





edp renováveis



We love energy.

Energy moves us, unites us and brings us closer to the world.

We love this universal language, which takes on different shades and shapes.

It drives, motivates and challenges us, in a story defined by shared success and achievement.

It comes from the sun, water, wind and people.

It transforms, reinvents and charts a more sustainable, clean and efficient future.

It's contagious, leading us to explore, amaze and innovate in a constantly changing world.

This is our kind of energy.

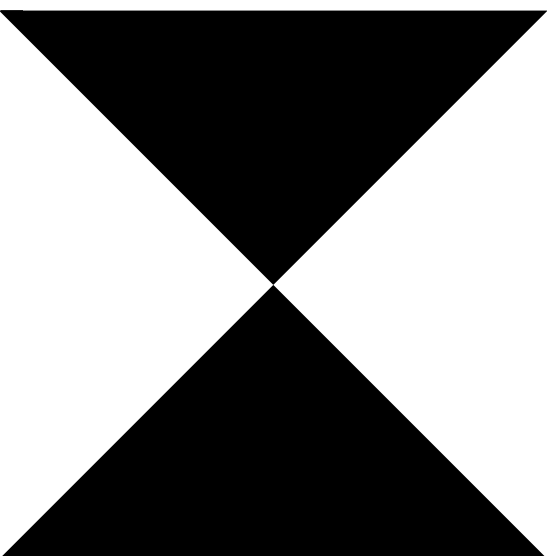
WE LOVE ENERGY

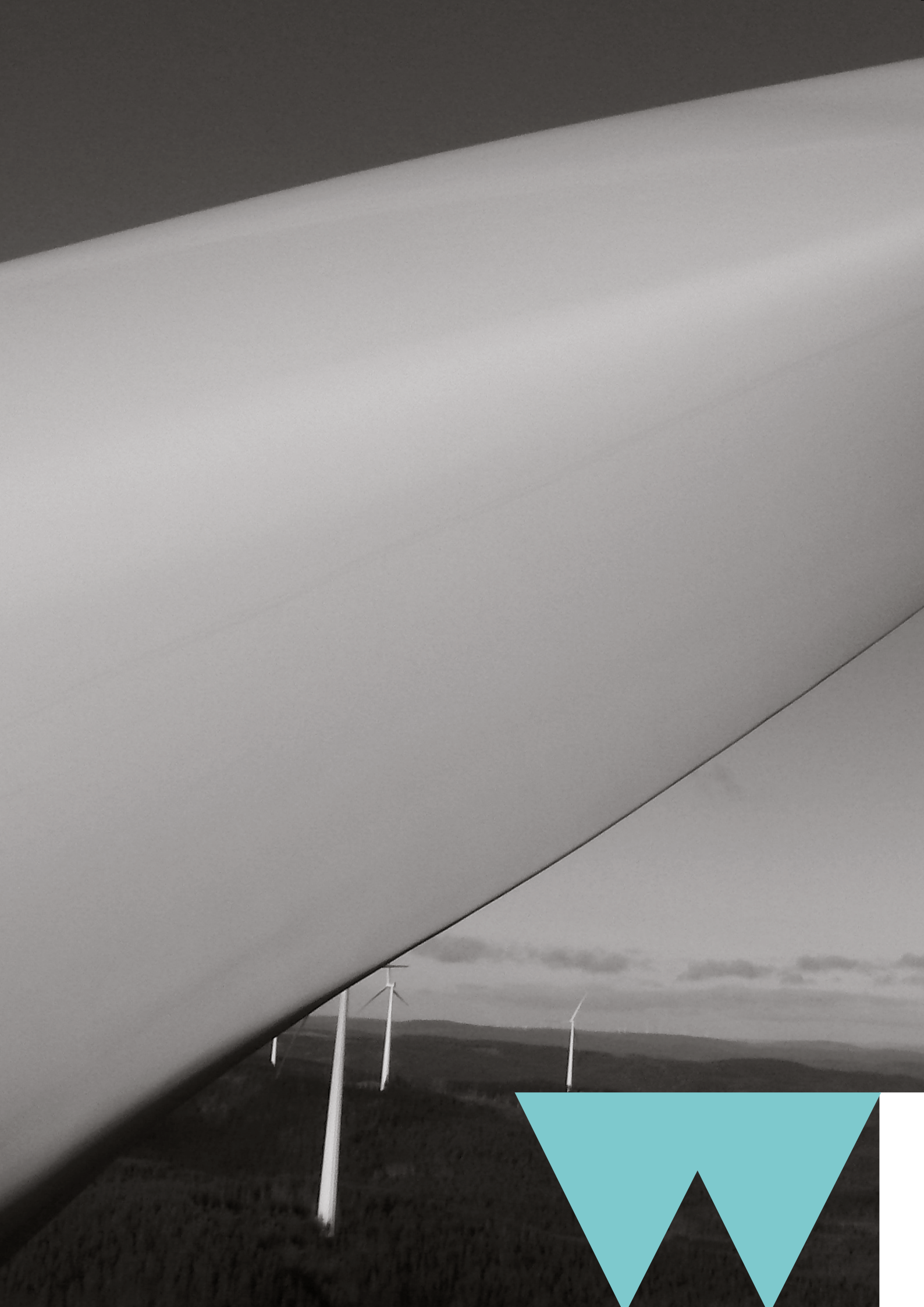




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**WE
LOVE
THE WIND**







António Mexia
Chairman of the Board of Directors

MESSAGE FROM THE CHAIRMAN

Dear Stakeholder,

Ten years ago, in this same letter, I mentioned that the renewables sector would undoubtedly be part of the solution for the energy sector. At EDP and EDP Renováveis, we aligned our corporate strategies to focus mainly on renewables, efficiency and innovation combining the need for competitiveness of our business with technological transformation and one of the world's leading concerns – climate change.

As a result, EDP Renováveis has consistently been EDP's most significant growth platform, with a total investment of more than €12 billion since 2008, representing about 50% of EDP's capital expenditure during the period, namely through the deployment of long-term contracted renewable assets in its core markets. The successful execution of this strategy has been based on the strong focus on the balance between growth, financial deleverage, controlled risk, superior efficiency and attractive returns and further enhanced by EDP Renováveis self-funding strategy and its operational excellence with unique operation and maintenance capabilities.

Through the execution of this vision and the strong commitment of EDP Renováveis stakeholders, we created a leading global renewable energy company with a portfolio of wind and solar assets of 11.7 GW, and operations across 13 countries. EDP Renováveis is, today, a sustainable company working towards a better world for current and future generations.

The commitment to sustainable development has also been one of the core values of our strategic agenda, with clear and demanding objectives for the future. In agreement with this, we are signatories of the United Nations Global Compact initiatives which establishes ten principles in the areas of human rights, labour, environment and anti-corruption. As a recognition of our commitment, EDP Group has, since 2008, been present in the Dow Jones Sustainability Index (DJSI) as one of the most sustainable companies in the world.

Moreover, we are aware of the role that we will play in the global effort to decarbonise the world and in the objective of limiting the global temperature increase to 1.5° C. In 2018, EDP Renováveis achieved important milestones, defining a success path for the future. Over the past year, the company secured more than 1.2 GW of long-term contracts in the United States and entered new markets like Greece. Additionally, EDP Renováveis entered the Brazilian solar market with a 199 MW project. In offshore, we started the construction of Moray East and acquired the exclusive right to develop the Mayflower project off the coast of Massachusetts. Finally, 2018 was also marked by the bet on the floating technology with the beginning of the construction of Windfloat Atlântico, potentially the most efficient way to produce renewable energy in densely populated and deep-water countries.

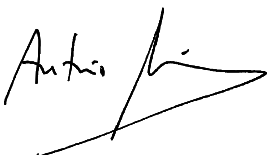
At EDP Group, we are convinced that the energy of the future will be electric, clean, affordable, reliable and focused on the client, and EDP Renováveis will definitely be a part of it. We are in the midst of a revolution mainly characterized by technological innovation, automation, artificial intelligence and also sustainable development. Bearing this in mind, EDP as a Group made strong commitments for 2030 where we will continue to actively contribute to the decarbonisation of the economy by reducing our CO₂ emissions by 90% (compared to 2005), mainly based on a generation from renewable energy sources (by more than 90%) and by becoming coal-free. On the other hand, the group will also be at the forefront of the decentralization effort through the leveraging of the already existing strong competences in renewables and client base to install more than 4 million solar panels for our clients.

The speed, breadth and depth of this revolution is forcing us to rethink how we as organizations can create and capture value, using technology while positively impacting consumers, other organizations and communities. With all this in mind, I would like to thank all the stakeholders and namely our employees and shareholders for sharing this vision. Together we will continue to lead the way.

Finally, I invite you to learn more about EDP Renováveis operation in the pages of this report and to follow how we are preparing for the future - a more innovative, more renewable and more sustainable future.

António Mexia

Chairman of the Board of Directors

A handwritten signature in black ink, appearing to read 'António Mexia', with a long, sweeping horizontal stroke extending to the right.



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

INTERVIEW WITH THE CEO

1. How do you look back to 2018? In your view, what were EDPR key achievements?

In 2018 EDPR not only successfully executed its strategy in terms of operational and financial performance, but also created growth opportunities. I believe that to continue as a leading renewable company in the future, we need to prepare that path today.

“To continue as a leading renewable company in the future, we need to prepare that path today.”

Taking this in mind, in 2018, EDPR secured more than 1.2 GW of PPAs for new projects in the US, of which half was signed with Commercial & Industrial offtakers, using our know-how to differentiate our product and helping them achieving sustainability targets. In terms of future growth, I would also like to denote that we entered in the Greek onshore market with two contracts for 60 MW, and in the Brazilian solar energy market with a long-term contract for a 199 MW project. Talking about technological diversification, in December, we achieved important milestones with, on the one hand, the beginning of construction of the 24 MW windfloat project in Portugal and the 950 MW Moray offshore project, and on the other hand the fact that Mayflower offshore project, which is being developed in partnership, was awarded with the exclusive rights to be developed off the coast of Massachusetts, USA.

Then, as part of our self-funding strategy, we sold a majority stake in a 499 MW portfolio in North America, generating important gains, along with stakes in offshore projects being developed in partnerships, which denotes the quality of our assets and will allow us to grow at a faster pace.

Finally, it should also be mentioned that 2018 was marked by the announcement of CTG takeover bid, over the share capital of EDP and EDPR. Regarding the proposal presented, on June 2018, EDPR Executive Board of Directors informed the market that the price offered does not adequately reflect the value of EDPR.

2. Looking at 2018 operational and financial results, what are the key takeaways?

We installed 826 MW in 2018, and finished the year managing a portfolio of 11.7 GW across 11 countries. Our operation in North America was the major contributor with 478 MW built, but also important to mention the 211 MW built in Europe and 137 MW in Brazil. We benefited from a diversified portfolio, leading the output to reach 28.4 TWh, increasing 3% YoY, with capacity additions mitigating the lower wind resource in the period. As a result, our revenues totalled €1,697 million, lower YoY given the expected discontinuities in US, with 10-years PTCs expiring and the expected decrease in the number of green certificates in eastern european countries.

“We installed 826 MW in 2018, and finished the year managing a portfolio of 11.7 GW across 11 countries.”

Regarding financial results, we reached an EBITDA of €1,300 million and a Net profit of €313 million, higher 14% versus 2017. This was a milestone for EDPR, given that we achieved the highest Net profit ever. This was possible due to efficiency at financial results, with stable net interest cost of debt and the lower tax equity costs, with the new deals being closed at 10-years' lowest yield, and propelled by the successful execution of the self-funding business. In order to crystalize the value to be realized from the future cash-flows of the project, we sold an 80% stake in a 499 MW portfolio in North America, which led us to account a €109 million capital gain, and €87 million from the sale of stakes in some offshore projects. This strategy allows us to create extra value without increasing capital employed.

The key message is that EDPR, once again, was able to execute its strategy and achieve its goals, despite expected discontinuities and a year with low wind resource.

3. Last year execution was part of an extended business plan designed from 2016 to 2020. Looking back to the last 3 years, how does reality compare with the plan?

Having a well-defined strategy that guides us to what we want to achieve is crucial to guarantee that we have all teams engaged and on board. With that being said, together we successfully executed our 2016-20 strategic agenda. In our selective growth pillar, we targeted 3.5 GW for the period, and we manage to secure 4.0 GW of which 2.2 GW were built in 2016-18 period. In terms of operational excellence, in 2018 the core opex per MW was 2% lower when compared to 2015, which means that, in terms of cumulative annual growth rate, we manage to deliver our target with two year in advance. This was only achieved given EDPR's know-how, cost-control and initiatives like the self-perform that aims to efficiently internalize O&M activities. On the self-funding pillar, we had a target of €1.1bn of proceeds from sale of assets. Given the execution of asset rotation strategy in 2016, the sale of offshore stakes and the sell-down accomplished in 2018, once again we delivered it 2 years in advance.

The successful execution of the 3 pillars lead us to reach, in 2018, an EBITDA of €1.3 billion, in line with the plan for the year and a Net profit of €313 million, which compares with approximately €300 million target for 2020.

4. You mention a new approach for the self-funding strategic pillar. What is the rationale behind the upgrade from asset rotation to the sell-down?

EDPR self-funding model has been a cornerstone of EDPR's strategy and its success has been crucial for funding growth. This model substitutes the initial financing strategy that depended on corporate debt from EDP, the major shareholder of EDPR and allows the company to create value while recycling capital.

The model relies on a combination of the cash flow from operating assets, US tax equity structures, and EDPR's strategy of selling stakes in projects in operation or under development. These proceeds enable the company to crystalize 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.

Until 2017 these transactions involved the company selling minority stakes at project level while maintaining full management control, called asset rotation. The scope of these transactions tended to be mature projects, generally already operating and thus significantly de-risked, with high visibility to future cash-flows, that were attractive to institutional investors from whom EDPR sourced a competitive cost of finance.

In 2018 EDPR enhanced this strategy, given increasing appetite from institutional investors, and closed its first sell-down

transaction. This strategy allows the company to create extra value through the sale of majority stakes, without increasing capital employed, maintaining a solid balance sheet and, at the same time, to unlock all growth potential of EDPR.

5. Is this strategy a way to EDPR continuously succeed in a sector more and more competitive? How does EDPR play innovation?

Innovation is all around us and so it is part of EDPR's day-to-day reality. When we think about innovation we tend to focus only in disruptive technologies, but innovative solutions can be implemented in the entire value chain: in business development, construction, operations, origination, financing and corporate development. Just as an example, besides

“Innovation is all around us and so it is part of EDPR's day-to-day reality.

At EDPR we believe that small changes can cause a big disruption.”

being developing offshore, offshore floating and hybrid (wind and solar) parks and battery storage, we have implemented innovative ideas in construction, with new technical solutions to increase assets quality, in operations, by internalizing O&M activities or using big data on predictive maintenance & power improvement, in origination, with PPA structures to help clients to meet their sustainability goals, in finance, as mentioned with the implementation of a self-funding strategy based on the sale of stakes, which allows us accelerate growth by crystalizing future value, and finally at corporate development have robotic process automation and digital transformation, to generate efficiencies. At the bottom line, at EDPR we believe that small changes can cause a big disruption.

6. Beyond facts and figures, you once mention that EDPR is about people. What is the strategy to retain talent and keep everyone engaged?

Human capital is the most important asset in any company and also at EDPR, which is home to four different generations. We base our Human Resources policies on the Business Plan Achievements and implement actions considering an active listening of the employees. In this regard, every two years the Climate Survey is launched and after analysing the outcome, an action plan is defined in order to guarantee a continuous improvement.

A customised value proposition is offered to employees throughout their journey in EDPR, which allows them to join a multinational team and grow along with it. EDPR believes that

motivated workforce aligned with the company's strategy is one of the key drivers behind the ability to deliver positive results. In this sense, EDPR continuously works to provide excellent conditions for its employees, for them to grow and develop at all levels and optimize its employment policies and labour practices. As a result, EDPR has been recognized by the Top Employers Institute as one of the best companies to work for in Spain and in Europe.

7. United Nations established 17 goals to promote prosperity while protecting the planet. How is EDPR contributing to transform our world?

EDPR is a clear example of how sustainability creates business opportunities. Our core business directly contributes to the Sustainable Development Goals ("SDGs") related to the access to affordable and clean energy and to the fight against climate change and its impacts (SDG 7 and SDG 13). Nevertheless, EDPR goes one step forward and has a business model in place that also has positive direct impacts on communities, fosters innovative infrastructures and circular economy, and ensures decent work, gender equality and preservation of the environment.

8. You mentioned that Sustainability is at the core of EDPR business model. What can you highlight as the main achievements of 2018 in terms of Sustainability?

As a leader in the renewable sector, EDPR is also a responsible and exemplary leader, guaranteeing the health, safety and well-being of our employees and contractors is a top priority at EDPR and this commitment is supported by our Health and Safety policy. We are conscious that we work in a sector that is particularly sensitive to the occupational risk, therefore during 2018 we had placed special emphasis on prevention by training, communicating and certifying our facilities in order to achieve our main goal, which is to have zero accidents.

“As a leader in the renewable sector, EDPR is also a responsible and exemplary leader.”

Moreover, 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, privileging a partnership approach centred on ethical principles, transparency and sustainability. This year, EDPR worked in several areas of the supply chain, mainly defining procedures to manage and mitigate of any type of environmental, H&S or ethical risks in the supply chain.

Locally, EDPR also works to promote the well-being and development of the communities where it operates investing € 2.3 million in the development of social activities in 2018. Additionally, within the strategy for universal access to sustainable energy, EDPR purchased a stake in SolarWorks!, a company engaged in the marketing of decentralised solar energy solutions for off grid domestic and business customers in Mozambique, and launched the A2E Fund Program for the support of renewable energy access projects in developing countries.

9. What kind of company does EDPR want to be in the future?

Renewables is already a cost-effective source of energy and is the future of energy production. As a leader in the sector today, we aim to continue as so and further develop renewable energy, mitigating climate change impacts. Our investment case as a company is well-defined and based in three main pillars, namely selective growth by investing in quality projects

“Renewables is already a cost-effective source of energy and is the future of energy production.”

with predictable cash-flow stream, operational excellence supported by distinctive core competences and unique know-how, and self-funding business to accelerate value creation. To successfully surpass our challenges, and continue as a reference in the renewable sector, we need to keep focus on the successful execution of all 3 pillars of our strategy.

10. Would you like to leave a final message?

To conclude I would like to say to our stakeholders that we are in the right side of the energy industry and in the best position to take advantage of current and future growth opportunities. We will continue to strive and excel, by being loyal to the strategic pillars principles, namely selective growth, self-funding business and operational excellence, and by maintaining a flexible approach, that together have brought us to this leadership position.

Finally, I would like to thank all company employees and stakeholders for the confidence and commitment each one of them have put in EDPR.

“To conclude I would like to say to our stakeholders that we are in the right side of the energy industry and in the best position to take advantage of current and future growth opportunities.”



01

THE COMPANY

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WATER



**WE
LOVE
THE WATER**





01 THE COMPANY

1.1 EDPR IN BRIEF

1.1.1. VISION, MISSION, VALUES AND COMMITMENTS

VISION MISSION VALUES AND COMMITMENTS

VISION

A global renewable energy 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

INITIATIVE

through behaviour and attitude of our people.

TRUST

of shareholders, employees, customers, suppliers and other stakeholders.

EXCELLENCE

in the way we perform.

INNOVATION

to create value in our areas of operation.

SUSTAINABILITY

aimed at the quality of life for current and future generations.

COMMITMENTS

- We join conduct and professional rigour to enthusiasm and initiative emphasising team work.
- We listen to our stakeholders and answer in a simple and clear manner.
- We surprise our stakeholders by anticipating their needs.
- We ensure a collaborative, competent and honest management of our business.
- We believe that the balance between private and professional life is fundamental in order to be successful.
- 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.
- 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.
- 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

EDPR IN THE WORLD


In 2018 EDPR generated 28.4 TWh avoiding the emissions of 20 mt of CO₂.


EDPR is a market leader with top quality assets in 13 countries, managing a global portfolio of 11.7 GW of installed capacity, 674 MW under construction, 4.7 GW in total in pipeline development and employing 1,388 employees.


 Employees




NORTH AMERICA

United States  **583** / 5,552 MW operational
 14,873 GWh generated
 + 199 MW under construction
 + 1 GW in pipeline
 + 2 GW of offshore joint venture in pipeline









Canada  **5** / 30 MW operational
 71 GWh generated
 + 100 MW in pipeline

Mexico  **8** / 200 MW operational
 700 GWh generated

BRAZIL

 **52** / 467 MW operational
 1,235 GWh generated
 + 847 MW in pipeline

EUROPE

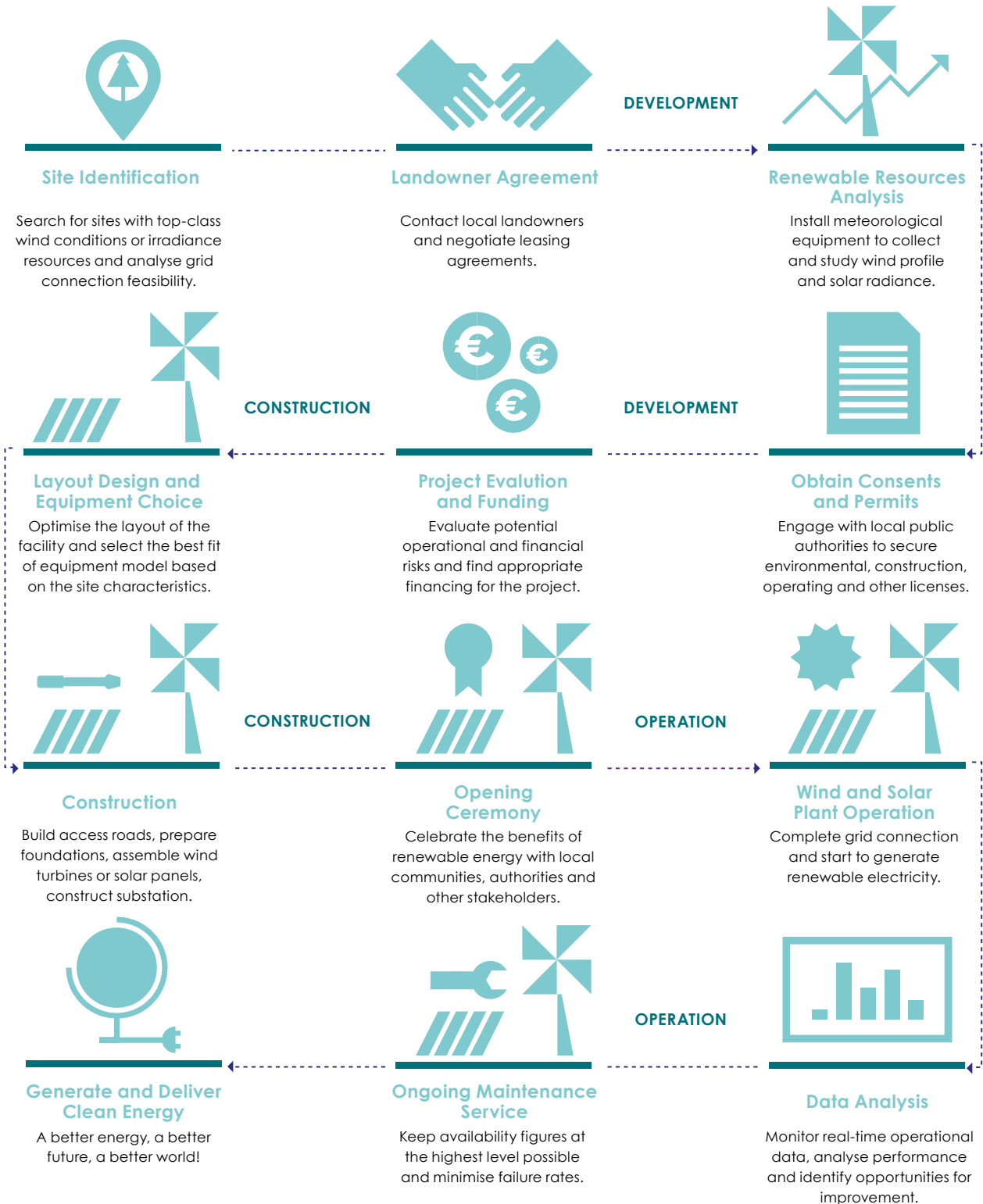
Spain	 427 / 2,463 MW operational / 5,164 GWh generated + 29 MW under construction
Portugal	 80 / 1,309 MW operational / 2,995 GWh generated + 61 MW under construction + 0.1 GW in pipeline
France	 78 / 421 MW operational / 829 GWh generated + 19 MW under construction + 0.5 GW in pipeline + 1 GW offshore joint venture in pipeline
Belgium	 2 / 71 MW operational / 129 GWh generated + 11 MW in pipeline
Poland	 32 / 418 MW operational / 919 GWh generated + 38 MW in pipeline
Romania	 30 / 521 MW operational / 1,059 GWh generated
Italy	 31 / 221 MW operational / 385 GWh generated + 50 MW under construction + 16 MW in pipeline
United Kingdom	 60 / 316 MW under construction + 1 GW of offshore joint venture in pipeline
Greece	60 MW in pipeline



1.1.3 BUSINESS DESCRIPTION

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.



1.1.4 EDPR MAIN EVENTS 2018

EDPR MAIN EVENTS



EDPR recognised by the Top Employers Institute as one of the best companies to work for in Spain in 2018

FEB.

MAR.

EDPR announces the sale of a 20% stake in UK offshore wind project



EDPR secures a 200 MW PPA in US for a new solar power plant

APR.

MAY.

CTG announces tender offer over shares issued by EDPR



EDPR is a constituent of the FTSE4Good Index Series for 8 years in a row

JUN.

JUL.

EDPR enters in the Greek market with a CfD for 45 MW project



EDPR and Facebook partner to develop a new wind farm. In the year, several PPAs with non-utilities were announced, such as Nestlé, Walmart and Salesforce

AUG.

SET.

EDPR enters the Brazilian solar energy market with a long-term contract for a 199 MW project



The WindFloatAtlantic deal was signed in Lisbon by EIB, European Commission, CEO of EDPR and WindPlus representative

OCT.

NOV.

EDPR signs financing agreements for Moray Offshore (UK) consortium



In 2018, EDPR secured more than 1.2 GW of PPAs for new projects in the US and announced its first sell down transaction in North America related to a 0.5 GW portfolio

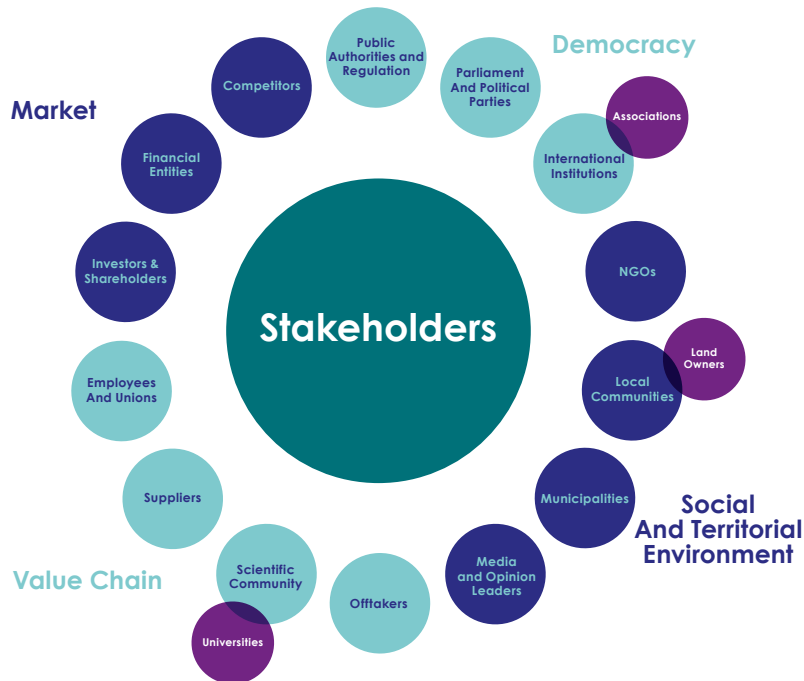
DEZ.



1.1.5 STAKEHOLDER FOCUS

In line with the SDG Compass and EDP Group's policy, EDPR has a strong commitment generating, maintaining and improving a transparent and trustworthy dialogue with its stakeholders, in order to provide value for all of them as well as for the Company. Through interactions and the exchange of information with stakeholders, EDPR expects to acquire knowledge and business intelligence that could not only improve its competitive position and business results, but also its contribution to society and environmental sustainability.

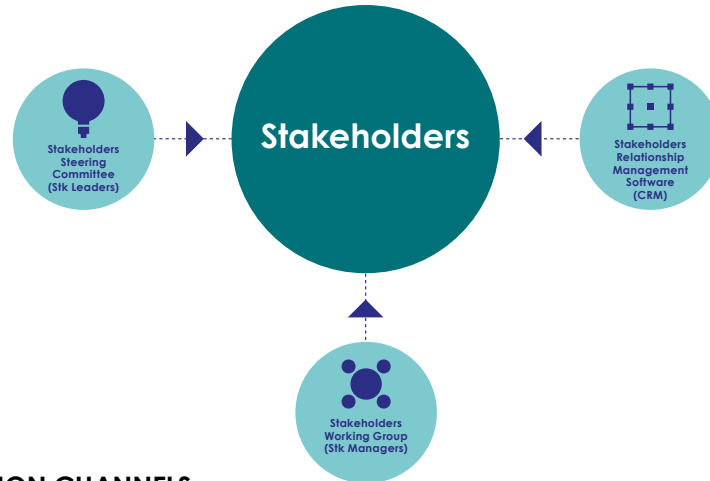
EDPR's stakeholders in 2018 were represented by the groups shown in the following diagram:



EDPR interaction commitments are consistent with those of EDP Group: Comprehend, Communicate, Collaborate and Trust. These pillars were the foundation for the specific objectives set in 2018 to be achieved through stakeholder relationship management.

<p>Comprehend</p> <p>Include, identify and prioritise:</p> <p>EDPR regularly identifies the stakeholders that influence the Company and works to analyse and understand their expectations and interests in the decisions that directly impact them.</p>	<p>Communicate</p> <p>Inform, listen and respond:</p> <p>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.</p>
<p>Collaborate</p> <p>Integrate, share, cooperate and report:</p> <p>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.</p>	<p>Trust</p> <p>Transparency, integrity, respect and ethics:</p> <p>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.</p>

As in previous years, the methodology applied to the Stakeholder Management Plan was institutionalised through three pillars: 1) the Stakeholder Steering Committee for strategy, planning and control (comprised of a group of leaders from various departments of the Company who have direct contact with different stakeholders, with a more strategic vision); 2) the Stakeholder Working Group for implementation of policies and procedures (formed by a more operational team); and 3) a digital relationship management tool (CRM) for an articulated, systematic approach to a value-driven, results-oriented and cross-functional model.



MAIN COMMUNICATION CHANNELS

Communication channels play a key role in managing relationships with stakeholders as they are the vehicle used to convey collaboration, understanding and trust. Emails, phone calls, meetings and events are still the preferred communication channels for almost all stakeholders, as well as the most widely used and those with the highest rates of satisfaction. EDPR's web page is another highly relevant communication channel, especially for those stakeholders financially related to EDPR (banks, analysts and investors). The communication channels are the centre of stakeholder management by allocating to each group a specific and tailored communication channel. Alongside with the results of the Stakeholders Global Survey and interviews, EDPR can effectively identify perceptions, expectations, value drivers and behaviours of each stakeholder. This way, the Company can keep improving in order to reach a better communication relationship between stakeholder groups.

MONITORING

Through surveys and in-depth interviews, EDPR can monitor these initiatives' evolution and actual contribution to the business. By means of constant assessment, stakeholder management can continuously improve its efforts to generate value for all parties, while reacting to contingencies and solving incoming issues.

2018 MILESTONES

This year, EDPR started a series of in-depth interviews that will continue to gauge stakeholders' perspectives of the issues at stake for each group during 2019. These interviews aim to qualitatively validate the points that were already verified by two consecutive stakeholder surveys in 2016 and 2017.



1.1.6 SUSTAINABILITY ROADMAP

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 Development Goals.

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDGS)	SUSTAINABILITY ROADMAP STRATEGIC LINES (2016-20)
<p>7 AFFORDABLE AND CLEAN ENERGY</p>  <p>13 CLIMATE ACTION</p> 	<p>Maintain leadership position in RENEWABLE ENERGY PRODUCTION</p>
<p>8 DECENT WORK AND ECONOMIC GROWTH</p> 	<p>CREATE VALUE while maintaining a LOW RISK profile</p>
<p>15 LIFE ON LAND</p> 	<p>Optimise ENVIRONMENTAL MANAGEMENT</p>
<p>12 RESPONSIBLE CONSUMPTION AND PRODUCTION</p> 	<p>Maintain CIRCULAR ECONOMY in the internal management of the operations</p> <p>Ensure a high SAFETY STANDARDS for employees and contractors</p>
<p>5 GENDER EQUALITY</p> 	<p>Ensure a high standard ETHICAL PROCESS</p>
<p>11 SUSTAINABLE CITIES AND COMMUNITIES</p> 	<p>Broaden and harmonize the mechanisms of periodic consultation of STAKEHOLDERS</p> <p>Support SOCIAL AND EDUCATIONAL INITIATIVES through Fundación EDP</p> <p>Invest in employees DEVELOPMENT and ensure continued compromise with society through VOLUNTEERING</p>
<p>9 INDUSTRY, INNOVATION AND INFRASTRUCTURE</p> 	<p>Promote INNOVATION in operation and construction phases</p>



EDPR is aware of the importance of electricity in the sustainable development and is committed to focus not only on the Sustainable Development Goals directly related to its business, such as Climate Action and Affordable and Clean Energy, but also on a business model that positively impacts other SDGs.



João Manso Neto (CEO)

**SUSTAINABILITY ROADMAP INDICATORS
(2016-20)**

EXECUTION 2016 - 2018

<ul style="list-style-type: none"> • Installed capacity: 700 MW / year • Avoided CO₂: +10% (CAGR vs. 2015-20) • <1% emitted / avoided CO₂ 	<ul style="list-style-type: none"> • Increased 588 MW average • Avoided CO₂: +2% (CAGR vs. 2015-18) • 0.2% emitted / avoided CO₂
<ul style="list-style-type: none"> • EBITDA: +8% (CAGR vs. 2015-20) • Net Profit: +16% (CAGR vs. 2015-20) • Core OPEX/MW: -1% (CAGR vs. 2015-20) 	<ul style="list-style-type: none"> • Adj. EBITDA¹: +7% (CAGR vs. 2015-18) • Adj. Net Profit¹: +43% (CAGR vs. 2015-18) • Core OPEX/Avg. MW: -2% (CAGR vs. 2015-18)
<ul style="list-style-type: none"> • 100% Certified MWs (ISO 14001) • 100% of critical suppliers with environmental management system (EMS) 	<ul style="list-style-type: none"> • 99% Certified MWs (ISO 14001) based on 2017 Installed Capacity • 87% of critical suppliers with EMS
<ul style="list-style-type: none"> • Maintain hazardous wastes and used water per GWh ratios aligned with previous years • >90% hazardous wastes recovered 	<ul style="list-style-type: none"> • 22.1 kg/GWh and used water per GWh ratio aligned with previous year • 93% hazardous wastes recovered in 2018
<ul style="list-style-type: none"> • 100% Certified MWs (OHSAS 18001) • 100% of critical suppliers with H&S management system • Zero accidents mind-set 	<ul style="list-style-type: none"> • 98% Certified MWs (OHSAS 18001) based on 2017 Installed Capacity • 85% of critical suppliers with H&S management system • Zero accidents mind-set
<ul style="list-style-type: none"> • Zero tolerance for unethical behaviors 	<ul style="list-style-type: none"> • One communication to the Ethics Ombudsperson²
<ul style="list-style-type: none"> • Stakeholders Plan development in all geographies 	<ul style="list-style-type: none"> • Stakeholders execution plan in Spain
<ul style="list-style-type: none"> • c. €2.5 million investment 	<ul style="list-style-type: none"> • c. €1.7 million investment in 2016-2018
<ul style="list-style-type: none"> • >80% of employees in training activities • >40% of employees in volunteering activities 	<ul style="list-style-type: none"> • 94% of employees received training in 2018 • 26% of employees participated in volunteering activities
<ul style="list-style-type: none"> • c. €10 million investment (incl. energy storage and offshore structures) 	<ul style="list-style-type: none"> • €2.5 million investment in 2016-2018

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

² In 2018, there was one communication to the Ethics Ombudsperson through the Ethics Channel. However, the Ethics Committee considered it was not an unethical behaviour within the Ethics Code scope and, consequently, not grounded, declaring the closing of the process.

1.2 2018 IN REVIEW

1.2.1. KEY METRICS SUMMARY

KEY METRICS SUMMARY

CAPEX
€1,275m
+21% vs 2017

installed
capacity
11.7 GW
EBITDA + Net Equity

technical
availability
97.0%
vs 97.8% in 2017

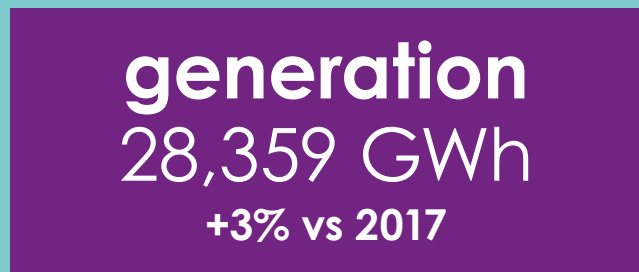
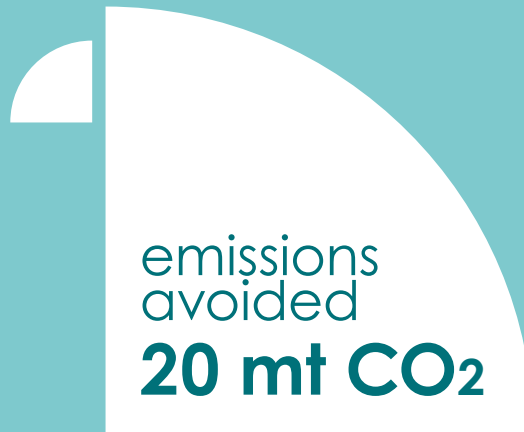
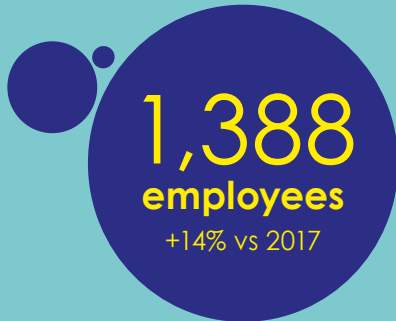
new
additions
+0.7 GW
EBITDA + Net Equity

net debt
€3.1 billion
+9% vs 2017

net income
€313m
+€37m vs 2017

load factor
30%
-1pp vs 2017

EBITDA
€1,300m
-5% vs 2017

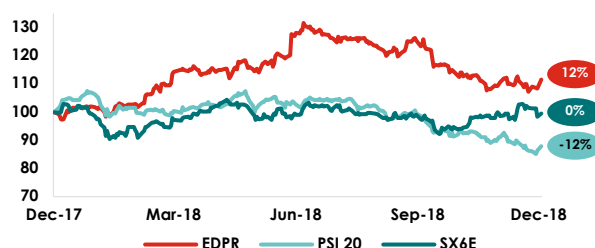


1.2.2 SHARE PERFORMANCE

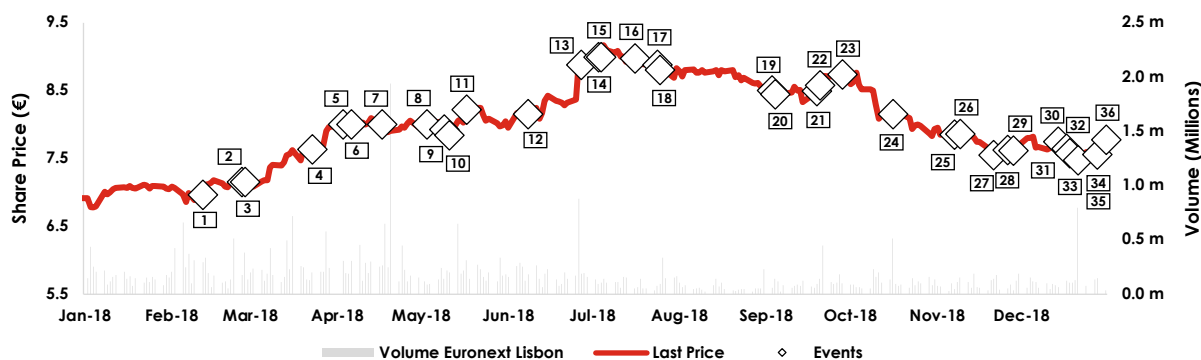
In 2018, EDPR share price closed at €7.78 with an average daily volume of 822 thousand shares.

EDPR has 872.3 million shares listed and admitted to trading in NYSE Euronext Lisbon. On December 31st, 2018 EDPR had a market capitalization of 6.8 billion euros, above the 6.1 billion euros at previous year-end, and equivalent to €7.78 per share. In 2018 total shareholder return was +12%, considering the dividend paid on May 5th of €0.06 per share.

Indexed EDPR share performance vs. PSI20 & SX6E



EDPR IN CAPITAL MARKETS	2018	2017	2016	2015	2014
Opening Price (€)	6.97	6.04	7.25	5.40	3.86
Minimum Price (€)	6.78	5.71	5.70	5.30	3.87
Maximum Price (€)	9.17	7.20	7.28	7.25	5.70
Closing Price (€)	7.78	6.97	6.04	7.25	5.40
Market Capitalization (€ Millions)	6,782	6,077	5,265	6,324	4,714
Total Traded Volume: Listed & OTC (Millions)	209.59	421.94	291.07	289.22	396.84
...of which in Euronext Lisbon (Millions)	44.01	101.63	103.50	109.67	149.48
Average Daily Volume (Millions)	.82	1.65	1.13	1.13	1.56
Turnover (€ Millions)	1,587.12	2,744.04	1,828.34	1,824.08	1,976.41
Average Daily Turnover (€ Millions)	6.22	10.76	7.11	7.13	7.75
Rotation of Capital (% of Total Shares)	24%	48%	32%	33%	46%
Rotation of Capital (% of Floating Shares)	107%	215%	141%	148%	205%
Total Shareholder Return	12%	16%	-16%	35%	41%
Share Price Performance	12%	15%	-17%	34%	40%
PSI 20	-12%	15%	-12%	11%	-27%
Dow Jones Eurostoxx Utilities	0%	16%	-8%	-5%	12%



Source: Bloomberg / EDPR

- | | | | |
|----|--|----|--|
| 1 | EDPR secures 50 MW long-term contract in Indiana, US, 2-Feb | 19 | EDPR is awarded long term contracts for wind capacity at Brazilian energy auction, 3-Sep |
| 2 | EDPR secures a 200 MW PPA for a new wind farm in the US, 26-Feb | 20 | EDPR secures an additional 50 MW PPA for a new wind farm in Illinois, US, 4-Sep |
| 3 | EDPR announces FY17 results, 27-Feb | 21 | EDPR successfully starts new institutional partnership structure for 278 MW in the US, 19-Sep |
| 4 | EDPR announces sale of a 20% stake in UK offshore wind project, 23-Mar | 22 | EDPR enters the Brazilian solar energy market with a LT contract for a 199 MW project, 20-Sep |
| 5 | EDPR Annual Shareholders' Meeting, 3-Apr | 23 | EDPR announces resignation of Maria Teresa Costa Campi from EDPR BoD, 28-Sep |
| 6 | EDPR secures a 200 MW PPA for a new solar power plant in the US, 6-Apr | 24 | EDPR9M18 Volumes and Capacity Statement release, 16-Oct |
| 7 | EDPR 1 Q18 Volumes and Capacity Statement release, 17-Apr | 25 | EDPR announces 9M18 Results, 7-Nov |
| 8 | EDPR payment of dividend (€0.06 per share), 3-May | 26 | EDPR sold to DGE an additional 13.4% in UK wind offshore project, 14-Nov |
| 9 | EDPR announces 1 Q18 Results, 9-May | 27 | EDPR awarded with 38 MW in the Polish renewable energy auction, 22-Nov |
| 10 | CTG announces tender offer over shares issued by EDPR, 11-May | 28 | MFS notifies about shareholding in EDPR, 26-Nov |
| 11 | EDPR secures 50 MW PPA for a new wind farm in Texas, US, 17-May | 29 | Moray Offshore Windfarm consortium announces the signing of financing agreements, 28-Nov |
| 12 | EDPR Board of Directors report on CTG Tender offer, 8-Jun | 30 | EDPR JV is awarded with exclusive rights to develop wind offshore project in Massachusetts, 14-Dec |
| 13 | EDPR Extraordinary Shareholders' Meeting, 27-Jun | 31 | EDPR is awarded LT CfD for 15 MW of wind at Greek energy auction, 17-Dec |
| 14 | EDPR secures 405 MW PPAs in the US and exceeds its targeted additions, 3-Jul | 32 | EDPR sells 13.5% stake in French offshore wind projects, 18-Dec |
| 15 | EDPR is awarded LT CfD for 45 MW of wind at Greek energy auction, 4-Jul | 33 | EDPR successfully establishes new institutional partnership structure for 399 MW in the US, 21-Dec |
| 16 | EDPR 1H18 Volumes and Capacity Statement release, 16-Jul | 34 | EDPR concludes the sale of 10% stake in Moray Offshore (UK) to CTG, 28-Dec |
| 17 | EDPR secures 125 MW PPA for a new wind farm in Ohio, US, 24-Jul | 35 | EDPR successfully completed \$196 million funding of tax equity in the US, 28-Dec |
| 18 | EDPR announces 1H18 Results, 25-Jul | 36 | EDPR announces its first sell down transaction in North America (499 MW wind onshore), 31-Dec |

1.3 ORGANISATION

1.3.1 SHAREHOLDER STRUCTURE

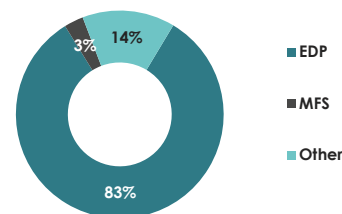
EDPR shareholders are spread across more than 20 countries, being EDP the main shareholder.

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.

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 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 electricity. EDP has a worldwide relevant presence, being present in 16 countries and has close to 12,000 employees around the world. In 2018, EDP had an installed capacity of 27.1 GW, generating 72 TWh, of which 39% come from wind and solar. 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 privatisation in 1997.

EDPR Shareholder

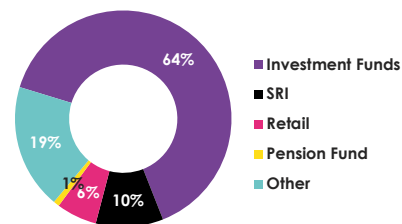


OTHER QUALIFIED SHAREHOLDERS

Holding shares representing 5.9% of EDPR's share capital, in June 2018, Axxion and MFS Investment Management, an American-based global investment manager, exercised the right to the proportional appointment of a member of the Board of Directors.

MFS, which holds a qualified participation in EDPR since 2013, communicated to CNMV that as a result of transactions hold on November 15th and 19th 2018, it increased its shareholding to 26,281,334 ordinary shares, which corresponds to a qualified participation of 3.013% of EDPR's share capital and voting rights.

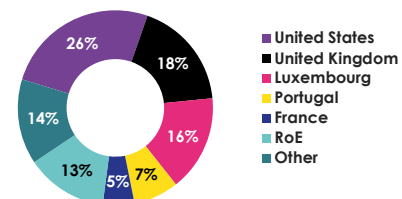
Shareholders (Ex-EDP) by Type



BROAD BASE OF INVESTORS

EDPR has an international base of investors. Excluding EDP Group, EDPR shareholders comprise more than 30,000 institutional and private investors spread worldwide. Within institutional investors, with represent about 94% of shareholder base (ex-EDP Group), 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.

Shareholders (Ex-EDP) by Contry



WORLDWIDE SHAREHOLDERS

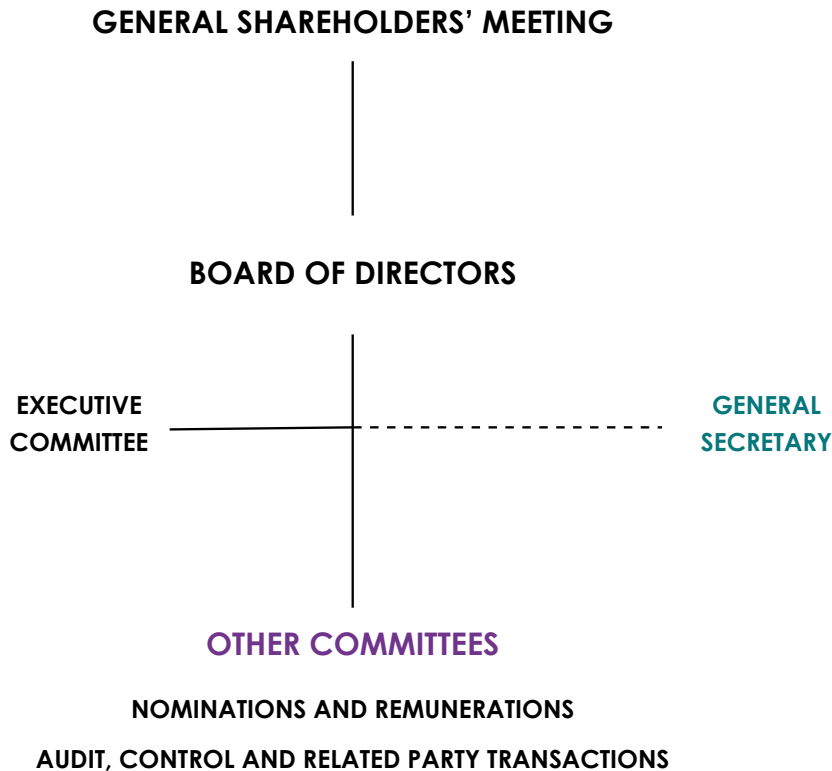
EDPR shareholders are spread across 22 countries, being United States the most representative country, accounting for 26% of EDPR shareholder base (ex-EDP Group), followed by United Kingdom, Luxembourg, Portugal, France. In Rest of Europe the most representative countries are Sweden, Switzerland, Belgium and Norway.

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 organisation'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 three specialised committees. These are the Executive Committee, Audit, Control & related Party Transactions Committee and the Nominations & Remunerations Committee.



GENERAL SHAREHOLDERS' MEETING

General Shareholders' Meeting is the body where the shareholders participate. Represents the Company with the full authority corresponding to its legal personality and has the power to deliberate, vote and adopt decisions, particularly on matters that the law and Articles of Association reserve for its decision and must be submitted for its approval.

BOARD OF DIRECTORS

BOARD OF DIRECTORS



Executive Committee



Audit, Control and Related Party Transactions Committee



Nominations and Remunerations Committee



Independent Member

*Please note that with effects from February 15th, 2019, João Paulo Costeira presented his resignation to this position.



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 Ángel Prado

COO North America



Manuel Menéndez



Allan J. Katz



António Nogueira Leite



Francisca Guedes de Oliveira



Conceição Lucas



Alejando Fernández de Azaoz



Gilles August



Francisco Seixas da Costa



Acácio Piloto

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 14 board members, out of which 7 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.

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, organising 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. The Chief Development Officer ("CDO") is responsible for the business development areas and for implementing processes to support business growth.

OTHER 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:

- The Audit, Control and related Party Transactions Committee, whose main duties are the appointment of the Company's auditors and the internal risk management and control systems, supervision of internal audits and compliance and also ratification of transactions between EDPR and EDP and between its related parties, qualified shareholders, directors, key employees or his relatives and prepares an annual report on its supervisory activities.
- The Nominations and Remunerations Committee, whose main duties are the assistance and report to the Board of Directors about appointments, re-elections, dismissals, evaluation and remunerations of the members of the Board of Directors.

REMUNERATION POLICY

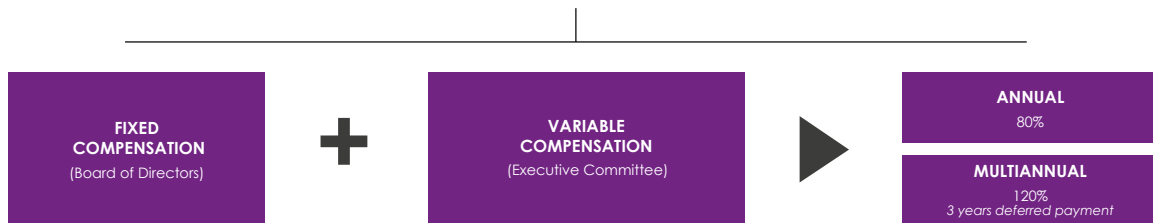
EDPR governance model is reinforced by an incentive structure with transparent remuneration through variable remuneration based on key performance indicators.

The graphic below describes the remuneration policy. For further information on the remuneration policy refer to the Corporate Governance section.

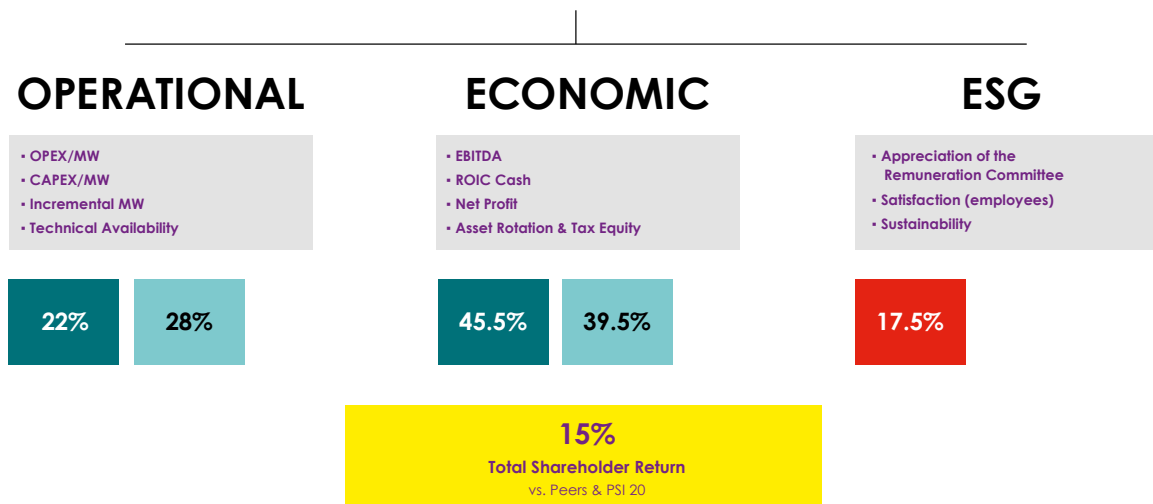
Note: For the COO NA and COO Europe & Brazil, these KPIs will be calculated, for both annual and multi-annual component, on the basis of Group's achievement, which has a weight of 100%.

For further detailed information regarding the responsibilities and roles of the different social bodies, as well as 2018 activity, please refer to the Corporate Governance section, at the end of this report. The Company also posts its up-to-date articles of association and regulations at www.edpr.com.

COMPONENTS



The variable remuneration 2017-19 is defined in line with the strategic pillars through 12 KPIs



- CEO / CFO / CDO / COO Offshore
Executive Non-officers
- COO EU & BR / COO NA
- Global

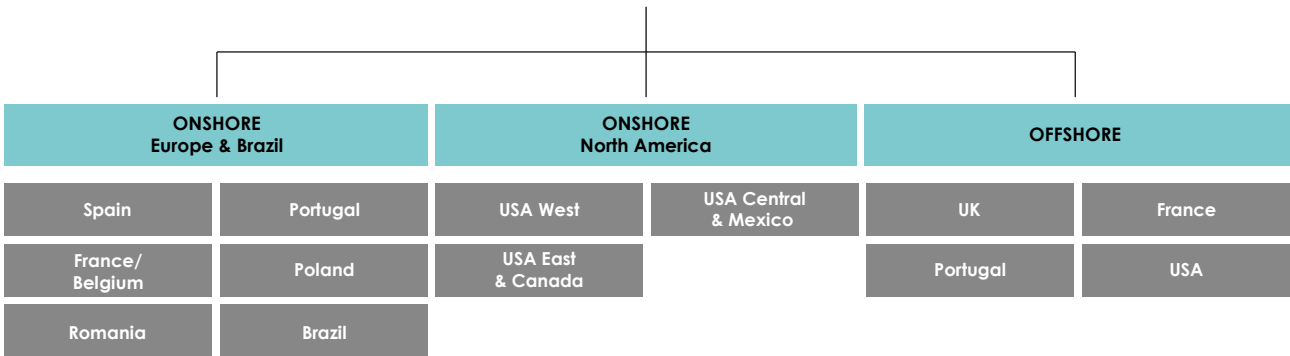
1.3.3 ORGANISATION STRUCTURE

The organisation 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, optimising support processes and creating synergies.

ORGANISATIONAL MODEL PRINCIPLES

EDPR organisation model is organised around four main elements: a corporate centre Holding and three platforms. Each platform includes different business units specialised in each of the country specificities of each onshore or offshore activities.

CORPORATE HOLDING



The principles on which EDPR bases its organisational model are defined by the Executive Committee. These are a set of performance aspects that: define the characteristics of the relationships, grant the rights between EDPR Holding and the business units, and ensure optimal efficiency and value creation.

ACCOUNTABILITY ALIGNMENT	Critical KPIs and span of control should be hierarchically aligned at project, country, platform and holding level to endure accountability tracking, and to take advantage of complementarities derived from end-to-end process vision.
CLIENT-SERVICE	Corporate areas function as competence support centres 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 ORGANISATION	Execution of activities at holding level are held only when significant value is derived, coherently with defined EDPR holding role.
REINFORCE COLLEGIATE DECISION MAKING	Ensure proper country-balance dynamics to ensure multiple-perspective challenge across functions.
CLARITY AND TRANSPARENCY	Platforms organisational models should remain similar, to allow for: (1) Easy coordination, vertically (holding-platforms) and horizontally (across platforms); (2) Scalability and replicability to ensure efficient integration of future growth.

EDPR HOLDING

EDPR Holding seizes value creation, through the dissemination of best practices in the organisation and the standardisation of corporate processes to the platforms and the business units to improve efficiency. The internal coordination model and interface with EDP group impacts functions and responsibilities of both the company's processes and structure. The assignments of the main responsibilities and activities of EDPR Holding to fulfil their respective missions include:

- Definition of internal structures;
- Ensure a global budget and its periodic monitoring;
- Manage the necessary human resources;
- Provide appropriate management information;
- Compete for a culture of excellence throughout the group;
- Integrate a risk management and compliance in each area of responsibility, ensuring the monitoring and effectiveness of controls.

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

<p>STRATEGIC MANAGEMENT</p> <p>Covers the activity of EDPR Holding to support to the Executive committee</p>	<ul style="list-style-type: none"> ▪ Define strategy objectives, policies, rules and procedures; ▪ Promote the dissemination of the EDPR culture and best practices ▪ Review the accomplishment of the Company's business plan; ▪ Control key performance indicators.
<p>TRANSVERSAL OPERATION</p> <p>Systematically and progressively coordinate between EDPR Holding and the Business Units</p>	<ul style="list-style-type: none"> ▪ Leading the activities included in the mission and functions of corporate addresses; ▪ Align the policies and strategies of each Business Unit; ▪ Ensure a functional reporting including: policies, plan of action of activities; ▪ Linking the regulatory obligations of each Business Unit with efficient and effective management by leveraging corporate knowledge to maximise the interests and results of the Group; ▪ Capture synergies and optimise support processes.

EDPR PLATFORMS

The three platforms are defined as: Onshore Europe & Brazil, Onshore North America and Offshore.

- **EDPR Europe & Brazil Onshore 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 Brazil.
- **EDPR North America Onshore platform:** there are three business units that represent the operational regions in the United States, Mexico and Canada: West, Central (includes Mexico) and East (includes Canada).
- **EDPR's Offshore platform:** it is dedicated to Wind Offshore projects, namely projects in UK, France, Portugal and United States.

1.3.4 INTEGRITY AND ETHICS

Ethical behaviour is absolutely essential for the functioning of the economy. EDPR recognises its importance and complexity, and is committed to address ethics and its compliance. But it is the 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 Policy 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 refers to principles of action that include compliance with legislation, integrity regarding matters such as bribery and corruption, respect for human and labour rights, transparency and corporate social responsibility, including its contribution to sustainable development and its responsibility for the economic, environmental and social impacts of its decisions and activities. In addition, the Code has its own regulation that defines a process and channel, open to all stakeholders, to report any potential claim or doubt on the application of the Code. The Ethics Ombudsperson is behind this communication channel, and is responsible for analysing and presenting 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 organisation and working location, and they all must comply with it. Critical suppliers should also comply with the Code of Ethics, and this is reflected in the procurement policies. The Ethics Ombudsperson plays an essential role in the ethics process. His role is to provide 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.



In 2018 there was one claim submitted through the Ethics Channel. This claim was duly analysed by the Ethics Ombudsperson and the Ethics Committee in accordance with the regulated procedure. After the study and investigation of the case, the Ethics Committee concluded to consider it as not an unethical behaviour within the Ethics Code scope, and consequently not grounded, declaring the closing of the process and the filing of the inspections and the claim.

The Code of Ethics has been widely circulated among employees 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 Day Presentation organised 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.

In addition, to promote the alignment and compliance of the Company's ethical standards among its suppliers, any critical supplier working for EDPR should agree to the Suppliers Sustainability Guide, which provides an overview of the sustainability requirements that the suppliers are expected to meet. This document includes, but is not limited to, the EDP Supplier Code of Conduct and also the EDPR Code of Ethics and Anti-Corruption Policy.

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. Accordingly, EDP offered an online Ethics training ("Ética EDP") in 2016 available to all employees of the Company. Afterwards, in order to achieve a total of 100% of participation in the training, its fulfilment is promoted annually among employees who did not complete it in 2016 and also to all new hires. In 2018, a total of 52 employees completed the training, reaching a compliance of 58% as regards EDPR employees.

ANTI-CORRUPTION REGULATION

In order to ensure compliance with the standards of the 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. Company Personnel and Transaction Partners are encouraged to raise concerns about any issue or suspicion of bribery or corruption at the earliest possible stage through the Anticorruption mailbox.

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 Day Presentation, the main contents of these documents and its functioning are also explained. In 2018, EDP launched "The Honesty Project", an anti-corruption and anti-bribery instructive game aimed at employees who are in charge of other employees. During the year, it was completed by a total of 166 employees of all EDPR's Business Units. This online training is the first one using the gamification format, and is part of the general scope of the awareness-raising and training initiatives for Ethics and Compliance matters that have been developed.

Moreover, EDPR analyses all the new markets where it operates through a Market overview. This study also evaluates the corruption risk. In addition, in the end of 2018, a questionnaire related to the anti-corruption practices of the counterparts in the M&A processes was defined, in order to ensure that they are all aligned with EDPR's Anti-Corruption Policy.

LOVE ENERGY

edp

02

STRATEGIC APPROACH

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02 STRATEGIC APPROACH

2.1 BUSINESS ENVIRONMENT

2.1.1 RENEWABLE ENERGY IS A COST-EFFECTIVE WAY TO FIGHT CLIMATE CHANGE

2.1.1.1 CLIMATE CHANGE WARNING SIGNS AND THE URGENCY FOR DECARBONIZATION

2018 was the fourth warmest year on record¹, as global temperatures were 1.16°C above the average temperature of the late 19th century². With increasing global surface temperatures, the possibility of more frequent and fiercer extreme weather events is more likely to occur, scientists warn. In 2018, the severe effects of global temperatures' rise have been felt in every region of the planet through extreme weather episodes and natural disasters. The hurricanes of Florence and Michael caused significant damages in the US, while in California the worst wildfires were recorded. In the Pacific, typhoons Mangkhut and Yutu hit the Philippines, Guam, South China and the Mariana Islands. Europe experienced both record cold and hot temperatures. In Latin America, Argentina and Uruguay suffered from severe drought. However, floods were the more devastating natural disasters in 2018, with reports coming from all over the world, North Korea, Nigeria, Japan and Indonesia being some examples.

All these catastrophes have been particularly deadly. According to data from the *Centre of Research on the Epidemiology of Disasters*, in 2018 so far approximately 5,000 people have died and 28.9 million have needed emergency assistance or humanitarian aid because of extreme weather.

In 2018, new studies that have broadened our understanding of climate change, were released. In October, the UN *Intergovernmental Panel on Climate Change (IPCC)* published a landmark report³ revealing that global temperatures are moving towards a catastrophic 3°C during this century, with additional warming after that. The report also warns that we have just 12 years to make "massive and unprecedented changes" to global energy infrastructure, as temperatures could reach 1.5°C as soon as in 2030.

The *United Nations Environment Program ("UNEP")* released in November 2018 its annual report on the "emissions gap", this is, the distance between countries' pledged commitments for meeting the targets of the 2015 Paris Agreement and the pathways that experts estimate could actually achieve those targets. The Report finds that if countries don't rise their commitments and cut 2030 emissions beyond current pledges, exceeding 1.5°C would no longer be avoided. Also, it reveals that, unless the emissions gap is closed by 2030, the 2°C target is highly unlikely to be reached. According to the UNEP, annual greenhouse gas emissions reached in 2017 a record high of 53.5 billion tons after three years of decreases. However, in order to limit global warming to 2°C, emissions in 2030 will need to be around 25% lower than 2017's (55% lower to meet the 1.5°C target). The Report concludes that the promises made by signatory countries of the Paris Agreement are not enough to close the "emissions gap". According to the UNEP, to cap global warming at 2°C, national carbon-cutting pledges annexed to the Paris Agreement must collectively triple by 2035. To hold the rise in Earth's temperature to 1.5°C, such efforts would have to increase fivefold.

¹ Source: NASA and National Oceanic and Atmospheric Administration (NOAA)

² Source: Berkeley Earth found

³ "Global Warming of 1.5°C" released in October 2018

2.1.1.2 WIND AND SOLAR PV WILL BE KEY TO FIGHT CLIMATE CHANGE

All the aforementioned studies have in common the fact that we are running out of time if we want to avoid catastrophic global warming. Therefore, next decade is set to be crucial and since we don't have time to rely on new technologies, existing and affordable options need to be capitalized. In this context, wind and solar PV technologies are expected to play a key role.

The IPCC, in its latest report¹, says that renewables will need to provide up to 85% of global electricity by 2050 in order to avoid the worst effects of climate change.

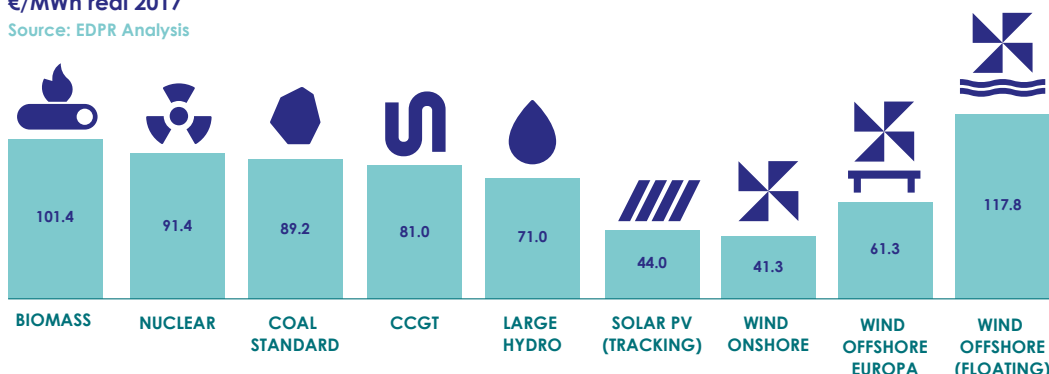
The "Emissions Gap Report" released by UNEP presents different enhanced mitigations measures but highlights three broad areas that have the largest potential: renewable energy from wind and solar power; energy-efficient appliances and cars; and afforestation and stopping deforestations.

This much needed clean-energy transition is possible because it's affordable and makes economic sense. Onshore wind and solar PV are among the cheapest sources of energy in a growing number of countries, which has been highlighted by the most reputed analyst agencies including Lazard, Bloomberg New Energy Finance and IRENA. The competitiveness of renewables has been clearly evidenced in 2018 by wind's (both onshore and offshore) and solar PV's tenders reaching record low prices all around the globe.

LEVELIZED COST OF ENERGY (LCoE)

€/MWh real 2017

Source: EDPR Analysis



"We've long been saying that more wind makes economic sense, as it's the cheapest form of new power. It's great that the IEA now see wind being the no. 1 source of electricity in Europe in less than 10 years. That'll mean new wind farms and modernisation of existing ones, all of which will bring jobs, growth and revenues to local communities"

Wind Europe CEO Giles Dickson

Good evidence of the competitiveness of wind and solar PV energy, is that energy experts expect a large deployment for the coming years. According to Bloomberg New Energy Finance (BNEF)², wind and solar PV will cover around 48% of World's electricity demand by 2050 (compared to 7% in 2017).

BNEF also points out that solar PV will be the largest growing technology. It predicts that almost half of all new electricity generating capacity worldwide between 2017 and 2050 will be solar PV.

Prospects for wind energy are also excellent. For example, the International Energy Agency's "World Energy Outlook 2018" indicates that wind energy in Europe is set to overtake coal, nuclear and gas to become the EU's largest source for power generation as soon as in 2027. According to the IEA, wind electricity in the EU will more than triple to 1,100 TWh by 2040.

¹ "Global Warming of 1.5°C" released in October 2018

² "New Energy Outlook 2018" released in June 2018

2.1.2 THE EVOLUTION OF RENEWABLES AROUND THE WORLD IN 2018

WIND

Global wind addition seems to have remain relatively stable in 2018¹, with analysts forecasting around 51-53 GW of new capacity, close to the 2017's 52.6 GW figure.

In **North America**, the US installed 7,588 MW in 2018, an 8% increase over 2017, bringing total US installed capacity to 96,488 MW, according to AWEA (American Wind Energy Association). By State, Texas led with 2,359 MW installed, followed by Iowa (1,120 MW), Colorado (600 MW), Oklahoma (576 MW) and Nebraska (558 MW). At the end of 2018, 19 States had already surpassed the "1 GW of installed capacity landmark", being Texas the biggest wind State with a cumulative capacity of nearly 25 GW. Mexico installed almost 1GW of new capacity, the highest capacity additions ever, reaching a cumulative capacity of 5 GW, while Canada added 566 MW.

In **South America**, Brazil installed 2 GW of new capacity during 2018 according to data released by the Global Wind Energy Council (GWEC).

European wind additions witnessed a slow-down in 2018 with 11.7 GW of gross capacity added, a fall of 32% compared to the record level seen in 2017. Today, 189 GW of wind power capacity are installed in Europe, 10% of these being offshore.

Regarding onshore wind, 9 GW of new facilities were connected, according to data released by WindEurope. These modest results are explained by a decreased of new installations in Germany, where only 2,402 MW of onshore wind were connected, compared to the record 2017 figure of 5,334 MW. Similarly, new UK onshore wind installations plummeted by nearly 80% in 2018 to 598 MW. However, these results were partly compensated by a strong year in France (1,563 MW) and Sweden (720 MW).

