on 5 May 2016, the US Internal Revenue Service issued guidance that wind farms have 4 years from their start of construction to be placed in service and qualify for the PTC. As a result, projects that start construction prior to year-end 2019 and are placed in service prior to year-end 2023 will be eligible for the PTC. The IRS ruling also includes a provision that allows developers to secure the PTC if 5% of a project's capital components by dollar value are safe harbored in a given year and construction is complete within 4 years. Thus, if a developer safe harbors 5% of project Capex in 2016 for a given project, the project will qualify for 100% PTC if construction is completed by year-end 2020.

On 9 February 2016, the U.S. Supreme Court stayed implementation of the Clean Power Plan (CPP) announced by the United States' Environmental Protection Agency (EPA) on 3 August 2015, a rule to cut carbon pollution from existing power plants. On 7 December 2017, EPA Administrator Scott Pruitt announced at a hearing of the U.S. House Energy and Commerce Committee that the EPA will introduce a replacement rule to replace the CPP. It is otherwise unclear how the EPA will proceed . Per "Mass v. EPA", a 2009 Supreme Court decision, the EPA has an "affirmative statutory obligation to regulate greenhouse gases."

With the election in 2016 of Donald Trump as President of the United States along with the Republican party winning control of both Houses of Congress, a change in the philosophy of governing has taken place. In the first 100 days in office, the President issued an Executive Order directing the EPA to begin rolling back the Clean Power Plan, retire it and replace it with a new one, eliminate the moratorium on coal leasing on Federal lands, eliminate regulations on methane emissions and fracking and eliminate guidance that incorporated climate change and the "social costs of carbon" into federal projects. On 1 June 2017, President Trump announced that the U.S. would withdraw from The Paris Agreement, an international accord to combat climate change. The ultimate impact of these changes on renewable demand is not yet clear for a variety of reasons: most of these changes will be challenged in court, States' regulators decide on the energy mix at State level, most important energy players are already implementing the major elements of the Clean Power Plan, and the order does not impact the ITC/PTC which is the major market driver for renewable energy development in the US.

On 27 September 2017, President Donald Trump and Republican Congressional leaders proposed a tax reform framework that would lower corporate tax rates but not modify the PTC or ITC. The two chambers of Congress then proceeded to pass different versions of the tax reform bill that were then conferenced together. On 22 December 2017, the finalized tax reform bill was signed into law by President Trump. The bill made numerous changes to the U.S. tax code including some that may impact demand and financing for renewable energy. Among these are the Base Erosion Anti-Abuse Tax (BEAT) provision, which seeks to prevent multinational companies from engaging in "earnings stripping", the practice of lowering a company's U.S. tax liability by deducting interest from payments made from a foreign parent company to its U.S. subsidiary. The BEAT provision allows companies to offset up to 80% of BEAT tax payments with energy tax credits such as the PTC and ITC. The final bill also reduced the corporate tax rate from 35% to 21%. See note 14.

REGULATORY FRAMEWORK FOR THE ACTIVITIES IN SPAIN

The main piece regulating the Spanish electricity sector is Law 24/2013 being part of a comprehensive reform of the Spanish energy sector.

The law, between others, aimed at eliminating the sector's structural deficit that had been accumulated during the previous decade. As of today, this target seems on track to be achieved as the Spanish electricity system has delivered positive balances in 2014, 2015 and 2016 (2016 is the last year in which the information has been disclosed).

As a part or this Energy Reform, the Royal Decree-Law 9/2013 (RDL 9/2013) was passed in July 2013. The purpose of this Royal Decree-Law was to adopt a series of measures to ensure the sustainability of the electricity system, affecting mainly the transport and distribution activities and the electricity production facilities that use renewable energy sources.

The RDL 9/2013 introduced a new regulatory scheme, which was subsequently confirmed by Law 24/2013 and implemented through Royal Decree 413/2014 (RD 413/2014), of June 6, based on "best-in-class" asset valuation.

Under this scheme, projects will have their revenue limited to the wholesale electricity price and - where needed - "reasonable profitability" will be guaranteed. Projects will have their return on investment guaranteed at "300 basis points above the yield on 10-year government bonds over the last ten years", which will amount to around 7.5% (pre-tax).

The Spanish Government published in 20 June 2014, the Order IET/1045/2014, which included the parameters to remunerate the renewable energy assets, under the new remuneration framework that was approved by the Decree-Law 413/2014. DL 413/2014 confirmed that wind farms in operation in 2003 (and before) would not receive any further incentive, while the incentive for the rest of the wind farms would be calculated in order to reach of 7,398% return before taxes.

In October 2015 the Government approved the Royal Decree 947/2015 and a Ministerial Order aimed at allowing the installation of new renewable capacity through competitive tenders.

On January 14th 2016 the first auction of renewables' capacity was held and EDPR was awarded 93 MW of wind energy.

In 2017, two auctions were held. The first one was held in May 17 and the second one on 26 July.

REGULATORY FRAMEWORK FOR THE ACTIVITIES IN PORTUGAL

The principal pieces of legislation regulating the Portuguese electricity sector are Decree-Law 29/2006 of 15 February 2006 (amended by Decree-Law 215-A/2012) and Decree-Law 172/2006 of 23 August 2006 (amended by Decree-Law 215-B/2012).

Renewables' legal framework is primarily contained in The Electricity Framework and Ministerial Order 243/2013 of 2 August 2013, which sets out the terms, conditions and criteria for the licensing of electricity generation under special regime with guaranteed remuneration.

The Portuguese legal provisions applicable to the generation of electrical power based on renewable resources are currently established by Decree-Law 189/88 dated 27 May, as amended by Decree-Law 168/99 dated 18 May, Decree-Law 312/2001 dated 10 December, and Decree-Law 339-C/2001 dated 29 December. Also relevant is Decree-Law 33-A/2005, dated 16 February 2005 ("DL 33-A/2005"), which establishes the remuneration formula applicable to energy produced by renewable sources (this is, the formula to calculate the feed-in tariff).

The Portuguese Government published on 28 February 2013, the Decree Law 35/2013, that opened the possibility for voluntary changes of the existing feed-in tariff (maintaining and protecting the legal stability of existing contracts as the scheme was voluntary). The Government proposed four alternative tariff schemes to be elected by each of the wind developers. EDPR and ENEOP chose a 7-year extension of the tariff defined as the average market price of previous twelve months, with a floor of 74€/MWh and a cap of 98€/MWh values updated with inflation from 2021 onwards, in exchange for a payment of 5.800€/MW from 2013 to 2020.

The Environment and Energy Ministry published, on 24 July, the Decree Law 94/2014 that allows the increase of installed capacity of wind farms up to 20%. The additional production generated from the capacity increase will have a fixed remuneration of 60 €/MWh, whilst the remaining production is remunerated at the previous tariff.

REGULATORY FRAMEWORK FOR THE ACTIVITIES IN FRANCE

The electricity industry in France is governed primarily by Act 2000-108 (amended by Acts 2004-803 and 2006-1537) passed on 10 February 2000, which regulates the modernization and development of public energy services and is the general legislative framework for the operation of wind facilities in France.

Act 2000 allowed wind operators to enter into long-term agreements for the purchase and sale of their energy with Electricité de France (EDF), the national incumbent. The tariffs were initially set in 2006, then updated in the "Arrêté du 17 novembre 2008" at the following level: i) during the first ten years of the EDF Agreement, EDF paid a fixed annual tariff, which was €82 per MWh for applications made during 2008 (tariff is amended annually based, in part, on an inflation-related index); ii) During years 2011 to 2015 of the EDF Agreement, the tariff was based on the annual average percentage of energy produced during the wind facility's first ten years (these tariffs are also amended annually, based, in part, on an inflation-related index); iii) beginning in the year 2016, there was no specific support and wind energy generators would sell their electricity at the market, thus receiving market price.

The French Council of State decided to cancel the 2008 feed-in tariff decree in May 2014. The EU Court of Justice had previously ruled that it constituted illegal State Aid as France had failed to notify the European Commission at the time of its approval. Shortly after, the French Government approved and released a new tariff decree ("Arrêté du 17 juin 2014") that had previously received clearance from the European Union. This new decree contained the same parameters than the former decree and came into force with retroactive effects. Therefore, it did not endanger or modify any power purchase agreement signed under the 2008 Order.

In July 2015, the "Energy Transition bill", whose aim is to build a long-term and comprehensive energy strategy, was passed.

A new Contract-for-difference (CfD) was released in December 2016 in line with the European "Guidelines on State aid for environmental protection and energy 2014-2020". According to this new scheme, wind farms having requested a Power Purchase Agreement (PPA) in 2016 would receive a 15-years CfD, being the strike price (and the terms of the tariff) very similar to the previous feed-in tariff.

From 2017 onwards, wind farms of more than 6 wind turbines (and more than 3 MW per turbine) need to participate in competitive tenders in order to obtain a 20-year CfD. The first tender was held in November 2017. The calendar of auctions until 2020 has been announced by the regulator and up to 3 GW of wind are expected to be tendered in this period (two tenders of 500 MW each year).

Wind farms of maximum 6 wind turbines (and maximum 3 MW per turbine) do not need to participate in tenders. Wind farms of these characteristics having requested a PPA in 2017 were entitled for a 20-year CfD with a strike price ranging between 72 and 74 €/MWh depending on rotor size.

REGULATORY FRAMEWORK FOR THE ACTIVITIES IN POLAND

The legislation applicable to renewable energy in Poland was initially contained in an Energy Act passed on 10 April 1997, which has subsequently been amended by Act 24 July 2002 and the Energy Act of 2 April 2004.

The Energy Act introduced a Green Certificate scheme with mandatory quotas. According to the scheme, energy suppliers are required to: a) purchase GC and submit them to the Energy Regulator, or b) pay a substitution fee calculated in accordance with the Energy Act. If suppliers fail to meet their obligation (either the submission of GC or the payment of substitution fee), they must pay a fine, equal to 130% of the substitution fee in that year.

This initial scheme was subsequently amended in 2015. In February 2015 a new Renewable Law was approved, introducing a different support system. According to the law, the GC system would be replaced by a CfD scheme, granted through competitive tenders. However, the law guaranteed that the GC scheme would be maintained (with some adjustments) for operating plants. The law also introduced the possibility for operating plants to voluntary shift to the CfD system, through specific tenders for operating assets.

The CfD implementation was delayed until 1st July 2016.

In June 2016, after a long approval process, the so-called "Wind Turbine Investment Act" was approved, including (i) minimum distance restrictions for new wind farms and (ii) higher real estate tax burden (although it´s currently under review and could be lowered again).

In October 2016 , the Polish Government published the Ordinance detailing the amount of value of energy to be auctioned in 2016. Wind energy was not included among the technologies allowed to participate (except for facilities below 1 MW). The auction was held the 30th of December 2016 and was marked by technical problems. The auction was also largely undersubscribed with 3 of the 4 categories not being allocated the full capacity.

In July 2017 a new methodology to calculate the substitution fee was approved. According to the new formula, the substitution fee will be calculated every year as 125% of the average CG market price of the previous year capped at 300PLN. This methodology involves a reduction from current levels as according to the previous rule, the substitution fee was set at 300,03 PLN.

On August 23rd, a new ordinance setting the new Green Certificates quotas for 2018 and 2019, was approved. According to the ordinance new quotas would be set at the following levels: 17,5% in 2018 and 18,5% in 2019.

On December 13 2017, the EU Commission (through the Directorate-General for Competition) approved the Polish support scheme for renewables and therefore confirmed that the scheme is in line with the 2014 European State Aid Guidelines.

REGULATORY FRAMEWORK FOR THE ACTIVITIES IN BELGIUM

The regulatory framework for electricity in Belgium is conditioned by the division of powers between the federal and the three regional entities: Wallonia, Flanders and Brussels-Capital. The federal regulatory field of competence includes electricity transmission (of transmission levels above 70 kV), generation, tariffs, planning and nuclear energy. The relevant federal legislation is the Electricity Act of 29 April 1999 (as modified) (the ''Electricity Act''). The regional regulatory entities are responsible for distribution, renewable energy and cogeneration (with the exception of offshore power plants) and energy efficiency. The relevant regional legislation, respectively, is: (a) for Flanders, the Electricity Decree of 17 July 2000; (b) for Wallonia, the Regional Electricity Market Decree of 12 April 2001; and (c) for Brussels-Capital, the Order of 19 July 2001 on the Organization of the Electricity Market.

The Belgian regulatory system promotes the generation of electricity from renewable sources (and cogeneration) by a system of Green Certificates (GC). Each region has its GC system, although all of them are similar (with differences in quotas, fines and thresholds for granting GCs).

In Wallonia, Green Certificates have a minimum price of 65€ and the penalty for non-compliance is set at 100€ per missing GC. From 1 January 2015, the number of GC allocated to each technology is calculated according to a new methodology taking following factors into consideration (i) the net amount of electricity produced (ii) the level of CO_2 abatement (iii) the economic performance coefficient that varies depending on the technology.

The renewable's quota in Wallonia was fixed at 34,03% in 2017 and will increase to 37,9% in 2020.

REGULATORY FRAMEWORKS FOR THE ACTIVITIES IN ROMANIA

The promotion of electricity generated from renewable energy sources in Romania was first included in the Electricity Law 318/2003. In 2005 a Green Certificate (GC) mechanism was introduced with mandatory quotas for suppliers, in order to comply with their EU renewable requirements. Since then, the regulatory authority establishes a fixed quota of electricity produced by renewable energy facilities which suppliers are obliged to fulfil. Law 220/2008 of November, introduced some changes in the GC system. In particular, it allowed wind generators to receive 2GC/MWh until 2015. From 2016 onwards generators would receive only 1 GC for each MWh during 15 years.

The law also guaranteed that the trading value of GC would have a floor of 27€ and a cap of 55€, both indexed to Romanian inflation.

Law 220/2008 on renewable energy was amended by the Emergency Order 88/2011. A key aspect of this amendment was the need to perform an "overcompensation analysis" on a yearly basis. ANRE (Energy Regulator) was charged to monitor the benefits obtained by renewables' producers and annually prepare a report on this regard. If overcompensation is observed, ANRE has to propose a reduction of the applicability period of the support scheme or the number of GCs granted to the technology. This reduction would be then applied only to new facilities.

Law 123/2012 of 19 July 2012 on Electricity and Natural Gas eliminated the provision of bilateral contracts not publicly negotiated as a mean to sale electricity. Thus, trading of electricity must be carried out on a centralized market.

The Romanian Parliament passed on 17 December 2013, the law for the approval of the Government Emergency Ordinance 57/2013 (the Ordinance), which brought some amendments, being the main ones:

- The postponement of GC for operating plants. The postponement only applies to renewable energy operators accredited by ANRE before 2013. Wind power producers would be entitled to receive 2 GCs/MWh until 2017 (inclusive) of which 1 GC is postponed from trading from 1 July 2013 to 31 March 2017. Solar producers have 2 GCs (out of 6 GCs) postponed from trading from 1 July 2013 to 31 March 2017. The GCs postponed would be gradually recovered until 31 December 2020 (starting on 1 April 2017 for solar PV and 1 January 2018 for wind);

- Wind facilities accredited after this date would receive 1.5 GC/MWh until 2017 and 0.75 GC/MWh from 2018 onwards during 15 years. All these GCs were immediately tradable;

- Solar facilities would receive 3 GCs from 1 January 2014 onwards.

On 24 March 2014, the President of Romania ratified EGO 57/2013 with the following amendments: (i) Reduction of the GC validity from 16 months to 12 months; and (ii) the obligation for ANRE (Energy Regulator) to communicate in each year the GC quota for the next year.

In March 2017, the government approved a new emergency ordinance (EGO 24/2017) to further amend the renewable law 220/2008. As expected, the GC scheme was extended until 2031 (GC will remain valid until March 2032). The Ordinance also confirmed the removal of the indexation of the GC parameters (GC floor would remain fixed at 29,4€ and GC cap would be fixed at 35€). Regarding wind energy, the ordinance approved the extension of the GC recovery period from 2018 to 2025, while solar PV's GC postponement was extended until the end of 2024 (the recovery will take place from 2025 to 2030).

Following the approval of EGO 24/2017 in March, the energy regulator (ANRE) issued the Order 27/2017 setting the mandatory quota of green certificates estimated for the period April-December 2017. However, new quotas are calculated upon a new methodology, which fixes the number of GCs estimated to be issued, instead a percentage of clean energy. The number of GC for the April-December period was 11.233.667 GCs.

Also in 2017, ANRE issued Order 77/2017 regulating the functioning of the GC market. The Order allows the trade of GCs in two different markets:

– A centralized anonymous GC market (operational from 1 September 2017 onwards) that comprises platforms for GCs trading (spot and forward transactions), allowing participants to submit firm GCs sale or purchase offers, without revealing their identity to the other participants

– A centralized market for electricity from RES sources benefiting from the GCs scheme (not yet operational): market platform to trade bundled GC and RES electricity. The electricity price will be determined on a competitive basis, while the price of the GCs will be equal to the closing price of the last trading session on the centralized anonymous GCs market.

REGULATORY FRAMEWORKS FOR THE ACTIVITIES IN ITALY

On 6 July 2012, the Government approved a new renewable regulation by means of the Decree on Renewables (DM FER) introducing a feed-in-tariff support scheme. The key aspects of this regulation provided by the DM FER were the following: (i) wind farms over 5 MW would be remunerated under a feed-in tariff scheme defined by tenders; (ii) capacity to be tendered to be set by different technologies' capacity paths; (iii) the reference tariff for 2013 was 127 €/MWh for onshore wind and tender participants would bid offering discounts on this reference tariff (in %); (iv) The reference tariff would decrease 2% per year and (v) tariffs would be granted for 20 years.

The new system replaced the previous one based on Green Certificates (GCs). Under the previous system producers obtained their revenues from the sale of the electricity in the electricity market and from the sale of GCs. Wind farms built until December 2012 (with some exceptions) continued to operate under the previous system until 2015. Spalma Incentivi Decree, published in November 2014, stipulated that wind farms under the GCs scheme could voluntarily adhere to an extension of the incentivation period of 7 years in exchange of a permanent reduction of the premium/GCs received.

Since the implementation of the tender system, 3 reverse-auction have been held. The latest was hold in 2016 and EDPR was awarded 20-year PPAs for six wind farms totaling 127 MW of wind power.

On November 10 2017, The Strategia Energetica Nazionale (National Energy Strategy), known by the acronym SEN, was presented after several months of public consultation. One of the main features of the SEN is that it announces the complete phase-out of coal power generation by 2025, five years ahead of previous announcement. The SEN also highlights the role of renewables' and calls for renewable energy reaching 28% of energy consumption in 2030, compared with 17,5% in 2015. The SEN also calls for electricity from renewable sources accounting for 55% 2030, considerable above 2015 figures (33,5%). The Strategy also addresses large-scale renewables' support, with competitive auctions for fixed tariffs seen remaining in place through 2020 and long-term power purchase agreements (PPAs) taking over after that.

REGULATORY FRAMEWORKS FOR THE ACTIVITIES IN BRAZIL

The Electrical Sector in Brazil is regulated by Federal Law nr 8,987 of 13 February 1995, which generally rules the concession and permission regime of public services; Law nr 9,074 of 7 July 1995, which rules the grant and extension of public services concession or permission contracts; Federal Law nr 10,438 of 26 April 2002, which governs the increase in Emergency Electric Power Supply and creates the 3,300 MW Program of Incentives for Alternative Electricity Sources (PROINFA); Federal Law nr 10,762 of 11 November 2003 and Law nr 10,848 of 15 March 2004, concerning commercial rules for the trade of Electric Power; and, subsequent amendments to the legislation.

The Decree nr 5,025 of 30 March 2004, regulates the Federal Law nr 10,438 and states the "Alternative Energy Sources" economical and legal framework. PROINFA participants have granted a PPA with ELETROBRÁS, and are subject to the regulator (ANEEL) authority. However, the first stage of PROINFA has ended and the second stage is highly uncertain.

After PROINFA program, renewable producers obtain their remuneration by participating in auctions where price is the only criteria. Winners of the auctions obtain a PPA contract at the price bid. Public Electricity Auctions are technically lead by the state "Energy Planning and Research Company" (EPE), who registers, analyses and allows potential participants.

On 13 November 2015, the latest Reserve Auction (A-3) took place. As a result, Brazilian government contracted 1.664 MW of wind (548 MW) and solar PV (1.1 GW) capacity for a 20-year long-term contract through this auction. The auction exclusively sought wind and PV projects, with power delivery start date being 1 November 2018. Wind ceiling price was BRL 213/MWh. EDPR, through its subsidiary EDP Renováveis Brasil, S.A., secured in this auction a 20-year Power Purchase Agreement to sell electricity in the regulated market. The energy will be produced by a 140 MW wind farm to be installed in the Brazilian State of Bahia with operations expected for 2018. The initial price of the long term contract was set at R$199.37/MWh, indexed to the Brazilian inflation rate.

On July 24th, 2017, the the Chamber for the Commercialization of Electric Energy held the MCSD EN ("Surplus and Deficit Compensation Mechanism of new energy"), which permitted the reduction or the termination, between July and December 2017, of regulated PPAs resulting from A-3, A-5 and alternative sources auction. Based on the favorable market scenario, EDPR took the opportunity to reduce to zero the regulated PPA during this period, and celebrated a free market PPA with EDP Comercializadora. 4.

On December 20th 2017, the National Electricity Regulatory Agency conducted a Power Supply Auction named Auction A-6/2017 exclusively for new energy generated by Hydro, Wind, Thermal (coal, biomass and natural gas by combined cycle) sources. In this auction EDPR secured 218,93 MW of installed capacity.

02. ACCOUNTING POLICIES

A) BASIS OF PREPARATION

The accompanying consolidated annual accounts have been prepared on the basis of the accounting records of EDP Renováveis, S.A. and consolidated entities. The consolidated annual accounts for 2017 and 2016 have been prepared to present fairly the consolidated equity and consolidated financial position of EDP Renováveis, S.A. and subsidiaries at 31 December 2017 and 2016, the consolidated results of operations, consolidated cash flows and changes in consolidated equity for the years then ended.

In accordance with Regulation (EC) no. 1606/2002 of 19 July 2002, from the European Council and Parliament, the Group's consolidated annual accounts are prepared in accordance with International Financial Reporting Standards (IFRS), as endorsed by the European Union (EU). IFRS comprise accounting standards issued by the International Accounting Standards Board (IASB) and its predecessor body as well as interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and its predecessor bodies.

The Board of Directors approved these consolidated annual accounts on 26 February 2018. The annual accounts are presented in thousand Euros, rounded to the nearest thousand.

The annual accounts have been prepared under the historical cost convention, modified by the application of fair value basis for derivative financial instruments, financial assets and liabilities held for trading and available-for-sale, except those for which a reliable measure of fair value is not available.

The preparation of financial statements in accordance with the IFRS-EU requires the Board of Directors to make judgments, estimates and assumptions that affect the application of the accounting policies and of the reported amounts of assets, liabilities, income and expenses. The estimates and related assumptions are based on historical experience and other factors considered reasonable in accordance with the circumstances. They form the basis for making judgments regarding the values of the assets and liabilities whose valuation is not apparent from other sources. Actual results may differ from these estimates. The areas involving the highest degree of judgment or complexity, or for which the assumptions and estimates are considered significant, are disclosed in note 3 - Critical accounting estimates and judgments in applying accounting policies.

Accounting policies have been applied consistently by all Group companies and in all periods presented in the consolidated financial statements.

The consolidated balance sheet, consolidated income statement, consolidated statement of changes in equity, consolidated statement of cash flows and the notes thereto for 2017 include comparative figures for 2016, which formed part of the consolidated annual accounts approved by shareholders at the annual general meeting held on April 6, 2017.

B) BASIS OF CONSOLIDATION

Controlled entities

Investments in subsidiaries where the Group has control are fully consolidated from the date the Group assumes control over their financial and operating activities until the moment that control ceases to exist.

An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee, independently of the percentage of voting rights held.

Joint arrangements

The Group classifies an arrangement as a joint arrangement when the jointly control is contractually established. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee, independently of the percentage of voting rights held. Joint control exists only when decisions about the relevant activities require the unanimous consent of the parties that collectively control the arrangement.

After determining the existence of joint control, the Group classifies joint arrangements into two types - joint operations and joint ventures.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement, so the assets and liabilities (and related revenues and expenses) in relation to its interest in the arrangement are recognised and measured in accordance with relevant IFRSs applicable.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint ventures) have rights to the net assets of the arrangement, so this investment shall be included in the consolidated financial statements under the equity method.

The consolidated financial statements include the Group's attributable share of total reserves and profits or losses of joint ventures, included in the consolidated financial statements under the equity method. When the Group’s share of losses exceeds its interest in a jointly controlled entity, the Group's carrying amount is reduced to zero and recognition of further losses is discontinued, except to the extent that the Group has a legal or constructive obligation to cover such losses on behalf of that entity.

Entities over which the Group has significant influence

Investments in associates are included in the consolidated financial statements under the equity method from the date the Group acquires significant influence to the date it ceases. Associates are entities over which the Group has significant influence, but not control, over its financial and operating policies.

The existence of significant influence by the Group is usually evidenced by one or more of the following:

- Representation on the Executive Board of Directors or equivalent governing body of the investee;

- Participation in policy-making processes, including participation in decisions about dividends and other distributions;

- Existence of material transactions between the Group and the investee;

- Interchange of managerial personnel;

- Provision of essential technical information.

The consolidated financial statements include the Group's attributable share of total reserves and profits or losses of associates, included in the consolidated financial statements under the equity method. When the Group's share of losses exceeds its interest in an associate, the Group's carrying amount is reduced to zero and recognition of further losses is discontinued, except to the extent that the Group has a legal or constructive obligation to cover such losses on behalf of the associate.

Business combination

From 1 January 2010 the Group has applied IFRS 3 Business Combinations (2008) in accounting for business combinations.

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

Acquisitions on or after 1 January 2010

For acquisitions on or after 1 January 2010, the Group measures goodwill at the acquisition date as:

- The fair value of the consideration transferred; plus
- The recognised amount of any non-controlling interests in the acquiree; plus
- If the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Some business combinations in the period have been determined provisionally as the Group is currently in the process of measuring the fair value of the net assets acquired. The identifiable net assets have therefore initially been recognised at their provisional value. Adjustments during the measurement period have been recorded as if they had been known at the date of the combination and comparative information for the prior year has been restated where applicable. Adjustments to provisional values only include information relating to events and circumstances existing at the acquisition date and which, had they been known, would have affected the amounts recognised at that date.

After that period, adjustments to initial measurement are only made to correct an error.

Acquisitions between 1 January 2004 and 1 January 2010

For acquisitions between 1 January 2004 and 1 January 2010, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquire. When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

Accounting for acquisitions of non-controlling interests

From 1 January 2010, acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

Previously, goodwill was recognised on the acquisition of non-controlling interests in a subsidiary, which represented the excess of the cost of the additional investment over the carrying amount of the interest in the net assets acquired at the date of the transaction.

Investments in foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Euro at exchange rates at the reporting date. The income and expenses of foreign operations, are translated to Euro at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income in the translation reserve.

On disposal of a foreign subsidiary, the related exchange differences previously recognised in reserves, are accounted for in the income statement. as part of the profit or loss on disposal.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and presented in the translation reserve in equity.

Balances and transactions eliminated on consolidation

Inter-company balances and transactions, including any unrealised gains and losses on transactions between group companies, are eliminated in preparing the consolidated financial statements. Unrealised gains and losses arising from transactions with associates and jointly controlled entities are eliminated to the extent of the Group's interest in those entities.

Common control transactions

The accounting for transactions among entities under common control is excluded from IFRS 3. Consequently, in the absence of specific guidance, within IFRSs, the EDP Renováveis Group has developed an accounting policy for such transactions, as considered appropriate. According to the Group's policy, business combinations among entities under common control are accounted for in the consolidated financial statements using the EDP consolidated book values of the acquired company (subgroup). The difference between the carrying amount of the net assets received and the consideration paid, is recognised in equity.

Put options related to non-controlling interests

EDP Renováveis Group records written put options at the date of acquisition of a business combination or at a subsequent date as an advance acquisition of these interests, recording a financial liability for the present value of the best estimate of the amount payable, irrespective of the estimated probability that the options will be exercised. The difference between this amount and the amount corresponding to the percentage of the interests held in the identifiable net assets acquired is recorded as goodwill.

Until 31 December 2009, in years subsequent to initial recognition, the changes in the liability due to the effect of the financial discount are recognised as a financial expense in the consolidated income statement, and the remaining changes are recognised as an adjustment to the cost of the business combination. Where applicable, dividends paid to minority shareholders up to the date the options are exercised are also recorded as adjustments to the cost of the business combination. In the event that the options are not exercised, the transaction would be recorded as a sale of interests to minority shareholders.

As from January 2010, the Group applies IAS 27 (2008) to new put options related to non-controlling interests and, therefore, subsequent changes in the carrying amount of the put liability are recognised in profit or loss.

Business combinations achieved in stages

In a business combination achieved in stages, the excess of the aggregate of (i) the consideration transferred, (ii) the amount of any non-controlling interest recognized in the acquiree (iii) the fair value of the previously held equity interest in the acquired business; over the net of amounts of the identifiable assets acquired and liabilities assumed, is recognized as goodwill.

If applicable, the defect, after evaluating the consideration transferred, the amount of any non-controlling interest recognized in the acquiree, the fair value of the previously held equity interest in the acquired business; and the valuation of the net assets acquired, is recognized in the income statement. The Group recognizes the difference between the fair value of the previously held equity interest in the acquired business and the carrying value in consolidated results according to its classification. Additionally, the Group reclassifies the deferred amounts in other comprehensive income relating to the previously held equity interest to the income statement or consolidated reserves, according to their nature.

C) FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions are translated at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currency are translated into Euros at the exchange rates at the balance sheet date. These exchange differences arising on translation are recognised in the income statement.

Foreign currency non-monetary assets and liabilities accounted for at historical cost are translated using the exchange rates at the dates of the transactions. Foreign currency non-monetary assets and liabilities stated at fair value are translated into Euros at the exchange rates at the dates the fair value was determined.

D) DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGE ACCOUNTING

Derivative financial instruments are recognised on the trade date at fair value. Subsequently, the fair value of derivative financial instruments is re-measured on a regular basis, being the gains or losses on re-measurement recognised directly in the income statement, except for derivatives designated as hedging instruments. The recognition of the resulting gains or losses on re-measurement of the derivatives designated as hedging instruments depends on the nature of the risk being hedged and of the hedge model used.

The fair value of derivative financial instruments corresponds to their market value, if available, or to quotes indicated by external entities through the use of valuation techniques, which are compared in each date of report to fair values available in common financial information platforms.

HEDGE ACCOUNTING

The Group uses financial instruments to hedge interest and foreign exchange risks resulting from its operational and financing activities. The derivate financial instruments that do not qualify for hedge accounting are recorded as for trading.

The derivatives that are designated as hedging instruments are recorded at fair value, being the gains and losses recognised in accordance with the hedge accounting model adopted by the Group. Hedge accounting is used when:

(i) At the inception of the hedge, the hedge relationship is identified and documented;

(ii) The hedge is expected to be highly effective;

(iii) The effectiveness of the hedge can be reliably measured;

(iv) The hedge is revalued on an on-going basis and is considered to be highly effective over the reporting period; and

(v) The forecast transactions hedged are highly probable and represent a risk to changes in cash flows that could affect the income statement.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Cash flow hedge

The effective portion of the changes in the fair value of the derivative financial instruments that are designated as hedging instruments in a cash flow hedge model is recognised in equity. The gains or losses relating to the ineffective portion of the hedging relationship are recognised in the income statement in the moment they occur.

The cumulative gains or losses recognised in equity are also reclassified to the income statement over the periods in which the hedged item will affect the income statement. When the forecast transaction hedge results in the recognition of a non-financial asset, the gains or losses recorded in equity are included in the acquisition cost of the asset.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss recognised in equity at that time stays recognised in equity until the hedged transaction also affects the income statement. When the forecasted transaction is no longer expected to occur, the cumulative gains or losses recognized in equity are recorded in the income statement.

Net investment hedge

The net investment hedge is applied on a consolidated basis to investments in subsidiaries in foreign currencies. The exchange differences recorded against exchange differences arising on consolidation are offset by the exchange differences arising from the foreign currency borrowings used for the acquisition of those subsidiaries. If the hedging instrument is a derivative, the gains or losses arising from fair value changes are also recorded against exchange differences arising on consolidation. The ineffective portion of the hedging relation is recognised in the income statement.

E) OTHER FINANCIAL ASSETS

The Group classifies its other financial assets at acquisition date in the following categories:

Loans and receivable

Loans and receivable are initially recognised at their fair value and subsequently are measured at amortised cost less impairment losses.

Impairment losses are recorded based on the valuation of estimated losses from non-collection of loans and receivable at the balance sheet date. Impairment losses are recognised in the income statement, and can be reversed if the estimated losses decrease in a later period.

Financial assets at fair value through profit or loss

This category includes: (i) financial assets held for trading, which are those acquired for the purpose of being traded in the short term, and (ii) financial assets that are designated at fair value through profit or loss at inception.

Available-for-sale investments

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the other categories. The Group's investments in equity securities are classified as available-for-sale financial assets.

Initial recognition, measurement and derecognition

Purchases and sales of: (i) financial assets at fair value through profit or loss and (ii) available-for-sale investments, are recognised on trade date, the date on which the Group commits to purchase or sell the assets.

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, in which case these transaction costs are directly recognised in the income statement.

Financial assets are derecognised when: (i) the contractual rights to receive their cash flows have expired, (ii) the Group has transferred substantially all risks and rewards of ownership or (iii) although retaining some, but not substantially all of the risks and rewards of ownership, the Group has transferred the control over the assets.

Subsequent measurement

After initial recognition, financial assets at fair value through profit or loss are subsequently carried at fair value and gains and losses arising from changes in their fair value are included in the income statement in the period in which they arise.

Available-for-sale financial assets are also subsequently carried at fair value. However, gains and losses arising from changes in their fair value are recognised directly in equity, until the financial assets are derecognised or impaired. When this occurs, the cumulative gains or losses previously recognised in equity are immediately recognised in the income statement. Foreign exchange differences arising from equity investments classified as available-for-sale are also recognised in equity. Interest calculated using the effective interest rate method and dividends, are recognised in the income statement.

The fair values on quoted investments in active markets are based on current bid prices. For unlisted securities the Group determines the fair value through: (i) valuation techniques, including the use of recent arm's length transactions or discounted cash flow analysis and (ii) valuation assumptions based on market information.

Financial instruments whose fair value cannot be reliably measured are carried at cost.

Reclassifications between categories

The Group does not reclassify, after initial recognition, a financial instrument into or out of the fair value through profit or loss category.

Impairment

At each balance sheet date, an assessment is performed as to whether there is objective evidence of impairment, including any impairment resulting in an adverse effect on estimated future cash flows of the financial asset or group of financial assets.

If there is objective evidence of impairment, the recoverable amount of the financial asset is determined, and the impairment loss is recognised in the income statement.

A financial asset or a group of financial assets is impaired if there is objective evidence of impairment as a result of one or more events that occurred after their initial recognition, such as: (i) in the case of listed securities, a significant or prolonged decline in the listed price of the security, and (ii) in the case of unlisted securities, when that event (or events) has an impact on the estimated amount of the future cash flows of the financial asset or group of financial assets, that can be reliably estimated.

Evaluating the existence of objective evidence of impairment involves judgement, in which case the Group considers, among other factors, price volatility and current economic situation.

If there is objective evidence of impairment on available-for-sale investments, the cumulative potential loss recognised in fair values reserves, corresponding to the difference between the acquisition cost and the fair value at the balance sheet date, less any impairment loss on that financial asset previously recognised in the income statement, is transferred to the income statement.

F) FINANCIAL LIABILITIES

An instrument is classified as a financial liability when it contains a contractual obligation to transfer cash or another financial asset, independently from its legal form. These financial liabilities are recognised (i) initially at fair value less transaction costs and (ii) subsequently at amortised cost, using the effective interest rate method.

The Group derecognises the whole or part of a financial liability when the obligations included in the contract have been satisfied or the Group is legally released of the fundamental obligation related to this liability either through a legal process or by the creditor.

G) BORROWING COSTS

Borrowing costs that are directly attributable to the acquisition or construction of assets are capitalised as part of the cost of the assets. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. To the extent that funds are borrowed generally, the amount of borrowing costs eligible for capitalisation are determined by applying a capitalisation rate to the expenditures on these assets. The capitalisation rate corresponds to the weighted average of the borrowing costs applicable to the borrowings of the enterprise that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs capitalised during a period does not exceed the amount of borrowing costs incurred during the period.

The capitalisation of borrowing costs commences when expenditures for the asset are being incurred, borrowing costs have been incurred and activities necessary to prepare all or part of the assets for their intended use or sale are in progress. Capitalisation ceases when substantially all the activities necessary to prepare the qualifying assets for their intended use or sale are completed. Capitalisation of borrowing costs shall be suspended during extended periods in which active development is interrupted.

H) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at acquisition cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. In case of projects in a development stage, costs are only capitalized when it is probable that the project will be finally built. If due to changes in regulation or other circumstances costs capitalized are derecognized from property plant and equipment, they are recognized in the profit and loss caption of "Other expenses". Replacements or renewals of complete items are recognized as increases in the value of property, plant and equipment and the items replaced or renewed are derecognized and recognized in the "Other expenses" caption.

The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of acquisition includes interest on external financing and personnel costs and other internal expenses directly or indirectly related to work in progress accrued solely during the period of construction. The cost of production is capitalised by charging costs attributable to the asset as own work capitalised under financial expenses and personnel costs and employee benefit expense in the consolidated income statement.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent costs are recognised as separate assets only when it is probable that future economic benefits associated with the item will flow to the Group. All repair and maintenance costs are charged to the income statement during the financial period in which they are incurred.

The Group assesses assets impairment, whenever events or circumstances may indicate that the book value of the asset exceeds its recoverable amount, the impairment being recognised in the income statement.

Land is not depreciated. Depreciation on the other assets is calculated using the straight-line method over their estimated useful lives, as follows:

	NUMBER OF YEARS
Buildings and other constructions	8 to 40
Plant and machinery:	
- Renewable assets	30
- Other plant and machinery	4 to 12
Transport equipment	3 to 5
Office equipment and tools	2 to 10
Other tangible fixed assets	3 to 10

At the end of December 2016, EDPR Group changed the useful life of the renewable assets from 25 to 30 years.