Europe connected 2.65 GW of new **offshore** wind capacity, achieving a cumulative capacity of 18.5 GW according to latest figures from WindEurope. These figures show a 15.8% fall on 2017's record annual total, when 3.15 GW were added. The UK and Germany saw again the largest additions, connecting 1,312 MW and 969 MW respectively. Belgium added 309 MW and Denmark 61 MW. Offshore wind already represents around 2% of all the electricity consumed in Europe. A noteworthy figure was the size of newly installed turbines, which averaged 6.8 MW, 15% higher than the previous year.

Africa and Middle East installed 962 MW of new capacity in 2018, over 300 MW more than in 2017, being the leading countries Egypt and Kenya, that respectively connected 380 and 310 MW, according to GWEC.

SOLAR PV

In 2018 the solar market seems to have increased at a slower pace, although not cumulative data have been released at the time of this report. According to different estimates, the world could have installed around 95-109 GW, compared to 99 GW in 2017.

China, the world's biggest solar market, installed 44 GW, down 18% in annual terms and reaching a cumulative capacity of 174 GW according to official National Energy Administration data.

The US added 11.7 GW in 2018, in line with 2017 results, according to Bloomberg New Energy Finance². The growth in the US was mainly driven by a spike in utility-scale installations, while the residential market has been stagnated year-over-year due to the end of net metering in several states.

The EU installed around 8 GW of new solar capacity in 2018, a 36% increase on 2017, according to figures from SolarPower Europe. Solar facilities in Europe-wide, including countries outside the EU-28, grew by around 20% to 11 GW in 2018 compared with the previous year. Germany was the most dynamic market with 2.96 GW of newly installed PV capacity, representing a year on year growth of 68%. European growth was also driven by other growth markets like Turkey (1.64 GW) and Netherlands (1.4 GW).

¹ Global Wind energy Council (GWEC) data have not been released at the time of preparation of this report









² Published in its Sustainable Energy in America Factbook, published in collaboration with the Business Council for Sustainable Energy

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	COUNTRY	SHORT DESCRIPTION
 BELGIUM	<ul style="list-style-type: none"> Market price plus green certificate (GC) system Separate GC prices with cap and floor for Wallonia (€65/MWh-100/MWh) Option to negotiate long-term PPAs 	 PORTUGAL	<ul style="list-style-type: none"> 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
 BRAZIL	<ul style="list-style-type: none"> Old installed capacity under a feed-in tariff program ("PROINFA") Since 2008, competitive auctions awarding 20 years PPAs 	 ROMANIA	<ul style="list-style-type: none"> Wind assets (installed until 2013) receive 2 GC/MWh until 2017 and 1 GC/MWh after 2017 until completing 15 years. 1 out of the 2 GC earned until Mar-2017 can only be sold from Jan-2018 and until Dec-2025. Solar assets receive 6 GC/MWh for 15 years. 2 out of the 6GC earned until Dec. 2020 can only be sold after Jan-2021 and until Dec. 2030. GC are tradable on market under a cap and floor system (cap €35/floor €29.4) Wind assets (installed in 2013) receive 1.5 GC/MWh until 2017 and after 0.75 GC/MWh until completing 15years The GCs issued starting in Apr-2017 and the GC postponed to trading from Jul-2013 will remain valid and may be traded until Mar-2032
 CANADA	<ul style="list-style-type: none"> Feed-in Tariff (Ontario). Duration: 20-years Renewable Energy Support Agreement (Alberta) 	 SPAIN	<ul style="list-style-type: none"> 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 300bps 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
 FRANCE	<ul style="list-style-type: none"> The majority of existing wind farms receive Feed-in tariff for 15 years: First 10 years: €82/MWh; Years 11-15: depending on load factor €82/MWh @2,400 hours to €28/MWh @3,600 hours; indexed Wind farms under the RC 2016 scheme receive 15 years CfD which strike price value similar to existing FIT fee plus a management premium 	 UNITED STATES OF AMERICA	<ul style="list-style-type: none"> Sales can be agreed under PPAs (up to 20 years), Hedges or Merchant prices Green Certificates (Renewable Energy Credits, REC) subject to each state regulation Tax Incentive: <ul style="list-style-type: none"> PTC collected for 10-years since COD (\$24/MWh in 2018) Wind farms beginning construction in 2009 and 2010 could opt for 30% cash grant in lieu of PTC
 GREECE	<ul style="list-style-type: none"> 20 years CfD, allocated by tender, and providing long term visibility with a public counterparty and minimizing market risk 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 	 UNITED KINGDOM	<ul style="list-style-type: none"> 15-years indexed CfD awarded through competitive auctions
 ITALY	<ul style="list-style-type: none"> Technological-neutral auctions (opened to all technologies) in which bidders offer a global package price for the 3 different products (capacity, electricity generation and green certificates) EDPR project: bilateral Electricity Supply Agreement under self-supply regime for a 25 year period 		
 MEXICO	<ul style="list-style-type: none"> Electricity price can be established through bilateral contracts 		
 POLAND	<ul style="list-style-type: none"> 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 avg market price of the GC from the previous year and capped at 300PLN. 		

2.1.4 REGULATION OVERVIEW

EU REGULATORY DEVELOPMENTS

Clean energy package

In 2018, the Clean Energy for All Europeans package witnessed great progress, with the approval¹ of many of the proposals, including the "Recast Renewables Directive" (RED II) and the Governance Regulation.

The RED II calls for energy from renewables to account for at least 32% of EU's gross final energy consumption by 2030, with an upwards revision clause by 2023. This target significantly improves the original European Commission (EC) proposal of 27%. The RED II also requires Member States (MS) to provide at least, five years visibility on their support for renewables, including the timing, volumes and budget for future auctions. The Directive also allows MS to conduct technology-specific auctions. European countries will also be required under RED II to identify and remove existing administrative barriers to the development of corporate renewable Power Purchase Agreements (PPAs). Finally, the RED II requires permit granting procedures to be streamlined with a maximum of two years for regular projects and one year in case of repowering².

The Governance Regulation defines how MS will cooperate with each other and with the EC to reach the objectives of the Energy Union. It requires MS to submit a detailed "National Energy and Climate Plan for 2030", in which they must explain how much renewable energy they intend to provide and how they will proceed. In order to ensure MS' progress towards the 2030 goal, the regulation introduces three interim targets³ and a "gap-filler mechanism" (if there is a gap at EU level, those MS which fall below their reference points will have to cover the gap by implementing measures at national level).

On 18 December the EC, the European Parliament and the Council reached a deal on the Electricity Market Design package, which will help to integrate higher shares of renewables. It confirms the priority of dispatch for existing renewables installations. New renewables facilities will still benefit from transparent rules on curtailment that will replace the priority of dispatch, including compensation for lost revenues where re-dispatch is not market based.

2050 long-term strategy

On 28 November 2018, the EC presented its strategic long-term vision for a "prosperous, modern, competitive and climate-neutral economy by 2050", ahead of the UN climate summit (COP 24). The strategy extensively underlines the opportunities for swift and ambitious energy and climate action. This policy document sets a path towards climate neutrality and includes analysis of current policy measures and future scenarios that cover all sectors producing greenhouse gas emissions.

Not surprisingly, the energy sector plays a central role in making Europe climate-neutral. Maximising the deployment of renewables and the use of electricity is deemed critical by the strategy to fully decarbonize Europe's energy system. According to the document, by 2050, more than 80% of electricity would be coming from renewable energy sources and wind energy is expected to represent 51-56% of it.

EUROPE AND BRAZIL: 2018 REGULATORY DEVELOPMENTS

This chapter describes the most relevant recent regulatory developments (if any) in the European-Brazilian countries where EDPR is present.



SPAIN

On October 6, the Spanish Minister for Energy transition and environment introduced, through the publication of Royal-Decree Law 15/2918, several measures aiming at limiting electricity cost for consumers and serving as a first step towards the long-term energy transition targeted by the Government. The implemented measures include, among others, the suspension of the 7% generation tax during a period of 6 months, the facilitation of self-consumption and the administrative extension until March 2020 of the connection rights for the renewable plants awarded in last year's auctions.

¹ By the European Parliament, the European Commission and the Council

² Both extendable for an additional year in case of specific circumstances and notwithstanding environmental and judicial procedures

³ 18% by 2022, 43% by 2025 and 65% by 2027.



On June 20, the French Government announced that France's first six offshore wind farms would proceed after parties agreed to lower the tariffs they had secured in 2012 or 2014. This agreement unblocks the projects that had been in a stalemate after the government had reported that projects could be re-tender if an agreement was not found.

In September, the results of the second onshore wind auction were announced. France awarded a total of 118 MW to five projects, less than one-fourth of the 500MW capacity on offer. The average winning price was not disclosed.

The government enacted on 1 December two measures aimed at speeding up onshore deployment. These measures remove one level of jurisdiction in the appealing processes, this is, when projects are challenged in the courts.



The Government of Wallonia approved also in March the so-called "Pax eolienica" which is a set of 15 measures aimed at fostering wind energy development in the region, among which the government is considering the reduction of the support for new onshore projects.

On September 29, the Energy commission of Wallonia approved a decrease in the number of Green Certificates granted by MWh (value of the parameter Keco) to new projects from 1 to 0.86 starting in January 2019.



On June 29, the Polish Parliament approved a set of amendments to the Renewables Act ("RES Act") and to the Wind Farm Investment Act ("WF Act"). The amendments of the RES Act do not include any relevant change towards operating assets Green Certificate ("GC") scheme and focus mainly on operative changes and clarifications to the new tender scheme. The amendments of the WF Act include a return to the initial taxable base of the Real Estate Tax as of January 2018 and the extension of validity of the Building Permit.

A wind and solar joint auction for projects exceeding 1 MW in size was held on November 5. All contracted power went to wind, with 31 wind projects selected, at an average price of PLN 196/MWh (around 45.4€/MWh). EDPR secured a 15-year long-term contract for a 38 MW project.



On June 26, Law 198 validating Government Emergency Ordinance 24/2017, amending Law 220/2008 was finally approved. The final set of amendments included among others (i) a potential change to a Feed-in-Premium scheme for operating assets; (ii) a gradual increase in the maximum allowed impact to final consumers (currently of maximum 11.1€/MWh), (iii) the removal of the loss of GC from positive unbalances (iii) the pro-rata allocation of GCs sold in the centralised platforms when the supply exceeds demand; and (iv) modifications in the postponement of solar PV GCs.



Renewables projects in Greece are supported by 20-years feed-in premiums (Contracts-for-Difference) awarded through auctions. The first full-scale renewables auction was held on July 2, with 277 MW of capacity awarded. The 171MW of wind capacity went to seven projects, with a 45MW project being awarded to EDPR. The rest of the capacity (106 MW) went to solar PV projects.

A second auction round was held on December 10, in which 222 MW of renewables contracts were awarded. Seven wind projects with a total capacity of 160 MW were awarded contracts, while the remaining capacity went to solar PV projects. The weighted average bid for onshore wind projects was 58.60 euros/MWh, a 16% reduction compared with the previous auction. EDPR secured a 10-year CfD for a 15 MW wind project.

**BRAZIL**

In April 4th, Brazil held its first reverse auction of 2018 for power from renewable sources (Leilão A-4). As a result, 39 projects with a total capacity of 1,024.5 MW were allocated. In total, 806.6 MW of solar PV (at a marginal price of 118.4 BRL/MWh) were granted, and 114.4 MW of wind (at a marginal price of 67.6 BRL/MWh). The rest of the capacity was granted to hydro and biomass projects.

An A-6 auction was held on 31th August, in which long-term PPAs were awarded for 669.5 MW of clean energy capacity, including 538.8 MW of wind. The average auction price for wind was 90.45 BRL/MWh. EDPR secured 20-years PPAs for two wind farms with registered capacity of 176 and 253 MW.

NORTH AMERICA: CONTINUE LEADING THE WAY**UNITED STATES**

Historically, the typical framework for wind and solar developments in the US has been decentralised, 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 2018), 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.

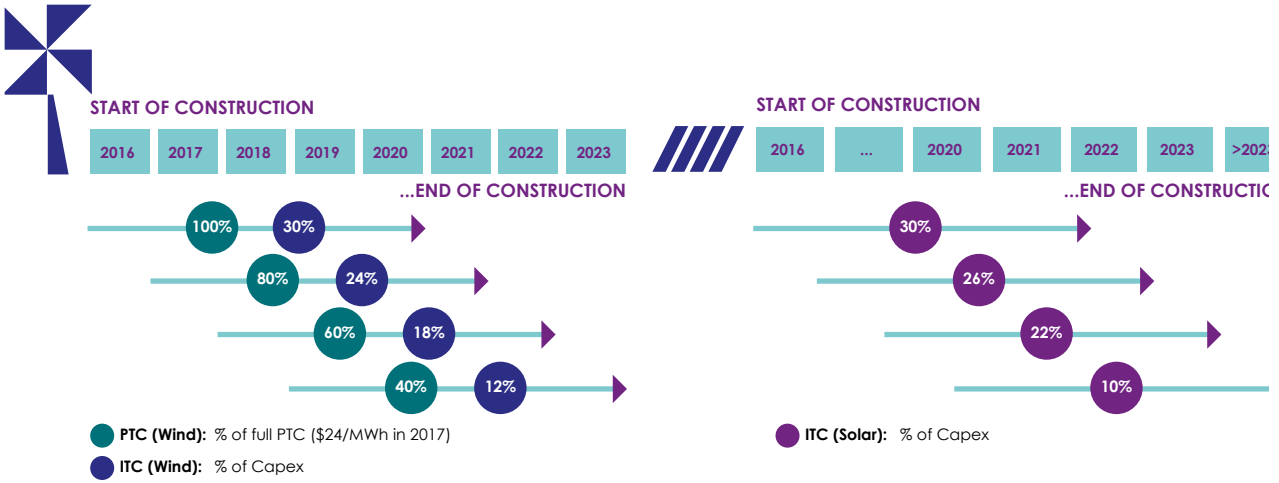
In addition, many states have passed legislation, mainly in the form of Renewable Portfolio Standards (RPS), that require utilities to purchase a certain percentage of their energy supply from renewable sources, setting penalties to those that do not accomplish. Typically, states use Renewable Energy 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 are below described.

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 harboured in a given year and construction is completed within 4 years. Thus, if a developer safe harbours 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.

On 22 June 2018, the IRS released Notice 2018-59, which provides guidance to determine when a solar project begins construction for ITC purposes and specifies that projects have until 2024 to be placed in service and qualify for the ITC at levels above 10%. The ITC percentage for a solar project is determined based on the year in which construction of the project begins – provided the solar project is also placed in service before Jan 1, 2024 – as follows: (i) before Jan 1, 2020, 30%; (ii) in 2020, 26%; (iii) in 2021, 22%; and (iv) any time thereafter (regardless of the year in which the solar project is placed in service), 10%. Similar to the IRS guidance regarding the wind PTC, establishing the beginning of construction is deemed by (i) engaging significant physical work or (ii) paying or incurring 5% of the ultimate tax basis of the project. Thus, if a developer safe harbours 5% of project Capex in 2019, the project will be qualified for a 30% ITC if the construction is concluded before Jan 1, 2024. Similarly,

if a developer safe harbours 5% of project Capex in 2021, the project will be qualified for a 22% ITC if the construction is concluded before Jan 1, 2024. The graphic below depicts the phase-out calendar:

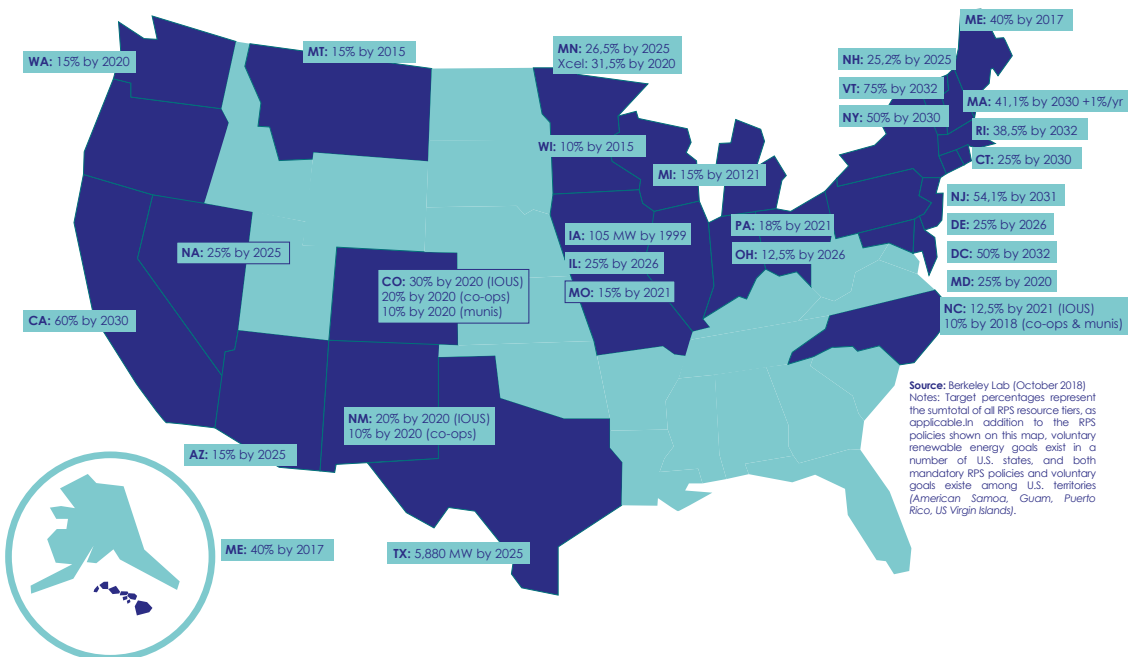


Regarding RPS, states have continued to upgrade their targets in 2018; California upgraded its RPS targets to 60% by 2030 and added a goal of 100% zero-carbon electricity by 2045, Connecticut increased and extended its Class 1 target to 40% by 2030 and Massachusetts increased the growth rate of its target to 2% (from 1%) over the 2020-2029 period, New Jersey increased and extended its Tier 1 target to 50% by 2030. In addition, both New York and New Jersey established and strengthened commitments to procure offshore wind with New York creating an offshore wind procurement program with a target of 2,400 WMW by 2030 while New Jersey increased its offshore wind carve out to 3,500 MW.

RPS obligations as a percent of state retail consumption (as of November 2018) are shown in the map 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.

RPS POLICIES EXIST IN 29 STATES AND DC

Apply to 55% of Total U.S. Retail Electricity Sales



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 21 August 2018, the EPA proposed the Affordable Clean Energy (ACE) rule to replace the CPP to establish emissions guidelines for states to develop plans to address GHG emissions from existing coal-fired plants. The rule would allow states full discretion to set heat-rate improvements (HRI) for unit-specific emissions standards. The HRIs may be overstated, since they appear to be based on potential improvements at inefficient plants that have already retired; i.e. the existing fleet may have already applied BSER measures and therefore do not have room for improvement. Public comment on the proposed Affordable Clean Energy (ACE) rule closed October 30, 2018. Comments are under review by EPA and a final version of the rule is planned to be published sometime in the second quarter of 2019. 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. New Jersey and Virginia are joining RGGI in 2019 with Pennsylvania considering membership.

After the mid-term elections, the 116th United States Congress will be comprised of a Republican-majority Senate and a Democratic-majority House of Representatives. In the prior Congress, Republicans held majorities in both the Senate and the House of Representatives. With this change, a shift in governing philosophy is expected. Democratic representatives have informally proposed a range of potential legislative actions having to do with climate change. One of these proposals is a "Green New Deal" which features a 100% United States RPS standard. Such a standard, if implemented, would increase demand for renewable electricity in the U.S. However, new legislation regarding climate change and renewable energy has yet to be formally proposed and the details of such legislation, if proposed at all, are unclear. Additionally, any legislation passing the Democratic-majority House of Representatives would also have to pass the Republican-majority Senate and be signed by President Trump before becoming law. While this "Green New Deal" is not currently a likely success, it is an indicator that Green goals are becoming bolder and seeking greater results such as, in this case, a 100% renewable mandate. Currently, federal policy could reduce renewable support if the CPP is replaced with a weak alternative, or it could strengthen renewable support if support moved towards the left in the next election.

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 have increased generally causing delays or cancellation of some planned projects in 2019.

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 (C&I).

RPS	29 states + DC	<ul style="list-style-type: none"> Renewable Portfolio Standards defined at state level; RPS policies cover 56% of total US retail electricity sales;
Coal & Nuclear	>35 GW retirements until 2030E	<ul style="list-style-type: none"> Coal (23% fleet): old & non-compliant w/ environment; independent of CO₂ issues; Nuclear: ~16 GW in 2018 and ~15 GW proposed until 2030
C&I	>6 GW PPAs signed in 2018	<ul style="list-style-type: none"> Renewable demand from RE100 companies is projected to grow to 123 TWh by 2022, 59% over 2017 levels



CANADA

Historically, new Canadian renewable supply is 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's climate leadership plan includes a December 31, 2030, coal phase-out, a price on carbon and a requirement for 30% of electricity generation to come from renewables by 2030. Alberta is pursuing a Renewable Energy Program 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. New Brunswick has committed that 40% of in-province electricity sales will come from renewable sources by 2020. Nova Scotia has set emission caps for its electricity sector, and has also committed up to 50% of electricity will come from renewable sources by 2020.

On June 21, 2018, Canada adopted the Greenhouse Gas Pollution Pricing Act including a federal carbon pollution pricing system. This system includes both an output-based pricing system as well as a regulatory charge on fuels. Each province submitted plans which were assessed against the requirements of the federal benchmark. While the ultimate impact of this is unclear, any increase in emissions pricing favours zero emissions resources like wind and solar PV.



MEXICO

Mexico redesigned its energy sector beginning with the constitutional amendment in 2013 and ending with implementation by end of 2018. The reforms brought about the end of state-owned vertically-integrated monopolies and opened 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.

However, newly elected President Andres Manuel Lopez Obrador announced the general guidelines for electricity generation policy stating that there would be a change of regime. President Obrador called for a technical and administrative audit of the electricity market with CFE directors in charge of performing the review. The measures to resolve what he called the country's "energy dependence in the purchase of electricity" would not be taken in the short term, but the new administration would be elaborating a plan based on the findings of the CFE study. While the long-term ramifications of President Obrador's actions are difficult to forecast, it seems prudent to consider the possibility that changes will occur in the way new wind and solar supply is contracted and remunerated.

2.1.5 OFFSHORE WIND IS BECOMING MORE MATURE

OFFSHORE WIND: A KEY GROWTH MARKET

Offshore wind installations account for less than 4% of total wind installations, with the majority of the today's operating wind being onshore. However, the offshore sector has been growing at a fast pace, as shown by recent years' data. The offshore wind market grew by around 3.5-4 GW in 2018¹ and accounted for around 7% of total wind capacity. For the coming years, analysts expect an even faster expansion. For example, Bloomberg New Energy Finance expects the market to grow at a compound annual growth rate of 17% between today and 2030, with the sector reaching a total capacity of 154 GW in 2030.

Offshore wind in the United States

Although offshore wind power is still in the early stages of development in the United States, with only a 30 MW operating project off the shores of Rhode Island, policymakers and developers are working to push the industry forward. The US Department of Energy predicts around 22 GW of offshore wind by 2030. In the East Coast, seven States have announced ambitious offshore wind targets and/or issued offshore wind power solicitations: Massachusetts, Rhode Island, Connecticut, New York, New Jersey, Maryland and Virginia. As part of the States' plans, New Jersey and New York have recently launched solicitations for 1.1 GW and 800 MW respectively. These solicitations follow around 2 GW of awarded capacity in other States such as Massachusetts, Connecticut, Rhode Island and Maryland. In Massachusetts, Equinor Wind, Vineyard Wind (a joint venture between Avangrid and Copenhagen Infrastructure Partners) and Mayflower Wind Energy (a joint-venture between EDP Renewables and Shell) were the successful bidders in the auction for offshore wind leases off Massachusetts concluded in December 2018. In California, where the state has issued policy to rely on carbon-free electricity by 2045, the Bureau of Ocean Energy Management (BOEM) has identified 3 potential lease areas off its coast and it is anticipated the first lease auction may be held in 2020.

This development is expected to be supported by different drivers. One is the **expansion to other geographies**. Although nowadays the bulk of the market is in Europe, and more precisely UK and Germany which collectively account for 78% of European offshore wind installations, new opportunities are rapidly emerging in Asia and the US. In the 2020s, established markets like the UK, Germany, Netherlands and China, will be joined by new markets like Taiwan, Japan, South Korea and the US.

New technology developments such as **floating foundations** will increase the potential of offshore wind technology. Nowadays, floating structures are no longer confined to R&D as the technology has developed significantly in recent years and prospects are bright. In 2017, the first commercial wind farm using floating turbines, the 30 MW Hywind project, was commissioned and is now operating successfully off the coast of Peterhead, in Scotland.

EDPR's floating projects

EDPR, through a joint venture, is developing 25 MW project off the coast of Portugal, which will be a flagship project in the innovative sector and will contribute to the development, standardisation and manufacturing improvement of multi-MW modular floating platforms. This project comes after a first stage in which the consortium built and successfully operated for 5 years a floating turbine. Also, the French government selected in 2016 a consortium comprising EDPR to build a 24 MW pilot floating wind farm off Leucate in the Mediterranean. The wind farm is expected to become the first floating offshore wind farm in the Mediterranean.

The wind industry is following floating developments with great interest, as the technology enables to move into deeper waters, in which fixed-bottom

The wind industry is following floating developments with great interest, as the technology enables to move into deeper waters, in which fixed-bottom foundations are not technically viable. According to Wind Europe, 80% of all the European offshore wind resource is located in deep waters (60 meters or more) where floating solutions are the sole real choice. Moreover, floating foundations are the only option for countries with limited continental platform areas, such as Japan and the US west coast. In addition, not only floating offshore may unlock new areas, but also can push the industry to areas far from the shore, where wind resource is typically more powerful and reliable.

Experts believe that the floating market will see sustained growth in the coming years, supported by a sharp decline cost. The U.S. Department of Energy's projections suggest floating foundations will be cost-competitive with fixed ones by the mid-2020s.

¹ According to different estimates, as at the time of the publication of this report, no cumulative data have been released

DECREASING COSTS ARE BOOSTING OFFSHORE'S COMPETITIVENESS

Offshore wind has traditionally been more expensive than onshore's, as lead times for projects are longer, while the development, construction and O&M is far more complex, mainly due to the challenging environment. However, the cost of offshore wind is witnessing a rapid decline. According to IEA¹, the average cost for offshore wind came down by 25% from 2012 to 2017, though cost reductions were limited as continued development moved projects into deeper waters further from shore, offsetting gains from technical performance improvements (mainly turbine development). For the next decade, IEA forecasts average costs to decline by over 30%.

Bigger turbines

Bigger offshore wind turbines allow higher production for two reasons. First, bigger rotors and blades can cover a wider area, which increases the capacity of the turbine. But also: a taller turbine allows blades getting up higher, where the wind blows more steadily, which eventually increases the turbine's capacity factor. Also, larger turbines help to amortise installation and foundation costs.

In January 2019, Siemens Gamesa Renewable Energy (SGRE) unveiled its 10 MW offshore wind turbine, which, according to the company, will produce 30% more power annually than its 8 MW predecessor. Just under a year ago, GE Renewable Energy announced its next model would be a giant 12 MW turbine, which is expected to be ready as soon as in 2021. Vestas also announced in 2018 its new 10 MW turbine, from a previously rated 9.5 MW, which is expected to become the first 10 MW+ turbine available on the market.

The industry is also working on concepts for even larger turbines and it's commonly believed that 13-15 MW turbines could be available from 2024 onwards

Cost reductions are mainly driven by technological advancement that include bigger turbines; enhanced construction expertise; continuous improvements in foundation design and installation methods; a mature supply chain; economies of scale, and, strong competition, among others.

Although offshore's LCOE is still higher than onshore's or solar PV's, the technology has several advantages that can help to compensate for its higher costs. For example, it allows developing gigawatt-scale projects near densely populated coastal areas where land can be expensive, and its higher capacity factors, allow more power per unit of capacity. Moreover, offshore wind is at an earlier stage of development compared to onshore's or solar PV, and therefore, its price is expected to fall faster, which would ultimately improve its competitive position.

Offshore's increasing competitiveness has been reflected in recent auctions' prices. Results of latest offshore wind competitive processes in Netherlands, Germany, Denmark and UK, clearly reflect lower LCOEs. In 2017 and 2018, German offshore auctions for existing projects² witnessed "zero bids", which means that those projects will only be eligible for the wholesale electricity price without any premium³. On similar lines, the Netherlands also held a subsidy free offshore wind auction for 700 MW in March 2018. In the UK, Dong Energy and a consortium comprising EDPR and Engie, secured two Contract for Difference deals worth £57.50/MWh in the second offshore wind auction, held in 2017. In the first CfD auction (conducted in 2015) the average price was £117.14/MWh, more than twice 2017's price.

Although all European offshore countries have experienced similar trends in the last few years, prices are not comparable among countries as each auction design is different. For example, in the UK, developers are liable for all the grid connection costs, unlike in Germany, Denmark or Netherlands. But falling prices undeniably reflect the rapid decline of offshore wind levelised cost of electricity.

¹ International Energy Agency, World Energy Outlook 2018

² That were permitted or at an advanced planning stage

³ These auctions marked the transition phase to a new centralized system in which the state selects and pre-develops suitable offshore areas. Aggressive bidding in 2017 and 2018 primarily may reflect the fact developers strived to avoid ending up with stranded assets

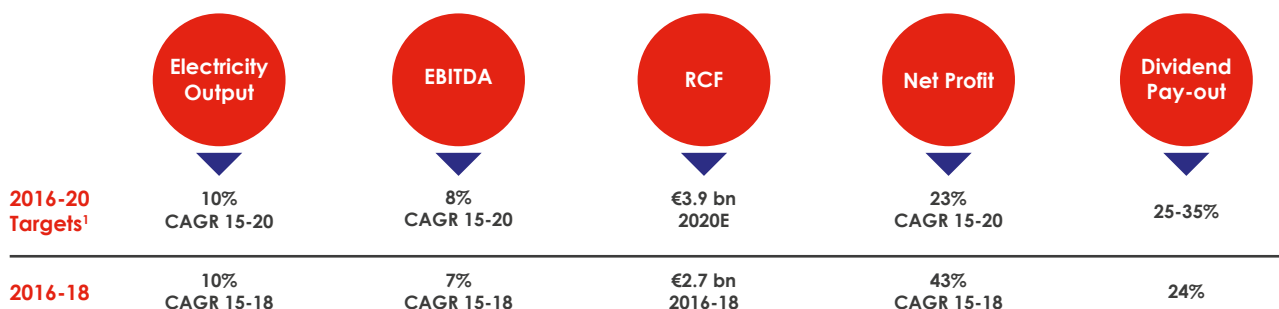
2.2 STRATEGY

EDPR'S Strategy is supported by three pillars: Selective Growth, Operational Excellence and Self-funding Model.

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 changing business and economic environments, EDPR remains today a leading company in the renewable energy industry.

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	Growth enhanced by a funding strategy designed to accelerate value creation
Prioritize quality investments in EDPR core markets	Technical expertise to maximize production (>97.5% availability)	Investing in visible growth opportunities
Projects with long term contracts awarded	Competitive projects leading to a superior load factor	Profitable assets generating robust retained cash-flow
Technological mix: wind onshore, offshore, floating and solar	Unique O&M strategy to keep lowering Core Opex /MW	Selling projects' stakes to keep enhancing value growth

EDPR 2020 investment case is supported by a distinctive strategic agenda which is being successfully delivered in order to outperform its goals.



EDPR business model set to deliver predictable and solid growth targets in core markets positioning to successfully lead a sector with increased worldwide relevance.

2.2.1 SELECTIVE GROWTH

Growing selective 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 secured or have been awarded long-term contracts under stable regulatory frameworks, as well as exhibiting above portfolio average load factor.

SOLID GROWTH

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 optimised projects are finally selected for investment.

TECHNOLOGICAL MIX:

Securing long-term growth in new key areas like Solar and Offshore:

 **SOLAR**
0.4 GW SECURED

 **FLOATING**
22 MW SECURED

 **WIND OFFSHORE**
0.6 GW NET SECURED

MW ADDED IN 2016-2018:

2.0 GW

of which 0.7 GW in 2018

Geographical Breakdown

1.3 GW in North America; 0.3 GW in Europe;
0.4 GW in Brazil

MW SECURED (COD >2018)*:

>3.1 GW

1.3 GW in North America, 0.8 GW in Brazil,
0.4 GW in Europe and 0.6 GW offshore projects

* reported at December 2018

With 826 MW built in 2018, of which EDPR sold an 80% stake in a 200 MW wind farm, in 2018 EDPR added 665 MW to its portfolio. EDPR medium-term prospects is supported by solid and outstanding strategy execution, with technological and geographical diversified value accretive projects of more than 3.1 GW secured and to be installed from 2019 onwards.

NORTH AMERICA: EDPR MAIN GROWTH MARKET DRIVEN BY PPAS SECURED

Over the last 3 years, North America has been EDPR's main growth market, with 1.3 GW added, representing 66% of EDPR total additions in the period. Within North America market EDPR is present in the United States (5,552 MW installed), Canada (200 MW installed) and Mexico (30 MW installed).

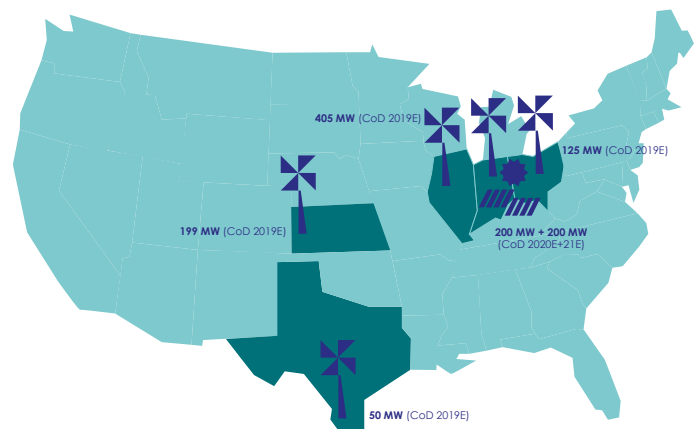
In the United States, the visibility over Production Tax Credit (PTC) tax scheme, the strong demand from both utilities, and commercial and industrial companies for long-term PPAs from wind energy projects, combined with EDPR's diversified portfolio of projects in this market support this solid growth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

The December 2015 extension of the PTC provided long-term visibility to US growth and reinforced the strong fundamentals of the US wind market, while supports EDPR's choice to growth in the country.

In 2018, EDPR was awarded more than 1.2 GW of long-term energy sale agreements in US, of which 50 MW related to a project installed in 2018, 0.8 GW for projects to be installed in 2019 and 0.4 GW for 2020-21.

UNITED STATES PROJECTS SECURED FOR FUTURE GROWTH

(by state and expected CoD)



EUROPE: FOCUS ON LOW RISK REGULATORY FRAMEWORKS

In 2018 EDPR installed 211 MW in Europe, namely in Italy, Portugal and Spain representing c.30% of total capacity additions in the year. EDPR growth in Europe is supported by identified short-term opportunities and medium-term pipeline options. In terms of growth, in Spain is expected to be added 29 MW in 2019-20, which are currently under construction, in Portugal 170 MW will be added with a 20-year feed-in tariff, of which 47 MW are under construction, in Italy 66 MW expected to be added with a 20-year contract, of which 50 MW are under construction, in France and Belgium EDPR has 19 MW under construction and plans to add more than 60 MW through pipeline development. Finally, in Poland is expected to be added 38 MW in 2020 and 60 MW in Greece in 2020/21, all projects awarded with a tariff in 2018 auctions.

BRAZIL: IN PROJECTS WITH LONG-TERM PPAS

In Brazil, EDPR installed 137 MW in 2018. With 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, for future growth EDPR has already secured more than 850 MW for projects to be operational in the period of 2022 to 2024, of which 199 MW related to solar project in the state of São Paulo.

TECHNOLOGICAL MIX

Growing in Solar given its increasing competitiveness

In order to take advantage of this profitable renewable technology and considering its increasing competitiveness, EDPR has been developing efforts to growth in solar PV technology. The US is the core market for this growth, where the technology is boosted by the Investment Tax Credit scheme, while opportunities are also being screened in Europe, Brazil and Mexico. In 2018 EDPR secured a PPAs for the 200 MW Riverstart project in the United State and for the 199 MW Pereira Barreto project in Brazil, both with CoD expected for post-2020.

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, France and United States, are expected to start operations post-2020, but are already being developed through partnerships, from which the Company is also able to further develop technological expertise in the sector. In 2018 EDPR - Shell joint venture is awarded with exclusive rights to develop wind offshore project in Massachusetts.

Floating: breakthrough wind energy technology

Windplus consortium, which is jointly owned by EDP Renováveis (54.4%), Engie (25%), Repsol (19.4%) and Principle Power Inc. (1.2%), is developing Europe's second floating wind farm, involves anchoring three turbines on semi-submersible platforms at water depths of up to 100 metres. The wind farm will be in the Atlantic about 20 km (13 miles) off the coast of Viana do Castelo in northern Portugal.

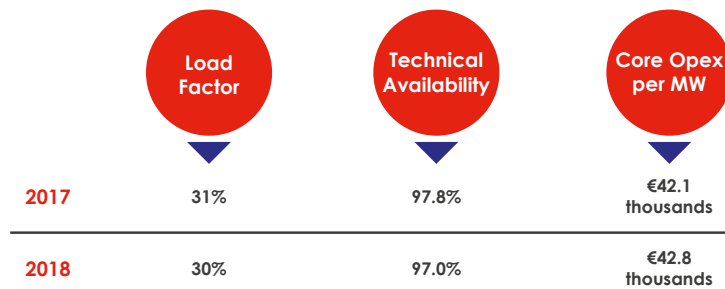
The farm's total capacity of 25 MW will be enough to power 60,000 homes for a year. The turbines, each with 8.4 MW capacity, will be the most powerful turbines installed on a floating base at sea.

The installation represents a flagship project in the innovative sector of floating wind energy and will contribute to the development, standardisation and manufacturing improvement of multi-MW modular floating platforms, which is a key objective under the Strategic Energy Technology Plan (SET-Plan) of the European Commission.

2.2.2 INCREASING EFFICIENCY

One of the strategic pillars that has always been a keystone of the Company, setting it apart in the industry, is the drive to maximise 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. 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



Delivering operating excellence metrics while keeping costs under control.

MAINTAINING HIGH LEVELS OF AVAILABILITY

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 97.0% in 2018. EDPR will continue to improve availability through new predictive maintenance optimisation 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, optimising load factor is linked to the improvement of availability as above described and, if possible, introducing productivity enhancement retrofits that boost production by equipping older turbine models with the most up-to-date technological improvements available to increase efficiency in the utilisation of the available resources of renewables. The energy assessment and engineering teams are responsible for the wind farms and solar plants development and design in a way that maximises 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 30% in 2018, which is 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 plans to reach 33% load factor, mainly on the back of the increase competitiveness of new capacity additions.

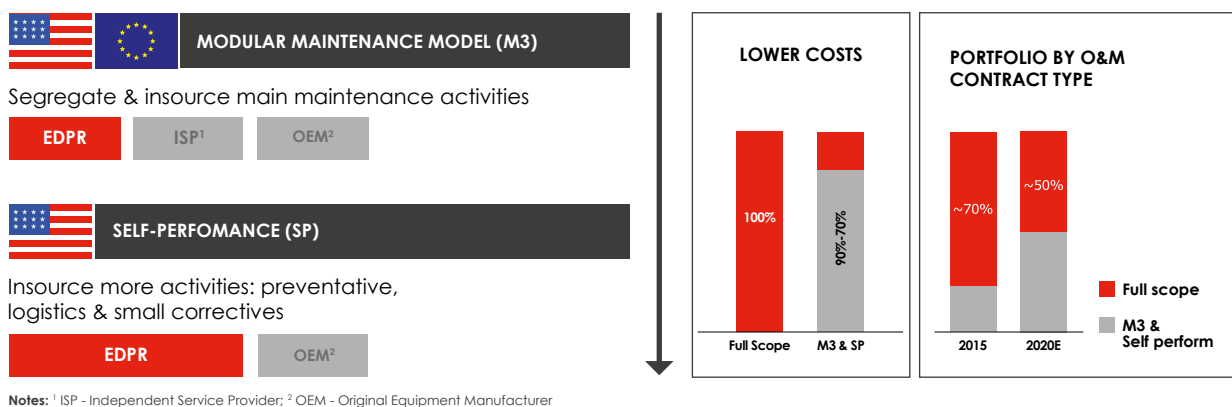
INCREASING EFFICIENCY, BY REDUCING CORE OPEX/MW

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 plans to reduce Core Opex/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 2018 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 minimises 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.



INCREASING PRODUCTION

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.

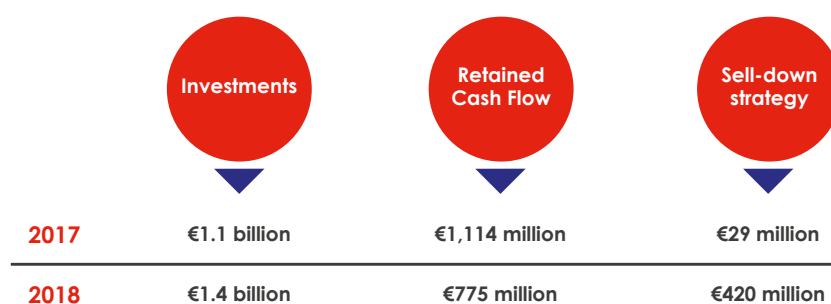
EDPR is also creating value through the improvement of its assets by implementing new technologies to boost turbine power output without requiring major component changes. Performance Analysis teams are collaborating with the manufacturers to determine the best practices to apply this new technology. For instance, installing new versions of the software 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 INITIATIVES

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 strategy of selling stakes in projects in operation or under development, along with the US Tax Equity structures to finance the profitable growth of the business. This model, substitutes the initial financing strategy that depended on corporate debt from EDP, the major shareholder of EDPR and allows the company to create value while recycling capital.

STRONG EXECUTION



RETAINED CASH FLOW

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 2018 amounted to c. €52 million.

FROM ASSET ROTATION TO SELL DOWN

Proceeds from selling stakes in operational or under development assets are also important sources of funds for the self-funding model of EDPR in financing its profitable growth. This enables the Company to crystallize the value yet to be realised 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.

Until 2017, these transactions involved 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 institutional investors from whom EDPR can source a competitive cost of finance.

In 2018, EDPR closed its first Sell Down transaction. Under this strategy, EDPR sells majority stakes in projects in operation or in late stage of development, allowing the Company to recycle capital, with up-front cash flow crystallization, and create value by reinvesting the proceeds in accretive growth, while continuing to provide operating and maintenance services. On the top of these, the Sell Down strategy makes visible the value creation on reported financial statements, as capital gains are booked in the income statement.



In detail, in December 2018 EDPR closed an agreement with Axium Infrastructure to sell an 80% equity shareholding in a portfolio of fully-owned wind onshore assets in the United States and Canada. The portfolio totals 499 MW and comprises 3

winds farms and cash proceeds totalled about \$260 million. Based on the transaction price and expected economic liabilities (tax equity and project finance) once projects are fully completed, the total implied enterprise value for 100% of the assets amounts to \$860 million, which translates to an implied enterprise value multiple of \$1.72 million/MW.

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 utilisation 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 2018, EDPR completed the funding needs of its 2018 US projects, all with long-term agreements, by completing a total of \$464 million of value accretive institutional equity funding.

TAX EQUITY TRANSACTIONS						
2018	TURTLE CREEK ARKWRIGHT 			MEADOW LAKE V 		
	199 MW 78MW	\$196m \$74.2	Iowa New York Closing 3Q-4Q18	200 MW	\$193.5m	Indiana Closing 4Q18

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 and sustainability targets, while minimising fluctuations of results.

RISK MANAGEMENT PROCESS

EDPR's Enterprise Risk Management Process is an integrated and transversal management model that ensures the minimisation of the effects of risk on EDPR's capital and earnings, as well as the implementation of best practices of Corporate Governance and transparency. EDPR's Enterprise Risk Management Process is inspired on Basel Committee on Banking Supervision's principles, guidelines and recommendations and is similar to other risk management frameworks. 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, optimising 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 analysis 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.

In 2018, EDPR updated its Financial Risk Policy, providing further detail in the process for hedging FX of net investment, interest rate and inflation. The purpose was to further summarise the guidelines and methodologies used to manage financial risks at EDPR, which are discussed quarterly on the Financial Risk Committee.

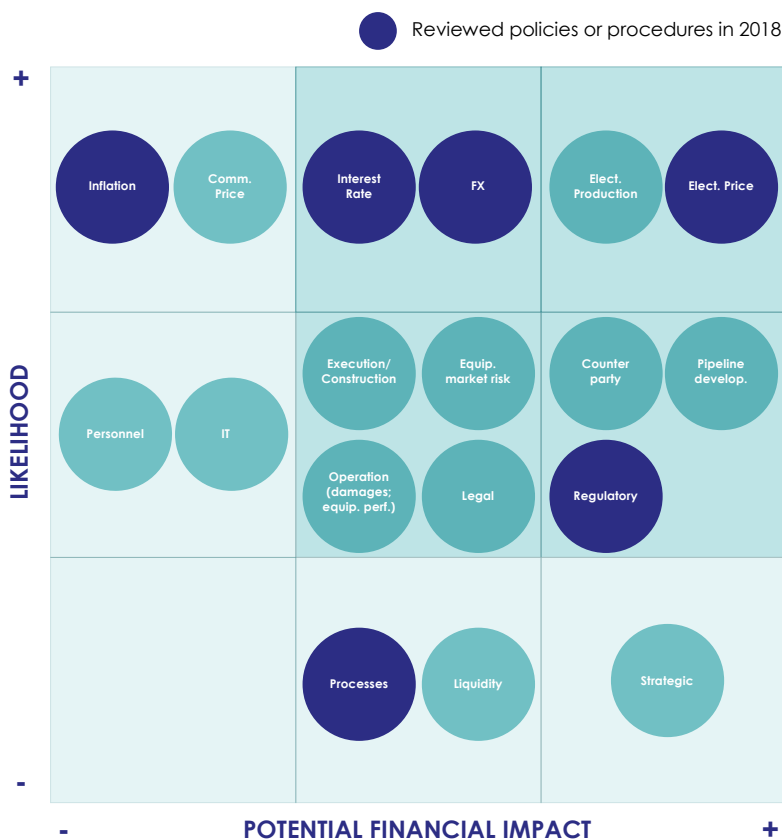
EDPR together with other project partners, structured and carried out a pre-hedge (before Financial Close) of inflation, interest rate and FX in Capex, for the Moray Offshore project in the UK. This pre-hedge allowed EDPR to reduce exposure to market risks, under Britain's current uncertain political situation. The inflation pre-hedge carried out by EDPR was the first of its kind for the Company.

A comprehensive strategic study on long-term hedging strategies of electricity prices through PPAs or financial hedges was also carried out during 2018, as well as the development and implementation of automated tools that help better control and manage balancing costs within EDPR geographies.

Additionally, EDPR updated its view on the sustainability of RES policies in the geographies where the Company is or could potentially be present. This deep-dive analysis was performed within the scope of the Country Risk Policy, which was approved and implemented in 2015.

EDPR RISK MATRIX BY FINANCIAL IMPACT

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.



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 above summarises the Risk Categories, the Risk Groups and the Risk Management mitigation strategies at EDPR.

RISK CATEGORY	RISK GROUPS	
<p>MARKET RISKS</p>	<p>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.</p> <p>In particular, market risks are changes in electricity prices, production risk, interest rates, foreign exchange rates and other commodity prices.</p>	<ul style="list-style-type: none"> - Electricity Price Risk - Electricity Production Risk - Commodity Price Risk - Liquidity Risk - Inflation Risk - Exchange Rate Risk - Interest Rate Risk
<p>COUNTERPARTY RISK</p>	<p>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.</p>	<ul style="list-style-type: none"> - Counterparty Credit Risk - Counterparty Operational Risk
<p>OPERATIONAL RISK</p>	<p>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).</p>	<ul style="list-style-type: none"> - Development Risk - Legal Claims Risk (Compliance, Corruption, Fraud) - Execution Risk - Personnel Risk (Health and Safety, Human Rights, Discrimination) - Operation Risk (Damage to Physical Assets, Equip. Performance, Environmental) - Processes Risk - Information Technologies Risk
<p>BUSINESS RISK</p>	<p>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.</p>	<ul style="list-style-type: none"> - Regulatory Risk (renewables) - Equipment Price Risk - Equipment Supply Risk
<p>STRATEGIC RISK</p>	<p>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).</p>	<ul style="list-style-type: none"> - Country Risk - Competitive Landscape Risk - Technology Disruptions Risk - Invest. Decisions Criteria Risk - Reputational Risk - Meteorological Changes - Corp. Organisation 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 discrimination, unethical behavior or fraud
- Attractive remuneration packages and training for personnel
- Revision and compliance with all regulations that affect EDPR activity (H&S, 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
- Diversification in technologies
- Follow-up of regulation changes in markets where EDPR is present to adjust strategy if needed
- Active involvement in major industry associations in all EDPR markets
- Signing of medium-term agreements with equipment manufacturers to ensure visibility of prices and supply
- Relying on a large base of equipment 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 SUSTAINABILITY RISKS

EDPR's commitment with its stakeholders means that the Company cares about assuring best practices in corporate social responsibility. EDPR has identified five risk factors key to the sustainability of the Company. The highest standards have been put in place to mitigate these risks:

- **Corruption and Fraud Risk:** EDPR has implemented a Code of Ethics and an Anti-Corruption Policy. The Code of Ethics has its own regulation that defines a process and channel, open to all stakeholders, to report any potential claim or doubt on the application of the code. The Ethics Ombudsperson is behind this communication channel, and is responsible for analysing and presenting to the Ethics Committee any potential ethical problem. The anti-corruption mailbox is also available to report any questionable practice and wrongdoing.
- **Environmental Risk:** EDPR has implemented an Environmental Management System, certified with the ISO 14001:2015, in order to follow best practices in the sector.
- **Human Resource Risk:** EDPR forbids any kind of discrimination, violence or behaviour against human dignity, as stated in its Code of Ethics. Strict compliance is enforced, not only making the Ethics Channel available to all stakeholders but also through constant awareness from all employees of the Company.
- **Health and Safety Risk:** EDPR has deployed a H&S management system, complying with OHSAS 18001:2007, pursuing the "zero accidents" target.
- **Human Rights Risk:** EDPR has committed, through its Code of Ethics, to respect international human rights treaties and best work practices. All suppliers which sign a contract with EDPR are committed to be aligned with EDPR's Code of Ethics principles.

In addition, quantification of the financial impact on the Company's performance of these five sustainability risk factors is included within the Operational Risk analysis. Every year, EDPR evaluates the economic impact of its Operational Risk, following the guidelines of Basel III. The analysis includes the identification, estimation and mitigation of individual operational risks belonging to the short, medium and long term in all its geographies. For this purpose, EDPR takes into account present and future relevance of these risks, as well as historical data of their impact, with the help of department heads. The final results of the Operational Risk analysis are then communicated to the Executive Committee and shared with every department involved.

In 2018, none of these five sustainability risk factors had a material financial impact on the Company's performance, even though EDPR was not able to reach its "zero accidents" target. During 2019, EDPR will continue to work towards achieving that goal.

EMERGING RISK AT EDPR: TRADE WAR

In recent times, there have been trade tensions between US, China, Canada, Mexico and EU, which raise concerns about the implementation of incremental trade tariffs not only between these countries, but globally.

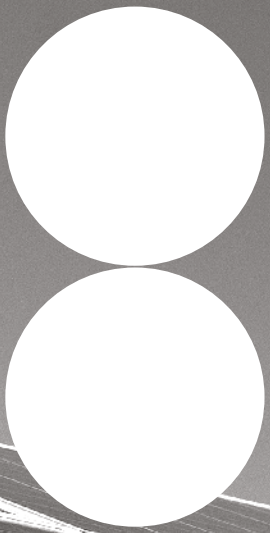
In the renewable energy sector, a raise in tariffs on foreign goods or an increase of local content requirements could affect the profitability of projects already committed, through the impact on equipment prices and supply. Likewise, it could change the cost-competitiveness of renewable energies with respect to traditional energy sources. A good example of this are the tariffs raised in 2018 by the U.S. administration on Chinese solar panels, which harmed the growth plans of solar energy installations in the U.S.

EDPR mitigates this risk by diversifying its technological and geographical footprint, by including in its pipeline portfolio solar, onshore and offshore wind assets, spread across 13 different countries, with an eye on expansion to new geographies.

03

EXECUTION

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A large, semi-transparent yellow circle is centered on the page. The background consists of a perspective view of solar panels in a field, with a cloudy sky above. The text is centered within the yellow circle.

**WE
LOVE
THE SUN**



03 EXECUTION

3.1 FINANCIAL CAPITAL

3.1.1 OPERATIONAL PERFORMANCE

	MW				LOAD FACTOR			GWh		
	Dec-18	Built	Sold	Var. YoY	Dec-18	Dec-17	Var.	Dec-18	Dec-17	Var.
Spain	2,312	+68	-	+68	26%	27%	-0.5pp	5,164	5,095	+1%
Portugal	1,309	+55	-	+55	27%	27%	+0.4pp	2,995	2,912	+3%
Rest of Europe	1,652	+88	-	+88	24%	27%	-3.1pp	3,321	3,662	(9%)
France	421	+11	-	+11	23%	23%	-0.1pp	829	808	+3%
Belgium	71	-	-	-	21%	21%	-0.0pp	129	129	+0%
Italy	221	+77	-	+77	27%	27%	-0.4pp	385	337	+14%
Poland	418	-	-	-	25%	30%	-4.8pp	919	1,093	(16%)
Romania	521	-	-	-	23%	28%	-5.2pp	1,059	1,295	(18%)
Europe	5,272	+211	-	+211	26%	27%	-1.1pp	11,480	11,669	(2%)
US	5,332	+478	(200)	+279	34%	35%	-1.2pp	14,873	14,410	+3%
Canada	30	-	-	-	27%	28%	-1.3pp	71	75	(5%)
Mexico	200	-	-	-	40%	39%	+1.0pp	700	606	+15%
North America	5,563	+478	(200)	+279	34%	35%	-1.1pp	15,644	15,091	+4%
Brazil	467	+137	-	+137	40%	43%	-3.1pp	1,235	861	+43%
TOTAL	11,301	+826	(200)	+625	30%	31%	-0.9pp	28,359	27,621	+3%
Equity Consolidated	371	-	+40	+40						
Spain	152	-	-	-						
US	219	-	+40	+40						
EBITDA MW + EQUITY CONSOL.	11,672	826	(160)	+665						

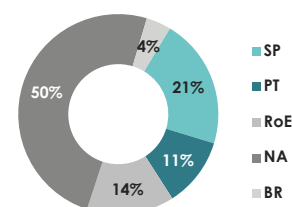
EDPR CONTINUES TO DELIVER SOLID SELECTIVE GROWTH

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 11.7 GW is not only young, on average 8 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, resulting in a total installed capacity of 11,672 MW (EBITDA + Equity Consolidated). As of year-end 2018, EDPR had installed 5,424 MW in Europe, 5,782 MW in North America and 467 MW in Brazil.

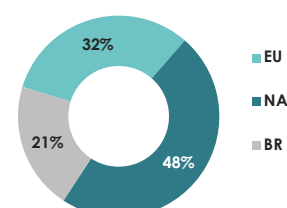
2018 INSTALLATIONS CONCENTRATED IN NORTH AMERICA

The biggest contributor to the growth in installed capacity was the completion of 478 MW in North America, of which EDPR sold an 80% stake in a 200 MW wind farm. All of the MW had previously secured PPA contracts, thus providing long-term stability and visibility on the

11.7 GW of EBITDA MW + EQUITY CONSOL. (%)

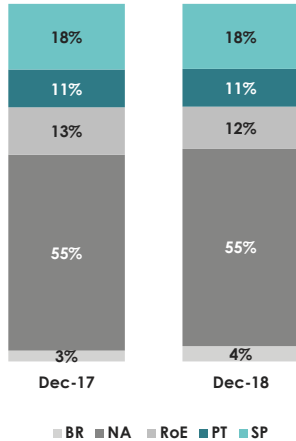


+665 MW IN 2018



revenue stream. In Europe there were 211 MW added, namely, 77 MW in Italy, 68 MW in Spain, 55 MW in Portugal and 11 MW in France. In Brazil 137 MW were added with the installation of the Babilonia wind farms.

GENERATION BREAKDOWN



3% INCREASE IN YEAR ON YEAR GENERATION

EDPR generated 28.4 TWh during 2018. The 3% YoY increase in the electricity output derived from the capacity additions over the last 12 months, notwithstanding the lower realised load factor.

EDPR achieved a 30% load factor during 2018 (vs 31% in 2017) reflecting weaker wind resources. In terms of long-term-average, in 2018 the load factor achieved represented 94% of the P50, which compares with 98% in the previous year.

EDPR attained a 97.0% availability in the period, vs 97.8% in the previous year. The company continues to leverage on its competitive advantages to maximise wind farm output and on its diversified portfolio across different geographies to minimise the wind volatility risk.

SOLID GROWTH AND DIVERSIFIED PORTFOLIO DELIVERS BALANCED OUTPUT

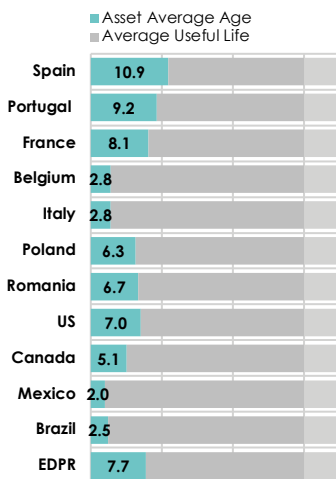
EDPR's operations in North America were a major driver for the electricity production growth in 2018, increasing +4% YoY to 15.6 TWh and representing 55% of the total output. This performance was driven by EDPR's strategy which is based on the development of competitive projects with PPAs or long-term contracts secured in advance.

EDPR's production in Brazil increased +43% YoY, reaching 1,235 GWh in 2018, benefitting from the positive impact of the latest capacity additions (+137 MW) with higher load factors, despite the lower wind resource in 2018 (40% load factor vs 43% in 2017).

In Europe, EDPR's output decreased 2% YoY to 11.5 TWh mainly due to the 9% output decrease in the Rest of Europe, especially affected by exceptionally low wind resources in Poland and Romania.

EDPR achieved a 27% load factor in Portugal, which was stable year on year. In Spain, EDPR delivered a load factor of 26% (-1pp year on year) with a solid premium over the Spanish market average load factor (+2 pp). In the Rest of Europe EDPR posted lower year on year generation (-9%) with a 24% load factor (vs 27% in 2017).

Assets' Average Age and Useful Life (years)



PROPELLED BY THE CAPACITY ADDITIONS IN 2018, EDPR MANAGES A PORTFOLIO OF 11.7 GW SPREAD OVER 11 COUNTRIES

By the end of 2018, EDPR had 674 MW of new capacity under construction, of which 344 MW related to wind onshore and 330 MW from equity participations in offshore and floating projects. In terms of wind onshore, in Europe there were 145 MW under construction, with 50 MW in Italy, 47 MW in Portugal, 29 MW in Spain, and 19 MW in France. In North America 199 MW were under construction related to Prairie Queen (Kansas; US), and in Dec-18 an 80% stake of that project was sold by EDPR (keeping the responsibility to build the project until CoD). In terms of wind offshore, in the UK EDPR had under construction 316 MW from Moray East project and 14 MW from Windplus floating project in Portugal.

As a result of continuous growth effort, EDPR also has a young portfolio with an average operating age of 8 years, with an estimate of over 22 years of useful life remaining to be captured.

3.1.2 FINANCIAL PERFORMANCE

REVENUES REACHED €1.7 BILLION AND EBITDA SUMMED €1.3 BILLION.

In 2018, EDPR's revenues totalled €1,697 million, a decrease of €130 million when compared with 2017 despite higher MW in operation and electricity output in the period (+3% year on year). This decrease is primarily due to the negative impacts of lower average selling price year on year (€54 per MWh vs €59 per MWh in 2017), negative forex translation effects and PTCs expirations, along with lower wind resource during the year.

Reported EBITDA decreased to €1,300 million (-5% year on year), by 2% if adjusted by forex. EBITDA per MW in operation was at €121 thousand. Core Opex (defined as Supplies and Services along with Personnel Costs) per average MW in operation was at €43 thousands, versus €42 thousands in 2017.

Net Financial Expenses decreased to €220 million (versus €302 million in 2017), mainly reflecting the stable year on year evolution of the net interest cost of debt, lower institutional partnership costs and gains from the sale down of stakes in offshore projects.

FINANCIAL HIGHLIGHTS (€ MILLIONS)	2018	2017	Δ % / €
Income Statement			
Revenues	1,697	1,827	-7%
EBITDA	1,300	1,366	-5%
Net Profit (Attributable to EDPR Equity Holders)	313	276	14%
Cash-Flow			
Operating Cash-Flow	985	981	0.4%
Retained Cash-Flow	775	1,114	-30%
Net Investments	957	1,036	-8%
Balance Sheet			
Assets	17,539	16,224	+1,315
Equity	8,122	7,895	+227
Liabilities	9,416	8,329	+1,088
Liabilities			
Net Debt	3,060	2,806	+254
Institutional Partnership	1,269	1,249	+20

Net profit reached €313 million.

At the bottom line, Net Profit summed €313 million versus €276 million in 2017, benefitting from the execution of the Sell-down strategy, accounted at EBITDA and financial results. Non-controlling interests in the period totalled €159 million, decreasing by €22 million year on year as a result of top-line performance.

Retained cash flow at €775 million.

In terms of cash generation, following EBITDA, income tax of the period, interests, banking and derivatives expenses and minority dividends/interest payments, 2018 Retained Cash-Flow (RCF) totalled €775 million. RCF decreased by €344 million versus 2017, while decreasing €259 million (-25% year on year) when compared to 2017 adjusted.

Capital expenditures with capacity additions, ongoing construction and development works totalled €1,275 million versus €1,051 million in 2017. In the period, Net Investments which considers capex, financial investments and proceeds from Sell-down strategy, reached €957 million versus €1,036 million.

Net Debt totalled €3,060 million, €254 million higher year on year, mainly reflecting on the one hand assets' cash generated along with the execution of the Sell-down strategy, and on the other hand investments in the period, a settlement of a cross interest rate swap in place to hedge the USD investment in the US against forex differences and forex translation.

INCOME STATEMENT

TOP LINE PERFORMANCE

EDPR revenues decreased 7% year on year to €1,697 million, a decrease of €130 million when compared with 2017 mainly due to unfavourable price developments (-€71 million), expected PTC expiration (-€51 million) and forex translation (-€46 million year on year), while being mitigated by higher output in the period (+€38 million).

Other operating income amounted to €192 million, reflecting mainly a €109 million of capital gain accounted in 2018, after the sale of an 80% stake in a 499 MW portfolio in North America. The year on year evolution (+€97 million versus 2017) reflects a €29 million gain accounted in 2017, following to the sale of a stake and loss of control of UK offshore project.

Operating Costs (Opex) totalled €589 million (+6% year on year), driven by higher capacity in operation. In detail, Core Opex, totalled €460 million (+8% year on year). Core Opex per average MW increased 2% year on year to €43 thousand but stayed unchanged year on year if adjusted by offshore costs cross-charged to projects' SPVs and one-offs. Core Opex per MWh was €16, representing an increase of 5% versus 2017. Other operating costs was stable in the period at €128 million, benefitting from the sales tax reduction in Spain.

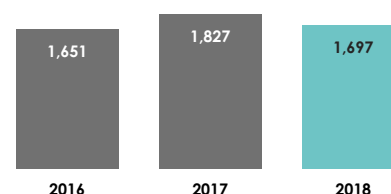
In 2018, EBITDA decreased to €1,300 million, a 5% decrease when comparing to the previous year, reaching an EBITDA margin of 77%. Unitary EBITDA per MW in operation totalled €121 thousand versus €134 thousand in 2017.

Operating income (EBIT) decreased to €754 million (-6% year on year), driven by EBITDA performance and lower year on year depreciation and amortisation (including government grants and provisions), given that the higher capacity in operation effect was offset by the forex translation and lower year on year impairments.

At the financing level, Net Financial Expenses decreased to €220 million, mainly reflecting the stable year on year evolution of the net interest cost of debt, lower institutional partnership costs and gains from the sale of non-controlling stakes in offshore projects.

In the period, Pre-Tax Profit summed €536 million, with income taxes totalling €63 million, reflecting an effective tax rate of 12%. Non-controlling interests amounted to €159 million (-12% versus 2017), reflecting top line performance.

REVENUE EVOLUTION (€ MILLIONS)



CONSOLIDATED INCOME STATEMENT (€ MILLIONS)	2018	2017	Δ %
Revenues	1,697	1,827	(7%)
Other Operating Income	192	95	+102%
Operating Costs	(589)	(556)	+6%
Supplies and Services	(345)	(327)	+6%
Personnel Costs	(115)	(101)	+14%
Other Operating Costs	(128)	(128)	+0%
EBITDA	1,300	1,366	(5%)
EBITDA/Revenues	77%	75%	+2pp
Provisions	(0.3)	0.2	(279%)
Depreciation and Amortisation	(562)	(583)	(4%)
Amortisation Government Grants	16	20	(17%)
EBIT	754	803	(6%)
Financial Income/ (Expense)	(220)	(302)	(27%)
Share of Profit of Associates	1.6	2.7	(39%)
Pre-Tax Profit	536	504	+6%
Income Taxes	(63)	(48)	+32%
Profit of the Period	472	456	+3%
Net Profit (Equity Holders of EDPR)	313	276	+14%
Non-controlling Interests	159	180	(12%)

BALANCE SHEET**In 2018 Total equity increased by €227 million.**

Total Equity of €8.1 billion increased by €227 million in 2018, of which €137 million are attributable to reserves and retained earnings. The increased equity attributable to the shareholders of EDPR by €174 million is mainly due to the €313 million of Net Profit, reduced by the €52 million in dividend payments and by €65 million from variation in fair value cash flow hedges.

Total Liabilities increased €1,088 million, to €9,416 million, which represents a 13% increase year on year, mainly due to an increase in financial debt (+€413 million), deferred tax liabilities (+€107 million) and other liabilities (+€480 million).

With total liabilities of €9.4 billion, the debt-to-equity ratio of EDPR stood at 116% by the end of 2018. Liabilities were mainly composed of financial debt (39%; unchanged versus 2017), liabilities related to institutional partnerships in the US (13%; decreasing versus 15% in 2017) and accounts payable (29% versus 28% in 2017).

Liabilities to tax equity partnerships in the US increased by €20 million to €1,269 million, including +€399 million of new tax equity proceeds received in the 2018 and considering the benefits captured by the partners in the period. Deferred revenues related to institutional partnerships primarily represent the non-economic liability associated to the tax credits already realised by the institutional investor, arising from accelerated tax depreciation, and yet to be recognised 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 summed €17.5 billion in 2018, the equity ratio of EDPR reached 46%. Assets were 79% 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 €13.9 billion changed (+€737 million year on year) to reflect €1.3 billion of new additions during the year and €0.3 billion from positive exchange differences, being reduced by €0.3 billion from others (mainly changes in United States resulting from the Sell-down of 80% stake of a 499 MW portfolio) and by €0.6 billion from depreciation charges.

Net intangible assets of €1.6 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)

	2018	2017	Δ €		2018	2017	Δ €
Assets				Equity			
PP&E net	13,922	13,185	+737	Share Capital + Share Premium	4,914	4,914	(0.0)
Intangible Assets & Goodwill, net	1,577	1,546	+31	Reserves and Retained Earnings	1,282	1,146	+137
Financial Investments, net	357	312	+45	Net Profit (Equity Holders of EDPR)	313	276	+37
Deferred Tax Assets	174	64	+110	Non-controlling Interests	1,613	1,560	+53
Inventories	36	29	+7	TOTAL EQUITY	8,122	7,895	+227
Accounts Receivable - Trade, net	334	364	(29)	Liabilities			
Accounts Receivable - Other, net	540	235	+305	Financial Debt	3,650	3,237	+413
Assets Held for Sale	8	58	(51)	Institutional Partnerships	1,269	1,249	+20
Collateral Deposits	39	43	(4)	Provisions	295	276	+20
Cash and Cash Equivalents	552	388	+163	Deferred Tax Liabilities	463	356	+107
TOTAL ASSETS	17,539	16,224	+1,315	Deferred Revenues from Inst. Partn.	962	915	+47
				Other Liabilities	2,777	2,297	+480
				TOTAL LIABILITIES	9,416	8,329	+1,088
				TOTAL EQUITY AND LIABILITIES	17,539	16,224	+1,315

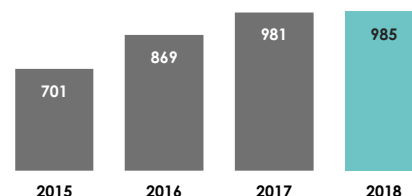
CASH FLOW STATEMENT

STRONG AND STEADY OPERATING CASH-FLOW

In 2018, EDPR generated Operating Cash-Flow of €985 million, with income from institutional partnerships and changes in working capital YoY evolution offsetting EBITDA performance.

The key items that explain the 2018 cash-flow evolution to changes in Net Debt are:

OPERATING CASH FLOW EVOLUTION (€ MILLIONS)



- Funds from operations, resulting from EBITDA after net interest's expenses, share of profits of associates and current taxes, were €1,085 million (versus €1,184 million in 2017);
- Operating Cash-flow, which is the EBITDA net of income tax and adjusted by non-cash items (namely income from US institutional partnerships and regulatory adjustments) and net of changes in working capital, was €985 million (versus €981 million in 2017);
- Capital expenditures with capacity additions, ongoing construction and development works totalled €1,275 million (versus €1,051 million in 2017). Other investing activities amounted to €269 million (cash-in), reflecting on the one hand the financial investments namely in offshore projects and on the other hand reflecting invoices with equipment suppliers to be paid in the following periods;
- Proceeds from the sale of non-controlling interests, namely stakes in offshore projects, along with the execution of the Sell-down strategy, specifically the sale of an 80% stake in a 499 MW in North America, totalled €420 million. Net Payments to institutional partnerships totalled €174 million, contributing to the reduction of Institutional Partnership liabilities. Net interest's costs (post capitalization) summed €115 million, decreasing year on year. Total net dividends and other capital distributions paid to minorities totalled €176 million (including €52 million to EDPR shareholders). In the period, forex & others had a negative impact increasing Net Debt by €587 million, mainly reflecting forex translation and the settlement of a cross interest rate swap in place to hedge the USD investment in the US against forex differences.

Retained Cash-flow (RCF), which captures the cash generated by operations to re-invest, distributed dividends & amortized debt, was €775 million (-31% year on year). RCF decreased €344 million when compared to 2017, while decreasing €259 million versus adjusted 2017. Net Debt & Institutional Partnership liabilities increased by €274 million.