I) INTANGIBLE ASSETS

The Group´s intangible assets are booked at acquisition cost less accumulated amortisation and impairment losses. The Group does not own intangible assets with indefinite lives.

The Group performs impairment tests, whenever events or circumstances may indicate that the book value of the asset exceeds its recoverable amount, being any impairment recognised in the income statement.

Acquisition and development of software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised on the basis of their expected useful lives.

Costs that are directly associated with the development of identifiable specific software applications by the Group, and that will probably generate economic benefits beyond one year, are recognised as intangible assets. These costs include employee costs directly associated with the development of the referred software and are amortised using the straight-line method during their expected useful lives.

Maintenance costs of software are charged to the income statement when incurred.

Industrial property and other rights

The amortisation of industrial property and other rights is calculated using the straight-line method for an expected useful live expected of less than 6 years.

Green Certificates

In some jurisdictions, on top of the market price, generators receive certificates (GCs) for their performance, which are sold to the off-takers obliged to fulfil a quota obligation (a share of energy that must be sourced from renewable sources). Being these certificates considered subsidies under IAS 20 they are recognised when generated as intangible assets at fair market. The intangible assets registered will be discharged at the time of their effective sale and difference between the selling price and the fair value of the GCs will be registered in the profit and loss account.

Power purchase agreements

Acquired Power Purchase Agreements (PPAs) are booked as intangible assets and amortised using the straight-line method according with the duration of the contract.

J) NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Non-current assets or groups of non-current assets held for sale (groups of assets and related liabilities that include at least one noncurrent asset) are classified as held for sale when their carrying amounts will be recovered mainly through sale, the assets or groups of assets are available for immediate sale and the sale is highly probable.

The Group also classifies as non-current assets held for sale, non-current assets or groups of assets acquired exclusively for its subsequent resale, that are available for immediate sale and the sale is highly probable.

The measurement of all non-current assets and all assets and liabilities included in a disposal group, is adjusted in accordance with the applicable IFRS standards, immediately before their classification as held for sale. Subsequently, these assets or disposal groups are measured at the lowest between their carrying amount and fair value less costs to sell.

K) IMPAIRMENT OF NON-FINANCIAL ASSETS

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is then estimated. For goodwill the recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit). The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units which are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in circumstances that caused the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

L) LEASES

The Group classifies its lease agreements as finance leases or operating leases taking into consideration the substance of the transaction rather than its legal form. A lease is classified as a finance lease if it transfers to the lessee substantially all the risks and rewards incidental to ownership. All other leases are classified as operating leases.

Operating leases

Lease payments are recognised as an expense and charged to the income statement in the period to which they relate.

M) INVENTORIES

Inventories are stated at the lower of the acquisition cost and net realisable value. The cost of inventories includes purchases, conversion and other costs incurred in bringing the inventories to their present location and condition. The net realisable value is the estimated selling price in the ordinary course of business less the estimated selling costs.

The cost of inventories is assigned by using the weighted average method.

N) CLASSIFICATION OF ASSETS AND LIABILITIES AS CURRENT AND NON-CURRENT

The Group classifies assets and liabilities in the consolidated statement of financial position as current and non-current. Current assets and liabilities are determined as follows:

Assets are classified as current when they are expected to be realised or are intended for sale or consumption in the Group's normal operating cycle, they are held primarily for the purpose of trading, they are expected to be realised within twelve months of the balance sheet date or are cash or a cash equivalent, unless the assets may not be exchanged or used to settle a liability for at least twelve months from the balance sheet date.

Liabilities are classified as current when they are expected to be settled in the Group's normal operating cycle, they are held primarily for the purpose of trading, they are due to be settled within twelve months of the balance sheet date or the Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

Financial liabilities are classified as current when they are due to be settled within twelve months after the reporting period, even if the original term was for a period longer than twelve months, and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorised for issue.

O) PROVISIONS

Provisions are recognised when: (i) the Group has a present legal or constructive obligation, (ii) it is probable that settlement will be required in the future and (iii) a reliable estimate of the obligation can be made.

Dismantling and decommissioning provisions

The Group recognises dismantling and decommissioning provisions for property, plant and equipment when a legal or contractual obligation is settled to dismantling and decommissioning those assets at the end of their useful life. Consequently, the Group has booked provisions for property, plant and equipment related with renewables assets, for the expected cost of restoring sites and land to its original condition. The provisions correspond to the present value of the expenditure expected to be required to settle the obligation and are recognised as part of the initial cost or an adjustment to the cost of the respective asset, being depreciated on a straight-line basis over the asset useful life.

The assumptions used for 2017 and 2016 are:

	EUROPE	NORTH AMERICA	SOUTH AMERICA
Average cost per MW (Euros)			
Wind (Steel structure)	25,873	26,715	28,954
Wind (Concrete structure)	33,954	-	29,915
Salvage value per MW (Euros)			
Wind (Steel structure)	35,603	33,942	46,338
Wind (Concrete structure)	19,787	-	17,421
Discount rate			
Euro	[0.00% - 1.77%]	-	-
PLN	[1.51% - 3.57%]	-	-
USD	-	[0.72% - 2.94%]	-
CAD	-	[0.72% - 2.94%]	-
RON	[0.65% - 3.87%]	-	-
BRL	-	-	[11.91% - 12,47%]
Inflation rate		-	-
Euro zone	[1.01% - 2.35%]	-	-
Poland	[1.45% - 2.40%]	-	-
Romania	[2.30% - 2.70%]	-	-
USA	-	[2.00% - 2.30%]	-
Canada	-	[2.00% - 2.30%]	-
Brazil	-	-	[4.20% - 5.64%]
Capitalisation (number of years)	30	30	30

In 2016 the capitalisation rate (number of years) of the dismantling and decommissioning provisions changed to 30 years due to the change, on that year, of the useful life of the renewable assets from 25 to 30 years.

Decommissioning and dismantling provisions are remeasured on an annual basis based on the best estimate of the settlement amount. In this sense, EDPR's technical department performed in 2016 an in-depth analysis taking into account the reality of the EDPR's fleet which resulted in the update on that year of the average cost per megawatt and salvage value of the renewables assets. There were no significant changes in the variables used for determining the best estimate of the settlement amount during 2017.

The unwinding of the discount at each balance sheet date is charged to the income statement.

Tax liabilities

Liabilities for payment of taxes or levies related to an activity of the Group are recognized as the activity which triggers the payment is carried out, according to the laws regulating such taxes or levies. However, in the cases of taxes or levies with right of reimbursement of the amount already paid proportionally to the period of time in which there is no activity or the asset which triggers the payment is no longer owned, liabilities are recognized on a proportional basis.

P) RECOGNITION OF COSTS AND REVENUE

Costs and revenues are recorded in the year to which they refer regardless of when paid or received, in accordance with the accrual concept. Differences between amounts received and paid and the corresponding revenue and expenditure are recorded under other assets and other liabilities.

Revenue comprises the amounts invoiced on the sale of products or of services rendered, net of value added tax, rebates and discounts, after elimination of intra-group sales.

Revenue from energy sales is recognised in the period that energy is generated and transferred to customers.

Q) FINANCIAL RESULTS

Financial results include interest payable on borrowings, interest receivable on funds invested, dividend income, unwinding of the discount of provisions and written put options to non-controlling interests, foreign exchange gains and losses, gains and losses on financial instruments and the accrual of tax equity estimated interest over outstanding liability.

Interest income is recognised in the income statement based on the effective interest rate method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established.

R) INCOME TAX

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a items recognized directly in equity, in which case is also recognized in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

S) EARNINGS PER SHARE

Basic earnings per share are calculated by dividing net profit attributable to equity holders of the parent company by the weighted average number of ordinary shares outstanding during the year, excluding the average number of ordinary shares purchased by the Group and held as treasury stock.

T) CASH AND CASH EQUIVALENTS

Cash and cash equivalents include balances with maturity of less than three months from the date of acquisition, including cash and deposits in banks. This caption also includes other short-term, highly liquid investments that are readily convertible to known amounts of cash and specific demand deposits in relation to institutional partnerships that are funds required to be held in escrow sufficient to pay the remaining construction related costs of projects in institutional equity partnerships in U.S.A., in the next twelve months.

The Group classifies as cash and cash equivalents the balance of the current accounts with the Group formalized under cash-pooling agreements.

U) GOVERNMENT GRANTS

Government grants are recognised initially as deferred income under non-current liabilities when there is reasonable assurance that they will be received and that the Group will comply with the conditions associated with the grant. Grants that compensate the Group for expenses incurred are recognised in profit or loss on a systematic basis in the same periods in which the expenses are recognised.

V) ENVIRONMENTAL ISSUES

The Group takes measures to prevent, reduce or repair the damage caused to the environment by its activities.

Expenses derived from environmental activities are recognised as other operating expenses in the period in which they are incurred.

W) INSTITUTIONAL PARTNERSHIPS IN U.S. WIND FARMS

The Group has entered in several partnerships with institutional investors in the United States, through limited liability Company operating agreements that apportion the cash flows generated by the wind farms between the investors and the Company and allocates the tax benefits, which include Production Tax Credits (PTCs), Investment Tax Credits (ITCs) and accelerated depreciation, largely to the investor. The institutional investors purchase their minority partnership interests for an upfront cash payment with an agreed targeted internal rate of return over the period that the tax credits are generated. This anticipated return is computed based on the total anticipated benefit that the institutional investors will receive and includes the value of PTCs / ITCs, allocated taxable income or loss and cash distributions received.

The control and management of these wind farms are a responsibility of EDPR Group and they are fully consolidated in these financial statements.

The upfront cash payment received is recognised under 'Liabilities arising from institutional partnerships' and subsequently measured at amortised cost.

This liability is reduced by the value of tax benefits provided and cash distributions made to the institutional investors during the contracted period. The value of the tax benefits delivered, primarily accelerated depreciation and ITC are recognized as Income from institutional partnerships on a pro-rata basis over the 30 year useful life of the underlying projects (see note 7). The value of the PTCs delivered are recorded as generated. This liability is increased by an interest accrual that is based on the outstanding liability balance and the targeted internal rate of return agreed.

After the Flip Date, the institutional investor retains a non-significant interest for the duration of the structure. This non-controlling interest is entitled to distributions ranging from 0 % to 6 % and taxable income allocations ranging from 5% to 17%. EDPR NA has an option to purchase the institutional investor's residual interest at fair market value during a defined period following the flip date. The financial instruments held by the institutional investors issued by the partnerships represent compound financial instruments as they contain characteristics of both financial liabilities and equity. Post flip non-controlling interests is the portion of equity that is ascribed to the institutional investor in the institutional equity partnership at flip date. This amount is reclassified from the total equity attributable to the Parent to non-controlling interests caption in the period in which the flip date takes place.

03. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS IN APPLYING ACCOUNTING POLICIES

The IFRS set forth a range of accounting treatments and require the Board of Directors to apply judgment and make estimates in deciding which treatment is most appropriate.

The main accounting estimates and judgements used in applying the accounting policies are discussed in this note in order to improve the understanding of how their application affects the Group's reported results and disclosures. A broader description of the accounting policies employed by the Group is disclosed in note 2 to the Consolidated Financial Statements.

Although estimates are calculated by the Board of Directors based on the best information available at 31 December 2017 and 2016, future events may require changes to these estimates in subsequent years. Any effect on the financial statements of adjustments to be made in subsequent years would be recognised prospectively.

Considering that in many cases there are alternatives to the accounting treatment adopted by EDP Renováveis, the Group's reported results could differ if a different treatment was chosen. EDP Renováveis believes that the choices made are appropriate and that the financial statements are presented fairly, in all material respects, the Group's financial position and results. The alternative outcomes discussed below are presented solely to assist the reader in understanding the financial statements and are not intended to suggest that other alternatives or estimates would be more appropriate.

Fair value of derivatives

Fair values are based on listed market prices, if available, otherwise fair value is determined either by dealer prices (both for that transaction or for similar instruments traded) or by pricing models, based on net present value of estimated future cash flows which take into account market conditions for the underlying instruments, time value, yield curves and volatility factors. These pricing models may require assumptions or judgments in estimating fair values.

Consequently, the use of a different model or of different assumptions or judgments in applying a particular model may have produced different financial results for a particular period.

Fair value measurement of contingent consideration

The contingent consideration, from a business combination or a sale of a minority interest while retaining control is measured at fair value at the acquisition date as part of the business combination or at the date of the sale in the event of a sale of a minority interest. The contingent consideration is subsequently remeasured at fair value at balance sheet date. Fair value is based on discounted cash flows. The main assumptions consider the probability of achieving each objective and the discount factor, corresponding to the best estimates of management at each balance sheet date. Changes in assumptions could have impact on the values of contingent assets and liabilities recognized in the financial statements.

Review of the useful life of assets related to production

According to IAS 8, estimates must be revised when new information becomes available which indicates a change in circumstances upon which the estimates were formed. It is observable that an extension in the useful life of renewable assets is the industry trend. During 2016, in the light of this fact, EDPR management decided to conduct an in depth review of the useful lifetime of its renewable assets to determine what is the most appropriate depreciation lifetime to consider in its local and IFRS financial statements. The analysis performed covers technical (through internal and third party technical analysis), financial, economic and other considerations such as contractual or regulatory constraints. Based on these results, at the end of December 2016, EDPR approved to revise the current estimate extending the useful life of its renewable assets up to 30 years, consequently, leading to a prospective change in the depreciation charge. Although useful life may have some level of discrete asset variation depending on the specific site specificities, it is judged reasonable and accurate to use the standard of 30 years for the entire fleet.

Impairment of non-financial assets

Impairment test are performed whenever there is an indication that the recoverable amount of property, plant, equipment and intangible assets is less than the corresponding net book value of assets.

On an annual basis, the Group reviews the assumptions used to assess the existence of impairment in goodwill resulting from acquisitions of shares in subsidiaries. The assumptions used are sensitive to changes in macroeconomic indicators and business assumptions used by management. The net interest in associates is reviewed when circumstances indicate the existence of impairment.

Considering that estimated recoverable amounts related to property, plant and equipment, intangible assets and goodwill are based on the best information available, changes in the estimates and judgments could change the impairment test results which could affects the Group's reported results.

Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant interpretations and estimates are required in determining the global amount for income taxes.

There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Different interpretations and estimates would result in a different level of income taxes, current and deferred, recognised in the period.

Tax Authorities are entitled to review EDP Renováveis, and its subsidiaries' determination of its annual taxable earnings, for a determined period that may be extended in case there are tax losses carried forward. Therefore, it is possible that some additional taxes may be assessed, mainly as a result of differences in interpretation of the tax law. However, the EDP Renováveis and its subsidiaries, do not anticipate any significant changes to the income tax booked in the financial statements.

Dismantling and decommissioning provisions

The Board of Directors considers that Group has contractual obligations with the dismantling and decommissioning of property, plant and equipment related to wind electricity generation. For these responsibilities the Group has recorded provisions for the expected cost of restoring sites and land to its original condition. The provisions correspond to the present value of the expenditure expected to be required to settle the obligation.

In this sense, EDPR's technical department performed in 2016 an in-depth analysis taking into account the reality of the EDPR's fleet which resulted in the update on that year of the average cost per megawatt and salvage value of the renewables assets. There were no significant changes in the variables used for determining the best estimate of the settlement amount during 2017.

The use of different assumptions in estimates and judgments referred may have produced different results from those that have been considered.

Entities included in the consolidation perimeter

In order to determine which entities must be included in the consolidation perimeter, the Group evaluates whether it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

This evaluation requires judgement, assumptions and estimates in order to conclude whether the Group is in fact exposed to variable returns and has the ability to affect those returns through its power over the investee.

Other assumptions and estimates could lead to a different consolidation perimeter of the Group, with direct impact in the consolidated financial statements.

04. FINANCIAL RISK MANAGEMENT POLICIES

The businesses of EDP Renováveis Group are exposed to a variety of financial risks, including the effects of changes in electricity market prices, foreign exchange and interest rates. The main financial risks arise from interest-rate and the exchange-rate exposures. The volatility of financial markets is analysed on an on-going basis in accordance with EDPR's risk management policies. Financial instruments are used to mitigate potential adverse effects on EDP Renováveis financial performance resulting from interest rates and foreign exchange rates changes.

The Board of Directors of EDP Renováveis is responsible for the definition of general risk-management policies and the establishment of exposure limits. Recommendations to manage financial risks of EDP Renováveis Group are proposed by EDPR's Finance and Global Risk Departments and discussed in the Financial Risk Committee of EDP Renováveis, which is held quarterly. The pre-agreed strategy is shared with the Finance Department of EDP - Energias de Portugal, S.A., to verify the accordance with the policies approved by the Board of Directors of EDP. The evaluation of appropriate hedging mechanisms and the execution are outsourced to the Finance Department of EDP.

All transactions undertaken using derivative financial instruments require the prior approval of the Board of Directors, which defines the parameters of each transaction and approves the formal documents describing their objectives.

Exchange-rate risk management

EDPR/EDP Group's Financial Department are responsible for managing the foreign exchange exposure of the Group, seeking to mitigate the impact of exchange rate fluctuations on the net assets and net profits of the Group. Instruments used for hedging are foreign exchange derivatives, foreign exchange debt and other hedging structures with offsetting exposure versus the item to be hedged. The effectiveness of these hedges is reassessed and monitored throughout their lives.

EDPR operates internationally and is exposed to the exchange-rate risk resulting from investments in foreign subsidiaries. With the objective of minimizing the impact of exchange rates fluctuations, EDP Renováveis general policy is to fund each project in the currency of the operating cash flows generated by the project.

Currently, the main currency exposure is the U.S. Dollar, resulting from the shareholding in EDPR NA. EDPR is also exposed to Polish Zloty, Romanian Leu, Brazilian Real and, to a minor extent, Canadian Dollar and British Pound.

To hedge the risk originated with net investment in EDPR NA, EDP Renováveis uses financial debt expressed in USD and also entered into a CIRS in USD/EUR with EDP Branch. Following the same strategy adopted to hedge these investments in USA, EDP Renováveis has also entered into CIRS in BRL/EUR, in PLN/EUR, in RON/EUR, and in CAD/EUR to hedge the investments in Brazil, Poland, Romania and Canada (see note 35).

Sensitivity analysis - Foreign exchange rate

As a consequence a depreciation/appreciation of 10% in the foreign currency exchange rate, with reference to 31 December 2017 and 2016, would originate an increase/(decrease) in EDP Renováveis Group income statement and equity before taxes, as follows:

THOUSAND EUROS	31 DEC 2017			
	PROFIT OR LOSS		EQUITY	
	+10%	-10%	+10%	-10%
USD/EUR	5,911	-7,225	-	-
	5,911	-7,225	-	-

THOUSAND EUROS	31 DEC 2016			
	PROFIT OR LOSS		EQUITY	
	+10%	-10%	+10%	-10%
USD / EUR	10,822	-13,227	-	-
	10,822	-13,227	-	-

This analysis assumes that all other variables, namely interest rates, remain unchanged.

Interest rate risk management

The Group's operating cash flows are substantially independent from the fluctuation in interest-rate markets.

The purpose of the interest-rate risk management strategy is to reduce the exposure of debt cash flows to market fluctuations. As such, whenever considered necessary and in accordance to the Group's policy, interest-rate financial instruments are contracted to hedge interest rate risks. These financial instruments hedge cash flows associated with future interest payments, converting floating rate loans into fixed rate loans.

All these hedges are undertaken on liabilities in the Group's debt portfolio and are mainly perfect hedges with a high correlation between changes in fair value of the hedging instrument and changes in fair value of the interest-rate risk or upcoming cash flows.

The EDP Renováveis Group has a portfolio of interest-rate derivatives with maturities up to 15 years. The Financial Department of EDP Group undertakes sensitivity analyses of the fair value of financial instruments to interest-rate fluctuations or upcoming cash flows.

About 88% of EDP Renováveis Group financial debt bear interest at fixed rates, considering operations of hedge accounting with financial instruments.

Sensitivity *analysis - Interest rates*

EDPR/EDP Group's Financial Department are responsible for managing the interest rate risk associated to activities developed by the Group, contracting derivative financial instruments to mitigate this risk.

Based on the EDPR Group debt portfolio and the related derivative financial instruments used to hedge associated interest rate risk, as well as on the shareholder loans received by EDP Renováveis, a change of 50 basis points in the interest rates with reference to 31 December 2017 and 2016 would increase/(decrease) in EDP Renováveis Group income statement and equity before taxes, as follows:

THOUSAND EUROS	31 DEC 2017			
	+ 50 BPS	- 50 BPS	+ 50 BPS	- 50 BPS
Cash flow hedge derivatives	-	-	8,435	-8,897
Unhedged debt (variable interest rates)	-1,340	1,340	-	-
	-1,340	1,340	8,435	-8,897

THOUSAND EUROS	31 DEC 2016			
	+ 50 BPS	- 50 BPS	+ 50 BPS	- 50 BPS
Cash flow hedge derivatives	-	-	8,334	-8,668
Unhedged debt (variable interest rates)	-1,119	1,119	-	-
	-1,119	1,119	8,334	-8,668

This analysis assumes that all other variables, namely foreign exchange rates, remain unchanged.

Counter-party credit-rate risk management in financial transactions

The EDP Renováveis Group counter-party risk exposure in financial and non-financial transactions is managed by an analysis of technical capacity, competitiveness and probability of default to the counter-party. EDP Renováveis has defined a counter-party risk policy inspired in Basel III, which is implemented across all departments in all EDP Renováveis geographies. EDP Renováveis Group is exposed to counter-party risk in financial derivatives transactions and in energy sales (electricity, GC and RECs).

Counterparties in derivatives and financial transactions are restricted to high-quality credit institutions or to the EDP Group.

Most relevant counterparties in derivatives and financial transactions are companies within EDP Group. Financial instruments contracted outside EDP Group are generally engaged under ISDA Master Agreements and credit quality of external counterparties is analysed and collaterals required when needed.

In the process of selling the energy (electricity, GCs and RECs produced), exposure arise from trade receivables, but also from mark-to-market of long term contracts:

- In the specific case of the energy sales of EDPR EU Group, the Group's main customers are utilities and regulated entities in the market of their respective countries (EDP and CNMV in the case of the Spanish market). Credit risk from trade receivables is not significant due to the limited average collection period for customer balances and the quality of its debtors. Additional counter-party risk comes from the countries with renewables incentives, which it is usually treated as regulatory risk.

- In the specific case of EDPR NA Group, the Group's main customers are regulated utility companies and regional market agents in the US. As it occurs in Europe, credit risk from trade receivables is not significant due to the limited average collection period for customer balances and the quality of the debtors. However, the exposure due to the mark-to-market of long term contracts may be significant. This exposure is managed by a detailed assessment of the counter-party before signing any long term agreement and by a requirement of collaterals when needed.

Regarding Trade receivables and other debtors, they are recognized net of the impairment losses. The Group believes that the credit quality of these receivables is adequate and that no significant impaired credits exist that have not been recognised as such and provided for.

The maximum exposure to customer credit risk by counterparty type is detailed as follows:

THOUSAND EUROS	DEC 2017	DEC 2016
Corporate sectors and individuals		
Supply companies	18,963	35,289
Business to business	101,347	-
Other	2,940	2,395
TOTAL CORPORATE SECTORS AND INDIVIDUALS	123,250	37,684
Public sector	38,555	51,644
TOTAL PUBLIC SECTOR AND CORPORATE SECTORS/INDIVIDUALS	161,805	89,328

Trade receivables by geographical market for the Group EDPR, is as follows:

THOUSAND EUROS				DEC 2017
	EUROPE	NORTH AMERICA	BRAZIL	TOTAL
Corporate sectors and individuals	102,029	14,917	6,304	123,250
Public sector	22,481	-	16,074	38,555
TOTAL	124,510	14,917	22,378	161,805

THOUSAND EUROS				DEC 2016
	EUROPE	NORTH AMERICA	BRAZIL	TOTAL
Corporate sectors and individuals	30,772	3,223	3,689	37,684
Public sector	40,675	6,833	4,136	51,644
TOTAL	71,447	10,056	7,825	89,328

Regarding to past-due and not impaired Trade receivables, is analysed as follow:

THOUSAND EUROS	DEC 2017	DEC 2016
Past due but not impaired trade receivables		
Less than 3 months	24,912	3,943
More than 3 months	1,475	3,033
Impaired trade receivables	-	-
Not past due and not impaired trade receivables	135,418	82,352
TOTAL	161,805	89,328

The age of trade receivables that are past due but not impaired may vary significantly depending on the type of customer (corporate sector and individuals or public sector). EDPR Group recognises impairment losses based on an economic case by case analysis, according with the characteristics of the customers.

Liquidity risk

Liquidity risk is the possibility that the Group will not be able to meet its financial obligations as they fall due. The Group strategy to manage liquidity is to ensure, as far as possible, that it will always have significant liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The liquidity policy followed ensures compliance with payment obligations acquired, through maintaining sufficient credit facilities and having access to the EDP Group facilities.

The EDP Renováveis Group undertakes management of liquidity risk through the engagement and maintenance of credit lines and financing facilities with its main shareholder, as well as directly in the market with national and international financial institutions, assuring the necessary funds to perform its activities.

Market price risk

As at 31 December 2017, market price risk affecting the EDP Renováveis Group is not significant. In the case of EDPR NA, the great majority of the plants are under power purchase agreements, with fixed or escalating prices. In the case of EDPR EU, the electricity is sold in Spain, France, Italy and Portugal through regulated tariffs whether in Romania and Poland most plants sell their electricity and green certificates under power purchase agreements with fixed prices or floors.

For the small share of energy sold with merchant exposure (electricity, green certificates and RECs generated, this market risk is managed through electricity sales swaps and REC swaps. EDPR EU and EDPR NA have electricity sales and REC swaps that qualify for hedge accounting (cash flow hedge) that are related to electricity sales for the years 2017 to 2020 (see note 35). The purpose of EDP Renováveis Group is to hedge a volume of energy generated to reduce its exposure to the energy price volatility.

Capital management

The Group's goal in managing equity, in accordance with the policies established by its main shareholder, is to safeguard the Group's capacity to continue operating as a going concern, grow steadily to meet established growth targets and maintain an optimum equity structure to reduce equity cost.

In conformity with other sector groups, the Group controls its financing structure based on the leverage ratio. This ratio is calculated as net financial borrowings divided by total equity and net borrowings. Net financial borrowings are determined as the sum of financial debt, institutional equity liabilities corrected for non-current deferred revenues, less cash and cash equivalents.

05. CONSOLIDATION PERIMETER

During the year ended in 31 December 2017, the changes in the consolidation perimeter of the EDP Renováveis Group were:

Companies acquired:

- EDP Renewables North America, LLC acquired 100% of the share capital of the companies Hog Creek Wind Project, LLC, Cameron Solar, LLC, Estill Solar I, LLC and Hampton Solar, II LLC. These transactions have been considered, for consolidation purposes, as asset acquisitions out of the scope of IFRS 3 – Business Combinations, due to the nature of such transaction, the type of assets acquired and the initial stage of completion of the projects;
- EDP Renováveis Brasil S.A. acquired 100% of the share capital of the company SF Thirty Seven Participaçoes Societárias S.A. which name was changed to Babilônia Holding, S.A.;
- EDPR France Holding S.A.S. acquired 100% of the share capital of the company Parc Eolien Nordex XXVII, S.A.S. which name changed to Parc Éolien de Paudy, S.A.S. This transaction has been considered, for consolidation purposes, as asset acquisition out of the scope of IFRS 3 – Business Combinations, due to the nature of such transaction, the type of assets acquired and the initial stage of completion of the project.

Disposal of non-controlling interests:

- In the second quarter of 2017, EDPR through EDP Renewables, SGPS, S.A. concluded the sale to ACE Portugal S.Á.R.L., by 210,432 thousand Euro, equivalent to 247,828 thousand Euros deducted from loans totaling 36,981 thousand Euros and from transaction costs in the amount of 415 thousand Euros, of 49% of its interests in the company EDPR PT – Parques Eólicos S.A., with a subsequent loss of share interest in the following companies:
    - Eólica da Coutada, S.A.;
    - Eólica das Serras das Beiras, S.A.;
    - Eólica da Terra do Mato, S.A.;
    - Eólica do Espigão, S.A.;
    - Eólica do Alto da Lagoa, S.A.;
    - Eólica do Alto do Mourisco, S.A.;
    - Eólica dos Altos de Salgueiros-Guilhado, S.A.;
    - Eólica do Alto da Teixosa, S.A.

  This transaction was treated as a disposal of non-controlling interests without loss of control and therefore the positive difference between the book value and the fair value of the non-controlling interests sold, totaling a gain amounting to 96,428 thousand Euros, was booked against reserves under the corresponding accounting policy.

Sale of companies with loss of control

- In the third quarter of 2017, Moray Offshore Renewable Power Limited sold to International Power Consolidated Holdings Limited by 6,307 thousand Euros the equivalent of 5,640 thousand Pound Sterling (which corresponds to a sale price of 20,957 thousand Pound Sterling deducted from 15,317 thousand Pound Sterling of loans), of 23.3% of its interest in the company Moray Offshore Windfarm (East) Limited with a subsequent loss of share interest in the following companies:
  - Telford Offshore Windfarm Limited;
  - MacColl Offshore Windfarm Limited;
  - Stevenson Offshore Windfarm Limited

  In accordance with the Shareholders Agreement and other relevant contracts, it has been established a shared control of the Company which led to a loss of control over the company and its consolidation by the equity method. This disposal with loss of control generated a gain on a consolidated basis of 28,548 thousand Euros, recorded in the income statement (see note 7), which includes a gain for the revaluation of the stake retained of 18,666 thousand Euros according to the corresponding accounting policy.

Companies sold and liquidated

- EDP Renewables Italia Holding S.r.l. sold (i) 100% of the Italian companies VRG Wind 149 S.r.l. and VRG Wind 127 S.r.l. for an amount of 10 thousand Euros each; and (ii) the company Sarve S.r.l for 5 thousand Euros. The acquisition of these companies, in 2016, was recorded as an asset acquisition out of the scope of IFRS 3 – Business Combinations, due to the substance of the transaction, the type of assets acquired and the very early stage of the projects. This sale was also considered as an asset sale, as the companies were still in the same project stage;
- EDP Renewables South Africa Proprietary Limited liquidated the South African companies Dejann Trading and Investments Proprietary Limited and Jouren Trading and Investments Proprietary Limited;
- EDP Renewables Polska sp. z o.o. liquidated the Polish companies Relax Wind Park II sp. z o.o., MFW Gryf sp. z o.o. and MFW Pomorze sp. z o.o.;
- South Africa Wind & Solar Power, S.L.U. liquidated the South African company EDP Renewables South Africa Proprietary Limited;
- EDPR Yield S.A. liquidated the Portuguese company EDPR Yield Portugal Services, Unip. Lda.

Companies merged

- The following companies were merged into Eólica do Sincelo, S.A. (ex Parque Eólico do Planalto, S.A.):
  - Parque Eólico do Cabeço Norte, S.A.;
  - Parque Eólico do Pinhal do Oeste, S.A.
- Parque Eólico de Torrinheiras, S.A. was merged into Eólica da Linha, S.A. (ex Parque Eólico da Serra do Oeste, S.A.).
- The following companies were merged into EDP Renovables España, S.L.:
  - Neo Energía Aragón, S.L.U.;
  - Parc Eòlic Coll de la Garganta, S.L.U.;
  - Desarrollos Eólicos de Galicia, S.A.U.;
  - Desarrollos Eólicos de Tarifa, S.A.U.;
  - Desarrollos Eólicos de Corme, S.A.U.;
  - Desarrollos Eólicos Buenavista, S.A.U.;
  - Desarrollos Eólicos de Lugo, S.A.U.;
  - Desarrollos Eólicos Rabosera, S.A.U.;
  - Desarrollos Eólicos Almarchal, S.A.U.;
  - Desarrollos Eólicos Dumbría, S.A.U.;
  - Eólica Muxía, S.L.U.;
  - Eólica Guadalteba, S.L.U.;
  - EDP Renováveis Cantabria, S.L.U.;
  - EDPR Yield Spain Services, S.L.U.;
  - Eólica Curiscao Pumar, S.A.U.;
  - Parques Eólicos del Cantábrico, S.A.U.;
  - Energías Eólicas de la Manchuela, S.L.U.;
  - Parque Eólico Belchite, S.L.U.;
  - Investigación y Desarrollo de Energías Renovables IDER, S.L.U.;
  - Eólica Garcimuñoz, S.L.U.;
  - Molino de Caragüeyes, S.L.U.;
  - Compañía Eólica Campo de Borja, S.A.U.;
  - Desarrollos Catalanes del Viento, S.L.U.;
  - Parques de Generación Eólica, S.L.U.;

Companies incorporated:

- 2017 Vento XVII LLC;
- Castle Valley Wind Farm LLC *;
- Dry Creek Solar Park LLC *;
- EDPR Wind Ventures XVII LLC;
- Long Hollow Wind Farm LLC *;
- Riverstart Solar Park III LLC *;
- White Stone Solar Park LLC *;
- Riverstart Solar Park IV LLC *;
- Riverstart Solar Park V LLC *;
- Timber Road Solar Park LLC *;
- Paulding Wind Farm VI LLC *;
- Renville County Wind Farm LLC *;
- EDPR CA Solar Park LLC*;
- EDPR CA Solar Park II LLC*;
- EDPR CA Solar Park III LLC*;
- EDPR CA Solar Park IV LLC*;
- EDPR CA Solar Park V LLC*;
- EDPR CA Solar Park VI LLC*;
- EDPR Solar Ventures II LLC;
- 2017 Sol II LLC;
- Blue Harvest Solar Park LLC *;
- Sweet Stream Wind Farm LLC *;
- Les Eoliennes Flottantes du Golfe du Lion, S.A.S.
- Coldwater Solar Park LLC *;
- Meadow Lake Solar Park LLC *;
- Nine Kings Wind Farm LLC * ;
- Nine Kings Transco LLC *;
- Poplar Camp Wind Farm LLC *;
- Avondale Solar Park LLC *;
- Crittenden Wind Farm LLC *;
- EDPR Offshore North America LLC *;
- Wildcat Creek Wind Farm LLC *;
- Indiana Crossroads Wind Farm LLC*;
- Indiana Crossroads Wind Farm II LLC*.

* EDPR Group holds, through its subsidiary EDPR NA, a set of subsidiaries legally established in the United States without share capital and that, as at 31 December 2017, do not have any assets, liabilities, or any operating activity.

Other changes:

- In the first quarter of 2017, EDPR Group gained control and changed the method by which it consolidated Eólica de Coahuila, S.A. de C.V. from equity method to full consolidation method as a result of the wind farm construction completion and its entry into operation, as agreed between the shareholders (see note 42). Impact in Non-Controlling Interests represents an increase of 16,646 thousand Euros as at 31 December 2017;

- EDP Renovables España, S.L. acquired 7.5% of the share capital of the company Eólica Arlanzón, S.A. increasing its financial interest over the company from 77.5% to 85%. Impact in Equity Holders of the Parent and in Non-Controlling Interests represents an increase of 163 thousand Euros and a decrease of 863 thousand Euros respectively;
- EDP Renovables España, S.L. acquired 50% of the share capital of the company Tebar Eólica, S.A. increasing its financial interest over the company from 50% to 100% and obtaining control over the company (see note 42).

During the year ended in 31 December 2016, the changes in the consolidation perimeter of the EDP Renováveis Group were:

Companies acquired:

- EDP Renewables, SGPS, S.A., acquired 100% of the share capital of the following companies:
    - Parque Eólico da Serra do Oeste, S.A.
    - Parque Eólico de Torrinheiras, S.A.
    - Parque Eólico do Planalto, S.A.
    - Parque Eólico do Pinhal Oeste, S.A.
    - Parque Eólico do Cabeço Norte, S.A.

  This transaction has been considered, for consolidation purposes, as an asset acquisition out of the scope of IFRS 3 – Business Combinations, due to the nature of such transaction, the type of assets acquired and the initial stage of completion of the projects;
- EDPR France Holding, S.A.S acquired 100% of the share capital of the company Parc Éolien Champagne Berrichonne, S.A.R.L.;
- EDP Renováveis Brasil, S.A. acquired 100% of the share capital of the following companies:
    - Central Eólica Babilônia I S.A.
    - Central Eólica Babilônia II S.A.
    - Central Eólica Babilônia III S.A.
    - Central Eólica Babilônia IV S.A.
    - Central Eólica Babilônia V S.A.

  This transaction has been considered, for consolidation purposes, as an asset acquisition out of the scope of IFRS 3 – Business Combinations, due to the nature of such transaction, the type of assets acquired and the initial stage of completion of the projects.
- EDP Renewables Italia, S.r.l. acquired 100% of the share capital of the company Parco Eólico Banzi S.r.l. This transaction has been considered, for consolidation purposes, within the scope of IFRS 3 – Business Combinations (see note 42).
- EDP Renewables Italia Holding, S.r.l. acquired:

  (i) 100% of the share capital of the following companies:
    - Conza Energía S.r.l.
    - VRG Wind 149, S.r.l.
    - VRG Wind 127, S.r.l.
    - T Power S.P.A.
    - Lucus Power S.r.l.

  (ii) 75% of the share capital of the following companies:
    - Tivano S.r.l.
    - San Mauro S.r.L
    - AW 2 S.r.l.

  (iii) 51% of the share capital of the following company:
    - Sarve S.r.l.

  Non-controlling interests' shareholders hold put options over the stake they own in the companies Tivano S.r.l., San Mauro S.r.L and AW 2 S.r.l. therefore they are 100% consolidated (see note 36).

  These transactions have been considered, for consolidation purposes, as an asset acquisition out of the scope of IFRS 3 – Business Combinations, due to the nature of such transaction, the type of assets acquired and the initial stage of completion of the projects;

Total impact of the above acquisitions in Equity Holders of the Parent and in non-controlling interests represents a decrease amounting to 23,199 thousand Euros and 9,840 thousand Euros respectively.

Disposal of non-controlling interests:

- In the first quarter of 2016, EDP Renewables North America LLC. concluded the sale to Axium Nove Acquisition Co LLC, by 278,671 thousand Euros equivalent to 307,034 thousands of US Dollar (corresponding to a sale price of 307,500 thousands of US Dollar deducted from 466 thousands of US Dollar of transaction costs) of:

  (i) 49% of its interests in the following companies:

  - Waverly Wind Farm, LLC;

  - Arbuckle Mountain Wind Farm, LLC;

  - Rising Tree Wind Farm III, LLC;

  - 2015 Vento XIV, LLC;

  - 2015 Vento XIII, LLC;

  - EDPR Wind Ventures XIV, LLC;

  - EDPR Wind Ventures XIII, LLC

  (ii) 24% of its interests in the following companies:

  - Cloud County Wind Farm, LLC;

  - Pioneer Prairie Wind Farm I, LLC;

  - Arlington Wind Power Project LLC;

  - 2008 Vento III, LLC;

  - Horizon Wind Ventures IC, LLC

  This transaction was treated as a disposal of non-controlling interests without loss of control and therefore the positive difference between the book value and the fair value of the non-controlling interests sold, totaling a gain amounting to 23,460 thousand Euros, was booked against reserves under the corresponding accounting policy;

- In the second quarter of 2016, EDP Renewables Europe, S.L. concluded the sale to Vortex Energy Investments II S.à r.l. by 272,880 thousand Euros that equals to 550,000 thousand Euros deducted of loans totalling 272,740 of thousand Euros and 4,380 of transaction costs, of 49% of its interests in the company EDPR Participaciones S.L.U., with a subsequent loss of share interest in the following companies:

  Spain

  - Bon Vent de Vilalba, S.L.U.

  - Bon Vent de l'Ebre, S.L.U.

  - Eólica Don Quijote, S.L.U.

  - Eólica Dulcinea, S.L.U.

  - Eólica de Radona, S.L.U.

  - Eólica del Alfoz, S.L.U.

  - Eólica La Navica, S.L.U.

  Belgium

  - Green Wind, S.A.

  France

  - Parc Éolien de Dammarie, S.A.S.

  - Parc Éolien d'Escardes, S.A.S.

  - Parc Éolien de Francourville, S.A.S.

  - Parc Éolien de Montagne Fayel, S.A.S.

  - Parc Eolien de Preuseville, S.A.S.

Portugal

- Eólica do Cachopo, S.A.
- Eólica do Velão, S.A.
- Eólica do Castelo, S.A.
- Eólica da Lajeira, S.A.

This transaction was treated as a disposal of non-controlling interests without loss of control and therefore the positive difference between the book value and the fair value of the non-controlling interests sold, totaling a gain amounting to 105,186 thousand Euros, was booked against reserves under the corresponding accounting policy.

- In the fourth quarter of 2016, EDP Renewables Europe, S.L. concluded the sale to ACE Italy S.r.l. (CTG Group) by 45,666 thousand Euros that equals to 135,168 thousand Euros deducted of loans totalling 89,162 thousand Euros and 340 thousand Euros of transaction costs, of 49% of its interests in the company EDPR Italia S.r.l., with a subsequent loss of share interest in the following companies:

  - Villa Castelli Wind S.r.l.
  - Pietragalla Eolico S.r.l.
  - Parco Eólico Banzi S.r.l.

  This transaction was treated as a disposal of non-controlling interests without loss of control and therefore the positive difference between the book value and the fair value of the non-controlling interests sold, totaling a gain amounting to 16,596 thousand Euros, was booked against reserves under the corresponding accounting policy.

- In the fourth quarter of 2016, EDP Renewables Polska sp z o.o. concluded the sale to ACE Poland S.A.R.L. (CTG Group) by 100,670 thousand Euros that equals to 226,349 thousand Euros deducted of loans totalling 124,778 thousand Euros and 901 thousand Euros of transaction costs, of 49% of its interests in the company EDP Renewables Polska Holdco S.A., with a subsequent loss of share interest in the following companies:

  - Relax Wind Park III, Sp. Z o.o.
  - Relax Wind Park I, Sp. Z o.o.
  - Elektrownia Wiatrowa Kresy I, Sp. Z o.o.
  - Molen Wind II, Sp. Z o.o.
  - Korsze Wind Farm, Sp. Z o.o.
  - Radziejów Wind Farm, Sp. Z o.o.

  This transaction was treated as a disposal of non-controlling interests without loss of control and therefore the positive difference between the book value and the fair value of the non-controlling interests sold, totaling a gain amounting to 14,783 thousand Euros, was booked against reserves under the corresponding accounting policy.

Companies sold and liquidated

- EDP Renewables UK Ltd. sold 49% of Inch Cape Offshore Ltd. for a total amount of 15,802 thousand Euros. The impact of this sale in the Profit and Loss of the consolidated financial statements amounts to a gain of 2,324 thousand Euros;
- EDP Renewables Polska, SP ZO.O sold 60% in the Polish company J&Z Wind Farms, SP. Z o.o. for a total amount of 12,891 thousand Euros. The impact of this sale represents a decrease in non-controlling interests amounting to 4,344 thousand Euros and the impact in the Profit and Loss of the consolidated financial statements amounts to a gain of 6,958 thousand Euros (see note 8);
- EDP Renewables South Africa Proprietary Ltd sold 43% in the South African company Modderfontein Wind Energy Project Proprietary Ltd with no significant impacts in the consolidated financial statements.
- EDP Renovables España, S.L. liquidated Cultivos Energéticos de Castilla S.A.;
- EDP Renewables Europe, S.L. liquidated EDPR RO Trading, S.r.l.;
- EDP Renewables North America LLC liquidated Verde Wind Power LLC, Pioneer Prairie Wind Farm II LLC and Pioneer Prairie Interconnection LLC.

Companies incorporated:

- EDPR Participaciones S.L.U.;
- Parc Éolien de Flavin S.A.S.;
- Parc Éolien de Citernes S.A.S.;
- Parc Éolien de Prouville S.A.S. ;
- Parc Éolien de Louvières S.A.S. ;
- Redbed Plains Wind Farm LLC.;
- EDP Renewables Vento IV Holding LLC.;
- Moray Offshore Renewable Power Limited;
- Moray Offshore Windfarm (West) Limited;
- 2016 Vento XV LLC ;
- 2016 Vento XVI LLC;
- EDPR Wind Venture XV LLC;
- EDPR Wind Venture XVI LLC;
- Headwaters Wind Farm II LLC*;
- Moran Wind Farm LLC*;
- Spruce Ridge Wind Farm LLC*;
- Meadow Lake Wind Farm VI LLC*;
- Meadow Lake Wind Farm VII LLC*;
- Paulding Wind Farm V LLC*;
- Waverly Wind Farm II LLC*;
- Reloj del Sol Wind Farm LLC*;
- Blue Marmot I LLC*;
- Blue Marmot II LLC*;
- Blue Marmot III LLC*;
- Blue Marmot IV LLC*;
- Blue Marmot V LLC*;
- Blue Marmot VI LLC*;
- Blue Marmot VII LLC*;
- Blue Marmot VIII LLC*;
- Blue Marmot IX LLC*;
- Blue Marmot X LLC*;
- Blue Marmot XI LLC*;
- Horse Mountain Wind Farm LLC*;
- Riverstart Solar Park LLC*;
- Riverstart Solar Park II LLC*;
- Hidalgo Wind Farm II LLC*;
- Big River Wind Power Project LLC*;
- Rolling Upland Wind Farm LLC*;
- Horizon Wind Freeport Windpower I LLC*.

* EDPR Group holds, through EDPR NA and EDPR Canada, a set of subsidiaries in the United States and Canada legally established without share capital and that, as at 31 December 2016, do not have any assets, liabilities, or any operating activity

Other changes:

- EDP Renewables Europe, S.L. acquired 15% of the share capital of the company EDP Renewables Romania, S.r.l.;
- EDP Renovables España, S.L. acquired 15% of the share capital of the company Eólica La Brújula, S.A.;
- Aprofitament D'Energies Renovables de la Terra Alta, S.A. (AERTA) acquired 23,6% of the interests that third parties had over itself as treasury shares, with a subsequent loss of 10,3% of indirect interests in the equity consolidated company Aprofitament D'Energies Renovables de L'Ebre, S.A. (AERE) after a corporate restructuring of the companies;
- EDP Renewables UK Ltd, acquired 33,36% of the share capital of the company Moray Offshore Renewables Ltd from Repsol Nuevas Energías S.A. (Repsol);
- EDPR Renewables Polska, SP ZO.O acquired 35% of the share capital of the company Molen Wind II and 100% of the share capital of the companies Miramit Investments SP.Z O.O. and Tylion Investments S.A (which name changed to EDP Renewables Polska sp z o.o.) ;
- EDPR Renewables Italia, S.r.l. increased its interests in the company Re Plus, S.r.l. until 100% through a dilution of the other shareholder of the company due to a capital reduction and a subsequent capital increase fully subscribed by EDPR. The impact of this transaction represents a decrease in non-controlling interests and an increase in Equity Holders of the Parent amounting to 621 thousand Euros respectively.
- EDPR International Investments B.V. (formerly Tarcan B.V.) diluted its interests in the equity consolidated company Eólica de Coahuila, S.A. de C.V. to 51% of the share capital of the company due to a capital increase fully subscribed by the company Energía Bal, S.A. de C.V and by other companies within the same Group. The impact of this transaction in the Consolidated Financial Statements is not significant.
- EDP Renewables România, S.r.l. has been merged into S.C. Ialomita Power S.r.l.

The companies included in the consolidation perimeter of EDPR Group as at 31 December 2017 and 2016 are listed in Annex I.

06. REVENUES

Revenues are analysed as follows:

THOUSAND EUROS	31 DEC 2017	31 DEC 2016
Revenues by business and geography		
Electricity in Europe	938,444	908,819
Electricity in North America	598,220	507,607
Electricity in Brazil	65,124	34,424
	1,601,788	1,450,850
Other revenues	223	1,897
	1,602,011	1,452,747
Services rendered	2,142	1,745
Changes in inventories and cost of raw material and consumables used		
Cost of consumables used	-5,671	-6,341
Changes in inventories	3,137	5,063
	-2,534	-1,278
TOTAL REVENUES	1,601,619	1,453,214

The breakdown of revenues by segment is presented in the segmental reporting (see note 43).

07. INCOME FROM INSTITUTIONAL PARTNERSHIPS IN U.S. WIND FARMS

Income from institutional partnership in U.S. Wind Farms in the amount of 225,568 thousand Euros (31 December 2016: 197,544 thousand Euros), includes revenue recognition related to production tax credits (PTC), investments tax credits (ITC) and other tax benefits, mostly from accelerated tax depreciation related to projects Sol I and II, Blue Canyon I and Vento I to XVII (see note 31).

08. OTHER INCOME

Other income is analysed as follows:

THOUSAND EUROS	31 DEC 2017	31 DEC 2016
Gains related with business combinations	4,642	3,890
Amortisation of deferred income related to power \ purchase agreements	4,000	4,915
Contract and insurance compensations	18,542	19,740
Other income	67,756	25,207
	94,940	53,752

Gains related with business combinations as of December 31, 2017 refer to the result generated amounting to 4,642 thousand Euros in the acquisition of 50% of additional shareholding in the Spanish company Tebar Eólica, S.A by which EDPR gained control over the company (see note 42). In 2016, this caption included the gain resulting from the acquisition of the Italian company Parco Eolico Banzi S.r.l. amounting to 3,040 thousand Euros.

The power purchase agreements between EDPR NA and its customers were valued based on market assumptions, at the acquisition date of the business combination, using discounted cash flow models. At that date, these agreements were valued at approximately 190,400 thousands of USD and booked as a non-current liability (see note 32). This liability is amortised over the period of the agreements against other income. As at 31 December 2017, the amortisation for the period amounts to 4,000 thousand Euros (31 December 2016: 4,915 thousand Euros) and the non-current liability amounts to 13,686 thousand euros (31 December 2016: 19,857 thousand Euros).

Other income caption mainly includes: (i) gain on the sale of 23,3% of Moray Offshore Windfarm (East) Ltd to International Power Consolidated Holdings Ltd in the amount of 28,548 thousand Euros (see note 5); (ii) price adjustment amounting to 4,537 thousand Euros, according to the corresponding agreements, in the transaction of selling 49% of EDP Renováveis Portugal S.A to CTG that took place in 2013; (iii) price adjustment amounting to 5,721 thousand Euros, according to the corresponding agreements, in the transaction of selling 49% of projects Vento XIII and Vento XIV that took place in 2016; and (iv) cancelation of the liability related to a success fee payable for the Polish project Masovia amounting to 6,753 thousand Euros since this success fee is no longer due according to the relevant contracts (see note 33).

As of December 31, 2016, other income caption included, between others, the gain on the disposal of the Polish company J&Z Wind Farms, SP. Z o.o amounting to 6,958 thousand Euros.

09. SUPPLIES AND SERVICES

This caption is analysed as follows:

THOUSAND EUROS	31 DEC 2017	31 DEC 2016
Rents and leases	57,814	54,819
Maintenance and repairs	186,609	177,730
Specialised works:		
- IT Services, legal and advisory fees	19,549	14,808
- Shared services	8,577	9,331
- Other services	11,724	11,217
Other supplies and services	42,613	36,835
	326,886	304,740

10. PERSONNEL COSTS AND EMPLOYEE BENEFITS

Personnel costs and employee benefits is analysed as follows:

THOUSAND EUROS	31 DEC 2017	31 DEC 2016
Personnel costs		
Board remuneration	739	723
Remunerations	80,302	72,571
Social charges on remunerations	12,869	11,893
Employee's variable remuneration	17,298	15,974
Other costs	2,142	1,706
Own work capitalised	-24,175	-18,963
	89,175	83,904
Employee benefits		
Costs with pension plans	4,208	3,676
Costs with medical care plans and other benefits	7,378	6,314
	11,586	9,990
	100,761	93,894

As at 31 December 2017 and at 31 December 2016, costs with pension plans mainly relate to defined contribution plans (4,093 thousand Euros and 3,628 thousand Euros respectively) and defined benefit plans (10 thousands of Euros and 48 thousand Euros respectively).

The average breakdown by management positions and professional category of the permanent staff as of 31 December 2017 and 2016 is as follows:

	31 DEC 2017	31 DEC 2016
Board members	17	17
	17	17
Senior management / Senior officers	87	89
Middle management	679	591
Highly-skilled and skilled employees	316	278
Other employees	138	97
	1,220	1,055
	1,237	1,072

11. OTHER EXPENSES

Other expenses are analysed as follows:

THOUSAND EUROS	31 DEC 2017	31 DEC 2016
Taxes	87,530	77,382
Losses on fixed assets	6,453	5,696
Other costs and losses	34,179	51,847
	128,162	134,925

The caption Taxes, on 31 December 2017, includes the amount of 31,426 thousand Euros (31 December 2016: 26,020 thousand Euros) related to taxes for energy generators in Spain, affecting all the wind farms in operation, amounting to 7% of revenues for each wind farm.

In 2017, the EDPR Group proceeded to write-off assets under construction and other assets, which mainly refers to (i) 3,013 thousands of Euros related to the abandonment of ongoing projects in EDPR Europe (2,368 thousand Euros in 2016); (ii) 335 thousand Euros related to the abandonment of ongoing projects in EDPR NA and EDPR Brazil (949 thousand Euros in 2016); and (iii) 2,502 thousand Euros due to incremental costs related with the damage in the met mast of the offshore wind farm of Moray that took place in 2014, which was registered previously to the loss of control of the company (refer to note 15).

12. AMORTISATION AND IMPAIRMENT

This caption is analysed as follows:

THOUSAND EUROS	31 DEC 2017	31 DEC 2016
Property, plant and equipment		
Buildings and other constructions	766	727
Plant and machinery	520,862	608,581
Other	8,446	8,638
Impairment loss	48,868	3,387
	578,942	621,333
Intangible assets		
Industrial property, other rights and other intangibles	2,535	3,162
Impairment loss	1,397	-
	3,932	3,162
	582,874	624,495
Amortisation of deferred income (Government grants)	-19,509	-22,208
	563,365	602,287

The variation in Plant and machinery includes the impact of the extension of the useful life of renewable assets from 25 to 30 years that took place at the end of December 2016 which results in a decrease of the amortization expense in the amount of circa 120,000 thousand Euros compared to the amortization that would have resulted if the extension of the useful life had not taken place.

Impairment loss for property, plant and equipment is mainly related to certain wind farms in Poland as a result of the recoverability assessment of the projects in these wind farms.

Impairment loss for intangible assets recognized in 2017 mainly results from the recoverability assessment of deferred green certificates in Romania.

13. FINANCIAL INCOME AND FINANCIAL EXPENSES

Financial income and financial expenses are analysed as follows:

THOUSAND EUROS	31 DEC 2017	31 DEC 2016
Financial income		
Interest income	6,710	7,899
Derivative financial instruments:		
Interest	-	110
Fair value	16,054	30,729
Foreign exchange gains	17,619	12,941
Other financial income	798	2,563
	41,181	54,242
Financial expenses		
Interest expense	167,131	189,499
Derivative financial instruments:		
Interest	59,506	56,067
Fair value	12,804	31,702
Foreign exchange losses	10,636	13,745
Own work capitalised	-16,388	-23,013
Unwinding	93,094	95,433
Other financial expenses	15,978	40,902
	342,761	404,335
NET FINANCIAL INCOME / (EXPENSES)	-301,580	-350,093

Derivative financial instruments include interest liquidations on the derivative financial instrument established between EDP Renováveis and EDP Branch (see notes 35 and 37).

In accordance with the accounting policy described on note 2 g), the borrowing costs (interest) capitalised in tangible fixed assets in progress as at 31 December 2017 amount to 16,388 thousand Euros (at 31 December 2016 amounted to 23,013 thousand Euros) (see note 15), and are included under Own work capitalised (financial interest). The interest rates used for this capitalisation vary in accordance with the related loans, between 1.00% and 9.98% (31 December 2016: 0.42% and 9.75%).

Interest expense refers to interest on loans bearing interest at contracted and market rates.

Unwinding expenses refers essentially to the financial update of provisions for dismantling and decommissioning of wind farms in the amount of 4,816 thousand Euros (31 December 2016: 4,610 thousand Euros) (see note 30) and the implied return in institutional partnerships in U.S. wind farms amounting to 88,561 thousand Euros (31 December 2016: 90,337 thousand Euros) (see note 31).

14. INCOME TAX EXPENSE

Main features of the tax systems of the countries in which the EDP Renewables Group operates

The statutory corporate income tax rates applicable in the countries in which EDP Renewables Group operates are as follows:

COUNTRY	31 DEC 2017	31 DEC 2016
Europe:		
Belgium	33.99%	33.99%
France	33.33% - 34.43%	33.33% - 34.43%
Italy	24% - 28.8%	27.5% - 32.3%
Poland	19%	19%
Portugal	21% - 29.5%	21% - 29.5%
Romania	16%	16%
Spain	25%	25%
United Kingdom	19%	20%
America:		
Brazil	34%	34%
Canada	26.50%	26.50%
Mexico	30%	30%
United States of America	38.2%	38.2%

EDP Renováveis S.A. and its subsidiaries file individual tax returns in accordance with the applicable tax legislation. Nevertheless, the company and the majority of its Spanish subsidiaries are taxed under the tax consolidation group regime applicable according to the Spanish law. EDP - Energias de Portugal, S.A. - Sucursal en España (Branch) is the dominant company of this Group which includes other subsidiaries that are not within the renewables energy industry.

Furthermore, effective as from 1 January 2017 there is another tax group in Spain formed by 7 subsidiaries and EDPR Participaciones, S.A. as the dominant company.

As per the applicable tax legislation, tax periods may be subject to examination by the various Tax Administrations during a limited number of years. Statutes of limitation differ from country to country, as follows: USA, Belgium and France: 3 years; Spain, United Kingdom and Portugal: 4 years; Brazil, Romania, Poland, Italy and Mexico: 5 years; and Canada: 10 years.

Tax losses generated in each year are also subject to Tax Administrations' review and reassessment. Losses may be used to offset yearly taxable income assessed in the subsequent periods, as follows: 5 years in Portugal and Poland; 7 in Romania; 10 in Mexico; 20 in the USA and Canada; and indefinitely in Spain, France, Italy, Belgium, Brazil and the United Kingdom. Moreover, in the United Kingdom and France tax losses in a given year may be carried back against the taxable base assessed in the previous tax year and in the USA and Canada in the 2 and 3 previous years, respectively. However, the deduction of tax losses in Portugal, Spain, Brazil, France, Italy, United Kingdom and Poland may be limited to a percentage of the taxable income of each period.

EDP Renováveis Group companies may, in accordance with the law, benefit from certain tax benefits or incentives in specific conditions, namely the Production Tax Credits in the US which are the dominant form of wind remuneration in that country, and represent an extra source of revenue per unit of electricity over the first 10 years of the asset's life ($24/MWh in 2017 and $23/MWh in 2016). For wind facilities commencing construction in 2017, the PTC amount is reduced by 20%, 40% in 2018 and 60% in 2019.

EDP Renewables Group transfer pricing policy follows the rules, guidelines and best international practices applicable across all geographies where the Group operates, in due compliance with the spirit and letter of the Law.

Changes in the tax law with relevance to the EDP Renewables Group in 2017

Corporate income tax ("CIT") rate

The statutory CIT rates applicable in 2017 in Italy (IRES), France and the United Kingdom have been reduced as follows:

- In Italy, from 27.5% to 24%, effective from 1 January 2017 onwards, as per the 2016 Budget Law;

- In France, the Government announced in 2016 that the CIT rate would be progressively lowered down from 33.33% to 28% for all companies before 2020, starting in 2017 with small and medium-sized enterprises and expanding to larger companies as a second step;
- In the United Kingdom, at Summer Budget 2015 the government announced legislation setting the CIT main rate (for all profits except North Sea oil and gas ring fence profits) at 19% for fiscal year 2017 (i.e. from 1 April 2017 to 31 March 2018). For fiscal years 2018 and 2019, the corporation tax rate will remain at 19%. For fiscal year 2020 the CIT rate will be 17%.
- The "Tax Cuts and Jobs Act" signed into law on 22 December 2017 introduces extensive changes to the US tax system. Although most changes become effective for FY starting after 31 December 2017, they are substantively enacted for accounting purposes in 2017 and should be reflected in the financial statements at 31 December 2017.
- One of the key changes of the abovementioned reform implies the reduction of the US federal corporate income tax rate, from the existing 35% to 21%. Thus, when combined with average state corporate income taxes, drops the US combined tax rate to 25.75% in 2018.
- Tax losses carried forward
- In Spain, as per Royal Legislative Decree 3/2016, the utilization of carried forward tax losses for fiscal years starting after 1 January 2017 is limited to 70% of the tax base, if the company´s net revenues are lower than 20,000 thousand Euros. However, companies with net revenues between 20,000-60,000 thousand Euros are allowed to offset tax losses up to 50% of the tax base. The limit lowers to 25% for companies with net revenues greater than 60,000 thousand Euros. 1,000 thousand Euros being deductible in any case.
- In Portugal, the Budget Law for 2016 (Law 7-A/2016, of 30 March 2016) has reduced the tax losses carry-forward period from 12 to 5 years, for tax losses assessed in tax years beginning on or after 1 January 2017. Furthermore, as of 1 January 2017, there is no obligation to use the FIFO method when using carried forward tax losses, meaning taxpayers may opt to use first the losses with the smaller carryforward period.
- In the United Kingdom, a reform to corporate tax loss relief was implemented, providing greater flexibility over the types of profit that can be relieved by losses arising from 1 April, 2017 (the scope of relief is extended by including non-trading profits in those available for set-off). However, the total amount of profits arising from 1 April 2017 that can be relieved using carried-forward trading losses is restricted to the amount of an allowance up to 5,000 thousand GBP, plus 50% of remaining profits after deduction of the allowance.
- The abovementioned US tax reform limits not operating losses (NOLs) deductibility to 80% of the taxable income in each year, for FY starting after 31 December 2017. There is no change to the rules applied to NOLs generated before the end of 2017. Further, NOLs generated after 2017 can be carried forward for an indefinite period, but cannot be carried back.

Corporate income tax provision

This caption is analysed as follows:

THOUSAND EUROS	31 DEC 2017	31 DEC 2016
Current tax	-46,291	-49,928
Deferred tax	-1,767	12,359
INCOME TAX EXPENSE	-48,058	-37,569

The effective income tax rate as at 31 December 2017 and 2016 is analysed as follows:

THOUSAND EUROS	31 DEC 2017	31 DEC 2016
Profit before tax	504,265	213,681
Income tax expense	-48,058	-37,569
Effective Income Tax Rate	9.53%	17.58%

The difference between the theoretical and the effective income tax expense, results from the application of the law provisions in the determination of the tax base, as demonstrated below.

The reconciliation between the nominal and the effective income tax rate for the Group during the years ended 31 December 2017 and 2016 is analysed as follows:

THOUSAND EUROS	31 DEC 2017	31 DEC 2016
Profit before taxes	504,265	213,681
Nominal income tax rate (*)	25.00%	25,00%
Theoretical income tax expense	-126,066	-53,420
Fiscal revaluations, amortization, depreciation and provisions	-1,008	9,241
Tax losses and tax credits	4,473	7,434
Financial investments in associates	4,553	2,453
Accounting/fiscal temporary differences on the recognition/derecognition of assets	16,598	-2,406
Effect of tax rates in foreign jurisdictions and CIT rate changes	15,354	-18,963
Tax benefits	10,067	4,559
Taxable differences attributable to non-controlling interests (USA)	37,486	27,970
Other	-9,515	-14,437
EFECTIVE INCOME TAX EXPENSE AS PER THE CONSOLIDATED INCOME STATEMENT	-48,058	-37,569

(*) Statutory corporate income tax rate applicable in Spain

Effect of tax rates in foreign jurisdictions and CIT rate changes caption mainly refer to: (i) the difference between the tax rates applicable in the countries in which the EDPR Group operates as compared to the tax rate used as reference for the theoretical income tax expense calculation; and (ii) the effect of the prospective CIT rate change enacted through the aforementioned US tax reform.

Taxable differences attributable to non-controlling interests refer to the tax effect of income allocated to non-controlling interests which is not taxable in the EDPR Group according to the corresponding tax regulation.

With reference to 31 December 2017, Accounting/fiscal temporary differences on the recognition/derecognition caption mainly includes changes in the Group's perimeter not subject to income taxes.

With reference to 31 December 2016, the caption Fiscal revaluations, amortization, depreciation and provisions included essentially the net effect of the fiscal revaluation of certain eligible EDPR assets held in Portugal, in accordance with the Decree-Law 66/2016 of 3 November. Related fiscal revaluation reserve was taxed in 2016 at a 14% flat rate, payable in 3 equal instalments due in 20 December 2016, 15 December 2017 and 15 December 2018 (see note 19 and 34).

15. PROPERTY, PLANT AND EQUIPMENT

This caption is analysed as follows:

THOUSAND EUROS	31 DEC 2017	31 DEC 2016
Cost		
Land and natural resources	31,632	31,519
Buildings and other constructions	21,034	20,445
Plant and machinery:		
- Renewables generation	17,088,854	17,073,075
- Other plant and machinery	6,694	6,700
Other	112,689	112,969
Assets under construction	949,359	917,652
	18,210,262	18,162,360
Accumulated depreciation and impairment losses		
Depreciation charge	-530,074	-617,946
Accumulated depreciation in previous years	-4,353,226	-4,012,314
Impairment losses	-48,868	-3,387
Impairment losses in previous years	-92,893	-91,286
	-5,025,061	-4,724,933
Carrying amount	13,185,201	13,437,427

The movement in Property, plant and equipment during 2017, is analysed as follows:

THOUSAND EUROS	BALANCE AT 01 JAN	ADDITIONS	DISPOSALS/ WRITE-OFF	TRANSFERS	EXCHANGE DIFFERENCES	CHANGES IN PERIMETER / OTHER	BALANCE AT 31 DEC
Cost							
Land and natural resources	31,519	2,949	-746	-	-2,090	-	31,632
Buildings and other constructions	20,445	2,364	-	-	-1,775	-	21,034
Plant and machinery	17,079,775	47,580	-2,743	828,612	-1,189,093	331,417	17,095,548
Other	112,969	5,250	-	1,559	-7,244	155	112,689
Assets under construction	917,652	1,020,850	-4,728	-830,171	-80,420	-73,824	949,359
	18,162,360	1,078,993	-8,217	-	-1,280,622	257,748	18,210,262

THOUSAND EUROS	BALANCE AT 01 JAN	CHARGE FOR THE PERIOD	IMPAIRMENT LOSSES/ REVERSES	DISPOSALS/ WRITE-OFF	EXCHANGE DIFFERENCES	CHANGES IN PERIMETER / OTHER	BALANCE AT 31 DEC
Accumulated depreciation and impairment losses							
Buildings and other constructions	12,212	766	-	-	-1,068	-	11,910
Plant and machinery	4,629,306	520,862	48,868	-1,260	-290,205	-8,640	4,898,931
Other	83,415	8,446	-	-	-5,235	27,594	114,220
	4,724,933	530,074	48,868	-1,260	-296,508	18,954	5,025,061

Plant and machinery includes the cost of the wind farms under operation.

Depreciation charge for the period includes the impact of the extension of the useful life of renewables assets from 25 to 30 years that took place at the end of December 2016 (see note 12).

Impairment losses are mainly related to wind farms in Poland as a result of the recoverability assessment of certain wind farms in this country (see note 12).

Additions include the allocation of the acquisition cost of the American companies Hog Creek Wind Project, LLC, Cameron Solar, LLC, Estill Solar I, LLC and Hampton Solar, II LLC amounting to 34,068 thousand Euros and the French company Parc Éolien de Paudy, S.A.S. amounting to 3,543 thousand Euros due to the nature of the transactions, the type of assets and the initial stage of completion of the projects acquired (see note 5). Additionally this caption includes the effect of the revaluation of the assets of the Spanish company Tebar Eólica S.A. in the amount of 9,239 thousand Euros after the increase in the shareholding held over the company from 50% to 100% which implied gain of control over the company (See note 5 and 42).

Transfers from assets under construction into operation mainly refer to wind and solar farms that become operational in the United States of America and wind farms that become operational in Brazil, France and Italy.

Disposals/Write-offs, net of accumulated depreciation, include, between others, 5,850 thousand Euros which mainly refers to: (i) 3,013 thousand Euros related to the abandonment of ongoing projects in EDPR Europe; (ii) 335 thousand Euros related to the abandonment of ongoing projects in EDPR North America and EDPR Brazil; and (iii) 2,502 thousand Euros due to incremental costs related with the damage that took place in 2014 in the met mast of the offshore wind farm of Moray, which was registered previously to the loss of control of the company (see note 5 and 11).

The caption Changes in perimeter/Other, net of accumulated depreciation, mainly includes:

- An increase amounting to 327,558 thousand Euros related to the full consolidation of the Mexican wind farm Eólica de Coahuila which was previously consolidated by the equity method until its construction completion and entry into operation, which took place at the beginning of 2017 (see note 5 and 42);
- An increase amounting to 9,813 thousand Euros related to the full consolidation of the Spanish wind farm Tebar Eólica S.A. due to the gain of control over the company previously commented. The effect of the revaluation of the assets has been included in the caption Additions (see note 42);
- A decrease amounting to 85,742 thousand Euros related to the loss of control of the UK company Moray Offshore Windfarm (East) Ltd as a consequence of the sale of certain shareholding in the company having agreed a shared control of the project (see note 5).

The Company has taken out an insurance global program to cover risks relating to property, plant and equipment. The coverage provided by these policies is considered to be sufficient.

Loans with credit institutions formalized as 'Project Finances' are secured by the shares of the corresponding wind farms and, ultimately, by the fixed assets of the wind farm to which the financing is related (see note 29). Additionally, the construction of certain assets have been partly financed by grants received from different Government Institutions.

The movement in Property, plant and equipment during 2016, is analysed as follows:

THOUSAND EUROS	BALANCE AT 01 JAN	ADDITIONS	DISPOSALS/ WRITE-OFF	TRANSFERS	EXCHANGE DIFFERENCES	CHANGES IN PERIMETER / OTHER	BALANCE AT 31 DEC
Cost							
Land and natural resources	31,135	563	-583	-	404	-	31,519
Buildings and other constructions	18,650	1,090	-	27	678	-	20,445
Plant and machinery	15,242,087	174,107	-4,263	1,310,300	318,923	38,621	17,079,775
Other	100,754	8,891	-334	1,813	1,845	-	112,969
Assets under construction	1,243,106	978,323	-4,773	-1,312,140	14,687	-1,551	917,652
	16,635,732	1,162,974	-9,953	-	336,537	37,070	18,162,360

THOUSAND EUROS	BALANCE AT 01 JAN	CHARGE FOR THE PERIOD	IMPAIRMENT LOSSES/ REVERSES	DISPOSALS/ WRITE-OFF	EXCHANGE DIFFERENCES	CHANGES IN PERIMETER / OTHER	BALANCE AT 31 DEC
Accumulated depreciation and impairment losses							
Buildings and other constructions	11,156	727	-	-	329	-	12,212
Plant and machinery	3,938,575	608,581	3,387	-1,837	78,565	2,035	4,629,306
Other	73,549	8,638	-	-237	1,541	-76	83,415
	4,023,280	617,946	3,387	-2,074	80,435	1,959	4,724,933

Additions include the allocation of the acquisition cost of the following companies due to the nature of such transaction, the type of assets acquired and the initial stage of completion of the projects (see note 5):

- Italian companies Conza Energía, Sarve, VRG Wind 149, VRG Wind 127, T Power S.P.A, Tivano, San Mauro, AW 2 and Lucus Power amounting to 11,292 thousand Euros;

- Portuguese companies Serra do Oeste, Torrinheiras, Planalto, Pinhal Oeste and Cabeço Norte amounting to 8,963 thousand Euros;

- Brazilian companies Babilônia I, Babilônia II, Babilônia III, Babilônia IV and Babilônia V amounting to 8,292 thousand Euros;
- French company Champagne Berrichone amounting to 1,012 thousand Euros;

Transfers from assets under construction into operation, refer mainly to wind farms of the EDP Renováveis Group that become operational in the United States of America, Brazil, Poland, and France.

Disposals/Write-offs includes 3,193 thousand Euros related to the abandonment of ongoing projects mainly in Poland and in the United States of America and an additional write-off of 2,236 thousand Euros due to the damage that took place in 2014 in the met mast of the offshore wind farm of Moray.

The caption Changes in perimeter/Other mainly includes the impact of the consolidation of the new Italian wind farm Banzi in EDPR Group in result of 38,767 thousand Euros (see note 42).

Assets under construction as at 31 December 2017 and 2016 are analysed as follows:

THOUSAND EUROS	31 DEC 2017	31 DEC 2016
EDPR NA Group	513,269	537,540
EDPR EU Group	321,080	331,216
Others	115,010	48,896
	949,359	917,652

Assets under construction as at 31 December 2017 and 2016 are essentially related to wind farms under construction and development in EDPR North America, EDPR Europe and EDPR Brazil.

Financial interests capitalised amount to 16,388 thousand Euros as at 31 December 2017 (31 December 2016: 23,013 thousand Euros) (see note 13).

Personnel costs capitalised amount to 24,175 thousand Euros as at 31 December 2017 (31 December 2016: 18,963 thousand Euros) (see note 10).

The EDP Renováveis Group has lease and purchase obligations disclosed in Note 36 - Commitments.

16. INTANGIBLE ASSETS

This caption is analysed as follows:

THOUSAND EUROS	31 DEC 2017	31 DEC 2016
Cost		
Industrial property, other rights and other intangible assets	274,642	221,995
Intangible assets under development	41,689	34,638
	316,331	256,633
Accumulated amortisation		
Amortisation charge	-2,535	-3,162
Accumulated amortisation in previous years	-52,005	-32,086
Impairment losses	-1,397	-11,196
Impairment losses in previous years	-10,880	-
	-66,817	-46,444
CARRYING AMOUNT	249,514	210,189

Industrial property, other rights and other intangible assets mainly include:

- Wind generation licenses amounting to 98,317 thousand Euros in the EDPR NA Group (31 December 2016: 114,803 thousand Euros) and in Portuguese companies amounting to 30,206 thousand Euros (the same amount as at 31 December 2016); and
- Generated green certificates pending to be sold amounting to 110,665 thousand Euros (31 December 2016: 73,123 thousand Euros) (see note 2 i)).

The movement in Intangible assets during 2017, is analysed as follows:

THOUSAND EUROS	BALANCE AT 01 JAN	ADDITIONS	EXCHANGE DIFFERENCES	OTHERS	BALANCE AT 31 DEC
Cost					
Industrial property, other rights and other intangible assets	221,995	3,090	-16,396	65,953	274,642
Intangible assets under development	34,638	7,051	-	-	41,689
	256,633	10,141	-16,396	65,953	316,331

THOUSAND EUROS	BALANCE AT 01 JAN	CHARGE FOR THE YEAR	IMPAIRMENT	EXCHANGE DIFFERENCES	OTHERS	BALANCE AT 31 DEC
Accumulated amortisation and impairment losses						
Industrial property, other rights and other intangible assets	46,444	2,535	1,397	-2,416	18,857	66,817
	46,444	2,535	1,397	-2,416	18,857	66,817

The movement in Intangible assets during 2016, is analysed as follows:

THOUSAND EUROS	BALANCE AT 01 JAN	ADDITIONS	DISPOSALS/ WRITE-OFF	EXCHANGE DIFFERENCES	CHANGES IN THE PERIMETER / OTHER	BALANCE AT 31 DEC
Cost						
Industrial property, other rights and other intangible assets	190,068	20,102	-19	3,696	8,148	221,995
Intangible assets under development	24,785	13,735	-	455	-4,337	34,638
	214,853	33,837	-19	4,151	3,811	256,633

THOUSAND EUROS	BALANCE AT 01 JAN	CHARGE FOR THE YEAR	EXCHANGE DIFFERENCES	BALANCE AT 31 DEC
Accumulated amortisation and impairment losses				
Industrial property, other rights and other intangible assets	42,725	3,162	557	46,444
	42,725	3,162	557	46,444

Additions include the recognition of green certificates rights in Romania in the amount of 17,504 thousand Euros and the impact of the consolidation of new wind farms in the EDPR Group related to the acquisition of the Portuguese companies Serra do Oeste, Torrinheiras, Planalto, Pinhal Oeste and Cabeço Norte in the amount of 6,781 thousand Euros (Refer to note 5).