CASH-FLOW (€ MILLIONS)	2018	2017	Δ %
EBITDA	1,300	1,366	(5%)
Current Income Tax	(77)	(46)	+66%
Net Interest Costs	(139)	(139)	(0%)
Share of Profit of Associates	1.6	3.0	(45%)
FFO (Funds From Operations)	1,085	1,184	(8%)
Net Interest Costs	139	139	(0%)
Share of Profit of Associates	(1.6)	(3.0)	(45%)
Income from Institutional Partnerships	(178)	(226)	(21%)
Non-cash Items Adjustments	(63)	(52)	+21%
Changes in Working Capital	2	(62)	(104%)
Operating Cash-Flow	985	981	+0%
Capex	(1,275)	(1,051)	+21%
Financial Disinvestments/ (Investments)	(102)	(14)	+640%
Changes in Working Capital related to PP&E Suppliers	371	14	-
Government Grants	-	(0.02)	-
Net Operating Cash-Flow	(20.9)	(70)	(70%)
Sale of Non-controlling Interests and Sell-down Strategy	420	276	+52%
Proceeds from Institutional Partnerships	399	445	(10%)
Payments to Institutional Partnerships	(174)	(195)	(11%)
Net Interest Costs (Post Capitalisation)	(115)	(123)	(6%)
Dividends Net and Other Capital Distributions	(176)	(115)	+53%
Forex & Others	(587)	(269)	+118%
Decrease/ (Increase) in Net Debt	(254)	(51)	+399%

FINANCIAL DEBT

LONG-TERM AND STABLE DEBT PROFILE

EDPR's Net Debt totalled €3.1 billion higher by €254 million from December 2018, reflecting on the one hand the investments done in the period and forex translation and on the other hand the cash-flow generated by the assets.

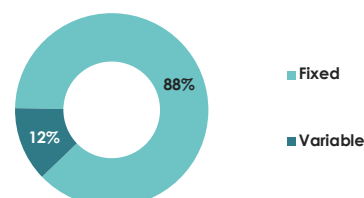
As of December 2018, 76% of EDPR's financial debt was funded through long-term loans with EDP Group (EDPR's main shareholder) while loans with financial institutions represented 24%.

As of December 2018, 40% of EDPR's financial debt was Euro denominated, 50% was funded in US dollars, related to the company's investment in the US, and the remaining was mostly related with debt in Canadian dollars, Polish Zloty and Brazilian Real.

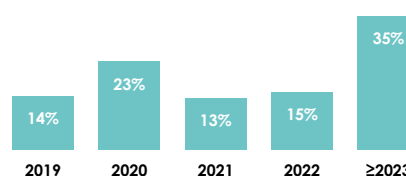
EDPR continues to follow a long-term fixed rate funding strategy, matching the operating cash-flow profile with its financial costs and therefore mitigating interest rate risk. Accordingly, 88% of EDPR's financial debt had a fixed interest rate. As of December 2018, 14% of EDPR's financial debt had maturity in 2019, 23% in 2020, 13% in 2021, 15% in 2022 and 35% in 2023 and beyond.

In December 2018 the average interest rate was 4.1% (+0.1pp year on year).

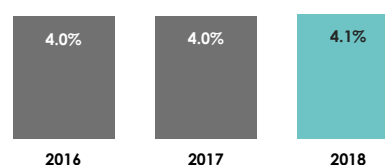
DEBT INTEREST RATE TYPE PROFILE



DEBT MATURITY PROFILE (%)



COST OF DEBT (%)



FINANCIAL DEBT (€ MILLIONS)	2018	2017	Δ €
Nominal Financial Debt + Accrued Interests on Debt	3,650	3,237	+413
Collateral Deposits Associated with Debt	(39)	(43)	+4
Total Financial Debt	3,611	3,194	+417
Loans to EDP Group related Companies and Cash Pooling	0.03	0.02	+0
Cash and Equivalents	552	388	+163
Net Debt	3,060	2,806	+254

INSTITUTIONAL PARTNERSHIPS

Liabilities referred to Institutional Partnerships totalled €1,269 million (+€20 million versus December 2017), reflecting on the one hand the benefits captured by the projects and tax equity partners and, on the other, the US dollar appreciation and new institutional tax equity financing proceeds during the period (€399 million).

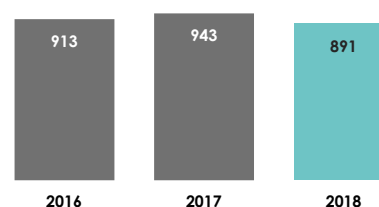
EUROPE

REVENUES

In 2018, EDPR output in Europe reached 11.5 TWh (-2% year on year), with year on year comparison impacted by lower wind resource in the period despite higher average MW in operation. In 2018, European generation accounted for 40% of EDPR's total output. The average selling price in Europe decreased by 4% to €77 per MWh, mainly driven by the lower average selling price in Poland, on the back of lower green certificate prices and the new substitution fee calculation method, and Romania, given that green certificates were halved as expected per regulation.

Revenues in 2018 totalled €891 million, decreasing €52 million versus 2017.

REVENUES EVOLUTION (€ MILLIONS)



NET OPERATING COSTS

Net Operating costs, defined as Operating costs net of Other operating income, increased €23 million to €238 million, primarily explained by the decrease in other operating income that totalled €30 million and with year on year comparison impacted by 2017 events, namely a capital gain subsequent to 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.

CORE OPEX per MW (€ thousand)



Operating costs reached €268 million (-5% year on year) as a result of the decrease in other operating costs (-23% year on year) and personnel costs (-4% year on year), while supplies and services increased by 5% YoY on the back of higher installed capacity. In 2018, Core Opex (Supplies & Services and Personnel Costs) per average MW in operation reached €40 thousand (+1% year on year) and Core Opex per MWh increased by 5% to €18.

OPERATING PERFORMANCE

All in all, EBITDA in Europe totalled €653 million, reflecting an EBITDA margin of 73%. In 2018, depreciation and amortization (including provisions, impairments and net of amortization of government grants) decreased by 13% year on year, with year on year comparison explained by an impairment accounted in 2017, and leading to an EBIT of €399 million.

EUROPE STATEMENT (€ MILLIONS)	2018	2017	Δ %
Revenues	891	943	(6%)
Other Operating Income	30	66	(55%)
Operating Costs	(268)	(280)	(5%)
Supplies and Services	(174)	(167)	+5%
Personnel Costs	(29)	(30)	(4%)
Other Operating Costs	(65)	(84)	(23%)
EBITDA	653	729	(10%)
EBITDA/Revenues	73%	77%	(4pp)
Provisions	(0.6)	(0.2)	+252%
Depreciation and Amortisation	(253)	(295)	(14%)
Amortisation of Government Grants	0.7	3.3	(80%)
EBIT	399	437	(9%)

NORTH AMERICA

REVENUES

In 2018, EDPR output in North America reached 15.6 TWh (+4% year on year), reflecting the growth in installed capacity in the region and the higher load factor of such projects. The realised average selling price in the region was \$45 per MWh (-2% year on year), mainly driven by the lower average selling price in the US, reflecting mostly hedging gains accounted in 2017.

Income from institutional partnerships and the output from projects generating PTCs decreased to \$219 million, following PTCs expiration of specific tax equity structures, despite new tax equity partnerships.

NET OPERATING COSTS

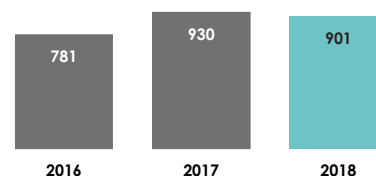
Net Operating costs, defined as Operating costs net of Other operating income, decreased \$102 million to \$152 million due to the increase of Other operating income that amounted to \$175 million (versus \$25 million in 2017), reflecting mainly the capital gain of \$129 million from the execution of its first Sell-down strategy, namely the sale of an 80% stake in a 499 MW portfolio.

Operating costs in the region reached \$327 million (+17% year on year), with the increase derived from the higher capacity in operation. Core Opex (Supplies and Services and Personnel Costs) per average MW in operation totalled \$47 thousand and Core Opex per MWh increased to \$16.

OPERATING PERFORMANCE

Given both the \$29 million year on year decrease of top line performance and the \$103 million year on year decrease in Net Operating costs, EBITDA increased by \$73 million (+11% year on year) to \$749 million versus \$676 million in 2017, with an EBITDA margin of 83% (+10pp versus 2017). Subsequent to the EBITDA performance and the year on year increase of 10% in depreciation and amortization (including impairments and net of amortizations of government grants), on the back of higher capacity in operation, EBIT amounted to \$427 million an 11% year on year increase.

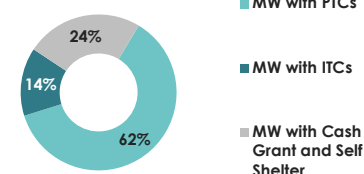
REVENUES EVOLUTION (US\$ MILLIONS)



CORE OPEX per MW (\$ thousand)



MW PER INCENTIVE



NORTH AMERICA STATEMENT (US\$ MILLIONS)	2018	2017	Δ %
Electricity Sales and Other	682	676	+1%
Income from Institutional Partnerships	219	255	(14%)
Revenues	901	930	(3%)
Other Operating Income	175	25	+602%
Operating Costs	(327)	(279)	+17%
Supplies and Services	(189)	(176)	+8%
Personnel Costs	(69)	(57)	+21%
Other Operating Costs	(69)	(47)	+48%
EBITDA	749	676	+11%
EBITDA/Revenues	83%	73%	+10pp
Provisions	0.3	0.4	(19%)
Depreciation and Amortisation	(341)	(311)	+10%
Amortisation of Government Grants	18	18	-
EBIT	427	384	+11%

BRAZIL

REVENUES

In 2018, EDPR output in Brazil reached 1,235 GWh, which is an increase from the 861 GWh achieved in 2017 (+43% year on year), with the increase in production being explained above all by capacity additions with stronger wind resource, despite the lower wind resource in the period. In the period, the average selling price in Brazil was R\$195 per MWh, with year on year comparison impacted mainly by the temporary PPA unwinding at Baixa do Feijão in 2017 and to the mix effect from a new wind farm in operation (production versus price).

In the period, EDPR had R\$215 million of revenues in Brazil (-5% year on year), due to the lower average selling price effect that offset the increase in electricity output.

NET OPERATING COSTS

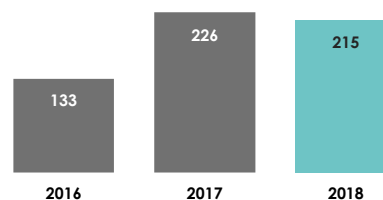
Net Operating costs, defined as Operating costs net of Other operating income, totalled R\$75 million (versus R\$23 million in 2017). The increase in Net Operating costs are a consequence from the R\$16 million year on year decrease in Other operating income to R\$8 million, given adjustments in minority stake sales transactions in 2017.

Furthermore, Operating costs rose to R\$83 million (+R\$36m year on year), in line with higher installed capacity. Core Opex (Supplies and Services and Personnel Costs) per average MW in operation increased 6% and 8% year on year per MWh, to R\$183 thousand and R\$51 respectively.

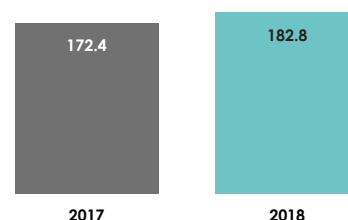
OPERATING PERFORMANCE

All things considered, EDPR's EBITDA in Brazil reached R\$140 million (versus R\$203 million in 2017) with an EBITDA margin of 65%, which represents a 20pp decrease year on year. Following the EBITDA performance and the R\$21 million year on year increase in depreciations and amortizations (including impairments and net of amortizations of government grants), that reflect the higher capacity operating in Brazil, EBIT reached a total amount of R\$82 million, versus R\$166 in the previous year.

REVENUES EVOLUTION
(R\$ MILLIONS)



CORE OPEX per MW
(R\$ thousand)



BRAZIL INCOME STATEMENT (R\$ MILLIONS)	2018	2017	Δ %
Revenues	215	226	(5%)
Other Operating Income	8	24	(67%)
Operating Costs	(83)	(47)	+76%
Supplies and Services	(56)	(33)	+68%
Personnel Costs	(7)	(8)	(4%)
Other Operating Costs	(20)	(6)	+217%
EBITDA	140	203	(31%)
EBITDA/Revenues	65%	90%	(25pp)
Provisions	0.0	(0.0)	(102%)
Depreciation and Amortisation	(58)	(37)	+57%
Amortisation of Government Grants	0.3	0.2	+25%
EBIT	82	166	(51%)

OTHER REPORTING TOPICS

RELEVANT AND SUBSEQUENT EVENTS

The following are the most relevant events from 2018 that have an impact in 2019 and subsequent events from the first months of 2019 until the publication of this report.

- **EDPR signs a Build & Transfer agreement for a 102 MW wind farm project in the U.S.**

Madrid, February 1st, 2019: EDP Renováveis, SA ("EDPR"), through its fully owned subsidiary EDP Renewables North America LLC, has signed a Build & Transfer Agreement with Northern Indiana Public Service Company LLC ("NIPSCO"). The agreement enables the development and construction of EDPR's 102 MW Rosewater Wind Farm in the U.S. state of Indiana, which is expected to come online by 2020 when the Build & Transfer Agreement would be completed.

Completion of this transaction is subject to regulatory approval and other customary closing conditions for a transaction of this nature.

With this new contract, EDPR has now secured 1.1 GW of wind energy agreements in the U.S. for projects to be installed in 2019 and 2020.

- **Board of Directors Announcement**

Madrid, February 1st 2019: EDP Renováveis, S.A. ("EDPR") informs that João Paulo Costeira has submitted his resignation as member of EDPR's Board of Directors, effective on February 15. Following this resignation, João Paulo Costeira also ceases his position in the Executive Committee.

EDPR would like to thank João Paulo Costeira for his dedication and valuable contribution to the Company.

In order to fill the vacant position, EDPR Board of Directors will appoint a new member in the next Board meeting.

- **EDPR secures a 104 MW PPA for a new wind farm in the U.S.**

Madrid, February 12th, 2019: EDP Renováveis, SA ("EDPR"), through its fully owned subsidiary EDP Renewables North America LLC, has secured a 15-year Power Purchase Agreement ("PPA") - with Tri-State Generation and Transmission Association, Inc. to sell the energy produced from its Crossing Trails Wind Farm.

The wind farm, which is expected to commence operations in 2020, is located in the US state of Colorado and will be EDPR's first project in the state.

With this new contract, EDPR has now secured ~1.2 GW of long-term wind energy agreements in the U.S. for projects to be installed in 2019 and 2020.

EDPR's success in securing new PPAs reinforces its low-risk profile and growth strategy based on the development of competitive projects with long-term visibility.

INFORMATION ON AVERAGE PAYMENT TERMS TO SUPPLIERS

In 2018, total payments made from Spanish companies to suppliers amounted to €175,930 thousand with an average payment period of 52 days, below the payment period stipulated by law of 60 days.

OWN SHARES

As of December 2018, EDPR did not hold own shares and no transactions were made during the year.

3.2 HUMAN CAPITAL



Generations

11% Babyboomers
32% Generation X
56% Millennials
1% Generation Z

EDPR, which is home to four different generations, bases its Human Resources policies on the Business Plan Achievements and implements its actions considering an active listening of the employees.

In this regard, as every two years, Climate Survey was launched on January 2018. The participation rate this year has been the highest since the implementation of the current methodology in 2015. EDPR's Climate Survey Results have shown positive results in the areas of Respect & Recognition, Values & Diversity and Social Responsibility. The areas that obtained least favourable results were Work, Structure & Process, Collaboration and Performance Management.

In order to ensure the implementation of initiatives in areas that have obtained lower levels of satisfaction, the second stage of the Climate Cycle has been to define an improvement Action Plan customized throughout the company's different levels.

EMPLOYEE JOURNEY

A customised value proposition is offered to employees throughout their journey in EDPR, which allows them to join a multinational team and grow along with it. EDPR believes that motivated workforce aligned with the company's strategy is one of the key drivers behind the ability to deliver positive results. In this sense, EDPR continuously works to provide excellent conditions for its employees, grow and develop talent at all levels and optimize its employment policies and labour practices. As a result, EDPR has been recognized by the Top Employers Institute as one of the best companies to work for in Spain in 2018. The main actions implemented by EDPR in 2018 in this regard can be found on the following pages.





JOINING & INTEGRATING

ATTRACTING TALENT

EDPR is continuously striving to attract talent, bringing in the right skills and profiles to address current and future business challenges, 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 labour market.

As a result, during 2018, EDPR implemented different talent & attraction initiatives with the goal of strengthening its image as a leading employer:

- **EDP Trainee Program:** 30 exceptional trainees for Business and Tech profiles, different nationalities and academic backgrounds were selected to join EDP Group, and be an active part of one of the most compelling Trainee Programs in the market. Through the program, the Group gives new talents the tools to develop themselves professionally and personally, having the chance to get to know and influence different business areas, such as EDPR, and, in most cases, have an international mobility experience.
- **Job Fairs:** EDPR attended 8 job fairs from the most relevant Universities and Business Schools from Spain and Portugal with an assistance of more than 800 students.
- **LinkedIn:** It is used as the main source of Recruitment, covering up to 44% of the Corporate positions hired in 2018.

In EDPR, non-discrimination and equal opportunities are guaranteed 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 labour rights.

INTEGRATING NEW EMPLOYEES

By the end of 2018, EDPR welcomed 285 employees, of whom 24% are women. The average age of new hires was 32 years old. 53% of the total hires correspond to levels of Specialists and Technicians, of which 68% have University degree and above.

96% of the hires in 2018 were allocated in permanent positions and EDPR counted with 17 different nationalities among that group. Furthermore, 104 internships were offered, of which 15% were translated into new hires. 20% of Junior positions have been filled with Interns, which confirms the importance of young talent as source of recruitment.

Moreover, since giving opportunities to young students to acquire professional experience is key for EDPR, a new initiative was launched in 2018 - the Internship Forum - which aims to give advice and tools to the current interns for when they enter the labour market.



Among the initiatives to integrate new employees, EDPR is working in the design of a new Onboarding policy that will be implemented in 2019.



BEING EDPR

INDIVIDUALISATION

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 Area, company KPIs and an Individual Global Assessment of the employee, 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 2018, EDPR focused on analysing the life-cycle status of EDPR employees (by generation, personal situation - with or without children) in order to offer a tailor-made Benefits Package, with an individualised approach from a communication perspective, so that it is adapted to the employees' needs.

TRANSPARENCY

In 2018, CLEAR, a new HR Initiative, was launched to promote a culture of proximity and transparency. CLEAR aims to make employees related issues more visible and therefore enhance the experience and development of the employees. 30% of EDPR employees assisted to a session of CLEAR¹.



WORK LIFE BALANCE

EDPR believes that Work Life Balance (WLB) must be a shared responsibility and its practices have been awarded for eight years through the Responsible Family Employer Certification (EFR – Empresa Familiarmente Responsable) by Spain's Fundación MásFamilia. To achieve this continuously, it is important to have a constant improvement on the practices in place, in order to provide the most suitable and updated benefits to employees.

EDPR is a flexible company that fosters time efficiency of the employees' daily tasks in order to deliver excellent results and to balance their personal and professional life. In this regard, EDPR implements different initiatives focused mainly on family, time and health.

In addition, EDPR has a volunteer program addressed to its employees in order to promote social responsibility, giving them the opportunity to grow not only at work but also personally while also contributing to the society.



GROWING WITH THE COMPANY

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 company's business has led EDPR to invest in the employees by discovering, improving and emphasizing the potential of each, through internal mobility and development actions.

¹ Does not include information from the North American platform.

MOBILITY

EDPR considers both functional and geographical mobility as a tool that contributes to the organizational development by stimulating employees' motivation, skills, productivity and personal fulfilment. The mobility processes within EDPR aim to respond to the different challenges and needs of the company, considering the characteristics of the different geographies. In 2018, there were 83 mobility processes (29 more than in 2017), 57 functional, 9 geographical and 17 both functional and geographical mobility processes.

TRAINING

EDPR sees employees development as a strategic target, offering job-specific ongoing training opportunities to contribute to the improvement 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 goal of defining each person's training needs along with their manager, which is then used to define a customized Training Plan. The annual Training Plan is based on a catalogue of programs that is constantly evolving and is aligned with the company's challenges and new markets. It consists of up to two courses from the Renewable Energy School - EDP University, one Technical, Management or Behavioural training course, optional languages courses and others from free selection seen as important for the development of the employee.

The key aspect about EDP University's courses is that they usually contain subjects to promote the development of skills needed to ensure the sustainability of EDPR's business. Moreover, the networking and the share of best practices are unreplaceable experiences. This year, EDPR included the Inspiring Seminar concept, a new format of short-focused sessions addressed to employees interested in the topics covered.

In 2018:



DEVELOPMENT

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, providing them with proper tools to take on new responsibilities. In 2018, two of the most important development programs were:

- **Executive Development Program:** aims to provide the participants with the latest tools and skills in the areas of Management and Leadership. Participants work in groups in a Business Challenge Case that is presented to the Executive Committee at the end of the program. In 2018, 31 employees participated in the program.
- **Lead Now Program:** aims to support middle managers in the role they are assuming as team leaders. Participants have the possibility to self-assess their management style, go deeper into the skills needed and get to know the role they are performing in the different HR processes of EDPR. In 2018, 21 employees participated.

As a result of EDPR's trust in its employees aligned with the development programs' success, 88% of new Directors were hired internally in 2018.

KNOWLEDGE MANAGEMENT

EDPR is aware of the importance of Knowledge as a valuable asset not only within the business, but also in the employees' development. In 2018, EDPR launched LINK as a knowledge platform where more than 745 valuable contents have been captured and shared across the organization to help its employees learn from the past to face future challenges and move the company forward. Becoming a Learning Organization implies a strong knowledge sharing mind-set and that is why EDPR strives to improve the use of knowledge by regularly distributing customised interesting documents or relevant events.

3.3 SUPPLY CHAIN CAPITAL

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, privileging a partnership approach centred on ethical principles, transparency and sustainability. This results in a joint capacity to innovate, strengthen the sustainability policy and improve the quality of the Company's operations.

EDPR SUPPLY CHAIN

EDPR has a strong and permanent interaction with the supply chain, in particular with the critical suppliers throughout the main procurement phases, as described below. This close relationship allows EDPR to benefit from all the new technical solutions and innovations available on the market to maximise the value creation in the projects worldwide. It also allows EDPR to base its relation with the supply chain on trust and collaboration.

KEY DATA



CRITICAL SUPPLIERS

The suppliers are evaluated throughout a 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 categorised in:

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

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

^{2 & 3} Based on the total invoiced volume in 2018.

⁴ Based on vendor spending in 2018. EDPR defines spending in local suppliers as purchases sourced in countries where EDPR has operations in Europe and Brazil.

SUSTAINABLE PROCUREMENT

EDPR's procurement process is developed in the framework of the Sustainable Procurement Policy, from which the most relevant aspects for EDPR regarding the supply chain's sustainability are established: health and safety, the environment, ethics, local development and innovation. In addition, the policy states that the management of the supply chain must be complemented with the continuous and permanent updating of the employees knowledge in order to establish standards of excellence and of up-to date information in conformance with corporate policies.

Nevertheless, the incorporation of a true concept of Sustainable Procurement is not limited only to EDPR employees – it extends to its suppliers and service providers and their employees, both direct and indirect. Moreover, EDPR suppliers' long-term sustainable development is crucial to their success, and consequently EDPR's. Therefore, the Company selects and actively collaborates with suppliers that share its sustainability commitments.

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, H&S or ethical risks in the supply chain. 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 several areas of the supply chain, namely in the definition of the Suppliers Sustainability Guide and in the evaluation of critical suppliers in environmental and H&S fields.

EDPR has in place Sustainability requirements for its suppliers throughout the main procurement phases: registration process, contracting and, lastly, the monitoring and evaluation of the suppliers.



REGISTRATION

The registration process is an essential requirement for any company who intends to become a supplier or apply for a qualification process issued by EDPR. In Europe and Brazil, the registry system used – REPRO – includes a detailed questionnaire covering key criteria for EDPR such as quality management, environmental systems, health and safety policy, social corporate responsibility, among others. The system consists essentially of a supplier search and selection tool out of a corporate database managed in outsourcing with Achilles. Once the supplier submits all inherent formalities to the registration process, Achilles proceeds to its validation. In North America, EDPR has a pre-qualification process in place in which mitigates the supplier's sustainability risks. The "pass or fail" rule is applied to all suppliers. Therefore, all suppliers in this phase have passed the approval processes established.

CONTRACTING

Until now, when acquiring goods and services, EDPR required the selected suppliers to comply with the UN Global Compact's ten principles in the areas of human rights, labour, environment and anti-corruption. The suppliers should also provide a written declaration of acceptance of the principles established in EDPR's Code of Ethics.

By the end of 2018, the Suppliers Sustainability Guide was approved in Europe and Brazil for both construction and O&M operations, providing an overview of the sustainability requirements EDPR expects its suppliers to meet. The guide, that will be implemented in 2019, gathers in one document all the Company's sustainability requirements and includes:

- **H&S and Environmental requirements** – The suppliers of EDPR shall adopt all necessary measures to ensure strict compliance with all applicable environmental and H&S regulations as well as EDPR's Environment Policy and H&S Policy, internal norms, procedures and systems in place as regards to environmental management.
- **Ethics commitments** – EDPR is governed by a strong sense of ethics and requires that its suppliers know and agree with the Company's ethical standards established in EDP Supplier Code of Conduct and EDPR Code of Ethics.

MONITORING AND EVALUATION

EDPR monitors critical suppliers during their services delivery, taking into account aspects such as health & safety, environment and ethics.

A) During the construction phase, the construction manager works closely with a health & safety and environmental supervisors, and 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 health & safety and environment through performance reports. In addition, the Company also has external supervision in these areas. Suppliers share with EDPR their new solutions, products or upgrades to improve collaboration between both parties.

B) During the operation phase, the manager of the facility is responsible for compliance with health & safety and environmental procedures. These processes are reinforced by the management systems according to OHSAS 18001:2007 and to ISO 14001:2015.

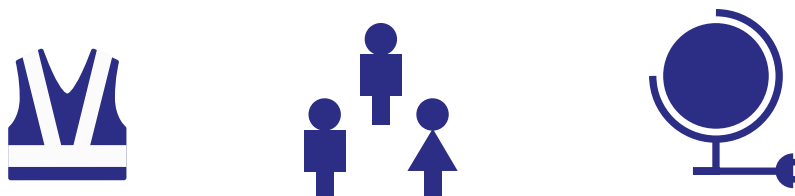
EDPR uses applications for health & safety and environmental management including regulatory and obligation tracking that work as collaborative tools, therefore involving the entire organisation and suppliers to prevent work and environmental accidents. In addition, drills regarding health & safety and environmental accidents or incidents are carried out in the facilities.

In 2018, a supplier evaluation process was defined through which, with the information provided by the environmental and H&S technicians throughout the monitoring phase, an environmental and H&S assessment of those suppliers is collected at the end of the process.

EDPR does not have a specific process for monitoring the ethical performance of suppliers. However, the Code of Ethics has its own channel, open to all stakeholders, to report any potential incident or doubt on the application of the code.

3.4 SOCIAL CAPITAL

EDPR believes it is indispensable to contribute to the development of the society both respecting human and labour rights and creating value in different ways, for different people. The Company is guided by three key social responsibility principles: respect human and labour rights in the whole value chain, contribute to the society and promote access to energy for all.



3.4.1 RESPECT HUMAN AND LABOUR RIGHTS

At EDPR, it is top priority to promote human rights and fair labour practices across the entire value chain. The Company is committed to integrate the social aspects in planning and decision-making and to guarantee responsible operations throughout the whole lifecycle of its business. Moreover, the health and safety of those who contribute to EDPR's activities is a key value and a priority for its success. Therefore, the Group aims to promote and build on a positive safety culture in which every employee, service provider and supplier is engaged.

HEALTH & SAFETY

According to its Code of Ethics, EDPR undertakes to give priority to the employees and suppliers' safety, health and wellbeing and to ensure the development of appropriate occupational health and safety management systems. This commitment to guarantee the welfare of employees and contractors is supported by EDPR's Occupational Health and Safety Policy.

EDPR has implemented Health & Safety Management Systems based on the OHSAS 18001:2007 specifications. The standards and procedures of these systems are adapted to the specific geography of the sites where they are used and are developed based on each country's regulations and industry best practices. EDPR takes a data-driven approach to identify and react to leading causes of injury.

The implementation of these systems allows for better management and prevention of future accidents, with the objective of zero accidents overall. The commitment to health & safety is further supported through the OHSAS 18001 certification. By the end of 2018, this certification covers 98%¹ of EDPR's installed capacity.

In 2018, EDPR registered 20 work accidents for employees and contractors, 2 of them fatal (both contractors related) and 18 with absence. The injury and the lost work day rate were 2.45 work accidents per million hours worked and 100 days lost due to work accident per million hours worked, respectively.

HUMAN RIGHTS & LABOUR PRACTICES

EDPR undertakes to respect and foster due respect within the Company and in its supply chain, as well as to provide dignified working conditions for all. This practice is reflected in the Code of Ethics, which contains specific clauses regarding non-discrimination and equal opportunities, in line with the Company's culture of diversity and respect for human and labour rights. The Code is not an isolated feature – it belongs to an Ethics Framework that includes functional units, specific regulations, monitoring and accountability for our ethical performance, along with training, awareness-raising and capacity building for employees, service providers and suppliers.

¹ Calculation based on 2017YE installed capacity

EDPR requires its suppliers and service providers to comply with their ethical standards. In this way, the alignment with the spirit of EDPR's Code of Ethics is required. Moreover, the Sustainable Procurement Policy references the promotion of respect for dignity and human rights, and the rejection of any form of forced labour or child labour, harassment, discrimination, abuse or other types of physical or psychological violence.

A Code of Ethics channel is available for the communication of any breach of the Code related to the matters of human rights or labour practices, including those in the context of the supply chain. The Ethics Ombudsman receives ethical-related complaints, investigates and documents the procedure for each of them. A preliminary report is then submitted to the Ethics Committee, whose main goal is to ensure compliance with the Code of Ethics within EDPR.

3.4.2 CONTRIBUTE TO THE SOCIETY

As an integral part of the communities where it operates and as stated in its Code of Ethics, EDPR undertakes to maintain a relationship of proximity with the local communities engaging in regular and open dialogue, seeking to know their needs, respecting their cultural integrity and looking to contribute to improving the living conditions of local population. EDPR provides long-lasting economic benefits to the surrounding areas that include, but are not limited to, infrastructure investments, tax payments, landowners' royalty payments, job creation and social development projects.

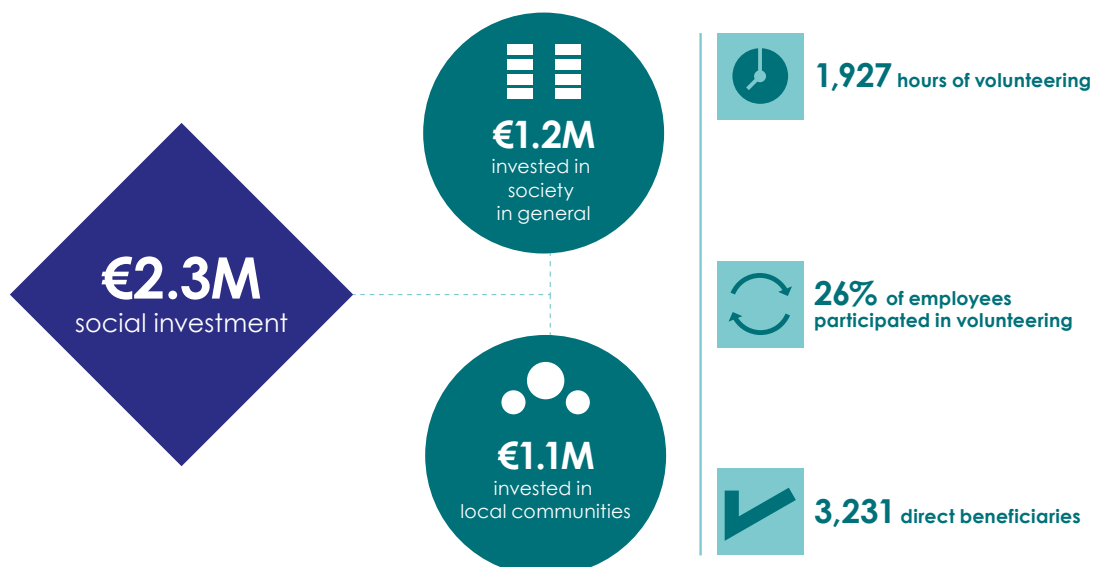
Focusing on projects implemented in the communities, EDPR's Social Investment Policy establishes a framework that encompasses the corporate objectives and strategies related to this area and also supports local communities in the development of their social priorities. Additionally, EDPR takes measures to consider and respect the community interests.

However, as a responsible company, EDPR works to promote the well-being and development of not only the communities where it operates but also of society in general, focusing on the people who contribute to the success of the Group's business and how society may benefit from it. Thus, EDPR considers that in order to make a positive impact on society, it is vital to work for the common good by promoting and supporting social and environmental activities.

As stated in the Social Investment Policy, EDPR invests in activities that will positively impact the promotion and development of the following four main areas: Culture & Art; Social inclusion, Sustainable ways of living & Access to energy; Natural heritage & Biodiversity, and Energy Efficiency & Renewable Energy.

In 2018, EDPR invested in the development of the society mainly through internally developed and collaborative initiatives, donations to charitable organisations and volunteering activities. These were the key figures and most relevant initiatives throughout EDPR's geographies:

KEY DATA SUMMARY



CULTURE & ART

As part of its commitment to engage with the communities where it operates, EDPR supported the most genuine traditions of popular local culture in order to maintain the local community's cultural vibrancy and to value its local history, heritage and traditions, by sponsoring and participating in different cultural projects.

SOCIAL INCLUSION, SUSTAINABLE WAYS OF LIVING & ACCESS TO ENERGY

CLOSER2YOU – Closer2you helps families that live with challenging economic conditions who need improvements made to their homes. In the town of Aldeia Velha, Portugal, EDPR met an 85-year-old woman living in a house that lacked electricity. The team of Closer2you rebuilt the out and inner walls, replaced the roof and the floor and also installed drinking water and plumbing systems. The team built a WC as well and replaced the doors and windows to provide, along with the renewed roof, better insulation during the cold winter months.



GREEN EDUCATION – Green Education awards scholarships to students from families with limited economic resources. In 2018, EDPR awarded scholarships to schools in Penacova and in Sernancelhe, Portugal, and in A Coruña in Spain. EDPR chooses who is awarded based on two criteria: the student's academic record and the family's economic situation.

EDPR RURAL – EDPR Rural helps rural producers and families in Brazil to effectively produce and market their products in order to increase family incomes, better organise production and guarantee a diverse and secure supply. The program, in which 58 families participated, contributed to a 58% increase in the communities' income, the implementation of 20 agro ecological production units and the assimilation of 38% of the marketing practices by the farmers. Of the participants, 53% were women, a significant statistic that will contribute to female empowerment efforts in the area. The program has made a profound difference in the lives of the families, who now enjoy a more varied and healthy diet and greater income, as well as higher expectations for their quality of life, increased self-esteem and enthusiasm about planning for a better future.

EDP NAS ESCOLAS – EDP nas Escolas aims to improve the quality of the education of primary school students in public schools in Brazil. In 2018, EDPR helped more than 2,500 students by investing in actions that support education and favour the health of students. The program develops activities such as the delivery of school kits, theatre and cultural competitions in schools, teacher's training, oral health campaigns and awareness campaigns for the rational and safe use of electric energy.

NATURAL HERITAGE & BIODIVERSITY

EDPR's commitment to contribute to the protection of biodiversity leads to an active role in the conservation of wildlife surrounding its facilities. In 2018, the Company collaborated with NGOs in the prevention and mitigation of impacts related to forest fires through volunteering activities such as tree planting and land preservation for conservation purposes.

ENERGY EFFICIENCY & RENEWABLE ENERGY

YOUR ENERGY – Your Energy is an educational activity that helps explaining to children the difference among the various types of energy generation technologies, focusing on renewable energy. The classes are accompanied by characters representing each type of energy: solar, water, wind, geothermal and biomass. Through experiments, animations and stories, children gain knowledge about energy sources and learned how to take care of the environment through everyday activities.

WIND EXPERTS – Wind Experts is a competition where students create a wind turbine using recycled materials. The main goal is to develop children's creativity and to teach them about wind power. In 2018, nearly 100 teams throughout Spain participated, representing a 26% increase in participation since last year and confirming the initiative's excellent reception. The winning students received a trophy and a certificate, and will have the opportunity to visit a wind farm in their province.

3.4.3. PROMOTE ACCESS TO ENERGY FOR ALL

As a global leader in the renewable energy sector, EDPR defined a clear strategy for promoting Access to Energy (A2E): to provide clean energy in developing countries based on energy efficiency and decentralised renewable energy solutions, that promote the sustainable development of the communities involved.

Access to renewable energy makes the difference for people not connected to the electricity grid not only by providing sustainable energy services but also by enabling improvement on health and education conditions, job creation and new economic activities. Moreover, the use of clean energies and the promotion of energy efficiency has a positive impact on the environment.

In 2018, EDPR purchased a stake in SolarWorks!, a Company engaged in the marketing of decentralised solar energy solutions for off-grid domestic and business customers in Mozambique. The acquisition of the €2 million minority stake is an important step in the group's strategy for universal access to sustainable energy. The investment is the result of a round of financing led by EDPR in partnership with venture building firm Persistent Energy Capital LLC, following a capital increase at SolarWorks!.

The investment marked the start of the A2E strategy, which includes the commitment to invest €12 million over the next three years with the goal of impacting 200,000 people in developing countries.

Also in 2018, the A2E CSR Fund Program was created in order to reduce energy poverty by supporting sustainable and clean energy projects. The first edition of the program (2018-2019) has an endowment of €450,000 and will support energy access projects in Kenya, Malawi, Mozambique and Tanzania.

The Program will have an impact on the following areas of activity:

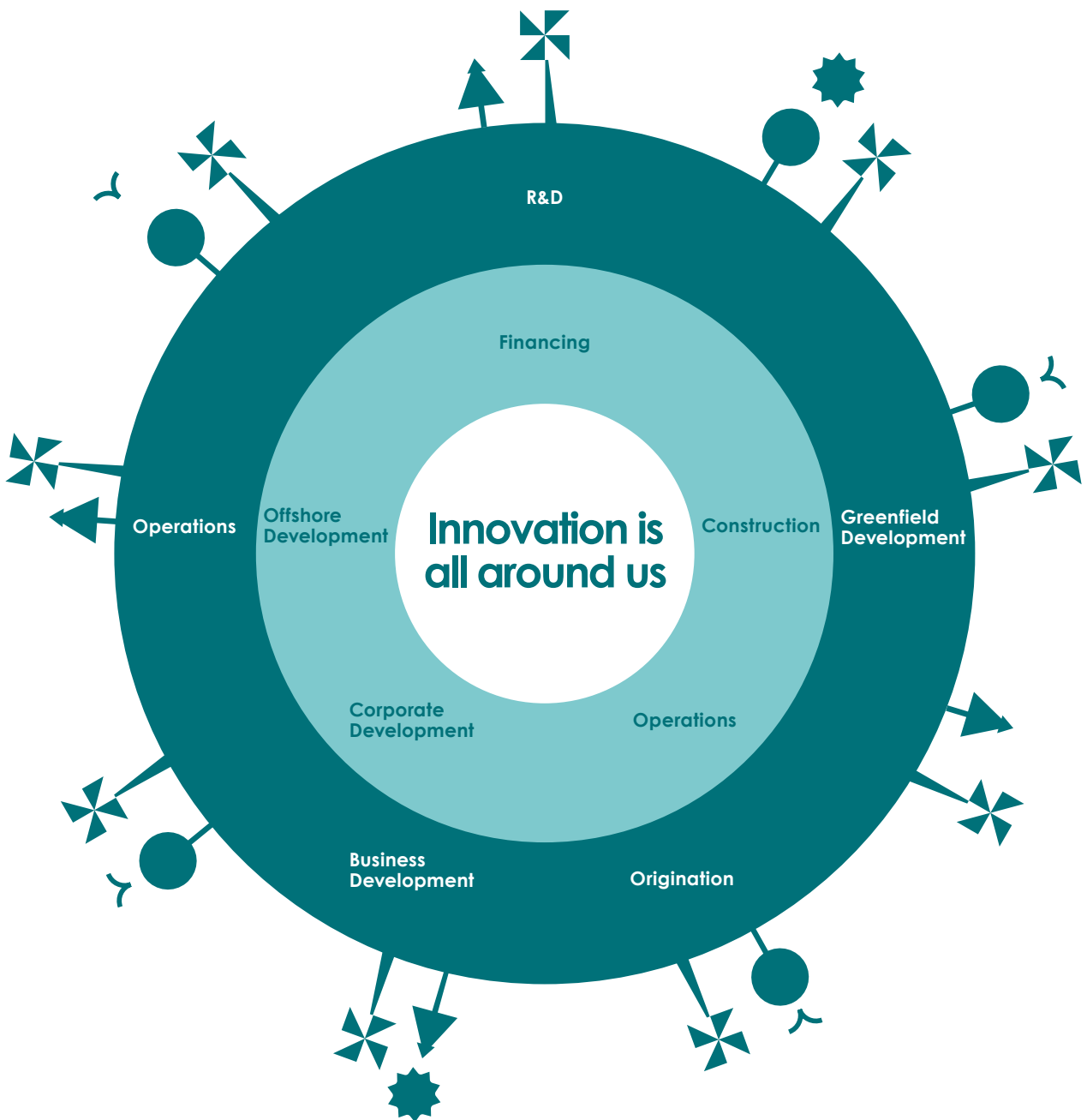
- Water and Agriculture – boreholes, water pumping and crop irrigation;
- Community – electrification of homes, community centres and public lighting;
- Business – energy supply of small business initiatives and for machinery and equipment;
- Health – lighting of facilities, laboratories, diagnostic equipment and refrigeration of vaccines;
- Education – lighting, computers and internet services.

The A2E initiative powerfully contributes to make EDPR's vision of a sustainable, safe and healthy world a reality.



3.5
INNOVATION CAPITAL

INNOVATION CAPITAL





OFFSHORE DEVELOPMENT: New opportunities by leveraging on technological innovation

EDPR has been at the forefront of the offshore development in new markets. Being able to position among the global big industry players was the catalyst when forging durable alliances such as Mayflower in the US, a 50:50 JV vehicle formed in early 2018 with Shell, which secured a lease area enough to accommodate ~1.6 GW in the state of Massachusetts.



FINANCING: Asset rotation strategy to self-fund our Growth

Self-funding strategy is at the core of EDPR financial innovation which is designed to redeploy proceeds from its performing assets into the development of quality, value accretive projects. With successful execution of this strategy, EDPR also crystallizes the value of the assets upfront which enables it to accelerate the value growth cycle. Till date, the self-funding strategy has yielded about €2 billion and has resulted in the execution of 10 transactions representing more than 4.0 GWs of total gross capacity on the onshore wind and solar side.



CONSTRUCTION: New technical solutions to increase ASSETS quality

Two power plants in Spain have innovative regulation control algorithms installed that allows EDPR to homogenise voltages and minimise energy losses in wind farms, access the wind turbine controllers with individual setpoints that make the full power plant regulation behave in a more accurate and optimised way whilst keeping the grid code compliance. In North America, EDPR's installation and transmission upgrades investments have exceeded \$31 million in 2018, mainly in the states of New York and Iowa. This contributes towards a sustained renovation of transmission grid infrastructure utilized by all electric consumers.



OPERATIONS: Internalization strategies M3 & self perform

M3 in Europe and Self-Perform in North America are leveraged on flexibility of action, economies of scale and power of ownership which materialises with better decision making on maintenance practices and creation of value for shareholders. These internal models have consistently proved to be more efficient and competitive than the market, with efficiency gains of > 20% on cost reduction side and simultaneously keeping the availability at high performance standard.



OPERATIONS: Big Data on predictive maintenance & power improvement

Last year EDPR obtained an estimated savings of €3 million using Predictive Diagnostics technics, most of them in vibration monitoring but realising an inflexion point in the development of monitoring traditional measurements (e.g. temperatures, yaw position) by using machine learning technics. In 2018 was also implemented better control algorithms of the turbines (e.g. increase nominal power respecting turbine design specifications, blade pitch position optimisation, dynamic alignment parameters control optimisation) which increased the incomes by an estimated €1,5 million /year.



CORPORATE DEVELOPMENT: Using RPA, digital transformation, to generate efficiencies

EDPR has been constantly extending the use of intelligent business process tools to boost employee productivity. In 2018, tools executed more than 48,000 processes, an increase of 25% year on year. These tools help the company to shortened turnover-time, increased quality of work performed, and adhere to compliance requirements being a reference of industry process innovation. EDPR has started the Robotic Process Automation (RPA) program in 2018 and have trained 8 digital workers to execute 54 different processes, performing ~200-250 tasks each week.





R&D: Leading INDUSTRY research & development



Offshore floating: 'WindFloat Atlantic' (WFA), the first worldwide full scale floating wind power plant with a total capacity of 25 MW in a 100 meters depth area in the Portuguese coast of Viana do Castelo, each of the 3 platforms will be equipped with 8 MW commercial turbines. CoD is expected in 2019.

Battery Storage: A battery energy storage system has been installed in Romania embedded in Bailesti solar plant. The coupling was made at DC-level, with a DC/DC converter, which will increase the functionalities of the solar plant and increase the earnings by clipping recapture, low voltage & cloud-cover energy harvesting, energy time-shifting & PV output firming and ramp rate control.

GREENFIELD DEVELOPMENT: Fostering local employment



EDPR in North America has accomplished innovative ways to create wealth and positively impact local communities. In Kansas, EDPR provided a donation to the Allen County Regional Rural Technology Center (RRTC) to show our company's long-term commitment to educating the next generation of wind farm employees (one of the fastest growing jobs in America).

ORIGINATION: PPA structures to help clients to meet their sustainability goals



2018 was a record year for corporate renewable PPAs, reaching more than 6 GW of deals signed. During 2018, EDPR in North America was able to sign 8 PPAs with new C&I customers, totaling more than 600 MW, helping them achieving sustainability goals. Each of these transactions had innovative components, being customised to fit customer needs and to capture EDPR expertise in the sector (e.g. fixed shape or proxy generation settlement).

OPERATIONS: Innovate to reduce environmental & compliance impacts



EDPR in Europe has created a WTG simulation tool, to be applied to wind turbines in wind farms with noise restrictions. This Acoustic Engineering disruption provides automatic calculation of the noise map and the reduction for each turbine, considering wind direction and time of day. In partnership with TCR from CSIC EDPR is working on the R3Fiber a new technology that made possible blade recycling. In North America, continuous efforts have been made to reduce environmental impact, namely through eagle detection technology and bat deterrent signals that could potentially reduce future curtailment.

BUSINESS DEVELOPMENT: Making difference in developing countries



The acquisition of a stake in SolarWorks!, a Dutch company selling decentralized solar energy solutions for off-grid domestic and business customers in Mozambique, marks the beginning of a new business strategy in this area, which includes the commitment to invest €12 million for the next 3 years. SolarWorks! operates in Mozambique having over 11.000 customers and is currently preparing its entry in the Malawian market. Its key product line relates to Solar Home Systems (SHS) which give people access to energy for the first time in their lives and covers needs like lighting, charging mobile phones while larger systems can offer television and refrigeration.

3.6 NATURAL CAPITAL

Wind and solar power are two of the most environmentally friendly ways of producing energy. Even though EDPR's business inherently implies a positive impact on the environment, the Company continues to work on a daily basis to hold itself to a higher standard. In 2018, EDPR approved a new Environmental Policy in which it assumes specific commitments with the protection of the climate, the engagement with biodiversity and the preservation of natural resources. The revision and update of the policy was made to consolidate different corporate policies (Environment and Biodiversity), making it easier to control, manage and communicate, and to ensure the continuous improvement of the EDPR's environmental performance.

Protect the climate

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

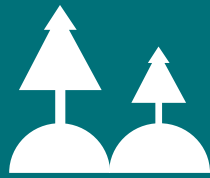


EDPR core business activity inherently implies the reduction of GHG emissions. Wind and solar energy have zero carbon emissions and do not produce harmful SO_x, NO_x or mercury emissions, protecting valuable air and water resources and contributing to the world's fight against climate change.

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

Engage 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 contributes to the prevention or reduction of loss in biodiversity along the whole value chain with the ambition for a globally positive balance through projects focused on the conservation of wildlife. As a sustainable company, it is EDPR's duty to contribute to the development of research and conservation programs, as well as to broaden scientific knowledge on biodiversity matters by supporting institutions and strengthening dialogue and partnerships.

Preserve natural resources

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



EDPR produces clean energy, water-free and with low wastes generation. The water consumed is for human use and the low waste generated is mainly due to turbines' operations & maintenance and administrative activities. Even though EDPR is in the renewable energy business, the company goes beyond its commitment with the environment by fostering a corporate culture of responsibility and rational use of resources, also promoting the recovery of waste rather than disposal through recycling and other means.

The wind turbine is around 80%-90%¹ made of recyclable material, as the missing percentage is related to the turbine's blades that are composed and manufactured by complex materials (glass or carbon fibres, thermos-hardened resins, sandwich structures, coatings, etc.), that make it very hard to recycle.

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

As stated in its Environmental Policy, EDPR seeks to reduce the impact of its activities on the environment through a set of commitments that ensure the implementation and maintenance of an appropriate and effective Environmental Management System (EMS), ultimately aiming for a sustainable development. The EMS is developed in accordance with the ISO 14001:2015 international standard and certified by an independent certifying organization. All in all, EDPR protects the environment complementing the strategy of fighting against climate change with its responsible management along the whole value chain.

In 2018, EDPR's activities avoided the emission of 20 million tons of CO₂.

The CO₂ emissions related to EDPR's activities represent 0.2% of the total amount of emissions avoided, and 76% of the total emissions are from the necessary electricity consumption by the wind farms.

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 year¹, meaning, more than 29 years of a wind farm's life will be producing clean energy.

EDPR's business and responsible operations are its best contribution to reduce biodiversity loss. Nevertheless, the company's commitment to contribute to the protection of biodiversity leads to an active role in the conservation of wildlife surrounding its facilities. As a result, in 2018 EDPR strongly participated in the prevention or reduction of loss in biodiversity, favouring a wide-ranging and dynamic management with local participation and a long-term vision.

Regarding the fauna near its operations, EDPR focused mainly on the protection of the most sensitive species to its operations: migrating birds and bats. EDPR partnered with local associations to contribute to the protection of the species through volunteering activities and by providing financial support.

To protect the surrounding flora, EDPR is firmly committed to contribute in reducing and preventing forest fires. Regarding the prevention and mitigation of impacts related to this field, EDPR was mostly active in the Iberian Peninsula. In Spain, the company contributed to three municipalities for actions such as clearing forests and areas surrounding the roads. In Portugal, EDPR has been controlling the vegetation surrounding its wind farms in order to prevent the appearance or spread of forest fires, and already has agreements for the execution of these activities between 2019-2021.

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 recognised as one of the challenges of the industry. In this regard, EDPR is supporting several projects that aim to prioritise the fiberglass recycling processes and encourage circular economy.

In 2017, EDPR signed a collaboration agreement with the start-up Thermal Recycling of Composites (TRC), a CSIC spin-off. TRC works in a process to obtain fibres (glass or carbon) from discarded blades suitable for reuse. As part of this agreement, EDPR yielded a blade, which was to be sent to landfill, to be introduced into the process. At the same time, a consortium of companies from Castilla y León are leading the LIFE REFIBRE project, which aims to use the fiberglass generated from the blades to manufacture an improved asphalt mixture for construction use.

During 2018, a total of 4 blades from EDPR have been managed by the LIFE REFIBRE project.

In addition, a blade from one of EDPR's wind farm is being managed by a new company, RECICLALIA, that is also in the composite recycling business. They use a system called "Constrictor" to chop the blade at the foot of the wind turbine, avoiding additional transportation costs.

During 2018, 26% of the fiberglass generated in Spain related to EDPR operations was recovered.

3.7 SUSTAINABLE DEVELOPMENT GOALS

EDPR SUPPLIES AFFORDABLE & CLEAN ENERGY WHILE MITIGATING THE CLIMATE CHANGE...

7 AFFORDABLE AND CLEAN ENERGY



EDPR is a global leader in the sector of renewable energy and one of the world's largest wind energy producer, ending the year with 11.7 GW of installed capacity. In 2018, the Company generated 28.4 TWh of clean energy, a cost-effective way to fight climate change.

13 CLIMATE ACTION



Wind and solar power are two of the most environmentally friendly ways of producing energy. EDPR's business inherently implies the reduction of GHG emissions and therefore has a positive impact on the environment. In 2018, EDPR's activities avoided the emission of 20 million tons of CO₂.

...IMPACTING POSITIVELY ON COMMUNITIES & FOSTERING INNOVATIVE INFRASTRUCTURES & CIRCULAR ECONOMY...

11 SUSTAINABLE CITIES AND COMMUNITIES



EDPR works to promote the well-being and development of the communities where it operates and also of society in general. In 2018, EDPR invested € 2.3 million in the development of social activities and launched the A2E Fund Program for the support of renewable energy access projects in developing countries.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



Innovation is part of EDPR's day-to-day reality. The Company is focused on the more disruptive technologies of the industry and is committed to foster innovative solutions throughout its entire value chain: in business development, construction, operations, origination, financing and corporate development.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



Even though EDPR is in the renewable energy business, it goes beyond its commitment with sustainability by fostering a culture of responsible operations and circular economy. In 2018, EDPR supported several projects focused on the recycling processes of fiberglass, one of the turbine's blades material most hard to recycle.

...ENSURING DECENT WORK, GENDER EQUALITY & PRESERVATION OF THE ENVIRONMENT.

8 DECENT WORK AND ECONOMIC GROWTH



EDPR continuously works to provide excellent conditions for its employees, grow and develop talent at all levels and optimise its employment policies and labour practices. As a result, EDPR has been recognised by the Top Employers Institute as one of the best companies to work for in Spain in 2018.

5 GENDER EQUALITY



EDPR's Code of Ethics contains specific clauses of non-discrimination and equal opportunities, fostering respect for all employees. In 2018, as in previous years, EDPR participated in *Mujer e Ingeniería*, a project by the *Real Academia de Ingeniería de España* aiming to overcome the gender gap in technical degrees.

15 LIFE ON LAND



EDPR's business is its best contribution to reduce biodiversity loss. Nevertheless, the Company's commitment to contribute to the protection of biodiversity leads to an active role in the conservation of wildlife surrounding its facilities. In 2018, EDPR participated in protecting biodiversity mainly through collaborations with several organisations to further protect wildlife surrounding its facilities, focusing on birds & bats.

04

SUSTAINABILITY

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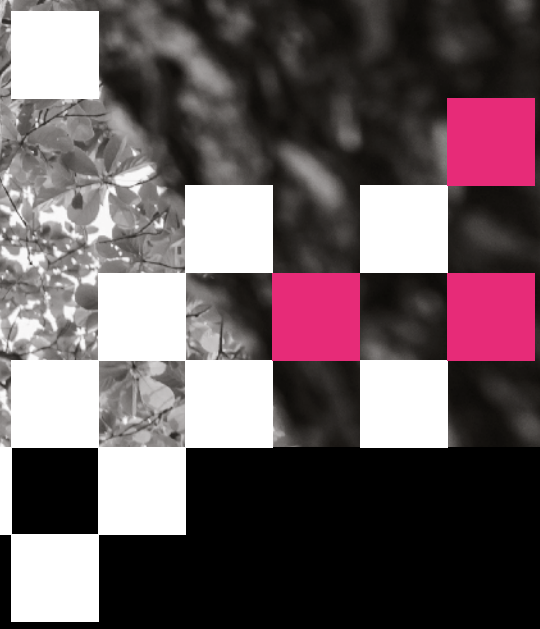
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**WE
LOVE
SUSTAINABILITY**





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 prioritised according to its relevance and significance. An issue is considered material when it influences the decision, the action and the performance of an organisation 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 the information is collected corporately and within each business units as well.

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 prioritised according to the frequency with which they appear in the different categories analysed.

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 achieved through sources that ensure independence from the Company to collect, on most cases, external data.

In parallel, the establishment of a society perspective is also supported by documents, analysis and international/national specific studies that allow a broad outlook on 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.

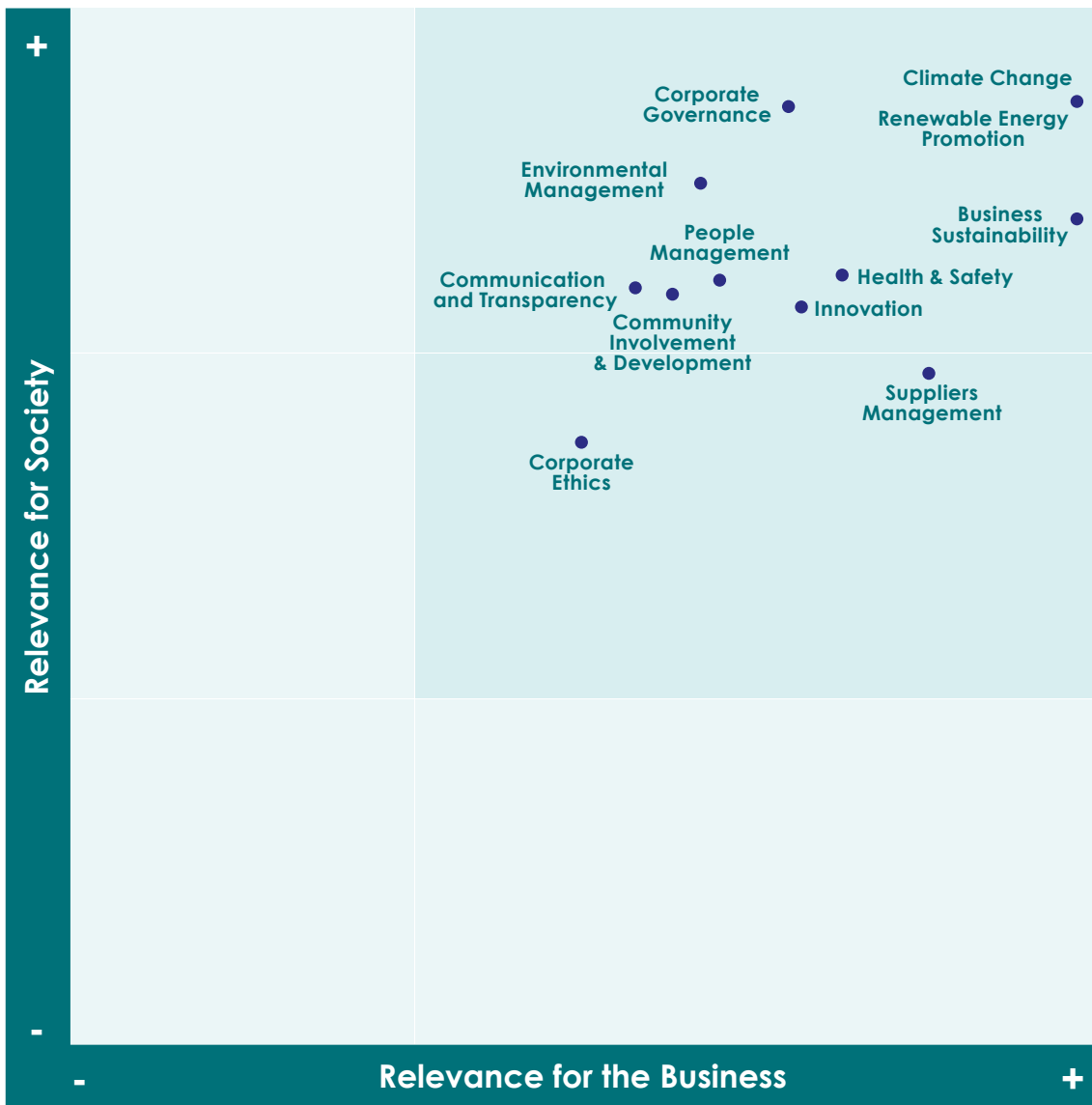
RELEVANCE FOR BUSINESS

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 and 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 EDPR and stakeholder, facilitating the relationship between them.

MATERIALITY MATRIX



Note: Environmental management includes biodiversity, waste management and spills.

EDPR did not identify the following topics as material:

- Water: Generation from wind energy does not consume water in its operational processes. The water is consumed mainly for human use.
- Money laundering: Since EDPR does not carry out export or import transactions with third parties located in countries with a high risk of money laundering that could involve the receipt of money or goods of illicit origin, this risk is considered null or remote.
- External initiatives: External activities are focused mainly on local communities and most of the activities are carried out internally.
- Light pollution: is not identified as environmental impact for EDPR's business.
- Raw materials: EDPR's core business does not consume raw materials.
- Food waste: is not identified as environmental impact for EDPR's business.

4.2 RENEWABLE ENERGY PROMOTION

For information regarding GRI 103 – Management Approach for this material topic, please refer to section Selective Growth of the chapter Strategy and to section Operational Performance of the chapter Execution.

GRI EU1 - INSTALLED CAPACITY, BROKEN DOWN BY PRIMARY ENERGY SOURCE AND BY REGULATORY REGIME

INSTALLED CAPACITY (MW)	2018	2017	Δ YoY
Europe	5,424	5,213	+211
Spain	2,463	2,395	+68
Portugal	1,309	1,253	+55
Rest of Europe	1,652	1,564	+88
Brazil	467	331	+137
North America	5,781	5,464	+318
US	5,552	5,234	+318
Canada	30	30	0
Mexico	200	200	0
TOTAL	11,672	11,007	+665

Note: The reported data includes EBITDA and Equity MWs.

GRI EU2 - NET ENERGY OUTPUT BROKEN DOWN BY PRIMARY ENERGY SOURCE AND BY REGULATORY REGIME

ELECTRICITY GENERATED (GWh)	2018	2017	Δ% YoY
Europe	11,480	11,669	(2%)
Spain	5,164	5,095	+1%
Portugal	2,995	2,912	+3%
Rest of Europe	3,321	3,662	(9%)
Brazil	1,235	861	+43%
North America	15,644	15,091	+4%
US	14,873	14,410	+3%
Canada	71	75	(5%)
Mexico	700	606	+15%
TOTAL	28,359	27,621	+3%

4.3

CLIMATE CHANGE

For information regarding GRI 103 – Management Approach for this material topic, please refer to section Natural Capital of the chapter Execution.

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

2018 was the fourth warmest year on record¹, as global temperatures were 1.16°C above the average temperature of the late 19th century². With increasing global surface temperatures, the possibility of more frequent and fiercer extreme weather events is more likely to occur, scientists warn. In 2018, the severe effects of global temperatures' rise have been felt in every region of the planet through extreme weather episodes and natural disasters. The hurricanes of Florence and Michael caused significant damages in the US, while in California the worst wildfires were recorded. In the Pacific, typhoons Mangkhut and Yutu hit the Philippines, Guam, South China and the Mariana Islands. Europe experienced both record cold and hot temperatures. In Latin America, Argentina and Uruguay suffered from severe drought. However, floods were the more devastating natural disasters in 2018, with reports coming from all over the world, North Korea, Nigeria, Japan and Indonesia being some examples. All these catastrophes have been particularly deadly. According to data from the *Centre of Research on the Epidemiology of Disasters*, in 2018 so far approximately 5,000 people have died and 28.9 million have needed emergency assistance or humanitarian aid because of extreme weather. In 2018, new studies that have broadened our understanding of climate change, were released. In October, the UN *Intergovernmental Panel on Climate Change (IPCC)* published a landmark report³ revealing that global temperatures are moving towards a catastrophic 3°C during this century, with additional warming after that. The report also warns that we have just 12 years to make "massive and unprecedented changes" to global energy infrastructure, as temperatures could reach 1.5°C as soon as in 2030. The *United Nations Environment Program* ("UNEP") released in November 2018 its annual report on the "emissions gap", this is, the distance between countries' pledged commitments for meeting the targets of the 2015 Paris Agreement and the pathways that experts estimate could actually achieve those targets. The Report finds that if countries don't rise their commitments and cut 2030 emissions beyond current pledges, exceeding 1.5°C would no longer be avoided. Also, it reveals that, unless the emissions gap is closed by 2030, the 2°C target is highly unlikely to be reached. According to the UNEP, annual greenhouse gas emissions reached in 2017 a record high of 53.5 billion tons after three years of decreases. However, in order to limit global warming to 2°C, emissions in 2030 will need to be around 25% lower than 2017's (55% lower to meet the 1.5°C target). The Report concludes that the promises made by signatory countries of the Paris Agreement are not enough to close the "emissions gap". According to the UNEP, to cap global warming at 2°C, national carbon-cutting pledges annexed to the Paris Agreement must collectively triple by 2035. To hold the rise in Earth's temperature to 1.5°C, such efforts would have to increase fivefold.

All the aforementioned studies have in common the fact that we are running out of time if we want to avoid catastrophic global warming. Therefore, next decade is set to be crucial and since we don't have time to rely on new technologies, existing and affordable options need to be capitalized. In this context, wind and solar PV technologies are expected to play a key role. The IPCC, in its latest report³, says that renewables will need to provide up to 85% of global electricity by 2050 in order to avoid the worst effects of climate change. The "Emissions Gap Report" released by UNEP presents different enhanced mitigations measures but highlights three broad areas that have the largest potential: renewable energy from wind and solar power; energy-efficient appliances and cars; and afforestation and stopping deforestations.

On one hand, this much needed clean-energy transition is possible because it's affordable and makes economic sense. Onshore wind and solar PV are among the cheapest sources of energy in a growing number of countries, which has been highlighted by the most reputed analyst agencies including Lazard, Bloomberg New Energy Finance and IRENA. The competitiveness of renewables has been clearly evidenced in 2018 by wind's (both onshore and offshore) and solar PV's tenders reaching record low prices all around the globe. Good evidence of the competitiveness of wind and solar PV energy

¹ Source: NASA and National Oceanic and Atmospheric Administration (NOAA)

² Source: Berkeley Earth found

³ "Global Warming of 1.5°C" released in October 2018

⁴ "New Energy Outlook 2018" released in June 2018

is that energy experts expect a large deployment for the coming years. According to Bloomberg New Energy Finance (BNEF)⁴, wind and solar PV will cover around 48% of World's electricity demand by 2050 (compared to 7% in 2017). BNEF also points out that solar PV will be the largest growing technology. It predicts that almost half of all new electricity generating capacity worldwide between 2017 and 2050 will be solar PV. Prospects for wind energy are also excellent. For example, the International Energy Agency's "World Energy Outlook 2018" indicates that wind energy in Europe is set to overtake coal, nuclear and gas to become the EU's largest source for power generation as soon as in 2027. According to the IEA, wind electricity in the EU will more than triple to 1,100 TWh by 2040.

In view of that, EDPR has medium-term prospects supported by solid and outstanding strategy execution, with technological and geographical diversified value accretive projects of more than 3.1 GW secured and to be installed from 2019 onwards. Proceeds from selling stakes in operational or under development assets are also important sources of funds for the self-funding model of EDPR in financing its profitable growth. This enables the company to crystalize the value yet to be realised 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.

On the other hand, meteorological changes may pose a risk for EDPR's activities. 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. However, relevant unexpected meteorological changes could lead to a lower production than the one expected from historical data. Thus, when evaluating a new investment, EDPR considers potential changes in the production forecasted. Even so, the size of the potential deviation in the case of relevant meteorological changes is uncertain.

GRI 302-1 - ENERGY CONSUMPTION WITHIN THE ORGANISATION

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.

ENERGY CONSUMPTION (GJ)	2018	2017	%
Wind farms			
Electricity Consumption	267,762	233,871	+14%
Offices			
Electricity Consumption	18,139	16,112	+13%
Gas	3,048	3,597	(15%)

Note 1: Gas conversion factor according to Agência Portuguesa de Ambiente.

Note 2: EDPR does not include the energy consumption related to fleet in these data.

GRI 302-4 - REDUCTION OF ENERGY CONSUMPTION

EDPR's activity is based on clean energy generation, and it produces about 357 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 behaviours.

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

EDPR's Scope 1 emissions represent 1,849 tons of CO₂ equivalent. 1,042 tons are emitted by transportation related to the windfarms operation, 162 tons 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 2018, EDPR registered emissions of 27 kg of this gas, which is equivalent to 645 tons of CO₂ eq.

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 CO₂ indirect emissions represent 29,957 tons, of which 27,915 tons are driven by electricity consumption by the wind farms and solar plants and 2,042 tons by electricity consumption in the offices.

In 2018, 100% of the emissions related to electricity consumption in windfarms and offices in all EDPR countries have been compensated by Certifications of Origin in Spain and Renewable Energy Certifications (RECs) in US, obtained from the renewable energy generation.

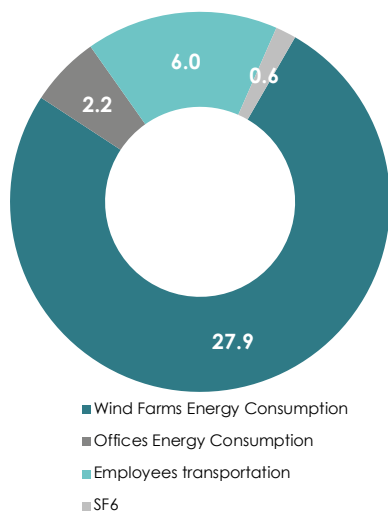
Note 1: The emission factors used are based on the following sources: Portugal - EDP, Turbogás, Tejo Energia, Rede Eléctrica Nacional (REN), and Entidade Reguladora dos Serviços Energéticos (ERSE); Spain - Red Eléctrica de España (REE); Brazil - Ministry of Science and Technology – SIN (National Interconnected System); other European Countries and Canada - IHS CERA. Canada's emission factor is calculated based on 2017 data.

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

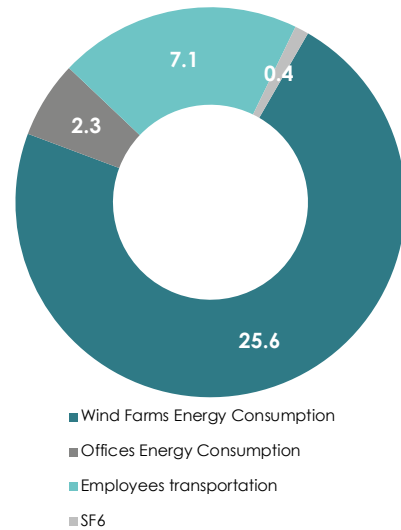
GRI 305-3 – OTHER INDIRECT (SCOPE 3) GREENHOUSE GAS (GHG) EMISSIONS

EDPR's work requires employees to travel and commute. Based on the estimates, the transportation used by employees accounted for a total of 4,975 tons of CO₂ emissions.

CO₂ EQ EMITTED IN 2018 (K TONS)



CO₂ EQ EMITTED IN 2017 (K TONS)



Note 1: Emissions were estimated according to GHG Protocol, by following the DEFRA standard.

Note 2: Employee commuting emissions were calculated from data collected in a survey to all employees.

Note 3: Employees transportation by air and train in Portugal is not included.

Note 4: When calculating employees transportation by air, the Radioactive Factor is not considered.

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 scope 2 emissions.

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 2018, it was estimated that the Company's activities avoided the emission of 20 million tons of CO₂.

The Company's emissions represent 0.2% of the total amount of emissions avoided and 76% 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 2018, EDPR continued promoting initiatives that foster environmental best practices in its offices.

In 2018, 100% of the emissions related to electricity consumption in windfarms and offices in all EDPR countries 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 CO₂ 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: 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. Canada's emission factor is calculated based on 2017 data.

4.4 BUSINESS SUSTAINABILITY

For information regarding GRI 103 – Management Approach for this material topic, please refer to section Financial Performance of the chapter Execution.

GRI 201-1 - DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED

ECONOMIC VALUE GENERATED AND DISTRIBUTED (€ MILLION)	2018	2017
Economic Value Generated	2,022	2,001
Revenues	1,512	1,637
Other Income	377	321
Share of Profit in Associates	2	3
Financial Income	131	41
Economic Value Distributed	1,146	1,072
Cost of Raw Material and Consumables Used	16	35
Supplies and Services	345	327
Other Costs	128	128
Personnel Costs	115	101
Financial Expenses	351	343
Current Tax	77	46
Dividends	113	92
Economic Value Accumulated	876	929

Note: 2017 Dividends figure has been restated.

PROFIT BEFORE INCOME TAX (€ MILLION)	2018
Spain	71
Portugal	138
France/ Belgium	22
Poland	-7
Romania	-1
Italy	12
UK	24
Brazil	12
USA	254
Canada	0
Mexico	10
TOTAL	536

CORPORATE INCOME TAX PAID (€ MILLION)	2018
Spain	14
Portugal	41
France/ Belgium	12
Poland	1
Romania	0
Italy	4
UK	0
Brazil	4
USA	2
Canada	0
Mexico	0
TOTAL	77

Note: The American legislation foresees - and has foreseen in the past - several tax incentives for the production of renewable energy in the United States. Some examples are the Production Tax Credits, the Research and Development Tax Credits, the former Cash Grant, the so-called MACRS (a way of accelerated depreciation), etc. These tax credits, that in most cases are part of the renewable energy remuneration scheme, have accumulated during the last years, allowing the minimization of CIT cash-out in this geography.

4.5 CORPORATE GOVERNANCE

For information regarding GRI 103 – Management Approach for this material topic, please refer to section Organisation of the chapter The Company. For further information on the topic please see chapter Corporate Governance.

AVERAGE REMUNERATION OF EDPR BOARD MEMBERS AND OFFICERS

BOARD MEMBERS REMUNERATION

In 2018, the average salary for EDPR Board male members has been €57,201 and €57,500 for female members.

Note 1: António Mexia and João Manso Neto 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.

Note 2: Miguel Ángel Prado receives both the remuneration as officer and board member from EDPR North America LPP and is not considered in this average.

Note 3: The calculations include all board members that belonged to EDPR BoD in 2018. The base salaries have been annualised.

OFFICERS REMUNERATION

In 2018, the average salary for EDPR executive officers, all male, has been €433,374 including fixed salary, variable salary, retirement savings plan, company car and health insurance. EDPR's executive officers are the members of the Executive Committee.

Note 1: João Manso Neto does 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 this Officer.

Note 2: The calculations include officers that belonged to EDPR Executive Committee in 2018 except for João Manso Neto.

4.6 HEALTH & SAFETY

For information regarding GRI 103 – Management Approach for this material topic, please refer to section Respect Human and Labour Rights of the chapter Execution.

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

A significant part of the organisation 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. In 2018, 4% of all employees attended health and safety committee meetings, representing 43% 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	EMPLOYEES	CONTRACTORS	TOTAL
Number of industrial fatal accidents	0	2	2
Europe	0	1	1
North America	0	1	1
Brazil	0	0	0
Number of industrial accidents with absence	2	16	18
Europe	0	13	13
North America	2	1	3
Brazil	0	2	2
Working days lost caused by accidents	10	808	818
Europe	0	754	754
North America	10	34	44
Brazil	0	20	20
Injury Rate (IR)¹:	1	3	2
Europe	0	6	4
North America	2	1	1
Brazil	0	2	2
Lost work day rate (LDR)²:	4	142	100
Europe	0	304	200
North America	9	15	13
Brazil	0	22	19

Note 1: Fatal accidents are not included in the reported rates since each fatal accident is methodologically associated with a total of 6,000 lost days, which would misrepresent the reported data. If these were included, the number of lost days due to on-duty accidents would be 12,818 and the Total Severity Rate would be 1,569.

Note 2: The reported data does not include commuting accidents. In 2018, there were 6 commuting accidents with absence related to EDPR employees that resulted in 61 lost days.

Note 3: Minor first aid injuries are not included and number of days is calculated as the number of calendar days.

Note 4: Does not include information related to EDPR France offshore employees.

Note 5: EDPR does not report these indicators by gender, the majority of the people working on EDPR's sites are men.

In 2018, EDPR registered 20 work accidents for employees and contractors, 2 of them fatal and 18 with absence. The injury and the lost work day rate were 2.45 work accidents per million hours worked and 100 days lost due to work accidents per million hours worked, respectively. Moreover, EDPR has no knowledge of any cases of occupational diseases in the company. EDPR is working to systematise the registration of this type of diseases, if detected.

EDPR has implemented Health & Safety Management Systems based on the OHSAS 18001:2007 specifications. The standards and procedures of these systems are adapted to the specific geography of the sites where they are used and are developed based on each country's regulations and industry best practices. EDPR takes a data-driven approach to identify and react to leading causes of injury. The implementation of these systems allows for better management and prevention of future accidents, with the objective of zero accidents overall. The commitment to health & safety is further supported through the OHSAS 18001 certification. By the end of 2018, this certification covers 98%³ of EDPR's installed capacity.

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]

³ Calculation based on 2017YE installed capacity.

Additionally, please find information regarding absenteeism below:

ABSENTEEISM	HOURS OF ABSENCE	ABSENTEE RATE
Europe	50,599	4%
North America	35,311	3%

Note 1: EDPR defines absenteeism as total of non-worked hours in workable periods. Including absence hours due to accidents, absence hours due to diseases, absence hours due to maternity leaves and familiar motives, absence hours due to other justified motives and absence hours due to other not justified motives.

Note 2: Absenteeism hours from Romania and Brazil are not included.

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 710,505 days during 2018.

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

EDPR has no knowledge of any legal actions for injuries and fatalities to the public involving Company assets recorded during 2018.

Note: EDPR defines Legal Actions as contingencies associated with litigation qualified as probable.

4.7 INNOVATION

For information regarding GRI 103 – Management Approach for this material topic, please refer to section Innovation Capital of the chapter Execution.

4.8 SUPPLIERS MANAGEMENT

For information regarding GRI 103 – Management Approach for this material topic, please refer to section Supply Chain Capital of the chapter Execution.

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 13 countries across Europe and the Americas where it is present.

In this way, 89% of vendor spending was sourced from local suppliers in Europe and Brazil.

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: EDPR defines spending in local suppliers as purchases sourced in countries where EDPR has operations for Europe and Brazil.

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

In Europe and Brazil, the registry system used – REPRO – includes sustainability information on the suppliers obtained through a questionnaire that includes environmental topics such as the existence of an environmental management system, the definition of operational control processes or payment of penalties for non-compliance with environmental laws and regulations. The system consists essentially of a supplier search and selection tool out of a corporate database managed in outsourcing with Achilles. Once the supplier submits all inherent formalities to the registration process, Achilles proceeds to its validation. In North America, EDPR has a pre-qualification process in place in which mitigates the supplier's sustainability risks.

In 2015, EDPR carried out a study to characterise 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 procurement data. The study allowed EDPR to determine the following results:

- 300* thousand-ton GHG emissions associated to EDPR's direct and indirect purchases, 5%* of which related to direct purchases.

Through this study, EDPR aims to identify areas where should focus its improvement activities in order to significantly reduce its exposure to risk and optimise 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 the Company intends to perform this study every 3/4 years. Data presented in this chapter resulting from this study is marked with an *.

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

In Europe and Brazil, the registry system used – REPRO – includes sustainability information on the suppliers obtained through a questionnaire that includes social topics such as the prevention of labour risks, health & safety indicators, fair labour practices and corporate social responsibility. The system consists essentially of a supplier search and selection tool out of a corporate database managed in outsourcing with Achilles. Once the supplier submits all inherent formalities to the registration process, Achilles proceeds to its validation. In North America, EDPR has a pre-qualification process in place in which mitigates the supplier's sustainability risks.

In 2015, EDPR carried out a study to characterise 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 procurement data. The study allowed EDPR to determine the following results:

- More than 20,000* employment related to EDPR's direct purchases.
- More than € 735* million gross value added associated to EDPR's purchases.
- ~0%* EDPR's direct purchases identified as having significant risk for incidents of child labour, forced or compulsory labour, 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 optimise impacts.

Additionally, in 2018, EDPR audited 107 contractors companies regarding OH&S issues. As a result of these audits, among other actions, EDPR carries out training actions for suppliers.

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 the Company intends to perform this study every 3/4 years. Data presented in this chapter resulting from this study is marked with an *.

4.9 ENVIRONMENTAL MANAGEMENT

For information regarding GRI 103 – Management Approach for this material topic, please refer to section Natural Capital of the chapter Execution.

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

As a responsible company, EDPR is aware of the sensitivity of natural ecosystems and the pressures affecting biodiversity. Thus, EDPR assumes its commitment to contribute to the prevention or reduction of loss in biodiversity, as stated in its Environmental Policy. EDPR's commitment towards biodiversity protection is focused on the main impacts of its activities: migrating birds, bats and habitat fragmentation. As a result, the Company particularly commits to protect the wildlife surrounding its wind farms.

The Company has implemented relevant measures to identify the impacts of its operations on biodiversity, including:

- Environmental impact assessments and/or risk mapping: potential environmental impacts are analysed in detail in the environmental impact studies of the projects.
- Monitoring of biodiversity indicators: efforts are intensified with specific monitoring procedures in the small number of sites located inside or close to protected areas.

In addition, the Company has defined general procedures in its Environmental Management System to prevent, correct or compensate impacts in the environment. The environmental strategy of the Company complements this approach, with the ambition for a globally positive balance through projects focused on the conservation of wildlife.

Moreover, as a sustainable company, it is EDPR's duty to contribute to the development of research and conservation programs, as well as to broaden scientific knowledge on biodiversity matters by supporting institutions and strengthening dialogue and partnerships.

GRI 304-3 - HABITATS PROTECTED OR RESTORED

EDPR's business is its best contribution to reduce biodiversity loss. Nevertheless, the Company's commitment to contribute to the protection of biodiversity leads to an active role in the conservation of wildlife surrounding its facilities. In 2018, EDPR strongly participated in the protection of biodiversity mainly through collaborations with several organisations to further protect wildlife surrounding its facilities, focusing on birds and bats.

Fundación Patrimonio Natural de Castilla y León – conservation of the red kite

Fundación Patrimonio Natural aims to promote, maintain and manage the natural heritage of the Community of Castilla y León. EDPR and the Fundación Patrimonio Natural have collaborated since 2014 to carry out a series of environmental actions aimed at conserving the red kite.

In 2018, EDPR collaborated with the Fundación Patrimonio Natural in the following actions: repairing two red kite transmitters, repositioning recovered old transmitters and receiving data from the seven transmitters during 2018; a complete bibliographic review of the red kite; studying the specie's feeding habits; monitoring actions of breeding population in the province of Salamanca and preparatory actions for the recovery of the population in the SPA Tierra de Campiñas.

Fundación Migres – conservation of the osprey and of the short-toed eagle and environmental investigation

Fundación Migres promotes research on bird migration and promotes activities aimed at sustainable development. Since its establishment, EDPR has an agreement with Fundación Migres to prepare the Compensatory Measures project for wind farms in La Janda.

In 2018, the following actions have been carried out: coordination and monitoring of the environmental monitoring plan; environmental measures for the conservation of the Egyptian vulture; measures for the conservation of the osprey and the short-toed eagle; and the scientific monitoring of migration in the Strait of Gibraltar.

Grupo de Rehabilitación de la Fauna Autóctona y su Hábitat (GREFA) – recovery of extinct populations of cinereous vulture

GREFA is an association for the study and conservation of nature, which is currently developing the Monachus Project for the recovery of extinct populations of cinereous vulture (*Aegypius Monachus*) in the Sierra de la Demanda. The Project began in 2016 and EDPR collaborates since 2018 by signing an agreement with GREFA for the sponsorship of a cinereous vulture found in one of its facilities in Asturias.

Bat Conservation International – conservation of bats and their ecosystems

Bat Conservation International is dedicated to the enduring protection of the world's 1300+ species of bats and their habitats. EDPR signed an agreement with the organisation to conduct a robust monitoring study at one of its wind farms in Texas, US.

Defenders of Wildlife – research and collaboration on the protection of bats

Defenders of Wildlife aims to protect all native animals and plants throughout North America in their natural communities. The organisation is leading an informal collaboration of different stakeholders, including ENGOs, academia, wind industry and wildlife management agencies to create a strategy for advancing collaboration, research, and minimisation techniques to reduce fatalities of non-listed bat species at wind energy facilities, at the pace and scale needed to achieve co-existence. EDPR is participating in this ongoing collaboration.

Ranchland Trust of Kansas and The Nature Conservancy – conservation of lands

The Ranchland Trust of Kansas aims to preserve Kansas' ranching heritage and open spaces for future generations, and The Nature Conservancy aims to conserve the lands and waters around 72 countries. EDPR and both organisations have been collaborating for eleven years to restore and conserve native grassland in Kansas to offset habitat impacts from a wind farm, through the Meridian Way Grassland Conservation Agreement.

American Wind Wildlife Institute (AWWI) – development of wind energy focused on protection of wildlife

AWWI is a partnership of leaders in the wind industry, wildlife management agencies, and conservation organisations. AWWI's members collaborate on the shared mission to facilitate timely and responsible development of wind energy while protecting wildlife and wildlife habitat. For the past 10 years, EDPR has been a founding member of the American Wind Wildlife Institute, currently also being a Board member.

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).

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

During 2018, the recovery rate of hazardous waste was 93%, which is above EDPR's 90% recovery target. The increase shown in non-hazardous wastes is mainly driven by glass fibre and metals from blades, caused by a turbine fire. These metals were fully recovered.

The following table summarises the amount of wastes generated in EDPR's facilities and the rate of recycling:

WASTE GENERATED BY EDPR	2018	2017	Δ%
Total wastes (t)	1,502	1,536	(2%)
Total hazardous wastes (t)	618	836	(26%)
Total hazardous waste disposed (t)	45	99	(55%)
Total hazardous waste recovered (t)	573	737	(22%)
Total non-hazardous wastes (t)	884	700	+26%
Total non-hazardous waste disposed (t)	315	244	+29%
Total non-hazardous waste recovered (t)	569	456	+25%
Ratios			
Total waste (kg/GWh)	53.7	58.0	(7%)
Total hazardous waste (kg/GWh)	22.1	31.6	(30%)
% of hazardous waste recovered	93%	88%	+5%

Note 1: 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: EDPR reports EBITDA windfarms environmental indicators the year after the COD (Commercial Operating Date), when the trial period is over and the indicators are already significant. Therefore, the windfarms that have entered into operation in 2018 will be included in the environmental indicators of 2019.

Note 3: Includes wastes both from facilities and offices.

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 m³ that reached the ground. Additionally, EDPR registers near miss situations, when registered incident does not reach the category of significant spill. In 2018, the Company had 5 significant spills with a total volume of 1.77 m³ of oil spilled that did not reach bare soil. Additionally, 88 near miss were registered driven by small oil leaks that did not reach bare soil either.

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

Note: EDPR reports EBITDA windfarms environmental indicators the year after the COD (Commercial Operating Date), when the trial period is over and the indicators are already significant. Therefore, the windfarms that have entered into operation in 2018 will be included in the environmental indicators of 2019.

OTHER ENVIRONMENTAL MANAGEMENT RELATED TOPICS:

Despite EDPR's core activities do not pose any threats of serious or irreversible damage to the environment, the Company, in compliance with the Precautionary Principle, applies cost-effective measures to prevent environmental degradation such as provisions for dismantling and decommissioning of property, plant and equipment to dismantle and decommission those assets at the end of their useful lives. Consequently, EDPR 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 € 288,503 thousands as at 31 December 2018.

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	Far	0.0	0%	Terrestrial-Freshwater	Natura 2000
	Palay	Wind farm	Inside	4.8	100%	Terrestrial	Natura 2000
France	Ségur	Wind farm	Inside	4.9	100%	Terrestrial	National protected area
	Ayssènes - Le Truel	Wind farm	Inside	4.9	100%	Terrestrial	National protected area
	Marcellois	Wind farm	Inside	5.8	100%	Terrestrial	Natura 2000
	Masingy	Wind farm	Inside	5.2	100%	Terrestrial	Natura 2000
	Tarzy	Wind farm	Inside	3.0	100%	Terrestrial	Regional park
	Francourville	Wind farm	Inside	5.6	100%	Terrestrial	ZICO
Poland	Ilza	Wind farm	Inside	5.6	17%	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 Covã	Wind farm	Inside	1.46	100%	Terrestrial	Natura 2000
	Falpena-Recházinha	Wind farm	Partially Within	32.0	96%	Terrestrial	Natura 2000
	Fonte da Quelha	Wind farm	Inside	8.1	100%	Terrestrial	Natura 2000
	Alto da Talefe	Wind farm	Inside	9.2	100%	Terrestrial-Freshwater	Natura 2000
	Fonte da Mesa	Wind farm	Partially Within	8.2	83%	Terrestrial	Natura 2000
	Maianhito	Wind farm	Partially Within	1.5	3%	Terrestrial	Natura 2000
	Madrinha	Wind farm	Inside	4.1	100%	Terrestrial	Natura 2000
	Safo-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 Alvaça	Wind farm	Partially Within	7.8	61%	Terrestrial	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	14.6	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
	Sârchiol	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
	Corne	Wind farm	Partially Within	2.6	17%	Terrestrial-Marine	Natura 2000
	Tañvilla	Wind farm	Adjacent	0.0	0%	Terrestrial	National protected area
	Col de la Garganta	Wind farm	Partially Within	0.1	1%	Terrestrial-Freshwater	Natura 2000
	Ávila	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
	Col de la Garganta	Wind farm	Partially Within	0.06	1%	Terrestrial-Freshwater	Natura 2000
	Tejonero	Wind farm	Adjacent	0.19	1%	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	
United States	Headwaters	Wind farm	Adjacent	4.1	2%	Terrestrial	State conservation area

According to GRI requirements

Note 1: EDPR reports EBITDA windfarms environmental indicators the year after the COD (Commercial Operating Date), when the trial period is over and the indicators are already significant. Therefore, the windfarms that have entered into operation in 2018 will be included in the environmental indicators of 2019.

Note 2: This table contains information regarding every EDPR operational site that the indicator applies to. EDPR does not own sites in or adjacent to protected areas in Italy, Brazil, Canada or Mexico.

4.10 PEOPLE MANAGEMENT

For information regarding GRI 103 – Management Approach for this material topic, please refer to section Human Capital of the chapter Execution. Moreover, please find other people management related topics at the end of this section.

GRI 102-8 - INFORMATION ON EMPLOYEES AND OTHER WORKERS

FULL TIME/PART TIME BREAKDOWN	Under 30 years old		Between 30 and 50 years old		Over 50 years old		TOTAL
	Female	Male	Female	Male	Female	Male	
Full Time							
Directors	0	1	40	117	6	30	194
Managers	1	3	31	78	4	9	126
Specialists	81	121	155	406	17	49	829
Technicians	8	68	35	66	15	8	200
TOTAL	90	193	261	667	42	96	1,349
Part Time							
Directors	0	0	1	0	1	0	2
Managers	0	0	2	0	0	0	2
Specialists	0	1	26	2	1	0	30
Technicians	0	0	5	0	0	0	5
TOTAL	0	1	34	2	2	0	39
GRAND TOTAL	90	194	295	669	44	96	1,388

PERMANENT/TEMPORARY BREAKDOWN	Under 30 years old		Between 30 and 50 years old		Over 50 years old		TOTAL
	Female	Male	Female	Male	Female	Male	
Permanent							
Directors	0	1	41	117	7	30	196
Managers	1	3	33	78	4	9	128
Specialists	77	117	179	405	18	49	845
Technicians	8	68	40	66	15	8	205
TOTAL	86	189	293	666	44	96	1,374
Temporary							
Directors	0	0	0	0	0	0	0
Managers	0	0	0	0	0	0	0
Specialists	4	5	2	3	0	0	14
Technicians	0	0	0	0	0	0	0
TOTAL	4	5	2	3	0	0	14
GRAND TOTAL	90	194	295	669	44	96	1,388

Note 1: EDPR keeps a constant number of employees throughout the year that makes the difference between the final number of employees and the average not significant (5%).

Note 2: All temporary employees are located in Europe.

The average number of contractors' workers during 2018 was 1,256 in Europe, 1,151 in North America and 469 in Brazil.

WORKFORCE BREAKDOWN	Under 30 years old		Between 30 and 50 years old		Over 50 years old		TOTAL
Spain	Female	Male	Female	Male	Female	Male	
Directors	0	0	24	40	3	14	81
Managers	0	1	5	27	0	1	34
Specialists	23	33	74	141	5	19	295
Technicians	0	0	11	3	2	1	17
TOTAL	23	34	114	211	10	35	427
Portugal	Female	Male	Female	Male	Female	Male	
Directors	0	0	1	4	0	6	11
Managers	0	0	0	6	0	3	9
Specialists	2	5	5	34	1	9	56
Technicians	0	0	2	1	0	1	4
TOTAL	2	5	8	45	1	19	80
Rest of Europe	Female	Male	Female	Male	Female	Male	
Directors	0	0	7	21	0	2	30
Managers	0	0	9	8	1	0	18
Specialists	22	21	45	85	0	6	179
Technicians	2	0	3	1	0	0	6
TOTAL	24	21	64	115	1	8	233
USA	Female	Male	Female	Male	Female	Male	
Directors	0	1	9	46	4	7	67
Managers	1	2	16	32	3	5	59
Specialists	29	53	48	125	12	15	282
Technicians	6	68	22	60	13	6	175
TOTAL	36	124	95	263	32	33	583
Rest of North America	Female	Male	Female	Male	Female	Male	
Directors	0	0	0	2	0	0	2
Managers	0	0	0	3	0	0	3
Specialists	0	2	0	4	0	0	6
Technicians	0	0	2	0	0	0	2
TOTAL	0	2	2	9	0	0	13
Brazil	Female	Male	Female	Male	Female	Male	
Directors	0	0	0	4	0	1	5
Managers	0	0	3	2	0	0	5
Specialists	5	8	9	19	0	0	41
Technicians	0	0	0	1	0	0	1
TOTAL	5	8	12	26	0	1	52
GRAND TOTAL	90	194	295	669	44	96	1,388

GRI 102-41 - COLLECTIVE BARGAINING AGREEMENTS

According to its Code of Ethics, EDPR undertakes to respect freedom of trade union association and recognise the right to collective bargaining.

At EDPR, from 1,388 employees, 21% 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 organisation 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.

EMPLOYEES COVERED BY COLLECTIVE BARGAINING AGREEMENTS	2018	%
Spain	53	12%
Portugal	80	100%
France	72	92%
Belgium	0	0%
Poland	0	0%
Romania	0	0%
Italy	31	100%
UK	0	0%
Brazil	52	100%
USA	0	0%
Canada	0	0%
Mexico	0	0%
TOTAL	288	21%

GRI 401-1 - NEW EMPLOYEE HIRES AND EMPLOYEE TURNOVER

Throughout the year, EDPR hired 321 employees while 153 are no longer with the Company, resulting in a turnover ratio of 17%. In 2017, the turnover ratio was 16%.

NEW HIRES BREAKDOWN	Under 30 years old		Between 30 and 50 years old		Over 50 years old		TOTAL
	Female	Male	Female	Male	Female	Male	
Europe	19	31	22	47	0	4	123
Brazil	4	3	2	5	0	0	14
North America	12	72	17	77	1	5	184
TOTAL	35	106	41	129	1	9	321

Note: The number of employees hired includes: 285 new hires that are part of the company by the end of 2018, new hires that already left the company and the transfers from EDP.

TURNOVER BREAKDOWN	Under 30 years old		Between 30 and 50 years old		Over 50 years old		TOTAL
	Female	Male	Female	Male	Female	Male	
Europe	23%	31%	10%	9%	0%	7%	12%
Brazil	40%	19%	8%	12%	-	0%	14%
North America	24%	38%	14%	22%	6%	18%	23%
TOTAL	24%	35%	11%	14%	5%	11%	17%

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

Of the 153 departures registered in 2018, 19% were dismissals.

DISMISSAL BREAKDOWN	Under 30 years old		Between 30 and 50 years old		Over 50 years old		TOTAL
	Female	Male	Female	Male	Female	Male	
Directors	0	0	0	2	0	0	2
Managers	0	0	1	1	0	0	2
Specialists	1	0	6	7	0	0	14
Technicians	0	7	1	0	1	2	11
TOTAL	1	7	8	10	1	2	29

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. This benefits package, depending on the country, includes medical insurance, life insurance, pension plan and conciliation measures.

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 organisational 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 404-1 – AVERAGE & TOTAL HOURS OF TRAINING PER YEAR PER EMPLOYEE

In 2018, EDPR invested € 2 million in training, +15% vs. 2017, mainly impacted by an increase of 10% in the training hours driven by +14% increase in headcount and higher efficiency in courses assistance.

AVERAGE TRAINING HOURS BREAKDOWN			
	Female	Male	TOTAL
Directors	34	32	32
Managers	27	42	38
Specialists	32	34	33
Technicians	22	40	34
TOTAL	30	35	34

TOTAL TRAINING HOURS BREAKDOWN			
	Female	Male	TOTAL
Directors	1,638	4,685	6,323
Managers	1,044	3,794	4,838
Specialists	8,913	19,627	28,540
Technicians	1,364	5,636	7,000
TOTAL	12,959	33,742	46,701

Note: Average training hours are calculated as the following: training hours / 2018YE headcount

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

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 Company's business has led EDPR to invest in the employees by discovering, improving and emphasising the potential of each, through internal mobility and development actions.

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.

MOBILITY

EDPR considers mobility, both functional and geographical, as a tool that contributes to the organisational development by stimulating employees' motivation, skills, productivity and personal fulfilment. The mobility processes within EDPR aim to respond to the different challenges and needs of the Company, considering the characteristics of the different geographies. In 2018, there were 83 Mobility processes (29 positions more than in 2017), 57 functional, 9 geographical and 17 both functional and geographical mobility processes.

TRAINING

EDPR sees employees development as a strategic target, offering job-specific ongoing training opportunities aligned with EDPR's training strategy, to contribute to the improvement 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 goal of defining each person's training needs along with their manager, which is then used to define a customised Training Plan. The annual Training Plan is based on a catalogue of programs that is constantly evolving and is aligned with the Company's challenges and new markets. It consists of up to two courses from the Renewable Energy School - EDP University, one Technical, Management or Behavioural training course, optional languages courses and others from free selection seen as important for the development of the employee. The key aspect about EDP University's courses is that they usually contain subjects to promote the development of skills needed to ensure the sustainability of EDPR's business. Moreover, the networking and the share of best practices are unreplaceable experiences. This year, EDPR included the Inspiring Seminar concept, a new format of short-focused sessions addressed to employees interested in the topics covered.

DEVELOPMENT

In order to support the Company's growth, aligning current and future organisational demands with employees' capabilities, as well as to enhance their professional development, EDPR has designed development programs for middle management, providing them with proper tools to take on new responsibilities. In 2018, two of the most important development programs were:

- **Executive Development Program:** aims to provide the participants with the latest tools and skills in the areas of Management and Leadership. Participants work in groups in a Business Challenge Case that is presented to the Executive Committee at the end of the program. In 2018, 31 employees participated in the program.

- **Lead Now Program:** aims to support middle managers in the role they are assuming as team leaders. Participants have the possibility to self-assess their management style, go deeper into the skills needed and get to know the role they are performing in the different HR processes of EDPR. In 2018, 21 employees participated.

As a result of EDPR's trust in its employees, aligned with the development programs' success, 88% of new Directors were hired internally in 2018.

KNOWLEDGE MANAGEMENT

EDPR is aware of the importance of Knowledge as a valuable asset not only within the business, but also in the employees' development. In 2018, EDPR launched LINK as a knowledge platform where more than 745 valuable contents have been captured and shared across the organisation to help its employees learn from the past to face future challenges and move the Company forward. Becoming a Learning Organisation implies a strong knowledge sharing mind-set and that is why EDPR strives to improve the use of knowledge by regularly distributing customised interesting documents or relevant events.

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

EDPR defines two assessment processes for its employees. The annual performance assessment, which covers all employees entitled to variable remuneration and the potential assessment.

All 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.

Moreover, EDPR offers the possibility to all employees to define a Individual 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 organisational strategy.

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.

GRI 405-1 - DIVERSITY OF GOVERNANCE BODIES AND EMPLOYEES

BOARD OF DIRECTORS	Under 30 years old	Between 30 and 50 years old	Over 50 years old	TOTAL
Female	0%	7%	7%	14%
Male	0%	14%	71%	86%
TOTAL	0%	21%	79%	100%

EMPLOYEES	Under 30 years old		Between 30 and 50 years old		Over 50 years old		TOTAL
	Female	Male	Female	Male	Female	Male	
Directors	0%	0%	3%	8%	1%	2%	14%
Managers	0%	0%	2%	6%	0%	1%	9%
Specialists	6%	9%	13%	29%	1%	4%	62%
Technicians	1%	5%	3%	5%	1%	1%	15%
TOTAL	6%	14%	21%	48%	3%	7%	100%

Following the best Corporate Governance practices, EDPR has analysed 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, after the previous advice of the Nominations and Remunerations Committee, the Board of Directors would submit a proposal to the General Shareholders' Meeting (including for sake of clarity, the curriculum vitae of the candidates, which will be publicly disclosed with the other supporting documents of the meeting). The appointment proposals should be approved by majority.

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

Note 1: These figures do not include expats, employees from Canada & Mexico and new hires from de December and November, totalling c.50 employees.

Note 2: The calculations are based on the December headcount. The base salaries of the new hires are annualised but the rest of the monetary and non-monetary benefits are not annualised, which may cause deviations.

REMUNERATIONS	2018		2017		Δ%	
	Female	Male	Female	Male	Female	Male
Under 30 years old						
Directors	-	206,503	190,263	188,273	-	10%
Managers	83,042	98,407	143,868	118,232	-42%	-17%
Specialists	50,515	54,231	47,851	50,247	6%	8%
Technicians	47,080	47,715	48,140	34,987	-2%	36%
Between 30 and 50 years old						
Directors	152,657	182,123	147,732	180,947	3%	1%
Managers	98,058	104,504	93,243	102,447	5%	2%
Specialists	66,684	71,980	68,343	71,045	-2%	1%
Technicians	50,394	53,120	47,298	47,402	7%	12%
Over 50 years old						
Directors	212,826	190,916	228,482	200,419	-7%	-5%
Managers	131,804	129,475	128,537	115,034	3%	13%
Specialists	87,711	95,044	87,952	96,298	0%	-1%
Technicians	75,978	67,980	69,732	51,346	9%	32%

WAGE GAP - TOTAL REMUNERATION	FEMALE	MALE	M/F
Europe & Brazil			
Directors	121,082	140,925	116%
Managers	67,133	74,938	112%
Specialists	50,107	53,239	106%
Technicians	34,098	34,449	101%
North America			
Directors	265,208	254,411	96%
Managers	130,344	145,429	112%
Specialists	90,132	104,100	115%
Technicians	66,739	52,414	79%

WAGE GAP - BASE SALARY	FEMALE	MALE	M/F
Europe & Brazil			
Directors	86,179	100,236	116%
Managers	52,519	58,461	111%
Specialists	40,897	42,783	105%
Technicians	28,084	26,153	93%
North America			
Directors	173,677	161,187	93%
Managers	87,992	94,640	108%
Specialists	71,933	76,778	107%
Technicians	45,975	42,416	92%

GRI 102-38 – ANNUAL TOTAL COMPENSATION RATIO

The ratio presented below represents of the annual total compensation for the organisation's highest-paid individual in each country of significant operations to the median annual total compensation for all employees.

ANNUAL TOTAL COMPENSATION RATIO	2018
Spain	5.1
Portugal	4.3
US	6.2

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:		
Directors	25	11
Managers	6	2
Specialists	46	17
Technicians	14	3
By country:		
Spain	26	8
Portugal	18	8
Rest of Europe	6	2
Europe	50	18
Brazil	1	1
USA	40	14
Rest of North America	0	0
North America	40	14
TOTAL	91	33

Note: 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.

OTHER PEOPLE MANAGEMENT RELATED TOPICS:

COMMUNICATION WITH EMPLOYEES

EDPR's global presence with employees from 35 different nationalities requires the Company to listen and provide feedback on the different ambitions and expectations. Thus, EDPR launches a Climate Survey every two years, which allows the Company to better understand and act in accordance with the employees' opinion. In addition, EDPR works to keep its employees well informed and therefore continues to improve the internal communications channels, which also helps to keep employees motivated and committed to the Company's strategy. EDPR and EDP Group have strategically invested in this area with innovative communication channels that have consistently been recognised internationally for their mix of dynamism and creativity.

These are EDPR's internal communication channels that keep employees informed and connected every day:

- **Intranet:** The platform takes online interaction among employees to a new level, by including social media-style features and advanced customisation options. It's a place to share information, work together, and learn about the projects and news from EDPR and EDP.
- **EDPOn Renew magazine:** The print magazine has been a mainstay of EDP Group's internal communications since 1988. The OnRenew edition, specific to EDPR, shows the Company and its people through stories, opinion articles and editorials.
- **EDPOn TV:** The TV Channel has been broadcasting on EDPR and EDP offices and online. Includes dynamic news reports and interviews on news and events. It is the medium that truly puts a face on projects and initiatives.
- **HR phone app:** EDPR has in place a phone app to provide employees with news, access to selection processes or measures in a practical and simple way. This tool proves to be particularly useful to keep connected to often-travelling and geographically dispersed employees.
- **Internal newsletters:** Monthly newsletters give a broader reach to news and information regarding the Company's projects, teams, successes, and strategies.

In addition to these communication channels, EDPR holds Companywide Annual Meetings that allow employees to streamline their long-distance communication to improve their day-to-day work, share their concerns, and get to know the business goals set by EDPR's top management. The Company also holds meetings and team building events; conference calls regarding results, and a robust website that informs both internal and external stakeholders. All of these communication efforts work to motivate employees, promote knowledge sharing and bring people together.

EMPLOYEES WITH DISABILITIES

In the companies in Spain where there is a legal obligation to have people with disabilities in the workforce to comply with the LISMI due to the number of employees, EDPR has opted for the exceptionality measures provided by the Law. The Company is able to comply with the quota that legally applies to it through contracts of goods or services with companies that promote the hiring of disabled people and also through donations. EDPR's companies under this obligation are covered with the exceptionality measures since February 2018 and for a period of three years. For the rest of EDPR countries, the approach is the same.

WORK ORGANISATION & IMPLEMENTATION OF "RIGHT TO DISCONNECT" POLICIES

With the aim of delivering excellent results and meeting deadlines, EDPR employees need to be flexible and highly responsible on their daily routine. Keeping that in mind, in 2017 EDPR designed Work Smarter, a Code that includes a set of guidelines to work efficiently by maximising the time efficiency of each daily task, mainly regarding work organisation, email & phone and meetings. Additionally, different initiatives took place during 2017 in order to involve employees around this different way of working. Some of the initiatives were placing inspiring sentences and clocks in the meeting rooms to remind the employees that their time is gold. Within Work Smarter, some of the initiatives were focused on the right to disconnect. Nevertheless, EDPR does not have policies regarding the right of people to disconnect from work during non-work hours. The Company will work on this subject in 2019.

WORK LIFE BALANCE

EDPR believes that Work Life Balance (WLB) must be a shared responsibility and its practices have been awarded for eight years through the Responsible Family Employer Certification (EFR – Empresa Familiarmente Responsable) by Spain's Fundación MásFamilia. To achieve this continuously, it is important to have a constant improvement on the practices in place, in order to provide the most suitable and updated benefits to employees.

EDPR provides several benefits regarding work life balance such as flexible work schedules, an intensive working schedule every Friday and during summer, telecommuting and giving employees the option of requesting their birthdays or their family members birthday off from work. The initiative Count for Us states that employees with incapacitated family members may request a leave of absence from work and receive financial support. Moreover, EDPR celebrates the Energy Day every year on the first Monday of June by giving the day off to all employees.

Specifically, all work life balance measures focused on employees with children are designed for both parents, excluding the ones regarding pregnancy. Some examples of these measures are the monetary contribution EDPR provides when an employee has or adopts a child, the financial support when employees enrol their children in kindergarten and offering employees' children opportunity of participating in activities of their choice during summer.

EFFECTIVE EQUALITY BETWEEN WOMEN AND MEN ACCORDING TO THE SPANISH ORGANIC LAW 3/2007

This law does not apply to EDPR since none of its companies reaches the number of employees for the law to be mandatory.

ADOPTED MEASURES TO PROMOTE EMPLOYMENT RELATED TO EQUALITY

As in previous years, EDPR participated in *Mujer e Ingeniería*, a project launched by the *Real Academia de Ingeniería de España* that aims to overcome the gender gap in technical degrees by increasing awareness and knowledge of those degrees from the early stages of education. The Mentoring Program is focused on engineers from different universities. EDPR volunteers tutor engineering students in the last phase of their university education in order to advise them about the corporate world and the labour market.

SEXUAL HARASSMENT PROTOCOL

As stated in its Code of Ethics, EDPR commits to respect and foster due respect for employees and fulfil their right to dignified working conditions. In particular, EDPR seeks to protect its employees and will not tolerate acts of psychological aggression or moral coercion, such as insults, threats, isolation, invasion of privacy or professional limitation aimed at constraining the person, affecting their dignity or creating an intimidating, hostile, degrading, humiliating or disruptive environment.

UNIVERSAL ACCESSIBILITY

Most of the offices in which EDPR has its operations are not owned by the company. Therefore, EDPR is limited in the implementation of accessibility measures in its offices. However, in other topics in which EDPR has decision-making power, such as the creation of its website, the company took measures to comply with the accessibility specifications that help blind people to use it.

4.11

COMMUNITY INVOLVEMENT & DEVELOPMENT

For information regarding GRI 103 – Management Approach for this material topic, please refer to section Contribute to the Society of the chapter Execution.

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. 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.

% OF LOCAL RECRUITMENT	2018
Directors	
Europe	77%
Brazil	40%
North America	79%

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. 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 minimising electricity supply interruptions. In 2018, EDPR invested €4 million to develop community roads and €28 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 recognised 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. In 2018, EDPR implemented several economic development projects, which foster job creation and profit generation.

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

EDPR has no knowledge of any incident of violations involving rights of indigenous people recorded during 2018.

Note: EDPR defines incidents as contingencies associated with litigation qualified as probable and claims/doubts reported in the Ethics Channel and considered as grounded by the Ethics Ombudsperson and the Ethics Committee

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

EDPR's main goal regarding their relation with communities near its facilities is to preserve a close and long term relationship with them in order to guarantee a good coexistence. This concern presents itself as a valuable instrument in the entire life cycle of EDPR's operations that goes from the development, construction and operation of wind farms and solar plants to their dismantlement.

During the development phase, EDPR performs an environmental impact assessment for all the projects. This assessment includes the most significant issues for the affected areas both from an environmental and social perspective.

During the entire life cycle of its operations, EDPR promotes the well-being and development of the communities throughout the countries where it operates. EDPR considers that in order to make a positive impact on local communities, it is vital to work for the common good by promoting and supporting social and environmental activities.

EDPR's Social Investment programs are strategic and structured actions, established through multiple activities focused on goals integrated in one or in several of the following priorities:

- Promote access to culture and art and protect cultural heritage;
- Promote social inclusion and the adoption of sustainable ways of living, enhancing energy inclusion and access to energy;
- Protect natural heritage and biodiversity;
- Promote energy efficiency, renewable energy and decarbonisation.

Moreover, in 2018, EDPR created a catalogue of activities focused on the previous four priorities and taking into consideration the expectations of the communities surrounding the facilities. The catalogue includes key performance indicators that should be used to monitor each activity.

As a result, EDPR invested €2.3 million in the development of local communities throughout all countries where it is present, with the exception of Belgium and Mexico. This amount includes €916 thousand euros contributions to Foundations (99% related to Fundación EDP España and Instituto EDP in Brazil), donations valued at €27 thousand to NGOs and €450 thousand to internships.

Note: The absence of a direct social investment in Mexico is explained by a significant investment made previously in 2017 for a three year period.

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

Noise, visual impact, TV interferences and ice thrown from wind turbines are identified as EDPR's business environmental impacts within the category of disturbance to the local communities. EDPR implements the necessary measures to make these impacts as minor as possible. Moreover, during the operation phase, EDPR has grievance mechanisms in place available to the local communities to ensure that suggestions or complaints are properly recorded and addressed. This allows EDPR not only to solve the complaints but also to introduce improvements in all processes.

In 2018, EDPR has registered 47 complaints regarding impact on the local communities. There were 28 complaints in France, 21 of which related to noise, 6 already solved claims related to possible interferences with the TV signal and 1 related to a bat fatality. Concerning the first, measures for the reduction of noise have been implemented and the people who reported the complaints are being contacted in order to check if the situation is solved. The other 19 complaints were in the US, 9 of which related to noise, 8 related to possible interferences with the TV or radio signal or landowner related and 2 related to landscape.

4.12 COMMUNICATION & TRANSPARENCY

GRI 102-13 – MEMBERSHIP OF ASSOCIATIONS

The EDP Group raises awareness to policy makers and legislators about the interests of the business sector and/or its own. Globally, EDP Group's activities include participation in industry associations ("Industry Institutions") comprising multiple industry participants that work to advance shared policy objectives.

EDPR's approach and involvement with Industry Institutions is in accordance with EDP Group's internal regulations, policies and procedures, including the principles of integrity and transparency expressed in the Code of Ethics.

In Europe, activities are monitored by means of voluntary registration on a platform created for that purpose by the European Commission – "Transparency Register". EDP has been registered since the creation of this platform in 2011. In North America, relevant Industry Institutions are required to disclose and/or register campaign finance and lobbying activities in accordance with applicable local, state, or federal law.

In the following table are presented the contributions concerning the activities of representation of interests of EDPR in 2018:

REPRESENTATION OF INTERESTS (€k)	2018
Energy sector and industrial associations	1,334
Awareness of people/specialized institutions	503
Other	42
TOTAL	1,879

The table below contains the most relevant representation of interests organisations for 2018:

MOST RELEVANT CONTRIBUTIONS (€k)	2018
American Wind Energy Association	326
Wind Europe	70
American Wind Wildlife Institute	64
FEE - France Energie Eolienne	48
APINE - Associação de Produtores Independentes	39

GRI 201-4 - FINANCIAL ASSISTANCE RECEIVED FROM GOVERNMENT

EDPR has not received any financial assistance from the government in 2018.

Note: The American legislation foresees - and has foreseen in the past - several tax incentives for the production of renewable energy in the United States. Some examples are the Production Tax Credits, the Research and Development Tax Credits, the former Cash Grant, the so-called MACRS (a way of accelerated depreciation), etc. These tax credits are in most cases are part of the renewable energy remuneration scheme.

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

EDPR has no knowledge of any legal actions for anti-competitive behaviour, anti-trust or monopoly practices recorded during 2018.

Note: EDPR defines Legal Actions as contingencies associated with litigation qualified as probable.

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

EDPR has no knowledge of any non-compliance with environmental laws and regulations recorded during 2018.

During 2018, the company did not receive any significant penalty for non-compliance with environmental laws and regulations.

Note 1: EDPR defines non-compliance with law as contingencies associated with litigation qualified as probable and that have obtained an unappealable judgment.

Note 2: EDPR defines as significant penalty the ones above €30k.

GRI 415-1 - POLITICAL CONTRIBUTIONS

EDPR made no contributions to political parties in 2018.

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

EDPR has no knowledge of any non-compliance with social and economic laws and regulations recorded during 2018.

During 2018, the company did not receive any significant penalty for non-compliance with social and economic laws and regulations.

Note 1: EDPR defines non-compliance with law as contingencies associated with litigation qualified as probable and that have obtained an unappealable judgment.

Note 2: EDPR defines as significant penalty the ones above €30k.

4.13 CORPORATE ETHICS

For information regarding GRI 103 – Management Approach for this material topic, please refer to section Integrity and ethics of the chapter The Company.

Note: EDPR does not have individual consumers, according to the concept this term has associated in the Spanish regulation (Law 11/2018). In Spain, Romania, Poland and Italy, the client is mainly the electricity market operator; in Portugal and France, the client is the supplier of last-resort; and in the USA, clients can be both state-owned or private counterparties. Regarding the complaint systems, given the core business of the Company, EDPR does not deal directly with individual consumers. Clients have the contractual means of complaint agreed upon in each case and EDPR makes different complaint channels available to its Stakeholders, among which is the Ethics Channel.

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

EDPR analyses all the new markets where it operates through a Market overview. This study also evaluates the corruption risk. In addition, in the end of 2018, a questionnaire related to the anti-corruption practices of the counterparts in the M&A processes was defined, in order to ensure that they are all aligned with EDPR's Anti-Corruption Policy.

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

The 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 Day Presentation, the main contents of these documents and its functioning are also explained.

In 2018, EDP launched "The Honesty Project", an anti-corruption and anti-bribery instructive game aimed at employees who oversee other employees. During the year, it was completed by a total of 166 employees of all EDPR's Business Units.

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

EDPR has no knowledge of any confirmed incident of corruption recorded during 2018.

Note: EDPR defines incidents as contingencies associated with litigation qualified as probable and communications to the Anticorruption mailbox.

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

EDPR has no knowledge of any confirmed incident of discrimination recorded during 2018.

Note: EDPR defines incidents as contingencies associated with litigation qualified as probable and claims/doubts reported in the Ethics Channel and considered as grounded by the Ethics Ombudsperson and the Ethics Committee.

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

Throughout EDPR's operations, both employees and suppliers must comply with the EDPR's Code of Ethics, which has specific clauses to respect freedom of trade union association and recognise the right to collective bargaining. During 2018, EDPR has not registered any claims/doubts in the Ethics Channel regarding operations with significant risk where the right to freedom of association and collective bargaining may be at risk.

Moreover, in 2015, EDPR carried out a study to characterise 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 procurement data. The study allowed EDPR to determine the following results:

- ~0%* EDPR's direct purchases 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 the Company intends to perform this study every 3/4 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 LABOUR

Throughout EDPR's operations, both employees and suppliers must comply with the EDPR's Code of Ethics, which has specific clauses against child labour. During 2018, EDPR has not registered any claims/doubts in the Ethics Channel regarding operations with significant risk for incidents of child labour.

Moreover, in 2015, EDPR carried out a study to characterise 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 procurement data. The study allowed EDPR to determine the following results:

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

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 the Company intends to perform this study every 3/4 years. Data presented in this chapter resulting from this study is marked with an *.

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

Throughout EDPR's operations, both employees and suppliers must comply with the EDPR's Code of Ethics, which has specific clauses against forced labour. During 2018, EDPR has not registered any claims/doubts in the Ethics Channel regarding operations with significant risk for incidents of forced and compulsory labour.

Moreover, in 2015, EDPR carried out a study to characterise 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 procurement data. The study allowed EDPR to determine the following results:

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

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 the Company intends to perform this study every 3/4 years. Data presented in this chapter resulting from this study is marked with an *.

4.14 REPORTING PRINCIPLES

This is the tenth 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.







Additionally, in 2015, in the United Nations General Assembly, the world leaders decided to assume a set of global goals to change the world until 2030. The agenda that must guide the joint work of governments, citizens, companies and organisations, consists of 17 Sustainable Development Goals (SDG) with the ambition of ending poverty, fighting against inequality and stopping climate change. EDPR will direct its contributions to eight of the 17 Sustainable Development Objectives.

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 PwC.

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

<p>Materiality</p>  <p>This report includes the relevant information for the Company's stakeholders, as derived from the materiality studies performed.</p>	<p>Sustainability Context</p>  <p>This report is placed in the context of the Company strategy to contribute to the sustainable development of society, whenever possible.</p>	<p>Accuracy, Clarity, Comparability & Reliability</p>  <p>The information presented follows the GRI guidelines, aiming to make information comparable, traceable, accurate and reliable.</p>
<p>Stakeholder Inclusiveness</p>  <p>The concerns and the feedback received from the stakeholders were taken into account during the report's creation. For additional information about the stakeholders, please refer to The Company and Stakeholders Section or visit EDPR website.</p>	<p>Completeness & Balance</p>  <p>Unless otherwise stated, this report covers all the Company's subsidiaries and is presented in a balanced and objective perspective.</p>	<p>Timeliness</p>  <p>The information presented in this report relates to FY2018. EDPR is committed to report sustainability information at least once a year. Additionally, sustainability information is reported in market reports.</p>

ANNEX I:

STATE OF NON-FINANCIAL INFORMATION

STATE OF NON-FINANCIAL INFORMATION (SPANISH LAW 11/2018)				
Area	Content	Scope/Perimeter	Related GRI Standards	Page/Chapter of the document
Business Model	Brief description of the Group's business model, which includes: 1) its business environment; 2) its organisation and structure; 3) the markets in which it operates; 4) its goals and strategies; 5) the main factors and trends that may affect its future evolution.	Global	EU1; EU2; 102-2; 102-4; 102-6; 102-7; 102-18; 103	2.1 Business Environment, pages 47-48; 1.3 Organisation, pages 33-39; 4.2 Renewable Energy Promotion, page 109; 1.1.2 EDPR in the world ⁽¹⁾ , pages 22-23; 2.2 Strategy, pages 59-65; 1.1.3 Business description, page 24; 3.1.2 Financial Performance, pages 77-85.
Policies	A description of the policies that the Group applies regarding these issues, which includes: 1) due diligence procedures implemented for the identification, evaluation, prevention and mitigation of significant risks and impacts; 2) verification and control procedures, including adopted measures.	Global	103; 102-16	1.1.1 Vision, Mission, Values and Commitments, page 21; 1.3.4 Integrity and Ethics, pages 40-41; 3.3 Supply Chain Capital, pages 91-92; 3.4 Social Capital, pages 93-94; 3.6 Natural Capital, pages 100-101.
Short, medium and long-term risks	The main risks regarding these issues related to the activities of the Group, including, where relevant and proportionate, its business relationships, products or services that may have negative effects in these areas, and 1) how the group manages these risks; 2) explaining the procedures used to detect and evaluate them according to national, European or international reference frameworks for each subject; 3) Information on the impacts that have been detected must be included, offering a breakdown of them, in particular on the main risks in the short, medium and long term.	Global	201-2; 205-1; 304-2; 306-3; 308-2; 407-1; 408-1; 409-1; 413-2; 414-2	2.3 Risk Management, pages 66-70; 4.3 Climate Change, pages 110-111; 4.13 Corporate Ethics, pages 139-140; 4.9 Environmental Management, page 119 and 122; 4.8 Suppliers Management, pages 118-119; 4.11 Community Involvement & Development, page 136.
KPIs	Key indicators of non-financial results that are relevant to the specific business activity, and that meet the criteria of comparability, materiality, relevance and reliability.	Global		Please refer to Annex II: GRI Content Index
	Global Environment		103	
	1) Detailed information on the current and foreseeable effects of the company's activities on the environment and, where applicable, health and safety, environmental assessment or certification procedures; 2) Resources dedicated to the prevention of environmental risks; 3) The application of the Precautionary Principle, the amount of provisions and guarantees for environmental risks (e.g. derived from the law of environmental responsibility).	Global	102-11; 201-2; 304-2; 305-1; 305-2; 305-3; 305-5; 307-1; 308-2	3.6 Natural Capital, pages 100-101; 4.3 Climate Change, pages 110-113; 4.9 Environmental Management, page 119; 4.12 Communication & Transparency, page 138.
	Pollution			
	Measures to prevent, reduce or repair carbon emissions that seriously affect the environment, taking into account any form of air pollution specific to an activity, including: Noise Light pollution	Global	302-4; 305-5 413-2 -	4.3 Climate Change, pages 111 and 112-113. 4.11 Community Involvement & Development, page 136. 4.1 Materiality Assessment, page 108.
	Circular economy and waste prevention and management			
	Circular economy.	Limited	-	3.6 Natural Capital, pages 100-101.
	Waste prevention, recycling, reuse, other forms of recovery and disposal.	Global	306-2; 306-3	4.9 Environmental Management, pages 121-122.
	Actions to combat food waste.	-	-	4.1 Materiality Assessment, page 108.
	Sustainable use of resources			
	Water consumption and water supply according to local constraints.	Global	-	4.1 Materiality Assessment, page 108.
	Consumption of raw materials and the measures adopted to improve the efficiency of their use.	Global	-	4.1 Materiality Assessment, page 108.
	Direct and indirect consumption of energy, measures taken to improve energy efficiency and the use of renewable energies.	Global	302-1; 302-4	4.3 Climate Change, page 111.
	Climate Change		103	
	The important elements of greenhouse gas emissions generated as a result of the company's activities, including the use of the goods and services it produces.	Global	305-1; 305-2; 305-3	4.3 Climate Change, page 111-112.
	The measures adopted to adapt to the consequences of climate change.	Global	201-2; 302-4; 305-5	3.6 Natural Capital, pages 100-101; 4.3 Climate Change, pages 110-113.
	The reduction goals established voluntarily in the medium and long-term to reduce greenhouse gas emissions and the means implemented for that purpose.	Global	305-5	4.3 Climate Change, pages 112-113.
	Protection of biodiversity			
	Measures taken to preserve or restore biodiversity. Impacts caused by activities or operations in protected areas.	Global	304-2; 304-3 304-1	4.9 Environmental Management, pages 119-121. 4.9 Environmental Management, page 123.

⁽¹⁾ Pipeline and under-construction MWs are not verified by PwC.

STATE OF NON-FINANCIAL INFORMATION (SPANISH LAW 11/2018)				
Area	Content	Scope/Perimeter	Related GRI Standards	Page/Chapter of the document
Social and employees topics	Employment	Global	103	3.2 Human Capital, pages 86-89.
	Total number and distribution of employees by gender, age, country and professional category.	Global	102-8; 405-1	4.10 People Management, page 125 and 130.
	Total number and distribution of work contract modalities.	Global	102-8	4.10 People Management, page 124.
	Annual average of permanent contracts, temporary contracts and part-time contracts by gender, age and professional category.	Global	102-8; 405-1; EU15	4.10 People Management, page 124, 130 and 132.
	Number of dismissals by gender, age and professional category.	Global	401-1	4.10 People Management, page 127.
	Average remunerations and their evolution disaggregated by gender, age and professional category or equal value. Wage gap, the remuneration of equal or average positions in the company.	Global	405-2	4.10 People Management, pages 131-132.
	Implementation of labour disconnection policies.	Global	-	4.10 People Management, page 133.
	Employees with disabilities.	Global	-	4.10 People Management, page 133.
	Work organisation			
	Working hours organisation.	Global	EU17	4.6 Health & Safety, page 117; 4.10 People Management, pages 133-134.
	Number of hours of absenteeism.	Global	403-2	4.6 Health & Safety, page 117.
	Measures designed to facilitate the enjoyment of conciliation and encourage joint responsibility of these by both parents.	Global	401-2	4.10 People Management, pages 127 and 134.
	Health & Safety	Global	103	3.4.1 Respect human and labour rights, page 93; 4.6 Health & Safety, page 115.
	Conditions of health and safety at work.	Global	403-1	4.6 Health & Safety, page 115.
	Work-related accidents, in particular their frequency and severity, occupational diseases, disaggregated by gender.	Global	403-2	4.6 Health & Safety, page 116.
	Social Relations			
	Organisation of social dialogue, including procedures for informing and consulting employees and negotiating with them.	Global	402-1	4.10 People Management, pages 127 and 133.
	Percentage of employees covered by collective bargaining agreements by country.	Global	102-41	4.10 People Management, page 126.
	The result of collective bargaining agreements, particularly in the health and safety at work area.	Global	102-41	4.10 People Management, page 126.
	Training			
Policies implemented in the training area.	Global	404-2; 404-3	4.10 People Management, pages 129-129.	
Total amount of training hours by professional categories.	Global	404-1	4.10 People Management, pages 127-128.	
Universal accessibility for people with disabilities				
			4.10 People Management, page 134.	
Equality				
Measures taken to promote equal treatment and opportunities between women and men.	Global	405-1	4.10 People Management, pages 130 and 134.	
Equality plans (Chapter III of Organic Law 3/2007, of the 22 nd of March, for effective equality of women and men), measures adopted to promote employment, protocols against sexual and gender-based harassment, integration and the universal accessibility of people with disabilities.	Global	-	4.10 People Management, page 134.	
Policy against all types of discrimination and, where appropriate, management of diversity.	Global	-	1.3.4 Integrity and Ethics, pages 40-41.	
Human Rights	Application of due diligence procedures in the field of human rights; Prevention of the risks of violation of human rights and, where appropriate, measures to mitigate, manage and repair possible abuses.	Global	-	1.3.4 Integrity and Ethics, pages 40-41; 3.4 Social Capital, pages 93-94.
	Complaints regarding cases of violation of human rights.	Global	411-1	1.3.4 Integrity and Ethics, page 40; 4.11 Community Involvement & Development, page 108.
	Promotion and compliance with the provisions of the fundamental Conventions of the International Labour Organization related to respect for freedom of association and the right to collective bargaining.	Global	407-1	4.13 Corporate Ethics, page 140.
	The elimination of discrimination in employment and occupation.	Global	406-1	3.4 Social Capital, pages 93-94; 4.13 Corporate Ethics, page 139.
	The elimination of forced or compulsory labour.	Global	409-1	3.4 Social Capital, pages 93-94; 4.13 Corporate Ethics, page 140.
	The effective abolition of child labour.	Global	408-1	3.4 Social Capital, pages 93-94; 4.13 Corporate Ethics, page 140.
Corruption and bribery	Adopted measures to prevent corruption and bribery.	Global	205-1; 205-2; 205-3; 415-1	4.12 Communication & Transparency, page 138; 4.13 Corporate Ethics, page 139.
	Measures to combat money laundering.	Global	-	4.1 Materiality Assessment, page 108.
	Contributions to foundations and non-profit entities.	Global	413-1	4.11 Community Involvement & Development, page 108.
Society	Company's commitments to the sustainable development			
	The impact of the society's activity on employment and local development.	Global	202-2; 203-1; 203-2; 413-1	4.11 Community Involvement & Development, pages 108-109.
	The impact of society's activity on local populations and in the territory.	Global	103; 413-1; 413-2	3.4.2 Contribute to the society, page 94; 4.11 Community Involvement & Development, page 108.
	The relationships maintained with the local communities and the modalities of dialogue with them.	Global	413-1	4.11 Community Involvement & Development, page 108.
	The association or sponsorship actions.	Global	102-12; 102-13	4.1 Materiality Assessment, page 108; 4.12 Communication & Transparency, page 137.
	Subcontracting and suppliers			
The inclusion of social issues, gender equality and environmental issues in the Procurement Policy. Consideration of the suppliers and subcontractors' social and environmental responsibility when interacting with them.	Global	102-9; 103; 204-1; 308-2; 414-2	3.3 Supply Chain Capital, pages 90-92. 4.8 Suppliers Management, pages 118-119.	
Supervision systems and audits and their results.	Global	414-2	3.3 Supply Chain Capital, page 92; 4.8 Suppliers Management, pages 118-119.	
Customers				
Measures for the health and safety of consumers.	Global	EU25	4.6 Health & Safety, page 117; 4.13 Corporate Ethics, page 139.	
Complaining system, complaints received and their resolution.	Global	-	1.3.4 Integrity and Ethics, pages 40-41; 4.13 Corporate Ethics, page 139.	
Tax information				
Profit before income tax, by country. Corporate income tax paid.	Global	201-1	4.4 Business Sustainability, pages 113-114.	
Financial assistance received from the government.	Global	201-4	4.12 Communication & Transparency, page 137.	
Avg. remuneration of directors and executives, incl. variable remuneration, allowances, compensation, payment to I/I savings forecast systems and any other perception disaggregated by gender.	Global	-	4.5 Corporate Governance, page 115.	
Annual total compensation ratio.	Global	102-38	4.10 People Management, page 132.	
Legal Actions for anti-competitive behaviour, anti-trust and monopoly practices.	Global	206-1	4.12 Communication & Transparency, page 137.	
Other significant information	Non-compliance with environmental laws and regulations.	Global	307-1	4.12 Communication & Transparency, page 138.
	Non-compliance with laws and regulations in the social and economic area.	Global	419-1	4.12 Communication & Transparency, page 138.
	Statement from senior decision-maker.	Global	102-14	1.1.6 Sustainability Roadmap, page 29.
	Identifying and selecting stakeholders: Approach to stakeholder engagement.	Global	102-40; 102-42; 103	1.1.5 Stakeholder focus, pages 26-27.
	Key topics and concerns raised: List of material topics.	Global	102-44; 102-47	4.1 Materiality Assessment, page 108.
	Innovation	Global	103	3.5 Innovation Capital, page 97-99.
		Global	102-10; 102-45; 102-46; 102-48; 102-49; 102-50; 102-51; 102-52; 102-53; 102-54; 102-55; 102-56.	

Note: In addition to the indicators included in this table, non-financial information can be found in the following indicators: 102-1, 102-3, 102-5, 102-10, 102-45, 102-46, 102-48, 102-49, 102-50, 102-51, 102-52, 102-53, 102-54, 102-55, 102-56.

ANNEX II: GRI CONTENT INDEX

External assurance: The GRI indicators included in the following table have been verified by PwC. See the correspondent Independent verification report in pages 124-126. Additionally, some GRI indicators refer to Notes in EDPR's 2018 Annual Accounts. This Consolidated Annual Accounts have been audited by PwC. See the correspondent Independent auditor's report on the consolidated annual accounts at the beginning of the document.

GRI STANDARD	DISCLOSURES	PAGE NUMBER	
General Disclosures			
GRI 102: General Disclosures 2016	102-1	Name of the organisation	5. Corporate Governance (A. Shareholder Structure), page 153
	102-2	Activities, brands, products and services	1.1.3 Business Description, page 24
	102-3	Location of headquarters	EDPR head offices are located in Madrid (Spain)
	102-4	Location of operations	1.1.2 EDPR in the world, pages 22-23
	102-5	Ownership and legal form	5. Corporate Governance (A. Shareholders Structure), pages 153-156; 6. 2018 Consolidated Annual Accounts - Note 1, pages 255-261
	102-6	Markets served	1.1.2 EDPR in the world, pages 22-23
	102-7	Scale of the organisation	1.1.2 EDPR in the world, pages 22-23; 3.1.2 Financial Performance: pages 77-85
	102-8	Information on employees and other workers	4.10 People Management, pages 124-125; 3.2 Human Capital, pages 86-87
	102-9	Supply chain	3.3 Supply Chain Capital, pages 90-92
	102-10	Significant changes to the organisation and its supply chain	5. Corporate Governance (A. Shareholders Structure), pages 153-156; 6. 2018 Consolidated Annual Accounts - Note 6 & 40, pages 280-286 and page 319
	102-11	Precautionary Principle or approach	2.3 Risk Management, pages 66-70; 4.9 Environmental Management, page 122; 5. Corporate Governance (C. III. Internal Control and Risk Management), pages 157-191
	102-12	External Initiatives	4.14 Reporting Principles, page 141
	102-13	Membership of associations	4.12 Communication & Transparency, page 137
	102-14	Statement from senior decision-maker	1.1.6 Sustainability Roadmap, page 29
	102-16	Values, principles, standards, and norms of behaviour	1.3.4 Integrity and Ethics, pages 40-41; 5. Corporate Governance (C. Internal Organisation), pages 178-198
	102-18	Governance structure	1.3 Organisation, pages 33-41; 5. Corporate Governance, pages 153-236
	102-38	Annual total compensation ratio	4.10 People Management, page 132
	102-40	List of stakeholder groups	1.1.5 Stakeholders Focus, pages 26-27
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	102-44	Key topics and concerns raised	4.1 Materiality Assessment, pages 107-108; 4.14 Reporting Principles, page 141
	102-45	Entities included in the consolidated financial statements	6. 2018 Consolidated Annual Accounts - Note 6, pages 280-286
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	102-54	Claims of reporting in accordance with the GRI Standards	4.14 Reporting Principles, page 141
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	102-56	External assurance	4.14 Reporting Principles, page 141
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	Renewable Energy Promotion		
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	2.1.1 Renewable energy is a cost-effective way to fight climate change, pages 47-48; 2.1.2 The Evolution of Renewables around the world in 2018, page 49
	103-2	The management approach and its components	2.2.1 Selective growth, pages 60-61
GRI EU	103-3	Evaluation of the management approach	3.1.1 Operational Performance, pages 75-76
	EU1	Installed capacity, broken down by primary energy source and by regulatory	4.2 Renewable Energy Promotion, page 109
	EU2	Net energy output broken down by primary energy source and by regulatory	4.2 Renewable Energy Promotion, page 109
Climate Change			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	2.1.1 Renewable energy is a cost-effective way to fight climate change, pages 47-48;
	103-2	The management approach and its components	3.6 Natural Capital, pages 100-101
	103-3	Evaluation of the management approach	3.6 Natural Capital, pages 100-101
GRI 201: Economic Performance 2016	201-2	Financial implications and other risks and opportunities due to climate	4.3 Climate Change, pages 110-111
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	4.3 Climate Change, page 111
	302-4	Reduction of energy consumption	4.3 Climate Change, page 111
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	4.3 Climate Change, page 111
	305-2	Energy indirect (Scope 2) GHG emissions	4.3 Climate Change, page 112
	305-3	Other indirect (Scope 3) GHG emissions	4.3 Climate Change, page 112
	305-5	Reduction of GHG emissions	4.3 Climate Change, pages 112-113
Business Sustainability			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	2.2 Strategy, page 59
	103-2	The management approach and its components	2.2.2 Increasing Efficiency, pages 62-63; 2.2.3 Self-funding Initiatives, pages 64-65
	103-3	Evaluation of the management approach	3.1.2 Financial Performance: pages 77-85
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	4.4 Business Sustainability, pages 113-114

GRI STANDARD	DISCLOSURES	PAGE NUMBER	
Material Topics			
Health & Safety			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	3.4.1 Respect Human and Labour Rights, page 93
	103-2	The management approach and its components	3.4.1 Respect Human and Labour Rights, page 93
	103-3	Evaluation of the management approach	3.4.1 Respect Human and Labour Rights, page 93
GRI 403: Occupational Health and Safety 2016	403-1	Workers representation in formal joint management-worker health and safety committees	4.6 Health & Safety, page 115
	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	4.6 Health & Safety, pages 116-117
GRI EU	EU17	Days worked by contractor and subcontractor employees involved in construction, operation and maintenance activities	4.6 Health & Safety, page 117
	EU25	Number of injuries and fatalities to the public involving company assets, including legal judgements, settlements and pending legal cases of diseases	4.6 Health & Safety, page 117
Innovation			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	3.5 Innovation Capital, pages 97-99
	103-2	The management approach and its components	3.5 Innovation Capital, pages 97-99
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Suppliers Management			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	3.3 Supply Chain Capital, pages 90-92
	103-2	The management approach and its components	3.3 Supply Chain Capital, pages 90-92
	103-3	Evaluation of the management approach	3.3 Supply Chain Capital, pages 90-92
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	4.8 Suppliers Management, page 118
GRI 308: Supplier Environmental Assessment 2016	308-2	Negative environmental impacts in the supply chain and actions taken	4.8 Suppliers Management, page 118
GRI 414: Supplier Social Assessment 2016	414-2	Negative social impacts in the supply chain and actions taken	4.8 Suppliers Management, pages 118-119
Environmental Management			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	3.6 Natural Capital, pages 100-101
	103-2	The management approach and its components	3.6 Natural Capital, pages 100-101
	103-3	Evaluation of the management approach	3.6 Natural Capital, pages 100-101
GRI 304: Biodiversity 2016	304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	4.9 Environmental Management, page 123
	304-2	Significant impacts of activities, products, and services on biodiversity	4.9 Environmental Management, page 119
	304-3	Habitats protected or restored	4.9 Environmental Management, pages 120-121
GRI 306: Effluents and Waste 2016	306-2	Waste by type and disposal method	4.9 Environmental Management, page 121
	306-3	Significant spills	4.9 Environmental Management, page 122
People Management			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	3.2 Human Capital, pages 86-88
	103-2	The management approach and its components	3.2 Human Capital, pages 86-88
	103-3	Evaluation of the management approach	3.2 Human Capital, pages 86-88
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	4.10 People Management, pages 126-127
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	4.10 People Management, page 127
GRI 402: Labour / Management Relations 2016	402-1	Minimum notice periods regarding operational changes	4.10 People Management, page 127
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	4.10 People Management, pages 127-128
	404-2	Programs for upgrading employee skills and transition assistance programs	4.10 People Management, pages 128-129
	404-3	Percentage of employees receiving regular performance and career development reviews	4.10 People Management, page 129
GRI 405: Diversity and Equal Opportunity	405-1	Diversity of governance bodies and employees	4.10 People Management, page 130
	405-2	Ratio of basic salary and remuneration of women to men	4.10 People Management, pages 131-132
GRI EU	EU15	Percentage of employees eligible to retire in the next 5 and 10 years broken down by job category and by region	4.10 People Management, page 132
Community Involvement & Development			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	3.4.2 Contribute to the society, page 94
	103-2	The management approach and its components	3.4.2 Contribute to the society, pages 94-95
	103-3	Evaluation of the management approach	3.4.2 Contribute to the society, pages 94-95
GRI 202: Market Presence 2016	202-2	Proportion of senior management hired from the local community	4.11 Community Involvement & Development, page 135
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	4.11 Community Involvement & Development, page 135
	203-2	Significant indirect economic impacts	4.11 Community Involvement & Development, page 135
GRI 411: Rights of Indigenous People 2016	411-1	Incidents of violations involving rights of indigenous peoples	4.11 Community Involvement & Development, page 135
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	4.11 Community Involvement & Development, page 136
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Communication & Transparency			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	1.1.5 Stakeholder focus, page 26
	103-2	The management approach and its components	1.1.5 Stakeholder focus, page 27
	103-3	Evaluation of the management approach	1.1.5 Stakeholder focus, page 27
GRI 201: Economic Performance 2016	201-4	Financial assistance received from government	4.12 Communication & Transparency, page 137
GRI 206: Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly	4.12 Communication & Transparency, page 137
GRI 307: Environmental Compliance 2016	307-1	Non-compliance with environmental laws and regulations	4.12 Communication & Transparency, page 138
GRI 415: Public Policy 2016	415-1	Political contributions	4.12 Communication & Transparency, page 138
GRI 419: Socioeconomic Compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area	4.12 Communication & Transparency, page 138
Corporate Ethics			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	1.3.4 Integrity and Ethics, pages 40-41
	103-2	The management approach and its components	1.3.4 Integrity and Ethics, pages 40-41
	103-3	Evaluation of the management approach	1.3.4 Integrity and Ethics, pages 40-41
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	4.13 Corporate Ethics, page 139
	205-2	Communication and training on anti-corruption policies and procedures	4.13 Corporate Ethics, page 139
	205-3	Confirmed incidents of corruption and actions taken	4.13 Corporate Ethics, page 139
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	4.13 Corporate Ethics, page 139
GRI 407: Freedom of Association and Collective Bargaining 2016	407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	4.13 Corporate Ethics, page 140
GRI 408: Child Labour 2016	408-1	Operations and suppliers at significant risk for incidents of child labour	4.13 Corporate Ethics, page 140
GRI 409: Forced or Compulsory Labour 2016	409-1	Operations and suppliers at significant risk for incidents of forced or	4.13 Corporate Ethics, page 140

ANNEX III: INDEPENDENT VERIFICATION REPORT



INDEPENDENT VERIFICATION REPORT

To the shareholders of EDP Renováveis, S.Á.:

Pursuant to Article 49 of the Code of Commerce, we have verified, under a limited assurance scope, the accompanying State of non-financial information ("NFS") for the year ended 31 December 2018 of EDP Renováveis, S.A. and subsidiaries (hereinafter "EDPR") which forms part of EDPR's consolidated management report.