17. GOODWILL

For the Group, the breakdown of Goodwill resulting from the difference between the cost of the investments and the corresponding share of the fair value of the net assets acquired, is analysed as follows:

THOUSAND EUROS	31 DEC 2017	31 DEC 2016
Goodwill booked in EDPR EU Group:	636,089	636,153
- EDPR Spain Group	490,385	490,385
- EDPR France Group	61,460	61,460
- EDPR Portugal Group	43,712	43,712
- Other	40,532	40,596
Goodwill booked in EDPR NA Group	659,144	748,187
Goodwill booked in EDPR BR Group	994	1,153
	1,296,227	1,385,493

The movements in Goodwill, by subgroup, during 2017 are analysed as follows:

THOUSAND EUROS	BALANCE AT 01 JAN	INCREASES	DECREASES	IMPAIRMENT	EXCHANGE DIFFERENCES	BALANCE AT 31 DEC
EDPR EU Group:						
- EDPR Spain Group	490,385	-	-	-	-	490,385
- EDPR France Group	61,460	-	-	-	-	61,460
- EDPR Portugal Group	43,712	-	-	-	-	43,712
- Other	40,596	-	-221	-	157	40,532
EDPR NA Group	748,187	-	-	-	-89,043	659,144
EDPR BR Group	1,153	-	-	-	-159	994
	1,385,493	-	-221	-	-89,045	1,296,227

The movements in Goodwill, by subgroup, during 2016 are analysed as follows:

THOUSAND EUROS	BALANCE AT 01 JAN	INCREASES	DECREASES	IMPAIRMENT	EXCHANGE DIFFERENCES	BALANCE AT 31 DEC
EDPR EU Group:						
- EDPR Spain Group	490,385	-	-	-	-	490,385
- EDPR France Group	61,460	-	-	-	-	61,460
- EDPR Portugal Group	43,712	-	-	-	-	43,712
- Other	40,731	131	-	-	-266	40,596
EDPR NA Group	724,813	-	-	-	23,374	748,187
EDPR BR Group	916	-	-	-	237	1,153
	1,362,017	131	-	-	23,345	1,385,493

There were no significant movements during 2017 and 2016 except those related to exchange differences mainly in EDPR NA and a decrease related to the company Relax Wind Park II sp. z o. o. which has been liquidated in 2017 (see note 5)

Goodwill impairment tests - EDPR Group

The goodwill of the EDPR Group is tested for impairment each year with basis of September. In the case of operational wind farms, it is performed by determining the recoverable value through the value in use. Goodwill is allocated to each country where EDPR Group performs its activity, so the EDPR Group aggregate all the CGUs cash flows in each country in order to calculate the recoverable amount of goodwill allocated.

To perform this analysis, a Discounted Cash Flow (DCF) method was used. This method is based on the principle that the estimated value of an entity or business is defined by its capacity to generate financial resources in the future, assuming these can be removed from the business and distributed among the company's shareholders, without compromising the maintenance of the activity.

Therefore, for the businesses developed by EDPR's CGUs, the valuation was based on free cash flows generated by the business, discounted at appropriate discount rates.

The future cash flows projection period used is the useful life of the assets (30 years) which is consistent with the current depreciation method. The cash flows also incorporate the long-term off-take contract in place and long-term estimates of power prices, whenever the asset holds merchant exposure.

The main assumptions used for the impairment tests are as follows:

- Power produced: net capacity factors used for each CGU utilize the wind studies carried out, which takes into account the long-term predictability of wind output and that wind generation is supported in nearly all countries by regulatory mechanisms that allow for production and priority dispatching whenever weather conditions permit;

- Electricity remuneration: regulated or contracted remuneration has been applied where available, as for the CGUs that benefit from regulated remuneration or that have signed contracts to sell their output during all or part of their useful life; where this is not available, prices were derived using price curves projected by the company based on its experience, internal models and using external data references;

- New capacity: tests were based on the best information available on the wind farms expected to be built in coming years, adjusted by probability of success and by the growth prospects of the company based on the Business Plan Targets, its historical growth and market size projections. The tests considered the contracted and expected prices to buy turbines from various suppliers;

- Operating costs: established contracts for land leases and maintenance agreements were used; other operating costs were projected consistent with the company's experience and internal models;

- Terminal value: considered as a 15% of the initial investment in each wind farm, considering inflation;

- Discount rate: the discount rates used are post-tax, reflect EDPR Group's best estimate of the risks specific to each CGU and range as follows:

THOUSAND EUROS	2017	2016
Europe	3.2%-5.7%	3.3%-5.6%
North America	4.54%-6.54%	4.7%-6.7%
Brazil	9.6%-11.4%	10.4%-12.8%

Impairment tests done have taken into account the regulation changes in each country, as disclosed in note 1.

EDPR has performed the following sensitivity analyses in the results of impairment tests performed in Europe, North America and Brazil in some of the key variables, such as:

- 5% reduction of Merchant Prices used in the base case. This sensitivity analysis performed for this assumption independently would not suppose any impairment for the goodwill allocated to each country.

- 100 basis points increase of the discount rate used in the base case. This sensitivity analysis performed for this assumption independently would not suppose any impairment for the goodwill allocated to each country.

18. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

This caption is analysed as follows:

THOUSAND EUROS	31 DEC 2017	31 DEC 2016
Investments in associates		
Interests in joint ventures	252,174	304,918
Interests in associates	51,344	35,202
CARRYING AMOUNT	303,518	340,120

For the purpose of the consolidated financial statements presentation, goodwill arising from the acquisition of joint ventures and associated companies is presented in this caption.

The movement in Investments in joint ventures and associates, is analysed as follows:

THOUSAND EUROS	2017	2016
Balance as at 1 January	340,120	333,800
Acquisitions / Increases	18,009	4,655
Disposals	-391	225
Share of profits of joint ventures and associates	2,708	-185
Dividends	-19,820	-6,781
Exchange differences	-26,435	7,263
Hedging reserve in joint ventures and associates	-	1,143
Changes in consolidation method	3,314	-
Transfer to assets held-for-sale	-13,987	-
BALANCE AS AT 31 DECEMBER	303,518	340,120

Acquisitions/increases mainly refer to share capital increases in the French offshore companies Éoliennes en Mer Dieppe - Le Tréport, S.A.S. and Éoliennes en Mer Îles d'Yeu et de Noirmoutier, S.A.S.

Changes in consolidation method refers to (i) an increase of 20,370 thousand Euros in Moray Offshore Windfarm (East) Ltd which was previously fully consolidated until the loss of control over the company as a consequence of the sale of 23.3% shareholding, having agreed a shared control of the project and therefore this company is consolidated through the equity method; (ii) a decrease amounting to -14,153 thousand Euros related to the full consolidation of the Mexican wind farm Eólica de Coahuila which was previously consolidated by the equity method until its construction completion and entry into operation, which took place at the beginning of 2017; and (iii) a decrease of 2,903 thousand Euros related to the full consolidation of the Spanish wind farm Tebar Eólica S.A. which was previously consolidated by the equity method until the acquisition of the remaining 50% shareholding and gain of control over the company (see note 5).

Transfer to assets held-for-sale refer to the reclassification to such caption of a partial amount of the value of the investment in the company Moray Offshore Windfarm (East) Ltd due to the commitment of the EDPR's Management to a plan to sell certain shareholding in the company (see note 25).

The following table resumes the companies' financial information of joint ventures included in the Group consolidated accounts, as of December 2017:

THOUSAND EUROS	FLAT ROCK WIND-POWER	FLAT ROCK WIND-POWER II	COMPAÑÍA EÓLICA ARAGONESA	MORAY OFFSHORE EAST	OTHER
Companies' financial information of joint ventures					
Non-Current Assets	242,890	98,446	123,215	100,128	36,732
Current Assets (including cash and cash equivalents)	2,278	898	7,773	2,449	7,529
Cash and cash equivalents	1,264	684	4,652	916	4,542
Total Equity	241,088	97,708	105,890	1,856	13,983
Long term Financial debt	-	-	-	-	15,944
Non-Current Liabilities	3,642	1,372	20,753	7,233	21,074
Short term Financial debt	-	-	-	93,488	3,625
Current Liabilities	438	264	4,345	-	9,204
Revenues	10,813	4,050	21,283	-	8,507
Fixed and intangible assets amortisations	-14,057	-5,499	-14,444	-	-1,890
Other financial expenses	-56	-25	-145	-95	-142
Income tax expense	-	-	1,489	-291	-1,060
Net profit for the year	-17,354	-6,305	618	-291	-1,885
Amounts proportionally attributed to EDPR Group					
Net assets	131,873	48,854	52,734	6,103	12,610
Goodwill	-	-	39,558	-	2,667
Dividends paid	14,143	-	5,000	-	-

The following table resumes the companies' financial information of joint ventures included in the Group consolidated accounts, as of December 2016:

THOUSAND EUROS	FLAT ROCK WIND-POWER	FLAT ROCK WIND POWER II	COMPAÑÍA EÓLICA ARAGONESA	EÓLICA DE COAHUILA	OTHER
Companies' financial information of joint ventures					
Non-Current Assets	291,444	117,915	127,057	302,602	57,319
Current Assets (including cash and cash equivalents)	2,129	795	5,186	40,449	9,621
Cash and cash equivalents	1,043	413	3,787	12,019	5,390
Total Equity	289,096	116,973	104,595	8,737	22,286
Long term Financial debt	-	-	-	239,071	13,600
Non-Current Liabilities	4,084	1,534	24,645	262,480	15,656
Short term Financial debt	-	-	-		26,203
Current Liabilities	393	203	3,003	71,834	28,998
Revenues	9,763	3,681	13,505	205	6,743
Fixed and intangible assets amortisations	-19,051	-7,361	-11,051	-	-2,512
Other financial expenses	-214	-64	-142	-306	-845
Income tax expense	-	-	2,328	102	-368
Net profit for the year	-22,893	-7,917	-1,938	203	1,100
Amounts proportionally attributed to EDPR Group					
Net assets	158,413	58,487	57,425	14,438	16,155
Goodwill	-	-	39,558	-	2,667
Dividends paid	2,615	-	3,452	-	-

The following table resumes the companies' financial information of associates included in the Group consolidated accounts, as of December 2017:

THOUSAND EUROS	PQ. EOLICO BELMONTE	EOLIENNES EN MER DIEPPE – LE TREPORT	EOLIENNES EN MER-NOIRMOUTIER	PQ. EÓLICO SIERRA DEL MADERO	OTHER
Companies' financial information of associates					
Non-Current Assets	20,258	29,750	35,748	50,596	62,274
Current Assets	3,823	11,755	10,726	12,304	3,888
Equity	5,873	28,929	33,823	27,230	23,213
Non-Current Liabilities	13,338	6,300	5,500	1,825	37,874
Current Liabilities	4,870	6,276	7,151	33,845	5,074
Revenues	4,112	-	-	10,896	15,365
Net profit for the year	1,283	-624	-648	3,224	-2,516
Amounts proportionally attributed to EDPR Group					
Net assets	3,483	12,439	14,544	11,437	9,441
Goodwill	1,726	-	-	-	6,479
Dividends paid	-	-	-	-	677

The following table resumes the companies' financial information of associates included in the Group consolidated accounts, as of December 2016:

THOUSAND EUROS	PQ. EOLICO BELMONTE	EOLIENNES EN MER DIEPPE – LE TREPORT	PQ. EÓLICO SIERRA DEL MADERO	OTHER
Companies' financial information of associates				
Non-Current Assets	21,231	21,857	52,429	89,165
Current Assets	2,517	8,472	8,683	19,581
Equity	4,590	12,745	24,006	47,625
Non-Current Liabilities	15,105	13,825	2,455	55,871
Current Liabilities	4,053	3,759	34,651	5,250
Revenues	3,592	-	8,401	8,475
Net profit for the year	96	-678	475	-2,749
Amounts proportionally attributed to EDPR Group				
Net assets	3,099	5,480	10,082	16,541
Goodwill	1,726	-	-	6,479
Dividends paid	-	-	-	714

During 2017, the significant companies' financial information of joint ventures and associates presented the following fair value reconciliation of net assets proportionally attributed to EDP Group:

THOUSAND EUROS	EQUITY	% INVESTMENT	FAIR VALUE ADJUSTMENTS	GOODWILL	OTHERS	NET ASSETS
Flat Rock Windpower	241,088	50.00%	-	-	11,329	131,873
Flat Rock Windpower II LLC	97,708	50.00%	-	-	-	48,854
Compañía Eólica Aragonesa	105,890	50.00%	-211	-	-	52,734
Moray Offshore East	1,856	76.70%	4,679	-	-	6,103
Parque Eólico Belmonte	5,873	29.90%	-	1,726	-	3,483
Eoliennes en Mer Dieppe-Le Treport	28,929	43.00%	-	-	-	12,439
Eoliennes en Mer - Noirmoutier	33,823	43.00%	-	-	-	14,544
Parque Eólico Sierra del Madero	27,230	42.00%	-	-	-	11,437

During 2016, the significant companies' financial information of joint ventures and associates presents the following fair value reconciliation of net assets proportionally attributed to EDP Group:

THOUSAND EUROS	EQUITY	% INVESTMENT	FAIR VALUE ADJUSTMENTS	GOODWILL	OTHERS	NET ASSETS
Flat Rock Windpower	289,096	50,00%	-	-	13,866	158,413
Flat Rock Windpower II LLC	116,973	50,00%	-	-	-	58,487
Compañía Eólica Aragonesa	104,595	50,00%	5,128	-	-	57,425
Eólica de Coahuila	8,737	51,00%	9,982	-	-	14,438
Parque Eólico Belmonte	4,590	29,90%	-	1,726	-	3,099
Eoliennes en Mer Dieppe-Le Treport	12,745	43,00%	-	-	-	5,480
Parque Eólico Sierra del Madero	24,006	42,00%	-	-	-	10,082

There are no operating guarantees granted by joint ventures included in the Group consolidated accounts under the equity method, as at 31 December 2017 or 2016.

The commitments relating to short and medium-long term financial debt, finance lease commitments, other long term commitments and other liabilities relating to purchases and future lease payments under operating leases for joint ventures included in the Group consolidated accounts under the equity method are disclosed, as at 31 December 2017 and 2016, are as follows:

THOUSAND EUROS		2017 CAPITAL OUTSTANDING BY MATURITY			
	TOTAL	LESS THAN 1 YEAR	FROM 1 TO 3 YEARS	FROM 3 TO 5 YEARS	MORE THAN 5 YEARS
Short and long term financial debt (including falling due interest)	9,755	1,827	3,870	2,810	1,248
Operating lease commitments	15,774	1,349	2,533	2,384	9,508
Purchase obligations	7,820	3,634	4,186	-	-
	33,349	6,810	10,589	5,194	10,756

THOUSAND EUROS		2016 CAPITAL OUTSTANDING BY MATURITY			
	TOTAL	LESS THAN 1 YEAR	FROM 1 TO 3 YEARS	FROM 3 TO 5 YEARS	MORE THAN 5 YEARS
Short and long term financial debt (including falling due interest)	186,897	9,355	28,277	24,640	124,625
Operating lease commitments	18,079	1,375	2,796	2,490	11,418
Purchase obligations	4,104	2,854	1,250	-	-
	209,080	13,584	32,323	27,130	136,043

Significant variation of short and long term financial debt with respect to the previous year mainly refer to the company Eólica de Coahuila S.A. de C.V. that changed from equity method to full consolidation method as a result of the wind farm construction completion and its entry into operation (see note 5). Additionally this variation also includes the financial debt of Moray Offshore Windfarm (East) due to the loss of control over the company (see note 5).

19. DEFERRED TAX ASSETS AND LIABILITIES

The EDP Renováveis Group records the tax effect arising from temporary differences between the assets and liabilities determined on an accounting basis and on a tax basis, which are analysed as follows:

THOUSAND EUROS	DEFERRED TAX ASSETS		DEFERRED TAX LIABILITIES	
	31 DEC 2017	31 DEC 2016	31 DEC 2017	31 DEC 2016
Tax losses brought forward (*)	603,923	997,084	-	-
Provisions	18,487	22,761	913	13,821
Derivative financial instruments	16,411	12,799	2,306	1,697
Property, plant and equipment (*)	63,395	65,295	316,186	490,778
Allocation of fair value to assets and liabilities from business combinations (*)	-	-	399,552	456,065
Income from institutional partnerships in U.S. wind farms (*)	-	-	291,041	456,618
Non-deductible financial expenses	31,663	31,229	-	-
Netting of deferred tax assets and liabilities	-669,369	-1,053,819	-669,369	-1,053,819
Other	-31	491	14,984	-74
	64,479	75,840	355,613	365,086

(*) Variation between the closing amounts at 31 December 2017 and 31 December 2016 is mainly explained by the effect on the net deferred taxes stock of EDPR NA Group due to the prospective CIT rate change enacted through the US tax reform (see note 1 and 14).

In 31 December 2016, the caption Property, plant and equipment includes 19,481 thousand Euros of deferred tax assets recognised on the fiscal revaluation reserve that derived from the revaluation of certain eligible assets held by EDPR companies in Portugal, under Decree-Law 66/2016 of 3 November (see note 14).

Deferred tax assets and liabilities are mainly related to Europe and United States of America, as follows:

THOUSAND EUROS	DEFERRED TAX ASSETS		DEFERRED TAX LIABILITIES	
	31 DEC 2017	31 DEC 2016	31 DEC 2017	31 DEC 2016
Europe:				
Tax losses brought forward	50,255	53,842	-	-
Provisions	15,329	18,571	913	13,821
Derivative financial instruments	16,411	8,644	796	1,132
Property, plant and equipment	60,195	60,313	63,036	54,621
Non-deductible financial expenses	31,663	31,229	-	-
Allocation of fair value to assets and liabilities from business combinations	-	-	283,745	274,257
Netting of deferred tax assets and liabilities	-110,202	-102,766	-110,202	-102,766
Other	-112	491	15,221	89
	63,539	70,324	253,509	241,154
United States of America:				
Tax losses brought forward	549,121	939,286	-	-
Provisions	2,822	3,925	-	-
Derivative financial instruments	-	-	1,438	565
Property, plant and equipment	3,200	4,982	249,083	433,564
Allocation of fair value to assets and liabilities from business combinations	-	-	112,716	178,003
Income from institutional partnerships in U.S. wind farms	-	-	290,393	455,931
Netting of deferred tax assets and liabilities	-554,556	-947,773	-554,556	-947,773
	587	420	99,074	120,290

The movements in net deferred tax assets and liabilities during the year are analysed as follows:

THOUSAND EUROS	DEFERRED TAX ASSETS		DEFERRED TAX LIABILITIES	
	31 DEC 2017	31 DEC 2016	31 DEC 2017	31 DEC 2016
Balance as at 1 January	75,840	47,088	365,086	316,497
Charges to the profit and loss account	-7,630	30,136	-5,863	17,777
Charges against reserves	2,805	1,230	181	26,918
Exchange differences and other variations	-6,536	-2,613	-3,791	3,894
BALANCE AS AT 31 DECEMBER	64,479	75,840	355,613	365,086

The Group tax losses carried forward are analysed as follows:

THOUSAND EUROS	31 DEC 2017	31 DEC 2016
Expiration date		
2017	-	2,294
2018	2,633	7,102
2019	11,547	15,457
2020	13,108	19,151
2021	61,713	70,278
2022	20,855	15,071
2023 to 2037	2,164,053	2,378,264
Without expiration date	270,773	277,654
	2,544,682	2,785,271

20. INVENTORIES

This caption is analysed as follows:

THOUSAND EUROS	31 DEC 2017	31 DEC 2016
Advances on account of purchases	1,346	1,333
Finished and intermediate products	7,230	5,816
Raw and subsidiary materials and consumables	19,989	16,754
	28,565	23,903

21. DEBTORS AND OTHER ASSETS FROM COMMERCIAL ACTIVITIES

Debtors and other assets from commercial activities are analysed as follows:

THOUSAND EUROS	31 DEC 2017	31 DEC 2016
Debtors and other assets from commercial activities - Non-current		
Trade receivables	8,152	29,854
Deferred costs	19,360	21,328
Sundry debtors and other operations	13,034	32,354
	40,546	83,536
Debtors and other assets from commercial activities - Current		
Trade receivables	277,447	231,981
Prepaid turbine maintenance	2,550	3,295
Services rendered	5,748	8,349
Advances to suppliers	4,515	4,485
Sundry debtors and other operations	32,847	32,429
	323,107	280,539
Impairment losses	-	-
	363,653	364,075

Trade receivables - Non- Current, is related to the establishment of the pool boundaries adjustment in EDPR EU in Spain, as a result of the publication of Royal Decree-Law 413/2014 and Order IET/1045/2014 (see note 1). The significant variation with respect 2016 is explained by the evolution of the energy pool prices in the Spanish market.

The geographical market Trade receivables' breakdown and the credit risk analysis are disclosed in note 4, under the Counterparty credit risk management section.

There were no movements in relation to impairment losses on trade receivables in 2017 or 2016.

22. OTHER DEBTORS AND OTHER ASSETS

Other debtors and other assets are analysed as follows:

THOUSAND EUROS	31 DEC 2017	31 DEC 2016
Other debtors and other assets - Non-current		
Loans to related parties	772	24,275
Derivative financial instruments	25,191	28,920
Sundry debtors and other operations	22,754	6,650
	48,717	59,845
Other debtors and other assets - Current		
Loans to related parties	42,406	36,226
Derivative financial instruments	21,429	26,146
Sundry debtors and other operations	50,382	40,119
	114,217	102,491
	162,934	162,336

Loans to related parties Non-Current mainly included 23,526 thousand Euros as at 31 December 2016 of loans granted to the Mexican company Eolica de Coahuila, S.A. de C.V. which began to fully consolidate in the beginning of 2017 (see note 5).

Loans to related parties - Current mainly include loans to the following equity consolidated companies: (i) 19,282 thousand Euros related to the UK company Moray Offshore Windfarm (East) Ltd in which EDPR loss control as a consequence of the sale in 2017 of certain shareholding in the company (see note 5) (ii) 12,785 thousand Euros related to the Spanish company Parque Eólico Sierra del Madero, S.A. as at 31 December 2017 (12,754 as at 31 December 2016) (iii) 6,048 thousand Euros related to the offshore projects in France (13,115 thousand Euros as at December 31, 2016) and (iv) 3,426 thousand Euros related to the Spanish company AERE as at 31 December 2017 and 2016.

Sundry debtors –Current includes 20,361 thousand Euros as at 31 December 2017 (24,961 thousands of Euros as at 31 December 2016) related with the estimated corporate income tax due by EDP Energias de Portugal, S.A. Sucursal en España and 8,972 thousand Euros related to part of the price adjustment, according to the corresponding agreements, in the transaction of s 49% of EDP Renováveis Portugal S.A to CTG that took place in 2013 that will be received in the short-term. The amount to be received in the long-term is included in Sundry debtors non-current amounting to 13,056 thousand Euros.

23. CURRENT TAX ASSETS

Current tax assets is analysed as follows:

THOUSAND EUROS	31 DEC 2017	31 DEC 2016
Income tax	22,767	26,572
Value added tax (VAT)	45,660	46,329
Other taxes	3,714	4,734
	72,141	77,635

24. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are analysed as follows:

THOUSAND EUROS	31 DEC 2017	31 DEC 2016
Cash	2	-
Bank deposits		
Current deposits	172,327	264,985
Term deposits	114,258	21,970
Specific demand deposits in relation to institutional partnerships	101,474	120,921
	388,059	407,876
Other short term investments	-	195,343
	388,061	603,219

Term deposits include temporary financial investments to place treasury surpluses.

Specific demand deposits in relation to institutional partnerships are funds required to be held in escrow sufficient to pay the remaining construction related costs of projects in institutional equity partnerships (see note 31), under the accounting policy 2 w). The governing agreements of these partnerships and specific escrow agreements define the appropriate expenditure of these funds.

The caption "Other short term investments" included the debit balance of the current account with EDP Servicios Financieros España S.A. amounting to 195,343 thousands of Euros as at 31 December 2016 in accordance with the terms and conditions of the contract signed between the parties. This current account has a credit balance as at 31 December 2017 and therefore it has been classified as a Financial Debt (see note 29 and 37).

25. ASSETS AND LIABILITIES HELD FOR SALE

The criteria for classifying assets and liabilities as held for sale and discontinued operations, as well as their presentation in the EDPR Group's consolidated financial statements, are presented under accounting policies - note 2 j).

This caption is analysed as follows:

THOUSAND EUROS	31 DEC 2017	31 DEC 2016
Assets of the business of electricity generation – Moray East	58,179	-
ASSETS HELD FOR SALE	58,179	-

During the second half of 2017, EDPR Group committed to a plan to sell an additional 53,4% of shareholding in the company Moray Offshore Windfarm (East) Limited, thus, according to the analysis performed under IFRS 5, this sale was considered highly probable, and related assets and liabilities have been classified as held for sale.

From the amount classified as held for sale, an amount of 44,192 thousand Euros refer to the aforementioned percentage of loans granted by the parent company Moray Offshore Renewable Power Limited and an amount of 13,987 thousand Euros refer to the proportional value of investment in the equity consolidated company. With the first transaction of sale of a 23,3% stake in the company to Engie that took place in August 2017, EDPR Group lost sole control over the company according with the relevant agreements signed (see note 5 and 18).

This reclassification was made only for financial statement presentation purposes, as it is expected that the fair value less costs to sell is higher than its book value, in accordance with IFRS 5. Also under this IFRS, the investment in joint ventures classified as held for sale will no longer be subject to the equity method of accounting.

26. SHARE CAPITAL AND SHARE PREMIUM

At 31 December 2017 and 2016, the share capital of the Company is represented by 872,308,162 shares of Euros 5 par value each, all fully paid. The shares are in book-entry bearer form, the company is entitled to request the listing of its shares and all the shareholders are registered in the relevant book-entry records. These shares have the same voting and profit-sharing rights and are freely transferable.

EDP Renováveis, S.A. shareholder's structure as at 31 December 2017 is analysed as follows:

	NO. OF SHARES	% CAPITAL	% VOTING RIGHTS
EDP - Energias de Portugal, S.A. Sucursal en España (EDP Branch)	720,191,372	82.56%	82.56%
Other (*)	152,116,790	17.44%	17.44%
	872,308,162	100.00%	100.00%

(*) Shares quoted on the Lisbon stock exchange

EDP Renováveis, S.A. shareholder's structure as at 31 December 2016 is analysed as follows:

	NO. OF SHARES	% CAPITAL	% VOTING RIGHTS
EDP - Energias de Portugal, S.A. Sucursal en España (EDP Branch)	676,283,856	77.53%	77.53%
Other (*)	196,024,306	22.47%	22.47%
	872,308,162	100.00%	100.00%

(*) Shares quoted on the Lisbon stock exchange

In the context of the General and Voluntary Public Tender Offer for the acquisition of shares representative of the share capital of EDP Renováveis, S.A. that was concluded on the third quarter of 2017, EDP - Energias de Portugal, S.A. increased its interest in the company from 77.53% to 82.56% and consequently its interest in their subsidiaries. As a result of this transaction, EDP - Energias de Portugal, S.A. holds 720,191,372 shares in EDP Renováveis, S.A.

There was no movements in Share capital and Share premium during 2017 or 2016. The Share Premium is freely distributable.

Earnings per share attributable to the shareholders of EDPR are analysed as follows:

	31 DEC 2017	31 DEC 2016
Profit attributable to the equity holders of the parent (in thousand Euros)	281,169	56,328
Profit from continuing operations attributable to the equity holders of the parent (in thousand Euros)	281,169	56,328
Weighted average number of ordinary shares outstanding	872,308,162	872,308,162
Weighted average number of diluted ordinary shares outstanding	872,308,162	872,308,162
Earnings per share (basic) attributable to equity holders of the parent (in Euros)	0.32	0.06
Earnings per share (diluted) attributable to equity holders of the parent (in Euros)	0.32	0.06
Earnings per share (basic) from continuing operations attributable to the equity holders of the parent (in Euros)	0.32	0.06
Earnings per share (diluted) from continuing operations attributable to the equity holders of the parent (in Euros)	0.32	0.06

The EDPR Group calculates its basic and diluted earnings per share attributable to equity holders of the parent using the weighted average number of ordinary shares outstanding during the period.

The company does not hold any treasury stock as at 31 December 2017 and 2016.

The average number of shares was determined as follows:

	31 DEC 2017	31 DEC 2016
Ordinary shares issued at the beginning of the period	872,308,162	872,308,162
Average number of realised shares	872,308,162	872,308,162
Average number of shares during the period	872,308,162	872,308,162
Diluted average number of shares during the period	872,308,162	872,308,162

27. OTHER COMPREHENSIVE INCOME, RESERVES AND RETAINED EARNINGS

This caption is analysed as follows:

THOUSAND EUROS	31 DEC 2017	31 DEC 2016
Other comprehensive income		
Fair value reserve (cash flow hedge)	-48,565	-33,425
Fair value reserve (available-for-sale financial assets)	6,499	6,132
Exchange differences arising on consolidation	-82,672	7,641
	-124,738	-19,652
Other reserves and retained earnings		
Retained earnings and other reserves	1,147,871	1,054,239
Additional paid in capital	60,666	60,666
Legal reserve	61,707	59,805
	1,270,244	1,174,710
	1,145,506	1,155,058

Additional paid in capital

The accounting for transactions among entities under common control is excluded from IFRS 3. Consequently, in the absence of specific guidance, within IFRSs, the Group EDPR has adopted an accounting policy for such transactions, judged appropriate. According to the Group's policy, business combinations among entities under common control are accounted for in the consolidated financial statements using the book values of the acquired company (subgroup) in the EDPR consolidated financial statements. The difference between the carrying amount of the net assets received and the consideration paid is recognised in equity.

Legal reserve

The legal reserve has been appropriated in accordance with Article 274 of the Spanish Companies Act whereby companies are obliged to transfer 10% of the profits for the year to a legal reserve until such reserve reaches an amount equal to 20% of the share capital. This reserve is not distributable to shareholders and may only be used to offset losses, if no other reserves are available, or to increase the share capital.

Profit distribution (parent company)

The EDP Renováveis, S.A. proposal for 2017 profits distribution to be presented in the Annual General Meeting is as follows:

	EUROS
Base for distribution	
Profit for the period 2017	113,382,578.51
Distribution	
Legal reserve	11,338,257.85
Dividends	52,338,489.72
Retained earnings	49,705,830.94
	113,382,578.51

The EDP Renováveis, S.A. proposal for 2016 profits distribution that was presented in the Annual General Meeting is as follows:

	EUROS
Base for distribution	
Profit for the period 2016	19,015,007.22
Retained earnings from previous years	26,501,901.60
	45,516,908.82
Distribution	
Legal reserve	1,901,500.72
Dividends	43,615,408.10
	45,516,908.82

Fair value reserve (cash flow hedge)

The Fair value reserve (cash flow hedge) comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments.

Fair value reserve (available-for-sale financial assets)

This reserve includes the cumulative net change in the fair value of available-for-sale financial assets as at the balance sheet date.

	THOUSAND EUROS
Balance as at 1 January 2016	4,346
Parque Eólico Montes de las Navas, S.L.	1,786
Balance as at 31 December 2016	6,132
Parque Eólico Montes de las Navas, S.L.	367
BALANCE AS AT 31 DECEMBER 2017	6,499

Exchange differences arising on consolidation

This caption reflects the amount arising on the translation of the financial statements of subsidiaries and associated companies from their functional currency into Euros. The exchange rates used in the preparation of the consolidated financial statements are as follows:

CURRENCY		EXCHANGE RATES AS AT 31 DECEMBER 2017		EXCHANGE RATES AS AT 31 DECEMBER 2016	
		CLOSING RATE	AVERAGE RATE	CLOSING RATE	AVERAGE RATE
US Dollar	USD	1.199	1.129	1.054	1.107
Zloty	PLN	4.177	4.258	4.410	4.363
Brazilian Real	BRL	3.973	3.605	3.431	3.858
New Leu	RON	4.659	4.569	4.539	4.491
Pound Sterling	GBP	0.887	0.877	0.856	0.819
Canadian Dollar	CAD	1.504	1.465	1.419	1.466

28. NON-CONTROLLING INTERESTS

This caption is analysed as follows:

THOUSAND EUROS	31 DEC 2017	31 DEC 2016
Non-controlling interests in income statement	180,312	119,784
Non-controlling interests in share capital and reserves	1,379,863	1,328,268
	1,560,175	1,448,052

Non-controlling interests, by subgroup, are analysed as follows:

THOUSAND EUROS	31 DEC 2017	31 DEC 2016
EDPR NA Group	868,584	905,142
EDPR EU Group	622,581	485,577
EDPR BR Group	69,010	57,333
	1,560,175	1,448,052

The movement in non-controlling interests of EDP Renováveis Group is mainly related to:

THOUSAND EUROS	31 DEC 2017	31 DEC 2016
Balance as at 1 January	1,448,052	863,109
Dividends distribution	-48,730	-42,563
Net profit for the year	180,312	119,784
Exchange differences arising on consolidation	-119,486	42,730
Acquisitions and sales without change of control	120,608	517,179
Increases/(Decreases) of share capital	-30,954	-63,659
Other changes	10,373	11,472
Balance as at 31 December	1,560,175	1,448,052

29. FINANCIAL DEBT

Financial debt current and Non-current is analysed as follows:

THOUSAND EUROS	31 DEC 2017	31 DEC 2016
Financial debt - Non-current		
Bank loans:		
- EDPR EU Group	424,417	542,145
- EDPR BR Group	175,356	120,409
- EDPR NA Group	226,154	23,722
Loans received from EDP group entities:		
- EDP Renováveis, S.A.	367,526	424,441
- EDP Renováveis Servicios Financieros, S.L.	1,615,009	2,181,754
Other loans:		
- EDPR EU Group	133	120
TOTAL DEBT AND BORROWINGS - NON-CURRENT	2,808,595	3,292,591
Collateral Deposits - Non-current (*)		
Collateral Deposit - Project Finance and others	-32,720	-28,974
TOTAL COLLATERAL DEPOSITS - NON-CURRENT	-32,720	-28,974

THOUSAND EUROS	31 DEC 2017	31 DEC 2016
Financial debt - Current		
Bank loans:		
- EDPR EU Group	127,849	78,165
- EDPR BR Group	11,500	13,243
- EDPR NA Group	26,752	7,777
Loans received from EDP group entities:		
- EDP Renováveis Servicios Financieros, S.L.	239,514	10,868
Other loans:		
- EDPR EU Group	109	1,315
Interest payable	22,644	2,110
TOTAL DEBT AND BORROWINGS - CURRENT	428,368	113,478
Collateral Deposits - Current (*)		
Collateral Deposit - Project Finance and others	-10,026	-17,072
TOTAL COLLATERAL DEPOSITS - CURRENT	-10,026	-17,072
TOTAL DEBT AND BORROWINGS – CURRENT AND NON-CURRENT	3,236,963	3,406,069
Total Debt and borrowings net of collaterals – Current and Non-current	3,194,217	3,360,023

(*) Collateral deposits mainly refer to amounts held in bank accounts to comply with obligations under project finance agreements entered into by certain EDP Renewable subsidiaries.

Loans received from EDP group entities current and non-current as at 31 December 2017 mainly refer to a set of loans granted by EDP Finance BV amounting to 1,201,791 thousand Euros, deducted of debt arrangement expenses, with a long-term maturity and by EDP Servicios Financieros España S.A. amounting to 965,870 thousand Euros (772,696 thousand Euros non-current and 193,174 thousand Euros current). The bundled average maturity regarding long-term loans is 3 and a half years and bear interest at fixed market rates. These loans amounted to 1,397,195 thousand Euros for loans granted by EDP Finance BV and 1.209.000 thousand Euros for loans granted by EDP Servicios Financieros España S.A. as at 31 December 2016. This caption also includes the credit balance of the current account with EDP Servicios Financieros España S.A. amounting to 54,389 thousand Euros as at 31 December 2017 (as at 31 December 2016 the current account had debit balance and therefore it was classified in the caption cash and cash equivalents in accordance with the terms and conditions of the contract signed between the parties – see note 24).

Main events of the year mainly refer to (i) the change of consolidation method of the Mexican company Eólica de Coahuila which in the previous year was consolidated by the equity method and began to be fully consolidated at the beginning of 2017 with an impact as at 31 December 2017 of 222,878 thousand Euros (see note 5); and (ii) anticipated repayment of intercompany loans totaling 243,130 thousand Euros with cash received from the sale of non-controlling interests.

As at 31 December 2017, future debt and borrowings payments and interest by type of loan and currency are analysed as follows:

THOUSAND EUROS	2018	2019	2020	2021	2022	FOLLOWING YEARS	TOTAL
Bank loans							
Euro	48,267	47,587	49,779	50,415	44,068	133,672	373,788
Polish Zloty	77,815	15,712	16,297	17,844	14,544	34,499	176,711
American Dollar	23,448	10,862	11,403	11,583	11,346	161,883	230,525
Brazilian Real	12,467	14,457	15,893	12,727	11,672	120,606	187,822
Others	5,927	3,218	3,365	3,537	3,710	5,246	25,003
	167,924	91,836	96,737	96,106	85,340	455,907	993,850
Loans received from EDP group companies							
Euro	228,339	289,761	386,348	-	96,587	-	1,001,035
American Dollar	31,996	-8,049	409,368	393,012	307,554	107,955	1,241,836
	260,335	281,712	795,716	393,012	404,141	107,955	2,242,871
Other loans							
Euro	109	91	42	-	-	-	242
	109	91	42	-	-	-	242
	428,368	373,639	892,495	489,118	489,481	563,862	3,236,963

As at 31 December 2016, future debt and borrowings payments and interest by type of loan and currency are analysed as follows:

THOUSAND EUROS	2017	2018	2019	2020	2021	FOLLOWING YEARS	TOTAL
Bank loans							
Euro	80,275	46,221	49,616	50,315	49,771	160,615	436,813
Brazilian Real	13,243	13,243	13,039	12,425	8,747	72,955	133,652
Others	7,777	20,332	21,954	23,444	25,800	117,799	217,106
	101,295	79,796	84,609	86,184	84,318	351,369	787,571
Loans received from EDP group companies							
Euro	10,868	362,900	362,900	483,200	-	-	1,219,868
American Dollar	-	1,397,195	-	-	-	-	1,397,195
	10,868	1,760,095	362,900	483,200	-	-	2,617,063
Other loans							
Euro	1,315	70	50	-	-	-	1,435
	1,315	70	50	-	-	-	1,435
	113,478	1,839,961	447,559	569,384	84,318	351,369	3,406,069

The Group has project finance financings that include the usual guarantees on this type of financings, namely the pledge or a promise of pledge of bank accounts and assets of the related projects. As at 31 December 2017, these financings amount to 988,952 thousand Euros (31 December 2016: 689,803 thousand Euros), which are included within the financial debt caption.