The content of the consolidated management report includes additional information to that required by current non-financial reporting regulations which has not been covered by our verification work. In this respect, our work has been restricted solely to verifying the information identified in the tables: Annex I: "State of non-financial information" and Annex II: "GRI content index" included in the consolidated management report.

Responsibility of the Board of Directors

The preparation of the NFS included in EDPR's consolidated management report and the content thereof are the responsibility of the Board of Directors of EDP Renováveis, S.A. The NFS has been drawn up in accordance with the provisions of current commercial legislation and with the Sustainability Reporting Standards of the Global Reporting Initiative ("GRI Standards") described in accordance with the Essential Option and the Sectorial Supplement *Electric Utilities*, in line with the details provided for each matter in the tables: Annex I: "State of non-financial information" and Annex II: "GRI content index" included in the consolidated management report.

This responsibility also includes the design, implementation and maintenance of the internal control considered necessary to allow the NFS to be free of any immaterial misstatement due to fraud or error.

The directors of EDP Renováveis, S.A. are also responsible for defining, implementing, adapting and maintaining the management systems from which the information required to prepare the NFS is obtained.

Our independence and quality control

We have complied with the independence requirements and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants ("IESBA") which is based on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

PricewaterhouseCoopers Auditores, S.L., Torre PwC, Pº de la Castellana 259 B, 28046 Madrid, España
Tel.: +34 915 684 400 / +34 902 021 111, Fax: +34 915 685 400, www.pwc.es

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Our firm applies the International Standard on Quality Control 1 (ISQC 1) and therefore has in place a global quality control system which includes documented policies and procedures related to compliance with ethical requirements, professional standards and applicable legal and regulatory provisions.

The engagement team has been formed by professionals specialising in non-financial information reviews and specifically in information on economic, social and environmental performance.

Our responsibility

Our responsibility is to express our conclusions in an independent limited verification report based on the work carried out in relation solely to fiscal year 2018. The data relating to previous years were not subject to current commercial legislation. Our work has been carried out in accordance with the requirements laid down in the current International Standard on Assurance Engagements (ISAE) 3000 Revised, Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000 Revised) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) and with the Guidelines for verification engagements on non-financial statements issued by the Spanish Institute of Auditors ("Instituto de Censores Jurados de Cuentas de España").

In a limited assurance engagement, the procedures performed vary in terms of their nature and timing of execution, and are less extensive than those carried out in a reasonable assurance engagement. Accordingly, the assurance obtained is substantially lower.

Our work has consisted of posing questions to Management and several EDPR units that were involved in the preparation of the NFS, in the review of the processes for compiling and validating the information presented in the NFS, and in the application of certain analytical procedures and review sampling tests, as described below:

- Meetings with EDPR personnel to ascertain the business model, policies and management approaches applied, the main risks related to these matters and to obtain the information required for the external review.
- Analysis of the scope, relevance and integrity of the contents included in the NFS for 2018, based on the materiality analysis carried by EDPR and described in section 4.1. "Materiality assessment" of the consolidated management report, considering the content required under current commercial legislation.
- Analysis of the procedures used to compile and validate the information presented in NFS for 2018.
- Review of information concerning risks, policies and management approaches applied in relation to material issues presented in the NFS for 2018.
- Verification, through sample testing, of the information relating to the content of the NFS for 2018 and its adequate compilation using data supplied by the EDPR's sources of information.
- Obtainment of a management representation letter from the Directors and Management.



Conclusions

Based on the procedures performed and the evidence we have obtained, no matters have come to light that might lead us to believe that EDPR's NFS, for the year ended 31 December 2018 has not been prepared, in all its significant aspects, in accordance with the provisions of current commercial legislation and the Sustainability Reporting Standards of the Global Reporting Initiative ("GRI Standards") following the Essential Option and the Sectorial Supplement "Electric Utilities", described in accordance with the details provided for each matter in tables: Annex I: "State of non-financial information" and Annex II: "GRI content index" included in the consolidated management report.

Use and distribution

This report has been drawn up in response to the requirement laid down in current Spanish commercial legislation and therefore might not be suitable for other purposes or jurisdictions.

PricewaterhouseCoopers Auditores, S.L.

A handwritten signature in blue ink, appearing to read 'Pablo Bascones', is written over a faint, circular stamp or watermark.

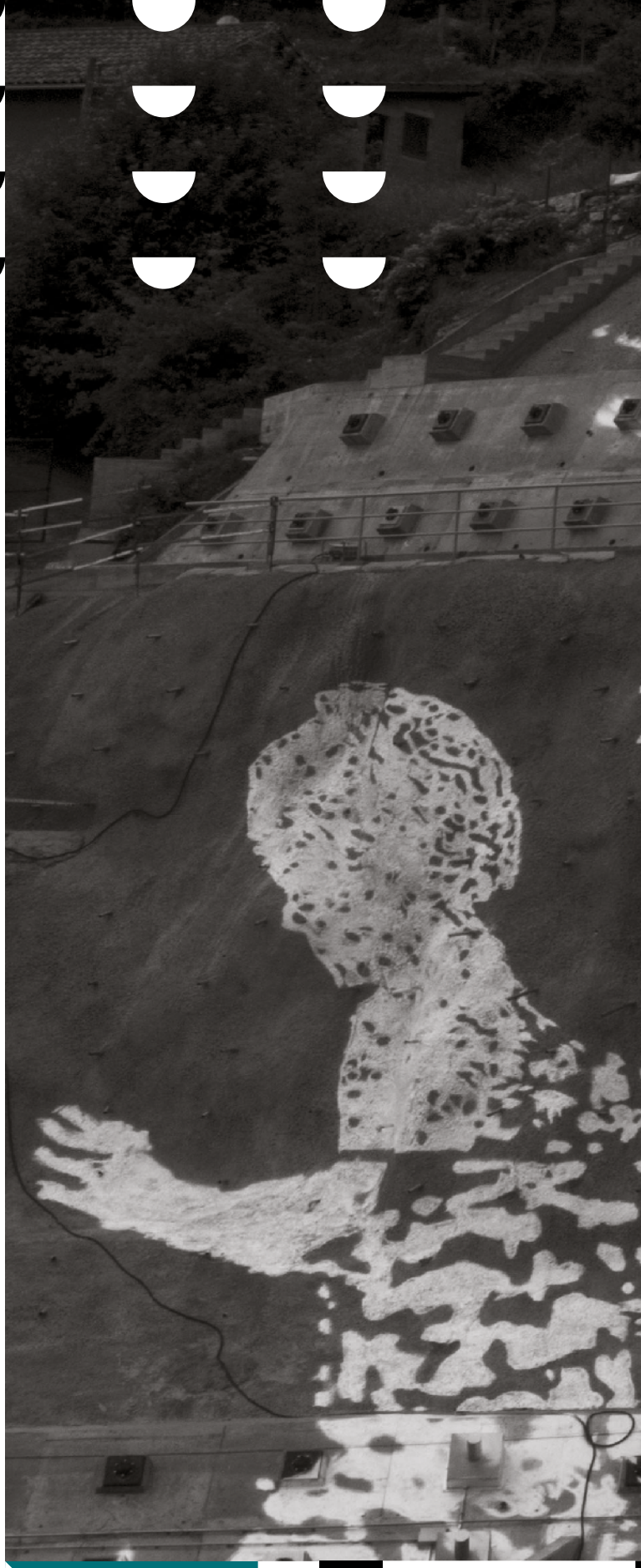
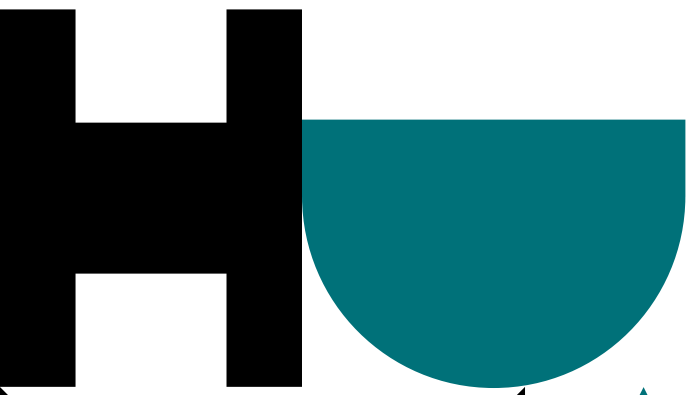
Pablo Bascones

28 February 2019

05

CORPORATE GOVERNANCE

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A large-scale projection of a human figure, possibly a person in a traditional or historical costume, is displayed on the facade of a building. The projection is in white against a dark background. The figure is shown from the waist up, with intricate details in the clothing. The building's structure, including a balcony with a railing and several windows, is visible. The overall scene is captured in a high-angle, slightly tilted perspective.

**WE
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HUMANITY**



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 30,000 institutional and private investors spread across 22 countries with main focus in the United States and United Kingdom.

Institutional Investors represent about 94% of Company shareholders (ex-EDP Group), mainly investment funds and socially responsible investors ("SRI"), while Private Investors, mostly Portuguese, stand for the remaining.

For further information about EDPR shareholder structure please see chapter 1.3 of the Annual Report ("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, as:

- 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 special system for the renewal or withdrawal of counter measures 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, 2018:

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	26,281,334	3.0%	3.0%
MFS Investment Management is an American based active and global asset manager. As a consequence of realized transactions, in November 26th, 2018, MFS Investment Management reported to Comisión Nacional del Mercado de Valores (CNMV) its qualified position as collective investment institution.			
TOTAL QUALIFIED HOLDINGS	746,472,706	85.6%	85.6%

As of December 31st, 2018, EDPR's shareholder structure consisted of a total qualified shareholding of 85.6%, with EDP and MFS Investment Management detaining 82.6% and 3.0% 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 its delegated Committees, do not own directly or indirectly any shares from EDPR as of December 31st, 2018.

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. In this regard, the Board is specifically 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 concluding cases, trials and proceedings, consenting to rulings, filing appeals, including cassation and other extraordinary appeals, desisting and agreeing, reaching settlement, compromising in arbitration proceedings, issuing notices and summonses and granting Powers 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 interim 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 location within the same municipal area;
- Incorporate legal entities under the terms stipulated in the law; assigning and investing in them all kind of goods 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.

Additionally, within the functions of the Board of Directors there are some particular competences that are considered as non-delegable and as such, have to be performed at this level, which 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 Headquarters;
- 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;
- Its own organization and functioning;
- 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

Likewise, the General Shareholders' Meeting held in April 9th 2015, 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 related tasks 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. In accordance with article 180 of the Spanish Companies' Law, all the Board Members are obliged to attend the General Meetings.

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 as member of the Board for a three-year (3) term by the General Shareholders' Meeting held in June 27th, 2018, and for the position of Chairman of the Board of Directors on its meeting subsequently held on the same date.

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 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 EDPR 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.

As informed in the related Notice and in the Shareholders' Guide prepared and published for each General Shareholders' Meeting, in order to exercise their right to attend, 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 by means of a revocable Power of Attorney (even if such representative is not a shareholder). 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.

According to the applicable law and the Company's Articles of Association, the notice of EDPR's General Shareholders' Meetings is published in the Official Gazette of the Commercial Registry and on the Company's website at least 30 days prior to the meeting date. Likewise, the notice of the General Shareholder's Meeting is published in the website of the management entity of the regulated market (NYSE Euronext, Lisbon) and on the website of the *Comissão do Mercado de Valores Mobiliários* ("CMVM") - at www.cmvm.pt - and of the *Comisión Nacional del Mercado de Valores* ("CNMV") - at www.cnmv.es - as the case may be. Simultaneously with the publication of the meeting notice, the supporting documentation in relation to the General Shareholders' Meeting is published on the CMVM website. Likewise, as soon as the notice of the meeting is formally published, the following information and documentation related to the General Shareholders' Meeting is made available to the shareholders at the Company's website (www.edprenovaveis.com):

- the notice of the General Shareholders' Meeting;
- the total number of shares and voting rights at the date of the Meeting notice;
- the template letter expressing the intention to attend the Meeting, the template of the letter of representation and the template of the ballot to be sent by mail, and also, the links to the electronic platforms that the Company provides for the telematic submission of the intention to attend and the voting on the topics included in the Agenda;
- the full texts of the proposed resolutions (included when received if such were the case, those proposed by shareholders) and related supporting documentation, that will be submitted to the General Shareholders' Meeting for approval;
- The Shareholders' Guide;
- The consolidated texts in force (Articles of Association and the other applicable regulations).

The Company includes the English and Portuguese versions of the information and documents related to the General Shareholders' Meeting on its website (www.edpr.com) as quickly as possible after the notice of the meeting. In the event of any discrepancy between the versions in the three languages, the Spanish version of the documents is the one that prevails.

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 (in this latest case, through a telematic vote platform made available at the Company's website), and in any case providing the documentation indicated in the Shareholder's Guide.

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 among other matters, the procedure and requirements for the submission through mail and electronic communication of voting forms. This Guide is available at the Company's website (www.edpr.com).

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 Corporate Governance Code of the Instituto Português de Corporate Governance ("IPCG"), resulted as of the Protocol signed on October 13th, 2017 between the Comissão do Mercado de Valores Mobiliários ("CMVM" - Portuguese Securities Market Commission) and the IPCG. This governance code is available at the IPCG website (<https://cam.cgov.pt/>).

The governance structure of EDPR is the one applicable under its personal law that comprises a General Shareholders' Meeting and a Board of Directors that represents and manages the Company. Additionally, with the purpose of adapting this structure to the Portuguese legislation to the extent possible, parallelly seeks to correspond it 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 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.

In line with its governance model above referred, and as contemplated in the law, its Articles of Association and detailed along topics 15 -29 of this Chapter 5 of the Annual Report, EDPR does not have a Supervisory Board, but its Board of Directors has set up three delegated Committees entirely composed by Members of the Board of Directors: the Executive Committee, the Audit, Control and Related-Party Transactions Committee and the Nominations and Remunerations Committee. This structure and its functioning, enables a fluent workflow between all levels of the governance model, as: i) each of the delegated Committees shall report the decisions taken to the Board of Directors (drafting the minutes of each of the meetings and also providing whatever further clarification is required by the Board), and ii) as the Committee Members are also members of the Board, all of them will also receive the complete information at Board of Directors level (as convening of the meetings, supporting documents and related minutes) in order to take the corresponding decisions, and all in all, thus ensuring in time and manner the access to all the information to the whole Board of Directors in order to appraise the performance, current situation and perspectives for the further development of the Company.

In order to ensure a better understanding of EDPR corporate governance, the Company publishes its updated Articles of Association as well as the Board of Directors' and delegated Committees' Regulations at its website (www.edpr.com). This internal regulations include among others, the corresponding duties and functioning procedures, that have been defined with the aim of ensuring the adequacy in terms of time and manner, of the elaboration, management and access to the information, in order to proceed at each level with the corresponding acknowledgements and decisions. In line with this

internal regulations, the notices and supporting documents of the topics to be discussed in each meeting of the Board and of each of its Committees are sent to the corresponding members in advance to their proper discussion during the meeting. Additionally the minutes of all meetings are drawn and also circulated.

The links of the Company Website that refers to the information of the Governing Bodies and its regulations are indicated in topics 59-65 of this Chapter 5 of the Annual Report.

The governance model of EDPR was designed to ensure the transparent and meticulous separation of duties, management and the specialization of supervision, through the following governing bodies:

- General Shareholders' Meeting
- Board of Directors
- Executive Committee
- Audit, Control and Related Party Transactions Committee

The experience gained operating the company through this structure indicates that the governance model approved by EDPR shareholders, and adopted in EDPR, is the most appropriate in line with 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, Control and Related Party Transactions Committee and oversight by different Board of Directors delegated committees.

The institutional and functional relationship between the Executive Committee, the Audit, Control and Related Party Transactions Committee and the other Non-Executive members of the Board of Directors has been of internal harmony conducive 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, EDPR has 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, after the previous advice of the Nominations and Remunerations Committee, the Board of Directors would submit a proposal to the General Shareholders' Meeting (including for sake of clarity, the curriculum vitae of the candidates, which will be publicly disclosed with the other supporting documents of the meeting in the terms referred in topic 13 above). The appointment proposals should be approved by majority. For more information about the composition of the Board of Directors please check the Sustainability Chapter of the Annual Report at its topic GRI 405-1, and the Annex I of this Chapter 5, which includes the curricular details of its Members.

Additionally, 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.

Finally, pursuant to Article 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.

17. COMPOSITION OF THE BOARD OF DIRECTORS

Pursuant to Article 20 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. As also referred in the Company Articles of Association (Article 21) the term of office of the Board Members shall be of three (3) years, and may be re-elected once or more times for equal periods.

In 2018, EDPR received a notification from Axxion, SA, Moneta Asset Management and Massachusetts Financial Services Company, announcing the establishment of a group of shareholders holding 51,583,595 shares which represented the 5.913% of EDPR's share capital, requesting the exercise of the right of proportional representation in the Board of Directors. After confirming that the applicable requirements necessary to the exercise of this right were duly complied, Alejandro Fernández de Araoz Gómez-Acebo, resulted appointed as Member of the Board of EDPR for a three-year term through the exercise of the right of proportional representation of these grouped shareholders at the Extraordinary General Meeting held in June 27th, 2018.

In this Extraordinary Shareholder's Meeting the following decisions were also approved: i) appointment of Conceição Lucas and Maria Teresa Costa as new Members of the Board of Directors, and ii) the number of Directors that shall comprise the Board of Directors was established in a total of fifteen (15) positions taking into consideration criteria as the size of the Company, its shareholder structure and the relevant free float and the complexity of the risks intrinsic to its activity.

As of 31st December 2018, the Board of Directors is composed by the following fourteen (14) Directors:

BOARD MEMBER	POSITION	DATE OF FIRST APPOINTMENT	DATE OF RE-ELECTION	END OF TERM
António Mexia	Chairman	18/03/2008	27/06/2018	27/06/2021
João Manso Neto	Vice-Chairman CEO	18/03/2008	27/06/2018	27/06/2021
João Paulo Costeira*	Director	21/06/2011	27/06/2018	27/06/2021
Duarte Bello	Director	26/09/2017	27/06/2018	27/06/2021
Miguel Ángel Prado	Director	26/09/2017	27/06/2018	27/06/2021
Manuel Menéndez Menéndez	Director	04/06/2008	27/06/2018	27/06/2021
Gilles August	Director	14/04/2009	27/06/2018	27/06/2021
Acácio Piloto	Director	26/02/2013	27/06/2018	27/06/2021
António Nogueira Leite	Director	26/02/2013	27/06/2018	27/06/2021
Allan J. Katz	Director	09/04/2015	27/06/2018	27/06/2021
Francisca Guedes De Oliveira	Director	09/04/2015	27/06/2018	27/06/2021
Francisco Seixas da Costa	Director	14/04/2016	27/06/2018	27/06/2021
Conceição Lucas**	Director	27/06/2018	-	27/06/2021
Maria Teresa Costa Campi**	Director	27/06/2018	N/A	N/A
Alejandro Fernandez de Araoz	Director	27/06/2018	-	27/06/2021

* Please note that with effects from February 15th, 2019, João Paulo Costeira presented his resignation to this position.

**In 2018, in accordance with the proposals submitted by the Nominations and Remunerations Committee, the Board of Directors agreed to propose to the Extraordinary Shareholders Meeting held on June 27, to appoint Conceição Lucas and Maria Teresa Costa Campi as Members of the Board of Directors of EDPR. Subsequently, with effects September 25th, 2018, Maria Teresa Costa presented her resignation to this position due to her appointment as Director in a Stated owned Company

18. EXECUTIVE, NON-EXECUTIVE AND INDEPENDENT MEMBERS OF THE BOARD OF DIRECTORS

The independence of the Directors is evaluated according to the Company's personal law, the Spanish law. Likewise, EDPR Board of Directors regulations and in particular 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.

Corporate Governance recommendations of the IPCG Code state that the number of non-executive directors should be higher than the number of executive directors, and that at least of one third over the total members shall be non-executive members that also comply with the independence criteria. Additionally, in order to establish the specific number of non – executive members, also recommend to consider criteria as the size of the company and the complexity of the risks intrinsic to its activity in a way that ensures the efficiency of the duties performed by such non- executive directors. In compliance of all of the above, provided that the independence criteria applicable to EDPR Directors are the ones established under its personal law, from a total of 14 members of EDPR's Board of Directors as of 31st 2018, ten (10) are non-executive, from which a total of eight (8) are also independent. Also in line with the recommendations above indicated, the Audit, Control and Related Party Transactions Committee is composed by three (3) members, all of them non- executive and independent.

Spanish law, Regulations of the Board of Directors and Company Articles of Association regulate the criteria for the incompatibilities with the position of Director. Specifically, Article 23 of the Articles of Association, establish that the following can 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 prevention and avoidance of the conflict of interest in the performance of the duties of the Board of Directors of EDPR is regulated in line with the terms contained in article 229 of the Spanish Companies Law. The Board Members shall annually sign an statement declaring their compliance with the terms of such requirements and their commitment to notify any variation in the information declared under the statement as soon as it may occur, in order to fully comply with the loyalty duty and avoid any interference or irregularity in any decision-making process.

In accordance with the law and pursuant the last amendment of Articles of Association, it has been established that Non-Executive Directors can only be represented in the Board meetings by other Non-Executive Director. The following table includes the executive, non-executive (including its Chairman, that does not have executive duties) 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	-
Manuel Menéndez Menéndez	Non-Executive Director	-
Gilles August	Non-Executive and independent Director	Yes
Acácio Piloto	Non-Executive and independent Director	Yes
António Nogueira Leite	Non-Executive and independent Director	Yes
Allan J. Katz	Non-Executive and independent Director	Yes
Francisca Guedes De Oliveira	Non-Executive and independent Director	Yes
Francisco Seixas da Costa	Non-Executive and independent Director	Yes
Conceição Lucas	Non- Executive and independent Director	Yes
<i>Maria Teresa Costa Campi**</i>	<i>Non- Executive Director</i>	<i>Yes</i>
Alejandro Fernandez de Araoz	Non-Executive Director	-

*Please note that with effects from February 15th, 2019, João Paulo Costeira presented his resignation to this position.

**With effects September 25th, 2018, Maria Teresa Costa presented her resignation to this position due to her appointment as Director in a Stated owned Company.

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 I 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 2018, 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:

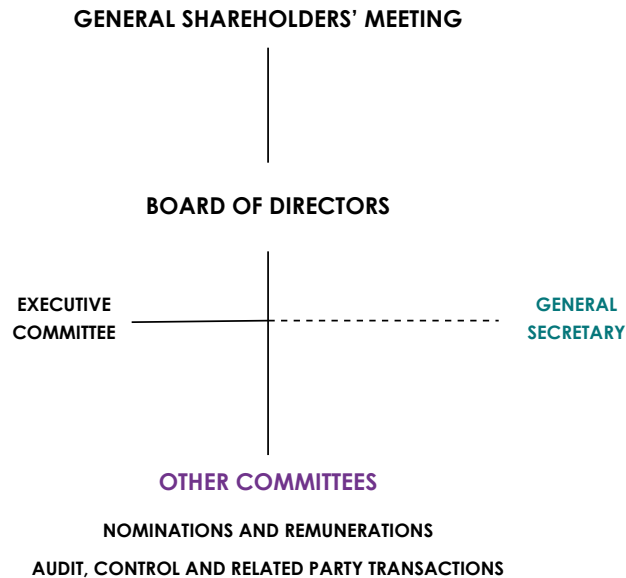
- António Mexia;
- João Manso Neto;
- Manuel Menéndez Menéndez.

Or employees in other companies belonging to EDP's Group, which are the following:

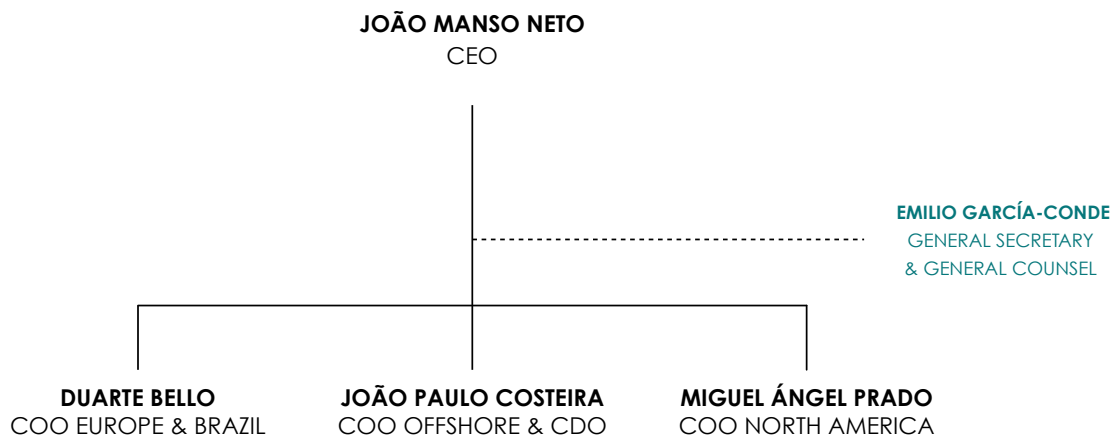
- João Paulo Costeira;
- Duarte Bello;
- Miguel Ángel Prado.

21. MANAGEMENT STRUCTURE

As exposed in topic 15 above, the governance model of EDPR was designed to ensure the transparent and meticulous separation of duties and the specialization of supervision through the following structure of its governing bodies:



- **General Shareholders' Meeting:** which is the body in which the shareholders participate. Represents the Company with the full authority corresponding to its legal personality and has the power to deliberate, vote and adopt decisions, particularly on matters that the law and Articles of Association reserve for its decision and must be submitted for its approval.
- **Board of Directors:** that represents and administrates the Company under the broadest powers of management, supervision and governance with no limitations other than the responsibilities expressly and exclusively granted to the jurisdiction of the General Shareholders Meeting in the Company's Articles of Association or in the applicable law.
- **Executive Committee:** which is the delegated body of the Board of Directors, entrusted to perform the daily management of the business. According to the Spanish Law and Spanish companies' practices this duties are normally 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. EDPR's Executive Committee is composed by the following members that are also Joint Directors:



- **Other Delegated Committees:** as regulated by the applicable Law and pursuant to the best corporate governance recommendations, EDPR has set up two additional specialized internal committees:
 - The Audit, Control and related Party Transactions Committee, whose main duties are the appointment of the company's auditors and the internal risk management and control systems, supervision of internal audits and compliance and also ratification of transactions between EDPR and EDP and between its related parties, qualified shareholders, directors, key employees or their relatives.
 - The Nominations and Remunerations Committee, whose main duties are the assistance and report to the Board of Directors in the appointments, re-elections, dismissals, evaluation and remunerations of the members of the Board of Directors.

b) FUNCTIONING

22. BOARD OF DIRECTORS REGULATIONS

EDPR's Board of Directors Regulations are available at Company's website (www.edpr.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 ended on December 31st, 2018, the Board of Directors held ten (10) meetings. The notices and supporting documents of the topics to be discussed in each meeting are sent to the Board members in advance to their proper discussion during the meeting. Additionally the minutes of all meetings are drawn and also circulated. The table below expresses the attendance percentage of the participation of the Directors to the meetings held during 2018:

BOARD MEMBER	POSITION	ATTENDANCE
António Mexia	Chairman and Non-Executive Director	80%
João Manso Neto	Executive Vice-Chairman and Executive Director	100%
João Paulo Costeira	Executive Director	70%
Duarte Bello	Executive Director	90%
Miguel Ángel Prado	Executive Director	90%
Manuel Menéndez Menéndez	Non-Executive Director	90%
Gilles August	Non-Executive Director	80%
Acacio Piloto	Non-Executive Director	100%
António Nogueira Leite	Non-Executive Director	100%
Allan J. Katz	Non-Executive Director	60%
Francisca Guedes De Oliveira	Non-Executive Director	100%
Francisco Seixas da Costa	Non-Executive Director	90%
Conceição Lucas	Non- Executive Director	100%*
<i>Maria Teresa Costa Campi</i>	<i>Non- Executive Director</i>	<i>100%</i>
Alejandro Fernandez de Aroz	Non-Executive Director	100%**

*The percentage reflects the meetings attended by the Members of the Board, provided that Conceição Lucas and Alejandro Fernandez de Aroz joined the Board in June 27th 2018, and therefore, the percentage expressed is calculated over the meetings celebrated since then.

**With regards of the percentage assistance reflected for Maria teresa Costa Campi, should be taken into account that she was appointed as Member of the Board also in June 27th 2018 but presented her resignation with effects September 25th due to her appointment as Director in a State owned Company, and thus the percentage shown in the table reflects the attendance within this period.

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 Chapter 5 of the Annual 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. Additionally, Executive Directors of EDPR, do not perform any other executive duties outside the Group. 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 I of this report.

c) COMMITTEES WITHIN THE BOARD OF DIRECTORS OR SUPERVISORY BOARD AND MANAGING DIRECTORS

27. BOARD OF DIRECTORS' COMMITTEES

As previously exposed, and as specifically foreseen in Article 10 of the Company's Articles of Association, the Board of Directors may have delegated bodies. The Board of Directors of EDPR has set up three Committees:

- Executive Committee
- Audit, Control and Related-Party Transactions Committee
- Nominations and Remunerations Committee

With the exception of the Executive Committee, the other Committees are composed of independent members.

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.

As of December 31st 2018, 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

COMPOSITION

The composition of the Executive Committee is described on the previous topic.

COMPETENCES

The Executive Committee is a permanent body in charge of the daily management of the Company, to which all the competences of the Board of Directors that are delegable under the law and the Articles of Association can be assigned.

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.edpr.com).

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 notices and supporting documents of the topics to be discussed in each meeting of this Committee are sent to its members in advance to their proper discussion during the meeting, being the minutes of all meetings drawn and also circulated. Additionally, 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, Control and related Party Transactions Committee and to the rest of the members of the Board, the convening notices and inform about of its decisions at the first Board meeting after each committee meeting.

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.

2018 ACTIVITY

In 2018 the Executive Committee held 49 meetings. The Executive Committee's main activity is the daily management of the Company.

AUDIT, CONTROL AND RELATED PARTY TRANSACTIONS COMMITTEE

In 2018 it was decided an adjustment of the number of Board Members in fifteen (15), and therefore, following the best corporate governance recommendations according to which the governing bodies of listed companies shall have an adequate dimension to perform efficiently its functions, and in order to avoid inefficiencies due to potential overlapping of some of the functions of both the Audit and Control Committee and the Related Party Transactions Committee, it was also decided to simplify the corporate governance structure by merging these two Committees into one single one that resulted to be named Audit, Control and Related Party Transactions Committee.

COMPOSITION

Pursuant to Article 28 of the Company's Articles of Association and Article 9 of the Committee's Regulations, the Audit, Control and Related Party Transactions 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, Control and Related Part Transactions Committee is a maximum of six (6) years. Following the opinion presented by the Nominations and Remuneration Committee, its Chairman, Acacio Piloto, was first elected for this position on June 27th, 2018.

The Audit, Control and Related Party Transactions Committee consists of three (3) independent members, plus the Secretary who as of December 31st 2018, are the following:

- Acacio Piloto, who is the Chairman
- Francisca Guedes de Oliveira
- Antonio Nogueira Leite

Additionally, Mr. Emilio García-Conde Noriega is the Secretary of the Audit, Control and 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

Without prejudice to other duties that the Board may assign to this Committee, it shall perform supervisory functions of Audit and Control independently from the Board of Directors, as well as, supervisory functions of the transactions between Related Parties, as follows:

A) Audit and Control functions:

- Reporting through the Chairman on questions falling under its jurisdiction to the General Shareholders' Meetings;
- 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;

B) Related Party Transactions functions:

- Periodically reporting to the Board of Directors on the commercial and legal relations between EDP or related entities and EDP Renováveis or related entities;
- In connection with the approval of the Company's annual results, reporting on the commercial and legal relations between the EDP Group and the EDP Renováveis Group, and the transactions between related entities during the fiscal year in question;
- Ratifying transactions between EDP and/or related entities with EDP Renováveis and/or related entities by the stipulated deadline in each case, provided that the value of the transaction exceeds €5,000,000 or represents 0.3% of the consolidated annual income of the EDP Renováveis Group for the fiscal year before;
- Ratifying any modification of the Framework Agreement signed by EDP and EDP Renováveis on 7 May 2008;
- Making recommendations to the Board of Directors of the Company or its Executive Committee regarding the transactions between EDP Renováveis 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 1,000,000€;
- Ratifying, in the correspondent terms according to the necessities of each specific case, the transactions between Board Members, "Key Employess" and/or Family Members with entities from EDP Renováveis Group whose annual value is superior to 75,000€.

If the Audit, Control and 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, the validity of such relations must be approved by 2/3 of the members of the Board of Directors, provided that at least one half of the members proposed by entities other than EDP, as well as those related with Qualifying Holders other than EDP, Board Members, "Key Employess" and/or there Family Members, including independent directors, vote in favour, 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 above shall not apply to transactions between EDP or its related entities and EDP Renováveis or its related entities are carried out under standardized conditions and are applied equally to different related entities of EDP and EDPR, even standardized price conditions.

As a normal practice, the Related Party transactions agreements analyzed by this Committee are then submitted to the Board of Directors for its approval.

FUNCTIONING

In addition to the Articles of Association and the law, this Committee is governed by its regulations approved on June 27th 2018, which are available at the Company's website (www.edpr.com).

The committee shall meet at least once a quarter and additionally whenever its Chairman sees fit. The notices and supporting documents of the topics to be discussed in each meeting of this Committee are sent to its members in advance to their proper discussion during the meeting. Additionally, 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.

2018 ACTIVITY

In 2018 the Audit, Control and Related Party Transactions Committee's activities included the following:

A) Audit and Control Activities:

- Monitor the closure of quarterly accounts, first half-year and year-end accounts;
- 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;
- Submission of the Proposal to the Board of Directors (including contractual conditions and scope) of the appointment of PriceWaterhouseCoopers S.L. as the new External Auditor of EDPR, to its presentation to the General Shareholders' Meeting held the 3rd April 2018);
- 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 (including the Corporate Governance report) and accounts, in a quarterly, half year and yearly basis;
- Monitoring of the 2018 Internal Audit Action Plan and pre-approval of draft prepared for the 2019 Internal Audit Action Plan;
- Monitoring of the recommendations issued by Internal Audit;
- Supervision of the quality, integrity and efficiency of the internal control system, risk management and internal auditing;
- Information about Whistle-Blowing;
- Issuance of the Opinion of the Committee regarding the "non audit" services to be rendered by the Sociedad Revisora Oficial de Cuentas (SROC) of EDP – Energías de Portugal;
- Information about the contingencies affecting to the Group;
- Information about the proposal of application of results for the fiscal year ended on December 31st 2017 and the distribution of dividends;
- Quarterly and annual report of its activities during 2018 and self-assessment about its performance.

B) Related Party Transactions Activities:

In 2018, the Audit, Control and 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.

Section E – I, topic 90 of Chapter 5 this Annual Report includes a description of the fundamental aspects of the agreements and contracts between related parties.

The Audit, Control and Related Party transactions 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 2018 is described at topic 35.

NOMINATIONS AND REMUNERATIONS COMMITTEE

COMPOSITION

Pursuant to Article 29 of the Company's Articles of Association and Article 9 the Nominations and Remunerations Committee Regulations, this 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 its Chairman.

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 V.2.1. of the Corporate Governance Code of IPCG (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.

Since June 27th, 2018 and as of December 31st 2018, the Nominations and Remunerations Committee consists of three (3) independent members, who are the following:

- Antonio Nogueira Leite, who is the Chairman
- Francisco Seixas da Costa
- Conceição Lucas

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 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 (including nominations 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.

This committee shall meet at least once every quarter and also whenever its Chairman sees fit. The notices and supporting documents of the topics to be discussed in each meeting of this Committee are sent to its members in advance to their proper discussion during the meeting. Additionally, 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.

2018 ACTIVITY

In 2018 the Nominations and Remunerations Committee held five (5) meetings, and the main activities performed were:

- Proposing to the Board of Directors the submission to the Shareholder's Meeting of the proposal of ratification of the appointments by co-option of Duarte Bello and Miguel Ángel Prado as new members of the Board of Directors;
- Performance evaluation of the Board of Directors and the Executive Committee;
- Drafting of the Declaration of the Board of Directors Remuneration Policy (Remuneration Model for 2017-2019) as well as the applicable Long Incentive Plans, to be proposed to the Board of Directors for its submission 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 the re-election of Directors, and the names of the candidates of new members of the Board, to its submission by the Board of Directors to the Extraordinary Shareholder's Meeting held in June 27th, 2018;
- Proposing to the Board of Directors to its submission to the Extraordinary Shareholder's Meeting held in June 27th, 2018, the adjustment of the number of Members of the Board in fifteen (15);
- In line with the adjustment of the composition of the Board of Directors, and following the best Corporate Governance practices, proposing the merge of the Audit and Control Committee and the Related Party Transactions Committee in one single one named Audit, Control and Related Party Transactions Committee, as well as the related modification of the Articles of Association to be proposed Extraordinary Shareholder's Meeting held in June 27th, 2018;
- Proposing to the Board of Directors the re-election of its Chairman and Vice-Chairman;
- Proposing to the Board of Directors the re-election of the Chief Executive Officer and the Joint Directors, as well as and the approval of the corresponding delegation of faculties to such positions;
- Proposing to the Board of Directors the re-election of the members of the Executive Committee;
- Proposing to the Board of Directors of the appointment of the members and Chairman of the Audit, Control and Related Party Transactions Committee, and also establishing its composition in a total of three members;
- Proposing to the Board of Directors of the appointment of the members and Chairman of the Nominations and Remunerations Committee;
- Considering the merger of the Audit, Control and Related Party Transactions Committee, proposing to the Board of Directors the amendment of the regulations of the Ethics Committee in line with this new structure, as well as appointing the Compliance Officer of EDP Renovaveis (Emilio García- Conde Noriega) as the third member of this Committee;
- In view of the vacancy left by María Teresa Costa Campi in the Audit, Control and Related Party Transactions Committee in September 2018, analysing the potential profile, background and expertise of the potential candidates to cover it, and finally proposing to the Board of Directors the appointment of the new member for this Committee

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, Control and Related Party Transactions Committee.

31. COMPOSITION OF THE AUDIT, CONTROL AND RELATED PARTY TRANSACTIONS COMMITTEE

Until June 27th, 2018 the Audit and Control Committee and the Related Party Transactions Committee were two different Committees, and their composition was the following:

- Audit and Control Committee:

BOARD MEMBER	POSITION	DATE OF FIRST APPOINTMENT
Jorge Santos	Chairman	3/05/2011
João Manuel de Mello Franco	Vocal	04/06/2008
João Lopes Raimundo	Vocal	11/04/2011

- Related Party Transactions Committee:

BOARD MEMBER	POSITION	DATE OF FIRST APPOINTMENT
Jose Ferreira Machado	Chairman	26/02/2013
Acacio Piloto	Vocal	14/12/2016
Francisca Guedes	Vocal	9/04/2015

As of June 27th, 2018, both Committees were merged, and from such date its composition is the following:

BOARD MEMBER	POSITION	DATE OF FIRST APPOINTMENT
Acacio Piloto	Chairman	27/06/2018
Francisca Guedes de Oliveira	Vocal	27/06/2018
<i>Maria Teresa Costa Campi*</i>	<i>Vocal</i>	<i>27/06/2018</i>
Antonio Nogueira Leite	Vocal	6/11/2018

*Maria Teresa Costa presented her resignation as member of the Board of Directors, and therefore as member of the Audit, Control and Related Party Transactions Committee, with effects September 25th, 2018. In order to cover her vacancy in this Committee, considering the proposal submitted by the Nominations and Remunerations Committee, the Board of Directors approved on its meeting held on November, 6th, 2018, to appoint Antonio Nogueira Leite as new member of the Audit, Control and Related Part Transactions Committee.

32. INDEPENDENCE OF THE MEMBERS OF THE AUDIT, CONTROL AND RELATED PARTY TRANSACTIONS COMMITTEE

Information concerning the independence of the members of the Audit, Control and Transactions Party Committee is available on the chart of topic 18 of this Chapter 5 of the Annual 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, CONTROL AND RELATED PARTY TRANSACTIONS COMMITTEE

Professional qualifications of each member of the Audit, Control and Related Party Transactions Committee and other important curricular information, are available in the Annex I of this Chapter 5 of the Annual Report.

b) FUNCTIONING

34. AUDIT, CONTROL AND RELATED PARTY TRANSACTIONS COMMITTEE REGULATIONS

The Audit, Control and Related Party Transactions Committee regulations are available at the Company's website (www.edpr.com) and at the Company's Headquarters at Plaza de la Gesta, 2, Oviedo, Spain.

35. NUMBER OF MEETINGS HELD BY THE AUDIT, CONTROL AND RELATED PARTY TRANSACTIONS COMMITTEE

The Audit, Control and Related Party Committee is a result of the merger entered into effect in 2018 of the former Audit and Control Committee and the Related Party Transactions Committee. Prior to this merger, and during 2018, the Audit and Control Committee held four (4) formal meetings and several follow up meetings. In the case of the Related Party Transactions Committee, two (2) meetings were held prior to the merger. Since the merge and until December 31st, 2018, the Audit, Control and Related Party Committee held four (4) meetings.

The following tables reflect the attendance of its members during 2018, provided that the percentage included is calculated over the meetings celebrated during the term of office of each director within this year :

BOARD MEMBER	POSITION	ATTENDANCE
Committee members between January 1st, 2018 and June 27th, 2018		
Jorge Santos	Chairman	100%
João Manuel de Mello Franco	Vocal	100%
João Lopes Raimundo	Vocal	100%
Committee members between 27th June, 2018 and December 31st, 2018		
Acacio Piloto	Chairman	100%
Francisca Guedes de Oliveira	Vocal	100%
<i>Maria Teresa Costa Campi*</i>	<i>Vocal</i>	<i>100%</i>
Antonio Nogueira Leite	Vocal	100%

* Maria Teresa Costa Campi, presented her resignation to the position as member of the Board with effects September 25th 2018, and therefore the percentage included in the table refers to the period since her appointment until such date.

36. AVAILABILITY OF THE MEMBERS OF THE AUDIT, CONTROL AND RELATED PARTY TRANSACTIONS COMMITTEE

The members of the Audit, Control and Related Party Transactions 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 Annex I of this Chapter 5 of the Annual Report.

c) POWERS AND DUTIES

37. PROCEDURES FOR HIRING ADDITIONAL SERVICES TO THE EXTERNAL AUDITOR

In accordance to the Recommendation VII.2 of the IPCG Corporate Governance Code, in EDPR there is a policy of pre-approval by the Audit, Control and Related Party Transactions Committee for the selection of the External Auditor and any related entity for the provision of non-audit services. This policy was strictly followed during 2018.

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, Control and Related Party Transactions Committee according to Article 8.A), 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 2018 such services reached only around 7.17% of the total amount of services provided to the Company.

38. OTHER DUTIES OF THE AUDIT, CONTROL RELATED PARTY TRANSACTIONS COMMITTEE

Apart from the competences expressly delegated on the Audit, Control and Related Party Transactions Committee according to Article 8 of its Regulations and in order to safeguard the independence of the External Auditor, the following powers of this Committee were exercised during the 2018 financial year and should be highlighted:

- 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;
- 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, Control and Related Party Transactions Committee. This information is included on the annual report of the Audit, Control and Related Party Transactions 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 is safeguarded by the implementation of the Company's policy for the pre-approval of the services to be requested 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, and considering the particularities of the local regulations applicable as the case may be. According to such policy, the Audit, Control and Related Party Transactions 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. On 3 March 2016, it was approved at Group level the Regulation on the provision of services by the Statutory Auditor or Statutory Audit Firm, which defines and promotes criteria and methodologies to safeguard the independence of the in the Audit and Non-Audit Services (SDA).

The information about the External Auditor is available in topics 42 to 47 of Section V of this Chapter 5 of the Annual Report.

42. EXTERNAL AUDITOR IDENTIFICATION

EDPR's External Auditor is, since its appointment by the Shareholder's Meeting held on April 3rd, 2018, PricewaterhouseCoopers Auditores, S.L., a Spanish Company whose audit partner in charge is Iñaki Goiriena. PricewaterhouseCoopers Auditores S.L. is registered at the Spanish Official Register of Auditors under number S0242 and with Tax Identification Number B-79031290.

43. NUMBER OF YEARS OF THE EXTERNAL AUDITOR

PricewaterhouseCoopers Auditores, S.L. is in charge of the audit of EDPR's accounts for the years 2018, 2019 and 2020, being 2018 the first year performing these duties.

44. ROTATION POLICY

According to the personal Law of EDPR -the Spanish Law- amended in 2015, the maximum term for an audit firm as the External Auditor of a company 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. ended its last consecutive year as EDPR's External Auditor from the date that it became Public Interest Entity and therefore, following the proposal of the Audit and Control Committee presented to the Board of Directors to its submission to the General Shareholders' Meeting, on its meeting held on 3rd April 2018 it was approved to appoint PricewaterhouseCoopers Auditores, S.L as EDPR's new External Auditor for the years 2018, 2019 and 2020.

45. EXTERNAL AUDITOR EVALUATION

The Audit, Control and Related Party transactions Committee is responsible for the evaluation of the External Auditor according to the competences granted by its Regulations, which is performed with an annual periodicity. This Committee also acts as the company speaker with the External Auditor, with whom establishes a permanent contact throughout the year to assure the conditions, including the independence, adequacy to the services provided by them related to the auditing process. In particular with regards to the monitoring of the independence in the provision services, the External Auditor shall sign an annual statement declaring its independence.

In 2018, according to the Audit, Control and Related Party Transactions Committee's competences and in line with Recommendation VII.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 as well as any other matters related to the auditing of accounts. Additionally, in compliance with the auditing standards in effect at any time, it also receives and maintains the record of information about other matters as provided in the applicable auditing and accounting legislation. 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 Audit, Control and Related Party Transactions Committee 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, Control and Related Party Transactions Committee for the selection non-audit services according to Article 8.A),b) of the Audit, Control and Related Party Transactions Committee Regulations.

The identification of such non-audit services is performed under the rules issued by the European Union on this matter, in particular under Regulation 537/2014 and the Spanish Auditing Law n° 22/2015, of 20th July, as well as when applicable, in line with the particularities of the local regulations where the service is to be provided. As previously exposed, the Audit, Control and Related Party Transactions shall receive an specific pre-approval request of other services that will eventually be provided by the External Auditors, in particular, tax consultancy services and services other than "audit and audit related" services.

During 2018 the non-audit services provided by PricewaterhouseCoopers Auditores, S.L the External Auditor for EDPR's business units consisted mostly on i) limited review as of June 30, 2018 of the EDPR Consolidated Financial Statements and other reviews for Group consolidation purposes which are considered non-audit services according to the respective local regulation; ii) review of the internal control system on financial reporting for the EDPR Group; and iii); review of the non-financial information related to sustainability included in the EDPR Group's annual report.

Additionally, during 2018 and until the appointment PricewaterhouseCoopers Auditores, S.L. in April 2018, the former External Auditor, KPMG Auditores S.L, provided some non-audit services to EDPR, which mostly consisted in agreed-upon procedures for the review of covenants and public grants for a total amount of Euro 7,500.

Both External Auditors, KPMG Auditores S.L. and PricewaterhouseCoopers Auditores, S.L, were 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 their independence as External Auditors and were pre-approved by the Audit, Control and Related Party Transactions Committee prior to rendering the services.

47. EXTERNAL AUDITOR REMUNERATION IN 2018

TYPE OF SERVICES	PORTUGAL	SPAIN	BRAZIL	US	OTHER	TOTAL	%
Statutory Audit	168,102	528,010	127,952	1,010,139	661,718	2,495,921	92,83%
Other audit related services	-	-	-	-	-	-	
Total audit related services	168,102	528,010	127,952	1,010,139	661,718	2,495,921	92,83%
Tax consultancy services							
Other services un related to statutory auditing	5,000	176,182*	-	11,642	-	192,824	7,17%
Total non-audit related services	5,000	176,182	-	11,642	-	192,824	7,17%
TOTAL	173,102	704,192**	127,952	1,021,781	661,718	2,688,745*	100,00%

*This amount includes, among 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 European company. This amount also includes the limited review as of June 30, 2018 of the EDPR Consolidated Financial Statements and other reviews for Group consolidation purposes which are considered non-audit services according to the respective local regulation.

**This amount includes 675 thousand Euros of services provided by PricewaterhouseCoopers Auditores S.L. from which 528 thousand Euros refer to audit services and 147 thousand Euros refer to non-audit services..

C. INTERNAL ORGANIZATION

I. ARTICLES OF ASSOCIATION

48. AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The amendments of the Articles of Association of the Company are of the responsibility of the General Shareholders' Meeting. According to Article 17 of the Company's Articles of Association ("Constitution of the General Shareholders' Meeting, Adoption of resolutions"), to validly approve any 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, and in compliance with the provisions of IPCG Corporate Governance Code, EDPR provides the Group workers with a channel enabling them to report directly and confidentially to the Audit, Control and Related Party transactions Committee any practice presumed illicit or any alleged accounting and/or financial irregularity in their Company, .

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, Control, and Related Party Transactions 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, Control and Related Party Transactions Committee to this extent is only possible by email and post, and access to information received is restricted.

Any complaint addressed to the Audit, Control and Related Party Transactions 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 bylaws of this channel are available at the intranet of the Company, which includes, among other issues, the regulation of the suitable means and procedure

of communication and treatment of irregularities, and the terms of safeguarding the confidentiality of the information transmitted and the identity of its provider.

The Secretary of the Audit, Control and Related Party Transactions Committee receives all the communications and presents a quarterly report to the members of the Committee.

In 2018 there were no communications through this channel regarding any irregularity at EDPR.

CODE OF ETHICS AND ETHICS CHANNEL

EDPR has a strong commitment in relation to the dissemination and promotion of compliance with ethic guidelines and principles like transparency, honesty, integrity, non-discrimination, equal opportunity, and sustainability, which is encouraged to all employees through its Ethics Code and its regulations. This Code lays down principles of action that are either the result of legal obligations incumbent on the EDPR or every member of the organization or an assertion of values of ethics and citizenship reflected by management options that, in the organizational and market setting in which EDPR operates, are believed to be those that most foster long-term sustainability of its business and the achievement of excellence.

Both the Code and its regulations are published on its intranet and website and attached to the labour agreements of the new hires to their written acknowledgement when they join the Company. Likewise, this Code has been widely circulated to the employees of the Group through internal communications and introduced in Welcome Presentation organized every year for the new hires of EDPR. Additionally, with the objective that every employee of the Company receive an specific training on Ethics at least once, the Company periodically, and least once a year, provides an online course ("Ética EDP") to all the new employees who joined the Company that year and to the ones that having joined EDPR prior to such, were outstanding to receive it. To this extent, in September 2018, this training was completed by around 52 additional employees.

In order to support and achieve its Ethics Code and Ethics commitments and initiatives, and with the aim of minimizing the risk of unethical practices, generating transparency and trust in relationships, EDPR has also approved and implemented the following:

- **Ethics Committee:** is a standing non - executive committee of the Board of Directors, whose objective is to ensure the Code of Ethics compliance within the Company, processing all information received to this extent and establishing, if appropriate, corrective actions.

The main functions of the Ethics Committee are the receipt, registration, processing and reporting to the Board of Directors of information and reports received by the employees regarding infractions of the Code in matters of legislation and ethics, conduct in the work environment, human rights and equal opportunities, integrity, relations with customers and suppliers, the environment and sustainability. These functions include the following:

- Proposing corporate ethics instruments, policies, goals and targets;
- Monitoring application of the Code of Ethics, laying down guidelines for its regulation and overseeing its proper application by the Company and its subsidiaries;
- Analysing reported infractions of the Code of Ethics, deciding on their relevance and admissibility;
- Deciding if there is any need for a more in-depth investigation to ascertain the implications and persons involved. The Ethics Committee may, for this purpose, use internal auditors or hire external auditors or other resources to assist in the investigation;
- Appointing the Ethics Ombudsperson;
- Any other functions assigned to it in the Articles of Association or by the Board of Directors.

The Ethics Committee shall be composed by three members : the Chairman of the Audit, Control and Related Party Transactions Committee, the Chairman of the Appointments and Remuneration Committee, and the Compliance Officer. As of December 31st, 2018, the members of the Ethics Committee are as follows:

- Acacio Piloto, Chairman of the Ethics Committee as Chairman of the Audit, Control and Related Party Transactions Committee
- Antonio Nogueira Leite, vocal of the Ethics Committee as Chairman of the Nominations and Remunerations Committee
- Emilio Garcia- Conde Noriega, vocal of the Ethics Committee as Compliance Officer of EDPR

The Ethics Committee shall meet at least once a year and whenever the Chairman deems it is necessary, and its meetings shall be validly convened when one-half plus one of its members are present or represented at the meeting. The resolutions of the Ethics Committee shall be approved by majority vote with the Chairman casting deciding vote in the event of a tie. This Committee shall also inform the Board of Directors of the resolutions it approves at the first meeting of the Board following the Committee meeting in which the resolution was agreed.

- **Ethics Ombudsperson:** is an external person from the Company that receives complaints and doubts submitted through the Ethics Channel and investigates and documents the procedure for each of them, with guaranteed confidentiality in relation to the identity of the claimant. The appointment for this position is made by the Ethics Committee. Its main functions are therefore as follows:
 - Receiving the doubts and claims submitted through the Ethics channel and preparing and documenting the cases;
 - Submitting the related reports of the claims received to the Ethics Committee;
 - Monitoring each case analysed until its conclusion, liaising with the complainant whenever necessary.

Since 2012, and up to December 31st, the Ombudsperson of EDPR has been José Figueiredo Soares.

- **Ethics Channel:** is an internal and external channel made available for the submission of claims and doubts about the infringements of the Ethics Code in matters of legislation and ethics, conduct in the work environment, human rights and equal opportunities, integrity, relations with customers and suppliers, environment and sustainability. This channel is available on the intranet and Website of the Company and its existence and functioning is also introduced in Welcome Presentation organized every year for the new hires of EDPR.

The procedure and workflow of the claims and queries submitted through this channel is regulated under the Regulations of the Code of Ethics and the regulations of the Ethics Committee, and is as follows:

1. The claimant (internal or external) submits its communication through the Ethics Channel (by email or letter through the template available at the Website an intranet), which is received by the Ethics Ombudsperson.
2. The Ethics Ombudsperson starts the investigation and drafts the related report.
3. The Ethics Ombudsperson submits the summary of the investigation to the Ethics Committee (omitting the identity of the complainant) for its deliberation about the effective infringement of the Ethics Code or not and, to analyse if additional information is needed. If the latest were the case, an investigation will be carried out with the support of internal or external means as appropriate.
4. The final decision about the query or claim is communicated to the claimant. The Ethics Ombudsperson will make further contact with the complainant to report the opinion of the Ethics Committee.

In 2018 there was one (1) claim submitted through the Ethics Channel. This claim was duly analysed by the Ethics Ombudsman and the Ethics Committee in accordance with the regulated procedure. After the study and investigation of the case, the Ethics Committee concluded to consider it as not an unethical behaviour within the Ethics Code scope, and consequently not grounded, declaring the closing of the process and the filing of the inspections and the claim.

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 last 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 since then, has been periodically communicated EDPR employees. Once this implementation was finished, the corresponding training sessions were organized for part of our employees, and made available the Policy in the intranet and Website, in order to ensure appropriate knowledge and understanding of the Policy. It is also attached to the labour agreements of the new hires to their written acknowledgement when they join the Company, and besides that, 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.

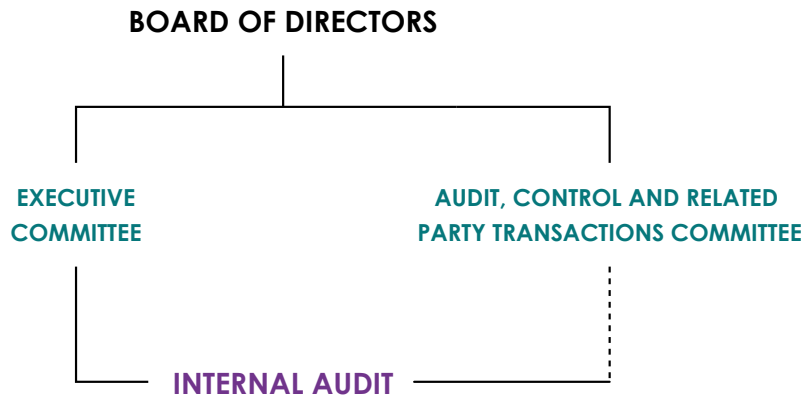
The SCIRF Manual incorporates the general principles of the Internal Control System over Financial Reporting as well as the methodology used, the procedures for ensuring the effectiveness of internal control and design of models, documentation, evaluation and reporting.

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, Control and Related Party Transactions Committee. The CEO is accountable before the Board and must ensure the proper functioning and effectiveness 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, Control and Related Party Transactions 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 Enterprise Risk Management Framework including the potential and acceptable risks and levels for EDPR was approved in 2016, in accordance with the guidelines agreed at its Board of Directors level. Based on this risk framework, the Company develops a Risk Management System through individual risk policies and procedures for most relevant risks, where it is defined the methodology to calculate probability of occurrence and impacts, as well as mitigation measures and additional thresholds. In addition, these risk policies and procedures establish the process for control, periodic evaluation and eventual adjustments. The approvals necessary to proceed with this system are normally submitted and reported to the Executive Committee, which will inform the Board of Directors of these progresses. Likewise, the Risk Management System is closely followed and supervised by the Audit and Control Committee, an independent supervisory body composed of non-executive members that reports to the Board of Directors.

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.

In 2018, EDPR updated its Financial Risk Policy, providing further detail in the process for hedging FX of net investment, interest rate and inflation. The purpose was to further summarize the guidelines and methodologies used to manage financial risks at EDPR, which are discussed quarterly on the Financial Risk Committee.

EDPR together with other project partners, structured and carried out a pre-hedge (before Financial Close) of inflation, interest rate and FX in Capex, for the Moray Offshore project in the UK. This pre-hedge allowed EDPR to reduce exposure to market risks, under Britain's current uncertain political situation. The inflation pre-hedge carried out by EDPR was the first of its kind for the company.

A comprehensive strategic study on long-term hedging strategies of electricity prices through PPAs or financial hedges was also carried out during 2018, as well as the development and implementation of automated tools that help better control and manage balancing costs within EDPR geographies.

Additionally, EDPR updated its view on the sustainability of RES policies in the geographies where the company is or could potentially be present. This deep-dive analysis was performed within the scope of the Country Risk Policy, which was approved and implemented in 2015.

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) Energy 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 projects in the UK and in Greece, under contract for differences remuneration schemes.

In countries with a predefined 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 off-taker 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 2018, 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 2018 EDPR had 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 13 countries: Spain, Portugal, France, Belgium, Poland, Romania, Italy, UK (no generation), Greece (no generation), US, Canada, Brazil and Mexico.

Nevertheless, 2018 was a year with below-the-average generation for EDPR, despite the geographical diversification.

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 EDPR'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 14 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 through 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.

The Directors have estimated cash flows that show that the Group will meet the commitments existing at the close of the 2018 financial year and those foreseen for 2019.

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 13 different countries (Spain, Portugal, France, Belgium, Poland, Romania, UK, Italy, Greece, 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 Risk

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 Risk

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 Risk (compliance, corruption, fraud)

EDPR faces potential claims of third parties, corruption and fraud of its employees.

EDPR has implemented an internal "Code of Ethics" and an Anticorruption Policy where the company commits to comply with legal obligations in every community where EDPR is established.

Additionally, the company Ombudsperson receives all the complaints sent through the "Code of Ethics" channel and decides the appropriate procedure for each one of them. An anticorruption mailbox is also available to report any questionable practice.

3. vi) Personnel Risk

EDPR identifies four main risk factors regarding personnel: turnover, health and safety, human rights, and discrimination, violence or behavior against human dignity.

- **Turnover:** A high turnover implies direct costs of replacement and indirect costs of knowledge loss. 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 2018, EDPR was elected as "Top Employer" in Spain by the Top Employers Institute.
- **Health and safety:** EDPR has deployed an H&S management system, complying with OHSAS 18001, pursuing the "zero accidents" target.
- **Human rights:** EDPR has committed, through its "Code of Ethics", to respect international human rights treaties and best work practices. All counterparties which sign a contract with EDPR are committed to respect EDPR's "Code of Ethics".
- **Discrimination, violence or behavior against human dignity:** EDPR forbids any kind of discrimination, violence or behavior against human dignity, as stated in its "Code of Ethics". Strict compliance is enforced, not only through the reporting channel of the Ombudsperson, but also through constant awareness from all employees of the company.

3.vii) Processes Risk

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 or a possible increase in trade tariffs and levies

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. In the event of a trade war, supply chain of equipment suppliers may be affected, creating further imbalances in local component requirements.

EDPR currently 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.

EMERGING RISK: TRADE WAR

In recent times, there have been trade tensions between U.S., China, Canada, Mexico and EU, which raise concerns about the implementation of incremental trade tariffs not only between these countries, but globally.

In the renewable energy sector, a raise in tariffs on foreign goods or an increase of local content requirements could affect the profitability of projects already committed, through the impact on equipment prices and supply. Likewise, it could change the cost-competitiveness of renewable energies with respect to traditional energy sources. A good example of this are the tariffs raised in 2018 by the U.S. administration on Chinese solar panels, which harmed the growth plans of solar energy installations in the U.S.

EDPR mitigates this risk by diversifying its technological and geographical footprint, by including in its pipeline portfolio solar, onshore and offshore wind assets, spread across 13 different countries, with an eye on expansion to new geographies.

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	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> Implement defined policies by Global Risk Responsible for day-to-day operational decisions and for related risk taking and risk
Controlling – Risk monitoring	<ul style="list-style-type: none"> 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.

EDPR's Enterprise Risk Management Process is inspired on Basel Committee on Banking Supervision's principles, guidelines and recommendations and is similar to other risk management frameworks. In this respect, performance of risk metrics at EDPR and their compliance with established internal risk limits are assessed on a monthly basis. Additionally, a formal review and update of each Risk Policy, and the adequacy of its limits, is performed every two years.

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, Control and Related Party Transactions 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 and Related Party Transactions 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, Control and Related Party Transactions 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, Control and Related Party Transactions Committee.

EDPR has an Internal Audit Department under the Chairman of the Executive Committee. The Audit, Control and Related Party Transactions 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, Control and Related Party Transactions Committee. The Internal Audit Department reports to the Audit, Control and Related Party Transactions Committee about the status and the performance of the audit works.

Among these activities, Internal Audit supports the Audit, Control and Related Party Transactions 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 2018, as in previous years, a process of self-certification was made by the heads of the various process and Entity Level Control 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, Control and Related Party Transactions Committee, which regularly monitors the results of the audit work.

Additionally, in 2018 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), included in Annex II of this Chapter 5 of the Annual Report.

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.

Since then, EDPR has been working with the support of specialized advisors in the evaluation of the potential corporate criminal liability risks of the Company in all of its geographies and in the assessment of the compliance structure to be adopted in order to comply the requirements of the applicable criminal regulations. .

After the corresponding approvals by the Board of Directors at the end of 2017 regarding the new Criminal Liability Prevention Model for Spain, during 2018 the Company analyzed the Action Plan proposed and advanced in the implementation of the recommendations identified for this Model, at the same time that started the works of 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 2018, EDPR made 37 market notifications, in addition to quarterly, semi-annual and annual results presentations, handouts and volumes & capacity statement 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.edpr.com/en/investors-edpr
- E-Mail: ir@edpr.com
- Phone: +34 902 830 700 / +34 914 238 429

EDPR IR Department was in continuous contact with capital markets agents, namely shareholder and investors, along with financial analysts who evaluate the Company. In 2018, as far as the Company is aware, sell-side analysts issued more than 70 reports evaluating EDPR's business and performance.

At the end of the 2018, as far as the Company is aware of, there were 24 institutions elaborating research reports and following actively EDPR activity. As of December 31st 2018, the average price target of those analysts was of Euro 8.29 per share with 18 "Neutral" and 5 "Buy" recommendations.

COMPANY	ANALYST	PRICE TARGET	DATE	RECOMENDATION
Axia	Maria Almaça	€ 8.00	08-Nov-17	Neutral
Bank of America Merrill Lynch	Pinaki Das	€ 9.00	23-Apr-18	Buy
BBVA	Daniel Ortea	€ 8.12	11-Dec-18	Market Perform
Berenberg	Lawson Steele	€ 8.00	17-Apr-18	Hold
BPI	Gonzalo Sanchez	€ 9.70	27-Nov-18	Buy
Bryan, Garnier & Co	Xavier Caroen	€ 7.50	23-May-18	Neutral
Caixa BI	Helena Barbosa	€ 7.10	04-Jan-18	Neutral
Citigroup	Akhil Bhattar	€ 7.90	03-May-18	Neutral
Deutsche Bank	Martin Brough	€ 8.30	22-Jun-18	Hold
Exane BNP	Manuel Palomo	€ 8.20	08-Nov-18	Neutral
Goldman Sachs	Manuel Losa	€ 9.20	18-Sep-18	Neutral
Grupo CIMD	António Seladas	€ 7.90	09-May-18	n/a
Haitong	Jorge Guimarães	€ 8.00	14-May-18	Neutral
JB Capital	Maksym Mishyn	€ 8.00	25-Oct-17	Neutral
JP Morgan	Javier Garrido	€ 8.20	14-May-18	Overweight
Kepler Cheuvreux	Jose Porta	€ 8.40	08-Nov-18	Buy
Macquarie	Jose Ruiz	€ 7.90	16-May-18	Neutral
MedioBanca	Sara Piccinini	€ 8.30	03-May-18	Neutral
Morgan Stanley	Carolina Does	€ 8.00	09-May-18	Equalweight
Natixis	Philippe Ourpatian	€ 7.00	12-Apr-18	Neutral
RBC	Fernando Garcia	€ 8.20	26-Nov-18	Neutral
Santander	Bosco Muguero	€ 10.09	01-Nov-18	Buy
Société Générale	Jorge Alonso	€ 8.00	09-May-18	Hold
UBS	Rui Dias	€ 10.00	26-Jun-18	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 250 information requests and interacted more than 100 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 2018 there was no pending information request.

V. WEBSITE – ONLINE INFORMATION

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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.edpr.com

INFORMATION	LINK
Company information	www.edpr.com/en/edpr www.edpr.com/en/edpr/our-company/who-we-are
Corporate by-laws and bodies/committees regulations	www.edpr.com/en/investors/corporate-governance/governing-bodies
Members of the corporate bodies	www.edpr.com/en/node/38319/
Market relations representative, IR department	www.edpr.com/en/node/16704
Means of access	www.edpr.com/en/node/16704
Financial statements documents	www.edpr.com/en/investors/investors-information/reports-and-results
Corporate events Agenda	www.edpr.com/en/node/16704
General Shareholders' Meeting information	www.edpr.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 Board of Directors also evaluates with an annual periodicity its own performance and the performance of its delegated Committees. The evaluation of the performance of the Board of Directors and its Executive Committee, is then additionally submitted for the approval of the General Shareholder 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 Company has not established any restrictions within its Articles of Association, Regulations or internal policies limiting the competence of the Nominations and Remunerations Committee of hiring any consulting services that may find necessary to carry out its duties.

68. KNOWLEDGE AND EXPERIENCE REGARDING REMUNERATION POLICY

The Chairman of the Nominations and Remunerations Committee has knowledge and experience regarding Remuneration Policy.

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 and to the Audit, Control and

Related Party Transactions 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.

Taking into consideration a business perspective in which North America constitutes a focus of substantial and strategic investment, at a time that also the consolidation of the presence in offshore wind delivering projects in which EDPR holds a stake together with the development of new opportunities in the same and new markets with similar characteristics, and also when the business environment for next years in Europe and Brazil is becoming very challenging, with the aim of reaching a consistency with the market conditions, the General Shareholder's Meeting held in April 3rd, 2018, approved 2 (two) new Long Term Incentive Complementary Programs: one for the COO North America and other for the COO Offshore. Additionally the Nominations and Remunerations Committee may consider studying in 2019 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 2018 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 2018	Group	Platform	Percentages 2018	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%
	Appreciation of the Remuneration Committee	5%	100%	0%	5%	100%	0%
TOTAL		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

In line with corporate governance practices, 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 application of such deferral policy, during 2018 an amount of €52.500 (gross amount) was due to Rui Teixeira (former EDPR Executive Committee Member) corresponding the performance achieved during the period 2014-2016, and an amount of €200,625 (gross amount) to Miguel Dias Amaro (former EDPR CFO) corresponding to the performance achieved during the period 2015-2016.

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: retirement savings plan (as described in the following topic), company car and Health Insurance. In 2018, the non-monetary benefits amounted to EUR 230.571.

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 applicable to 2018, which is included within the Remuneration Policy applicable for the term office 2017-2019, was defined and proposed by the Nominations and Remunerations Committee to the Board of Directors for its submission to the General Shareholder's Meeting, which approved it on its meeting held on April 6th 2017.

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 2018 was as follows:

REMUNERATION	TOTAL FIXED(€)
Executive Directors	
João Manso Neto*	0
João Paulo Costeira**	61,804
Duarte Bello**	61,804
Miguel Ángel Prado**	0
Non-executive Directors	
Antonio Mexia*	0
Manuel Menéndez Menéndez	45,000
João Lopes Raimundo	30,000
António Nogueira Leite	57,500
João Manuel de Mello Franco	30,000
Jorge Henriques dos Santos	40,000
Gilles August	45,000
Acácio Jaime Liberado Mota Piloto	67,500
José A. Ferreira Machado	30,000
Allan J.Katz	45,000
Francisca Guedes de Oliveira	57,500
Francisco Seixas da Costa	55,000
Conceição Lucas	27,500
María Teresa Costa Campi	15,000
Alejandro Fernández de Araoz Gómez-Acebo	22,500
TOTAL	691,108

*António Mexia and João Manso Neto 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.