The fair value of EDP Renováveis Group's debt is analysed as follows:

THOUSAND EUROS	31 DEC 2017		31 DEC 2016	
	CARRYING VALUE (*)	MARKET VALUE	CARRYING VALUE (*)	MARKET VALUE
Financial debt - Non-current	2,808,595	2,911,691	3,292,591	3,326,757
Financial debt - Current	428,368	428,368	113,478	113,478
	3,236,963	3,340,059	3,406,069	3,440,235

(*) Net of arrangement expenses

The market value of the medium/long-term (non-current) debt and borrowings that bear a fixed interest rate is calculated based on the discounted cash flows at the rates ruling at the balance sheet date. The market value of debt and borrowing that bear a floating interest rate is considered not to differ from its book value as these loans bear interest at a rate indexed to Euribor. The book value of the short-term (current) debt and borrowings is considered to be the market value.

30. PROVISIONS

Provisions are analysed as follows:

THOUSAND EUROS	31 DEC 2017	31 DEC 2016
Dismantling and decommission provisions	269,454	268,191
Provision for other liabilities and charges	5,945	6,275
- Long-term provision for other liabilities and charges	579	744
- Short-term provision for other liabilities and charges	5,366	5,531
Employee benefits	319	596
	275,718	275,062

Dismantling and decommission provisions refer to the costs to be incurred for dismantling wind and solar farms and restoring sites and land to their original condition, in accordance with the accounting policy described in note 2 o). The above amount respects to 105,907 thousand Euros for wind farms in North America (31 December 2016: 104,274 thousand Euros), 161,630 thousand Euros for wind farms in Europe (31 December 2016: 162,413 thousand Euros) and 1,917 thousand Euros for wind farms in Brazil (31 December 2016: 1,504 thousand Euros).

EDP Renováveis believes that the provisions booked on the consolidated statement of financial position adequately cover the foreseeable obligations described in this note. Therefore, it is not expected that they will give rise to liabilities in addition to those recorded.

The movements in Provisions for dismantling and decommission provisions are analysed as follows:

THOUSAND EUROS	31 DEC 2017	31 DEC 2016
Balance at the beginning of the year	268,191	117,228
Capitalised amount for the year	16,080	142,595
Changes in the perimeter	-5,895	48
Unwinding	4,816	4,610
Exchange differences	-13,738	3,710
BALANCE AT THE END OF THE YEAR	269,454	268,191

Capitalized amount for the year in 2016 included the net effect of the extension of the useful life of renewable assets from 25 to 30 years that took place at the end of 2016, and the update of the dismantling cost per MW and discount rates used for the calculation of the dismantling provision with respect to the previous year.

Changes in the perimeter in 2017 refer to the loss of control of the company Moray Offshore Windfarm (East) Ltd due to the sale of a 23,3% stake in the company having agreed a shared control of the project (see note 5).

The movements in Provision for other liabilities and charges are analysed as follows:

THOUSAND EUROS	31 DEC 2017	31 DEC 2016
Balance at the beginning of the year	6,275	1,542
Charge for the year	845	5,067
Write back for the year	-1,029	-362
Others	-146	28
BALANCE AT THE END OF THE YEAR	5,945	6,275

31. INSTITUTIONAL PARTNERSHIPS IN U.S. WIND FARMS

This caption is analysed as follows:

THOUSAND EUROS	31 DEC 2017	31 DEC 2016
Deferred income related to benefits provided	914,612	819,199
Liabilities arising from institutional partnerships in U.S. wind farms	1,249,110	1,520,226
	2,163,722	2,339,425

The movements in Institutional partnerships in U.S. wind farms are analysed as follows:

THOUSAND EUROS	31 DEC 2017	31 DEC 2016
Balance at the beginning of the period	2,339,425	1,956,217
Proceeds received from institutional investors	449,067	628,381
Cash paid for deferred transaction costs	-3,870	-4,541
Cash paid to institutional investors	-195,175	-172,052
Income (see note 7)	-225,568	-197,544
Unwinding (see note 13)	88,561	90,337
Exchange differences	-289,891	79,411
Others	1,173	-40,784
BALANCE AT THE END OF THE PERIOD	2,163,722	2,339,425

The Group has entered in several partnerships with institutional investors in the United States, through limited liability companies operating agreements that apportions the cash flows generated by the wind farms between the investors and the Company and allocates the tax benefits, which include Production Tax Credits (PTC), Investment Tax Credits (ITC) and accelerated depreciation, largely to the investor.

During 2017, EDPR Group, through its subsidiary EDPR NA, has secured and received proceeds amounting to 389,196 thousand Euros related to institutional equity financing with Bank of New York Mellon, in exchange for an interest in the Vento XVII portfolio. Additionally, EDPR Group also secured and received a 59,871 thousand Euros funding of tax equity financing in exchange for an interest in three solar plants located in the state of South Carolina.

During 2016 EDPR Group, through its subsidiary EDPR NA, secured and received proceeds amounting to 310,334 thousand Euros related to institutional equity financing with Bank of America Merrill Lynch and Bank of New York Mellon in exchange for an interest in the Vento XV portfolio and 102,791 thousand Euros related to institutional equity financing from MUFG and another institutional investor in exchange for an interest in the Vento XVI portfolio. Additionally, the Group received proceeds amounting to 215,256 thousands of Euros related to institutional equity financing from an affiliate of Google Inc., secured in 2015, in exchange for an interest in the Vento XIV portfolio.

32. TRADE AND OTHER PAYABLES FROM COMMERCIAL ACTIVITIES

Trade and other payables from commercial activities are analysed as follows:

THOUSAND EUROS	31 DEC 2017	31 DEC 2016
Trade and other payables from commercial activities - Non-current		
Government grants / subsidies for investments in fixed assets	358,600	426,535
Electricity sale contracts - EDPR NA	13,686	19,857
Property, plant and equipment suppliers	103,383	2,150
Other creditors and sundry operations	14,260	15,366
	489,929	463,908
Trade and other payables from commercial activities - Current		
Suppliers	69,866	83,173
Property, plant and equipment suppliers	542,863	665,806
Other creditors and sundry operations	72,417	61,152
	685,146	810,131
	1,175,075	1,274,039

Significant variation in Property and equipment suppliers non-current mainly refer to the supply of renewable asset for certain wind farms in Brazil where terms of payments have been agreed in the long-term. Property plant and equipment suppliers - current refer to wind and solar farms in construction mainly in USA (431,912 thousand Euros), Italy (31,290 thousand Euros), Spain (28,977 thousand Euros) and Brazil (12,756 thousand Euros).

Government grants for investments in fixed assets are essentially related to grants received by EDPR NA subgroup under the American Recovery and Reinvestment Act promoted by the United States of America Government.

At the moment of the EDPR North America acquisition, the contracts signed between this subsidiary and its customers, determined under the terms of the Purchase Price Allocation, were valued through discounted cash flow models and market assumptions at 190,400 thousands of USD, being booked as a non-current liability under Electricity sale contracts - EDPR NA, which is depreciated over the useful life of the contracts under Other income (see note 8).

The Company has prepared the below information for Spanish subsidiaries, according to criterion required by the Spanish Accounting and Auditing Institute (ICAC) resolution of 29 January 2017 on disclosures in notes to financial statements of late payments to suppliers in commercial transactions:

THOUSAND EUROS	31 DEC 2017	31 DEC 2016
DAYS		
Average payment period	51	52
Ratio paid operations	54	61
Ratio of pending operations	33	20
TOTAL PAYMENTS MADE	173,264	123,520
TOTAL OUTSTANDING PAYMENTS	33,006	33,781

33. OTHER LIABILITIES AND OTHER PAYABLES

Other liabilities and other payables are analysed as follows:

THOUSAND EUROS	31 DEC 2017	31 DEC 2016
Other liabilities and other payables - Non-current		
Success fees payable for the acquisition of subsidiaries	787	9,813
Loans from non-controlling interests	587,441	553,988
Derivative financial instruments	59,030	580,729
Other creditors and sundry operations	2,803	9,907
	650,061	1,154,437
Other liabilities and other payables - Current		
Success fees payable for the acquisition of subsidiaries	550	7,069
Loans from non-controlling interests	50,918	56,099
Derivative financial instruments	325,367	190,438
Other creditors and sundry operations	4,411	5,285
	381,246	258,891
	1,031,307	1,413,328

Variation in Success fees payable non-current and current mainly refer with cancelation of the success fee payable for the Polish project Masovia amounting to 6,753 thousand Euros since this success fee is no longer due according to the relevant contracts (see note 8) and effective payment of success fees according to the respective agreements in certain Italian projects.

The caption Loans from non-controlling interests Current and Non-Current mainly includes:

i) loans granted by ACE Portugal (CTG Group) due to the sale in 2017 of 49% of shareholding in EDPR PT – Parques Eólicos S.A and subsidiaries (see note 5) for a total amount of 37,362 thousand Euros, including accrued interests (with no balances as of 31 December 2016), bearing interest at a fixed rate of 3.75%.

ii) loans granted by Vortex Energy Investments II due to the sale in 2016 of 49% of shareholding in EDPR Participaciones S.L. and subsidiaries for a total amount of 231,751 thousands of Euros, including accrued interests (245,981 thousand Euros as at 31 December 2016), bearing interest at a fixed rate of a range between 3.32% and 7.55%;

iii) loans granted by ACE Poland (CTG Group) due to the sale in 2016 of 49% of shareholding in EDP Renewables Polska HoldCo, S.A. and subsidiaries for a total amount of 123,430 thousand Euros including accrued interests (120,390 thousand Euros as at 31 December 2016), bearing interest at a fixed rate of a range between 1.33% and 7.23%;

iv) loans granted by ACE Italy (CTG Group) due to the sale in 2016 of 49% of shareholding in EDP Renewables Italia, S.r.l. and subsidiaries for a total amount of 78,436 thousand Euros including accrued interests (83,618 thousand Euros as at 31 December 2016), bearing interest at a fixed rate of 4,50%.

v) loans granted by Vortex Energy Investments I due to the sale in 2014 of 49% of shareholding in EDP Renewables France S.A.S. and subsidiaries for a total amount of 58,388 thousand Euros, including accrued interests (31 December 2016: 66,264 thousand Euros), bearing interest at a fixed rate of a range between 3.10% and 7.18%.

vi) loans granted by CITIC CWEI Renewables (CTG Group) due to the sale in 2013 of 49% of shareholding in EDP Renováveis Portugal, S.A. for a total amount of 61,140 thousand Euros including accrued interests (31 December 2016: 71,501 thousand Euros), bearing interests at a fixed rate of 5.50%.

Derivative financial instruments non-current and current mainly includes 4,365 thousand Euros and 280,639 thousand Euros respectively (31 December 2016: 510,006 and 158,041 thousand Euros respectively) related to a hedge instrument of USD and EUR with EDP Branch, which was formalised in order to hedge the foreign exchange risk of the net investment held in EDPR NA, expressed in USD (see note 35).

The caption other creditors and sundry operations non-current includes the liability related to the put options over the stake that the other shareholders hold in the Italian companies Tivano S.r.l., San Mauro S.r.l. and AW 2 S.r.l. amounting to 2,169 thousand Euros (see note 5 and 36).

34. CURRENT TAX LIABILITIES

This caption is analysed as follows:

THOUSAND EUROS	31 DEC 2017	31 DEC 2016
Income tax	25,037	27,993
Withholding tax	3,246	27,420
Value added tax (VAT)	24,434	17,386
Other taxes	37,536	15,647
	90,253	88,446

As at 31 December 2017 Other taxes include, between others, 3,225 thousands Euros in relation to the amount to be paid in 2018 concerning the tax effect of the revaluation of assets in Portugal according to Decree 66/2016 (see note 14).

35. DERIVATIVE FINANCIAL INSTRUMENTS

As of 31 December 2017, the fair value and maturity of derivatives is analysed as follows:

THOUSAND EUROS	FAIR VALUE		NOTIONAL			
	ASSETS	LIABILITIES	UNTIL 1 YEAR	1 TO 5 YEARS	MORE THAN 5 YEARS	TOTAL
Net investment hedge						
Cross currency rate swaps	7,934	-285,151	1,417,883	729,539	-	2,147,422
	7,934	-285,151	1,417,883	729,539	-	2,147,422
Cash flow hedge						
Power price swaps	22,084	-63,817	180,203	246,061	13,839	440,103
Interest rate swaps	2,308	-22,987	99,962	503,708	297,898	901,568
	24,392	-86,804	280,165	749,769	311,737	1,341,671
Trading						
Power price swaps	11,829	-10,802	51,832	67,700	-	119,532
Interest rate swaps	-	-10	941	-	-	941
Cross currency rate swaps	2,465	-32	150,000	-	-	150,000
Currency forwards	-	-1,598	49,825	-	-	49,825
	14,294	-12,442	252,598	67,700	-	320,298
	46,620	-384,397	1,950,646	1,547,008	311,737	3,809,391

As of 31 December 2016, the fair value and maturity of derivatives is analysed as follows:

THOUSAND EUROS	FAIR VALUE		NOTIONAL			
	ASSETS	LIABILITIES	UNTIL 1 YEAR	1 TO 5 YEARS	MORE THAN 5 YEARS	TOTAL
Net investment hedge						
Cross currency rate swaps	12,467	-670,981	505,980	1,537,581	-	2,043,561
	12,467	-670,981	505,980	1,537,581	-	2,043,561
Cash flow hedge						
Power price swaps	22,212	-36,885	243,732	331,023	-	574,755
Interest rate swaps	7	-32,821	100,006	394,754	386,761	881,521
Currency forwards	-	-11,924	36,643	-	-	36,643
	22,219	-81,630	380,381	725,777	386,761	1,492,919
Trading						
Power price swaps	17,876	-18,274	24,827	28,024	-	52,851
Interest rate swaps	-	-33	941	941	-	1,882
Cross currency rate swaps	2,049	-6	21,000	9,191	-	30,191
Currency forwards	455	-243	46,896	-	-	46,896
	20,380	-18,556	93,664	38,156	-	131,820
	55,066	-771,167	980,025	2,301,514	386,761	3,668,300

The fair value of derivative financial instruments is recorded under Other debtors and other assets (note 22) or Other liabilities and other payables (note 33), if the fair value is positive or negative, respectively.

The net investment derivatives are related to the CIRS in USD and EUR with EDP Branch as referred in the notes 37 and 38. The net investment derivatives also include CIRS in CAD, PLN, and BRL with EDP with the purpose of hedging EDP Renováveis Group's operations in Canada, Poland and Brazil.

Interest rate swaps relate to the project finances and have been formalised to convert variable to fixed interest rates.

Cash flow hedge power price swaps are related to the hedging of the sales price. EDPR NA has entered into a power price swap to hedge the variability in the spot market prices received for a portion of the production of Maple Ridge I project. Additionally, both EDPR NA and EDPR EU have entered in short term hedges to hedge the short term volatility of certain un-contracted generation of its wind farms.

In certain US power markets, EDPR NA is exposed to congestion and line loss risks which typically have a negative impact on the price received for power generated in these markets. To economically hedge these risk exposures, EDPR NA entered into Financial Transmission Rights ("FTR") and a three year fixed for floating Locational Marginal Price (LMP) swap.

The trading derivative financial instruments are derivatives contracted for economic hedging that are not eligible for hedge accounting.

Fair value of derivative financial instruments is based on quotes indicated by external entities, which are compared in each date of report to fair values available in common financial information platforms. These entities use discounted cash flows techniques usually accepted and data from public markets. The only exceptions are the CIRS in USD/EUR with EDP Branch and the USD/EUR forward contract with EDP Servicios Financieros España, which fair values are determined by the Financial Department of EDP, using the same above-mentioned discounted cash flows techniques and data. As such, according to IFRS13 requirements, the fair value of the derivative financial instruments is classified as of level 2 (see note 38) and no changes of level were made during this period.

The changes in the fair value of hedging instruments and risks being hedged are as follows:

THOUSAND EUROS			31 DEC 2017 CHANGES IN FAIR VALUE		31 DEC 2016 CHANGES IN FAIR VALUE	
			INSTRUMENT	RISK	INSTRUMENT	RISK
Net Investment hedge	Cross currency rate	Subsidiary accounts in	381,297	-380,838	-83,972	78,668
Net Investment hedge	Currency forward	Subsidiary accounts in	-	-	-554	554
Cash-flow hedge	Interest rate swap	Interest rate	12,135	-	31,278	-
Cash-flow hedge	Power price swaps	Power price	-27,060	-	-31,028	-
Cash-flow hedge	Currency forward	Exchange rate	11,924	-	-11,924	-
			378,296	-380,838	-96,200	79,222

During 2017 and 2016 the following market inputs were considered for the fair value calculation:

INSTRUMENT	MARKET INPUT
Cross currency interest rate swaps	Fair value indexed to the following interest rates: Euribor 3M, Libor 3M, daily brazilian CDI, CAD-BA-CDOR 3M, Wibor 3M; and exchange rates: EUR/BRL, EUR/PLN, EUR/CAD and EUR/USD.
Interest rate swaps	Fair value indexed to the following interest rates: Euribor 6M, Wibor 6M, Libor 3M and CAD-BA-CDOR 3M.
Foreign exchange forwards	Fair value indexed to the following exchange rates: USD/EUR, EUR/RON, EUR/PLN, EUR/CAD, BRL/USD and BRL/EUR.
Power price swaps	Fair value indexed to the price of electricity.

The movements in cash flow hedge reserve have been as follows:

THOUSAND EUROS	31 DEC 2017	31 DEC 2016
BALANCE AT THE BEGINNING OF THE YEAR	-45,916	-27,366
Fair value changes	-6,850	-38,559
Transfers to results	-10,806	19,773
Non-controlling interests included in fair value changes	-1,963	-3,010
Effect of the sale without loss of control of EDPR Europe subsidiaries	3,623	4,584
Effect of the sale without loss of control of EDPR North America subsidiaries	-	-1,338
Others	-746	-
BALANCE AT THE END OF THE YEAR	-62,658	-45,916

The gains and losses on the financial instruments portfolio booked in the income statement are as follows:

THOUSAND EUROS	31 DEC 2017	31 DEC 2016
Net investment hedge - ineffectiveness	459	-5,304
Cash-flow hedge		
Transfer to results from hedging of financial liabilities	11,434	-18,217
Transfer to results from hedging of commodity prices	-628	-1,556
Non eligible for hedge accounting derivatives	2,279	3,688
	13,544	-21,389

The amount from transfers to results from hedging of commodity prices is registered in Revenues while the remaining gains and losses are registered in Financial income and Financial expense, respectively (see note 13).

The effective interest rates for derivative financial instruments associated with financing operations during 2017, were as follows:

		EDPR GROUP	
	CURRENCY	PAYS	RECEIVES
Interest rate contracts			
Interest rate swaps	EUR	[0,18% - 4,45%]	[-0,28% - -0,00%]
Interest rate swaps	PLN	[2,48% - 2,78%]	[1,81%]
Interest rate swaps	USD	[1,86%]	[1,00%]
Interest rate swaps	CAD	[2,59%]	[1,43%]
Currency and interest rate contracts			
CIRS (currency interest rate swaps)	EUR/USD	[1,69%]	[-0,33%]
CIRS (currency interest rate swaps)	EUR/CAD	[1,82% - 1,93%]	[-0,33%]
CIRS (currency interest rate swaps)	EUR/BRL	[5,37% - 6,48%]	[-0,33%]
CIRS (currency interest rate swaps)	EUR/RON	[2,10% - 2,23%]	[-0,33%]
CIRS (currency interest rate swaps)	EUR/PLN	[1,39% - 2,11%]	[-0,33%]

The effective interest rates for derivative financial instruments associated with financing operations during 2016, were as follows:

		EDPR GROUP	
	CURRENCY	PAYS	RECEIVES
Interest rate contracts			
Interest rate swaps	EUR	[0,18% - 4,45%]	[-0,22% - -0,18%]
Interest rate swaps	PLN	[2,48% - 2,78%]	[1,81%]
Interest rate swaps	CAD	[2,59%]	[0,91%]
Currency and interest rate contracts			
CIRS (currency interest rate swaps)	EUR/USD	[1,23% - 1,33%]	[-0,32%]
CIRS (currency interest rate swaps)	EUR/BRL	[11,04% - 12,69%]	[-0,30%]
CIRS (currency interest rate swaps)	EUR/PLN	[1,33% - 2,12%]	[-0,32% - -0,31%]

36. COMMITMENTS

As at 31 December 2017 and 2016, the financial commitments not included in the statement of financial position in respect of financial, operational and real guarantees provided, are analysed as follows:

THOUSAND EUROS	31 DEC 2017	31 DEC 2016
Guarantees of financial nature		
EDPR NA Group	6,955	21,039
	6,955	21,039
Guarantees of operational nature		
EDP Renováveis, S.A.	1,459,014	1,079,869
EDPR NA Group	1,251,514	1,224,085
EDPR EU Group	63,522	44,544
EDPR BR Group	15,686	18,622
	2,789,736	2,367,120
TOTAL	2,796,691	2,388,159
REAL GUARANTEES	4,463	3,318

Significant variation in operational guarantees of EDP Renovaveis S.A. is mainly explained by parent company guarantees issued for new projects in EDPR NA.

As at 31 December 2017 and 31 December 2016, EDPR has operational guarantees regarding its commercial activity, in the amount of 393,944 thousand Euros and 495,692 thousand Euros respectively, already reflected in liabilities.

For guarantees related to associated companies, refer to note 18.

Regarding the information disclosed above:

i) The Group has project finance financings that include the usual guarantees on this type of financings, namely the pledge or a promise of pledge of bank accounts and assets of the related projects. As at 31 December 2017, these financings amount to 988,952 thousand Euros (31 December 2016: 689,803 thousand Euros), which are included in the total debt of the Group;

ii) EDPR NA is providing its tax equity investors with standard corporate guarantees typical of these agreements to indemnify them against costs they may incur as a result of fraud, willful misconduct or a breach of EDPR NA of any operational obligation under the tax equity agreements. As at 31 December 2017 and 31 December 2016, EDPR's obligations under the tax equity agreements, in the amount of 1,258,661 thousand Euros and 1,428,275 thousand Euros respectively are reflected in the statement of financial position under the caption Institutional Partnerships in U.S. Wind Farms.

iii) The financial guarantees contracted as at 31 December 2017 amounting to 4,095 thousand Euros are related to the loans obtained by certain companies of the Group and already included in the consolidated financial debt.

The EDPR Group financial debt, lease and purchase obligations by maturity date are as follows:

THOUSAND EUROS					31 DEC 2017
				CAPITAL OUTSTANDING BY MATURITY	
	TOTAL	UP TO 1 YEAR	1 TO 3 YEARS	3 TO 5 YEARS	MORE THAN 5 YEARS
Operating lease rents not yet due	1,106,937	45,518	91,973	93,326	876,120
Purchase obligations	1,936,419	960,798	401,940	110,545	463,136
	3,043,356	1,006,316	493,913	203,871	1,339,256

THOUSAND EUROS					31 DEC 2016
				CAPITAL OUTSTANDING BY MATURITY	
	TOTAL	UP TO 1 YEAR	1 TO 3 YEARS	3 TO 5 YEARS	MORE THAN 5 YEARS
Operating lease rents not yet due	1,271,873	44,596	93,536	95,279	1,038,462
Purchase obligations	2,288,163	864,089	721,378	124,917	577,779
	3,560,036	908,685	814,914	220,196	1,616,241

Purchase obligations include debts related with long-term agreements of property, plant and equipment and operational and maintenance contracts product and services supply related to the Group operational activity. When prices are defined under forward contracts, these are used in estimating the amounts of the contractual commitments.

The Operating lease rents not yet due are essentially related with the land where the wind farms are built. Usually the leasing period cover the useful life of the wind farms.

As at 31 December 2017 the Group has the following contingent liabilities/rights related with put options on investments:

- The other shareholder of the company Tivano S.r.l. holds a put option over a 25% stake of the company. The exercise price shall be 450 thousand Euros plus 100% of any contributions made by the other shareholder minus 100% of any distributions made by the company to the other shareholder, being the exercise period from 2016 to 2020. As at 31 December 2017 the put option amounts to 1,618 thousand Euros (1,575 thousand Euros as of 31 December 2016).

- The other shareholder of the company San Mauro S.r.l. holds a put option over a 25% stake of the company. The exercise price shall be 25% of the final purchase price plus 100% of any contributions made by the other shareholder minus 100% of any distributions made by the company to the other shareholder, being the exercise period from 2017 to 2022. As at 31 December 2017 the put option amounts to 259 thousand Euros (341 thousand Euros as of 31 December 2016).

- The other shareholder of the company AW 2 S.r.l. holds a put option over a 25% stake of the company. The exercise price shall be 25% of the final purchase price plus 100% of any contributions made by the other shareholder minus 100% of any distributions made by the company to the other shareholder, being the exercise period from 2017 to 2022. As at 31 December 2017 the put option amounts to 292 thousand Euros (383 thousand Euros as of 31 December 2016).

Some of the disposal of non-controlling interests transactions retaining control carried out in 2017 an in previous years incorporate contingent assets and liabilities according to the terms of the corresponding agreements.

37. RELATED PARTIES

The Members of the Board of Directors of the Company and its delegated Committees do not own directly or indirectly any shares from EDPR, as of 31 December 2017. The last share transactions made by EDPR's Board Members were reported in August 2017 to the regulatory and supervisory entities following EDP's General and Voluntary Public Tender Offer for the acquisition of the shares issued by EDPR (see note 1 and 26).

According to Article nr 229 of "Ley de Sociedades de Capital" (Spanish Companies Law), the members of the Board of Directors of EDP Renováveis have not communicated, or the parent company has knowledge, of any conflict of interests or incompatibility that could affect the performance of their duties.

Remuneration of the members of the Board of Directors

In accordance with the Company's by-laws, the remuneration of the members of the Board of Directors is proposed by the Nominations and Remunerations Committee to the Board of Directors on the basis of the overall amount of remuneration authorized by the General Meeting of Shareholders. The Board of Directors approves the distribution and the exact amount to be paid to each Director on the basis of this proposal.

The remuneration paid to the members of the Board of Directors in 2017 and 2016 were as follows:

THOUSAND EUROS	31 DEC 2017	31 DEC 2016
CEO	-	-
Board members	739	723
	739	723

EDPR signed an Executive Management Services Agreement with EDP, under which EDP bears the cost for the services rendered by its Executive and Non-Executive Directors, which are João Manso Neto, Nuno Alves and António Mexia. 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.

Under this contract, EDPR is due to pay an amount to EDP, for the services rendered by the Executive Managers and the Non-executive Managers. The amount due under said Agreement for the management services rendered by EDP in 2017 is 621 thousand Euros (1,132 thousand Euros in 2016), of which 531 thousand Euros refers to the management services rendered by the Executive Members and 90 thousand Euros to the management services rendered by the non-executive Members.

The retirement savings plan for the members of the Executive Committee not including the Chief Executive Officer range between 3% to 6% of their annual salary.

In the case of the members of the Executive Committee that are also Directors (Miguel Dias Amaro, CFO (until September 2017); Duarte Melo de Castro Bello, COO EU&BR (from September 2017); João Paulo Costeira, COO Offshore & CDO; Gabriel Alonso COO EDPR NA (until September 2017); and Miguel Ángel Prado Balboa, COO EDPR NA (from September 2017)), there are contracts that were signed with other group companies, as follows: Miguel Dias Amaro (until September 2017), Duarte Melo de Castro Bello (from September 2017) and João Paulo Costeira with EDP Energias de Portugal S.A. Sucursal en España; and Gabriel Alonso (until September 2017) and Miguel Ángel Prado Balboa (from September 2017) with EDP Renewables North America LLC.

The Company has no pension or life insurance obligations with its former or current Board members in 2017 or 2016.

Relevant balances and transactions with subsidiaries and associates of China Three Gorges Group

Within the context of the transactions with CTG related to the sale of 49% of EDPR Portugal, EDPR PT-PE, EDPR Italia and EDPR Polska equity shareholding to CTG Group, CTG has granted loans to the EDPR Group in the amount of 300,367 thousand Euros including accrued interests (47,651 thousand Euros as current and 252,716 thousand Euros as non-current) as at 31 December 2017. As at 31 December 2016, this balance amounted to 275,509 thousand Euros including accrued interests and excluding transaction with EDPR PT-PE that took place in 2017 (53,134 thousand Euros as current and 222,375 thousand Euros as non-current). See note 33.

Balances and transactions with EDP Group companies

As at 31 December 2017, assets and liabilities with related parties, are analysed as follows:

THOUSAND EUROS			ASSETS
	LOANS AND INTERESTS TO RECEIVE	OTHERS	TOTAL
EDP Energias de Portugal, S.A.	-	8,578	8,578
EDP - Energias de Portugal, S.A. Sucursal en España (EDP Branch)	-	19,932	19,932
Joint Ventures and Associated companies	43,149	560	43,709
EDP Serviço Universal, S.A.	-	30,372	30,372
Other EDP Group companies	-	6,975	6,975
	43,149	66,417	109,566

THOUSAND EUROS			LIABILITIES
	LOANS AND INTERESTS TO PAY	OTHERS	TOTAL
EDP Energias de Portugal, S.A.	-	53,656	53,656
EDP - Energias de Portugal, S.A. Sucursal en España (EDP Branch)	-	283,858	283,858
Joint Ventures and Associated companies	-	57	57
EDP Finance B.V.	1,222,617	835	1,223,452
EDP Servicios Financieros España, S.A.	1,020,259	448	1,020,707
Other EDP Group companies	-	3,272	3,272
	2,242,876	342,126	2,585,002

As at 31 December 2016, assets and liabilities with related parties, are analysed as follows:

THOUSAND EUROS			ASSETS
	LOANS AND INTERESTS TO RECEIVE	OTHERS	TOTAL
EDP Energias de Portugal, S.A.	1,099	18,489	19,588
EDP - Energias de Portugal, S.A. Sucursal en España (EDP Branch)	-	24,961	24,961
Joint Ventures and Associated companies	55,498	515	56,013
EDP Servicios Financieros España, S.A.	-	195,343	195,343
Other EDP Group companies	-	25,153	25,153
	56,597	264,461	321,058

THOUSAND EUROS			LIABILITIES
	LOANS AND INTERESTS TO PAY	OTHERS	TOTAL
EDP Energias de Portugal, S.A.	25	29,092	29,117
EDP - Energias de Portugal, S.A. Sucursal en España (EDP Branch)	-	676,006	676,006
Joint Ventures and Associated companies	-	57	57
EDP Finance B.V.	1,397,550	308	1,397,858
EDP Servicios Financieros España, S.A.	1,220,062	-	1,220,062
Other EDP Group companies	-	5,941	5,941
	2,617,637	711,404	3,329,041

Assets mainly include loans granted to companies consolidated by the equity method (see note 22) and commercial receivables related to the sale of energy in EDPR Portugal through EDP Serviço Universal, S.A., which is a last resort retailer, due to regulatory legislation.

Liabilities mainly refer to (i) loans obtained by EDP Renováveis S.A. and by EDP Renováveis Servicios Financieros S.L. from EDP Finance BV in the amount, including interests and deducted from debt arrangement expenses, of 1,222,617 thousand Euros (31 December 2016: 1,397,550 thousand Euros) and from EDP Servicios Financieros España S.A. in the amount of 965,870 thousand Euros (31 December 2016: 1,220,062 thousand Euros); (ii) credit balance of the current account with EDP Servicios Financieros España S.A. amounting to 54,389 thousand Euros as at 31 December 2017 (debit balance of 195,343 thousand Euros as at 31 December 2016 that was classified as cash and cash equivalents in accordance with the terms and conditions of the contract signed between the parties on June 1, 2015 (see note 24); (iii) Derivatives with the purpose of hedging the foreign exchange risk of EDP Renováveis and EDP Branch, having the EDP Group established a Cross-Currency Interest Rate Swap (CIRS) in USD and EUR between EDP Branch and EDP Renováveis. At each reporting date, this CIRS is revalued to its market value, which corresponds to a spot foreign exchange revaluation, resulting in a perfect hedge (revaluation of the investment in EDPR NA and of the USD external financing). As at 31 December 2017, the amount payable by EDP Renováveis to EDP Branch related to this CIRS amounts to 280,477 thousand Euros (31 December 2016: 668,047 thousand Euros) (see notes 33 and 35).

Transactions with related parties for the year ended 31 December 2017 are analysed as follows:

THOUSAND EUROS	OPERATING INCOME	FINANCIAL INCOME	OPERATING EXPENSES	FINANCIAL EXPENSES
EDP Energias de Portugal, S.A.	193	13,650	-22,184	-23,385
EDP Energias de Portugal, S.A. Sucursal en España (EDP Branch)	-	-	-14,090	-45,307
Hidrocantábrico Group companies (electric sector)	-	-	-913	-647
Joint Ventures and Associated companies	4,652	1,043	-99	-
EDP Serviço Universal, S.A.	261,896	-	-4	-
EDP - Comercialização e Serviços de Energia, S.A.	18,046	-	-	-
EDP Finance B.V.	-	-	-	-62,928
EDP Servicios Financieros España, S.A.	-	-	-	-34,822
Other EDP Group companies	138	609	-4,039	-880
	284,925	15,302	-41,329	-167,969

Operating income includes mainly the electricity sales to EDP Serviço Universal, S.A. which is a supplier of last resource in Portugal due to regulatory legislation.

Financial income and financial expenses with EDP Energias de Portugal, S.A. are mainly related to derivative financial instruments.

Transactions with related parties for the year ended 31 December 2016 are analysed as follows:

THOUSAND EUROS	OPERATING INCOME	FINANCIAL INCOME	OPERATING EXPENSES	FINANCIAL EXPENSES
EDP Energias de Portugal, S.A.	26,433	13,440	-1,718	-31,410
EDP Energias de Portugal, S.A. Sucursal en España (EDP Branch)	72	-	-11,713	-120,208
Hidrocantábrico Group companies (electric sector)	-	-	-1,210	-683
Joint Ventures and Associated companies	3,358	1,199	-90	-
EDP Serviço Universal, S.A.	268,279	-	-4	-
Other EDP Group companies	31	92,633	-3,907	-133,503
	298,173	107,272	-18,642	-285,804

As part of its operational activities, the EDP Renováveis Group must present guarantees in favor of certain suppliers and in connection with renewable energy contracts. As at 31 December 2017, EDP, S.A., Energias do Brasil and Hidrocantábrico granted financial (46,569 thousands of Euros, 31 December 2016: 101,306 thousands of Euros) and operational (322,904 thousands of Euros, 31 December 2016: 276,236 thousands of Euros) guarantees to suppliers in favour of EDPR EU and EDPR NA. The operational guarantees are issued following the commitments assumed by EDPR EU and EDPR NA in relation to the acquisition of property, plant and equipment, supply agreements, turbines and energy contracts (power purchase agreements) (see note 36).

38. FAIR VALUE OF FINANCIAL ASSETS AND LIABILITIES

Fair value of financial instruments is based, whenever available, on quoted market prices. Otherwise, fair value is determined through internal models, which are based on generally accepted cash flow discounting techniques and option valuation models or through quotations supplied by third parties.

Non-standard instruments may require alternative techniques, which consider their characteristics and the generally accepted market practices applicable to such instruments. These models are developed considering the market variables that affect the underlying instrument, namely yield curves, exchange rates and volatility factors.

Market data is obtained from generally accepted suppliers of financial data (Bloomberg and Reuters).

As at 31 December 2017 and 2016, the following table presents the interest rate curves of the major currencies to which the Group is exposed. These interest rates were used as the base for the fair value calculations made through internal models referred above:

	31 DEC 2017		31 DEC 2016	
	CURRENCIES		CURRENCIES	
	EUR	USD	EUR	USD
3 months	-0.33%	1.69%	-0.34%	0.77%
6 months	-0.27%	1.75%	-0.22%	1.00%
9 months	-0.29%	1.83%	-0.24%	1.11%
1 year	-0.26%	1.90%	-0.20%	1.19%
2 years	-0.15%	2.08%	-0.16%	1.45%
3 years	0.01%	2.17%	-0.10%	1.69%
5 years	0.31%	2.24%	0.08%	1.98%
7 years	0.56%	2.31%	0.31%	2.16%
10 years	0.89%	2.40%	0.67%	2.34%

Non-listed equity instruments, for which a reliable and consistent fair value estimate is not available either by internal models or external providers, are recognized at their historical cost.

Available-for-sale financial instruments and financial assets at fair value through profit or loss

Listed financial instruments are recognized at fair value based on market prices. The financial instruments for which reliable fair value estimates are not available, are recorded in the statement of financial position at their cost.

Cash and cash equivalents, trade receivables and suppliers

These financial instruments include mainly short term financial assets and liabilities. Given their short term nature at the reporting date, their book values are not significantly different from their fair values.

Financial debt

The fair value of the financial debt is estimated through internal models, which are based on generally accepted cash flow discounting techniques. At the reporting date, the carrying amount of floating rate loans is approximately their fair value. In case of fixed rate loans, mainly the intercompany loans granted by EDP Group, their fair value is obtained through internal models based on generally accepted discounting techniques.

Derivative financial instruments

All derivatives are accounted at their fair value. For those which are quoted in organized markets, the respective market price is used. For over-the-counter derivatives, fair value is estimated through the use of internal models based on cash flow discounting techniques and option valuation models generally accepted by the market, or by dealer price quotations.

CIRS with EDP Branch (note 35)

With the purpose of hedging the foreign exchange risk resulting from the net investment in EDPR NA, the Group entered into a CIRS in USD and EUR with EDP Branch. This financial derivative is presented in the statement of financial position at its fair value, which is estimated by discounting the projected USD and EUR cash flows. The discount rates and forward interest rates were based on the interest rate curves referred to above and the USD/EUR exchange rate is disclosed on note 27. See also note 33.