** Duarte Bello, Miguel Ángel Prado and João Paulo Costeira, as Officers and members of the Executive Committee, and for the relevant period of 2018 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 in 2018 is EUR 986,132, of which EUR 918,632 refers to the management services rendered by the Executive Members and EUR 67500 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 2018 period corresponding to each of them, ex-CEO, was the following:

REMUNERATION*	PAYER	FIXED	VARIABLE ANNUAL	VARIABLE MULTI-ANUAL	TOTAL
João Paulo Costeira	EDP Energias de Portugal, S.A. Sucursal en España	228,196	110,000	142,500	480,696
Duarte Bello	EDP Energias de Portugal, S.A. Sucursal en España	228,196	25,000		253,196
Miguel Ángel Prado	EDPR North America LPP	US\$366,897	US\$29,525		US\$396,422

*All the amounts are in EUR, except 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, CONTROL AND RELATED PART TRANSACTIONS COMMITTEE REMUNERATION

COMMITTEE MEMBER	POSITION	PERIOD IN 2018	REMUNERATION
Jorge Henriques dos Santos	Chairman	01/01/2018 – 27/06/2018	€40,000
João Mello Franco	Vocal	01/01/2018 – 27/06/2018	€30,000
João Lopes Raimundo	Vocal	01/01/2018 – 27/06/2018	€30,000
Acacio Piloto	Chairman	27/06/2018 - 31/12/2018	€67,500
Francisca Guedes de Oliveira	Vocal	27/06/2018 - 31/12/2018	€27,500
Maria Teresa Costa	Vocal	27/06/2018 - 26/09/2018	€15,000
António Nogueira Leite	Vocal	6/11/2018 - 31/12/2018	€57,500

*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, OR DE Audit, Control and Related Party Transactions Control Committee.

82. REMUNERATION OF THE CHAIRPERSON OF THE GENERAL SHAREHOLDERS' MEETING

In 2018, 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 established the profile of transactions that shall be analyzed under the concept of "related party transactions" (considering criteria as parties, scope and amount) and agreed its delegation to the Audit, Control and Related-Party Transactions Committee. To this extent, in accordance with Article 8 of its Regulations, this Committee performs the monitorization of these operations under its Related Party Transactions supervisory competences, and, when requested by the Board of Directors, also under its Audit and Control competences.

In the event that the Audit, Control and Related Party Transactions Committee does not ratify the transaction, it shall be approved by 2/3 of the members of the Board of Directors in accordance with the terms included in its regulations.

In any case, in accordance with 13.3 of its Regulations, this Committee shall report to the Board of Directors all resolutions agreed, at the first Board meeting held following the meeting of the Committee in which such proposals were discussed. That means that this report is made at least every quarter (minimum period elapsed between Board of Directors Meeting in accordance with Article 22 of its Regulations), and includes any transaction analyzed.

This information is included on the annual report of the Audit, Control and Related Party Transactions Committee. The detail of the duties of this Committee is included in topic 29 of this Chapter 5 of the Annual Report.

The mechanisms established for the performance of the duties of this Committee and also the fact both Audit and Control and Related Party Transactions tasks are developed under the same Committee and members, constitutes a relevant element for an adequate evaluation of the relations established between EDPR and third entities.

90. TRANSACTIONS SUBJECT TO CONTROL DURING 2018

During 2018, 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 2018 incurred with or charged by the EDP Group was EUR 19,494,800, corresponding to 5.6% of the total value of Supplies & Services for the year (EUR 345,158,811).

The most significant contracts in force during 2018 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 that has been amended during the last years in accordance of the variations in the services rendered by EDP to the Company.

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 two 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) one Non-Executive Manager, 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 986,132 for the management services rendered in 2018.

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 2018, such loan agreements totalled USD 1,843,967,282 and EUR 1,120,696,000.

CURRENT ACCOUNT AGREEMENT

EDPR Servicios Financieros (EDPR SF) and EDP Servicios Financieros España (EDP SFE) signed an agreement through which EDP SFE manages EDPR SF's cash accounts. The agreement also regulates the current account (cc) scheme on arm's length basis. As of December 31st 2018, there are two different current accounts with the following balance and counterparties:

- in USD, for a total amount of USD 190,014,376 in favour of EDPR SFE;
- in EUR, for a total amount of 11,693,560 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 2018, such counter-guarantee agreements totaled EUR 114,862,367 and USD 335,060,000.

A counter-guarantee agreement was signed between EDPR Group and EDP España, under which, EDPR group can request the issue of any guarantee, on the terms and conditions requested by the subsidiaries of EDPR. EDPR group undertake to indemnify the guarantor for any losses or liabilities resulting from the guarantees provided under this agreement and to pay a fee established in arm's length basis. As of December 31st 2018, the amount of guarantees issued under this agreement totaled EUR 73,267,402.

CROSS CURRENCY INTEREST RATE SWAPS

Due to the net investments in EDPR NA, EDPR Canada, EDPR Brazil, EDPR UK, 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 2018, the total amount of CIRS by geography and currency are as following:

- in USD/EUR, with EDP Sucursal for a total amount of USD 2,398,096,866
- in CAD/EUR, with EDP Energias de Portugal SA for a total amount of CAD 51,450,000
- in BRL/EUR, with EDP Energias de Portugal SA for a total amount of BRL 122,500,000
- in GBP/EUR, with EDP Energias de Portugal SA for a total amount of GBP 16,500,000
- in PLN/EUR, with EDP Energias de Portugal SA for a total amount of PLN 914,997,215
- in RON/EUR with EDP Energias de Portugal SA for a total amount of RON 699,389,500

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 transactional exposure related to the short term or transitory positions, in Polish and Portuguese subsidiaries, fixing the exchange rate for PLN/EUR, EUR/PLN and GBP/EUR in accordance to the prices in the forward market in each contract date. As of December 31st 2018, 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 193,478,606 (FWDs)
- Polish operations, for PLN/EUR, a total amount of EUR 2,654,800 (FWDs)
- Portuguese operations, for GBP/EUR a total amount of EUR 840,507 (FWDs)

HEDGE AGREEMENTS – COMMODITIES

EDP and EDPR EU entered into hedge agreements for 2018 for a total volume of 2,765,475.82MWh (sell position) and 384,600MWh (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 2018 the estimated cost of these services is EUR 4,868,386. 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 2018 is EUR 348,799.

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 2018 totalled EUR 1,233,726. 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 TECHNOLOGY 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 2018 totalled EUR 1,290,969.

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 2018 totalled BRL 222,593 .

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

In order to supervise the transactions between the Group Companies and its qualified shareholders, the Board of Directors has created the Audit, Control and Related-Party Transactions Committee, a permanent body with delegated functions. Without prejudice to other duties that the Board may assign to this Committee, it shall perform supervisory functions of Audit and Control independently from the Board of Directors, as well as, supervisory functions of the transactions between Related Parties. The detail of the duties of this Committee is included in topic 29 of the Report. Under its Audit and Control competences, it also supervises the transactions with qualified shareholders when requested by the Board of Directors according to Article 8.A), i) of its Regulations. This information is included on the annual report of the Audit, Control and Related Party Transactions Committee.

The most significant contracts signed between EDPR and its Qualified Shareholders are analyzed by the Audit, Control and Related-Party Transactions Committee according to its competences, as mentioned on topic 89 of the Chapter 5 of this Annual Report, including the supervision from an Audit and Control perspective when requested by the Board of Directors under Article 8.A)2, i) of its Regulations, and reported to the Board of Directors

According to Article 8.B). g) of the Audit, Control and 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 this Committee also under its Audit and Control supervision activities regarding those cases whose previous opinion was requested. The mechanisms established for the performance of the duties of this Committee and also the fact both Audit and Control and Related Party Transactions tasks are developed under the same Committee and members, 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 38 of the Financial Statements.

PART II – CORPORATE GOVERNANCE ASSESSMENT

1. DETAILS OF THE CORPORATE GOVERNANCE CODE IMPLEMENTED

Following the protocol signed between the CMVM and the Portuguese Institute of Corporate Governance (IPCG) on October 13, 2017, the CMVM revoked its Corporate Governance Code (2013), which was replaced by a single applicable code, the new Corporate Governance Code of the IPCG, which entered into force on January 1st 2018.

For the purposes of the proper preparation of corporate governance reports for the year beginning in 2018, and to be reported in 2019, the CMVM has communicated that the corporate governance report to be presented by listed companies should continue to be prepared in accordance with the structure of contents referred to in the annex to CMVM Regulation No. 4/2013 available at the CMVM website (www.cmvm.pt). The report template is divided into two parts:

- Part I - mandatory information on shareholder structure, organization and governance of the company. This information shall be referred to within points 1 to 92 of this Corporate Governance Report in accordance with the structure included in that Annex.
- Part II - Corporate governance assessment: should include a declaration in which they must: (i) identify the applicable code, (ii) state whether or not they adhere to each of the recommendations of this code and, (iii) with respect to recommendations that do not follow, explain reasonably why.

The agreement between CMVM and IPCG on the new Corporate Governance Code may be found on the Protocol signed on 13 October 2017, presented and available on the website of CMVM (<http://www.cmvm.pt/>) and the Corporate Governance Code of the IPCG is published on the websites of IPCG and of the Monitoring Committees (<https://cam.cgov.pt/>)

2. ANALYSIS OF COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE IMPLEMENTED

The following table shows the recommendations set forth in the Corporate Governance Code of the IPCG and indicates EDPR's compliance with it and the place in this report in which they are described in more detail.

EDPR has been recognized with several IRG awards and nominations in past years, the last one in 2017, and as the third consecutive year (its seventh time overall), as the Best Annual Report in the Non-Financial Sector.

Also in order to comply with the best Corporate Governance recommendations, 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 the Corporate Governance Code of the IPCG 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 Corporate Governance recommendations on the governance of listed companies provided in the Corporate Governance Code of the IPCG, with the exceptions indicated below.

CORPORATE GOVERNANCE RECOMMENDATIONS - STATEMENT OF COMPLIANCE

CHAPTER I - GENERAL PROVISIONS

I.1. COMPANY'S RELATIONSHIP WITH INVESTORS AND DISCLOSURE

I.1.1 The Company should establish mechanisms to ensure, in a suitable and rigorous form, the production, management and timely disclosure of information to its governing bodies, shareholders, investors and other stakeholders, financial analysts, and to the markets in general.

Adopted

Section B - II, a) Topic 15 (Pages 159, 160); Section C-V, Topics 56, 59 – 65 (Pages 196, 198)

I.2. DIVERSITY IN THE COMPOSITION AND FUNCTIONING OF THE COMPANY'S GOVERNING BODIES

I.2.1 Companies should establish standards and requirements regarding the profile of new members of their governing bodies, which are suitable according to the roles to be carried out. Besides individual attributes (such as competence, independence, integrity, availability, and experience), these profiles should take into consideration general diversity requirements, with particular attention to gender diversity, which may contribute to a better performance of the governing body and to the balance of its composition

Adopted

Section B-II, a) Topic 16 (Page 160)

I.2.2 The company's managing and supervisory boards, as well as their committees, should have internal regulations — namely regulating the performance of their duties, their Chairmanship, periodicity of meetings, their functioning and the duties of their members —, and detailed minutes of the meetings of each of these bodies should be carried out

Adopted

Section B-II, a) Topics 15 (Pages 159, 160); Section C-V, Topics 59 – 65 (Page 198)

I.2.3 The internal regulations of the governing bodies — the managing body, the supervisory body and their respective committees - should be disclosed, in full, on the company's website

Adopted

Section B-II, a) Topic 15 (Page 159); Section C-V, Topics 59 – 65 (Page 198)

I.2.4 The composition, the number of annual meetings of the managing and supervisory bodies, as well as of their committees, should be disclosed on the company's website

Adopted

Section B-II, b) Topic 23 (Page 165); Section B-II, c) 29 (Pages 167, 171, 172); Section B-III, a) Topic 31 and 35 (Page 173); Section B-III, b) Topic 35 (Page 174)

I.2.5 The company's internal regulations should provide for the existence and ensure the functioning of mechanisms to detect and prevent irregularities, as well as the adoption of a policy for the communication of irregularities (whistleblowing) that guarantees the suitable means of communication and treatment of those irregularities, but safeguarding the confidentiality of the information transmitted and the identity of its provider, whenever such confidentiality requested

Adopted

Section C-II, Topic 49 (Pages 202 - 181)

I.3. RELATIONSHIPS BETWEEN THE COMPANY BODIES

I.3.1 The bylaws-, or other equivalent means adopted by the company, should establish mechanisms that, within the limits of applicable laws, permanently ensure the members of the managing and supervisory boards are provided with access to all the information and company's collaborators, in order to appraise the performance, current situation and perspectives for further developments of the company, namely including minutes, documents supporting decisions that have been taken, calls for meetings, and the archive of the meetings of the managing board, without impairing the access to any other documents or people that may be requested for information

Adopted

Section B-II, a) Topic 15 (Pages 159, 160)

I.3.2 Each of the company's boards and committees should ensure the timely and suitable flow of information, especially regarding the respective calls for meetings and minutes, necessary for the exercise of the competences, determined by law and the bylaws, of each of the remaining boards and committees

Adopted

Section B-II, a) Topic 15 (Pages 159, 160); Section B-II, a) Topic 29 (Pages 167 – 172)

I.4 CONFLICTS OF INTEREST

I.4.1 The duty should be imposed, to the members of the company's boards and committees, of promptly informing the respective board or committee of facts that could constitute or give rise to a conflict between their interests and the company's interest

Adopted

Section B-II, a) Topic 18 (Page 162)

I.4.2 Procedures should be adopted to guarantee that the member in conflict does not interfere in the decision-making process, without prejudice to the duty to provide information and other clarifications that the board, the committee or their respective members may request.

Adopted

Section B-II, a) Topic 18 (Page 162)

I.5. RELATED PARTY TRANSACTIONS

I.5.1	The managing body should define, in accordance with a previous favourable and binding opinion of the supervisory body, the type, the scope and the minimum individual or aggregate value of related party transactions that: (i) require the previous authorization of the managing body, and (ii) due to their increased value require an additional favourable report of the supervisory body.
Adopted	

Section E-I, Topic 89 (Page 205)

I.5.2	The managing body should report all the transactions contained in Recommendation 1.5.1. to the supervisory body, at least every six months.
Adopted	

Section B-II, a) Topic 15 (Page 159); Section E-I, Topic 89 (Page 205)

In accordance with EDPR Governance model, the report workflow for these transactions goes from the Audit, Control and Related Party Transactions Committee to the Board of Directors, which in any case is performed every four months (more restrictive than the six recommended)

CHAPTER II - SHAREHOLDERS AND GENERAL MEETINGS

II.1	The company should not set an excessively high number of shares to confer voting rights, and it should make its choice clear in the corporate governance report every time its choice entails a diversion from the general rule: that each share has a corresponding vote
Adopted	

Section B-I, b) Topics 12 and 13 (Page 157)

II.2	The company should not adopt mechanisms that make decision making by its shareholders (resolutions) more difficult, specifically, by setting a quorum higher than that established by law.
Adopted	

Section B-I, b) Topic 14 (Pages 158, 159)

II.3	The company should implement adequate means for the exercise of voting rights through postal votes, including by electronic means
Adopted	

Section B-I, b) Topic 13 (Pages 157, 158)

II.4	The company should implement adequate means in order for its shareholders to be able to digitally participate in general meetings
Adopted	

Section B-I, b) Topic 13 (Page 158)

II.5	The bylaws, which specify the limitation of the number of votes that can be held or exercised by a sole shareholder, individually or in coordination with other shareholders, should equally provide that, at least every 5 years, the amendment or maintenance of this rule will be subject to a shareholder resolution — without increased quorum in comparison to the legally established — and in that resolution, all votes cast will be counted without observation of the imposed limits
Not applicable	

Section A-I, topic 5 (Page 154); Section B-I, b) Topic 12 (Page 157)

II.6	The company should not adopt mechanisms that imply payments or assumption of fees in the case of the transfer of control or the change in the composition of the managing body, and which are likely to harm the free transferability of shares and a shareholder assessment of the performance of the members of the managing body
Adopted	

Section A-I, Topic 4 (Pages 153, 154)

CHAPTER III - NON - EXECUTIVE MANAGEMENT, MONITORING AND SUPERVISION

III.1	Without prejudice to question the legal powers of the chair of the managing body, if he or she is not independent, the independent directors should appoint a coordinator (lead independent director), from amongst them, namely, to: (i) act, when necessary, as an interlocutor near the chair of the board of directors and other directors, (ii) make sure there are the necessary conditions and means to carry out their functions; and (iii) coordinate the independent directors in the assessment of the performance of the managing body, as established in recommendation V.1.1
Not adopted	

Please note that with the aim of comply with this recommendation, on February, 26th 2019, it was approved the appointment of Antonio Nogueira Leite as the Lead Independent Director of the Board of the Company.

III.2	The number of non-executive members in the managing body, as well as the number of members of the supervisory body and the number of the members of the committee for financial matters should be suitable for the size of the company and the complexity of the risks intrinsic to its activity, but sufficient to ensure, with efficiency, the duties which they have been attributed.
Adopted	

Section B-II, a) Topic 18 (Pages 162, 163)

III.3	In any case, the number of non-executive directors should be higher than the number of executive directors
Adopted	
Section B-II, a) Topics 18 (Page 162,163)	
III.4	Each company should include a number of non-executive directors that corresponds to no less than one third, but always plural, who satisfy the legal requirements of independence. For the purposes of this recommendation, an independent person is one who is not associated with any specific group of interest of the company, nor under any circumstance likely to affect his/her impartiality of analysis or decision, namely due to: <ul style="list-style-type: none"> i. having carried out functions in any of the company's bodies for more than twelve years, either on a consecutive or non-consecutive basis; ii. having been a collaborator of the company or of a company which is considered to be in a controlling or group relationship with the company in the last three years; iii. having, in the last three years, provided services or established a significant business relationship with the company or a company which is considered to be in a controlling or group relationship, either directly or as a shareholder, director, manager or officer of the legal person; iv. having been a beneficiary of remuneration paid by the company or by a company which is considered to be in a controlling or group relationship other than the remuneration resulting from the exercise of a director's duties; v. having lived in a non-marital partnership or having been the spouse, relative or any first degree next of kin up to and including the third degree of collateral affinity of company directors or of natural persons who are direct or indirect holders of qualifying holdings, or having been a qualified holder or representative of a shareholder of qualifying holding
Adopted	
Section B-II, a) Topic 18 (Page 162,163)	
III.5	The provisions of (i) of recommendation III.4 does not inhibit the qualification of a new director as independent if, between the termination of his/her functions in any of the company's bodies and the new appointment, a period of 3 years has elapsed (cooling-off period)
Adopted	
Section B-II, a)Topic 18 (Page 162)	
III.6	Non-executive directors should participate in the definition, by the managing body, of the strategy, main policies, business structure and decisions that should be deemed strategic for the company due to their amount or risk, as well as in the assessment of the accomplishment of these actions
Adopted	
Section A -II, Topic 9 (Page 155,156); Section B-II a), Topic 18 (Page 162,163)	
III.7	The supervisory body should, within its legal and statutory competences, collaborate with the managing body in defining the strategy, main policies, business structure and decisions that should be deemed strategic for the company due to their amount or risk, as well as in the assessment of the accomplishment of these actions
Adopted	
Section B-II c), Topic 29 (Pages 168 – 169)	
III.8	The supervisory body, in observance of the powers conferred to it by law, should, in particular, monitor, evaluate, and pronounce itself on the strategic lines and the risk policy defined by the managing body.
Adopted	
Section B- II, c)Topic 29 (Page 168, 169); Section B-III Topic 30 (Page 173); Section C) – III, Topic 52 (Page 182)	
III.9	Companies should create specialised internal committees that are adequate to their dimension and complexity, separately or cumulatively covering matters of corporate governance, remuneration, performance assessment, and appointments.
Adopted	
Section B-II, c), Topics 27, 28 and 29(Pages 166 – 172)	
III.10	Risk management systems, internal control and internal audit systems should be structured in terms adequate to the dimension of the company and the complexity of the inherent risks of the company's activity.
Adopted	
Section C-III, Topics 50 -55 (Page 181 - 195)	
III.11	The supervisory body and the committee for financial affairs should supervise the effectiveness of the systems of risk management, internal control and internal audit, and propose adjustments where they are deemed to be necessary
Adopted	
Section B- II, c) Topic 29 (Pages 168 - 169); Section B-III, Topic 30 (Page 173); Section C–III, Topic 52 (Page 182)	
III.12	The supervisory body should provide its view on the work plans and resources of the internal auditing service, including the control of compliance with the rules applied to the company (compliance services) and of internal audit, and should be the recipient of the reports prepared by these services, at least regarding matters related with approval of accounts, the identification and resolution of conflicts of interest, and the detection of potential irregularities
Adopted	
Section B- II, c) Topic 29 (Pages 168 – 170)	

CHAPTER IV - EXECUTIVE MANAGEMENT

IV.1 The managing body should approve, by internal regulation or equivalent, the rules regarding the action of the executive directors and how these are to carry out their executive functions in entities outside of the group.

Adopted

Section B-II, a) Topic 18 (Page 162); Section B-II, b) Topic 26 (Page 166)

IV.2 The managing body should ensure that the company acts consistently with its objects and does not delegate powers, namely, in what regards:

Adopted

- i. the definition of the strategy and main policies of the company;
- ii. the organisation and coordination of the business structure matters that should be considered strategic in virtue of the amounts involved, the risk, or special characteristics.

Section A -II, Topic 9 (Pages 155, 156)

IV.3 In matters of risk assumption, the managing body should set objectives and look after their accomplishment

Adopted

Section A -II, Topic 9 (Pages 155, 156); Section C-III, Topic 52 (Page 182)

IV.4 The supervisory board should be internally organised, implementing mechanisms and procedures of periodic control that seek to guarantee that risks which are effectively incurred by the company are consistent with the company's objectives, as set by the managing body

Adopted

Section B - II, c) topic 29 (Pages 168 – 170); Section B-III Topic 30 (Page 173); Section C – II, Topic 52 (Page 182)

CHAPTER V - EVALUATION OF PERFORMANCE, REMUNERATION AND APPOINTMENT**V.1. ANNUAL EVALUATION OF PERFORMANCE**

V.1.1 The managing body should annually evaluate its performance as well as the performance of its committees and delegated directors, taking into account the accomplishment of the company's strategic plans and budget plans, the risk management, the internal functioning and the contribution of each member of the body to these objectives, as well as the relationship with the company's other bodies and committees

Adopted

Section A -II, Topic 9 (Pages 155, 156), Section D – I Topic 66 (Pages 198, 199)

V.1.2 The supervisory body should supervise the company's management, especially, by annually assessing the accomplishment of the company's strategic plans and of the budget, the risk management, the internal functioning and the contribution of each member of the body to these objectives, as well as the relationship with the company's other bodies and committees

Adopted

Section B-II c), Topic 29 (Pages 168 – 170); Section D – III, Topic 71 (Page 201)

V.2. REMUNERATION

V.2.1 The remuneration should be set by a committee, the composition of which should ensure its independence from management

Adopted

Section B - II, Topic 29 (Pages 171,); Section D - I, Topic 66 (Page 198); Section D - II, Topic 67 (Page 199)

V.2.2 The remuneration committee should approve, at the start of each term of office, execute, and annually confirm the company's remuneration policy for the members of its boards and committees, including the respective fixed components. As to executive directors or directors periodically invested with executive duties, in the case of the existence of a variable component of remuneration, the committee should also approve, execute, and confirm the respective criteria of attribution and measurement, the limitation mechanisms, the mechanisms for deferral of payment, and the remuneration mechanisms based on the allocation of options and shares of the company

Adopted

Section D – III, Topic 69 (Page 199)

	The statement on the remuneration policy of the managing and supervisory bodies, pursuant to article 2 of Law no. 28/2009, 19th June, should additionally contain the following:
V.2.3	<ul style="list-style-type: none"> i. the total remuneration amount itemised by each of its components, the relative proportion of fixed and variable remuneration, an explanation of how the total remuneration complies with the company's remuneration policy, including how it contributes to the company's performance in the long run, and information about how the performance requirements were applied; ii. remunerations from companies that belong to the same group as the company; iii. the number of shares and options on shares granted or offered, and the main conditions for the exercise of those rights, including the price and the exercise date; iv. information on the possibility to request the reimbursement of variable remuneration; v. information on any deviation from the procedures for the application of the approved remuneration policies, including an explanation of the nature of the exceptional circumstances and the indication of the specific elements subject to derogation; vi. information on the enforceability or non-enforceability of payments claimed in regard to the termination of office by directors.
Adopted	
	Section D – III – Topics 69 (Pages 199, 200)
V.2.4	For each term of office, the remuneration committee should also approve the directors' pension benefit policies, when provided for in the bylaws, and the maximum amount of all compensations payable to any member of a board or committee of the company due to the respective termination of office
Adopted	
	Section B- II, Topic 29 (Pages 171, 172), Section D – III, Topic 76 (Page 202)
V.2.5	In order to provide information or clarifications to shareholders, the chair or, in case of his/her impediment, another member of the remuneration committee should be present at the annual general meeting, as well as at any other, whenever the respective agenda includes a matter linked with the remuneration of the members of the company's boards and committees or, if such presence has been requested by the shareholders
Adopted	
	Section B-I, a) Topic 11 (Page 157), Section B-II, Topic 15 (Page 159)
V.2.6	Within the company's budgetary limitations, the remuneration committee should be able to decide, freely, on the hiring, by the company, of necessary or convenient consulting services to carry out the committee's duties. The remuneration committee should ensure that the services are provided independently and that the respective providers do not provide other services to the company, or to others in controlling or group relationship, without the express authorization of the committee.
Adopted	
	Section D – III – Topics 67 (Page 199)
V.3. DIRECTOR REMUNERATION	
V.3.1	Taking into account the alignment of interests between the company and the executive directors, a part of their remuneration should be of a variable nature, reflecting the sustained performance of the company, and not stimulating the assumption of excessive risks
Adopted	
	Section D – III, Topics 69 -72 (Pages 199 – 202)
V.3.2	A significant part of the variable component should be partially deferred in time, for a period of no less than three years, thereby connecting it to the confirmation of the sustainability of the performance, in the terms defined by a company's internal regulation
Adopted	
	Section D – III, Topic 72 (Page 202)
V.3.4	When variable remuneration includes the allocation of options or other instruments directly or indirectly dependent on the value of shares, the start of the exercise period should be deferred in time for a period of no less than three years
Adopted	
	Section D – III, Topics 73 and 74 (Page 202)
V.3.5	The remuneration of non-executive directors should not include components dependent on the performance of the company or on its value
Adopted	
	Section D – III, Topic 69 (Pages 199, 200); Section D – IV, Topic 77 (Page 203)
V.3.6	The company should be provided with suitable legal instruments so that the termination of a director's time in office before its term does not result, directly or indirectly, in the payment to such director of any amounts beyond those foreseen by law, and the company should explain the legal mechanisms adopted for such purpose in its governance report
Adopted	
	Section D – III, Topics 69 -72 (Pages 199-202)

V.4. APPOINTMENTS

V.4.1 The company should, in terms that it considers suitable, but in a demonstrable form, promote that proposals for the appointment of the members of the company's governing bodies are accompanied by a justification in regard to the suitability of the profile, the skills and the curriculum vitae to the duties to be carried

Adopted

Section B-II, a) Topic 16 (Page 160)

V.4.2 The overview and support to the appointment of members of senior management should be attributed to a nomination committee, unless this is not justified by the company's size

Adopted

Section B-II, Topic 29 (Page 171)

V.4.3 This nomination committee includes a majority of non- executive, independent members

Adopted

Section B-II, Topic 29 (Page 171)

V.4.4 The nomination committee should make its terms of reference available, and should foster, to the extent of its powers, transparent selection processes that include effective mechanisms of identification of potential candidates, and that those chosen for proposal are those who present a higher degree of merit, who are best suited to the demands of the functions to be carried out, and who will best promote, within the organisation, a suitable diversity, including gender diversity

Adopted

Section B-II, a) Topic 16 (Page 160)

CHAPTER VI – RISK MANAGEMENT

VI.1 The managing body should debate and approve the company's strategic plan and risk policy, which should include a definition of the levels of risk considered acceptable.

Adopted

Section C) - III, Topic 52 (Page 182)

VI.2 Based on its risk policy, the company should establish a system of risk management, identifying (i) the main risks it is subject to in carrying out its activity; (ii) the probability of occurrence of those risks and their respective impact; (iii) the devices and measures to adopt towards their mitigation; (iv) the monitoring procedures, aiming at their accompaniment; and (v) the procedure for control, periodic evaluation and adjustment of the system

Adopted

Section B – III; Section C) – III, Topics 52 - 55 (Page 182 - 195)

VI.3 The company should annually evaluate the level of internal compliance and the performance of the risk management system, as well as future perspectives for amendments of the structures of risk previously defined

Adopted

Section C) -III, Topic 55 (Page 169)

CHAPTER VII - FINANCIAL STATEMENTS AND ACCOUNTING

VII.1. FINANCIAL INFORMATION

VII.1.1 The supervisory body's internal regulation should impose the obligation to supervise the suitability of the preparation process and the disclosure of financial information by the managing body, including suitable accounting policies, estimates, judgments, relevant disclosure and its consistent application between financial years, in a duly documented and communicated form

Adopted

Section B-II, Topic 29 (Pages 168, 169); Section C) -III, Topic 55 (Page 194, 195)

VII.2. STATUTORY AUDIT OF ACCOUNTS AND SUPERVISION

VII.2.1 Through the use of internal regulations, the supervisory body should define:

- i. the criteria and the process of selection of the statutory auditor;
- ii. the methodology of communication between the company and the statutory auditor;
- iii. the monitoring procedures destined to ensure the independence of the statutory auditor;
- iv. the services, besides those of accounting, which may not be provided by the statutory auditor.

Adopted

Section B-II, c) Topic 29 (Pages 168, 169), Section B – III, c) Topics 37 and 38 (Pages 175, 176); Section B – IV-V, Topics 39 – 41, 45 and 46 (Pages 176 – 177)

VII.2.2 The supervisory body should be the main interlocutor of the statutory auditor in the company and the first recipient of the respective reports, having the powers, namely, to propose the respective remuneration and to ensure that adequate conditions for the provision of services are ensured within the company

Adopted

Sections B – II, c) Topic 29 (Pages 168, 169); Section B – V, Topic 45 (Pages 176, 177)

VII.2.3 The supervisory body should annually assess the services provided by the statutory auditor, their independence and their suitability in carrying out their functions, and propose their dismissal or the termination of their service contract by the competent body when this is justified for due cause

Adopted

Section B – II, c) Topic 29 (Pages 168, 170); Section B – III a), Topic 30 (Page 173), Section B – III, c) Topic 38 (Pages 175 – 176); Section B-IV- V, Topic 45 (Pages 176, 177)

VII.2.4 The statutory auditor should, within their powers, verify the application of policies and systems of remuneration of governing bodies, the effectiveness and the functioning of the mechanisms of internal control, and report any irregularities to the supervisory body

Adopted

Section B – IV-V, Topic 45 (Pages 176, 177)

VII.2.5 The statutory auditor should collaborate with the supervisory body, immediately providing information on the detection of any relevant irregularities as to the accomplishment of the duties of the supervisory body, as well as any difficulties encountered whilst carrying out their duties

Adopted

Section B – IV -V, Topic 45 (Pages 176, 177)

ANNEX I: CURRICULUM VITAE 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:

- President of BCSD Portugal

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, S.L.U., 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, S.A. 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, S.A., 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, S.L.U.
- Director of EDP Renewables Europe, S.L.U., EDP Renewables Polska SP zoo, EDP Renewables Romania SRL, EDP Renewables UK Ltd., EDP Renováveis Brasil S.A. 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 Indústria (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 Galp Empresas and Galp gás
- 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/Deloitte 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)



**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, S.L. 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 AELÉC

Other previous positions:

- Member of the Board of Directors of EDP Renewables Europe, S.L.U.U
- 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 the Légion d'Honneur and Officer in the 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)



**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.
- Chairman of the Nominations and Remunerations Committee of EDP Renováveis, S.A.
- Member of the Audit, Control and Related Party Transactions Committee of EDP Renováveis, S.A.

Current positions in companies outside EDPR and EDP group of companies:

- Member of the Board at Hipogeslberia - Advisory, S.A.
- Chairman of the Board, Embopar, SGPS, S.A.
- Chairman of the Board, Sociedade Ponto Verde, S.A.
- Vice-Chairman of "Fórum para a Competitividade"
- Chairman of the Board at Forum Oceano

Main positions in the last five years:

- Director of Sagasta, STC, S.A.
- Member of the Advisory Committee at Incus Capital Advisors

Other previous positions:

- 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.
- Director, Group José de Mello (one of Portugal's leading private groups)
- Director of Soporcel, S.A. (1997-1999)
- Director of Papercel SGPS, S.A. (1998-1999)
- Director of MC Corretagem, S.A. (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 Químicos, 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
- Master of Science in Economics, University of Illinois at Urbana-Champaign
- PhD in Economics, University of Illinois at Urbana-Champaign

ACÁCIO
PILOTO**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 Audit, Control and Related-Party Transactions 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:

- Member of the Supervisory Board and Chairman of the Risk Committee of Caixa Económica Montepio Geral
- Member of the Nominations and Remunerations Committee of EDP Renováveis, S.A.
- Member of the Related-Party Transactions Committee of EDP Renováveis, S.A.

Other previous positions:

- International Division of Banco Pinto e SottoMayor
- International and Treasury Division of Banco Comercial Português
- Head of BCP International Corporate Banking
- Member of the Executive Committee of AF Investimentos SGPS and 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
- Member of BCP Investment Committee
- Executive Board Member of BCP - Banco de Investimento, in charge of Investment Banking
- Millennium BCP Group Treasurer and Head of Capital Markets
- Millennium BCP Chair of Group ALCO
- CEO of Millennium Gestão de Activos SGFIM
- Chairman of Millennium SICAV
- Chairman of Bill International
- Member of the Board of Directors and Member of the Audit Committee of INAPA IPG S.A.

Education:

- Law degree by the Law Faculty of Lisbon University
- During 1984 and 1985 he was a scholar from the Hanns Seidel Foundation, Munich where 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, financial and asset management, namely the International Banking School (Dublin, 1989), the Asset and Liability Management Seminar (Merrill Lynch International) and the INSEAD Executive Program (Fontainebleau)
- Nova SBE Executive Program on Corporate Governance and Leadership of Boards



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 of the Audit, Control and 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
- Coordinator of the work group appointed by the Finance Minister dedicated to evaluate Tax Expenditures

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



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



**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 Nominations and Remunerations Committee of EDP Renováveis, S.A.

Current positions in companies outside EDPR and EDP group of companies:

- Member of the Board of Directors of Mota Engil SGPS, S.A.
- Member of the Board of Directors of Mota Engil Africa, S.A.
- Member of the Strategic Council of Mota Engil SGPS, S.A.
- Chairman of the Nominations and Remuneration Committee of Mota Engil Africa, S.A
- Member of the Audit Committee of Mota Engil Africa, S.A .
- Chairman of the Fiscal Council of PMM SGPS, S.A.
- Chairman of the Advisory Council of A.T. Kearney Portugal

Main positions in the last five years:

- Executive Director of the North-South Centre, Council of Europe
- Chairman of the Consultative Council of Calouste Gulbenkian Foundation, Paris Delegation
- Member of the Independent General Council Radio e Televisão de Portugal S.A.
- University professor, Universidade Autónoma, Lisbon, Portugal

Other previous positions:

- Portuguese ambassador to the United Nations to OSCE, to UNESCO, to Brazil and to France
- Secretary of State for European Affairs (1995/2001), Portuguese government, Lisbon

Education:

- Degree in Political and Social Sciences, Lisbon University



**CONCEIÇÃO
LUCAS**

Born: 1956

Current positions in EDPR or EDP group of companies:

- Member of the Board 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:

- Chairwoman of Banco Atlantico Europa, S.A.
- Member of the Nominations and Remunerations Committee of Banco Atlantico Europa, S.A.
- Chairwoman of Atlantico Europa, SGPS, S.A

Main positions in the last five years:

- Executive Board Member of Millennium bcp, for Corporate and Investment Banking
- Member of the Board of BCP Capital
- Manager of BCP Africa SGPS
- Vice-Chairman of the Board of Directors and Chairman of the Audit Board of Medis
- Vice-Chairman of the Board of Directors and Chairman of the Audit Board of Ocidental
- Vice-Chairman of the Board of Directors and Chairman of the Audit Board of Millennium bcp Ageas insurance group
- Vice-Chairman of the Board of Directors and Chairman of the Audit Board of Ocidental Vida
- Member of the Supervisory Board of Bank Millennium S.A. (Poland)_ (2012-2015)
- Member of the Board of Banco Millennium Angola (BMA), in Angola
- Member of the Board and Member of the Remunerations Commission of BIM- Banco Internacional de Moçambique
- Member of the Remuneration Commission of SIM - Seguradora Internacional de Moçambique
- Board member and Vice-Chairman of Banque Privée, Geneve, Switzerland

Other previous positions:

- Chairman of the Board of Directors of Millennium bcp Gestão de Ativos (MGA)
- Member of the Board of Fundação Millennium bcp
- Executive Board Member of Banco Privado Atlantico - Europa
- Co-head of Société Générale, Rep. Office, in Portugal
- Senior Manager, Banco Espírito Santo, Portugal
- Manager of Petrogal, S. A.
- Générale Bank, branch in Portugal

Education:

- Degree in Management and Business Administration, Portuguese Catholic University (UCP), Lisbon
- Post-graduate degree in Hautes Etudes Européennes, major in Economics, College of Europe, Bruges
- MSc, London School of Economics, London University



**ALEJANDRO
FERNÁNDEZ DE ARAOZ
GÓMEZ-ACEBO**

Born: 1962

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:

- Partner of Aroz & Rueda, Abogados
- Member of the Board of Inversiones Doalca Socimi, S.A
- Member of the Board of Bodegas Benjamin de Rothschild & Vega-Sicilia, S.A
- "Patrono" and Secretary of Fundación Arlene de Rothschild
- Representative in Spain of Fundación Daniel y Nina Carasso

Main positions in the last five years:

- (none)

Other previous positions:

- Secretary and legal advisor of Fundación José Ortega y Gasset-Gregorio Marañón
- Associate Professor of Commercial Law in Instituto de Estudios Bursátiles
- Associate-Professor of Commercial Law in Facultad de Derecho Universidad Complutense de Madrid
- Professor in Instituto de Empresa

Education:

- Law Degree from the Complutense University, Madrid
- Master in Law, London School of Economics and Political Science, University of London
- Master in Law, New York University School of Law
- Researcher, Cambridge MA, Harvard Law School
- Researcher, Ludwig-Maximilian Universität, Munich
- PhD in Law, Complutense University, Madrid



**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, S.A.
- 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

STATEMENT OF COMPLIANCE ON SCIRF



**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 2018 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 2018 EDP Renováveis Group had an effective system of internal control over financial reporting.

The SCIRF of EDP Renováveis Group at 31st December 2018 has been audited by the independent auditors PricewaterhouseCoopers Auditores, S.L., as indicated in their report included in the Annual Corporate Governance Report.


Chief Executive Officer

27 February 2019


Board member

AUDITOR'S REPORT ON SCIRF

**INDEPENDENT REASONABLE ASSURANCE REPORT
ON THE DESIGN AND EFFECTIVENESS OF THE
INTERNAL CONTROL SYSTEM OVER FINANCIAL REPORTING (ICSFR)**

To the Board of Directors of EDP Renováveis, S.A.:

We have carried out a reasonable assurance report of the design and effectiveness of the Internal Control System over Financial Reporting (hereinafter, ICSFR) and the description of it that is included in the attached Report that forms part of the corresponding section of the Annual Corporate Governance Report of the Directors Report accompanying the consolidated annual accounts of EDP Renováveis, S.A., and its subsidiaries (hereinafter, the EDPR Group) as at December 31, 2018. This system is based on the criteria and policies defined by the EDPR Group in accordance with the guidelines established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in its "Internal Control-Integrated Framework 2013" report.

An Internal Control System over Financial Reporting is a process designed to provide reasonable assurance over the reliability of financial information in accordance with the applicable financial reporting framework and includes those policies and procedures that: (i) enable the records reflecting the transactions performed to be kept accurately and with a reasonable level of detail; (ii) provide reasonable assurance as to the proper recognition of transactions to make it possible to prepare the financial information in accordance with the accounting principles and standards applicable to it and that they are made only in accordance with established authorizations; and (iii) provide reasonable assurance in relation to the prevention or timely detection of unauthorised acquisitions, use or sales of the Group's assets that could have material effect on the financial information.

Inherent Limitations

In this regard, it should be borne in mind that, given the inherent limitations of any Internal Control System over Financial Reporting, regardless of the quality of the design and operation of the system, it can only allow reasonable, but not absolute security, in relation to the objectives it pursues, which may lead to errors, irregularities or fraud that may not be detected. On the other hand, the projection to future periods of the evaluation of internal control is subject to risks such that said internal control being inadequate as a result of future changes in the applicable conditions, or that in the future the level of compliance of the established policies or procedures may be reduced.

Director's responsibility

The Directors of EDP Renováveis, S.A., are responsible for taking the necessary measures to reasonably ensure the implementation, maintenance and supervision of an appropriate Internal Control System over Financial Reporting, as well as the evaluation of its effectiveness, the development of improvements to that system and the preparation and establishment of the content of the information relating to the ICSFR attached.

.....
PricewaterhouseCoopers Auditores, S.L., Torre PwC, Pº de la Castellana 259 B, 28046 Madrid, España
Tel.: +34 915 684 400 / +34 902 021 111, Fax: +34 915 685 400, www.pwc.es

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R. M. Madrid, hoja 87.250-1, folio 75, tomo 9.267, libro 8.054, sección 3ª
Inscrita en el R.O.A.C. con el número S0242 - CIF: B-79 031290



Our Responsibility

Our responsibility is to issue a reasonable assurance report on the design and effectiveness of the EDPR Group Internal Control System over Financial Reporting, based on the work we have performed and on the evidence we have obtained. We have performed our reasonable assurance engagement in accordance with "International Standard on Assurance Engagements 3000 (ISAE 3000)" (Revised), "Assurance Engagements other than Auditing or Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC).

A reasonable assurance report includes the understanding of the Internal Control System over Financial Reporting, assessing the risk of material weaknesses in the internal control, that the controls are not properly designed or they do not operate effectively, the execution of tests and evaluations on the design and effective implementation of this ICSFR, based on our professional judgment, and the performance of such other procedures as may be deemed necessary.

We believe that the evidence we have obtained provides a sufficient and adequate basis for our opinion.

Our Independence and Quality Control

We have complied with the independence requirements and other ethical requirements of the Accounting Professionals Code of Ethics issued by the International Ethics Standards Board for Accountants (IESBA), which is based on the fundamental principles of integrity, objectivity, professional competence and diligence, confidentiality and professional behavior.

Our firm applies the "International Standard on Quality Control 1 (ISQC 1)" and maintains an exhaustive qualitative control system that includes documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory provisions.

Opinion

In our opinion, the EDPR Group maintained, as at December 31, 2018, in all material respects, an effective Internal Control System over Financial Reporting for the period ended at December 31, 2018, which is based on the criteria and the policies defined by the EDP Renováveis Group's management in accordance with the guidelines established by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in its "Internal Control-Integrated Framework 2013" report.

In addition, the attached description of the ICSFR Report as at December 31, 2018 has been prepared, in all material respects, in accordance with the requirements established by the Code of Recommendations of the IPCG and the Appendix I to CMVM Regulation nº 4/2013 for the purposes of the description of the ICSFR in the Annual Reports of Corporate Governance.

This work does not constitute an audit nor is it subject to the regulations governing the audit activity in force in Spain, so we do not express any audit opinion in the terms provided in the aforementioned regulations.

PricewaterhouseCoopers Auditores, S.L.



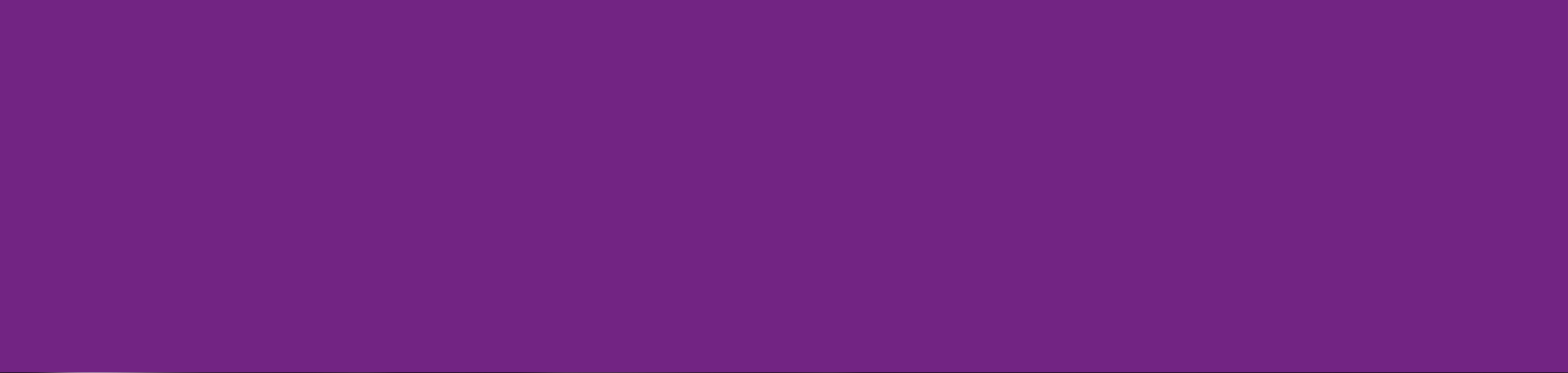
Iñaki Goirieta Basualdu

February 28, 2019

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2018 CONSOLIDATED ANNUAL ACCOUNTS

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AUDITOR'S REPORT ON THE CONSOLIDATED ANNUAL ACCOUNTS

*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 company) and subsidiaries (the Group), which comprise the statement of financial position at 31 December 2018, the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of cash flows and related notes, all consolidated, for the year then ended.

In our opinion, the accompanying consolidated annual accounts present fairly, in all material respects, the equity and financial position of the Group as at December 31, 2018, as well as its financial performance and cash flows, all consolidated, 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 legislation governing the audit practice 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 relating to independence, that are relevant to our audit of the consolidated annual accounts in Spain, in accordance with legislation governing the audit practice. In this regard, we have not rendered services other than those relating to the audit of the accounts, and situations or circumstances have not arisen that, in accordance with the provisions of the aforementioned legislation, have affected our necessary independence such that it has been compromised.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our 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.

PricewaterhouseCoopers Auditores, S.L., Torre PwC, Pº de la Castellana 259 B, 28046 Madrid, España
Tel.: +34 915 684 400 / +34 902 021 111, Fax: +34 915 685 400, www.pwc.es

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EDP Renováveis, S.A. and subsidiaries

Key audit matter

Assessment of the recovery of the carrying amount of certain non-current assets of the Group

The accompanying consolidated annual accounts present goodwill, intangible assets and property, plant and equipment and investments, accounted for under the equity method, amounting to €1,326,563, €250,646, €13,921,794 and €348,725 thousand, respectively. These assets are allocated to cash generating units (CGUs) as indicated in Note 18 to the accompanying consolidated annual accounts.

These assets mainly relate to the electricity generating through renewable sources in Europe, North America and Brazil, that are directly affected by the regulatory framework (Note 1) applicable in each of the countries in which the Group operates.

At each year end, management carries out impairment tests of the carrying amount of these assets at CGU level, by estimating their recoverable amount and recognising value adjustments, where appropriate, as described in Note 2.K.

The estimated recoverable amount is based on a discounted cash flow model, calculated based on the business plans approved by management. The key assumptions are detailed in Note 18 to the accompanying consolidated annual accounts.

In addition, management has carried out a sensitivity analysis on the key assumptions which, based on earlier experience, may reasonably show variations, as detailed in Note 18.

As a result of these analyses, Group management has recognize valuation adjustments in the CGUs detailed in Note 13.

In order to carry out these impairment analyses, management used a third party independent expert.

This area is key because it entails the application of critical judgements and significant estimates by management concerning the key assumptions used in the calculations performed, such as the performance of electricity prices and discount rates, which are subject to uncertainty and the fact that significant future changes in key assumptions could have a significant impact on the Group's consolidated annual accounts.

How our audit addressed the key audit matter

We started our analysis by gaining an understanding of the process and assessing the relevant controls that the Group has in place to analyse the recovery of its non-current assets.

In addition, we considered the adequacy of the allocation of assets to CGUs and the process for identifying those requiring an assessment of impairment, in accordance with accounting legislation.

We assessed the adequacy of the measurement models employed, the assumptions and estimates used in the calculations, including, among others, estimated performance of electricity prices, consistency with the applicable regulatory framework and the evolution of discount rates.

We also verified that the electricity prices included in the cash flow projections prepared by the Group in the past were consistently in keeping with real data.

Specifically, with respect to discount rates, in collaboration with our valuation experts, we verified the methodology used in their estimation and that their value is within a reasonable range.

Also, we checked the mathematical accuracy of the calculations and models prepared by management and assessed the sensitivity calculations carried out and the estimates of the magnitude of the change required in the key assumptions to trigger asset impairment, or the reversal of the impairment allowance. And we have compared the recoverable value calculated by the Group with the assets' carrying amount.

In addition, we assessed the information included in the report of the independent expert engaged by management to conduct the analyses of impairment, along with the expert's competence and objectivity, in order to satisfy ourselves that he was properly qualified to carry out that engagement.

We also assessed the sufficiency of the information disclosed in the consolidated annual accounts with respect to the assessment of the recoverable amount of these assets.

Based on the procedures carried out, we consider that management's approach and conclusions and the informational disclosed in the accompanying consolidated annual accounts are reasonable and consistent with the evidence obtained.



EDP Renováveis, S.A. and subsidiaries

Key audit matter	How our audit addressed the key audit matter
<p data-bbox="422 750 837 795"><i>Sales of controlling interests in subsidiaries and other interests in joint ventures</i></p> <p data-bbox="422 817 837 974">As indicated in Note 6 to the accompanying consolidated annual accounts, in the last quarter of 2018 the Group sold 80% of its interest in two United States subsidiaries which has led to loss of control and 13.5% of two associates in France, maintaining joint control in both cases.</p> <p data-bbox="422 996 837 1187">Sale of United States subsidiaries has generated a profit amounting to €108,976 thousand (Note 6) recognised in the consolidated income statement at 31 December 2018. This amount includes €50,064 thousand (Note 19) corresponding to the accounting effect of the valuation at fair value of the retained interest, according to the accounting standards applicable.</p> <p data-bbox="422 1209 837 1377">As regards the sale in France a profit has been recorder amounting to €63,095 thousand (Note 6), recognised in the consolidated income statement at 31 December 2018. The selling price includes a contingent amount of €36,551 thousand (Note 23), based on the agreements reached and corresponding estimates made by management.</p> <p data-bbox="422 1400 837 1590">Recognition of these transactions requires analysing whether the Group maintains control, joint control or significant influence following each transaction and entails applying critical judgements and estimates in relation to the results of the sale and requires special attention because of the magnitude of the amounts indicated. We have therefore considered this a key audit matter.</p>	<p data-bbox="837 817 1292 862">In auditing the sales operations in the United States and France, we applied the following procedures:</p> <ul data-bbox="837 884 1292 1366" style="list-style-type: none"> <li data-bbox="837 884 1292 974">• Obtention, reading and analysis of sales-purchase agreements and shareholder agreements and the accounting analyses performed by management. <li data-bbox="837 996 1292 1086">• Analysis of the existence or otherwise of control, joint control or significant influence over these investees by the Group as a result of the operations performed. <li data-bbox="837 1108 1292 1276">• Understanding and verifying the calculations performed by management to determine the profit on each operation. Specifically, in the case of France, analysis of the assumptions used in the calculation of the contingent amount, comparing them to other operations with similar characteristics performed by the Group. <li data-bbox="837 1299 1292 1366">• Assessing the disclosures and information included in the consolidated annual accounts regarding these sales. <p data-bbox="837 1388 1292 1512">Based on the procedures performed, we consider that the accounting treatment afforded by management to the operations in question and the disclosures made in the accompanying consolidated annual accounts are consistent with the evidence obtained in our work.</p>



EDP Renováveis, S.A. and subsidiaries

Key audit matter	How our audit addressed the key audit matter
<p data-bbox="422 734 837 784"><i>Recognition and measurement of derivative financial instruments</i></p> <p data-bbox="422 795 837 940">As indicated in Note 5 to the accompanying consolidated annual accounts, the Group is exposed to certain financial risks, namely, exchange rate risk, interest rate risk and electricity price risk, due to the activities performed and the countries where it operates.</p> <p data-bbox="422 952 837 1064">In order to manage these risks, management has contracted several derivatives amounting to €29,511 thousand and € 234,532 thousand, in assets and liabilities, respectively (Note 36) at 31 December 2018.</p> <p data-bbox="422 1075 837 1176">The fair value of the derivatives is estimated through complex valuation techniques that require the application of judgement and the use of significant assumptions by management.</p> <p data-bbox="422 1187 837 1276">The derivatives designated as accounting hedges have to meet strict criteria in relation to the documentation and effectiveness of the hedge from inception.</p> <p data-bbox="422 1288 837 1422">Due to the uncertainty associated with the estimations of the fair value of these instruments and the complexity of complying with accounting legislation on the application of hedge accounting, we consider this a key audit matter.</p>	<p data-bbox="837 795 1292 918">We started our analysis by understanding the procedure established by management to identify and measure the derivatives, evaluate the effectiveness of the design of existing controls and verify their appropriate operation.</p> <p data-bbox="837 929 1292 996">For a sample of derivatives selected, we checked their main characteristics with the relevant contracts.</p> <p data-bbox="837 1008 1292 1176">Similarly, and with the involvement of our experts in the valuation of derivatives, we assessed the valuation methodology used and for a sample of instruments, we performed a verification of the valuation performed by management through the analysis of the reasonableness of the main assumptions used.</p> <p data-bbox="837 1187 1292 1321">Moreover, for the instruments designated as accounting hedges we assessed the documentation of such designation and the reasonableness of the measurement of their effectiveness and whether the results of that measurement are within the limits established in prevailing accounting regulations.</p> <p data-bbox="837 1332 1292 1422">Finally, we analysed the sufficiency of the disclosures included in the accompanying consolidated annual accounts regarding financial derivatives.</p> <p data-bbox="837 1433 1292 1556">As a result of our tests, we consider that the measurement of financial derivatives and the information disclosed in the accompanying consolidated annual accounts are reasonable and consistent with the information available.</p>

Other matters

The consolidated annual accounts of EDP Renováveis, S.A. and subsidiaries for the year ended 31 December 2017 were audited by other auditors that expressed an unqualified opinion on said consolidated annual accounts on 27 February 2018.



EDP Renováveis, S.A. and subsidiaries

Other information: Consolidated management report

Other information comprises only the consolidated management report for the 2018 financial year, the formulation of which is the responsibility of the Parent company's directors and does not form an integral part of the consolidated annual accounts.

Our audit opinion on the consolidated annual accounts does not cover the consolidated management report. Our responsibility regarding the information contained in the consolidated management report is defined in the regulation governing annual accounts audit work, which establishes two distinct levels of responsibility:

- a) A specific level which is applicable to the consolidated statement of non-financial information and certain information included in the Annual Corporate Governance Report prepared according to the applicable Portuguese regulation, as defined in article 35.2 b) of Audit Law 22/2015, that consists of verifying solely that said information was provided in the management report or, if appropriate, that the management report includes the pertinent reference about non-financial information in the manner provided in the regulation and if not, reporting the fact.
- b) A general level applicable to other information included in the consolidated management report that consists of assessing and reporting on the consistency of that information with the consolidated annual accounts, on the basis of the understanding of the Group obtained in the performance of the audit of those accounts and without including information other than that obtained as evidence during the audit and assessing and reporting on whether the content and presentation of that part of the consolidated management report are in conformity with applicable legislation. If, based on the work we have performed, we conclude that there are material misstatements, we are required to report this fact.

Based on the work performed, as described above, we verified that the information referred to in paragraph a) above is provided in the consolidated management report and that the other information contained in the consolidated management report is consistent with that provided in the 2018 consolidated annual accounts and its content and presentation comply with applicable regulations.

Responsibility of the directors and the audit, control and related party transactions committee for the consolidated annual accounts

The Parent company's directors are responsible for the preparation of the accompanying consolidated annual accounts, such that they fairly present the consolidated equity, financial position and financial performance of the Group, in accordance with International Financial Reporting Standards as adopted by the European Union and other provisions of the financial reporting framework applicable to the Group in Spain, and for such internal control as the directors determine is necessary to enable the preparation of consolidated annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated annual accounts, the Parent company'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 company's audit, control and related party transactions committee is responsible for overseeing the process of preparation and presentation of the consolidated annual accounts.



EDP Renováveis, S.A. and subsidiaries

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 legislation governing the audit practice 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 the economic decisions of users taken on the basis of these consolidated annual accounts.

As part of an audit in accordance with legislation governing the audit practice in Spain, we exercise professional judgment 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 company's directors.
- Conclude on the appropriateness of the Parent company'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 fair presentation.
- 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 remain solely responsible for our audit opinion.

We communicate with the Parent company's audit, control and related party transactions committee 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.



EDP Renováveis, S.A. and subsidiaries

We also provide the Parent company's audit, control and related party transactions committee with a statement that we have complied with relevant ethical requirements, including those relating to independence, and we communicate with the audit, control and related party transactions committee those matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Parent company's audit, control and related party transactions committee, we determine those matters that were of most significance in the audit of the consolidated annual accounts of the current period and 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.

Report on other legal and regulatory requirements

Report to the Parent company's audit, control and related party transactions committee

The opinion expressed in this report is consistent with the content of our additional report to the Parent company's audit, control and related party transactions committee dated 28 February 2019.

Appointment period

The General Ordinary Shareholders' Meeting held on 3 April 2018 appointed us as auditors of the Group for a period of 3 years, as from the year ended 31 December 2018.

Services provided

Services provided to the Group for services other than the audit of the accounts, additional to those indicated in the Note 43 to the consolidated annual accounts

PricewaterhouseCoopers Auditores, S.L. (S0242)



Iñaki Goiriena Basualdu (16198)

28 February 2019



CONSOLIDATED INCOME STATEMENT FOR THE YEARS ENDED 31 DECEMBER 2018 AND 2017

THOUSAND EUROS	NOTES	2018	2017
Revenues	7	1,511,523	1,601,619
Income from institutional partnerships in U.S. wind farms	8	185,171	225,568
		1,696,694	1,827,187
Other income	9	191,952	94,940
Supplies and services	10	-345,317	-326,886
Personnel costs and employee benefits	11	-114,989	-100,761
Other expenses	12	-128,425	-128,162
		-396,779	-460,869
		1,299,915	1,366,318
Provisions		-332	184
Amortisation and impairment	13	-545,885	-563,365
Operating profit		753,698	803,137
Financial income	14	131,268	41,181
Financial expenses	14	-351,004	-342,761
Financial expenses – net		-219,736	-301,580
Share of net profit in joint ventures and associates	19	1,649	2,708
Profit before tax		535,611	504,265
Income tax expense	15	-63,442	-48,058
NET PROFIT FOR THE YEAR		472,169	456,207
ATTRIBUTABLE TO			
Equity holders of EDP Renováveis	28	313,365	275,895
Non-controlling interests	29	158,804	180,312
NET PROFIT FOR THE YEAR		472,169	456,207
Earnings per share basic and diluted - Euros	27	0,36	0,32

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEARS ENDED AT 31 DECEMBER 2018 AND 2017

THOUSAND EUROS	EQUITY HOLDERS OF THE PARENT	2018 NON- CONTROLLING INTERESTS	EQUITY HOLDERS OF THE PARENT	2017 NON- CONTROLLING INTERESTS
Net profit for the year	313,365	158,804	275,895	180,312
ITEMS THAT WILL NEVER BE RECLASSIFIED TO PROFIT OR LOSS				
Actuarial gains/(losses)	-	-	15	2
Tax effect of actuarial gains/(losses)	-	-	-	-
	-	-	15	2
ITEMS THAT ARE OR MAY BE RECLASSIFIED TO PROFIT OR LOSS				
Fair value reserve (Equity instruments at fair value)	-135	-11	367	30
Tax effect of fair value reserve (Equity instruments at fair value)	-	-	-	-
Fair value reserve (cash flow hedge)	-63,434	785	-20,074	2,014
Tax effect from the fair value reserve (cash flow hedge)	15,768	-318	3,308	-478
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	-20,437	-	13,587	-
Reclassification to profit and loss due to changes in control	25	-	-4,212	-
Exchange differences arising on consolidation	16,614	30,021	-105,362	-119,486
	-51,599	30,477	-112,386	-117,920
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX	-51,599	30,477	-112,371	-117,918
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	261,766	189,281	163,524	62,394

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018 AND 2017

THOUSAND EUROS	NOTES	2018	2017
ASSETS			
Property, plant and equipment	16	13,921,794	13,185,201
Intangible assets	17	250,646	249,514
Goodwill	18	1,326,563	1,296,227
Investments in joint ventures and associates	19	348,725	303,518
Equity instruments at fair value		8,438	8,585
Deferred tax assets	20	174,490	64,479
Debtors and other assets from commercial activities	22	20,499	40,546
Other debtors and other assets	23	110,049	48,717
Collateral deposits associated to financial debt	30	25,466	32,720
Total Non-Current Assets		16,186,670	15,229,507
Inventories	21	35,634	28,565
Debtors and other assets from commercial activities	22	313,789	323,107
Other debtors and other assets	23	370,817	114,217
Current tax assets	24	59,526	72,141
Collateral deposits associated to financial debt	30	13,185	10,026
Cash and cash equivalents	25	551,543	388,061
Assets held for sale	26	7,546	58,179
Total Current Assets		1,352,040	994,296
TOTAL ASSETS		17,538,710	16,223,803
EQUITY			
Share capital	27	4,361,541	4,361,541
Share premium	27	552,035	552,035
Reserves	28	-172,525	-124,738
Other reserves and Retained earnings	28	1,454,598	1,270,244
Consolidated net profit attributable to equity holders of the parent		313,365	275,895
Total Equity attributable to equity holders of the parent		6,509,014	6,334,977
Non-controlling interests	29	1,613,390	1,560,175
TOTAL EQUITY		8,122,404	7,895,152
Liabilities			
Medium / Long term financial debt	30	3,207,855	2,808,595
Provisions	31	290,070	270,352
Deferred tax liabilities	20	463,062	355,613
Institutional partnerships in U.S. wind farms	32	2,231,249	2,163,722
Trade and other payables from commercial activities	33	419,430	489,929
Other liabilities and other payables	34	554,150	650,061
Total Non-Current Liabilities		7,165,816	6,738,272
Short term financial debt	30	442,130	428,368
Provisions	31	5,248	5,366
Trade and other payables from commercial activities	33	1,176,238	685,146
Other liabilities and other payables	34	540,078	381,246
Current tax liabilities	35	86,796	90,253
Total Current Liabilities		2,250,490	1,590,379
TOTAL LIABILITIES		9,416,306	8,328,651
TOTAL EQUITY AND LIABILITIES		17,538,710	16,223,803

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEARS ENDED AT 31 DECEMBER 2018 AND 2017

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 RENOVAÉIS	NON-CONTROLLING INTERESTS
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 Income in joint ventures and associates, net of taxes	13,587	-	-	-	13,587	-	-	13,587	-
- Reclassification 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 EDP 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
- IFRS 9 transition adjustments	-17,267	-	-	-17,267	-	-	-	-17,267	-
ADJUSTED BALANCE AS AT 1 JANUARY 2018	7,877,885	4,361,541	552,035	1,528,872	-82,672	-48,565	6,499	6,317,710	1,560,175
COMPREHENSIVE INCOME									
- Fair value reserve (available for sale financial assets) net of taxes	-146	-	-	-	-	-	-135	-135	-11
- Fair value reserve (cash flow hedge) net of taxes	-47,199	-	-	-	-	-47,666	-	-47,666	467
- Share of other comprehensive Income in joint ventures and associates, net of taxes	-20,437	-	-	-	-2,894	-17,543	-	-20,437	-
- Reclassification to profit and loss due to changes in control	25	-	-	-	25	-	-	25	-
Exchange differences arising on consolidation	46,635	-	-	-	16,614	-	-	16,614	30,021
- Net profit for the year	472,169	-	-	313,365	-	-	-	313,365	158,804
Total comprehensive income for the year	451,047	-	-	313,365	13,745	-65,209	-135	261,766	189,281
Dividends paid	-52,338	-	-	-52,338	-	-	-	-52,338	-
Dividends attributable to non-controlling interests	-62,439	-	-	-	-	-	-	-	-62,439
Other changes resulting from acquisitions/sales and equity increases	-91,121	-	-	-17,241	-	-	-	-17,241	-73,880
Other	-630	-	-	-4,695	-	3,812	-	-883	253
BALANCE AS AT 31 DECEMBER 2018	8,122,404	4,361,541	552,035	1,767,963	-68,927	-109,962	6,364	6,509,014	1,613,390

The following Notes form an integral part of these Consolidated Annual Accounts

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEARS ENDED 31 DECEMBER 2018 AND 2017

THOUSAND EUROS	2018	2017
OPERATING ACTIVITIES		
Cash receipts from customers	1,601,814	1,587,467
Payments to suppliers	-399,878	-383,425
Payments to personnel	-109,332	-104,901
Other receipts / (payments) relating to operating activities	-52,602	-76,790
Net cash from operations	1,040,002	1,022,351
Income tax received / (paid)	-54,801	-41,063
Net cash flows from operating activities	985,201	981,288
INVESTING ACTIVITIES		
Cash receipts relating to:		
Changes in cash resulting from perimeter variations	-	28,342
Property, plant and equipment and intangible assets	7,499	13,405
Interest and similar income	9,070	4,327
Dividends	13,999	17,898
Loans to related parties	224,373	16,364
Sale of subsidiaries with loss of control	226,011	6,308
Other receipts from investing activities	78,888	256
	559,840	86,900
Cash payments relating to:		
Changes in cash resulting from perimeter variations (*)	-24,459	-1,385
Acquisition of assets / subsidiaries	-	-11,513
Property, plant and equipment and intangible assets	-903,728	-1,037,184
Loans to related parties	-192,477	-17,195
Other payments in investing activities	-26,440	-16,316
	-1,147,104	-1,083,593
Net cash flows from investing activities	-587,264	-996,693
FINANCING ACTIVITIES		
Sale of assets / subsidiaries without loss of control	-	210,432
Receipts / (payments) relating to loans from third parties	-91,292	4,838
Receipts / (payments) relating to loans from non-controlling interests	-75,490	9,164
Receipts / (payments) relating to loans from Group companies	433,850	-183,681
Interest and similar costs including hedge derivatives from third parties	-46,680	-52,824
Interest and similar costs from non-controlling interests	-23,724	-19,209
Interest and similar costs including hedge derivatives from Group companies	-166,426	-157,211
Governmental grants	-	-16
Dividends paid	-112,949	-92,353
Receipts / (payments) from wind activity institutional partnerships - USA	225,353	250,022
Other cash flows from financing activities	-378,889	-99,287
Net cash flows from financing activities	-236,247	-130,125
CHANGES IN CASH AND CASH EQUIVALENTS	161,690	-145,530
Effect of exchange rate fluctuations on cash held	1,792	-69,628
Cash and cash equivalents at the beginning of the period	388,061	603,219
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (**)	551,543	388,061
(*) Includes (i) -23,810 thousand Euros due to the loss of control in Vento XIX portfolio and Nation Rise project; and (ii) -649 thousand Euros due to the loss of control in the Moray West project (see note 6);		
(**) See note 24 of the consolidated financial statements for a detailed breakdown of Cash and cash equivalents;		

Variations in the following financing captions, including cash flow variations, during the period ending December 31, 2018 are as follows:

THOUSAND EUROS	BANK LOANS (*)	GROUP LOANS	NON- CONTROLLING INTERESTS LOANS	U.S. INSTITUTIONAL PARTNERSHIPS	DERIVATIVES (**)	TOTAL
BALANCE AS OF DECEMBER 31, 2017	951,340	2,242,877	638,361	2,163,722	297,071	6,293,371
Cash flows						
▪ Receipts/(payments) relating to loans from third parties	-91,292	-	-	-	-	-91,292
▪ Receipts/(payments) relating to loans from non-controlling interests	-	-	-75,490	-	-	-75,490
▪ Receipts/(payments) relating to loans from Group companies	-	433,850	-	-	-	433,850
▪ Interest and similar costs including hedge derivatives from third parties	-36,978	-	-	-	-9,702	-46,680
▪ Interest and similar costs from non-controlling interests	-	-	-23,724	-	-	-23,724
▪ Interest and similar costs including hedge derivatives from Group companies	-	-87,267	-	-	-79,159	-166,426
▪ Receipts/ (payments) from derivative financial instruments	-	-	-	-	-308,103	-308,103
▪ Receipts / (Payments) from institutional partnership in US wind farms	-	-	-	225,353	-	225,353
Changes of perimeter	-	-	-	-162,123	-	-162,123
Exchange differences	-16,733	60,696	-2,842	102,067	-9,622	133,566
Fair value changes	-	-	-	-	96,217	96,217
Accrued expenses	44,424	93,549	27,101	7,266	87,555	259,895
Unwinding	-	-	-	80,135	-	80,135
Third party collaterals related to derivatives	-5,431	-	-	-	21,415	15,984
Changes in U.S. Institutional Partnerships related to ITC/PTC	-	-	-	-185,171	-	-185,171
IFRS 9 adjustment	-	22,299	-	-	-	-91,292
BALANCE AS OF DECEMBER 31, 2018	845,330	2,766,004	563,406	2,231,249	95,672	6,501,661

(*) Net of collateral deposits

(**) The Group considers as financing activities all derivative financial instruments excluding derivatives related with commodities.

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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).

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. As at 31 December 2018 and 31 December 2017 EDP Energias de Portugal, S.A through its Spanish branch EDP S.A. - Sucursal en España ("EDP Branch") held a qualified shareholding of 82.6% of the share capital and voting rights of EDPR and 17.44% of the share capital was free floated in the Euronext Lisbon.

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 above mentioned agreement 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 participações 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 6).
- In December 2018, EDPR completed the sale of 10% equity shareholding in the equity consolidated offshore company Moray East Holdings Limited to CTG through China Three Gorges (UK) Limited (see note 6).

In May 2018 China Three Georges (Europe), S.A. a company indirectly and wholly held by CTG and which holds 23.3% of EDP – Energias de Portugal, S.A. (EDP), published two preliminary announcements pursuant to which it informed the market that it will launch a general and voluntary tender offer (Offer) over the shares issued by EDP Energias de Portugal, S.A. and a general and mandatory Offer over the shares issued by EDP Renováveis, S.A. In this context, the report from the EDP Renováveis Board of Directors is available in the EDPR/Comissão do Mercado de Valores Mobiliários (CMVN) websites.

As at 31 December 2018, 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. and EDPR Offshore France, S.A.S.

EDPR EU operates through its subsidiaries located in Spain, Portugal, France, Belgium, Netherlands, Poland, Romania, Italy, United Kingdom and Greece. 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 (development of 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.

EDPR Group is currently developing wind offshore projects in the UK, France, USA and Portugal through different joint venture structures.

EDP Renováveis Group, through its subsidiaries has an installed capacity, as follows:

INSTALLED CAPACITY MW	31 DEC 2018	31 DEC 2017
United States of America	5,332	5,055
Spain	2,312	2,244
Portugal	1,309	1,253
Romania	521	521
Poland	418	418
France	421	410
Brazil	467	331
Mexico	200	200
Italy	221	144
Belgium	71	71
Canada	30	30
	11,302	10,677

Additionally, the EDP Renováveis Group through its equity-consolidated companies has an installed capacity, attributed to EDPR, as follows:

INSTALLED CAPACITY MW	31 DEC 2018	31 DEC 2017
United States of America	219	179
Spain	152	152
	371	331

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.