The fair values of assets and liabilities as at 31 December 2017 and 31 December 2016 are analysed as follows:

THOUSAND EUROS	31 DECEMBER 2017			31 DECEMBER 2016		
	CARRYING AMOUNT	FAIR VALUE	DIFFERENCE	CARRYING AMOUNT	FAIR VALUE	DIFFERENCE
Financial assets						
Available-for-sale investments	8,585	8,585	-	8,187	8,187	-
Debtors and other assets from commercial activities	363,653	363,653	-	364,075	364,075	-
Other debtors and other assets	116,314	116,314	-	107,270	107,270	-
Derivative financial instruments	46,620	46,620	-	55,066	55,066	-
Financial assets at fair value through profit or loss	-	-	-	-	-	-
Cash and cash equivalents	388,061	388,061	-	603,219	603,219	-
	923,233	923,233	-	1,137,817	1,137,817	-
Financial liabilities						
Financial debt	3,236,963	3,340,059	103,096	3,406,069	3,440,235	34,166
Suppliers	716,112	716,112	-	748,613	748,613	-
Institutional partnerships in U.S. wind farms	2,163,722	2,163,722	-	2,339,425	2,339,425	-
Trade and other payables from commercial activities	458,963	458,963	-	98,525	98,525	-
Other liabilities and other payables	646,910	646,910	-	642,527	642,527	-
Derivative financial instruments	384,397	384,397	-	771,167	771,167	-
	7,607,067	7,710,163	103,096	8,006,326	8,040,492	34,166

The fair value levels used to valuate EDP Renováveis Group financial assets and liabilities are defined as follows:

- Level 1 - Quoted prices (unadjusted) in active market for identical assets and liabilities;

- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for assets or liabilities, either directly (i.e. as prices) or indirectly (i.e., derived from prices);

- Level 3 - Inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

THOUSAND EUROS	31 DECEMBER 2017			31 DECEMBER 2016		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
Financial assets						
Available-for-sale investments	-	-	8,585	-	-	8,186
Derivative financial instruments	-	46,620	-	-	55,066	-
	-	46,620	8,585	-	55,066	8,186
Financial liabilities						
Liabilities arising from options with non-controlling interests	-	-	3,722	-	-	4,694
Derivative financial instruments	-	384,397	-	-	771,167	-
	-	384,397	3,722	-	771,167	4,694

The remaining assets and liabilities are valuated within Level 1 or correspond to assets and liabilities which fair value is the same as its carrying amount. In 2017, there are no transfers between levels.

The movement in 2017 and 2016 of the financial assets and liabilities within Level 3 are analysed was as follows:

THOUSAND EUROS	AVAILABLE FOR SALE INVESTMENTS		TRADE AND OTHER PAYABLES	
	31 DEC 2017	31 DEC 2016	31 DEC 2017	31 DEC 2016
Balance at the beginning of the year	8,186	6,257	4,694	344
Gains / (Losses) in other comprehensive income	397	1,929	-	-
Purchases	-	-	-	4,358
Disposals	-	-	-973	-
Others	2	-	1	-8
BALANCE AT THE END OF THE YEAR	8,585	8,186	3,722	4,694

The Trade and other payables within level 3 are related to Liabilities with non-controlling interests.

The movements in 2017 and 2016 of the derivative financial instruments are presented in note 35.

39. RELEVANT AND SUBSEQUENT EVENTS

EDPR secures a 200 MW PPA for a new wind farm in the US

EDPR through its fully owned subsidiary EDP Renewables North America LLC, secured a 20-year Power Purchase Agreement with Great Plains Energy to sell the energy produced by 200 MW from Prairie Queen wind farm. Prairie Queen wind farm is located in the Allen County, Kansas. Start of operations are expected for 2019.

EDPR secures 125 MW long-term contract in Northern Indiana, United States

EDPR through its fully owned subsidiary EDP Renewables North America LLC, secured a long-term contract with Nestlé and with Cummins Inc in the United States to sell the energy produced by 50 MW and by 75 MW respectively from Meadow Lake VI wind farm. The project, is located in the State of Indiana with start of operations expected for 2018.

EDPR completed 507 million Dollars funding of tax equity in the US

EDPR through its fully owned subsidiary EDP Renewables North America LLC, completed two institutional partnerships in the US in the amount of 507 million Dollars for the following projects (see note 31):

- Wind farms (363 MW): EDPR completed a 439.6 million Dollars funding of tax equity financing from Bank of New York Mellon in exchange for an interest in the 100 MW Meadow Lake V, 99 MW Redbed Plains, 98 MW Quilt Block and 66 MW Hog Creek. The projects are located in the state of Indiana, Oklahoma, Wisconsin and Ohio respectively, and have previously secured long-term Power Purchase Agreements;
- Solar plants (60 MW): EDPR closed a 67.6 million Dollars funding of tax equity financing in exchange for an interest in three solar plants totaling 60 MW and installed in December 2017. The projects are located in the state of South Carolina and have previously secured long-term Power Purchase Agreements.

EDPR is awarded long term contracts for 218 MW at Brazilian energy auction

EDPR, through its subsidiary EDP Renováveis Brasil, S.A., secured 20-year Power Purchase Agreements (“PPA”) at the Brazilian energy A-6 2017 auction to sell electricity in the regulated market. The energy will be produced by two wind farms to be installed in the Brazilian State of Rio Grande do Norte; Santa Rosa e Mundo Novo with registered capacity of 121.8 MW and Aventura with 97.1 MW which commercial operation is expected to occur in January 2023.

EDPR is awarded a long-term RESA for 248.4 MW of wind onshore in Canada

EDPR through its subsidiary EDP Renewables Canada Ltd. was awarded by The Alberta Electricity System Operator a 20-year Renewable Energy Support Agreement, for the delivery of 248.4 MW of onshore wind generation. The Sharp Hills Wind Farm is located in eastern Alberta, Canada, with commercial operation expected to occur in December 2019.

EDPR consortium is awarded with long-term CfD for 950 MW in the UK

EDPR through the joint venture company Moray Offshore Windfarm (East) Limited was awarded by the UK’s Department for Business, Energy & Industrial Strategy with a 15-year Contract for Difference (CfD) for the delivery of 950 MW of offshore wind generation.

Increase in EDP qualified shareholding over EDPR to 82.56%

EDP – Energias de Portugal S.A. notified EDPR that it holds a qualified shareholding of 720,191,372 ordinary shares of EDPR, which corresponds to 82.56% of EDPR's share capital and 82.56% of the respective voting rights. The increase in EDP qualified shareholding to 82.56% resulted from the acquisition, in the General and Voluntary Public Tender Offer for the acquisition of shares representative of the share capital of EDPR, on August 8th 2017, of 43,907,516 shares which correspond to 5.03% of EDPR's share capital and voting rights (see note 1 and 26).

Sale of a 23% stake in UK wind offshore project Moray Offshore Windfarm (East) Limited

EDPR, through its subsidiary EDPR UK Limited closed an agreement with ENGIE, to sell a 23% stake in equity shareholding and outstanding shareholders loans on the Moray Offshore Windfarm (East) Limited for a total consideration of 21 million Pound Sterling (see note 5).

Completion of sale of minority stake in Portuguese assets to CTG

EDPR completed in June 2017 the sale of 49% equity shareholding and shareholder loans in a portfolio of 422 MW of wind assets located in Portugal, to ACE Portugal Sàrl which is 100% owned by ACE Investment Fund II LP – an entity participated of China Three Gorges Hong Kong Ltd ("CTG HK"), a fully-owned subsidiary of China Three Gorges ("CTG"), for a final consideration of 248 million Euros (see note 5).

40. RECENT ACCOUNTING STANDARDS AND INTERPRETATIONS USED

Standards, amendments and interpretations issued effective for the Group

The new interpretation that has been issued and that the EDPR Group has applied on its consolidated financial statements is the following:

• IAS 7 (Amended) - Disclosure Initiative

The International Accounting Standards Board (IASB) issued, in January 2016, amendments to IAS 7 - Statement of Cash Flows, with effective date of mandatory application for periods beginning on or after 1 January 2017, being allowed its early adoption.

These amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, such as:

- Changes from financing cash flows;

- Changes arising from obtaining or losing control of subsidiaries or other businesses;

- The effect of changes in foreign exchange rates; or

- Changes in fair values.

These disclosures have been presented by providing a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities that has been included as an annex to the Consolidated Statement of Cash Flows of the EDPR Group.

The new standards and interpretations that has been issued and are already effective and that the EDPR Group has applied on its consolidated financial statements with no significant impact are the following:

● IAS 12 (Amended) - Recognition of Deferred Tax Assets for Unrealised Losses;

Standards, amendments and interpretations issued but not yet effective for the Group

The standards, amendments and interpretations issued but not yet effective for the Group, which impact is being evaluated, are the following:

● IFRS 9 - Financial Instruments

IFRS 9 was adopted by European Commission Regulation nº 2067/2016, 22 November 2016, defining the effective date at most as of the start date of the first financial year that starts in or after 1 January 2018. IFRS 9 (2009 and 2010) introduces new requirements for classification and measurement of financial assets and liabilities based on the business model that determine its ownership and the contractual characteristics of cash-flows for the proposed instruments. In 2013 a version of IFRS 9 was published with requirements that regulate the hedge accounting. Then, in 2014, IFRS 9 was reviewed and introduced some guidelines for classification and measurement of financial instruments: besides shareholdings in strategic investments, it extended to other debt instruments the fair value measurement with changes in fair value being recognised as Other Comprehensive Income (OCI) and reinforced a new impairment model based on an "expected credit losses model.

IFRS 9 brings together all three aspects of the accounting for financial instruments: classification and measurement, impairment and hedge accounting.

IFRS 9 will be applicable for financial years starting on 1 January 2018 (even though early adoption is permitted). With exception for hedge accounting requirements, retrospective application is mandatory but without obligation of comparative information disclosures. For hedge accounting, the requirements are generally prospectively applicable, with some exceptions.

EDPR Group will adopt the new standard on the required effective date and will not restate comparative information.

During 2017, EDPR Group has performed a detailed impact assessment of all aspects of IFRS 9 based on currently available information and may be subject to changes until its adoption, since EDPR Group has not yet finalised the testing and assessment of controls over its new IT systems and internal supervisory systems; and the new accounting policies are subject to change until EDPR Group presents its first financial statements that include the date of initial application.

Overall, EDPR Group expects no significant impacts on its statement of financial position and equity, except for the effect of applying the impairment requirements of IFRS 9. Moreover, EDPR Group will implement the required changes in classification of certain financial instruments.

EDPR Group has reviewed its financial assets and liabilities in order to access qualitative and quantitative impacts on the adoption of the Standard. Accordingly, the main material impacts are the following:

(a) Classification and measurement

IFRS 9 determines that classification and measurement of financial assets shall be based on the business model used to manage them and on the characteristics of the contractual cash flows. IFRS 9 contains three main measurement classification categories for financial assets: amortised cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The standard eliminates the existing IAS 39 categories of held to maturity, loans and receivables and available for sale. Regarding classification and measurement of financial liabilities, the changes to IAS 39 introduced by IFRS 9 are residual.

EDPR Group does not expect a significant impact on its balance sheet or equity on applying the classification and measurement requirements of IFRS 9. It expects to continue measuring at fair value mostly all financial assets currently held at fair value.

At 31 December 2017, EDPR Group had equity investments classified as available for sale with a fair value of 8,584 thousand Euros that are held for long term strategic purposes. Under IFRS 9, EDPR Group has designated these investments as measured at FVOCI. Consequently, all fair value gains and losses will be reported in other comprehensive income (OCI), no impairment losses will be recognised in profit or loss and no gains and losses will be reclassified to profit or loss on disposal.

Loans and trade receivables are generally held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. EDPR Group analysed the contractual cash flow characteristics of these instruments and concluded that they meet the criteria for amortised cost measurement under IFRS 9. Therefore, reclassification for these instruments is not required.

(b) Impairment

IFRS 9 replaces the impairment recognition model based on the incurred credit losses by a forward looking expected credit loss (ECL) model. In summary, the new model foresees: (i) the recognition of expected credit losses at each reporting date, considering changes in the counterparty credit risk inherent to each financial instrument; (ii) the measurement of expected losses using models based on past events, actual and forecast of future conditions; and (iii) the increase in the relevance of the financial information to be disclosed, namely in terms of expected losses and counterparty credit risk.

IFRS 9 requires EDPR Group to record expected credit losses on all of its debt instruments measured at amortised cost or FVOCI (this includes loans, bank balances and deposits, trade receivables and debt securities), either on a 12-month or a lifetime basis.

Trade and other receivables, including contract assets

EDPR Group will apply the simplified approach and record lifetime expected losses on all trade receivables and contract assets, including those with a significant financing component.

The estimated ECLs will be calculated based on actual credit loss experience over a period that, per business and type of customers, was considered statistically relevant and representative of the specific characteristics of the underlying credit risk. When applicable, EDPR Group will perform the calculation of ECL rates separately for corporates and individuals.

Considering the particularities of each business, exposures were segmented based on common credit risk characteristics such as credit risk grade, geographic region and/or industry - for corporates; and type of product purchased - for individuals, as applicable. Actual credit loss experience was adjusted by scalar factors to reflect differences between economic conditions during the period over which historical data was collect, current conditions and EDPR Group's view of economic conditions over the expected lives of the receivables.

EDPR Group estimated that application of IFRS 9's impairment requirements at 1 January 2018 results in a non-significant amount over the impairment that would have resulted under IAS 39.

When initially applying IFRS 9, the Group may choose as its accounting policy to continue to apply the hedge accounting requirements of IAS 39 instead of the requirements of IFRS 9. In order to avoid a partial application of IFRS hedge accounting premises, EDPR Group decided to continue to apply IAS 39 until the ongoing project on the accounting for macro hedging is completed. Therefore, EDPR Group will maintain its accounting policy, as described in Note 2 (d).

Nevertheless, focusing on the already established main premises, the adoption of IFRS 9 results in a more accurate representation of risk management activities in the financial statements. In addition, the criteria for the eligibility of hedged items is extended to risk components of non-financial elements, to net positions and to aggregate exposures. For hedging instruments, the main changes concern to the possibility of deferring certain effects in OCI (e.g., the time value of an option), until the hedged item impacts profit or loss. IFRS 9 also eliminates the requirement for testing effectiveness under which the results of the retrospective test needed to fall with a range of 80%-125%, allowing entities to rebalance the hedging relationship if risk management objectives have not changed.

In summary, non-significant impacts are expected for the adoptions of IFRS 9.

Disclosures

IFRS 9 will require extensive new disclosures, in particular about hedge accounting, credit risk and ECLs. EDPR Group's assessment included an analysis to identify data gaps against current processes. EDPR Group is in process of implementing the system and controls changes that it believes will be necessary to capture the required data.

● IFRS 15 - Revenue from the Contracts with Customers

IFRS 15 was issued in May 2014, and amended in April 2016, to replace existing revenue recognition guidance. IFRS 15 is effective for annual periods beginning on or after 1 January 2018, with early application permitted.

The new standard presents the principles that shall be applied by an entity in order to provide more useful information to users of financial statements about the nature, amount, term and uncertainty of revenue and cash flows arising from a contract with a customer.

The core principle of IFRS 15 is that an entity shall recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services, as provided in the 5 steps methodology. This methodology consists in the following steps: (i) identify the contract with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to performance obligations; and (v) recognise revenue when (or as) the entity satisfies a performance obligation.

The Group plans to adopt IFRS 15 using the cumulative effect method (modified retrospective approach), with the effect of initially applying this standard recognised at the date of initial application (i.e. 1 January 2018). As a result, EDPR Group will not apply the requirements of IFRS 15 to the comparative period presented.

The analysis performed resulted on the assessment of the following preliminary impacts:

(a) Sale of goods

Revenue related to the sale of energy is currently measured at fair value of the consideration received or receivable, net of value added tax, rebates and discounts and after elimination of intra-group sales.

Revenue recognition occurs when the significant risks and rewards of ownership are transferred to the buyer, the entity retains neither continuing managerial involvement to the extent usually associated with ownership nor effective control over the goods sold, the amount of revenue can be reliably measured, it is probable that the economic benefits associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be reliably measured.

The moment when an entity has transferred the significant risks and rewards of ownership to the buyer varies depending on the activities carried out by the overall EDPR Group companies.

For contracts with customers in which the sale of energy is generally expected to be the only performance obligation, adoption of IFRS 15 is not expected to have any impact on the EDPR Group's revenue recognition pattern and timing. The EDPR Group expects the revenue recognition to occur at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

(b) Rendering of services

The revenue recognition related with services rendered is currently based on the percentage of completion of the transaction at the reporting date. This occurs when the amount of revenue can be reliably measured, when it is probable the existence of economic benefits associated with the transaction to the entity who sells, when the percentage of completion of the transaction at the reporting date can be reliably measured and the costs incurred with the transaction and the costs to be incurred to complete the transaction can be reliably measured. Whenever it is not possible to reliably measure the completion of a transaction involving services rendered, revenue is only recognised to the extent of the expenses recognised as recoverable.

EDPR Group concluded that the services are satisfied over time given that the customer simultaneously receives and consumes the benefits provided by the Group. Consequently, under IFRS 15 the Group will continue to recognise revenue for these service contracts/service components of bundled contracts over time rather than at a point in time.

By applying a percentage of completion method, the Group currently recognises revenue and Trade and other receivables, even if receipt of the total consideration is conditional on successful completion of installation services. Under IFRS 15, earned consideration that is conditional should be recognised as a contract asset rather than receivable.

EDPR Group provides certain services either on their own or bundled together with the sale of goods (energy or equipment). Currently, EDPR Group accounts for the energy, equipment and services as separate deliverables. Under IFRS 15, allocation of the consideration will be made based on relative stand-alone selling prices. Hence, this allocation and, consequently, the timing of the amount of revenue recognised in relation to these sales would be affected. EDPR Group analysed these contracts and concluded that no material differences arises from the actual revenue recognition based on separate deliverables and the IFRS 15 stand-alone prices allocation.

Overall, the EDPR Group expects no impacts on its statement of financial position and equity for the adoption of IFRS 15.

Disclosures

The presentation and disclosure requirements in IFRS 15 are more detailed than under current IFRS. In particular, the Group expects that the notes to the financial statements will be expanded because of the disclosure of significant judgements made: when determining the transaction price of those contracts that include variable consideration, how the transaction price has been allocated to the performance obligations, and the assumptions made to estimate the stand-alone selling prices of each performance obligation. In 2017, the Group continued testing of appropriate systems, internal controls, policies and procedures necessary to collect and disclose the required information.

● IFRS 16 – Leases

The International Accounting Standards Board (IASB) issued, in January 2016, IFRS 16 - Leases, with effective date of mandatory application for periods beginning on or after 1 January 2019, with earlier adoption permitted for entities that have also adopted IFRS 15 - Revenue from Contracts with Customers. This standard has not yet been adopted by the European Union.

This standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and supersedes IAS 17 - Leases and its associated interpretative guidance. The objective is to ensure that lessees and lessors provide relevant information to the users of financial statements, namely about the effect that leases have on the financial position, financial performance and cash flows of the entity.

The main issues considered are as follows:

- inclusion of some considerations in order to distinguish leases from service contracts, based on the existence of control of the underlying asset at the time that it is available for use by the lessee; and

- Introduction of a single lessee accounting model that requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. As a consequence, a lessee recognises depreciation costs and interest costs separately.

At the date of the publication of these consolidated financial statements, the EDPR Group has already carried out an inventory of the existing lease contracts and is currently performing a technical analysis considering the provisions of IFRS 16. In addition, EDP Group is revising the existing information systems in order to assess to what extent will be necessary to adapt them to the requirements of this standard. At this stage, it is not possible to estimate the magnitude of the impacts inherent to the adoption of this standard.

The standards, amendments and interpretations issued but not yet effective for the Group with no significant impact are the following:

● IFRS 4 (Amended) - Applying IFRS 9 - Financial Instruments with IFRS 4 - Insurance Contracts;

● IFRS 9 (Amended) - Amendments to IFRS 9: Prepayment Features with Negative Compensation;

● IFRS 17 - Insurance Contracts;

● IAS 28 (Amended) - Long-term Interests in Associates and Joint Ventures;

● IFRIC 22 - Foreign Currency Transactions and Advance Payments;

● IFRIC 23 - Uncertainty over Income Tax Treatments;

● Annual Improvement Project (2014-2016);

● Annual Improvement Project (2015-2017).

41. ENVIRONMENT ISSUES

Expenses of environmental nature are the expenses that were identified and incurred to avoid, reduce or repair damages of an environmental nature that result from the Group's normal activity.

These expenses are booked in the income statement of the year, except if they qualify to be recognised as an asset, according to IAS 16.

During the year, the environmental expenses recognised in the income statement in the amount of 4,257 thousand Euros (31 December 2016: 3,721 thousand Euros) refer to costs with the environmental management plan.

As referred in accounting policy 2o), the Group has established provisions for dismantling and decommissioning of property, plant and equipment when a legal or contractual obligation exists to dismantle and decommission those assets at the end of their useful lives. Consequently, the Group has booked provisions for property, plant and equipment related to electricity wind generation for the responsibilities of restoring sites and land to its original condition, in the amount of 269,454 thousand Euros as at 31 December 2017 (31 December 2016: 268,191 thousand Euros) (see note 30).

42. BUSINESS COMBINATIONS

In the first quarter of 2017, EDPR Group changed the method by which it consolidated Eólica de Coahuila, S.A. de C.V. from equity method to full consolidation method as a result of the wind farm construction completion and its entry into operation. The control was initially shared with Energía Bal, S.A. de C.V. due to its experience of managing projects in Mexico. The Shareholders Agreement already established that, with the entry into operation, EDPR International Investments B.V. would gain control of the company for its greater experience in the operational management of wind farms.

The Group used the financial statements as at 31 January 2017 to determine the fair value of assets and liabilities. This company has been fully consolidated from 1 February 2017.

Since the date of acquisition of full control over this portfolio, it has contributed to the consolidated financial statements with revenues from energy sales in the amount of 35,771 thousand Euros and with a Net profit for the period (attributable to Equity holders of EDPR) in the amount of 1,127 thousand Euros. Until the date in which the control was obtained, the shareholding previously held was consolidated by the equity method, therefore the result generated in 2017 until the gain of control, which amounts to gains of 271 thousands of Euros, was incorporated under the caption investment in joint ventures and associates.

Fair value of assets and liabilities identified at the control acquisition date are as follows:

THOUSAND EUROS	
ASSETS	
Property, plant and equipment	327,558
Other debtors and other assets	26,160
Cash and cash equivalents	26,498
TOTAL ASSETS	380,216
LIABILITIES	
Financial Debt	241,553
Other liabilities and other payables	105,754
TOTAL LIABILITIES	347,307
NET ASSETS	32,909

This transaction does not have any impact in the profit and loss of the consolidated financial statements since the previous investment as a joint venture, and therefore related net assets, were already registered at fair value.

Additionally, in the third quarter of 2017, EDP Renovables España, S.L. increased its financial interest in the Spanish SPV Tebar Eólica, S.A. from 50% to 100% and obtained the control of the company. This transition resulted in a change in its consolidation method from the equity method to the full consolidation method.

The Group used the financial statements as at 31 July 2017 to determine pre-acquisition results and, consequently, this company has been fully consolidated from 1 August 2017.

Since the date of acquisition of full control over this portfolio, it has contributed to the consolidated financial statements with revenues from energy sales in the amount of 2,644 thousand Euros and with a Net profit for the period (attributable to Equity holders of EDPR) in the amount of 761 thousand Euros. Until the date in which the control was obtained, the shareholding previously held was consolidated by the equity method, therefore the result generated in 2017 until the gain of control, which amount to losses of 446 thousand Euros, was incorporated under the caption investment in joint ventures and associates.

At year-end, EDPR has determined the fair value of the assets acquired and liabilities assumed. This valuation, which was based on the discounted cashflow method, came to an equity fair value of the portfolio in which EDPR takes control in the amount of 12,142 thousand Euros. Fair value of identifiable assets and liabilities at the acquisition date for the 50% acquired is presented as follows:

THOUSAND EUROS	
ASSETS	
Property, plant and equipment	9,813
Deferred tax assets	699
Other debtors and other assets	2,724
Cash and cash equivalentes	1,844
Total Assets	15,080
LIABILITIES	
Deferred tax liabilities	-
Other liabilities and other payables	9,274
Total Liabilities	9,274
Net Assets	5,806
Net Assets acquired (50%)	2,903
Fair value adjustment in Property, plant and equipment net of taxes	9,239
Fair Value of Net Assets acquired	12,142
Total consideration transferred for the acquisition	-7,500
Gain on acquisition	4,642
ACQUISITION CASH FLOW	
- Cash and cash equivalents of Banzi	922
- Total consideration transferred for the acquisition	-7,500
Net cash outflow	-6,578

The above valuation has determined a fair value for Property, plant and equipment in the amount of 12,319 thousand Euros, generating a net fair value adjustment of 9,239 thousand Euros and a corresponding deferred tax liability in the amount of 3,080 thousand Euros.

As EDPR Group had already a 50% stake in Tebar Eólica, S.A., this transaction was treated as a step acquisition under IFRS 3. Fair value of the net assets acquired amounts to 12,142 thousand Euros being the consideration transferred 7,500 thousand Euros, resulting in a gain on the acquisition of 4,642 thousand Euros, recorded under the "Other income" caption (see note 8)

During 2016 the EDPR Group acquired 100% of the Italian company Parco Eólico Banzi S.r.l. Fair value of the net assets acquired amounted to 47,610 thousand Euros being the consideration transferred 44,570 thousand Euros, resulting in a gain on the acquisition of 3,040 thousand Euros, recorded under the "Other income" caption.

During 2017 the EDPR Group has paid an amount of 27,829 thousand Euros as at 31 December 2017 (57,950 thousand Euros as at 31 December 2016) for acquisitions of companies and other payments related to financial assets mainly explained by:

- Payment for acquisition of additional shareholding in companies of the Group and success fees: 11,513 thousand Euros which includes 7,500 thousand Euros for the acquisition of 50% of Tebar Eólica, S.A. referred above; and
- Capital contributions in the offshore French companies Mer de Dieppe and Mer Vendee consolidated by the equity method for an amount of 15,546 thousand Euros.

43. OPERATING SEGMENTS REPORT

The Group generates energy from renewable resources and has three reportable segments which are the Group's business platforms, Europe, North America and Brazil. The strategic business units have operations in different geographic zones and are managed separately because their characteristics are quite different. For each of the strategic business units, the Group's CEO reviews internal management reports on at least a quarterly basis.

The accounting policies of the reportable segments are the same as described in note 3. Information regarding the results of each reportable segment is included in Annex 2. Performance is based on segment operating profit measures, as included in the internal management reports that are reviewed by the Management. Segment operating profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

A business segment is an identifiable component of the Group, aimed at providing a single product or service, or a group of related products or services, and it is subject to risks and returns that can be distinguished from those of other business segments.

The Group generates energy from renewable sources in several locations and its activity is managed based on the following business segments:

- Europe: refers to EDPR EU Group companies operating in Spain, Portugal, Belgium, France, Italy, Netherlands, Poland, Romania and United Kingdom;
- North America: refers to EDPR North America, EDPR Canada and EDPR Mexico Group companies that operate in United States of America, Canada and Mexico, respectively;
- Brazil: refers to EDPR Brasil Group companies that operate in this country.

Segment definition

The amounts reported in each business segment result from the aggregation of the subsidiaries and business units defined in each segment perimeter, including the intra-segment eliminations, without any inter-segment allocation adjustment.

The financial information disclosed by each business segment is determined based on the amounts booked directly in the subsidiaries that compose the segment, including the intra-segment eliminations, without any inter-segment allocation adjustment.

44. AUDIT AND NON-AUDIT FEES

KPMG has audited the consolidated annual accounts of EDP Renováveis Group for 2017 and 2016. Fees for professional services provided by this company and the other related entities and persons in accordance with Royal-Decree 1/2011 of 1 July, for the year ended in 31 December 2017 and 2016, are as follows:

THOUSAND EUROS				31 DECEMBER 2017
	EUROPE	NORTH AMERICA	BRAZIL	TOTAL
Audit and statutory audit of accounts	1,346	1,073	150	2,569
Other audit-related services	11	4	-	15
	1,357	1,077	150	2,584
Other non-audit services	(*) 431	6	-	437
TOTAL	1,788	1,083	150	3,021

THOUSAND EUROS				31 DECEMBER 2016
	EUROPE	NORTH AMERICA	BRAZIL	TOTAL
Audit and statutory audit of accounts	1,477	1,161	126	2,764
Other audit-related services	193	7	-	200
	1,670	1,168	126	2,964
Other non-audit services	88	-	-	88
	88	-	-	88
TOTAL	1,758	1,168	126	3,052

(*) This amount includes, between others, services that refer to the entire Group such as the review of the internal control system on financial reporting and review of the non-financial information related to sustainability included in the EDPR Group's annual report, which are invoiced to an European company. Variation with respect to the previous year mainly refer to the mentioned review of the internal control system on financial reporting and to the quarterly review of the Spanish and Portuguese companies' financial statements which are considered non-audit services according to the respective local regulations.

Annex 1

The Subsidiary Companies consolidated under the full consolidated method, as at 31 December 2017 and 2016, are as follows:

COMPANY	HEAD OFFICE	AUDITOR	2017 % OF CAPITAL	2017 % OF VOTING RIGHTS	2016 % OF CAPITAL	2016 % OF VOTING RIGHTS
GROUP'S PARENT HOLDING COMPANY AND RELATED ACTIVITIES						
EDP Renováveis, S.A. (Group's parent holding company)	Oviedo	KPMG	100.00%	100.00%	100.00%	100.00%
EDP Renováveis Servicios Financieros, S.A.	Oviedo	KPMG	100.00%	100.00%	100.00%	100.00%
EUROPE GEOGRAPHY / PLATFORM						
Spain						
EDP Renewables Europe, S.L.U. (Europe Parent Company)	Oviedo	KPMG	100.00%	100.00%	100.00%	100.00%
Acampo Arias, S.L.U.	Zaragoza	KPMG	100.00%	100.00%	100.00%	100,00%
Aplicaciones Industriales de Energías Limpias, S.L.	Zaragoza	n.a.	61.50%	61.50%	61.50%	61.50%
Aprofitament D'Energies Renovables de la Terra Alta, S.A.	Barcelona	n.a.	48.39%	60.09%	48.39%	60.09%
Bon Vent de Corbera, S.L.U.	Barcelona	KPMG	100.00%	100.00%	100.00%	100.00%
Bon Vent de L'Ebre, S.L.U.	Barcelona	KPMG	100.00%	51.00%	100.00%	51.00%
Bon Vent de Vilalba, S.L.U.	Barcelona	KPMG	100.00%	51.00%	100.00%	51.00%
Compañía Eólica Campo de Borja, S.A.U.	Zaragoza	n.a.	0.00%(*)	0.00%(*)	100.00%	100.00%
Desarrollos Catalanes Del Viento, S.L.U.	Barcelona	n.a.	0.00%(*)	0.00%(*)	100.00%	100.00%
Desarrollos Eólicos Almarchal, S.A.U.	Cádiz	n.a.	0.00%(*)	0.00%(*)	100.00%	100.00%
Desarrollos Eólicos Buenavista, S.A.U.	Cádiz	n.a.	0.00%(*)	0.00%(*)	100.00%	100.00%
Desarrollos Eólicos de Corme, S.A.U.	La Coruña	n.a.	0.00%(*)	0.00%(*)	100.00%	100.00%
Desarrollos Eólicos de Galicia, S.A.U.	La Coruña	n.a.	0.00%(*)	0.00%(*)	100.00%	100.00%
Desarrollos Eólicos de Lugo, S.A.U.	Lugo	n.a.	0.00%(*)	0.00%(*)	100.00%	100.00%
Desarrollos Eólicos de Tarifa, S.A.U.	Cádiz	n.a.	0.00%(*)	0.00%(*)	100.00%	100.00%
Desarrollos Eólicos de Teruel, S.L.	Zaragoza	n.a.	51.00%	51.00%	51.00%	51.00%
Desarrollos Eólicos Dumbria, S.A.U.	La Coruña	n.a.	0.00%(*)	0.00%(*)	100.00%	100.00%
Desarrollos Eólicos Rabosera, S.A.U.	Huesca	n.a.	0.00%(*)	0.00%(*)	100.00%	100.00%
EDP Renovables España, S.L.U.	Oviedo	KPMG	100.00%	100.00%	100.00%	100.00%
EDP Renováveis Cantabria, S.L.U.	Madrid	n.a.	0.00%(*)	0.00%(*)	100.00%	100.00%
EDPR Participaciones, S.L.U.	Oviedo	KPMG	51.00%	51.00%	51.00%	51.00%
EDPR Yield Spain Services, S.L.U.	Madrid	n.a.	0.00%	0.00%	100.00%	100.00%
EDPR Yield, S.A.U.	Oviedo	KPMG	100.00%	100.00%	100.00%	100,00%
Energías Eólicas de la Manchuela, S.L.U.	Madrid	n.a.	0.00%(*)	0.00%(*)	100.00%	100.00%
Eólica Arlanzón, S.A.	Madrid	KPMG	85.00%	85.00%	77.50%	77,50%
Eólica Campollano, S.A.	Madrid	KPMG	75.00%	75.00%	75.00%	75.00%
Eólica Curiscao Pumar, S.A.U.	Madrid	n.a.	0.00%(*)	0.00%(*)	100.00%	100.00%
Eólica de Radona, S.L.U.	Madrid	KPMG	100.00%	51.00%	100.00%	51.00%
Eólica del Alfoz, S.L.U.	Madrid	KPMG	100.00%	51.00%	100.00%	51,00%
Eólica Don Quijote, S.L.U.	Albacete	KPMG	100.00%	51.00%	100.00%	51.00%
Eólica Dulcinea, S.L.U.	Albacete	KPMG	100.00%	51.00%	100.00%	51,00%
Eólica Fontesilva, S.L.U.	La Coruña	KPMG	100.00%	100.00%	100.00%	100.00%
Eólica Garcimuñoz, S.L.U.	Madrid	n.a.	0.00%(*)	0.00%(*)	100.00%	100.00%

COMPANY	HEAD OFFICE	AUDITOR	2017 % OF CAPITAL	2017 % OF VOTING RIGHTS	2016 % OF CAPITAL	2016 % OF VOTING RIGHTS
Eólica Guadalteba, S.L.U.	Sevilla	n.a.	0.00%(*)	0.00%(*)	100.00%	100.00%
Eólica La Brújula, S.A.	Madrid	KPMG	100.00%	100.00%	100.00%	100.00%
Eólica La Janda, S.L.U.	Madrid	KPMG	100.00%	100.00%	100.00%	100,00%
Eólica La Navica, S.L.U.	Madrid	KPMG	100.00%	51.00%	100.00%	51,00%
Eólica Muxía, S.L.U.	La Coruña	n.a.	0.00%(*)	0.00%(*)	100.00%	100,00%
Eólica Sierra de Avila, S.L.	Madrid	KPMG	100.00%	100.00%	100.00%	100.00%
Iberia Aprovechamientos Eólicos, S.A.U.	Zaragoza	KPMG	94.00%	94.00%	94.00%	94.00%
Investigación y Desarrollo de Energías Renovables IDER, S.L.U.	León	n.a.	0.00%(*)	0.00%(*)	100.00%	100.00%
Molino de Caragüeyes, S.L.U.	Zaragoza	n.a.	0.00%(*)	0.00%(*)	100.00%	100.00%
Neo Energía Aragón, S.L.U.	Madrid	n.a.	0.00%(*)	0.00%(*)	100.00%	100.00%
Parc Eòlic Coll de la Garganta, S.L.U.	Barcelona	n.a.	0.00%(*)	0.00%(*)	100.00%	100.00%
Parc Eòlic de Coll de Moro, S.L.U.	Barcelona	KPMG	100.00%	100.00%	100.00%	100.00%
Parc Eòlic de Torre Madrina, S.L.U.	Barcelona	KPMG	100.00%	100.00%	100.00%	100.00%
Parc Eòlic de Vilalba dels Arcs, S.L.U.	Barcelona	KPMG	100.00%	100.00%	100.00%	100.00%
Parc Eòlic Serra Voltorera, S.L.U.	Barcelona	KPMG	100.00%	100.00%	100.00%	100.00%
Parque Eólico Altos del Voltoya, S.A.	Madrid	KPMG	92.50%	92.50%	92.50%	92.50%
Parque Eólico Belchite, S.L.U.	Zaragoza	n.a.	0.00%(*)	0.00%(*)	100.00%	100.00%
Parque Eólico La Sotonera, S.L.	Zaragoza	KPMG	69.84%	69.84%	69.84%	69,84%
Parque Eólico Los Cantales, S.L.U.	Zaragoza	KPMG	100.00%	100.00%	100.00%	100,00%
Parque Eólico Santa Quiteria, S.L.	Huesca	KPMG	100.00%	83.96%	100.00%	83.96%
Parques de Generación Eólica, S.L.U.	Burgos	n.a.	0.00%(*)	0.00%(*)	100.00%	100.00%
Parques Eólicos del Cantábrico, S.A.U.	Oviedo	n.a.	0.00%(*)	0.00%(*)	100.00%	100.00%
Renovables Castilla La Mancha, S.A.	Albacete	KPMG	90.00%	90.00%	90.00%	90.00%
EDPR Offshore España, S.L. (Ex South África Wind & Solar Power, S.L.U.)	Oviedo	n.a.	100.00%	100.00%	100.00%	100.00%
Tébar Eólica, S.A.	Madrid	Abante Audit Auditores, S.L.	100.00%	100.00%	50.00%(**)	50.00%(**)

(*) Company merged into EDP Renovables España, S.L. in 2017
(**) Company consolidated through the equity method in 2016