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 22 June 2018, the IRS released Notice 2018-59, which provides guidance to determine when a solar project begins construction for ITC purposes and specifies that projects have until 2024 to be placed in service and qualify for the ITC at levels above 10%. The ITC percentage for a solar project is determined based on the year in which construction of the project begins – provided the solar project is also placed in service before Jan 1, 2024 – as follows: (i) before Jan 1, 2020, 30%; (ii) in 2020, 26%; (iii) in 2021, 22%; and (iv) any time thereafter (regardless of the year in which the solar project is placed in service), 10%. Similar to the IRS guidance regarding the wind PTC, establishing the beginning of construction is deemed by (i) engaging significant physical work or (ii) paying or incurring 5% of the ultimate tax basis of the project. Thus, if a developer safe harbors 5% of project Capex in 2019, the project will be qualified for a 30% ITC if the construction is concluded before Jan 1, 2024. Similarly, if a developer safe harbors 5% of project Capex in 2021, the project will be qualified for a 22% ITC if the construction is concluded before Jan 1, 2024.

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. As of 29 June 2018, EPA's agenda put a final Clean Power Plan repeal date in October with speculation a replacement rule will be proposed at the same time. On 21 August 2018, the EPA proposed the Affordable Clean Energy (ACE) rule to replace the CPP to establish emissions guidelines for states to develop plans to address GHG emissions from existing coal-fired plants. The rule would allow states full discretion to set heat-rate improvements (HRI) for unit-specific emissions standards. The HRIs may be overstated, since they appear to be based on potential improvements at inefficient plants that have already retired; i.e. the existing fleet may have already applied BSER measures and therefore do not have room for improvement. Public comment on the proposed Affordable Clean Energy (ACE) rule closed October 30, 2018. It is expected that comments will be reviewed by EPA and that a final version of the rule will be published in the future.

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 several reasons: most of these changes will be contested in court; States regulators decide on the energy mix at State level; the most important energy players are already implementing the main elements of the Clean Power Plan; and the Executive Order does not impact ITC/PTC, which is the main development driver for the US renewable energy market. On 23 January 2018, Trump signed a proclamation setting in place four years of tariffs for cell and module imports. The tariffs commence at 30% of reported value, decrease in subsequent years and don't apply to the first 2.5GW of cell imports each year. On 3 April 2018, the Trump administration released a list of more than 1,300 imported products from China that may be subject to a 25% tariff. The list of imports from China includes "wind-powered electric generating sets," which will have minimal impact on the U.S. wind industry due to the low number of wind turbines imported from China. A 25% tariff on steel imports and a 10% tariff on aluminum imports may cause a modest increase in U.S. wind and solar project costs.

On 8 January 2018, the Federal Energy Regulatory Commission ("FERC") rejected a proposal from the Department of Energy to subsidize certain coal and nuclear plants by providing cost recovery for plants with onsite fuel supplies. The FERC instead asked regional grid operators to assess how best to enhance the resilience of the power system. FERC's five members unanimously rejected the proposed DoE rule. Instead, FERC asked regional grid operators to review an extensive list of questions about improving power system resilience and report back within 60 days.

On 3 January 2019, the 116th United States Congress convened with a Republican-majority Senate and a Democratic-majority House of Representatives. In the prior Congress, Republicans held majorities in both the Senate and the House of Representatives. With this change, a shift in governing philosophy is expected. Democratic representatives have informally proposed a range of potential legislative actions having to do with climate change. One of these proposals is a "Green New Deal" which features a 100% United States RPS standard. Such a standard, if implemented, would increase demand for renewable electricity in the U.S.

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 of 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.

On October 8th 2018 Spanish Ministry for the Ecological Transition introduced several measures aiming at limiting electricity cost for final consumers and serving as a first step towards the long term energy transition targeted by the Socialist Party. The implemented measures include the suspension of the 7% generation tax during a period of 6 months, the facilitation of self-consumption and the administrative extension until March 2020 of the connection rights for the renewable plants awarded in last year's auctions.

On December 28th the Ministry for the Ecological Transition announced the commencement of the approval process of a Draft Project Law aimed at setting the new regulated returns to be applicable to the different regulated activities in the Spanish Electricity sector for the second regulatory period, 2020-2025 ("Anteproyecto de Ley mediante el que se fijan las tasas de retribución de las actividades reguladas del sistema eléctrico en el periodo 2020-2025"). In particular the Draft Project Law proposes that the regulated return (so-called TRF) for 2020-2025 be set at 7.09% for renewables (coincident with the proposal released by the CNMC on November 2nd). However, the Draft Project Law foresees that the regulated rate to those renewables facilities that were entitled to receive a premium prior to the entry into force of Royal Decree-Law 9/2013 cannot be modified until 2031 "in order to guarantee a stable remuneration framework": current 7.389% will not change for those assets during the next two regulatory periods. The Draft Project Law has been now disclosed in the Ministry website and it still needs to be processed and approved.

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 2014, 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.

Together with the disclosure of the results of the second onshore wind tender the French government and regulator introduced some changes to the tender rules including a downward revision of the maximum strike price as well as small changes to the calendar and quotas of remaining tenders to be held up to 2020.

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.

In June 29 2018 Polish Parliament (Sejm and Senate) approved a set of amendments to the RES Act to the Wind Turbine Investment Act, amendments which were published in Polish Official Gazette in June 30. The approved amendments envisaged a return to the initial taxable base of the Real Estate Tax as of January 2018. The amendments include also changes in the RES Act however they do not include any relevant changes towards operating assets and focus mainly on operative changes and clarifications to the new tender scheme. In this line, the amendments include the budget (values and volumes) for 2018 tenders.

On November 5, it was held the first onshore wind tender for new assets.

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 CO₂ 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.

On June 26, 2018 EGO 24/2017 concluded the process of convalidation within Romanian Parliament with the approval by the Chamber of Deputies (CD). During the discussions in the CD several amendments to the text approved in March 2017 were discussed. The final set of amendments includes among others (i) a potential change to a Feed-in-Premium scheme for operating assets; (ii) a gradual increase in the maximum allowed impact to final consumers currently of maximum 11.1€/MWh, (iii) the removal of the loss of Green Certificates from positive unbalances (iii) the pro-rata allocation of GCs sold in the centralized platforms when the supply exceeds demand; and (iv) modifications in the postponement of solar PV GCs

Following the approval and publication of Law 184/2018 convalidating EGO 24/2017 on July 23rd Romanian regulator ANRE put into consultation and thereafter approved several Orders aimed at updating the regulation in light of Law 184/2018 provisions.

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 incentivisation 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 held 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.

The Italian government is currently in the process of approval of a new decree envisaging the celebration of new renewable tenders from 2019 to 2021.

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 2018 have been prepared to present fairly the consolidated equity and consolidated financial position of EDP Renováveis, S.A. and subsidiaries at 31 December 2018, the consolidated results of operations, consolidated statement of comprehensive income, 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 2019. 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 4 - 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. As described in note 3, the Group adopted in the preparation of consolidated financial statements as at 31 December 2018, the accounting standards issued by IASB and IFRIC interpretations effective since 1 January 2018. The adoption of IFRS 9 - Financial Instruments (and the related amendments to IFRS 7 - Financial Instruments: Disclosures) and IFRS 15 - Revenue from contracts with customers by EDPR Group led to some changes in the Group accounting policies, models and procedures, as well as in disclosures summarized in Note 3. The accounting policies used by the Group in preparing the consolidated financial statements described in this note were adopted in accordance. The new standards and interpretations recently issued but not yet effective and that the Group has not yet applied on its consolidated financial statements, are detailed in note 3.

The consolidated balance sheet, consolidated income statement, consolidated statement of changes in equity, consolidated statement of cash flows and the notes thereto for 2018 include comparative figures for 2017, which formed part of the consolidated annual accounts approved by shareholders at the annual general meeting held on April 3, 2018.

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 acquiree. 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, bargain purchase, 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. In a business combination achieved in stages, the acquirer shall remeasure its previously held equity interest in the acquiree at its acquisition-date fair value and recognize the resulting gain or loss, if any, in profit or loss or other comprehensive income, as appropriate. 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.

Disposal of subsidiaries

When the Group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount of the investment recognised in profit or loss. Fair value is the initial carrying amount for the purposes of the subsequent recording of the interest retained in the associate, joint venture or financial asset. In addition to that, any amount previously recorded in other comprehensive income in relation to that entity is recorded as if the Group had directly sold all the related assets and liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership of a holding in an associate is reduced but significant influence is retained, only the proportional part of the amounts previously recognised in other comprehensive income will be reclassified to the income statement.

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 rate risk, exchange rate risk and price risk resulting from its operational and financing activities. Derivatives not qualified for hedge accounting under IAS 39 are accounted for as trading instruments.

As permitted by IFRS 9, the EDPR Group decided to continue to apply the hedge accounting requirements of IAS 39 in 2018, instead of the requirements of IFRS 9. Despite this, EDPR Group has performed an assessment during this year and has changed its accounting perspective. Accordingly, EDPR Group has decided to apply prospectively the hedge accounting requirements of IFRS 9 for annual periods beginning on 1 January 2019. As at 31 December 2018, EDPR Group expects no significant impacts on its statement of financial position and equity, resulting from the adoption of the hedge accounting requirements of IFRS 9.

Hedging derivatives are recorded at fair value, being the gains and losses recognised in accordance with the hedge accounting model adopted by the Group. Hedge relationship exists when:

- (i) At the inception of the hedge, there is formal documentation of the hedge;
- (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 throughout the reporting period; and
- (v) The forecast transactions being hedged must be highly probable and must be exposed to changes in cash flows that could ultimately affect profit or loss.

Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged assets and liabilities or group of hedged assets and liabilities that are attributable to the hedged risk. When the hedging relationship ceases to comply with the requirements for hedge accounting, the accumulated gains or losses concerning the fair value of the risk being hedged are amortised over the residual period to maturity of the hedged item.

Cash flow hedge

Changes in the fair value of derivatives qualified as cash flow hedges are recognised in reserves.

The cumulative gains or losses recognised in reserves are reclassified to the income statement when the hedged item affects the income statement.

When a hedging relation of a future transaction is discontinued, the changes in the fair value of derivative recognised in reserves remain recognised in reserves until the future hedged transaction occurs. When the future transaction is no longer expected to occur, the cumulative gains or losses recognized in reserves are recorded immediately in the income statement.

Net investment hedge

The net investment hedge model is applied on a consolidated basis to investments in subsidiaries in foreign currencies. This model allows that the exchange differences recognised in the exchange differences consolidation reserve to be offset by the foreign exchange differences in foreign currency loans or currency derivatives contracted. The ineffective portion of the hedging relationship is recognised in the income statement.

The accumulated foreign exchange gains and losses regarding the net investment and the related hedging instrument recognised in equity are transferred to the income statement when the foreign entity is sold, as part of the gain or loss resulting from the disposal.

Effectiveness

For a hedge relationship to be classified as such, in accordance with IAS 39, its effectiveness must be demonstrated. Therefore, the Group performs prospective tests at the inception date of the hedge and prospective and retrospective tests in each balance sheet date, to demonstrate its effectiveness, showing that any adjustments to the fair value of the hedged item attributable to the risk being hedged are offset by adjustments to the fair value of the hedging instrument. Any ineffectiveness is recognised in the income statement when it occurs.

EDPR Group expects no impacts in the tests to be performed to demonstrate its effectiveness resulting from applying prospectively the hedge accounting requirements of IFRS 9 as from 1 January 2019.

E) OTHER FINANCIAL ASSETS

IFRS 9 introduced a model for the classification of financial assets based on the business model for managing the financial assets ("business model test") and their contractual cash flow characteristics ("SPPI test"), replacing prior requirements which determined the classification in the categories present in IAS 39. EDPR Group classifies its financial assets, at the initial recognition, in accordance with the aforementioned requirements introduced by IFRS 9, on the following categories:

Financial assets at amortised cost

A financial asset is measured at amortised cost if: (i) it is held within a business model whose objective is to hold assets in order to collect its contractual cash flows; and (ii) the contractual cash flows represent solely payments of principal and interest. Financial assets included within this category are initially recognised at fair value and subsequently measured at amortised cost. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

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, thus they meet the criteria for amortised cost measurement under IFRS 9.

Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost, being presented in the statement of financial position net of associated impairment losses.

Financial assets at fair value through profit or loss (FVTPL)

Financial assets that do not meet the criteria to be classified as financial assets at fair value through other comprehensive income (FVOCI) or at amortised cost, are classified at fair value through profit or loss, deemed to be a residual category under IFRS 9.

Regardless of the business model assessment, EDPR Group can elect to classify a financial asset at fair value through profit or loss if doing so reduces or eliminates a measurement or recognition inconsistency ("accounting mismatch").

Equity instruments at fair value

Under IFRS 9, all the equity instruments should be measured at fair value, once the category "Assets available for sale" as referred by IAS 39 cease to exist. As provided by IFRS 9, EDPR Group classify the equity instruments that are held for trading at fair value to profit or loss. For all other equity instruments, management has the ability to make an irrevocable election on initial recognition, on an instrument-by-instrument basis, to present changes in fair value in other comprehensive income.

If this election is made, all fair value changes, excluding dividends that are a return on investment, will be included in other comprehensive income. There is no recycling of amounts from other comprehensive income to profit and loss (for example, on sale of an equity instrument) being, at that time, transferred to retained earnings

Changes in the business model assessment over time

Financial assets are not reclassified subsequent to their initial recognition. However, if the Company changes its business model for managing financial assets, it will classify newly originated or newly purchased financial assets under the new business model but will keep the classification of existing assets under the previous business model.

Recognition and derecognition of financial assets

Purchases and sales of financial assets are recognised on the trade date, which is the date on which the Company commits to purchase or sell these financial assets.

Financial assets are derecognised when: (i) the contractual rights to receive their future cash flows have expired, (ii) the Company has transferred substantially the risks and rewards of ownership, or (iii) although retaining some, but not substantially all the risks and rewards of ownership, the Company has transferred control over the assets.

Impairment

IFRS 9 establishes a new impairment model based on the expected credit losses (ECL), which replaces the previous impairment model based on the incurred credit losses set out in IAS 39. Thus, a loss event will no longer need to occur before the recognition of an impairment allowance. This model is the basis for the recognition of impairment losses on held financial assets that are measured at amortised cost or at fair value through other comprehensive income (which includes cash and cash equivalents, trade receivables, loans and debt securities).

The impairment methodology applied depends on whether there has been a significant increase in credit risk. If the credit risk on a financial asset does not increase significantly since its initial recognition, EDPR Group measures the loss allowance for that financial asset at an amount equal to 12-month expected credit losses. If the credit risk increases significantly since its initial recognition, EDPR Group measures the loss allowance for that financial asset at an amount equal to lifetime expected credit losses.

Regardless of the above, a significant increase in credit risk is presumed if there is an objective evidence that the financial asset is impaired, including if there is observable data that comes to the attention of the holder of the asset about the following loss events, among others: significant financial difficulty of the issuer or obligor; restructuring of an amount due to the Company in terms that it would not consider otherwise; a breach of contract, such as a default or delinquency in interest or principal payments; or it becoming probable that the borrower will enter bankruptcy or other financial reorganization.

As soon as the loss event occurs (what is previous defined in IAS 39 as "objective evidence of impairment"), the impairment allowance would be allocated directly to financial asset affected, which provide the same accounting treatment, from that point, as previously provided by IAS 39, including the treatment of interest revenue. The asset's carrying amount is reduced and the amount of the loss is recognised in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases, the previously recognised impairment loss is reversed in profit or loss, if the decrease can be related objectively to an event occurring after the impairment loss was recognised.

Trade receivables and loans

EDPR Group applies the simplified approach and record lifetime expected losses on all trade receivables including those with a significant financing component. The estimated ECL are calculated based on actual credit loss experience over a period that, per business and type of customers, is considered statistically relevant and representative of the specific characteristics of the underlying credit risk.

Considering the particularities of each business, exposures are segmented based on common credit risk characteristics such as credit risk grade, geographic region and/or industry. Actual credit loss experience is 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.

For loans carried at FVOCI, EDPR Group performs an analysis based on the general approach. On making its assessment, the company has to make assumptions about risk of default and expected loss rates, which requires judgement. The inputs used for risk assessment and for calculation of the loss allowances for financial assets includes: (i) credit ratings (as far as available) from external credit rating companies such as Standard and Poor, Moody's and Fitch.; (ii) significant changes in the expected performance and behavior of the borrower, including changes in the payment status of borrowers in the Group and changes in the operating results of the borrower; (iii) Public market data, namely on probabilities of default and loss given default expectations; and (iv) macroeconomic information (such as market interest rates or growth rates).

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. All financial liabilities are booked at amortised cost, with the exception of the financial liabilities hedged at fair value hedge, which are stated at fair value on risk component that is being hedged.

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 labor, 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 to 35
- 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

On January 2018, EDPR Group changed the useful life of the renewable solar assets from 30 to 35 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 value. 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 under operating leases are recognised as an expense and charged to the income statement in the period to which they relate.

Finance leases

Finance leases are recognised by the lessee, at the inception of the lease, as assets and liabilities at the fair value of the leased assets which is equivalent to the present value of the future lease payments. Lease payments include the interest charges and the amortisation of the outstanding principal. The interest charges are recognised as costs over the lease period in order to produce a constant periodic rate of interest on the remaining balance of the liability.

Lessors record assets held under finance leases as leased capital, by the net amount invested in the lease. Lease payments include the financial income and the amortisation of the outstanding principal. Financial results recognised reflect a constant periodic rate of return on the outstanding net balance of the lessor.

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 2018 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	[2.95% - 5.15%]	-	-
BRL	-	-	[11.91% - 12.47%]
Inflation rate			
Euro zone	[1.01% - 2.35%]	-	-
Poland	[1.45% - 2.40%]	-	-
Romania	[2.80% - 4.75%]	-	-
USA	-	[2.00% - 2.30%]	-
Canada	-	[2.00% - 2.30%]	-
Brazil	-	-	[4.20% - 5.64%]
Capitalisation (number of years)	30 to 35	30 to 35	30 to 35

The above assumptions have not changed with respect to 2017, except for the discount and inflation rate in Romania which ranges changed from [0.65% - 3.87%] to [2.95% - 5.15%] in case of the discount rate and from [2.30% - 2.70%] to [2.80% - 4.75%] in case of the inflation rate. Additionally, number of years for capitalization have changed from 30 to 35 due to the change, at the beginning of January 2018, of the useful life of the renewable solar assets from 30 to 35 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 has performed in 2018 an in-depth analysis taking into account the reality of the EDPR's fleet and there were no significant changes in the variables used for determining the best estimate of the settlement amount during 2018.

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 REVENUE FROM CONTRACTS WITH CUSTOMERS

EDPR Group recognises revenue in accordance with the core principle introduced by IFRS 15. Thus, the Group recognises revenue to depict the transfer of control 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 these goods or services, as provided in the 5 steps methodology, namely: (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.

Costs and revenues are recorded in the year to which they refer regardless of when paid or received, in accordance with the accrual basis. Differences between amounts received and paid and the corresponding revenue and cost are recorded under Other assets and Other liabilities.

Revenue in EDPR Group arises essentially from electricity generation. The transfer of control occurs when the energy is generated and injected into the transport/distribution grids. The electricity generated is sold under free market conditions or through the establishment of medium/long term power purchase agreements.

In what concerns variable transaction prices, EDPR Group only recognises revenue when it is highly probable that there will not be any significant reversal of the recognised revenue, when it becomes certain. IFRS 15 requires that this estimate of variable transaction prices is determined using either (i) the expected value method – based on probability-weighted amounts, or (ii) the most likely outcome method. EDPR Group considers the facts and circumstances when analyzing the terms of each contract with customers, applying the requirements that determine the recognition and measurement of revenue in a harmonized manner, when considering contracts with the same characteristics and in similar circumstances.

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 EDP 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 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. The Group has determined that at the funding dates, the fair values of the original proceeds is equal to the fair values of the liabilities at that time and no value was assigned to the equity component. Subsequently, these liabilities are measured at amortized 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 30-35 year useful life of the underlying projects (see note 8). 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 10 % and taxable income allocations ranging from 5% to 10%. 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. 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.

X) STATEMENT OF CASH FLOW

The Statement of Cash Flow is presented under the direct method, by which gross cash flows from operating, financing and investing activities are disclosed. The Group classifies cash flows related to interest and dividends paid as financing activities and interest and dividends received as investing activities.

03. RECENT ACCOUNTING STANDARDS AND INTERPRETATIONS ISSUED

Standards, amendments and interpretations issued effective for the Group

The amendments to standards already issued and effective and that the Group applied in the preparation of its financial statements, can be analysed as follows:

- **IFRS 9 - Financial Instruments**

IFRS 9 was endorsed by European Commission Regulation 2067/2016, 22 November 2016, with an effective date of adoption for periods beginning on or after 1 January 2018, with early adoption permitted. Except for hedge accounting, retrospective application is required but the restatement of comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

IFRS 9 brings together all three aspects of the accounting for financial instruments: classification and measurement, impairment of financial assets and hedge accounting.

EDPR Group has adopted the new standard on the required effective date and has not restated comparative information, as provided by IFRS 9. As permitted by IFRS 9, the EDPR Group decided to continue to apply the hedge accounting requirements of IAS 39 in 2018, instead of the requirements of IFRS 9. Despite this, EDPR Group has performed an assessment during this year and has changed its accounting perspective. Accordingly, EDPR Group has decided to apply prospectively the hedge accounting requirements of IFRS 9 for annual periods beginning on or after 1 January 2019. As at 31 December 2018, EDPR Group expects no significant impacts on its statement of financial position and equity, resulting from the adoption of the hedge accounting requirements of IFRS9.

EDPR Group has reviewed its financial assets and liabilities in order to assess qualitative and quantitative impacts on the adoption of the Standard. Accordingly, qualitative changes are presented in Note 2 and quantitative impacts resulting from its adoption are as follows:

THOUSAND EUROS	01-JAN-2018	IMPACT OF IFRS 9	31-DEC-2017
ASSETS			
Property, plant and equipment	13,185,201	-	13,185,201
Intangible assets	249,514	-	249,514
Goodwill	1,296,227	-	1,296,227
Investments in joint ventures and associates	303,518	-	303,518
Available for sale investments	i)	-8,585	8,585
Equity instruments at fair value	i)	8,585	-
Deferred tax assets	ii)/iii)	70,235	64,479
Debtors and other assets from commercial activities		40,546	40,546
Other debtors and other assets		48,717	48,717
Collateral deposits associated to financial debt		32,720	32,720
Total Non-Current Assets	15,235,263	5,756	15,229,507
Inventories	28,565	-	28,565
Debtors and other assets from commercial activities	ii)	-724	323,107
Other debtors and other assets		-	114,217
Current tax assets		-	72,141
Collateral deposits associated to financial debt		-	10,026
Cash and cash equivalents		-	388,061
Assets held for sale		-	58,179
Total Current Assets	993,572	-724	994,296
TOTAL ASSETS	16,228,835	5,032	16,223,803
EQUITY			
Share capital	4,361,541	-	4,361,541
Share premium	552,035	-	552,035
Reserves	-124,738	-	-124,738
Other reserves and Retained earnings	iv)	-17,267	1,270,244
Consolidated net profit attributable to equity holders of the parent		-	275,895
Total Equity attributable to equity holders of the parent	6,317,710	-17,267	6,334,977
Non-controlling interests	1,560,175	-	1,560,175
TOTAL EQUITY	7,877,885	-17,267	7,895,152
LIABILITIES			
Medium / Long term financial debt	iii)	22,299	2,808,595
Provisions		-	270,352
Deferred tax liabilities		-	355,613
Institutional partnerships in U.S. wind farms		-	2,163,722
Trade and other payables from commercial activities		-	489,929
Other liabilities and other payables		-	650,061
Total Non-Current Liabilities	6,760,571	22,299	6,738,272
Short term financial debt	428,368	-	428,368
Provisions	5,366	-	5,366
Trade and other payables from commercial activities	685,146	-	685,146
Other liabilities and other payables	381,246	-	381,246
Current tax liabilities	90,253	-	90,253
Total Current Liabilities	1,590,379	-	1,590,379
TOTAL LIABILITIES	8,350,950	22,299	8,328,651
TOTAL EQUITY AND LIABILITIES	16,228,835	5,032	16,223,803

i) In the context of the adoption of IFRS 9, the category of "Available-for-sale financial investments" previously foreseen in IAS 39 ceases to exist. Accordingly, on 1 January 2018, the Group performed an analysis of the business model applicable to its financial assets and classified them in accordance with the new categories set forth in IFRS 9. In this context, as a result of the analysis of the business model applicable to available-for-sale financial assets at the date of adoption of IFRS 9, the EDPR Group has classified equity instruments held for long-term strategic purposes as Equity instruments measured at fair value through other comprehensive income.

ii) The adjustment in these captions result from the increase of impairment losses in accordance with the new expected credit losses model provided by IFRS 9.

iii) Through the issuance of IFRS 9, the IASB has clarified the derecognition of financial liabilities accounting procedure according to IAS 39 when a non-substantial change on terms and conditions takes place. In this regard EDPR has reassessed non-substantial changes that took place in previous periods and proceed to adjust these accordingly.

iv) Due to the implementation of IFRS 9, EDPR Group has recorded in the caption Reserves and retained earnings an impact of a decrease amounting to 17,267 thousand Euros, net of deferred tax, related to the counterparts of the movements mentioned in paragraphs ii) and iii).

▪ **IFRS 15 - Revenue from the Contracts with Customers (object of clarification issued on April 12, 2016)**

The International Accounting Standards Board (IASB) issued on 28 May 2014, IFRS 15 Revenue from Contracts with Customers, which was changed in April 2016 and was endorsed by EU Commission Regulation 1905/2016, of 22 September 2016. This standard replaces existing revenue recognition guidance and 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 recognize 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) recognize revenue when (or as) the entity satisfies a performance obligation.

EDPR Group has analyzed the changes resulting from the adoption of IFRS 15 in order to assess qualitative and quantitative impacts. Accordingly, qualitative analysis and conclusions are presented in note 2 and there are no quantitative impacts resulting from its adoption since:

- i) For contracts with customers in which the sale of energy is generally expected to be the only performance obligation, adoption of IFRS 15 does not have any impact on the EDPR Group's revenue recognition pattern and timing, where the revenue recognition to occurs over time according with the practical expedient by which if an entity has a right to consideration from a customer in an amount that corresponds directly with the value to the customer of the entity's performance completed to date the entity may recognize revenue in the amount to which the entity has a right to invoice.
- ii) In what respects bundled sale arrangements, in which EDPR Group sells products and/or services as a part of an integrated commercial offer, the Group accounts the sale of each product and/or service separately if they are distinct, this is, only if the product or service is separately identifiable in the context of the integrated offer. The consideration paid is allocated between the goods or services separately identifiable based on their relative stand-alone selling prices.
- iii) Regarding rendering of services, 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 recognize revenue for these service contracts/service over time rather than at a point in time.
- iv) In what concerns variable transaction prices, EDPR Group only recognizes revenue when it is highly probable that there will not be any significant reversal.

Overall, the EDPR Group does not have impacts on its statement of financial position and equity for the adoption of IFRS 15.

The new standards that have been issued and that are already effective and that the Group has applied on its financial statements, with no significant impacts are the following:

- IFRIC 22 - Foreign Currency Transactions and Advance Payments;
- IFRS 4 (Amended) - Applying IFRS 9 - Financial Instruments with IFRS 4 - Insurance Contracts;
- Annual Improvement Project (2014-2016)

Standards, amendments and interpretations issued but not yet effective for the Group

The standard issued but not yet effective for the Group, which impact is being evaluated, is the following:

▪ **IFRS 16 - Leases**

IFRS 16 - Leases has been issued by International Accounting Standards Board (IASB) in January 2016 and endorsed by the EU on October 31, 2017, and will become effective as of January 1, 2019.

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. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. A lessee is required to apply IFRS 16 to its leases using either the full retrospective approach or the modified retrospective approach (no restatement of its prior-period financial information). A lessee applies the elected transition approach consistently to all leases in which it is a lessee. The most significant impact will be the recognition of right of use (ROU) assets and lease liabilities for the operating leases, unless the lease term is 12 months or less, or the lease is for a low-value asset. Lessor accounting remains similar to the current standard, IAS 17.

The Group will recognise a right-of-use asset (ROU asset) and a lease liability if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: i) the contract involves the use of an identified asset; ii) the Group has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and iii) the Group has the right to direct the use of the asset.

EDPR Group will adopt the new standard on the required effective date in accordance with the modified retrospective transition approach, without adjustments to opening balance nor restatement of comparative information.

On initial application of IFRS 16 to leases previously classified as operating leases, EDPR Group will recognise a right of use (ROU) asset and a lease liability, which corresponds to the payments of that lease contracts discounted using EDPR Group's incremental borrowing rate for each portfolio of leases, as at January 1, 2019. As provided by the standard, EDPR Group has elected to measure the ROU asset at the amount of the lease liability on adoption (adjusted for any prepaid amount or accrued lease expenses).

During 2018, EDPR Group has performed a detailed assessment of the impact on all the aspects of IFRS 16. This assessment is based on currently available information and may be subject to changes due to clarifications about identified divergence in practice in the industry, related mainly with the contracts for the use of the land where wind farms are located. Therefore, the adoption impacts are subject to change until the presentation of the first financial statements that include the date of initial application.

EDPR Group has carried out an inventory of the existing lease contracts, in order to assess qualitative and quantitative impacts on the adoption of the Standard. Accordingly, EDPR Group will recognise new assets and liabilities for its operating leases mainly of land where wind farms are located, real state, vehicles and other leased assets. The nature of expenses related to those leases will now change because the Group will recognise a depreciation charge for the right-of-use assets and an interest expense on lease liabilities.

In the context of the initial application of IFRS 16, EDPR Group estimates an increase in Property, plant and equipment and in lease liabilities of 637,068 thousand Euros and 624,325 thousand Euros respectively in the consolidated statement of financial position at January 1, 2019. As the asset is depreciated over the asset's useful life, which in most cases corresponds to the lease term and the lease payments are broken down into interest and repayment of the liability, the operating results will increase. The change in presentation of operating lease expenses will also result in a corresponding increase in cash flows operating activities and a decline in cash flows obtained from financing activities.

Considering the divergence in interpretations of IFRS 16 about the exclusive, or non-exclusive right to use lands rented for wind farms, since those lands contractually could be available for different purposes, such as agriculture and livestock, EDPR Group is reanalyzing all lease contracts and intends to conclude, in line with the industry practice.

The standards, amendments and interpretations issued but not yet effective for the Group (despite their effective dates of application, they have not yet been endorsed by the UE) with no estimated significant impact are the following:

- 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 23 - Uncertainty over Income Tax Treatments;
- "Annual Improvement Project (2015-2017)";
- IAS 19 (Amended) - Plan Amendment, Curtailment or Settlement;
- Amendments to References to the Conceptual Framework in IFRS;
- IFRS 3 (Amended) - Definition of a business; and
- IAS 1 (Amended) and IAS 8 (Amended) - Definition of material.

Regarding the new interpretation to IAS 12 – Income tax, IFRIC 23, the Group has reassessed all the pending litigations or disputes with tax authorities regarding income tax, and no changes in the estimates made previously by management are expected to be adjusted as at January 1, 2019. All the other amendments to IFRS were not assessed as having impact on Group's financial statements, and IFRS 17 does not apply to Group's core activities.

04. 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 2018 and 2017, 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 transaction 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 transaction. 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 the assets

The Group reviews annually the reasonableness of the assets' useful lives that are used to determine the depreciation rates of assets assigned to the activity, and prospectively changes the depreciation charge of the year based on such review.

In January 2018, the Group reviewed and extended the useful life of its solar renewable assets from 30 to 35 years based on a technical study conducted by an independent entity that considered the technical and economic availability for an additional period of 5 years. The impact of this change is not significant in these consolidated financial statements (see note 13).

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 affect 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 has performed in 2018 an in-depth analysis taking into account the reality of the EDPR's fleet and where there were no significant changes in the variables used for determining the best estimate of the settlement amount during 2018.

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.

05. 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 is done by EDPR but may also be 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, British Pound and Canadian Dollar.

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 Finance BV. Following the same strategy adopted to hedge these investments in USA, EDP Renováveis has also entered into CIRS in PLN/EUR, in RON/EUR, BRL/EUR, GBP/EUR and in CAD/EUR to hedge the investments in Poland, Romania, Brazil, United Kingdom and Canada (see note 36).

Sensitivity analysis - Foreign exchange rate

As a consequence, a depreciation/appreciation of 10% in the foreign currency exchange rate, with reference to 31 December 2018 and 2017, would originate an increase/(decrease) in EDP Renováveis Group income statement and equity before taxes, as follows:

THOUSAND EUROS	31 DEC 2018			
	PROFIT OR LOSS		EQUITY	
	+10%	-10%	+10%	-10%
USD/EUR	11,623	-14,206	-40,620	49,647
	11,623	-14,206	-40,620	49,647

THOUSAND EUROS	31 DEC 2017			
	PROFIT OR LOSS		EQUITY	
	+10%	-10%	+10%	-10%
USD / EUR	9,245	-11,300	-40,589	49,609
	9,245	-11,300	-40,589	49,609

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 14,3 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 89% 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 2018 and 2017 would increase/(decrease) in EDP Renováveis Group income statement and equity before taxes, as follows:

THOUSAND EUROS	31 DEC 2018			
	+ 50 BPS	- 50 BPS	+ 50 BPS	- 50 BPS
Cash flow hedge derivatives	-	-	4,439	-8,335
Unhedged debt (variable interest rates)	-2,315	2,315	-	-
	-2,315	2,315	4,439	-8,335

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

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 different 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 financial soundness of the counterparty deteriorates.

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 2018	DEC 2017
CORPORATE SECTORS AND INDIVIDUALS		
Supply companies	53,611	18,963
Business to business	50,519	101,347
Other	5,088	2,940
TOTAL CORPORATE SECTORS AND INDIVIDUALS	109,218	123,250
Public sector	17,121	38,555
TOTAL PUBLIC SECTOR AND CORPORATE SECTORS/INDIVIDUALS	126,339	161,805

Trade receivables by geographical market for the Group EDPR, is as follows:

THOUSAND EUROS				DEC 2018
	EUROPE	NORTH AMERICA	BRAZIL	TOTAL
Corporate sectors and individuals	93,336	11,441	4,441	109,218
Public sector	1,094	-	16,027	17,121
TOTAL	94,430	11,441	20,468	126,339

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

Regarding to past-due and not impaired Trade receivables, is analysed as follow:

THOUSAND EUROS	DEC 2018	DEC 2018
PAST DUE BUT NOT IMPAIRED TRADE RECEIVABLES		
Less than 3 months	20,189	24,912
More than 3 months	4,294	1,475
Impaired trade receivables	425	-
Not past due and not impaired trade receivables	101,856	135,418
TOTAL	126,764	161,805

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.

The Directors have estimated cash flows that show that the Group will meet the commitments existing at the close of the 2018 financial year and those foreseen for 2019.

Market price risk

As of December 31, 2018, 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 the green certificates have a floor and in Poland some plants sell their electricity and green certificates under power purchase agreements with fixed price.

For the small share of energy sold with merchant exposure (electricity, green certificates and RECs), market risk is managed through the execution of electricity, green certificate and REC forward contracts. EDPR EU and EDPR NA have electricity, green certificates and REC swaps that qualify for hedge accounting (cash flow hedge) that are related to sales for the years 2019 to 2024 (see note 36). The purpose of EDP Renováveis Group is to hedge in advance a significant volume of the merchant exposure to reduce the volatility of energy prices in each reporting year.

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.

06. CONSOLIDATION PERIMETER

During the year ended in 31 December 2018, the changes in the consolidation perimeter of the EDP Renováveis Group were:

Companies acquired:

- EDP Renewables Italia Holding, S.r.L. acquired 100% of the share capital of the companies Brevia Wind S.r.L. and Sarve, S.r.L. 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 transactions, the type of assets acquired and the initial stage of completion of the projects;
- EDP Renováveis Brasil, S.A. acquired 100% of the following companies:
 - Central Eólica Aventura III, S.A.,
 - Central Eólica Aventura IV, S.A.,
 - Central Eólica Aventura V, S.A.,
 - Central Eólica SRMN I, S.A.,
 - Central Eólica SRMN II, S.A.,
 - Central Eólica SRMN III, S.A.;
 - Central Eólica SRMN IV, S.A.,
 - Central Eólica Monte Verde I, S.A.;
 - Central Eólica Monte Verde II, S.A.;
 - Central Eólica Monte Verde III, S.A.;
 - Central Eólica Monte Verde IV, S.A.;
 - Central Eólica Monte Verde V, S.A.;
 - Central Solar Pereira Barreto I, Ltda;
 - Central Solar Pereira Barreto II, Ltda;
 - Central Solar Pereira Barreto III, Ltda;
 - Central Solar Pereira Barreto IV, Ltda; and
 - Central Solar Pereira Barreto V, Ltda.

These transactions have been considered, for consolidation purposes, as asset acquisitions out of the scope of IFRS Business Combinations due to the nature of such transactions, 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 following companies: Aventura Holding, S.A., SRMN Holding, S.A., Central Eólica Jerusalém I, S.A., Central Eólica Jerusalém II, S.A., Central Eólica Jerusalém III, S.A., Central Eólica Jerusalém IV, S.A., Central Eólica Jerusalém V, S.A., and Central Eólica Jerusalém VI, S.A.;
- EDP Renewables Europe, S.L.U. acquired 100% of the share capital of the following Greek companies:
 - Wind Park Aerorrachi A.E.
 - Energiaki Arvanikou MEPE.

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 transactions, 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 following companies:
 - La Plaine de Nouaille, S.A.S.,
 - Le Chemin de la Corvée S.A.S.;
 - Le Chemin de Saint Druon, S.A.S.;
 - Parc Éolien des 7 Domaines, S.A.S.; and
 - Parc Éolien de la Côte du Cerisat, S.A.S.

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 transactions, the type of assets acquired and the initial stage of completion of the projects.

- EDP Renováveis, S.A. acquired 20.19% of the share capital of the company Solar Works! B.V.;
- EDP Renewables Polska sp. z o.o. acquired 100% of the share capital of the company Rampton, Sp. z o.o.;

- EDPR Offshore North America LLC acquired 50% of the share capital of the company Mayflower Wind Energy LLC.

Disposals with loss of control:

- In the third quarter of 2018, Moray Offshore Renewable Power Limited sold to Delphis Holdings Limited 33% of its direct and indirect interests in the following companies:

- Moray West Holdings Limited;
- Moray Offshore Windfarm (West) Limited

In accordance with the Shareholders Agreement and other relevant contracts, it has been established a shared control of the companies which led to a loss of control over the companies and its consolidation by the equity method. This disposal with loss of control generated a gain on a consolidated basis of 314 thousand Euros, which was recorded in the income statement.

- In the fourth quarter of 2018, EDPR Wind Ventures XIX, LLC sold to Quatro Wind AquisitionCo LLC by 194,746 thousand Euros, the equivalent of 230,000 thousand US dollars, 80% of its direct and indirect interests in the following companies:

- Meadow Lake Wind Farm VI LLC;
- Prairie Queen Wind Farm LLC.

In accordance with the Shareholders Agreement and other relevant contracts, it has been established a shared control of the Companies which led to a loss of control over the companies and their consolidation by the equity method. This disposal with loss of control generated a gain on a consolidated basis of 108,976 thousand Euros, which was recorded in the income statement.

- In the fourth quarter of 2018, EDP Renewables Canada LP Ltd sold to Axium Quatro NR Wind Limited Partnership by 31,186 thousand Euros, the equivalent of 47,692 thousand Canadian dollars (which corresponds to a sale price of 47,813 thousand Canadian dollars deducted from transaction costs in the amount of 121 thousand Canadian dollars), 75% of its direct and indirect interests in the following companies:

- Nation Rise Wind Farm Gp II Inc.;
- Nation Rise Wind Farm Limited Partnership.

In accordance with the Shareholders Agreement and other relevant contracts, it has been established a shared control of the Companies which led to a loss of control over the companies and their consolidation by the equity method.

Companies sold and liquidated

- EDP Renewables Italia Holding, S.r.l. liquidated the Italian companies Laterza Wind, S.R.L. and Castellaneta Wind, S.R.L.;
- EDP Renovables España S.L. has sold 100% stake in the companies Parque Eólico La Estancia, S.L. and Parque Eólico Cañete, S.L. This transaction has not generated any gain or loss.

Companies merged

- EDP Renewables Canada LP Holdings, Ltd. was merged into EDP Renewables Canada Ltd.;
- The following companies were merged into EDPR PT - Promoção e Operação, S.A.:
 - Gravitangle - Fotovoltaica Unipessoal Lda.
 - Stirlingpower Unipessoal Lda.
- The following companies were merged into EDPR Villa Galla, S.R.L. (ex Parco Eolico Banzi, S.R.L.):
 - Villa Castelli Wind, S.R.L.
 - Pietragalla Eolico, S.R.L.
- EDP Renewables Canada LP Holdings Ltd. has been merged into EDP Renewables Canada Ltd.

Companies incorporated:

- Parque Eólico Cañete, S.L.;
- Parque Eólico La Estancia, S.L.;
- Parque Eólico Valdelugo, S.L.;
- Moray East Holdings Limited;
- Moray West Holdings Limited;
- 2018 Vento XVIII LLC;
- Bayou Bend Solar Park LLC *;

- Casa Grande Carmel Solar LLC *;
- EDPR Wind Ventures XVIII LLC;
- Loma de la Gloria Solar Park LLC *;
- San Clemente Solar Park LLC *;
- Wrangler Solar Park LLC *;
- Cielo Solar Park LLC*;
- EDPR Wind Ventures XIX LLC;
- 2018 Vento XIX LLC;
- Meadow Lake Wind Farm VIII LLC*;
- Loyal Wind Farm LLC*;
- Marathon Wind Farm LLC*;
- Quilt Block Wind Farm II LLC*;
- Shullsburg Wind Farm LLC*;
- Loblolly Hill Solar Park LLC*;
- Helena Harbor Solar Park LLC*;
- Kennedy Wind Farm GP Ltd*;
- Kennedy Wind Farm LP;
- Bromhead Solar Park GP Ltd*;
- Bromhead Solar Park LP;
- Halbrite Solar Park GP Ltd*;
- Halbrite Solar Park LP;
- Blue Bridge Solar Park GP Ltd*;
- Blue Bridge Solar Park LP;
- EDP Renewables Canada Management Service Ltd;
- EDP Renewables Sask SE GP Ltd*;
- EDP Renewables Sask SE Limited Partnership;
- Nation Rise Wind Farm GP II Inc;
- Quatro Limited Partnership;
- Prospector Solar Park LLC*;
- Rye Patch Solar Park 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 2018, do not have any assets, liabilities, or any operating activity.

Other changes:

- EDP Renovables España S.L.U. has completed during the first quarter of 2018 the disposal of 5% shareholding in the company Acampo Arias S.L.U. in which previously held 100% of shareholding, with no significant impacts in the consolidated financial statements;
- According to the sale agreement celebrated in 2017 between Diamond Generation Europe Limited and EDPR:
 - Moray Offshore Renewable Power Limited sold 20% of the equity consolidated company Moray Offshore Windfarm (East) Limited to Diamond Generation Europe Limited in the first quarter of 2018 by 20,168 thousand Euros the equivalent of 17,817 thousand Pound Sterling (which corresponds to a sale price of 35,766 thousand Pound Sterling deducted from 17,751 thousand Pound Sterling of loans and transaction costs in the amount of 198 thousand Pound Sterling) generating a gain of 14,688 thousand Euros (see note 14); and

- Moray Offshore Renewable Power Limited sold an additional 13,4% of the equity consolidated company Moray East Holdings Limited (new holder of the company Moray Offshore Windfarm (East) Limited) to Diamond Generation Europe Limited in the fourth quarter of 2018 by 12,864 thousand Euros the equivalent of 11,381 thousand Pound Sterling (which corresponds to a sale price of 54,031 thousand Pound Sterling deducted from 41,961 thousand Pound Sterling of loans and transaction costs in the amount of 689 thousand Pound Sterling) generating a gain of 9,176 thousand Euros (see note 14).

- In the second quarter of 2018, EDP Renewables, SGPS, S.A. acquired 60% of shareholding in the equity company Windplus S.A. in which previously held 19.4% and had significant influence, being therefore consolidated by the equity method. At that moment, the Shareholders Agreement and other relevant contracts, established a shared control of the company thus the company remained consolidated by the equity method. Subsequently, in the fourth quarter of 2018, EDP Renewables, SGPS, S.A. completed the sale of 25% shareholding in the company Windplus S.A. to Engie Services International, S.A. After this transaction, there are no significant changes in the governance model of the company, thus the company remains consolidated by the equity method.
- According to the sale agreement celebrated in 2018 between CTG and EDPR, Moray Offshore Renewable Power Limited sold 10% of the equity consolidated company Moray East Holdings Limited to China Three Gorges (UK) Limited in the fourth quarter of 2018 by 2,736 thousand Euros the equivalent of 2,421 thousand Pound Sterling (which corresponds to a sale price of 37,564 thousand Pound Sterling deducted from 35,143 thousand Pound Sterling of loans). This transaction has not generated any gain or loss (see note 14);
- According to the sale agreements celebrated in 2018 between Sumitomo Corporation and EDPR:
 - EDP Renewables Europe S.L. sold 13,5% of the equity consolidated company Éoliennes en Mer Dieppe - Le Tréport, S.A.S. to SRPT SAS by 39,077 thousand Euros (which corresponds to a sale price of 44,007 thousand Euros deducted from 3,700 thousand Euros of loans and transaction costs in the amount of 1,230 thousand Euros) generating a gain of 35,210 thousand Euros. The above sale price includes a contingent consideration, according to the relevant agreements signed, which fair value as of December 31, 2018 amounts to 16,408 thousand Euros.
 - EDP Renewables Europe S.L. sold 13,5% of the equity consolidated company Éoliennes en Mer Îles d'Yeu et de Noirmoutier, SAS to SRPN SAS by 32,408 thousand Euros (which corresponds to a sale price of 35,196 thousand Euros deducted from 2,020 thousand Euros of loans and transaction costs in the amount of 768 thousand Euros) generating a gain of 27,885 thousand Euros. The above sale price includes a contingent consideration, according to the relevant agreements signed, which fair value as of December 31, 2018 amounts to 20,143 thousand Euros.

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 Participações 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.

Disposal of non-controlling interests 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 Torrinhelas, 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 Dumbria, 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).

The companies included in the consolidation perimeter of EDPR Group as at 31 December 2018 and 2017 are listed in Annex I.

07. REVENUES

Revenues are analysed as follows:

THOUSAND EUROS	31 DEC 2018	31 DEC 2017
REVENUES BY BUSINESS AND GEOGRAPHY		
Electricity in Europe	863,038	938,444
Electricity in North America	575,479	598,220
Electricity in Brazil	50,898	65,124
	1,489,415	1,601,788
Other revenues	2,050	223
	1,491,465	1,602,011
Services rendered	1,506	2,142
CHANGES IN INVENTORIES AND COST OF RAW MATERIAL AND CONSUMABLES USED		
Cost of consumables used	19,298	-5,671
Changes in inventories	-746	3,137
	18,552	-2,534
TOTAL REVENUES	1,511,523	1,601,619

The breakdown of revenues by segment is presented in the segmental reporting (see note 42).

08. INCOME FROM INSTITUTIONAL PARTNERSHIPS IN U.S. WIND FARMS

Income from institutional partnership in U.S. Wind Farms in the amount of 185,171 thousand Euros (31 December 2017: 225,568 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 XVIII (see note 32).

09. OTHER INCOME

Other income is analysed as follows:

THOUSAND EUROS	31 DEC 2018	31 DEC 2017
Gains related with business combinations	-	4,642
Amortisation of deferred income related to power purchase agreements	2,753	4,000
Contract and insurance compensations	17,016	18,542
Other income	172,183	67,756
	191,952	94,940

Gains related with business combinations as of December 31, 2017 referred 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).

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 2018, the amortisation for the period amounts to 2,753 thousand Euros (31 December 2017: 4,000 thousand Euros) and the non-current liability amounts to 11,496 thousand Euros (31 December 2017: 13,686 thousand Euros).

Other income caption mainly include: (i) gain on the sale and loss of control in EDPR NA of 80% of Vento XIX portfolio to Quatro Wind AcquisitionCo LLC in the amount of 108,976 thousand Euros (see note 6); (ii) management and cost re-invoicing for offshore projects in the UK amounting to 7,283 thousand Euros; and (iii) sharing of infrastructures in Spain amounting to 4,996 thousand Euros. The remaining amount mainly includes liquidated damages and other business compensations.

Other income caption mainly included in 2017: (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 6); (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) cancellation 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).

10. SUPPLIES AND SERVICES

This caption is analysed as follows:

THOUSAND EUROS	31 DEC 2018	31 DEC 2017
Rents and leases	60,108	57,814
Maintenance and repairs	200,899	186,609
SPECIALISED WORKS:		
- IT Services, legal and advisory fees	20,512	19,549
- Shared services	8,549	8,577
- Other services	11,131	11,724
Other supplies and services	44,118	42,613
	345,317	326,886

11. PERSONNEL COSTS AND EMPLOYEE BENEFITS

Personnel costs and employee benefits is analysed as follows:

THOUSAND EUROS	31 DEC 2018	31 DEC 2017
PERSONNEL COSTS		
Board remuneration (see note 38)	691	739
Remunerations	88,632	80,302
Social charges on remunerations	14,016	12,869
Employee's variable remuneration	23,051	17,298
Other costs	2,554	2,142
Own work capitalised (see note 16)	-26,837	-24,175
	102,107	89,175
EMPLOYEE BENEFITS		
Costs with pension plans	4,646	4,208
Costs with medical care plans and other benefits	8,236	7,378
	12,882	11,586
	114,989	100,761

As at 31 December 2018 and at 31 December 2017, costs with pension plans mainly relate to defined contribution plans (4,528 thousand Euros and 4,093 thousand Euros respectively) and defined benefit plans (10 thousand Euros).

The average breakdown by management positions and professional category of the permanent staff during 2018 and 2017 is as follows:

	2018	2017
Senior management / Senior officers	91	87
Middle management	716	679
Highly-skilled and skilled employees	330	316
Other employees	181	138
	1,318	1,220

The breakdown by gender of the permanent staff as of 31 December 2018 and 2017 is as follows:

	31 DEC 2018	31 DEC 2017
Male	959	829
Female	429	391
	1,388	1,220

In the companies in Spain where there is a legal obligation to have people with disabilities in the workforce to comply with the LISMI due to the number of employees, EDPR has opted for the exceptionality measures provided by the Law. The Company is able to comply with the quota that legally applies to it through contracts of goods or services with companies that promote the hiring of disabled people and also through donations. EDPR's companies under this obligation are covered with the exceptionality measures since February 2018 and for a period of three years.

12. OTHER EXPENSES

Other expenses are analysed as follows:

THOUSAND EUROS	31 DEC 2018	31 DEC 2017
Taxes	81,358	87,530
Losses on fixed assets	9,330	6,453
Other costs and losses	37,737	34,179
	128,425	128,162

The caption Taxes, on 31 December 2018, includes the amount of 21,077 thousand Euros (31 December 2017: 31,426 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. The decrease with respect to the previous year is related to the entry into force of the Spanish Royal Decree 15/2018 by which the electricity produced and incorporated into the electricity system is exonerated from said tax for a period of six months, i.e. the last quarter of 2018 and the first quarter of 2019.

In 2018, the EDPR Group proceeded to write-off assets under construction and other assets, which mainly refers to 8,914 thousand Euros related to the abandonment of ongoing projects in EDPR NA (335 thousand Euros in 2017).

13. AMORTISATION AND IMPAIRMENT

This caption is analysed as follows:

THOUSAND EUROS	31 DEC 2018	31 DEC 2017
PROPERTY, PLANT AND EQUIPMENT		
Buildings and other constructions	1,200	766
Plant and machinery	542,951	520,862
Other	9,862	8,446
Impairment loss	6,809	48,868
	560,822	578,942
INTANGIBLE ASSETS		
Industrial property, other rights and other intangibles	1,218	2,535
Impairment loss	-	1,397
	1,218	3,932
	562,040	582,874
Amortisation of deferred income (Government grants)	-16,155	-19,509
	545,885	563,365

The variation of the period includes the impact of the extension of the useful life of solar renewable assets from 30 to 35 years that took place at the beginning of January 2018 which results in a decrease of the depreciation expense in the amount of around 800 thousand Euros compared to the depreciation 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 a project in Poland as a result of the recoverability assessment of this project.

Impairment loss for intangible assets recognized in 2017 mainly results from the recoverability assessment of deferred green certificates in Romania.

Amortisation of deferred income (Government grants) refers to grants for fixed assets received by EDPR NA subgroup under the American Recovery and Reinvestment Act promoted by the United States that are amortised through the recognition of revenue in the income statement over the useful life of the related assets (see note 33).

14. FINANCIAL INCOME AND FINANCIAL EXPENSES

Financial income and financial expenses are analysed as follows:

THOUSAND EUROS	31 DEC 2018	31 DEC 2017
FINANCIAL INCOME		
Interest income	13,245	6,710
Derivative financial instruments:		
Interest	838	-
Fair value	20,156	16,054
Foreign exchange gains	9,634	17,619
Other financial income	87,395	798
	131,268	41,181
FINANCIAL EXPENSES		
Interest expense	170,010	167,131
Derivative financial instruments:		
Interest	84,435	59,506
Fair value	16,222	12,804
Foreign exchange losses	9,303	10,636
Own work capitalised	-23,885	-16,388
Unwinding	85,690	93,094
Other financial expenses	9,229	15,978
	351,004	342,761
NET FINANCIAL INCOME / (EXPENSES)	-219,736	-301,580

Derivative financial instruments include interest liquidations on the derivative financial instrument established between EDP Renováveis and EDP Branch, EDP Finance BV and EDP - Energias de Portugal, S.A. (see notes 36 and 38).

Other financial income caption mainly includes: (i) gain on the sale of 13.5% of the share capital of the equity consolidated company Éoliennes en Mer Dieppe - Le Tréport, S.A.S. to SRPT SAS in the amount of 35,210 thousand Euros; (ii) gain on the sale of 13.5% of the share capital of the equity consolidated company company Éoliennes en Mer Îles d'Yeu et de Noirmoutier, S.A.S. to SRPN SAS in the amount of 27,885 thousand Euros; (iii) gain on the sale of 33.4% of the share capital of the equity consolidated company Moray Offshore Windfarm (East) Limited to Diamond Generation Europe Limited in the amount of 23,864 thousand Euros. See note 6.

Own work capitalised refer to borrowing costs (interest) that have been capitalised as tangible fixed assets in progress in accordance with the accounting policy described on note 2 g). The interest rates used for this capitalisation vary in accordance with the related loans, between 0.90% and 9.46% (31 December 2017: 1.00% and 9.98%).

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 4,999 thousand Euros (31 December 2017: 4,816 thousand Euros) (see note 31) and the implied return in institutional partnerships in U.S. wind farms amounting to 80,135 thousand Euros (31 December 2017: 88,561 thousand Euros) (see note 32).

15. 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 2018	31 DEC 2017
EUROPE:		
Belgium	29.58%	33.99%
France	28% - 34.43%	33.33% - 34.43%
Italy	24% - 28.8%	24% - 28.8%
Poland	19%	19%
Portugal	22.5% - 31.5%	21% - 29.5%
Romania	16%	16%
Spain	25%	25%
United Kingdom	19%	19%
Greece	29%	29%
AMERICA:		
Brazil	34%	34%
Canada	26.5%	26.50%
Mexico	30%	30%
United States of America	24.91%	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 foreseen in 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 January 1st, 2017, there is a second tax group comprised by EDPR Participaciones, S.A., as the dominant company, and its 7 Spanish subsidiaries.

As per the applicable tax legislation, tax periods may be subject to inspection 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, Greece and Mexico: 5 years; and Canada: 10 years. Notwithstanding this, it is important to note that, in case of Portugal and France, if tax losses/credits being carried-forward are utilized, the statute of limitation is extended to the years when such tax losses/credits were generated. In Spain, tax losses may be subject to the Tax Authorities' verification up to 10 years after they are generated; once this period has expired, taxpayers must prove the origin of the tax losses whose utilization is intended.

Tax losses generated each year are also subject to Tax Administrations' review and reassessment. As per legislation currently in force, losses may be used to offset yearly taxable income assessed in the subsequent periods, as follows: 5 years in Portugal, Greece and Poland; 7 in Romania; 10 in Mexico; 20 in Canada; and indefinitely in the United States, Spain, France, Italy, Belgium, Brazil and the United Kingdom. Notwithstanding this, it is important to note that, in some geographies, tax losses generated in previous years might be subject to the limitation period that was applicable at the moment when they were generated (e.g., Portugal and the United States). Moreover, in France and the UK tax losses in a given year may be carried back against the taxable base assessed in the previous tax year, and in Canada in the 3 previous years. Notwithstanding this, the deduction of tax losses in the USA, Portugal, Spain, Brazil, France, Italy, the United Kingdom and Poland is limited to a percentage of the taxable income of each period, or subject to other limitations.

EDP Renováveis Group companies may, in accordance with the law, benefit from certain tax benefits or incentives under specific conditions. Most importantly, 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. Wind facilities that qualify for the application of the PTC prior to 1 January 2017, benefit from 100% of the credit (\$24/MWh in 2018 and 2017). The PTC amount is reduced by 20% for wind facilities qualifying in 2017, 40% in 2018 and 60% in 2019.

Transfer pricing legislation is duly complied with by EDP Renováveis Group. Its 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 2018

Corporate income tax ("CIT") rate

As from 2018, the statutory CIT rates applicable in Belgium, Portugal, France and the United States were reduced as follows: :

- In Belgium, the Corporate Tax Reform Act of 25 December 2017 decreased the standard CIT rate (previously amounting to 33%) to 29% for fiscal years starting after 1 January 2018 and 25% in 2020. The 3% surcharge applicable on the corporate tax rate (which previously resulted in an aggregate standard tax rate of 33.99%) was decreased to 2% in 2018 and will be abolished in 2020;
- In Portugal, the national surtax imposed on the taxable profit determined for IRC purposes exceeding € 35,000,000 has been increased from 7% to 9% for fiscal years starting in 2018 onwards;
- In France, the Finance Bill 2018 voted on 30 December 2017 (LOI n° 2017-1837 du 30 décembre 2017 de finances pour 2018) approved a progressive reduction of the general CIT rate to 25% by 2022. For fiscal years starting in 2018, the CIT rate amounts to 28% on taxable income lower than € 500,000 and the excess is subject to a 33.33% rate.
- In the USA, the "Tax Cuts and Jobs Act" signed into law on 22 December 2017 introduced extensive changes to the US tax system, most becoming effective for fiscal years starting from January 1st, 2018. One of the key changes of this reform for EDPR is the reduction of the US federal corporate income tax rate, from the existing 35% to 21%, effective for fiscal years starting after 31 December 2017. Thus, when combined with average state corporate income taxes applicable to EDPR North America companies, the US combined tax rate drops to 24.91% in 2018.

Tax losses carried forward

- 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, as from this date, the total amount of profits that can be offset against carried-forward trading losses is restricted to the amount of an allowance up to £5 million, plus 50% of remaining profits after deduction of the allowance.
- In the USA, according to the abovementioned tax reform, the net operating losses' deductibility will be limited to 80% of the taxable income in each year, for fiscal years starting after 31 December 2017. Furthermore, net operating losses generated after 2017 will be carried forward for an indefinite period but will not be carried back. There is no change to the rules applied to net operating losses generated before the end of 2017.

Corporate income tax provision.

This caption is analysed as follows:

THOUSAND EUROS	31 DEC 2018	31 DEC 2017
Current tax	-76,991	-46,291
Deferred tax	13,549	-1,767
INCOME TAX EXPENSE	-63,442	-48,058

The effective income tax rate as at 31 December 2018 and 2017 is analysed as follows:

THOUSAND EUROS	31 DEC 2018	31 DEC 2017
Profit before tax	535,611	504,265
Income tax expense	-63,442	-48,058
Effective Income Tax Rate	11.84%	9.53%

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 2018 and 2017 is analysed as follows:

THOUSAND EUROS	31 DEC 2018	31 DEC 2017
Profit before taxes	535,611	504,265
Nominal income tax rate (*)	25.00%	25.00%
THEORETICAL INCOME TAX EXPENSE	-133,903	-126,066
Fiscal revaluations, amortization, depreciation and provisions	-2,140	-1,008
Tax losses and tax credits	16,908	4,473
Financial investments in associates	893	4,553
Accounting/fiscal temporary differences on the recognition/derecognition of assets	50,657	16,598
Effect of tax rates in foreign jurisdictions and CIT rate changes	-9,881	15,354
Tax benefits	2,852	10,067
Taxable differences attributable to non-controlling interests (USA)	17,818	37,486
Other	-6,647	-9,515
EFFECTIVE INCOME TAX EXPENSE AS PER THE CONSOLIDATED INCOME STATEMENT	-63,443	-48,058

(*) Statutory corporate income tax rate applicable in Spain

The caption "Effect of tax rates in foreign jurisdictions and CIT rate changes" mainly refer to the difference between the tax rates applicable in the countries where the EDPR Group operates compared to the tax rate used as reference for the theoretical income tax expense calculation. In addition, the caption "Accounting/fiscal temporary differences on the recognition/derecognition of assets" mainly includes changes in the Group's perimeter not subject to income taxes (see note 6).

The caption "Taxable differences attributable to non-controlling interests" essentially includes the effect inherent in the attribution of taxable income to non-controlling interests in the subgroup EDPR NA, as determined by the tax legislation of this geography.

During 2018, the tax authorities of various geographies notified the initiation of tax audits regarding different topics. The most relevant ones are the general tax audits in Spain, Italy and Portugal; and the tax audits on local taxes in Romania. Although most of those processes are still ongoing, EDPR does not expect any further liabilities than the ones already recorded in the consolidated accounts at the end of 2018.

16. PROPERTY, PLANT AND EQUIPMENT

This caption is analysed as follows:

THOUSAND EUROS	31 DEC 2018	31 DEC 2017
COST		
Land and natural resources	32,589	31,632
Buildings and other constructions	21,905	21,034
Plant and machinery:		
- Renewables generation	18,488,573	17,088,854
- Other plant and machinery	473	6,694
Other	128,252	112,689
Assets under construction	923,436	949,359
	19,595,228	18,210,262
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES		
Depreciation charge	-554,013	-530,074
Accumulated depreciation in previous years	-4,974,082	-4,353,226
Impairment losses	-6,809	-48,868
Impairment losses in previous years	-138,530	-92,893
	-5,673,434	-5,025,061
CARRYING AMOUNT	13,921,794	13,185,201

The movement in Property, plant and equipment during 2018, 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	31,632	635	-	-	626	-304	32,589
Buildings and other constructions	21,034	-66	-24	503	458	-	21,905
Plant and machinery	17,095,548	33,212	-24,873	1,217,257	370,689	-202,787	18,489,046
Other	112,689	7,079	-320	6,087	2,717	-	128,252
Assets under construction	949,359	1,273,975	-9,308	-1,223,847	12,538	-79,281	923,436
	18,210,262	1,314,835	-34,525	-	387,028	-282,372	19,595,228

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	11,910	1,200	-	-	352	-	13,462
Plant and machinery	4,862,865	542,951	3,372	-24,733	104,001	3,495	5,491,951
Assets under construction	64,291	-	3,437	-	-1,127	3,420	70,021
Other	85,995	9,862	-	-141	2,284	-	98,000
	5,025,061	554,013	6,809	-24,874	105,510	6,915	5,673,434

Plant and machinery includes the cost of the wind farms and solar plants under operation.

Additions include the investment in wind farms and solar plants under development and construction mainly in the United States, Brazil, Spain and Italy. This caption also includes the allocation of the acquisition cost of the Italian company Brevia Wind amounting to 12,343 thousand Euros and Greek companies Wind Park Aerorrachi and Energiaki Arvanikou amounting to 2,600 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 6).

Disposals/Write-offs, net of accumulated depreciation, include, among others, 9,110 thousand Euros that mainly refers to the abandonment of ongoing projects in EDPR North America in an amount of 8,914 thousand Euros (see note 12).

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, Spain and Italy.

Exchange differences are mainly generated by the variation in the exchange rate of the US Dollar, Brazilian Real and Polish Zloty.

The caption Changes in perimeter/Other mainly includes:

- A decrease amounting to 300,097 thousand Euros related to the loss of control of the Vento XIX portfolio due to the sale of 80% of shareholding in the portfolio (see note 6);
- An increase amounting to 33,105 thousand Euros of cost and 6,568 thousand Euros of accumulated depreciation in relation to the reclassification from intangible assets of payments performed for accessing the Grid operator networks in the United States (see note 17);
- A decrease amounting to 11,179 thousand Euros related to the loss of control of the Nation Rise project due to the sale of 75% shareholding in the project (see note 6); and
- A decrease amounting to 5,055 thousand Euros related to the loss of control of the Moray West offshore project as a consequence of the sale of certain shareholding in the company having agreed a shared control of the project (see note 6).

Depreciation charge for the period includes the impact of the extension of the useful life of solar renewables assets that took place at the beginning of January 2018 (see note 13).

Impairment losses are mainly related to a wind project in Poland as a result of the recoverability assessment of certain wind farms in this project. (see note 13).

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 30). Additionally, the construction of certain assets has been partly financed by grants received from different Government Institutions.

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

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 6). 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 6).

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 6 and 12).

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.

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 6);
- 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 6);
- 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 6).

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 13).

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 13).

Assets under construction as at 31 December 2018 and 2017 are analysed as follows:

THOUSAND EUROS	31 DEC 2018	31 DEC 2017
EDPR NA Group	521,361	513,269
EDPR EU Group	367,247	321,080
Others	34,828	115,010
	923,436	949,359

Assets under construction as at 31 December 2018 and 2017 are essentially related to wind farms under construction and development in the United States of America, France, Portugal, Spain, Poland, Italy, Brazil and Canada.

Financial interests capitalised amount to 23,885 thousand Euros as at 31 December 2018 (31 December 2017: 16,388 thousand Euros) (see note 14).

Personnel costs capitalised amount to 26,837 thousand Euros as at 31 December 2018 (31 December 2017: 24,175 thousand Euros) (see note 11).

The EDP Renováveis Group has lease and purchase obligations disclosed in Note 37 - Commitments.

17. INTANGIBLE ASSETS

This caption is analysed as follows:

THOUSAND EUROS	31 DEC 2018	31 DEC 2017
COST		
Industrial property, other rights and other intangible assets	264,361	274,642
Intangible assets under development	48,260	41,689
	312,621	316,331
ACCUMULATED AMORTISATION		
Amortisation charge	-1,218	-2,535
Accumulated amortisation in previous years	-48,493	-52,005
Impairment losses	-	-1,397
Impairment losses in previous years	-12,264	-10,880
	-61,975	-66,817
CARRYING AMOUNT	250,646	249,514

Industrial property, other rights and other intangible assets mainly include:

- Wind generation licenses amounting to 68,833 thousand Euros in the EDPR NA Group (31 December 2017: 98,317 thousand Euros) and in Portuguese companies amounting to 30,833 thousand Euros (30,206 thousand Euros as at 31 December 2017); and
- Generated green certificates pending to be sold amounting to 129,149 thousand Euros (31 December 2017: 110,665 thousand Euros) (see note 2 i)).

The movement in Intangible assets during 2018, 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	274,642	19,242	3,208	-32,731	264,361
Intangible assets under development	41,689	7,199	-	-628	48,260
	316,331	26,441	3,208	-33,359	312,621

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	66,817	1,218	-	508	-6,568	61,975
	66,817	1,218	-	508	-6,568	61,975

Additions include the recognition of green certificates rights in Romania in the amount of 15,118 thousand Euros.

The caption Changes in perimeter/Other mainly includes the reclassification to property, plant and equipment of payments performed for accessing the Grid operator networks in the United States amounting to 33,105 thousand Euros of cost and 6,568 thousand Euros of accumulated depreciation (see note 16).

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

18. 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 2018	31 DEC 2017
Goodwill booked in EDPR EU Group:	635,875	636,089
- EDPR Spain Group	490,385	490,385
- EDPR France Group	61,460	61,460
- EDPR Portugal Group	43,712	43,712
- Other	40,318	40,532
Goodwill booked in EDPR NA Group	689,799	659,144
Goodwill booked in EDPR BR Group	889	994
	1,326,563	1,296,227

The movements in Goodwill, by subgroup, during 2018 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	40,532	-	-	-	-214	40,318
EDPR NA Group	659,144	-	-	-	30,655	689,799
EDPR BR Group	994	-	-	-	-105	889
	1,296,227	-	-	-	30,336	1,326,563

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

There were no significant movements during 2018 and 2017 except those related to exchange differences mainly in EDPR NA.

Impairment tests - EDPR Group

Goodwill, property, plant and equipment, intangible assets and investments in joint ventures and associates of the EDPR Group are tested for impairment each year. 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 and the rest of the assets 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 to 35 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, which includes the commitment to develop under construction wind farms, 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	2018	2017
Europe	3.3%-6.4%	3.2%-5.7%
North America	5.12%-6.6%	4.54%-6.54%
Brazil	9.9-11.7%	9.6%-11.4%

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 goodwill 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.

19. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

This caption is analysed as follows:

THOUSAND EUROS	31 DEC 2018	31 DEC 2017
INVESTMENTS IN ASSOCIATES		
Interests in joint ventures	320,423	252,174
Interests in associates	28,302	51,344
CARRYING AMOUNT	348,725	303,518

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	2018	2017
BALANCE AS AT 1 JANUARY	303,518	340,120
Acquisitions / Increases	3,209	18,009
Disposals	-8,390	-391
Share of profits of joint ventures and associates	1,649	2,708
Dividends	-14,687	-19,820
Exchange differences	8,402	-26,435
Hedging reserve in joint ventures and associates	-17,543	-
Changes in consolidation method	59,175	3,314
Transfer of losses to loans/liabilities	11,577	-
Transfer to assets held-for-sale	-	-13,987
Others	1,815	-
BALANCE AS AT 31 DECEMBER	348,725	303,518

Acquisitions/increases mainly refer to the acquisition of a 20.19% stake in the SolarWorks Group in the amount of 2,227 thousand Euros (see note 6).

Disposals mainly refer to the sale of 13,5% of equity shareholding 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. in the amount of 3,836 thousand Euros and 4,492 thousand Euros respectively (see note 6).

Changes in consolidation method refers to the loss of control in the Vento XIX portfolio and Nation Rise portfolio (see note 6).

Transfer of losses to loans/liabilities refer to equity-accounted investees that are loss-making above EDPR's interest (that includes the carrying amount of the investment under the equity method and other long-term interests) according to the relevant guidance.