COMPANY	HEAD OFFICE	AUDITOR	2017 % OF CAPITAL	2017 % OF VOTING RIGHTS	2016 % OF CAPITAL	2016 % OF VOTING RIGHTS
Portugal						
EDP Renováveis Portugal, S.A.	Porto	KPMG	51.00%	51.00%	51.00%	51.00%
EDP Renewables SGPS, S.A.	Porto	KPMG	100.00%	100.00%	100.00%	100.00%
EDPR PT - Parques Eólicos, S.A.	Porto	KPMG	51.00%	51.00%	100.00%	100.00%
EDPR PT - Promoção e Operação, S.A.	Porto	KPMG	100.00%	100.00%	100.00%	100.00%
EDPR Yield Portugal Services, Unipessoal Lda.	Porto	KPMG	0.00%	0.00%	100.00%	100.00%
Eólica da Alagoa, S.A.	Arcos de Valdevez	KPMG	60.00%	30.60%	60.00%	30.60%
Eólica da Coutada, S.A.	Vila Pouca de Aguiar	KPMG	100.00%	51.00%	100.00%	100.00%
Eólica da Lajeira, S.A.	Porto	KPMG	100.00%	51.00%	100.00%	51.00%
Eólica da Serra das Alturas, S.A.	Boticas	KPMG	50.10%	25.55%	50.10%	22.55%
Eólica da Terra do Mato, S.A.	Porto	KPMG	100.00%	51.00%	100.00%	100.00%
Eólica das Serras das Beiras, S.A.	Arganil	KPMG	100.00%	51.00%	100.00%	100.00%
Eólica de Montenegrelo, S.A.	Vila Pouca de Aguiar	KPMG	50.10%	22.55%	50.10%	22.55%
Eólica do Alto da Lagoa, S.A.	Porto	KPMG	100.00%	51.00%	100.00%	100.00%
Eólica do Alto da Teixosa, S.A.	Cinfães	KPMG	100.00%	51.00%	100.00%	100.00%
Eólica do Alto do Mourisco, S.A.	Boticas	KPMG	100.00%	51.00%	100.00%	100.00%

COMPANY	HEAD OFFICE	AUDITOR	2017 % OF CAPITAL	2017 % OF VOTING RIGHTS	2016 % OF CAPITAL	2016 % OF VOTING RIGHTS
Eólica do Cachopo, S.A.	Porto	KPMG	100.00%	51.00%	100.00%	51.00%
Eólica do Castelo, S.A.	Porto	KPMG	100.00%	51.00%	100.00%	51.00%
Eólica do Espigão, S.A.	Miranda do Corvo	KPMG	100.00%	51.00%	100.00%	100.00%
Eólica do Velão, S.A.	Porto	KPMG	100.00%	51.00%	100.00%	51.00%
Eólica dos Altos dos Salgueiros-Guilhado, S.A.	Vila Pouca de Aguiar	KPMG	100,00%	51.00%	100.00%	100.00%
Gravitangle - Fotovoltaica Unipessoal, Lda.	Porto	KPMG	100.00%	100.00%	100.00%	100.00%
Malhadizes - Energia Eólica, S.A.	Porto	KPMG	100.00%	51.00%	100.00%	51.00%
Eólica da Linha (Ex Parque Eólico da Serra do Oeste, S.A.)	Porto	KPMG	100.00%	100.00%	100.00%	100.00%
Parque Eólico de Torrinheiras, S.A.	Porto	n.a.	0.00%(**)	0.00%(**)	100.00%	100.00%
Parque Eólico do Cabeço Norte, S.A.	Porto	n.a.	0.00%(*)	0.00%(*)	100.00%	100.00%
Parque Eólico do Pinhal do Oeste, S.A.	Porto	n.a.	0.00%(*)	0.00%(*)	100.00%	100.00%
Eólica do Sincelo, S.A. (Ex Parque Eólico do Planalto, S.A.)	Porto	KPMG	100.00%	100.00%	100.00%	100.00%
Stirlingpower, Unipessoal Lda.	Porto	KPMG	100.00%	100.00%	100.00%	100.00%
(*) Company merged into Eólica do Sincelo, S.A. in 2017						
(**) Company merged into Eólica da Linha, S.A. in 2017						
France						
EDP Renewables France, S.A.S.	Paris	KPMG	51.00%	51.00%	51.00%	51.00%
EDPR France Holding, S.A.S.	Paris	KPMG	100.00%	100.00%	100.00%	100.00%
Bourbriac II, S.A.S.	Paris	KPMG	100.00%	100.00%	100.00%	100,00%
Centrale Eolienne Canet-Pont de Salars, S.A.S.	Paris	KPMG	50,96%	25.99%	50.96%	25.99%
Centrale Eolienne Gueltas Noyal-Pontivy, S.A.S.	Paris	KPMG	51,00%	26.01%	51.00%	26.01%
Centrale Eolienne Neo Truc de L'Homme, S.A.S.	Paris	KPMG	100,00%	51.00%	100.00%	51.00%
Centrale Eolienne Patay, S.A.S.	Paris	KPMG	51.00%	26.01%	51.00%	26.01%
Centrale Eolienne Saint Barnabé, S.A.S.	Paris	KPMG	51.00%	26.01%	51.00%	26.01%
Centrale Eolienne Segur, S.A.S.	Paris	KPMG	51.00%	26.01%	51.00%	26.01%
EDPR Offshore France, S.A.S.(Ex EDPR Yield France Services, S.A.S.)	Paris	KPMG	100.00%	100.00%	100.00%	100.00%
Eolienne de Callengeville, S.A.S.	Paris	KPMG	100.00%	100.00%	100.00%	100.00%
Eolienne de Saugueuse, S.A.R.L.	Paris	KPMG	51.00%	26.01%	51.00%	26.01%
Eolienne D'Etalondes, S.A.R.L.	Paris	n.a.	100.00%	100.00%	100.00%	100.00%
Monts de la Madeleine Energie, S.A.S.	Paris	KPMG	100.00%	100.00%	100.00%	100.00%
Monts du Forez Energie, S.A.S.	Paris	KPMG	100.00%	100.00%	100.00%	100.00%
Neo Plouvien, S.A.S.	Paris	KPMG	100.00%	51.00%	100.00%	51,00%
Parc Éolien d'Escardes, S.A.S.	Paris	KPMG	100.00%	51.00%	100.00%	51.00%
Parc Éolien de Boqueho-Pouagat, S.A.S.	Paris	KPMG	100.00%	100.00%	100.00%	100.00%
Parc Éolien de Citernes, S.A.S.	Paris	KPMG	100.00%	100.00%	100.00%	100.00%
Parc Éolien de Dammarie, S.A.R.L.	Paris	KPMG	100.00%	51.00%	100.00%	51.00%
Parc Éolien de Flavin, S.A.S.	Paris	KPMG	100.00%	100.00%	100.00%	100.00%
Parc Éolien de Francourville, S.A.S	Paris	KPMG	100.00%	51.00%	100.00%	51.00%
Parc Éolien de la Champagne Berrichonne, S.A.R.L.	Paris	n.a.	100.00%	100.00%	100.00%	100.00%
Parc Eolien de La Hetroye, S.A.S.	Paris	KPMG	100.00%	100.00%	100.00%	100.00%

COMPANY	HEAD OFFICE	AUDITOR	2017 % OF CAPITAL	2017 % OF VOTING RIGHTS	2016 % OF CAPITAL	2016 % OF VOTING RIGHTS
Parc Éolien de Louvières, S.A.S.	Paris	KPMG	100.00%	100.00%	100.00%	100.00%
Parc Eolien de Mancheville, S.A.R.L.	Paris	n.a.	100.00%	100.00%	100.00%	100.00%
Parc Eolien de Montagne Fayel, S.A.S.	Paris	KPMG	100.00%	51.00%	100.00%	51.00%
Parc Éolien de Preuseville, S.A.R.L.	Paris	KPMG	100.00%	51.00%	100.00%	51.00%
Parc Éolien de Prouville, S.A.S.	Paris	KPMG	100.00%	100.00%	100.00%	100.00%
Parc Eolien de Roman, S.A.R.L.	Paris	KPMG	100.00%	51.00%	100.00%	51.00%
Parc Éolien de Tarzy, S.A.R.L.	Paris	KPMG	100.00%	51.00%	100.00%	51.00%
Parc Eolien de Varimpre, S.A.S.	Paris	KPMG	51.00%	26.01%	51.00%	26.01%
Parc Eolien des Longs Champs, S.A.R.L.	Paris	n.a.	100.00%	100.00%	100.00%	100.00%
Parc Eolien des Vatines, S.A.S.	Paris	KPMG	51.00%	26.01%	51.00%	26.01%
Parc Eolien du Clos Bataille, S.A.S.	Paris	KPMG	51.00%	26.01%	51.00%	26.01%
SOCPE de la Mardelle, S.A.R.L.	Paris	KPMG	100.00%	51.00%	100.00%	51.00%
SOCPE de la Vallée du Moulin, S.A.R.L.	Paris	KPMG	100.00%	51.00%	100.00%	51.00%
SOCPE de Sauvageons, S.A.R.L.	Paris	KPMG	100.00%	75.99%	100.00%	75.99%
SOCPE des Quinze Mines, S.A.R.L.	Paris	KPMG	100.00%	75.99%	100.00%	75.99%
SOCPE Le Mee, S.A.R.L.	Paris	KPMG	100.00%	75.99%	100.00%	75.99%
SOCPE Petite Pièce, S.A.R.L.	Paris	KPMG	100.00%	75.99%	100.00%	75.99%
Parc Éolien de Paudy, S.A.S.	Paris	Brigitte Soudier	100.00%	100.00%	0.00%	0.00%
Poland						
EDP Renewables Polska HoldCo, S.A.	Warsaw	KPMG	51.00%	51.00%	51.00%	51,00%
EDP Renewables Polska OPCO, S.A.	Warsaw	VGD Audyt	100.00%	100.00%	100.00%	100,00%
EDP Renewables Polska, Sp. z o.o.	Warsaw	KPMG	100.00%	100.00%	100.00%	100,00%
Elektrownia Wiatrowa Kresy I, Sp. z o.o.	Warsaw	KPMG	100.00%	51.00%	100.00%	51,00%
Farma Wiatrowa Starozreby, Sp. z o.o.	Warsaw	n.a.	100.00%	100.00%	100.00%	100,00%
Korsze Wind Farm, Sp. z o.o.	Warsaw	KPMG	100.00%	51.00%	100.00%	51,00%
Masovia Wind Farm I, Sp. z o.o.	Warsaw	KPMG	100.00%	100.00%	100.00%	100,00%
Miramit Investments, Sp. z o.o.	Warsaw	n.a.	100.00%	100.00%	100.00%	100,00%
Molen Wind II, Sp. z o.o.	Warsaw	KPMG	100.00%	51.00%	100.00%	51,00%
Morska Farma Wiatrowa Gryf, Sp. z o.o.	Warsaw	n.a.	0.00%	0.00%	100.00%	100,00%
Morska Farma Wiatrowa Neptun, Sp. z o.o.	Warsaw	n.a.	100.00%	100.00%	100.00%	100,00%
Morska Farma Wiatrowa Pomorze, Sp. z o.o.	Warsaw	n.a.	0.00%	0.00%	100.00%	100.00%
Radziejów Wind Farm, Sp. z o.o.	Warsaw	KPMG	100.00%	51.00%	100.00%	51,00%
Relax Wind Park I, Sp. zo.o.	Warsaw	KPMG	100.00%	51.00%	100,00%	51,00%
Relax Wind Park II, Sp. z o.o.	Warsaw	n.a.	0.00%	0.00%	100.00%	100,00%
Relax Wind Park III, Sp. z o.o.	Warsaw	KPMG	100.00%	51.00%	100.00%	51,00%
Relax Wind Park IV, Sp. z o.o.	Warsaw	n.a.	100.00%	100.00%	100.00%	100,00%
Karpacka Mala Energetyka, Sp. z o.o.	Warsaw	n.a.	100.00%	100.00%	100.00%	100.00%
Romania						
EDPR RO PV, S.r.l.	Bucharest	n.a.	100.00%	100.00%	100.00%	100.00%
Cernavoda Power, S.r.l.	Bucharest	KPMG	85,00%	85.00%	85.00%	85.00%
Cujmir Solar, S.r.l.	Bucharest	KPMG	100.00%	100.00%	100.00%	100.00%
Foton Delta, S.r.l.	Bucharest	KPMG	100.00%	100.00%	100.00%	100.00%

COMPANY	HEAD OFFICE	AUDITOR	2017 % OF CAPITAL	2017 % OF VOTING RIGHTS	2016 % OF CAPITAL	2016 % OF VOTING RIGHTS
Foton Epsilon, S.r.l.	Bucharest	KPMG	100,00%	100.00%	100.00%	100.00%
Pestera Wind Farm, S.A.	Bucharest	KPMG	85,00%	85.00%	85.00%	85.00%
Potelu Solar, S.r.l.	Bucharest	KPMG	100.00%	100.00%	100.00%	100.00%
EDPR România, S.R.L. (Ex S. C. Ialomita Power, S.r.l.)	Bucharest	KPMG	100,00%	100.00%	100.00%	100.00%
Sibioara Wind Farm, S.r.l.	Bucharest	KPMG	85,00%	85.00%	85.00%	85.00%
Studina Solar, S.r.l.	Bucharest	KPMG	100.00%	100.00%	100.00%	100.00%
Vanju Mare Solar, S.r.l.	Bucharest	KPMG	100,00%	100.00%	100.00%	100.00%
VS Wind Farm, S.A.	Bucharest	KPMG	85.00%	85.00%	85.00%	85.00%
United Kingdom						
EDPR UK Limited	Cardiff	KPMG	100.00%	100.00%	100.00%	100,00%
MacColl Offshore Windfarm Limited	Cardiff	n.a.	100,00(*)	76.70%(*)	100.00%	100.00%
Moray Offshore Renewables Power Limited	Cardiff	KPMG	100,00%	100.00%	100.00%	100.00%
Moray Offshore Windfarm (East) Ltd	Cardiff	KPMG	76.70%(*)	76.70%(*)	100.00%	100.00%
Moray Offshore Windfarm (West) Limited	Cardiff	KPMG	100,00%	100.00%	100.00%	100.00%
Stevenson Offshore Windfarm Limited	Cardiff	n.a.	100,00%(*)	76.70%(*)	100.00%	100.00%
Telford Offshore Windfarm Limited	Cardiff	n.a.	100,00%(*)	76.70%(*)	100.00%	100.00%
(*) Company consolidated through the equity method from August 2017						
Italy						
EDP Renewables Italia, S.r.l.	Milan	KPMG	51.00%	51.00%	51.00%	51.00%
EDP Renewables Italia Holding, S.r.l.	Milan	KPMG	100.00%	100.00%	100.00%	100.00%
Castellaneta Wind, S.r.l.	Milan	n.a.	100.00%	100.00%	100.00%	100.00%
Laterza Wind, S.r.l.	Milan	n.a.	100.00%	100.00%	100.00%	100.00%
Pietragalla Eolico, S.r.l.	Milan	KPMG	100.00%	51.00%	100.00%	51.00%
Re Plus, S.r.l.	Milan	n.a.	100.00%	100.00%	100.00%	100.00%
TACA Wind, S.r.l.	Milan	KPMG	100.00%	100.00%	100.00%	100.00%
Villa Castelli Wind, S.r.l.	Milan	KPMG	100.00%	51.00%	100.00%	51.00%
WinCap, S.r.l.	Milan	KPMG	100.00%	100.00%	100.00%	100.00%
AW 2, S.r.l.	Milan	KPMG	100.00%	100.00%	100.00%	100.00%
Conza Energia, S.r.l.	Milan	KPMG	100.00%	100.00%	100.00%	100.00%
Lucus Power, S.r.l.	Milan	KPMG	100.00%	100.00%	100.00%	100.00%
Parco Eolico Banzi, S.r.l.	Milan	KPMG	100.00%	51.00%	100.00%	51.00%
San Mauro, S.r.l.	Milan	KPMG	100.00%	100.00%	100.00%	100.00%
Sarve, S.r.l.	Milan	n.a.	0.00%	0.00%	51.00%	51.00%
T Power, S.p.A.	Milan	Baker Tilly Revisa	100.00%	100.00%	100.00%	100.00%
Tivano, S.r.l.	Milan	KPMG	100.00%	100.00%	100.00%	100.00%
VRG Wind 127, S.r.l.	Rovereto	n.a.	0.00%	0.00%	100.00%	100.00%
VRG Wind 149, S.r.l.	Rovereto	n.a.	0.00%	0.00%	100.00%	100.00%
Belgium						
EDP Renewables Belgium, S.A.	Brussels	KPMG	100.00%	100.00%	100.00%	100.00%
Greenwind, S.A.	Brussels	KPMG	100.00%	51.01%	100.00%	51,01%
The Netherlands						
EDPR International Investments B.V.	Amsterdam	KPMG	100.00%	100.00%	100.00%	100,00%
NORTH AMERICA GEOGRAPHY / PLATFORM						
México						
EDPR Servicios de México, S. de R.L. de C.V.	Ciudad de México	n.a.	100,00%	100,00%	100.00%	100.00%
Vientos de Coahuila, S.A. de	Ciudad de México	n.a.	100,00%	100.00%	100.00%	100.00%

COMPANY	HEAD OFFICE	AUDITOR	2017 % OF CAPITAL	2017 % OF VOTING RIGHTS	2016 % OF CAPITAL	2016 % OF VOTING RIGHTS
C.V.						
Eólica de Coahuila, S.A. de C.V.	Ciudad de México	KPMG	51.00%	51.00%	51.00% (*)	51.00% (*)
(*) Company consolidated through the equity method in 2016						
USA						
EDP Renewables North America, LLC	Delaware	KPMG	100,00%	100.00%	100.00%	100.00%
17th Star Wind Farm, LLC	Delaware	n.a.	100,00%	100.00%	100.00%	100.00%
2007 Vento I, LLC	Delaware	KPMG	100.00%	100.00%	100.00%	100,00%
2007 Vento II, LLC	Delaware	KPMG	100.00%	51.00%	100.00%	51,00%
2008 Vento III, LLC	Delaware	KPMG	100,00%	51.00%	100.00%	51.00%
2009 Vento IV, LLC	Delaware	KPMG	100,00%	100.00%	100.00%	100.00%
2009 Vento V, LLC	Delaware	KPMG	100,00%	51.00%	100.00%	51.00%
2009 Vento VI, LLC	Delaware	n.a.	100,00%	100.00%	100.00%	100.00%
2010 Vento VII, LLC	Delaware	KPMG	100,00%	100.00%	100.00%	100.00%
2010 Vento VIII, LLC	Delaware	KPMG	100,00%	100.00%	100.00%	100.00%
2011 Vento IX, LLC	Delaware	KPMG	100.00%	51.00%	100.00%	51,00%
2011 Vento X, LLC	Delaware	KPMG	100.00%	100.00%	100.00%	100,00%
2014 Sol I, LLC	Delaware	KPMG	100.00%	51.00%	100.00%	51,00%
2017 Sol II LLC	Delaware	KPMG	100.00%	100.00%	0.00%	0.00%
2014 Vento XI, LLC	Delaware	KPMG	100,00%	51.00%	100.00%	51.00%
2014 Vento XII, LLC	Delaware	KPMG	100,00%	51.00%	100.00%	51.00%
2015 Vento XIII, LLC	Delaware	KPMG	100,00%	51.00%	100.00%	51.00%
2015 Vento XIV, LLC	Delaware	KPMG	100,00%	51.00%	100.00%	51.00%
2016 Vento XV LLC	Delaware	KPMG	100,00%	100.00%	100.00%	100.00%
2016 Vento XVI LLC	Delaware	KPMG	100,00%	100.00%	100.00%	100.00%
2017 Vento XVII LLC	Delaware	KPMG	100,00%	100.00%	0.00%	0.00%
Alabama Ledge Wind Farm, LLC	Delaware	n.a.	100,00%	100.00%	100.00%	100.00%
Antelope Ridge Wind Power Project, LLC	Delaware	n.a.	100,00%	100.00%	100.00%	100.00%
Arbuckle Mountain Wind Farm, LLC	Delaware	KPMG	100,00%	51.00%	100.00%	51.00%
Arkwright Summit Wind Farm, LLC	Delaware	n.a.	100,00%	100.00%	100.00%	100.00%
Arlington Wind Power Project, LLC	Delaware	KPMG	100,00%	51.00%	100.00%	51.00%
Aroostook Wind Energy, LLC	Delaware	n.a.	100,00%	100.00%	100.00%	100.00%
Ashford Wind Farm, LLC	Delaware	n.a.	100,00%	100.00%	100.00%	100.00%
Athena-Weston Wind Power Project II, LLC	Delaware	n.a.	100,00%	100,00%	100.00%	100.00%
Athena-Weston Wind Power Project, LLC	Delaware	n.a.	100,00%	100.00%	100.00%	100.00%
Avondale Solar Park LLC	Delaware	n.a.	100,00%	100.00%	0.00%	0.00%
AZ Solar, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100,00%
BC2 Maple Ridge Holdings, LLC	Delaware	n.a.	100,00%	100.00%	100.00%	100.00%
BC2 Maple Ridge Wind, LLC	Delaware	KPMG	100,00%	100.00%	100.00%	100.00%
Big River Wind Power Project LLC	Delaware	n.a.	100,00%	100.00%	100.00%	100.00%
Black Prairie Wind Farm II, LLC	Delaware	n.a.	100,00%	100.00%	100.00%	100.00%
Black Prairie Wind Farm III, LLC	Delaware	n.a.	100,00%	100.00%	100.00%	100.00%
Black Prairie Wind Farm, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Blackstone Wind Farm II, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Blackstone Wind Farm III, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Blackstone Wind Farm IV, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Blackstone Wind Farm V, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Blackstone Wind Farm, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Blue Canyon Windpower II, LLC	Texas	KPMG	100.00%	100.00%	100.00%	100.00%
Blue Canyon Windpower III, LLC	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Blue Canyon Windpower IV, LLC	Texas	n.a.	100.00%	100.00%	100.00%	100.00%
Blue Canyon Windpower V,	Texas	KPMG	100.00%	51.00%	100.00%	51.00%

COMPANY	HEAD OFFICE	AUDITOR	2017 % OF CAPITAL	2017 % OF VOTING RIGHTS	2016 % OF CAPITAL	2016 % OF VOTING RIGHTS
LLC						
Blue Canyon Windpower VI, LLC	Delaware	KPMG	100.00%	100.00%	100.00%	100.00%
Blue Canyon Windpower VII, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Blue Harvest Solar Park LLC	Delaware	n.a.	100.00%	100.00%	0.00%	0.00%
Blue Marmot I LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Blue Marmot II LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Drake Peak Solar Park LLC (Ex Blue Marmot III LLC)	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Blue Marmot IV LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Blue Marmot IX LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Blue Marmot V LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Blue Marmot VI LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Blue Marmot VII LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Blue Marmot VIII LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Blue Marmot X LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Blue Marmot XI LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Broadlands Wind Farm II, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Broadlands Wind Farm III, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Broadlands Wind Farm, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Buffalo Bluff Wind Farm, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Cameron Solar LLC	Delaware	KPMG	100.00%	100.00%	0.00%	0.00%
Castle Valley Wind Farm LLC	Delaware	n.a.	100.00%	100.00%	0.00%	0.00%
Chateaugay River Wind Farm, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Clinton County Wind Farm, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Cloud County Wind Farm, LLC	Delaware	KPMG	100.00%	51.00%	100.00%	51.00%
Coldwater Solar Park LLC	Delaware	n.a.	100.00%	100.00%	0.00%	0.00%
Cloud West Wind Project, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Coos Curry Wind Power Project, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Crittenden Wind Farm LLC	Delaware	n.a.	100.00%	100.00%	0.00%	0.00%
Cropsey Ridge Wind Farm, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Crossing Trails Wind Power Project, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Dairy Hills Wind Farm, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Diamond Power Partners, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Dry Creek Solar Park LLC	Delaware	n.a.	100.00%	100.00%	0.00%	0.00%
East Klickitat Wind Power Project, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
EDPR CA Solar Park II LLC	Delaware	n.a.	100.00%	100.00%	0.00%	0.00%
EDPR CA Solar Park III LLC	Delaware	n.a.	100.00%	100.00%	0.00%	0.00%
EDPR CA Solar Park IV LLC	Delaware	n.a.	100.00%	100.00%	0.00%	0.00%
EDPR CA Solar Park LLC	Delaware	n.a.	100.00%	100.00%	0.00%	0.00%
EDPR CA Solar Park V LLC	Delaware	n.a.	100.00%	100.00%	0.00%	0.00%
EDPR CA Solar Park VI LLC	Delaware	n.a.	100.00%	100.00%	0.00%	0.00%
EDPR Offshore North America LLC	Delaware	n.a.	100.00%	100.00%	0.00%	0.00%
EDPR Solar Ventures I, LLC	Delaware	n.a.	51.00%	51.00%	51.00%	51.00%
EDPR Solar Ventures II, LLC	Delaware	n.a.	100.00%	100.00%	0.00%	0.00%
EDPR South Table LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
EDPR Vento I Holding, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
EDPR Vento IV Holding LLC	Delaware	KPMG	100.00%	100.00%	100.00%	100.00%
EDPR WF, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
EDPR Wind Ventures X, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
EDPR Wind Ventures XI, LLC	Delaware	n.a.	51.00%	51.00%	51.00%	51.00%
EDPR Wind Ventures XII, LLC	Delaware	n.a.	51.00%	51.00%	51.00%	51.00%
EDPR Wind Ventures XIII, LLC	Delaware	n.a.	51.00%	51.00%	51.00%	51.00%
EDPR Wind Ventures XIV, LLC	Delaware	n.a.	51.00%	51.00%	51.00%	51.00%
EDPR Wind Ventures XV LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
EDPR Wind Ventures XVI LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
EDPR Wind Ventures XVII LLC	Delaware	n.a.	100.00%	100.00%	0.00%	0.00%

COMPANY	HEAD OFFICE	AUDITOR	2017 % OF CAPITAL	2017 % OF VOTING RIGHTS	2016 % OF CAPITAL	2016 % OF VOTING RIGHTS
Estill Solar I LLC	Delaware	KPMG	100.00%	100.00%	0.00%	0.00%
Five-Spot, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Ford Wind Farm, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Franklin Wind Farm, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Green Country Wind Farm, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Green Power Offsets, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Gulf Coast Windpower Management Company, LLC	Delaware	n.a.	75,00%	75.00%	75.00%	75.00%
Hampton Solar II LLC	Delaware	KPMG	100,00%	100.00%	0.00%	0.00%
Headwaters Wind Farm, LLC	Delaware	n.a.	100.00%	51.00%	100.00%	51.00%
Headwaters Wind Farm II LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Hidalgo Wind Farm, LLC	Delaware	KPMG	100.00%	100.00%	100.00%	100.00%
Hidalgo Wind Farm II LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
High Prairie Wind Farm II, LLC	Delaware	KPMG	100.00%	51.00%	100.00%	51.00%
High Trail Wind Farm, LLC	Delaware	KPMG	100.00%	100.00%	100.00%	100.00%
Hog Creek Wind Project LLC	Delaware	KPMG	100.00%	100.00%	0.00%	0.00%
Horizon Wind Chocolate Bayou I, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Energy Midwest IX, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Energy Northwest I, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Energy Northwest IV, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Energy Northwest VII, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Energy Northwest X, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Energy Northwest XI, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Energy Panhandle I, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Energy Southwest I, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Energy Southwest II, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Energy Southwest III, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Energy Southwest IV, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Energy Valley I, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Freeport Windpower I LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind MREC Iowa Partners, LLC	Delaware	n.a.	75.00%	75.00%	75.00%	75.00%
Horizon Wind Ventures I, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Ventures IB, LLC	Delaware	n.a.	51.00%	51.00%	51.00%	51.00%
Horizon Wind Ventures IC, LLC	Delaware	n.a.	51.00%	51.00%	51.00%	51.00%
Horizon Wind Ventures II, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Ventures III, LLC	Delaware	n.a.	51.00%	51.00%	51.00%	51.00%
Horizon Wind Ventures IX, LLC	Delaware	n.a.	51.00%	51.00%	51.00%	51.00%
Horizon Wind Ventures VI, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Ventures VII, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wind Ventures VIII, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Horizon Wyoming Transmission, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Horse Mountain Wind Farm LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Indiana Crossroads Wind Farm II LLC	Delaware	n.a.	100.00%	100.00%	0.00%	0.00%
Indiana Crossroads Wind Farm LLC	Delaware	n.a.	100.00%	100.00%	0.00%	0.00%
Jericho Rise Wind Farm, LLC	Delaware	KPMG	100.00%	100.00%	100.00%	100.00%
Juniper Wind Power Partners, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%

COMPANY	HEAD OFFICE	AUDITOR	2017 % OF CAPITAL	2017 % OF VOTING RIGHTS	2016 % OF CAPITAL	2016 % OF VOTING RIGHTS
Lexington Chenoa Wind Farm II, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Lexington Chenoa Wind Farm III, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Lexington Chenoa Wind Farm, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Lone Valley Solar Park I, LLC	Delaware	n.a.	100.00%	51.00%	100.00%	51.00%
Lone Valley Solar Park II, LLC	Delaware	n.a.	100.00%	51.00%	100.00%	51.00%
Long Hollow Wind Farm LLC	Delaware	n.a.	100.00%	100.00%	0.00%	0.00%
Lost Lakes Wind Farm, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Machias Wind Farm, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Madison Windpower, LLC	Delaware	KPMG	100.00%	100.00%	100.00%	100.00%
Marble River, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Martinsdale Wind Farm, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Meadow Lake Solar Park LLC	Delaware	n.a.	100.00%	100.00%	0.00%	0.00%
Meadow Lake Wind Farm II, LLC	Delaware	KPMG	100.00%	100.00%	100.00%	100.00%
Meadow Lake Wind Farm III, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Meadow Lake Wind Farm IV, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Meadow Lake Wind Farm V, LLC	Delaware	KPMG	100.00%	100.00%	100.00%	100.00%
Meadow Lake Wind Farm VI LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Rosewater Wind Farm LLC (Ex Meadow Lake Wind Farm VII LLC)	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Meadow Lake Wind Farm, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Mesquite Wind, LLC	Delaware	KPMG	100.00%	100.00%	100.00%	100.00%
Moran Wind Farm LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
New Trail Wind Farm, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Nine Kings Transco LLC	Delaware	n.a.	100.00%	100.00%	0.00%	0.00%
North Slope Wind Farm, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Number Nine Wind Farm LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Old Trail Wind Farm, LLC	Delaware	KPMG	100.00%	51.00%	100.00%	51.00%
OPQ Property, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Pacific Southwest Wind Farm, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Paulding Wind Farm II, LLC	Delaware	KPMG	100.00%	51.00%	100.00%	51.00%
Paulding Wind Farm III, LLC	Delaware	KPMG	100.00%	100.00%	100.00%	100.00%
Paulding Wind Farm IV, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Paulding Wind Farm, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Paulding Wind Farm V LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Paulding Wind Farm VI LLC	Delaware	n.a.	100.00%	100.00%	0.00%	0.00%
Peterson Power Partners, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Poplar Camp Wind Farm LLC	Delaware	n.a.	100.00%	100.00%	0.00%	0.00%
Prairie Queen Wind Farm LLC (Ex Pioneer Prairie Interconnection, LLC)	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Pioneer Prairie Wind Farm I, LLC	Delaware	KPMG	100.00%	51.00%	100.00%	51.00%
Post Oak Wind, LLC	Delaware	KPMG	100.00%	51.00%	100.00%	51.00%
Quilt Block Wind Farm, LLC	Delaware	KPMG	100.00%	100.00%	100.00%	100.00%
Rail Splitter Wind Farm, LLC	Delaware	KPMG	100.00%	100.00%	100.00%	100.00%
Redbed Plains Wind Farm LLC	Delaware	KPMG	100.00%	100.00%	100.00%	100.00%
Reloj del Sol Wind Farm LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Rio Blanco Wind Farm, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Renville County Wind Farm LLC	Delaware	n.a.	100.00%	100.00%	0.00%	0.00%
Rising Tree Wind Farm II, LLC	Delaware	KPMG	100.00%	51.00%	100.00%	51.00%
Rising Tree Wind Farm III, LLC	Delaware	KPMG	100.00%	51.00%	100.00%	51.00%
Rising Tree Wind Farm, LLC	Delaware	KPMG	100.00%	51.00%	100.00%	51.00%
Riverstart Solar Park II LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Riverstart Solar Park LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Riverstart Solar Park III LLC	Delaware	n.a.	100.00%	100.00%	0.00%	0.00%

COMPANY	HEAD OFFICE	AUDITOR	2017 % OF CAPITAL	2017 % OF VOTING RIGHTS	2016 % OF CAPITAL	2016 % OF VOTING RIGHTS
Riverstart Solar Park IV LLC	Delaware	n.a.	100.00%	100.00%	0.00%	0.00%
Riverstart Solar Park V LLC	Delaware	n.a.	100.00%	100.00%	0.00%	0.00%
Rolling Upland Wind Farm LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Rush County Wind Farm, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Saddleback Wind Power Project, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Sagebrush Power Partners, LLC	Delaware	KPMG	100.00%	100.00%	100.00%	100.00%
Sardinia Windpower, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Signal Hill Wind Power Project, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Simpson Ridge Wind Farm II, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Simpson Ridge Wind Farm III, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Simpson Ridge Wind Farm IV, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Simpson Ridge Wind Farm V, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Simpson Ridge Wind Farm, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Spruce Ridge Wind Farm LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Stinson Mills Wind Farm, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Sustaining Power Solutions, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Sweet Stream Wind Farm LLC	Delaware	n.a.	100.00%	100.00%	0.00%	0.00%
Telocaset Wind Power Partners, LLC	Delaware	KPMG	100.00%	51.00%	100.00%	51.00%
Timber Road Solar Park LLC	Delaware	n.a.	100.00%	100.00%	0.00%	0.00%
Tug Hill Windpower, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Tumbleweed Wind Power Project, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Turtle Creek Wind Farm, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Waverly Wind Farm II LLC	Delaware	KPMG	100.00%	100.00%	100.00%	100.00%
Waverly Wind Farm LLC	Delaware	n.a.	100.00%	51.00%	100.00%	51.00%
Western Trail Wind Project I, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Wheatfield Holding, LLC	Delaware	KPMG	51.00%	51.00%	51.00%	51.00%
Wheatfield Wind Power Project, LLC	Delaware	KPMG	100.00%	51.00%	100.00%	51.00%
Whiskey Ridge Power Partners, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Whistling Wind WI Energy Center, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
White Stone Solar Park LLC	Delaware	n.a.	100.00%	100.00%	0.00%	0.00%
Whitestone Wind Purchasing, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Wildcat Creek Wind Farm LLC	Delaware	n.a.	100.00%	100.00%	0.00%	0.00%
Wilson Creek Power Project, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Wind Turbine Prometheus, L.P.	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
WTP Management Company, LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Canada						
EDP Renewables Canada Ltd.	British Columbia	n.a.	100.00%	100.00%	100.00%	100.00%
EDP Renewables Canada LP Holdings Ltd.	British Columbia	n.a.	100.00%	100.00%	100.00%	100.00%
EDP Renewables SH Project GP Ltd.	British Columbia	n.a.	100,00%	100.00%	100.00%	100.00%
EDP Renewables SH Project Limited Partnership	Alberta	n.a.	100.00%	100.00%	100.00%	100.00%
Nation Rise Wind Farm GP Inc.	British Columbia	n.a.	100.00%	100.00%	100.00%	100.00%
Nation Rise Wind Farm LP	Ontário	n.a.	100.00%	100.00%	100.00%	100.00%
SBWFI GP Inc	British Columbia	n.a.	51.00%	51.00%	51.00%	51.00%
South Branch Wind Farm II GP Inc.	British Columbia	n.a.	100.00%	100.00%	100.00%	100.00%
South Branch Wind Farm II LP	Ontário	n.a.	100.00%	100.00%	100.00%	100.00%
South Dundas Wind Farm LP	Ontário	KPMG	51.00%	51.00%	51.00%	51.00%

COMPANY	HEAD OFFICE	AUDITOR	2017 % OF CAPITAL	2017 % OF VOTING RIGHTS	2016 % OF CAPITAL	2016 % OF VOTING RIGHTS
SOUTH AMERICA GEOGRAPHY / PLATFORM:						
Brazil						
EDP Renováveis Brasil, S.A.	São Paulo	KPMG	100.00%	100.00%	100.00%	100.00%
Central Eólica Aventura I, S.A.	São Paulo	n.a.	50.99%	50.99%	50.99%	50.99%
Central Eólica Aventura II, S.A.	São Paulo	n.a.	100.00%	100.00%	100.00%	100.00%
Central Eólica Babilônia I, S.A.	Fortaleza	n.a.	100.00%	100.00%	100.00%	100.00%
Central Eólica Babilônia II, S.A.	Fortaleza	n.a.	100.00%	100.00%	100.00%	100.00%
Central Eólica Babilônia III, S.A.	Fortaleza	n.a.	100.00%	100.00%	100.00%	100.00%
Central Eólica Babilônia IV, S.A.	Fortaleza	n.a.	100.00%	100.00%	100.00%	100.00%
Central Eólica Babilônia V, S.A.	Fortaleza	n.a.	100.00%	100.00%	100.00%	100.00%
Babilônia Holding, S.A.	São Paulo	n.a.	100.00%	100.00%	0.00%	0.00%
Central Eólica Baixa do Feijão I, S.A.	São Paulo	KPMG	51.00%	51.00%	51.00%	51.00%
Central Eólica Baixa do Feijão II, S.A.	São Paulo	KPMG	51.00%	51.00%	51.00%	51.00%
Central Eólica Baixa do Feijão III, S.A.	São Paulo	KPMG	51.00%	51.00%	51.00%	51.00%
Central Eólica Baixa do Feijão IV, S.A.	São Paulo	KPMG	51.00%	51.00%	51.00%	51.00%
Central Eólica JAU, S.A.	São Paulo	KPMG	51.00%	51.00%	51.00%	51.00%
Central Nacional de Energia Eólica, S.A.	São Paulo	KPMG	51.00%	51.00%	51.00%	51.00%
Elebrás Projetos, S.A.	São Paulo	KPMG	51.00%	51.00%	51.00%	51.00%
SOUTH AFRICA GEOGRAPHY / PLATFORM						
South Africa:						
EDP Renewables South Africa, Proprietary Limited	Cape Town	n.a.	0.00%	0.00%	100.00%	100.00%
Dejann Trading and Investments, Proprietary Limited	Cape Town	n.a.	0.00%	0.00%	100.00%	100.00%
Jouren Trading and Investments, Proprietary Limited	Cape Town	n.a.	0.00%	0.00%	100.00%	100.00%

The main financial indicators of the jointly controlled companies included in the consolidation under the proportionate consolidation method as at 31 December 2017, are as follows:

COMPANY	SHARE CAPITAL	HEAD OFFICE	AUDITOR	% OF CAPITAL	% OF VOTING RIGHTS
Ceprastur, A.I.E.	€ 360,607	Oviedo	n.a.	56.76%	56.76%
Compañía Eólica Aragonesa, S.A.	€ 6,701,165	Zaragoza	KPMG	50.00%	50.00%
Desarrollos Energéticos Canarios S.A.	€ 37,564	Las Palmas	n.a.	49.90%	49.90%
Evolución 2000, S.L.	€ 117,994	Albacete	KPMG	49.15%	49.15%
Flat Rock Windpower, LLC	$ 534,426,287	Delaware	KPMG	50.00%	50.00%
Flat Rock Windpower II, LLC	$ 209,647,187	Delaware	KPMG	50.00%	50.00%
Les Eoliennes Flottantes du Golfe du Lion,S.A.S	€ 40,000	Montpellier	E&Y	35.00%	35.00%
MacColl Offshore Windfarm Limited	GBP 1	Carfiff	n.a.	100.00%	76.70%
Moray Offshore Windfarm (East) Ltd	GBP 10,000,000	Carfiff	KPMG	76.70%	76.70%
Stevenson Offshore Windfarm Limited	GBP 1	Carfiff	n.a.	100.00%	76.70%
Telford Offshore Windfarm Limited	GBP 1	Carfiff	n.a.	100.00%	76.70%

The main financial indicators of the jointly controlled companies included in the consolidation under the proportionate consolidation method as at 31 December 2016, are as follows:

COMPANY	SHARE CAPITAL	HEAD OFFICE	AUDITOR	% OF CAPITAL	% OF VOTING RIGHTS
Ceprastur, A.I.E.	€ 360,607	Oviedo	n.a.	56.76%	56.76%
Compañía Eólica Aragonesa, S.A.	€ 6,701,165	Zaragoza	KPMG	50.00%	50.00%
Desarrollos Energéticos Canarios S.A.	€ 37,564	Las Palmas	n.a.	49.90%	49.90%
Eólica de Coahuila, S. de R.L. de C.V.	$7,189,723	Ciudad de Mexico	n.a.	51,00%	51,00%
Evolución 2000, S.L.	€ 117,994	Albacete	KPMG	49.15%	49.15%
Flat Rock Windpower, LLC	$530,426,287	Delaware	E&Y	50.00%	50.00%
Flat Rock Windpower II, LLC	$208,647,187	Delaware	E&Y	50.00%	50.00%
Tebar Eólica, S.A.	€ 4,720,400	Cuenca	Abante	50.00%	50.00%

The Associated Companies included in the consolidation under the equity method as at 31 December 2017, are as follows:

COMPANY	SHARE CAPITAL	HEAD OFFICE	AUDITOR	% OF CAPITAL	% OF VOTING RIGHTS
Aprofitament D'Energies Renovables de L'Ebre, S.A.	€3,870,030	Barcelona	Jordi Guilera Valls	13,29%	13,29%
Biomasas del Pirineo, S.A.	€ 454,896	Huesca	n.a.	30.00%	30.00%
Blue Canyon Wind Power, LLC	$40,364,480	Texas	PwC	25.00%	25.00%
Desarollos Eolicos de Canárias, S.A.	€ 1,817,130	Gran Canaria	KPMG	44.75%	44.75%
Éoliennes en Mer de Dieppe - Le Tréport, SAS	€ 31,436,000	Bois Guillaume	E&Y	43.00%	43.00%
Éoliennes en Mer Iles d'Yeu et de Noirmoutier, S.A.S.	€ 36,376,000	Nantes	E&Y	43.00%	43.00%
Les Eoliennes en Mer Services, S.A.S.	€ 40,000	Courbevoie	E&Y	100.00%	43.00%
Nine Kings Wind Farm LLC	-	Delaware	n.a.	50.00%	50.00%
Parque Eólico Belmonte, S.A.	€ 120,400	Madrid	E&Y	29.90%	29.90%
Parque Eólico Sierra del Madero, S.A.	€7,193,970	Madrid	E&Y	42.00%	42.00%
Solar Siglo XXI, S.A.	€ 80,000	Ciudad Real	n.a.	25.00%	25.00%
WindPlus, S.A.	€ 1,250,000	Lisbon	PwC	19,40%	19,40%

The Associated Companies included in the consolidation under the equity method as at 31 December 2016, are as follows:

COMPANY	SHARE CAPITAL	HEAD OFFICE	AUDITOR	% OF CAPITAL	% OF VOTING RIGHTS
Aprofitament D'Energies Renovables de L'Ebre, S.A.	€3,869,020	Barcelona	Jordi Guilera Valls	13,29%	13,29%
Biomasas del Pirineo, S.A.	€ 454,896	Huesca	n.a.	30.00%	30.00%
Blue Canyon Wind Power, LLC	$40,364,480	Texas	PwC	25.00%	25.00%
Desarollos Eolicos de Canárias, S.A.	€ 2.391.900	Gran Canaria	KPMG	44.75%	44.75%
Éoliennes en Mer de Dieppe - Le Tréport, SAS	€ 14,471,028	Bois Guillaume	E&Y	43.00%	43.00%
Eoliennes en Mer Iles d'Yeu et de Noirmoutier, S.A.S.	€ 17,187,000	Nantes	E&Y	43.00%	43.00%
Les Eoliennes en Mer Services, S.A.S.	€ 40,000	Courbevoie	E&Y	100.00%	43.00%
Parque Eólico Belmonte, S.A.	€ 120,400	Madrid	E&Y	29.90%	29.90%
Parque Eólico Sierra del Madero, S.A.	€7,194,021	Madrid	E&Y	42.00%	42.00%
Solar Siglo XXI, S.A.	€ 80,000	Ciudad Real	n.a.	25.00%	25.00%
WindPlus, S.A.	€ 1,250,000	Lisbon	PwC	19,40%	19,40%

(*) Balances related to the company Inch Cape Offshore Limited were reclassified to assets held for sale as of December 31, 2016

The summarised financial information for subsidiaries with significantl non-controlling interests as at 31 December 2017, are as follows:

THOUSAND EUROS	2007 VENTO II, LLC	2008 VENTO III, LLC	EÓLICA DE COAHUILA S.A	EDP RENEWABLES FRANCE S.A.S.	EDP RENOVAVEIS PORTUGAL S.A.
Non-Current Assets	458,666	544,654	295,829	210,586	479,706
Current Assets	-	-	37,491	12,954	-
Non-Current Liabilities	197,192	93,207	251,263	36,741	74,596
Current Liabilities	-	-	50,149	41,744	283,611
Revenues	-	-	31,673	25,876	138,418
Net profit for the year	17,008	15,554	1,127	3,784	28,257
Dividends paid to Non-controlling interests	-	-	-	-	19,600

THOUSAND EUROS	2014 VENTO XI, LLC	2015 VENTO XIII, LLC	EDPR PARTICIPACIONES , S.L.U.	EDP RENEWABLES POLSKA HOLDCO, S.A.	EDP RENEWABLES ITALIA, S.R.L.
Non-Current Assets	256,919	286,237	351,867	248,767	158,287
Current Assets	-	-	-	-	19,542
Non-Current Liabilities	142,144	183,478	83,961	16,587	70,360
Current Liabilities	-	2	309	19,132	52,403
Revenues	-	-	0	-26	15,493
Net profit for the year	4,316	6,223	-55	-779	830
Dividends paid to Non-controlling interests	-	-	9,095	-	-

The summarised financial information for subsidiaries with significant non-controlling interests as at 31 December 2016, are as follows:

THOUSAND EUROS	2007 VENTO II, LLC	2008 VENTO III, LLC	2014 VENTO XI, LLC	EDP RENOVAVEIS FRANCE S.A.S.	EDP RENOVAVEIS PORTUGAL S.A.
Non-Current Assets	581,868	679,028	310,763	217,868	489,993
Current Assets	-	-	-	9,702	32,064
Non-Current Liabilities	320,108	198,072	171,254	42,852	86,504
Current Liabilities	-	-	-	47,962	302,498
Revenues	-	-	-	26,543	142,160
Net profit for the year	15,630	12,854	3,063	992	28,953
Dividends paid to Non-controlling interests	-	-	-	-	24,790

THOUSAND EUROS	2015 VENTO XIV, LLC	2015 VENTO XIII, LLC	EDPR PARTICIPACIONES , S.L.U	EDP RENEWABLES POLSKA HOLDCO, S.A.	EDP RENEWABLES ITALIA, S.R.L.
Non-Current Assets	311,230	348,595	351,424	233,997	167,147
Current Assets	-	-	2,293	79	8,778
Non-Current Liabilities	220,808	214,573	89,561	15,562	79,743
Current Liabilities	-	1	575	16,865	46,133
Revenues	-	-	-	-	15,933
Net profit for the year	1,258	1,241	-107	-1,393	789
Dividends paid to Non-controlling interests	-	-	8,506	-	-

Annex 2

GROUP ACTIVITY BY OPERATING SEGMENT

OPERATING SEGMENT INFORMATION FOR THE YEARS ENDED 31 DECEMBER 2017

THOUSAND EUROS	EUROPE	NORTH AMERICA	BRAZIL	SEGMENTS TOTAL
Revenues	943,217	598,220	62,809	1,604,246
Income from institutional partnerships in U.S. wind farms	-	225,568	-	225,568
	943,217	823,788	62,809	1,829,814
Other operating income	65,858	22,109	6,539	94,506
Supplies and services	-166,518	-155,882	-9,186	-331,586
Personnel costs and Employee benefits expenses	-29,793	-50,125	-2,138	-82,056
Other operating expenses	-84,172	-41,314	-1,721	-127,207
	-214,625	-225,212	-6,506	-446,343
Gross operating profit	728,592	598,576	56,303	1,383,471
Provisions	-175	367	-7	185
Amortisation and impairment	-291,397	-258,881	-10,248	-560,526
Operating profit	437,020	340,062	46,048	823,130
Share of profit of associates	3,018	1,862	-	4,880
Assets	6,670,632	7,868,015	428,356	14,967,003
Liabilities	350,161	920,340	21,980	1,292,481
Operating Investment	149,995	707,874	192,246	1,050,115

Note: The Segment "Europe" includes: i) revenues in the amount of 396,847 thousands of Euros from Spanish companies; ii) assets from Spanish companies in the amount of 2,336,452 thousands of Euros.

RECONCILIATION BETWEEN THE SEGMENT INFORMATION AND THE FINANCIAL STATEMENTS

THOUSAND EUROS	
Revenues of the Reported Segments	1,604,246
Revenues of Other Segments	21,991
Elimination of intra-segment transactions	-24,618
Revenues of the EDPR Group	1,601,619
Gross operating profit of the Reported Segments	1,383,471
Gross operating profit of Other Segments	-17,374
Elimination of intra-segment transactions	221
Gross operating profit of the EDPR Group	1,366,318
Operating profit of the Reported Segments	823,130
Operating profit of Other Segments	-17,815
Elimination of intra-segment transactions	-2,178
Operating profit of the EDPR Group	803,137
Assets of the Reported Segments	14,967,003
Not Allocated Assets	1,120,518
Financial Assets	742,910
Tax assets	136,620
Debtors and other assets	240,988
Assets of Other Segments	-
Elimination of intra-segment transactions	136,282
Assets of the EDPR Group	16,223,803
Investments in joint ventures and associates	303,518
Liabilities of the Reported Segments	1,292,481
Not Allocated Liabilities	5,846,544
Financial Liabilities	3,236,963
Institutional partnerships in U,S, wind farms	2,163,722
Tax liabilities	445,866
Payables and other liabilities	-7
Liabilities of Other Segments	1
Elimination of intra-segment transactions	1,189,625
Liabilities of the EDPR Group	8,328,651
Operating Investment of the Reported Segments	1,050,115
Operating Investment of Other Segments	983
Operating Investment of the EDPR Group	1,051,098

THOUSAND EUROS	TOTAL OF THE REPORTED SEGMENTS	OTHER SEGMENTS	ELIMINATION OF INTRA-SEGMENT TRANSACTIONS	TOTAL OF THE EDPR GROUP
Income from institutional partnerships in U.S. wind farms	225,568	-	-	225,568
Other operating income	94,506	469	-35	94,940
Supplies and services	-331,586	-18,642	23,342	-326,886
Personnel costs and Employee benefits expenses	-82,056	-17,444	-1,261	-100,761
Other operating expenses	-127,207	-3,747	2,792	-128,162
Provisions	185	-	-1	184
Amortisation and impairment	-560,526	-441	-2,398	-563,365
Share of profit of associates	4,880	-	-2,172	2,708

OPERATING SEGMENT INFORMATION FOR THE YEARS ENDED 31 DECEMBER 2016

THOUSAND EUROS	EUROPE	NORTH AMERICA	BRAZIL	SEGMENTS TOTAL
Revenues	913,005	507,639	34,378	1,455,022
Income from institutional partnerships in U.S. wind farms	-	197,544	-	197,544
	913,005	705,183	34,378	1,652,566
Other operating income	34,620	23,226	1,534	59,380
Supplies and services	-161,985	-139,492	-7,325	-308,802
Personnel costs and Employee benefits expenses	-30,335	-43,875	-2,080	-76,290
Other operating expenses	-88,834	-43,510	-1,438	-133,782
	-246,534	-203,651	-9,309	-459,494
Gross operating profit	666,471	501,532	25,069	1,193,072
Provisions	-4,795	90	-	-4,705
Amortisation and impairment	-301,888	-289,130	-7,988	-599,006
Operating profit	359,788	212,492	17,081	589,361
Share of profit of associates	1,748	533	-	2,281
Assets	6,823,683	8,127,174	288,955	15,239,812
Liabilities	341,094	1,139,762	7,272	1,488,128
Operating Investment	131,590	840,930	56,764	1,029,284

Note: The Segment "Europe" includes: i) revenues in the amount of 377,244 thousands of Euros from Spanish companies; ii) assets from Spanish companies in the amount of 2,990,438 thousands of Euros.

RECONCILIATION BETWEEN THE SEGMENT INFORMATION AND THE FINANCIAL STATEMENTS

THOUSAND EUROS	
Revenues of the Reported Segments	1,455,022
Revenues of Other Segments	18,289
Elimination of intra-segment transactions	-20,097
Revenues of the EDPR Group	1,453,214
Gross operating profit of the Reported Segments	1,193,072
Gross operating profit of Other Segments	-15,893
Elimination of intra-segment transactions	-6,228
Gross operating profit of the EDPR Group	1,170,951
Operating profit of the Reported Segments	589,361
Operating profit of Other Segments	-16,566
Elimination of intra-segment transactions	-8,836
Operating profit of the EDPR Group	563,959
Assets of the Reported Segments	15,239,812
Not Allocated Assets	1,415,622
Financial Assets	997,571
Tax assets	153,475
Debtors and other assets	264,576
Assets of Other Segments	25,312
Elimination of intra-segment transactions	53,723
Assets of the EDPR Group	16,734,469
Investments in joint ventures and associates	340,120
Liabilities of the Reported Segments	1,488,128
Not Allocated Liabilities	7,092,908
Financial Liabilities	3,406,069
Institutional partnerships in U,S, wind farms	2,339,425
Tax liabilities	453,532
Payables and other liabilities	893,882
Liabilities of Other Segments	15,023
Elimination of intra-segment transactions	565,396
Liabilities of the EDPR Group	9,161,455
Operating Investment of the Reported Segments	1,029,284
Operating Investment of Other Segments	77
Operating Investment of the EDPR Group	1,029,361

THOUSAND EUROS	TOTAL OF THE REPORTED SEGMENTS	OTHER SEGMENTS	ELIMINATION OF INTRA-SEGMENT TRANSACTIONS	TOTAL OF THE EDPR GROUP
Other operating income	59,380	1,495	-7,123	53,752
Supplies and services	-308,802	-16,441	20,503	-304,740
Personnel costs and Employee benefits expenses	-76,290	-17,604	-	-93,894
Other operating expenses	-133,782	-1,631	488	-134,925
Provisions	-4,705	-	-	-4,705
Amortisation and impairment	-599,006	-673	-2,608	-602,287
Share of profit of associates	2,281	-	-2,466	-185

STATEMENT OF COMPLIANCE ON SCIRF

edp renováveis

Report from Management concerning responsibility for

the System of Internal Control over Financial Reporting

The board of directors and management are responsible for establishing and maintaining an adequate System of Internal Control over Financial Reporting (SCIRF).

The SCIRF of EDP Renováveis Group is a set of processes designed to provide reasonable assurance as to the reliability of the financial information and the preparation of the consolidated annual accounts for external purposes, in accordance with the applicable financial information reporting framework.

Due to the limitations inherent to all internal control systems, it is possible that the system of internal control over financial reporting does not prevent or detect all errors that could occur and may only provide reasonable assurance with respect to the presentation and preparation of the consolidated annual accounts. Furthermore, extrapolating the effectiveness assessment to future years entails a risk that controls may cease to be adequate due to changing conditions or erosion in the level of compliance with policies and procedures.

Management has assessed the effectiveness of the SCIRF at 31st December 2017 based on the criteria established in the Internal Control – Integrated Framework issued in 2013 by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

As a result of this assessment, and based on the aforementioned criteria, management concludes that at 31st December 2017 EDP Renováveis Group had an effective system of internal control over financial reporting.

The SCIRF of EDP Renováveis Group at 31st December 2017 has been audited by the independent auditors KPMG Auditores, S.L., as indicated in their report included in the Annual Corporate Governance Report.

Chief Executive Officer

Board Member

27 February 2018

www.edpr.com

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Hoja nº AS-32359, C.I.F. A-74137100

AUDITOR'S REPORT ON SCIRF

KPMG Auditores, S.L.
Ventura Rodríguez, 2
33004 Oviedo

Audit report on the system of internal control over financial reporting

To the Shareholders of
EDP Renovåveis, S.A.

Further to your request, and in accordance with our engagement letter dated 4th September 2017, we have examined the System of Internal Control over Financial Reporting of EDP Renováveis, S.A. (the Parent) and subsidiaries (the Group).This system is based on the criteria established in the Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission. The Board of Directors of the Company and Senior Management of the Group are responsible for adopting appropriate measures to reasonably ensure the implementation, maintenance and oversight of an adequate system of internal control over financial reporting, evaluating its effectiveness and developing improvements to that system, and defining the content of and preparing the accompanying information concerning the System of Internal Control over Financial Reporting. Our responsibility is to express an opinion on the effectiveness of the Group's System of Internal Control over Financial Reporting based on our examination.

An entity's internal control over financial reporting is designed to provide reasonable assurance that its annual financial reporting complies with the applicable financial reporting framework. It includes policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and assets of the Group; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of the Group's consolidated annual accounts in accordance with the applicable financial reporting framework; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use or disposal of the Group's assets that could have a material effect on the consolidated annual accounts. In this respect it should be borne in mind that, irrespective of the quality of the design and operation of the internal control system adopted in relation to annual financial reporting, the system may only provide reasonable, but not absolute assurance in relation to the objectives pursued, due to the limitations inherent in any internal control system.

We conducted our examination in accordance with ISAE 3000 (International Standard on Assurance Engagements 3000: Assurance Engagements other than Audits or Reviews of Historical Financial Information), issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) for the issue of reasonable assurance reports. This standard requires that we plan and perform our work to obtain reasonable assurance about whether the Group maintains, in all material respects, effective internal control over financial reporting. Our work included obtaining an understanding of the Group's System of Internal Control over Financial Reporting, testing and evaluating the design and operating effectiveness of that system, and performing such other procedures as were considered necessary in the circumstances. We consider that our examination provides a reasonable basis for our opinion.

We apply International Standard on Quality Control 1 and accordingly maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Due to the limitations inherent in any internal control system, there is always a possibility that the System of Internal Control over Financial Reporting may not prevent or detect misstatements or irregularities that may arise as a result of errors of judgement, human error, fraud or misconduct. Moreover, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Group maintained, in all material respects, effective internal control over financial reporting at 31 December 2017, in accordance with the criteria established in the Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission.

Our examination did not constitute an audit of accounts and is not subject to the legislation regulating the audit of accounts in Spain. As such, in this report we do not express an audit opinion on the accounts under the terms provided in the above-mentioned legislation. However, on 27 February 2018 we issued our unqualified audit report on the consolidated annual accounts of the Group for 2017, in accordance with the legislation regulating the audit of accounts in Spain.

KPMG Auditores, S.L.

E. Bilbao

Estíbaliz Bilbao

27 February 2018

STATEMENT OF COMPLIANCE ON CONSOLIDATED FINANCIAL INFORMATION

edp renováveis

Members of the Board of Directors of the Company EDP Renováveis, S.A.

DECLARE

To the extent of our knowledge, the information referred to in sub-paragraph a) of paragraph 1 of Article 245 of Decree-Law no. 357-A/2007 of October 31st and other documents relating to the submission of accounts required by current regulations have been prepared in accordance with applicable accounting standards, reflecting a true and fair view of the assets, liabilities, financial position and results of EDP Renováveis, S.A. and the companies included in its scope of consolidation and the management report fairly presents the evolution of business performance and position of EDP Renováveis, S.A. and the companies included in its scope of consolidation, containing a description of the principal risks and uncertainties that they face.

Lisbon, February 26th, 2018.

António Luís Guerra Nunes Mexia

João Manuel Manso Neto

João Paulo Nogueira da Sousa Costeira

Duarte Melo de Castro Belo

Miguel Ángel Prado Balboa

Nuno Maria Pestana de Almeida Alves

Acácio Jaime Liberado Mota Piloto

António do Pranto Nogueira Leite

João Manuel de Mello Franco

João José Belard da Fonseca Lopes Raimundo

Jorge Manuel Azevedo Henriques dos Santos

José António Ferreira Machado

Gilles August

Manuel Menéndez Menéndez

Allan J. Katz

Francisca Guedes de Oliveira

Francisco Seixas da Costa

AUDITOR'S REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS

KPMG Auditores, S.L.
Ventura Rodríguez, 2
33004 Oviedo

Independent Auditor's Report on the Consolidated Annual Accounts

To the shareholders of EDP Renováveis, S.A.:

REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS

Opinion

We have audited the consolidated annual accounts of EDP Renováveis, S.A. (the "Parent") and subsidiaries (the "Group") which comprise the consolidated statement of financial position at 31 December 2017, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and consolidated notes.

In our opinion, the accompanying consolidated annual accounts give a true and fair view, in all material respects, of the consolidated equity and consolidated financial position of the Group at 31 December 2017 and of its consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and other provisions of the financial reporting framework applicable in Spain.

Basis for Opinion

We conducted our audit in accordance with prevailing legislation regulating the audit of accounts in Spain. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Annual Accounts section of our report.

We are independent of the Group in accordance with the ethical requirements, including those regarding independence, that are relevant to our audit of the consolidated annual accounts in Spain pursuant to the legislation regulating the audit of accounts. We have not provided any non-audit services, nor have any situations or circumstances arisen which, under the aforementioned regulations, have affected the required independence such that this has been compromised.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KPMG Auditores S L., a limited liability Spanish company and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.
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N I F B-78510153

KPMG

2

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the consolidated annual accounts of the current period. These matters were addressed in the context of our audit of the consolidated annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Property, plant and equipment and goodwill (Euros 13,185,201 thousand and Euros 1,297,226 thousand, respectively): Recoverable amount

See notes 15 and 17 to the consolidated annual accounts

Key Audit Matter	*How the Matter was Addressed in Our Audit*
The recovery of property, plant and equipment and goodwill depends on sufficient cash flows being obtained in future business. Most of the Group's property, plant and equipment pertain to assets to generate renewable energy in the areas in which it operates: Europe, North America and Brazil. Goodwill is also allocated to these areas (Euros 636,089 thousand to Europe and Euros 659,144 thousand to North America, mainly). The recoverable amount of property, plant and equipment and goodwill are directly affected by the energy regulatory framework in each of the countries in which the Group operates. Every year the Group estimates the recoverable amount using valuation techniques which require judgement by the Directors and the use of key assumptions and estimates, such as future energy sale prices, inflation rates, discount rates, country risk rates, amongst others. Due to the uncertainty associated with these estimates, this has been considered a key audit matter.	Our audit procedures included, inter alia, an assessment of the design and implementation of the relevant controls related to the calculation of the recoverable amount of renewable energy assets. - Understanding of the process for determining and calculating of recoverable amount. - Testing of the design and implementation of the key controls in the process for calculating the recoverable amount of property, plant and equipment and goodwill. Our substantive procedures on the recoverable amount of the property, plant and equipment and goodwill mainly consisted of: - With the help of our valuation specialists, we have assessed the reasonableness of the key assumptions and methodology used, comparing the information considered in the model with the sector, economic and financial information available through external sources and with the Group's historical data. - Verification of whether the assumptions of the growth of cash flows are consistent with the plans approved by the Executive Committee and/or Board. In addition, we assessed whether the disclosures included in the consolidated annual accounts comply with the requirements of the financial reporting framework applicable to the Group.

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3

Transactions with non-controlling interests See note 5 to the consolidated annual accounts	
Key Audit Matter	*How the Matter was Addressed in Our Audit*
The Group's strategy is to sell non-controlling interests (typically 49%) in its wind energy projects to third parties. In 2017 49% of the subsidiary EDPR PT-Parques Eólicos, S.A. was sold to a third party for Euros 247.7 million. The accounting of this transaction is complex and requires the analysis of the control still held by the Group following the transaction (IFRS 10) and the accounting and valuation of non-controlling interests (IAS 32 capital or debt instruments).	Our audit procedures included, inter alia, an assessment of the relevant controls related to the process of recognising non-controlling interest sales transactions: - Understanding of the transaction process with non-controlling interests. - Testing of the design and implementation of the key controls in the transaction process with non-controlling interests. Our substantive procedures - Analysis of sale-purchase agreements and agreements between shareholders, related to the transaction. - Review of the memorandum analysing the transaction carried out by the Company. - Evaluation of compliance with the accounting criteria for this type of transactions and the recognition in the financial statements. We have also assessed whether the disclosures in the consolidated annual accounts regarding the transaction and the aforementioned process meet the requirements of the applicable financial reporting framework.

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Valuation and classification of derivative financial instruments (Euros 46,620 and Euros 384,397 thousand) See note 35 to the consolidated annual accounts	
Key Audit Matter	*How the Matter was Addressed in Our Audit*
The Group is exposed to various financial risks including changes in energy prices, exchange rates and interest rates. Management used financial instruments to minimise the impact of these risks, in coordination with EDP - Energías de Portugal, S.A.'s financial department. The Group also hedges the net investments of its subsidiaries outside Spain. Derivatives designated as accounting hedges must meet strict criteria with respect to documentation and the effectiveness of the hedge on inception. The fair value of derivative financial instruments is determined using valuation techniques that take into consideration unobservable market data or complex pricing models that require a high degree of judgement, as, for example, with instruments valued using Level 2 variables (IFRS 13). Given the complexity of complying with the legislation in force governing the identification, measurement and classification of hedging instruments and the correct measurement of their effectiveness, we have considered this to be a key audit matter.	Our audit procedures included the following: - An assessment of the relevant controls related to the process of identifying, valuing and classifying the derivative financial instruments. - Testing of the design and implementation of the key controls in the derivative financial instrument process. Our substantive procedures on derivative financial instruments mainly consisted of: - Performing substantive tests to evaluate whether a sample of derivative financial instruments has been correctly measured. Our specialists in financial instruments were involved in these procedures. - Comparison of observable inputs in reasonable valuation models, such as interest rates, price curves and exchange rates, using externally available market data, and evaluating whether the valuation models and methodology used by the Group are in line with generally accepted practice. - For instruments where the valuation of input is not observable we have selected a sample and, with the assistance of our specialists in financial instruments, we have evaluated the assumptions and models used by the Group, considering alternative methods available and sensitivities to key factors.

	- We assessed the reasonableness of the measurement of the effectiveness of the accounting hedges and whether the outcome is within the range defined by accounting legislation. Furthermore, we have evaluated whether the information disclosed in the notes to the consolidated annual accounts in this regard is appropriate, in accordance with the criteria set out in the financial reporting framework applicable to the Group.

Other Information: Consolidated Directors' Report

Other information solely comprises the 2017 Consolidated Directors' Report, the preparation of which is the responsibility of the Parent's Directors and which does not form an integral part of the consolidated annual accounts.

Our audit opinion on the consolidated annual accounts does not encompass the consolidated directors' report. Our responsibility for the consolidated directors' report, in accordance with the requirements of prevailing legislation regulating the audit of accounts, consists of assessing and reporting on the consistency of the consolidated directors' report with the consolidated annual accounts, based on knowledge of the Group obtained during the audit of the aforementioned consolidated accounts and without including any information other than that obtained as evidence during the audit. It is also our responsibility to assess and report on whether the content and presentation of the consolidated directors' report are in accordance with applicable legislation. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report them.

Based on the work carried out, as described in the preceding paragraph, the information contained in the consolidated directors' report is consistent with that disclosed in the consolidated annual accounts for 2017 and the content and presentation of the report are in accordance with applicable legislation.

Directors' and Audit Committee's Responsibility for the Consolidated Annual Accounts

The Parent's Directors are responsible for the preparation of the accompanying consolidated annual accounts in such a way that they give a true and fair view of the consolidated equity, consolidated financial position and consolidated financial performance of the Group in accordance with IFRS-EU and other provisions of the financial reporting framework applicable to the Group in Spain, and for such internal control as they determine is necessary to enable the preparation of consolidated annual accounts that are free from material misstatement, whether due to fraud or error.

6

In preparing the consolidated annual accounts, the Parent's Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

The Parent's audit committee is responsible for overseeing the preparation and presentation of the consolidated annual accounts.

Auditor's Responsibilities for the Audit of the Consolidated Annual Accounts_

Our objectives are to obtain reasonable assurance about whether the consolidated annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with prevailing legislation regulating the audit of accounts in Spain will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence economic decisions of users taken on the basis of these consolidated annual accounts.

As part of an audit in accordance with prevailing legislation regulating the audit of accounts in Spain, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Parent's Directors.
- Conclude on the appropriateness of the Parent's Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated annual accounts, including the disclosures, and whether the consolidated annual accounts represent the underlying transactions and events in a manner that achieves a true and fair view.

KPMG

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated annual accounts. We are responsible for the direction, supervision and performance of the Group audit. We are solely responsible for our audit opinion.

We communicate with the audit committee of the Parent regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Parent's audit committee with a statement that we have complied with the applicable ethical requirements, including those regarding independence, and to communicate with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated to the audit committee of the Parent, we determine those that were of most significance in the audit of the consolidated annual accounts of the current period and which are therefore the key audit matters.

We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

KPMG Auditores, S.L.
On the Spanish Official Register of
Auditors ("ROAC") with No. S0702

E. Bilbao

Estíbaliz Bilbao Belda
On the Spanish Official Register of
Auditors ("ROAC") with No. 16.109

27 February 2018

CONCEPTS AND DEFINITIONS

A

ASSET ROTATION
Strategy aimed at crystallizing the value of a project by selling a minority stake in an asset and reinvesting the proceeds in another asset, targeting greater growth.

AVAILABILITY
The percentage of time a wind turbine is technically available to capture the wind resource and convert it to electricity.

B

BLADES
The large "arms" of wind turbines that extend from the hub of a generator. Most turbines have either two or three blades. Wind blowing over the blades causes the blades to "lift" and rotate.

BOP
Balance of plant. All the supporting components and auxiliary equipment of the wind farm other than the generating unit.

C

CAGR
Compound annual growth rate

CARBON LEAKAGE
Occurs when due to the higher costs related with climate change policies in one country (for example taxes or other penalties on carbon emissions), the companies decide to move their production to countries with more relaxed policies, therefore leading to higher carbon emissions ex-post.

CAPEX
Capital Expenditure. Funds used by a company to acquire or upgrade physical assets such as property, industrial buildings or equipment (ex: construction of wind farms).

CO_2
Carbon dioxide. A heavy colorless gas that does not support combustion, dissolves in water to form carbonic acid, is formed especially in animal respiration and in the decay or combustion of animal and vegetable matter, is absorbed from the air by plants in photosynthesis, and is used in the carbonation of beverages.

CASH-FLOW
Amount of cash generated and used by a company in a given period. Cash flow can be used as an indication of a company's financial strength.

COD
Commercial Operating Date. Date at which the project starts officially operating, after the testing and commissioning period.

COP 21
Conference of parties, UN Climate Change Conference held in Paris.

CORE OPEX
Includes costs of supplies and services and with personnel, costs that are controllable by the company.

CRITICAL SUPPLIERS
Includes suppliers of turbines, balance
of plant and O&M.

CURTAILMENT
The forced shut-down of some or all of the wind turbine generators within a wind farm to mitigate issues associated with turbine loading export to the grid, or certain planning conditions. Curtailment is controlled by the regional transmission operator.

D

DIVIDEND PAY-OUT RATIO
Measures the percentage of a company's net income that is given to shareholders in the form dividends. (Total Annual Dividends per Share / Earnings per Share).

DIVIDEND POLICY
Set of guidelines a company uses to decide how much of its earnings it will pay out to shareholders.

E

EBITDA
An accounting measure calculated using a company's net earnings, before interest expenses, taxes, depreciation and amortization are subtracted, as a proxy for a company's current operating profitability.

EMS
Environmental Management System. System that assures the protection of the environment through a proactive environmental management of the facilities in operation

EPS
Earnings per share. The portion of a company's profit allocated to each outstanding share of common stock.

EQUITY CONSOLIDATION
Accounting process of treating equity investments, in associate companies. Equity account is usually applied where the entity holds 20-50% of voting stock.

F

FEED IN TARIFFS
Remuneration framework that guarantees that a company will receive a set price from their utility, applied to all of the electricity they generate and provide to the grid.

FINANCIAL INVESTMENT
An asset in which to put money into with the expectation of obtaining gains or an appreciation in to a larger sum of money.

FOREX
The market in which currencies are traded.

FULL SCOPE
Scheme of maintenance in which a third party supplier is directly responsible for the full maintenance of the project. The project pays a fixed fee and assumes low risk.

G

GC
Green certificate. Tradable commodity proving that certain electricity is generated using renewable energy sources.

GHG
Greenhouse gases. Gases that trap the heat of the sun in the Earth's atmosphere, producing the greenhouse effect; the two major greenhouse gases are water vapor and carbon dioxide; lesser greenhouse gases include methane, ozone, chlorofluorocarbons, and nitrogen oxides.

GROSS PROFIT
An accounting measure calculated using a company's revenue minus its cost of goods sold. Gross profit is a company's residual profit for selling a product or service and deducting the cost associated with its production and sale.

GW
Unit of electric power equal to 1,000 MW.

GWh
Equal to 1,000 MW used continuously for one hour.

H

HEDGING
Risk management strategy used in limiting or offsetting probability of loss from fluctuations in the prices of commodities, currencies, or securities.

I

INSTALLED CAPACITY
Capacity installed and ready to produce energy.

ITC
Investment tax credit. Tax incentive in the US which differ from the Production Tax Credit in the sense that the Tax Equity Investor receives a one shot tax credit that covers a percentage of the investment.

L

LCOE
Levelized cost of electricity. Provides a common way to compare the cost of energy across technologies. LCOE takes into account the installed system price and associated costs such as financing, land, insurance, transmission, operation and maintenance, and depreciation. The LCOE is a true apples-to-apples comparison of electricity costs and is the most common measure used by electric utilities or purchasers of power to evaluate the financial viability and attractiveness of a wind energy project.

M

M3
Modular maintenance model. Maintenance scheme which is halfway between the self-perform and a full scope maintenance, with some activities being performed in-house.

MW
Unit of electric power equal to 106 watts.

MWh
Equal to 106 watts of electricity used continuously for one hour.

N

NET CAPACITY FACTOR (NCF)
The ratio of a plant's actual output over a period of time, to its potential output if it were possible for it to operate at full nameplate capacity continuously over the same period of time. Also known as Load Factor.

NET DEBT
A metric that shows a company's overall debt situation calculated using company's total debt less cash on hand.

NET INVESTMENT
Equals (Capex + Financial investments – Financial divestments).

O

O&M
Operations and maintenance. All the activities necessary to run the wind-farm in a reliable, safe and economical way including for instance maintenance, repair, monitoring and operation.

PPA
Power purchase agreement. A legal contract between an electricity generator (provider) and a power purchaser (host).The power purchaser buys energy, and sometimes also capacity and/or ancillary services, from the electricity generator.

P

PTC
Production tax credit. The result of the Energy Policy Act of 1992, a commercial tax credit in the US that applies to wholesale electrical generators of wind energy facilities based upon the amount of energy generated in a year.

R

RENEWABLE ENERGY
Energy that is derived from resources that are regenerative or that cannot be depleted including wind energy, solar, biomass, geothermal, and moving water. Also known as alternative energy.

REC
Renewable energy credit. Represents the property rights to the environmental, social, and other non-power qualities of renewable electricity generation. A REC can be sold separately from the electricity associated with a renewable energy generation source.

RES
Renewable energy sources.

RCF
Retained cash-flow. The amount available to pay dividends to shareholders and/or to fund new investments and includes EBITDA after paying interests and tax equity investor's costs and after paying distributions to equity partners and taxes.

ROIC CASH
Return on Invested Capital (based on Cash Flows). Represents a measure of the profitability and value creation of a project or company.

RPS
Renewable Portfolio Standard. Regulation in the US that places an obligation in certain states on electricity supply companies to source a specific percentage of their energy from renewable sources.

S

SELF-PERFORM
Maintenance scheme in which all the maintenance works are done in-house which means that the project assumes the whole risk.

SF6
Sulfur hexafluoride. Colorless, odorless, non-flammable and potent greenhouse gas which is used in the electrical industry especially in gas insulated switchgear power installations.

SOLAR PV
Solar photovoltaic. Plant that generates electricity by means of solar power through photovoltaics, consisting on an arrangement of several components, including solar panels to absorb and convert sunlight into electricity, a solar inverter, cables and other electrical accessories.

T

TSR
Total Shareholder Return. Measures the return that the stock provides to the shareholder, including dividends paid and the stock price appreciation.

W

WATT (W)
The rate of energy transfer equivalent to one ampere under an electrical pressure of one volt. One watt equals 1/746 horsepower, or one joule per second. It is the product of voltage and current (amperage). Watts are the yardstick for measuring power.

WIND ENERGY
Power generated by converting the mechanical energy of the wind into electrical energy through the use of a wind generator.

WIND FARM
Used in reference to the land, wind turbine generators, electrical equipment, and transmission lines for the purpose of generating wind energy and alternative energy.

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