The following table resumes the companies' financial information of joint ventures included in the Group consolidated accounts, as of December 2018:

THOUSAND EUROS	FLAT ROCK WIND-POWER	VENTO XIX PORTFOLIO	FLAT ROCK WIND-POWER II	COMPAÑÍA EÓLICA ARAGONESA	EVOLUCIÓN 2000
COMPANIES' FINANCIAL INFORMATION OF JOINT VENTURES					
Non-Current Assets	240,383	300,877	97,703	120,246	34,626
Current Assets (including cash and cash equivalents)	7,537	27,813	2,358	6,203	4,712
Cash and cash equivalents	5,576	25,150	1,906	4,106	3,106
Total Equity	239,426	-7,107	96,826	106,064	18,525
Long term Financial debt	-	-	-	-	12,159
Non-Current Liabilities	3,870	170,949	1,462	17,483	16,323
Short term Financial debt	-	95	-	-	3,785
Current Liabilities	4,624	164,848	1,773	2,902	4,490
Revenues	12,936	1,318	4,971	19,451	8,309
Fixed and intangible assets amortisations	-	-	-	-	-
Other financial expenses	-55	-158	-25	-138	-115
Income tax expense	-	-	-	1,057	-729
Net profit for the year	-14,841	1	-5,795	1,922	2,186
AMOUNTS PROPORTIONALLY ATTRIBUTED TO EDPR GROUP					
Net assets	119,713	48,643	48,413	48,408	13,758
Goodwill	-	-	-	26,108	2,667
Dividends paid	7,200	-	-	5,288	1,459

THOUSAND EUROS	NATION RISE PORTFOLIO	EOLIENNES EN MER - NOIRMOUTIER	EOLIENNES EN MER DIEPPE-LE TREPOT	MORAY OFFSHORE EAST PORTFOLIO	OTHER
COMPANIES' FINANCIAL INFORMATION OF JOINT VENTURES					
Non-Current Assets	11,179	48,719	52,922	534,989	60,076
Current Assets (including cash and cash equivalents)	148	7,132	9,296	86,870	23,886
Cash and cash equivalents	-	2,353	3,218	62,544	7,859
Total Equity	10,683	33,060	28,178	-73,929	-1,724
Long term Financial debt	-	-	-	75,407	9,640
Non-Current Liabilities	-	14,878	27,286	587,743	61,786
Short term Financial debt	472	-	-	62	1
Current Liabilities	644	7,913	6,754	108,045	23,900
Revenues	-	-	-	-	7,857
Fixed and intangible assets amortisations	-	46	30	-	-
Other financial expenses	-5	-	-	-794	-10
Income tax expense	-	297	292	-	-84
Net profit for the year	42	-762	-751	-1,303	30
AMOUNTS PROPORTIONALLY ATTRIBUTED TO EDPR GROUP					
Net assets	10,367	9,753	8,313	-11,577	13,055
Goodwill	-	-	-	-	-
Dividends paid	-	-	-	-	-

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 associates included in the Group consolidated accounts, as of December 2018:

THOUSAND EUROS	PQ. EOLICO BELMONTE	DESARROLLOS EÓLICOS DE CANARIAS	PQ. EÓLICO SIERRA DEL MADERO	OTHER
COMPANIES' FINANCIAL INFORMATION OF ASSOCIATES				
Non-Current Assets	19,418	2,590	50,083	46,978
Current Assets	5,462	2,601	18,548	8,540
Equity	6,798	4,065	30,757	21,312
Non-Current Liabilities	12,182	590	5,258	30,191
Current Liabilities	5,900	536	32,616	4,015
Revenues	3,870	3,238	11,565	5,532
Net profit for the year	925	1,610	3,527	-1,146
AMOUNTS PROPORTIONALLY ATTRIBUTED TO EDPR GROUP				
Net assets	3,758	8,298	12,918	3,328
Goodwill	1,726	6,479	-	1,479
Dividends paid	-	239	-	501

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

During 2018, 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	239,426	50.00%	-	-	-	119,713
Vento XIX portfolio	-7,107	20.00%	50,064	-	-	48,643
Flat Rock Windpower II LLC	96,826	50.00%	-	-	-	48,413
Compañía Eólica Aragonesa	106,064	50.00%	-4,624	-	-	48,408
Evolución 2000	18,525	49.15%	1,986	2,667	-	13,758
Nation Rise portfolio	10,683	25.00%	7,696	-	-	10,367
Eoliennes en Mer Dieppe-Le Treport	28,178	29.50%	-	-	-	8,313
Eoliennes en Mer - Noirmoutier	33,060	29.50%	-	-	-	9,753
Moray Offshore East	-73,943	23.30%*	4,679	-	973	-11,577
Parque Eólico Belmonte	6,798	29.90%	-	1,726	-	3,758
Desarrollos Eólicos de Canarias	4,065	44.75%	-	6,479	-	8,298
Parque Eólico Sierra del Madero	30,757	42.00%	-	-	-	12,918

*An additional 10% stake is classified as asset held for sale (see note 26)

During 2017, 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	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

EDPR commitments to provide funding to Joint Ventures as at 31 December 2018 are:

THOUSAND EUROS	CAPITAL OUTSTANDING BY MATURITY				2018
	TOTAL	LESS THAN 1 YEAR	FROM 1 TO 3 YEARS	FROM 3 TO 5 YEARS	MORE THAN 5 YEARS
	128,766	111,800	16,976	-	-
	128,766	111,800	16,976	-	-

EDPR Commitments to provide funding for Joint Ventures refer to:

- Committed funds from EDPR North America to the North American offshore project Mayflower, in which EDPR NA holds 50% stake, for an amount of 58,515 thousand Euros. Mayflower was conditionally awarded a lease, by an agency of the United States government, on certain offshore areas for the purpose of developing a wind farm. Upon final award of this lease the joint venture will be responsible for making a total payment of 117,030 thousand Euros, of which EDPR NA is responsible for funding 50%. The final award of this lease is anticipated to occur in 2019.
- Committed funds from EDPR to the UK offshore project Moray East, in which EDPR holds 33.3% stake, for an amount of 16,916 thousand Euros.
- Committed funds from EDPR to the Portuguese offshore project Windplus, in which EDPR holds 54.4% stake, for an amount of 24,314 thousand Euros.
- Committed funds from EDPR to the French offshore projects Le Treport and Noirmoutier, in which EDPR holds 29.5% stake, for an amount of 27,085 thousand Euros.
- Committed funds from EDPR to the UK offshore project Moray West, in which EDPR holds 67% stake, for an amount of 1,946 thousand Euros.

EDPR Group granted parent company guarantees for certain joint venture projects. Total guarantees granted refer to financial and operational guarantees granted by EDPR to joint ventures in the amount of 10,000 thousand Euros and 201,050 thousand Euros respectively, from which 120,747 thousand Euros refer to projects in Europe and 90,303 thousand Euros refer to projects in North America (see note 37). Further, EDP Branch has granted financial and operational guarantees to EDPR's joint ventures in the amount of 114,862 thousand Euros and 10,917 thousand Euros respectively (see note 38). EDPR does not expect any significant liability arising from these financial and operational guarantees provided.

EDPR commitments to provide funding to Joint Ventures as at 31 December 2017 were no significant.

20. 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 2018	31 DEC 2017	31 DEC 2018	31 DEC 2017
Tax losses brought forward	689,198	603,923	-	-
Provisions	23,163	18,487	-	913
Derivative financial instruments	34,442	16,411	1,958	2,306
Property, plant and equipment	56,797	63,395	340,385	316,186
Allocation of fair value to assets and liabilities from business combinations	-	-	448,523	399,552
Income from institutional partnerships in U.S. wind farms	-	-	342,067	291,041
Non-deductible financial expenses	26,232	31,663	-	-
Netting of deferred tax assets and liabilities	-677,134	-669,369	-677,134	-669,369
Other	21,792	-31	7,263	14,984
	174,490	64,479	463,062	355,613

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 2018	31 DEC 2017	31 DEC 2018	31 DEC 2017
Europe:				
Tax losses brought forward	109,870	50,255	-	-
Provisions	18,484	15,329	-	913
Derivative financial instruments	32,176	16,411	1,057	796
Property, plant and equipment	53,361	60,195	86,676	63,036
Non-deductible financial expenses	26,144	31,663	-	-
Allocation of fair value to assets and liabilities from business combinations	-	-	316,347	283,745
Netting of deferred tax assets and liabilities	-71,080	-110,202	-71,080	-110,202
Other	3,924	-112	19,729	15,221
	172,879	63,539	352,729	253,509
United States of America:				
Tax losses brought forward	572,143	549,121	-	-
Provisions	4,342	2,822	-	-
Derivative financial instruments	2,260	-	-	1,438
Property, plant and equipment	3,436	3,200	247,553	249,083
Allocation of fair value to assets and liabilities from business combinations	-	-	129,306	112,716
Income from institutional partnerships in U.S. wind farms	-	-	342,067	290,393
Netting of deferred tax assets and liabilities	-606,054	-554,556	-606,054	-554,556
Other	24,594	-	-5,811	-
	721	587	107,061	99,074

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 2018	31 DEC 2017	31 DEC 2018	31 DEC 2017
Balance as at 1 January	64,479	75,840	355,613	365,086
Charges to the profit and loss account	48,929	-7,630	35,393	-5,863
Charges against reserves	21,675	2,805	-7,963	181
Exchange differences and other variations	39,407	-6,536	80,019	-3,791
BALANCE AS AT 31 DECEMBER	174,490	64,479	463,062	355,613

The Group tax losses carried forward are analysed as follows:

THOUSAND EUROS	31 DEC 2018	31 DEC 2017
EXPIRATION DATE		
2018	-	2,633
2019	6,258	11,547
2020	15,213	13,108
2021	50,203	61,713
2022	21,620	20,855
2023	36,193	31,907
2024	30,882	30,897
2025 to 2039	2,203,113	2,101,249
Without expiration date	423,269	270,773
	2,786,751	2,544,682

In addition to the above, EDP Renewables North America LLC has State tax losses that are recorded in the Group's accounts. The associated deferred tax asset amounts to 77,515 thousand Euros on December 31st, 2017, and to 77,725 thousand Euros at the end of the current year.

21. INVENTORIES

This caption is analysed as follows:

THOUSAND EUROS	31 DEC 2018	31 DEC 2017
Advances on account of purchases	1,000	1,346
Finished and intermediate products	13,084	7,230
Raw and subsidiary materials and consumables	21,550	19,989
	35,634	28,565

22. DEBTORS AND OTHER ASSETS FROM COMMERCIAL ACTIVITIES

Debtors and other assets from commercial activities are analysed as follows:

THOUSAND EUROS	31 DEC 2018	31 DEC 2017
DEBTORS AND OTHER ASSETS FROM COMMERCIAL ACTIVITIES - NON-CURRENT		
Trade receivables	2,094	8,152
Deferred costs	17,881	19,360
Sundry debtors and other operations	524	13,034
	20,499	40,546
DEBTORS AND OTHER ASSETS FROM COMMERCIAL ACTIVITIES - CURRENT		
Trade receivables	260,643	277,447
Prepaid turbine maintenance	6,172	2,550
Services rendered	8,698	5,748
Advances to suppliers	6,214	4,515
Sundry debtors and other operations	32,390	32,847
	314,117	323,107
Impairment losses	-328	-
	334,288	363,653

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). Trade receivables – current mainly refers to electricity generation invoicing in EDPR EU amounting to 154,400 thousand Euros (169,665 thousand Euros as at 31 December 2017) and EDPR NA amounting to 85,446 thousand Euros (85,168 thousand Euros as at 31 December 2017).

Following the adoption of IFRS 9 on 1 January 2018, the caption of Debtors and other assets from commercial activities – Current includes 328 thousand Euros, which are the result of increases in impairment losses under the new expected credit loss model recommended in IFRS 9 (see notes 2, 3 and 4). This is the only movement in relation to impairment losses on trade receivables in 2018.

The geographical market Trade receivables' breakdown and the credit risk analysis are disclosed in note 5, under the Counterparty credit risk management section.

23. OTHER DEBTORS AND OTHER ASSETS

Other debtors and other assets are analysed as follows:

THOUSAND EUROS	31 DEC 2018	31 DEC 2017
OTHER DEBTORS AND OTHER ASSETS - NON-CURRENT		
Loans to related parties	23,498	772
Derivative financial instruments	19,022	25,191
Sundry debtors and other operations	67,529	22,754
	110,049	48,717
OTHER DEBTORS AND OTHER ASSETS - CURRENT		
Loans to related parties	17,384	42,406
Derivative financial instruments	10,489	21,429
Sundry debtors and other operations	342,944	50,382
	370,817	114,217
	480,866	162,934

Loans to related parties – Non current mainly include loans to the following equity consolidated companies: (i) 15,086 thousand Euros related to the offshore projects in France; (ii) 4,281 thousand Euros related to the company Windplus; and (iii) 3,339 thousand Euros related to the offshore project Moray West in the UK.

Sundry debtors and other operations- non current mainly include: (i) 36,551 thousand Euros related to the fair value of the contingent consideration related to the sale of 13,5% stake in the companies Éoliennes en Mer Dieppe - Le Tréport, S.A.S. and Éoliennes en Mer Îles d'Yeu et de Noirmoutier, S.A.S., in accordance with the relevant agreements signed; (ii) 13,056 thousand Euros as part of the price adjustment, according to the corresponding agreements, in the transaction of selling 49% of EDP Renováveis Portugal S.A to CTG that took place in 2013 which will be received in the long-term; and (iii) 5,450 thousand Euros as an advance payment for the acquisition of the Italian project Aria del Vento which completion is expected by the end of 2020-beginning of 2021.

Loans to related parties - Current mainly include loans to the following equity consolidated companies: (i) 12,785 thousand Euros related to the Spanish company Parque Eólico Sierra del Madero, S.A. as at 31 December 2018 and 31 December 2017; (ii) 3,426 thousand Euros related to the Spanish company AERE as at 31 December 2018 and 2017; and (iii) 966 thousand Euros related to the company Windplus (820 thousand Euros as at 31 December 2017).

Sundry debtors –Current mainly includes: (i) 290,900 thousand Euros of financing proceeds for Vento XIX portfolio and Nation Rise project in which EDPR lost control due to the sale of 80% and 75% shareholding respectively but EDPR retains the right to receive specified funds raised by those entities, upon successful completion of performance obligation (see note 6 and 34); and (ii) 9,945 thousand Euros as at 31 December 2018 (20,361 thousands of Euros as at 31 December 2017) related with the estimated corporate income tax due by EDP Energias de Portugal, S.A. Sucursal en España.

24. CURRENT TAX ASSETS

Current tax assets is analysed as follows:

THOUSAND EUROS	31 DEC 2018	31 DEC 2017
Income tax	24,130	22,767
Value added tax (VAT)	30,570	45,660
Other taxes	4,826	3,714
	59,526	72,141

25. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are analysed as follows:

THOUSAND EUROS	31 DEC 2018	31 DEC 2017
Cash	17	2
BANK DEPOSITS		
Current deposits	200,734	172,327
Term deposits	101,917	114,258
Specific demand deposits in relation to institutional partnerships	82,924	101,474
	385,575	388,059
Other short term investments	165,951	-
	551,543	388,061

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 32), 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" includes the debit balance of the current account with EDP Servicios Financieros España S.A. amounting to 165,951 thousands of Euros as at 31 December 2018 in accordance with the terms and conditions of the contract signed between the parties. This current account had a credit balance as at 31 December 2017 and therefore it was classified as a Financial Debt (see note 30 and 38).

26. 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 2018	31 DEC 2017
Assets of the business of electricity generation – Moray East	7,546	58,179
ASSETS HELD FOR SALE	7,546	58,179

In 2017, EDPR Group committed to the plan of selling certain stake of Moray Offshore Windfarm (East) Limited, thus, according to the analysis performed under IFRS 5, this sale was considered highly probable and its assets and liabilities were classified as held for sale.

In the third quarter of 2017 EDPR Group completed the first sale to Engie of 23.3% of the equity shareholding and shareholder loans which implied a loss of sole control over the company according to the agreements signed. In addition, on March, November and December 2018, EDPR Group sold an additional 20%, 13.4% and 10% respectively of the equity shareholding and shareholder loans of the company (see notes 6 and 14). As at 31 December 2018, the assets attributable to the value of the investment in the equity consolidated company and respective loans that will be disposed in subsequent transactions, i.e. 10% of shareholding and loans, are recognised in non current assets held for sale in the amount of 7,546 thousand Euros (2,706 thousand Euros as the value of the equity investment and 4,840 thousand Euros as shareholder loans).

27. SHARE CAPITAL AND SHARE PREMIUM

At 31 December 2018 and 2017, 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 2018 and 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

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 2018 or 2017. The Share Premium is freely distributable.

Earnings per share attributable to the shareholders of EDPR are analysed as follows:

	31 DEC 2018	31 DEC 2017
Profit attributable to the equity holders of the parent (in thousand Euros)	313,365	281,169
Profit from continuing operations attributable to the equity holders of the parent (in thousand Euros)	313,365	281,169
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)	0.36	0.32
Earnings per share (diluted) attributable to equity holders of the parent (in Euros)	0.36	0.32
Earnings per share (basic) from continuing operations attributable to the equity holders of the parent (in Euros)	0.36	0.32
Earnings per share (diluted) from continuing operations attributable to the equity holders of the parent (in Euros)	0.36	0.32

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 2018 and 2017.

The average number of shares was determined as follows:

	31 DEC 2018	31 DEC 2017
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

28. OTHER COMPREHENSIVE INCOME, RESERVES AND RETAINED EARNINGS

This caption is analysed as follows:

THOUSAND EUROS	31 DEC 2018	31 DEC 2017
OTHER COMPREHENSIVE INCOME		
Fair value reserve (cash flow hedge)	-109,962	-48,565
Fair value reserve (available-for-sale financial assets)	6,364	6,499
Exchange differences arising on consolidation	-68,927	-82,672
	-172,525	-124,738
OTHER RESERVES AND RETAINED EARNINGS		
Retained earnings and other reserves	1,320,887	1,147,871
Additional paid in capital	60,666	60,666
Legal reserve	73,045	61,707
	1,454,598	1,270,244
	1,282,073	1,145,506

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. Board of Directors proposal for 2018 profits distribution to be presented in the Annual General Meeting is as follows:

	EUROS
BASE FOR DISTRIBUTION	63,987,420.61
Profit for the period 2018	29,258,492.73
Retaining earnings from previous periods	34,728,927.88
DISTRIBUTION	63,987,420.61
Legal reserve	2,925,849.27
Dividends	61,061,571.34

The EDP Renováveis, S.A. proposal for 2017 profits distribution that was presented in the Annual General Meeting is as follows:

	EUROS
BASE FOR DISTRIBUTION	113,382,578.51
Profit for the period 2017	113,382,578.51
DISTRIBUTION	113,382,578.51
Legal reserve	11,338,257.85
Dividends	52,338,489.72
Retained earnings	49,705,830.94

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 2017	6,132
Parque Eólico Montes de las Navas, S.L.	367
Balance as at 31 December 2017	6,499
Parque Eólico Montes de las Navas, S.L.	-135
BALANCE AS AT 31 DECEMBER 2018	6,364

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:

		EXCHANGE RATES AS AT 31 DECEMBER 2018		EXCHANGE RATES AS AT 31 DECEMBER 2017	
		CLOSING RATE	AVERAGE RATE	CLOSING RATE	AVERAGE RATE
US Dollar	USD	1.145	1.181	1.199	1.129
Zloty	PLN	4.301	4.261	4.177	4.258
Brazilian Real	BRL	4.444	4.307	3.973	3.605
New Leu	RON	4.664	4.654	4.659	4.569
Pound Sterling	GBP	0.895	0.885	0.887	0.877
Canadian Dollar	CAD	1.561	1.529	1.504	1.465

29. NON-CONTROLLING INTERESTS

This caption is analysed as follows:

THOUSAND EUROS	31 DEC 2018	31 DEC 2017
Non-controlling interests in income statement	158,804	180,312
Non-controlling interests in share capital and reserves	1,454,586	1,379,863
	1,613,390	1,560,175

Non-controlling interests, by subgroup, are analysed as follows:

THOUSAND EUROS	31 DEC 2018	31 DEC 2017
EDPR NA Group	906,747	868,584
EDPR EU Group	644,455	622,581
EDPR BR Group	62,188	69,010
	1,613,390	1,560,175

The movement in non-controlling interests of EDP Renováveis Group is mainly related to:

THOUSAND EUROS	31 DEC 2018	31 DEC 2017
Balance as at 1 January	1,560,175	1,448,052
Dividends distribution	-62,439	-48,730
Net profit for the year	158,804	180,312
Exchange differences arising on consolidation	30,021	-119,486
Acquisitions and sales without change of control	-9,860	120,608
Increases/(Decreases) of share capital	-64,020	-30,954
Other changes	709	10,373
BALANCE AS AT 31 DECEMBER	1,613,390	1,560,175

30. FINANCIAL DEBT

Financial debt current and Non-current is analysed as follows:

THOUSAND EUROS	31 DEC 2018	31 DEC 2017
FINANCIAL DEBT - NON-CURRENT		
Bank loans:		
- EDPR EU Group	335,659	424,417
- EDPR BR Group	211,147	175,356
- EDPR NA Group	221,015	226,154
Loans received from EDP group entities:		
- EDP Renováveis, S.A.	583,919	367,526
- EDP Renováveis Servicios Financieros, S.L.	1,855,942	1,615,009
Other loans:		
- EDPR EU Group	173	133
TOTAL DEBT AND BORROWINGS - NON-CURRENT	3,207,855	2,808,595

Collateral Deposits - Non-current (*)		
Collateral Deposit - Project Finance and others	-25,466	-32,720
TOTAL COLLATERAL DEPOSITS - NON-CURRENT	-25,466	-32,720

THOUSAND EUROS	31 DEC 2018	31 DEC 2017
FINANCIAL DEBT - CURRENT		
Bank loans:		
- EDPR EU Group	83,153	127,849
- EDPR BR Group	15,293	11,500
- EDPR NA Group	15,258	26,752
Loans received from EDP group entities:		
- EDP Renováveis Servicios Financieros, S.L.	300,244	239,514
Other loans:		
- EDPR EU Group	147	109
Interest payable	28,035	22,644
TOTAL DEBT AND BORROWINGS - CURRENT	442,130	428,368

Collateral Deposits - Current (*)		
Collateral Deposit - Project Finance and others	-13,185	-10,026
TOTAL COLLATERAL DEPOSITS - CURRENT	-13,185	-10,026

TOTAL DEBT AND BORROWINGS - CURRENT AND NON-CURRENT	3,649,985	3,236,963
TOTAL DEBT AND BORROWINGS NET OF COLLATERALS - CURRENT AND NON-CURRENT	3,611,334	3,194,217

(*) 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 2018 mainly refer to a set of loans granted by EDP Finance BV amounting to 1,632,024 thousand Euros, including accrued interests and deducted of debt arrangement expenses, with a long-term maturity and by EDP Servicios Financieros España S.A. amounting to 1,122,286 thousand Euros (830,935 thousand Euros non-current and 291,351 thousand Euros current). The bundled average maturity regarding long-term loans is approximately 3 years and bear interest at weighted average fixed market rates of 2.2% for EUR loans and 4.6% for USD loans. These loans amounted to 1,208,118 thousand Euros for loans granted by EDP Finance BV and 965,870 thousand Euros for loans granted by EDP Servicios Financieros España S.A. as at 31 December 2017. This caption also includes the credit balance of the EUR current account with EDP Servicios Financieros España S.A. amounting to 11,694 thousand Euros as at 31 December 2018 (35,165 thousand Euros as at 31 December 2017).

The main events regarding financing and refinancing of the period refer to: i) new intercompany debt for a net amount of 672,188 thousand Euros and ii) new project finance debt totaling 7,681 thousand Euros in Brazil.

As at 31 December 2018, future debt and borrowings payments and accrued interest by type of loan and currency are analysed as follows:

THOUSAND EUROS	2019	2020	2021	2022	2023	FOLLOWING YEARS	TOTAL
BANK LOANS							
Euro	49,822	49,761	49,311	42,894	41,743	91,118	324,649
Polish Zloty	33,691	7,815	8,725	8,970	8,983	26,339	94,523
American Dollar	12,162	11,956	12,145	11,897	12,152	157,583	217,895
Brazilian Real	16,928	16,156	10,856	10,005	15,517	158,613	228,075
Others	3,232	3,244	3,409	3,575	3,839	1,214	18,513
	115,835	88,932	84,446	77,341	82,234	434,867	883,655
Euro	301,834	384,823	-	211,587	233,000	-	1,131,244
American Dollar	24,308	434,745	414,847	323,144	244,541	193,175	1,634,760
	326,142	819,568	414,847	534,731	477,541	193,175	2,766,004
OTHER LOANS							
Euro	153	109	64	-	-	-	326
	153	109	64	-	-	-	326
	442,130	908,609	499,357	612,072	559,775	628,042	3,649,985

As at 31 December 2017, future debt and borrowings payments and accrued 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

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 2018, these financings amount to 891,475 thousand Euros (31 December 2017: 988,952 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 2018		31 DEC 2017	
	CARRYING VALUE (*)	MARKET VALUE	CARRYING VALUE (*)	MARKET VALUE
Financial debt - Non-current	3,207,855	3,375,854	2,808,595	2,911,691
Financial debt - Current	442,130	442,130	428,368	428,368
	3,649,985	3,817,984	3,236,963	3,340,059

(*) 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.

31. PROVISIONS

Provisions are analysed as follows:

THOUSAND EUROS	31 DEC 2018	31 DEC 2017
Dismantling and decommission provisions	288,503	269,454
Provision for other liabilities and charges	6,467	5,945
Long-term provision for other liabilities and charges	1,219	579
Short-term provision for other liabilities and charges	5,248	5,366
Employee benefits	348	319
	295,318	275,718

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 119,082 thousand Euros for wind farms in North America (31 December 2017: 105,907 thousand Euros), 166,810 thousand Euros for wind farms in Europe (31 December 2017: 161,630 thousand Euros) and 2,611 thousand Euros for wind farms in Brazil (31 December 2017: 1,917 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 2018	31 DEC 2017
Balance at the beginning of the year	269,454	268,191
Capitalised amount for the year	12,937	16,080
Changes in the perimeter	-3,725	-5,895
Unwinding	4,999	4,816
Exchange differences	4,838	-13,738
BALANCE AT THE END OF THE YEAR	288,503	269,454

Changes in the perimeter in 2018 refer to the loss of control of the Vento XIX portfolio due to the sale of 80% stake having agreed a shared control of the projects (see note 6).

The movements in Provision for other liabilities and charges are analysed as follows:

THOUSAND EUROS	31 DEC 2018	31 DEC 2017
Balance at the beginning of the year	5,945	6,275
Charge for the year	777	845
Write back for the year	-386	-1,029
Others	131	-146
BALANCE AT THE END OF THE YEAR	6,467	5,945

32. INSTITUTIONAL PARTNERSHIPS IN U.S. WIND FARMS

This caption is analysed as follows:

THOUSAND EUROS	31 DEC 2018	31 DEC 2017
Deferred income related to benefits provided	961,783	914,612
Liabilities arising from institutional partnerships in U.S. wind farms	1,269,466	1,249,110
	2,231,249	2,163,722

The movements in Institutional partnerships in U.S. wind farms are analysed as follows:

THOUSAND EUROS	31 DEC 2018	31 DEC 2017
Balance at the beginning of the period	2,163,722	2,339,425
Proceeds received from institutional investors	402,299	449,067
Cash paid for deferred transaction costs	-3,548	-3,870
Cash paid to institutional investors	-173,398	-195,175
Income (see note 7)	-185,171	-225,568
Unwinding (see note 13)	80,135	88,561
Loss of control of companies with institutional partnerships	-162,123	-
Exchange differences	102,067	-289,891
Others	7,266	1,173
BALANCE AT THE END OF THE PERIOD	2,231,249	2,163,722

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 2018, EDPR Group, through its subsidiary EDPR NA, has secured and received proceeds amounting to 228,537 thousand Euros related to institutional equity financing from a leading financial institution, in exchange for an interest in the Vento XVIII portfolio. Additionally, EDPR has secured and received proceeds amounting to 163,860 thousand Euros related to institutional equity financing from a leading financial institution, in exchange for an interest in the Vento XIX portfolio. After this funding being executed, EDPR has lost control over this portfolio upon the completion of the sale of 80% of equity shareholding in this portfolio (see note 6).

Others mainly include proceeds received by EDPR during 2018 amounting to 7,630 thousand Euros related to PTC generated after flip date in the context of certain tax equity deals that are structured to include an option to allocate substantially all of the projects' generated PTCs to the tax equity investors after the Flip Date.

33. TRADE AND OTHER PAYABLES FROM COMMERCIAL ACTIVITIES

Trade and other payables from commercial activities are analysed as follows:

THOUSAND EUROS	31 DEC 2018	31 DEC 2017
TRADE AND OTHER PAYABLES FROM COMMERCIAL ACTIVITIES - NON-CURRENT		
Government grants / subsidies for investments in fixed assets	358,236	358,600
Electricity sale contracts - EDPR NA	11,496	13,686
Property, plant and equipment suppliers	2,045	103,383
Other creditors and sundry operations	47,653	14,260
	419,430	489,929
TRADE AND OTHER PAYABLES FROM COMMERCIAL ACTIVITIES - CURRENT		
Suppliers	99,452	69,866
Property, plant and equipment suppliers	1,004,958	542,863
Other creditors and sundry operations	71,828	72,417
	1,176,238	685,146
	1,595,668	1,175,075

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 9).

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 were agreed in the long-term with a short-term maturity as of December 31, 2018. Property plant and equipment suppliers -current refer to wind and solar farms in construction mainly in the USA in the amount of 701,846 thousand Euros (431,912 thousand Euros as of December 31, 2017), Brazil in the amount of 119,980 thousand Euros (16,505 thousand Euros as of December 31, 2017), Portugal in the amount of 42,924 thousand Euros (3,466 thousand Euros as of December 31, 2017) and Italy in the amount of 39,155 thousand Euros (31,290 thousand Euros as of December 31, 2017). This caption also includes success fees payables for the acquisition of certain projects in Brazil, Italy and France for a total amount of 38,015 thousand Euros that due to the nature of such transactions, the type of assets acquired and the initial stage of completion of the projects, they have been considered asset acquisitions.

Variation in other creditors and sundry operations – non current is mainly explained by the evolution of the energy pool prices in the Spanish market related to the establishment of the pool boundaries adjustment in the amount of 39,894 thousand Euros.

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 2018	31 DEC 2017
DAYS		
Average payment period	52	51
Ratio paid operations	54	54
Ratio of pending operations	35	33
TOTAL PAYMENTS MADE	175,930	173,264
TOTAL OUTSTANDING PAYMENTS	27,228	33,006

34. OTHER LIABILITIES AND OTHER PAYABLES

Other liabilities and other payables are analysed as follows:

THOUSAND EUROS	31 DEC 2018	31 DEC 2017
OTHER LIABILITIES AND OTHER PAYABLES - NON-CURRENT		
Amount payable for the acquisition of subsidiaries	787	787
Loans from non-controlling interests	396,919	587,441
Derivative financial instruments	156,126	59,030
Other creditors and sundry operations	318	2,803
	554,150	650,061
OTHER LIABILITIES AND OTHER PAYABLES - CURRENT		
Amount payable for the acquisition of subsidiaries	290,062	550
Loans from non-controlling interests	166,487	50,918
Derivative financial instruments	78,406	325,367
Other creditors and sundry operations	5,123	4,411
	540,078	381,246
	1,094,228	1,031,307

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 31,108 thousand Euros, including accrued interests (37,362 thousand Euros as of 31 December 2017), 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 215,620 thousands Euros, including accrued interests (231,751 thousand Euros as at 31 December 2017), bearing interest at a fixed rate of a range between 3.3% 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 119,826 thousand Euros including accrued interests (123,430 thousand Euros as at 31 December 2017), 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 63,304 thousand Euros including accrued interests (78,436 thousand Euros as at 31 December 2017), 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 52,258 thousand Euros, including accrued interests (31 December 2017: 58,388 thousand Euros), bearing interest at a fixed rate of a range between 3.1% 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 50,202 thousand Euros including accrued interests (31 December 2017: 61,140 thousand Euros), bearing interests at a fixed rate of 5.50%.

Variation in amount payable for the acquisition of subsidiaries – current is mainly related to the remaining cost to incur in the amount of 290,012 thousand Euros for the Vento XIX portfolio and Nation Rise project in which EDPR lost control due to the sale of 80% and 75% shareholding respectively but EDPR retains the obligation to complete the construction of the related wind farm facilities at the EDPR's sole cost (see note 23 and 6).

Derivative financial instruments non-current includes 88,486 thousand Euros (31 December 2017: 4,365 non-current and 280,639 thousand Euros current) related to a hedge instrument of USD and EUR with EDP Finance BV, which was formalised in order to hedge the foreign exchange risk of the net investment held in EDPR NA, expressed in USD (see note 36).

35. CURRENT TAX LIABILITIES

This caption is analysed as follows:

THOUSAND EUROS	31 DEC 2018	31 DEC 2017
Income tax	39,325	25,037
Withholding tax	2,210	3,246
Value added tax (VAT)	16,722	24,434
Other taxes	28,539	37,536
	86,796	90,253

36. DERIVATIVE FINANCIAL INSTRUMENTS

As of 31 December 2018, the fair value and maturity of derivatives is analysed as follows:

THOUSAND EUROS	FAIR VALUE		UNITS	UNTIL 1 YEAR	1 TO 5 YEARS	NOTIONAL (THOUSAND UNITS)	
	ASSETS	LIABILITIES				MORE THAN 5 YEARS	TOTAL
NET INVESTMENT HEDGE							
Cross currency rate swaps	7,540	-89,134	EUR	28,813	2,276,153	-	2,304,966
	7,540	-89,134					
CASH FLOW HEDGE							
Power price swaps	13,016	-121,370	MWh	11,177	60,760	253	72,190
Interest rate swaps	3,626	-19,530	EUR	109,679	462,846	216,124	788,649
Currency forwards	2,478	-69	EUR	2,668	172,563	-	175,231
	19,120	-140,969					
TRADING							
Power price swaps	2,642	-3,637	MWh	2,033	1,701	-	3,734
Cross currency rate swaps	200	-379	EUR	150,000	-	-	150,000
Currency forwards	9	-413	EUR	45,916	-	-	45,916
	2,851	-4,429					
	29,511	-234,532					

As of 31 December 2017, the fair value and maturity of derivatives is analysed as follows:

THOUSAND EUROS	FAIR VALUE		UNITS	UNTIL 1 YEAR	1 TO 5 YEARS	NOTIONAL (THOUSAND UNITS)	
	ASSETS	LIABILITIES				MORE THAN 5 YEARS	TOTAL
NET INVESTMENT HEDGE							
Cross currency rate swaps	7,934	-285,151	EUR	1,417,883	729,539	-	2,147,422
	7,934	-285,151					
CASH FLOW HEDGE							
Power price swaps	22,084	-63,817	MWh	12,383	11,939	338	24,660
Currency forwards	2,308	-22,987	EUR	99,962	503,708	297,898	901,568
	24,392	-86,804	EUR				
TRADING							
Power price swaps	11,829	-10,802	MWh	1,558	1,503	-	3,061
Interest rate swaps	-	-10	EUR	941	-	-	941
Cross currency rate swaps	2,465	-32	EUR	150,000	-	-	150,000
Currency forwards	-	-1,598	EUR	49,825	-	-	49,825
	14,294	-12,442					
	46,620	-384,397					

The fair value of derivative financial instruments is recorded under Other debtors and other assets (note 23) or Other liabilities and other payables (note 34), if the fair value is positive or negative, respectively.

The net investment derivatives are related to the CIRS in USD and EUR with EDP Finance BV as referred in the notes 38 and 39. The net investment derivatives also include CIRS in CAD, GBP, RON, PLN, and BRL with EDP with the purpose of hedging EDP Renováveis Group's operations in Canada, United Kingdom, 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 in different geographies. EDPR NA has entered into a power price swap to hedge the variability in the spot market prices received in some of its projects. 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 Finance (EDP Branch in 2017) 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 39) and no changes of level were made during this period.

In 2018, the future undiscounted cash flows of the derivative financial instruments in EDP Group, are as follows:

THOUSAND EUROS				NOTIONAL
	UNTIL 1 YEAR	1 TO 5 YEARS	MORE THAN 5 YEARS	TOTAL
NET INVESTMENT HEDGE				
Cross currency rate swaps	-4,639	-9,136	-	-13,775
	-4,639	-9,136	-	-13,775
CASH FLOW HEDGE				
Power price swaps	-68,918	-98,730	-	-167,648
Interest rate swaps	-6,606	-12,944	-	-19,550
Currency forwards	10	2,399	-	2,409
	-75,514	-109,275	-	-184,789
TRADING				
Power price swaps	-719	-773	-	-1,492
Cross currency rate swaps	-1,946	-	-	-1,946
Currency forwards	-404	-	-	-404
	-3,069	-773	-	-3,842
	-83,222	-119,184	-	-202,406

The changes in the fair value of hedging instruments and risks being hedged are as follows:

THOUSAND EUROS			31 DEC 2018		31 DEC 2017	
			CHANGES IN FAIR VALUE INSTRUMENT	RISK	CHANGES IN FAIR VALUE INSTRUMENT	RISK
Net Investment hedge	Cross currency rate swaps	Subsidiary accounts in USD, PLN, GBP and CAD	195,623	-194,549	381,297	-380,838
Net Investment hedge	Currency forward	Subsidiary accounts in CAD	-	-	-	-
Cash-flow hedge	Interest rate swap	Interest rate	4,775	-	12,135	-
Cash-flow hedge	Power price swaps	Power price	-66,621	-	-27,060	-
Cash-flow hedge	Currency forward	Exchange rate	2,409	-	11,924	-
			136,186	-194,549	378,296	-380,838

During 2018 and 2017 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, Wibar 3M; and exchange rates: EUR/BRL, EUR/PLN, EUR/CAD, EUR/GBP and EUR/USD.
Interest rate swaps	Fair value indexed to the following interest rates: Euribor 6M, Wibar 6M, Libor 3M and CAD-BA-CDOR 3M.
Foreign exchange forwards	Fair value indexed to the following exchange rates: EUR/PLN, EUR/GBP, BRL/CNY 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 2018	31 DEC 2017
BALANCE AT THE BEGINNING OF THE YEAR	-62,658	-45,916
Fair value changes	-62,751	-6,850
Transfers to results	105	-10,806
Non-controlling interests included in fair value changes	-788	-1,963
Effect of derivatives in the equity consolidated portfolio Moray East	-21,138	3,623
Others	3,811	-746
BALANCE AT THE END OF THE YEAR	-143,419	-62,658

The gains and losses on the financial instruments portfolio booked in the income statement are as follows:

THOUSAND EUROS	31 DEC 2018	31 DEC 2017
Net investment hedge - ineffectiveness	1,074	459
CASH-FLOW HEDGE		
Transfer to results from hedging of financial liabilities	2,329	11,434
Transfer to results from hedging of commodity prices	-2,434	-628
Non eligible for hedge accounting derivatives	2,723	2,279
	3,692	13,544

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 14).

The effective interest rates for derivative financial instruments associated with financing operations during 2018, were as follows:

	CURRENCY	PAYS	EDPR GROUP	
				RECEIVES
INTEREST RATE CONTRACTS				
Interest rate swaps	EUR	[0,18% - 4,45%]		[-0,27% - 0,00%]
Interest rate swaps	PLN	[2,48% - 2,78%]		[1,78%]
Interest rate swaps	USD	[1,86%]		[1,00%]
Interest rate swaps	CAD	[2,59%]		[2,01%]
CURRENCY AND INTEREST RATE CONTRACTS				
CIRS (currency interest rate swaps)	EUR/USD	[2,58% - 2,77%]		[-0,32%]
CIRS (currency interest rate swaps)	EUR/CAD	[2,39% - 2,70%]		[-0,37% - -0,31%]
CIRS (currency interest rate swaps)	EUR/BRL	[5,94% - 6,01%]		[-0,31%]
CIRS (currency interest rate swaps)	EUR/RON	[3,34% - 3,79%]		[-0,32% - -0,33%]
CIRS (currency interest rate swaps)	EUR/PLN	[1,60% - 4,69%]		[-0,33% - -2,13%]

The effective interest rates for derivative financial instruments associated with financing operations during 2017, were as follows:

	CURRENCY	PAYS	EDPR GROUP	
				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%]

37. COMMITMENTS

As at 31 December 2018 and 2017, 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 2018	31 DEC 2017
GUARANTEES OF FINANCIAL NATURE		
EDPR NA Group	28,175	6,955
EDPR BR Group	33,769	-
	61,944	6,955
GUARANTEES OF OPERATIONAL NATURE		
EDP Renováveis, S.A.	1,672,646	1,459,014
EDPR NA Group	941,090	1,251,514
EDPR EU Group	17,994	63,522
EDPR BR Group	9,405	15,686
	2,641,135	2,789,736
TOTAL	2,703,079	2,796,691
REAL GUARANTEES	1,518	4,463

As at 31 December 2018 and 31 December 2017, EDPR has operational guarantees regarding its commercial activity, in the amount of 587,746 thousand Euros and 393,944 thousand Euros respectively, already reflected in liabilities.

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 2018, these financings amount to 891,475 thousand Euros (31 December 2017: 988,952 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 2018 and 31 December 2017, EDPR's obligations under the tax equity agreements, in the amount of 1,131,899 thousand Euros and 1,258,661 thousand Euros respectively are reflected in the statement of financial position under the caption Institutional Partnerships in U.S. Wind Farms.

iii) From the above amount, 211,050 thousand Euros corresponds to operational and financial guarantees granted by EDPR to joint ventures from which 120,747 thousand Euros refer to projects in Europe and 90,303 thousand refer to projects in North America (see note 19).

iv) The financial guarantees contracted as at 31 December 2018 amounting to 61,944 thousand Euros are related to the loans obtained by certain companies of the Group and already included in the consolidated financial debt.

EDPR does not expect any significant liability arising from the above commitments related to financial, operational and real guarantees provided.

The EDPR Group financial debt, lease and purchase obligations by maturity date are as follows:

THOUSAND EUROS	31 DEC 2018				
	TOTAL	UP TO 1 YEAR	1 TO 3 YEARS	CAPITAL OUTSTANDING BY MATURITY	
				3 TO 5 YEARS	MORE THAN 5 YEARS
Operating lease rents not yet due	1,148,626	52,291	106,245	103,304	886,786
Purchase obligations	2,201,330	978,258	706,831	121,312	394,929
	3,349,956	1,030,549	813,076	224,616	1,281,715

THOUSAND EUROS	31 DEC 2017				
	TOTAL	UP TO 1 YEAR	1 TO 3 YEARS	CAPITAL OUTSTANDING BY MATURITY	
				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

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 2018 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 2018 the put option amounts to 450 thousand Euros (1,618 thousand Euros as of 31 December 2017).

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 2018 the put option amounts to 1,301 thousand Euros (259 thousand Euros as of 31 December 2017).

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 2018 the put option amounts to 292 thousand Euros (the same amount as of 31 December 2017).

Some of the disposal of non-controlling interests transactions retaining control carried out in previous years incorporate contingent assets and liabilities according to the terms of the corresponding agreements.

38. 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 2018. 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 27).

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 average number of members of the Board of Directors during 2018 and 2017 is 14 and 17 respectively.

The remuneration paid to the members of the Board of Directors in 2018 and 2017 were as follows:

THOUSAND EUROS	31 DEC 2018	31 DEC 2017
CEO	-	-
Board members	691	739
	691	739

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 (until June 2018) 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 2018 is 986 thousand Euros (621 thousand Euros in 2017), of which 919 thousand Euros refers to the management services rendered by the Executive Members and 67 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 (Duarte Melo de Castro Bello, COO EU&BR; João Paulo Costeira, COO Offshore & CDO; and Miguel Ángel Prado Balboa, COO EDPR NA, there are contracts that were signed with other group companies, as follows: Duarte Melo de Castro Bello and João Paulo Costeira with EDP Energias de Portugal S.A. Sucursal en España; and Miguel Ángel Prado Balboa with EDP Renewables North America LLC.

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 264,440 thousand Euros including accrued interests (70,755 thousand Euros as current and 193,684 thousand Euros as non-current) as at 31 December 2018. As at 31 December 2017, this balance amounted to 300,367 thousand Euros including accrued interests (47,651 thousand Euros as current and 252,716 thousand Euros as non-current). See note 34.

Balances and transactions with EDP Group companies

As at 31 December 2018, assets and liabilities with related parties, are analysed as follows:

THOUSAND EUROS	ASSETS	
	LOANS AND INTERESTS TO RECEIVE	TOTAL
EDP Energias de Portugal, S.A.	-	8,768
EDP - Energias de Portugal, S.A. Sucursal en España (EDP Branch)	-	10,038
Joint Ventures and Associated companies	42,635	1,576
EDP Serviço Universal, S.A.	-	24,680
EDP Comercializadora, S.A.U.	-	35,389
EDP Servicios Financieros España, S.A.	-	165,951
Other EDP Group companies	-	865
	42,635	247,267

THOUSAND EUROS	LIABILITIES	
	LOANS AND INTERESTS TO PAY	TOTAL
EDP Energias de Portugal, S.A.	-	68,597
EDP - Energias de Portugal, S.A. Sucursal en España (EDP Branch)	-	4,044
Joint Ventures and Associated companies	-	227
EDP Finance B.V.	1,632,024	89,476
EDP Servicios Financieros España, S.A.	1,133,980	654
Other EDP Group companies	-	4,188
	2,766,004	167,186

As at 31 December 2017, assets and liabilities with related parties, are analysed as follows:

THOUSAND EUROS	ASSETS	
	LOANS AND INTERESTS TO RECEIVE	TOTAL
EDP Energias de Portugal, S.A.	-	8,578
EDP - Energias de Portugal, S.A. Sucursal en España (EDP Branch)	-	19,932
Joint Ventures and Associated companies	43,149	560
EDP Serviço Universal, S.A.	-	30,372
Other EDP Group companies	-	6,975
	43,149	66,417

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

Assets mainly refer to:

- Debit balance of the USD current account with EDP Servicios Financieros España, S.A. (see note 25) amounting to 165,951 thousand Euros as at 31 December 2018 (as at 31 December 2017 it had a credit balance amounting to 19,224 thousand Euros);
- Loans granted to companies consolidated by the equity method (see note 23);
- Commercial receivables related to the sale of energy in EDPR Portugal and EDPR Spain through EDP Serviço Universal, S.A. (which is a last resort retailer due to regulatory legislation) and EDP Comercializadora, S.A.U. respectively, which replaced Axpo Group as the commercial agent in Spain starting on 1 January 2018;
- Estimated corporate income tax due by EDP Energias de Portugal, S.A. Sucursal en España amounting to 9,811 thousand Euros (see note 23);
- Derivatives contracted with EDP Energias de Portugal, S.A. which market value as at 31 December 2018 amounts to 7,740 thousand Euros (see note 36).

Liabilities mainly refer to:

- 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 1,632,024 thousand Euros (31 December 2017: 1,222,617 thousand Euros) and from EDP Servicios Financieros España S.A. in the amount of 1,122,286 thousand Euros (31 December 2017: 965,870 thousand Euros). See note 30;
- Credit balance of the EUR current account with EDP Servicios Financieros España S.A. amounting to 11,693 thousand Euros as at 31 December 2018 (35,165 thousand Euros as at 31 December 2017);
- Derivatives with the purpose of hedging the foreign exchange risk of EDP Renováveis and EDP Finance BV, having the EDP Group established a Cross-Currency Interest Rate Swap (CIRS) in USD and EUR between EDP Finance BV 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 2018, the amount payable by EDP Renováveis to EDP Finance BV related to this CIRS amounts to 88,731 thousand Euros (31 December 2017: 280,477 thousand Euros) (see notes 34 and 36).

Transactions with related parties for the year ended 31 December 2018 are analysed as follows:

THOUSAND EUROS	OPERATING INCOME	FINANCIAL INCOME	OPERATING EXPENSES	FINANCIAL EXPENSES
EDP Energias de Portugal, S.A.	36,030	9,790	-2,199	-24,503
EDP Energias de Portugal, S.A. Sucursal en España (EDP Branch)	-	-	-13,541	-24,134
EDP HC Energía Group companies (electric sector)	-	-	-942	-131
Joint Ventures and Associated companies	9,869	3,061	-281	-12
EDP Serviço Universal, S.A.	271,328	-	-	-
EDP Comercializadora, S.A.U.	272,946	-	-	-
EDP Finance B.V.	-	-	-	-105,917
EDP Servicios Financieros España, S.A.	-	-	-	-36,431
Other EDP Group companies	5,050	-	-6,943	-379
	595,223	12,851	-23,906	-191,507

Operating income mainly includes the electricity sales to EDP Serviço Universal, S.A. which is a supplier of last resource in Portugal due to regulatory legislation and to EDP Comercializadora, S.A.U. as the commercial agent in Spain and swap commodities transactions with EDP Energias de Portugal, S.A.

Financial income and financial expenses with EDP Energias de Portugal, S.A. and EDP Energias de Portugal, S.A. Sucursal en España (EDP Branch) are mainly related to derivative financial instruments.

Financial expenses with EDP Finance B.V. and EDP Servicios Financieros España S.A., EDP Energias de Portugal, S.A., and EDP Branch are mainly related to derivative financial instruments and interests on the loans granted to EDP Renováveis S.A. and EDP Renováveis Servicios Financieros, S.A. referred above.

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
EDP HC Energía 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

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 2018, EDP Energias de Portugal, S.A., EDP España and EDP Energias de Portugal Sucursal en España granted financial (114,862 thousand Euros, 31 December 2017: 46,569 thousand Euros) and operational (365,896 thousand Euros, 31 December 2017: 322,904 thousand Euros) guarantees to suppliers in favor 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 37).

From the above amount of related-parties guarantees, 114,862 thousand Euros and 10,917 thousand Euros correspond to financial and operational guarantees granted by EDP Sucursal en España to EDPR's joint ventures (see note 19).

39. 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 2018 and 2017, 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 2018			31 DEC 2017		
	EUR	CURRENCIES	USD	EUR	CURRENCIES	USD
3 months	-0.31%		2.81%	-0.33%		1.69%
6 months	-0.24%		2.88%	-0.27%		1.75%
9 months	-0.18%		2.97%	-0.29%		1.83%
1 year	-0.12%		3.01%	-0.26%		1.90%
2 years	-0.17%		2.66%	-0.15%		2.08%
3 years	-0.07%		2.59%	0.01%		2.17%
5 years	0.20%		2.57%	0.31%		2.24%
7 years	0.47%		2.62%	0.56%		2.31%
10 years	0.81%		2.71%	0.89%		2.40%

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.

Equity instruments at fair value 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 Finance BV (note 36)

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 Finance BV. 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 28. See also note 34.

The fair values of assets and liabilities as at 31 December 2018 and 31 December 2017 are analysed as follows:

THOUSAND EUROS	31 DECEMBER 2018			31 DECEMBER 2017		
	CARRYING AMOUNT	FAIR VALUE	DIFFERENCE	CARRYING AMOUNT	FAIR VALUE	DIFFERENCE
Financial assets						
Equity instruments at fair value	8,438	8,438	-	8,585	8,585	-
Debtors and other assets from commercial activities	334,288	334,288	-	363,653	363,653	-
Other debtors and other assets	451,355	451,355	-	116,314	116,314	-
Derivative financial instruments	29,511	29,511	-	46,620	46,620	-
Cash and cash equivalents	551,543	551,543	-	388,061	388,061	-
	1,375,135	1,375,135		923,233	923,233	-
Financial liabilities						
Financial debt	3,649,985	3,817,984	167,999	3,236,963	3,340,059	103,096
Suppliers	1,106,455	1,106,455	-	716,112	716,112	-
Institutional partnerships in U.S. wind farms	2,231,249	2,231,249	-	2,163,722	2,163,722	-
Trade and other payables from commercial activities	489,213	489,213	-	458,963	458,963	-
Other liabilities and other payables	859,696	859,696	-	646,910	646,910	-
Derivative financial instruments	234,532	234,532	-	384,397	384,397	-
	8,571,130	8,739,129	167,999	7,607,067	7,710,163	103,096

The fair value levels used to value 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 2018			31 DECEMBER 2017		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
Financial assets						
Equity instruments at fair value	-	-	8,438	-	-	8,585
Derivative financial instruments	-	29,511	-	-	46,620	-
	-	29,511	8,438	-	46,620	8,585
Financial liabilities						
Liabilities arising from options with non-controlling interests	-	-	910	-	-	3,722
Derivative financial instruments	-	234,532	-	-	384,397	-
	-	234,532	910	-	384,397	3,722

The remaining assets and liabilities are valued within Level 1 or correspond to assets and liabilities which fair value is the same as its carrying amount. In 2018, there are no transfers between levels.

The movement in 2018 and 2017 of the financial assets and liabilities within Level 3 are analysed as follows:

THOUSAND EUROS	EQUITY INSTRUMENTS AT FAIR VALUE		TRADE AND OTHER PAYABLES	
	31 DEC 2018	31 DEC 2017	31 DEC 2018	31 DEC 2017
Balance at the beginning of the year	8,585	8,186	3,722	4,694
Gains / (Losses) in other comprehensive income	-147	397	-	-
Purchases	-	-	-	-
Disposals	-	-	-642	-973
Others	-	2	-2,170	1
BALANCE AT THE END OF THE YEAR	8,438	8,585	910	3,722

The Trade and other payables within level 3 are related to Liabilities with non-controlling interests.

The movements in 2018 and 2017 of the derivative financial instruments are presented in note 36.

40. RELEVANT SUBSEQUENT EVENTS

EDPR signs a Build & Transfer agreement in the US

EDPR, through its fully owned subsidiary EDP Renewables North America LLC, has signed a Build & Transfer Agreement with Northern Indiana Public Service Company LLC ("NIPSCO"). The agreement enables the development and construction of EDPR's 102 MW Rosewater Wind Farm in the U.S. state of Indiana, which is expected to come online by 2020 when the Build & Transfer Agreement would be completed. Completion of this transaction is subject to regulatory approval and other customary closing conditions for a transaction of this nature.

EDPR announces a new PPA in the US

EDPR, through its fully owned subsidiary EDP Renewables North America LLC, has secured a 15-year Power Purchase Agreement ("PPA") - with Tri-State Generation and Transmission Association, Inc. to sell the energy produced from its Crossing Trails Wind Farm. The wind farm, which is expected to commence operations in 2020, is located in the U.S. state of Colorado and will be EDPR's first project in the state.

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 4,613 thousand Euros (31 December 2017: 4,257 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 288,503 thousand Euros as at 31 December 2018 (31 December 2017: 269,454 thousand Euros) (see note 31).

42. 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 2. 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, United Kingdom and Greece;
- 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.

43. AUDIT AND NON-AUDIT FEES

PricewaterhouseCoopers (PwC) was appointed in the Shareholder's Meeting held on April 3rd, 2018 as the external auditor of the EDPR Group for years 2018, 2019 and 2020. 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 2018 are as follows:

THOUSAND EUROS	31 DECEMBER 2018			
	EUROPE	NORTH AMERICA	BRAZIL	TOTAL
Audit and statutory audit of accounts	1,324	1,044	128	2,496
	1,324	1,044	128	2,496
Other non-audit services	(*) 181	12	-	193
	181	12	-	193
TOTAL	(**)1,505	1,056	128	2,689

(*) This amount includes, among 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 European company. This amount also includes the limited review as of June 30, 2018 of the EDPR Consolidated Financial Statements and other reviews for Group consolidation purposes which are considered non-audit services according to the respective local regulation.

(**) This amount includes 675 thousand Euros of services provided by PricewaterhouseCoopers Auditores S.L., from which 528 thousand Euros refer to audit services and 147 thousand Euros refer to non-audit services.

KPMG ended its last consecutive year as EDPR's External Auditor in 2017. KPMG 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 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

(*) This amount includes, among 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 European company. This amount also includes the limited review as of June 30, 2017 of the EDPR Consolidated Financial Statements and other reviews for Group consolidation purposes which are considered non-audit services according to the respective local regulation.

Additionally, during 2018 and until the appointment of PwC in April 2018, KPMG provided some non-audit services to the EDPR Group, for a total amount of 8 thousand Euros.

Annex 1

The Subsidiary Companies consolidated under the full consolidated method, as at 31 December 2018 and 2017, are as follows:

COMPANY	HEAD OFFICE	AUDITOR	2018		2017		
			% OF CAPITAL	% OF VOTING RIGHTS	% OF CAPITAL	% OF VOTING RIGHTS	
GROUP'S PARENT HOLDING COMPANY AND RELATED ACTIVITIES							
EDP Renováveis, S.A. (Group's parent holding company)	Oviedo	PwC	100.00%	100.00%	100.00%	100.00%	
EDP Renováveis Serviços Financieros, S.A.	Oviedo	PwC	100.00%	100.00%	100.00%	100.00%	
EUROPE GEOGRAPHY / PLATFORM							
Spain							
EDP Renewables Europe, S.L.U. (Europe Parent Company)	Oviedo	PwC	100.00%	100.00%	100.00%	100.00%	
EDP Renewables España, S.L.U.	Oviedo	PwC	100.00%	100.00%	100.00%	100.00%	
Acampo Arias, S.L.	Zaragoza	PwC	95.00%	95.00%	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	PwC	100.00%	100.00%	100.00%	100.00%	
Bon Vent de L'Ebre, S.L.U.	Barcelona	PwC	100.00%	51.00%	100.00%	51.00%	
Bon Vent de Vilalba, S.L.U.	Barcelona	PwC	100.00%	51.00%	100.00%	51.00%	
Desarrollos Eólicos de Teruel, S.L.	Zaragoza	n.a.	51.00%	51.00%	51.00%	51.00%	
EDPR Offshore España, S.L.	Oviedo	PwC	100.00%	100.00%	100.00%	100.00%	
EDPR Participaciones, S.L.U.	Oviedo	PwC	51.00%	51.00%	51.00%	51.00%	
EDPR Yield, S.A.U.	Oviedo	PwC	100.00%	100.00%	100.00%	100.00%	
Eólica Arlanzón, S.A.	Madrid	PwC	85.00%	85.00%	85.00%	85.00%	
Eólica Campollano, S.A.	Madrid	PwC	75.00%	75.00%	75.00%	75.00%	
Eólica de Radona, S.L.U.	Madrid	PwC	100.00%	51.00%	100.00%	51.00%	
Eólica del Alfoz, S.L.U.	Madrid	PwC	100.00%	51.00%	100.00%	51.00%	
Eólica Don Quijote, S.L.U.	Albacete	PwC	100.00%	51.00%	100.00%	51.00%	
Eólica Dulcinea, S.L.U.	Albacete	PwC	100.00%	51.00%	100.00%	51.00%	
Eólica Fontesilva, S.L.U.	La Coruña	PwC	100.00%	100.00%	100.00%	100.00%	
Eólica La Brújula, S.A.	Madrid	PwC	100.00%	100.00%	100.00%	100.00%	
Eólica La Janda, S.L.U.	Madrid	PwC	100.00%	100.00%	100.00%	100.00%	
Eólica La Navica, S.L.U.	Madrid	PwC	100.00%	51.00%	100.00%	51.00%	
Eólica Sierra de Ávila, S.L.	Madrid	PwC	100.00%	100.00%	100.00%	100.00%	
Iberia Aprovechamientos Eólicos, S.A.	Zaragoza	PwC	94.00%	94.00%	94.00%	94.00%	
Parc Eòlic de Coll de Moro, S.L.U.	Barcelona	PwC	100.00%	100.00%	100.00%	100.00%	
Parc Eòlic de Torre Madrina, S.L.U.	Barcelona	PwC	100.00%	100.00%	100.00%	100.00%	
Parc Eòlic de Vilalba dels Arcs, S.L.U.	Barcelona	PwC	100.00%	100.00%	100.00%	100.00%	
Parc Eòlic Serra Voltorera, S.L.U.	Barcelona	PwC	100.00%	100.00%	100.00%	100.00%	
Parque Eólico Altos del Valtoya, S.A.	Madrid	PwC	92.50%	92.50%	92.50%	92.50%	
Parque Eólico La Sotonera, S.L.	Zaragoza	PwC	69.84%	69.84%	69.84%	69.84%	
Parque Eólico Los Cantales, S.L.U.	Zaragoza	PwC	100.00%	100.00%	100.00%	100.00%	
Parque Eólico Santa Quiteria, S.L.	Huesca	PwC	100.00%	83.96%	100.00%	83.96%	
Parque Eólico Valdelugo, S.L.	Madrid	n.a.	100.00%	100.00%	0.00%	0.00%	
Renovables Castilla La Mancha, S.A.	Albacete	PwC	90.00%	90.00%	90.00%	90.00%	
Tébar Eólica, S.A.	Madrid	PwC	100.00%	100.00%	100.00%	100.00%	
Portugal							
EDP Renováveis Portugal, S.A.	Porto	PwC	51.00%	51.00%	51.00%	51.00%	
EDP Renewables SGPS, S.A.	Porto	PwC	100.00%	100.00%	100.00%	100.00%	
EDPR PT - Parques Eólicos, S.A.	Porto	PwC	51.00%	51.00%	51.00%	51.00%	
EDPR PT - Promoção e Operação, S.A.	Porto	PwC	100.00%	100.00%	100.00%	100.00%	
Eólica da Alagoa, S.A.	Arcos de Valdevez	PwC	60.00%	30.60%	60.00%	30.60%	
Eólica da Coutada, S.A.	Vila Pouca de Aguiar	PwC	100.00%	51.00%	100.00%	51.00%	
Eólica da Lajeira, S.A.	Porto	PwC	100.00%	51.00%	100.00%	51.00%	
Eólica da Linha, S.A.	Porto	PwC	100.00%	100.00%	100.00%	100.00%	
Eólica da Serra das Alturas, S.A.	Boticas	PwC	50.10%	25.55%	50.10%	25.55%	
Eólica da Terra do Mato, S.A.	Porto	PwC	100.00%	51.00%	100.00%	51.00%	
Eólica das Serras das Beiras, S.A.	Arganil	PwC	100.00%	51.00%	100.00%	51.00%	
Eólica de Montenegro, S.A.	Vila Pouca de Aguiar	PwC	50.10%	25.55%	50.10%	25.55%	
Eólica do Alto da Lagoa, S.A.	Porto	PwC	100.00%	51.00%	100.00%	51.00%	
Eólica do Alto da Teixosa, S.A.	Cinfães	PwC	100.00%	51.00%	100.00%	51.00%	
Eólica do Alto do Mourisco, S.A.	Boticas	PwC	100.00%	51.00%	100.00%	51.00%	
Eólica do Cachopo, S.A.	Porto	PwC	100.00%	51.00%	100.00%	51.00%	
Eólica do Castelo, S.A.	Porto	PwC	100.00%	51.00%	100.00%	51.00%	
Eólica do Espigão, S.A.	Miranda do Corvo	PwC	100.00%	51.00%	100.00%	51.00%	

COMPANY	HEAD OFFICE	AUDITOR	2018		2017	
			% OF CAPITAL	% OF VOTING RIGHTS	% OF CAPITAL	% OF VOTING RIGHTS
Eólica do Sincelo, S.A.	Porto	PwC	100.00%	100.00%	100.00%	100.00%
Eólica do Velão, S.A.	Porto	PwC	100.00%	51.00%	100.00%	51.00%
Eólica dos Altos de Salgueiros-Guilhado, S.A.	Vila Pouca de Aguiar	PwC	100.00%	51.00%	100.00%	51.00%
Malhadizes - Energia Eólica, S.A.	Porto	PwC	100.00%	51.00%	100.00%	51.00%
Gravitangle - Fotovoltaica Unipessoal, Lda.	Porto	na	0.00% (*)	0.00%	100.00%	100.00%
Stirlingpower Unipessoal, Lda.	Porto	na	0.00% (*)	0.00%	100.00%	100.00%

(*) Company merged into EDPR PT - Promoção e Operação, S.A. in 2018

France						
EDP Renewables France, S.A.S.	Paris	PwC	51.00%	51.00%	51.00%	51.00%
EDPR France Holding, S.A.S.	Paris	PwC	100.00%	100.00%	100.00%	100.00%
EDPR Offshore France, S.A.S.	Paris	PwC	100.00%	100.00%	100.00%	100.00%
Bourbriac II, S.A.S.	Paris	PwC	100.00%	100.00%	100.00%	100.00%
Centrale Eolienne Canet-Pont de Salars, S.A.S.	Paris	PwC	50.96%	25.99%	50.96%	25.99%
Centrale Eolienne Gueltas Noyal-Pontivy, S.A.S.	Paris	PwC	51.00%	26.01%	51.00%	26.01%
Centrale Eolienne Neo Truc de L'Homme, S.A.S.	Paris	PwC	100.00%	51.00%	100.00%	51.00%
Centrale Eolienne Patay, S.A.S.	Paris	PwC	51.00%	26.01%	51.00%	26.01%
Centrale Eolienne Saint Barnabé, S.A.S.	Paris	PwC	51.00%	26.01%	51.00%	26.01%
Centrale Eolienne Segur, S.A.S.	Paris	PwC	51.00%	26.01%	51.00%	26.01%
Eolienne de Challengeville, S.A.S.	Paris	PwC	100.00%	100.00%	100.00%	100.00%
Eolienne de Saugueuse, S.A.S.	Paris	PwC	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%
La Plaine de Nouaille, S.A.S.	Paris	PwC	100.00%	100.00%	0.00%	0.00%
Le Chemin de la Corvée, S.A.S.	Paris	PwC	100.00%	100.00%	0.00%	0.00%
Le Chemin de Saint Druon, S.A.S.	Paris	PwC	100.00%	100.00%	0.00%	0.00%
Monts de la Madeleine Energie, S.A.S.	Paris	PwC	100.00%	100.00%	100.00%	100.00%
Monts du Forez Energie, S.A.S.	Paris	PwC	100.00%	100.00%	100.00%	100.00%
Neo Plouvien, S.A.S.	Paris	PwC	100.00%	51.00%	100.00%	51.00%
Parc Éolien de Boqueho-Plouagat, S.A.S.	Paris	PwC	100.00%	100.00%	100.00%	100.00%
Parc Éolien de Citermes, S.A.S.	Paris	PwC	100.00%	100.00%	100.00%	100.00%
Parc Éolien de Dammarie, S.A.R.L.	Paris	PwC	100.00%	51.00%	100.00%	51.00%
Parc Éolien de Flavin, S.A.S.	Paris	PwC	100.00%	100.00%	100.00%	100.00%
Parc Éolien de Francourville, S.A.S.	Paris	PwC	100.00%	51.00%	100.00%	51.00%
Parc Éolien de la Champagne Berrichonne, S.A.R.L.	Paris	PwC	100.00%	100.00%	100.00%	100.00%
Parc Éolien de la Côte du Cerisat, S.A.S.	Paris	EY	100.00%	100.00%	0.00%	0.00%
Parc Éolien de La Hetroye, S.A.S.	Paris	PwC	100.00%	100.00%	100.00%	100.00%
Parc Éolien de Mancheville, S.A.R.L.	Paris	n.a.	100.00%	100.00%	100.00%	100.00%
Parc Éolien de Marchéville, S.A.S.	Paris	PwC	100.00%	100.00%	100.00%	100.00%
Parc Éolien de Montagne Fayel, S.A.S.	Paris	PwC	100.00%	51.00%	100.00%	51.00%
Parc Éolien de Paudy, S.A.S.	Paris	PwC	100.00%	100.00%	100.00%	100.00%
Parc Éolien de Preuseville, S.A.R.L.	Paris	PwC	100.00%	51.00%	100.00%	51.00%
Parc Éolien de Prouville, S.A.S.	Paris	PwC	100.00%	100.00%	100.00%	100.00%
Parc Éolien de Roman, S.A.R.L.	Paris	PwC	100.00%	51.00%	100.00%	51.00%
Parc Éolien de Tarzy, S.A.R.L.	Paris	PwC	100.00%	51.00%	100.00%	51.00%
Parc Éolien de Varimpre, S.A.S.	Paris	PwC	51.00%	26.01%	51.00%	26.01%
Parc Éolien des 7 Domaines, S.A.S.	Paris	PwC	100.00%	100.00%	0.00%	0.00%
Parc Éolien des Longs Champs, S.A.R.L.	Paris	n.a.	100.00%	100.00%	100.00%	100.00%
Parc Éolien des Vattines, S.A.S.	Paris	PwC	51.00%	26.01%	51.00%	26.01%
Parc Éolien d'Escardes, S.A.S.	Paris	PwC	100.00%	51.00%	100.00%	51.00%
Parc Éolien du Clos Bataille, S.A.S.	Paris	PwC	51.00%	26.01%	51.00%	26.01%
SOCPE de la Mardelle, S.A.R.L.	Paris	PwC	100.00%	51.00%	100.00%	51.00%
SOCPE de la Vallée du Moulin, S.A.R.L.	Paris	PwC	100.00%	51.00%	100.00%	51.00%
SOCPE de Sauvageons, S.A.R.L.	Paris	PwC	100.00%	75.99%	100.00%	75.99%
SOCPE des Quinze Mines, S.A.R.L.	Paris	PwC	100.00%	75.99%	100.00%	75.99%
SOCPE Le Mee, S.A.R.L.	Paris	PwC	100.00%	75.99%	100.00%	75.99%
SOCPE Petite Pièce, S.A.R.L.	Paris	PwC	100.00%	75.99%	100.00%	75.99%
Poland						
EDP Renewables Polska, Sp. z o.o.	Warsaw	PwC	100.00%	100.00%	100.00%	100.00%
EDP Renewables Polska HoldCo, S.A.	Warsaw	PwC	51.00%	51.00%	51.00%	51.00%
EDP Renewables Polska OPCO, S.A.	Warsaw	Verum Audyf	100.00%	100.00%	100.00%	100.00%
Elektrownia Wiatrowa Kresy I, Sp. z o.o.	Warsaw	PwC	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%
Karpacka Mala Energetyka, Sp. z o.o.	Warsaw	n.a.	85.00%	85.00%	85.00%	85.00%
Korsze Wind Farm, Sp. z o.o.	Warsaw	PwC	100.00%	51.00%	100.00%	51.00%

COMPANY	HEAD OFFICE	AUDITOR	2018		2017	
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Masovia Wind Farm I, Sp. z o.o.	Warsaw	PwC	100.00%	100.00%	100.00%	100.00%
MFW Neptun, Sp. z o.o.	Warsaw	n.a.	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	PwC	100.00%	51.00%	100.00%	51.00%
Radziejów Wind Farm, Sp. z o.o.	Warsaw	PwC	100.00%	51.00%	100.00%	51.00%
Rampton, Sp. z o.o.	Warsaw	n.a.	100.00%	100.00%	0.00%	0.00%
Relax Wind Park I, Sp. z o.o.	Warsaw	PwC	100.00%	51.00%	100.00%	51.00%
Relax Wind Park III, Sp. z o.o.	Warsaw	PwC	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%
Romania						
EDPR România, S.R.L.	Bucarest	PwC	100.00%	100.00%	100.00%	100.00%
EDPR RO PV, S.R.L.	Bucarest	n.a.	100.00%	100.00%	100.00%	100.00%
Cernavoda Power, S.A.	Bucarest	PwC	85.00%	85.00%	85.00%	85.00%
Cujmir Solar, S.A.	Bucarest	PwC	100.00%	100.00%	100.00%	100.00%
Foton Delta, S.A.	Bucarest	PwC	100.00%	100.00%	100.00%	100.00%
Foton Epsilon, S.A.	Bucarest	PwC	100.00%	100.00%	100.00%	100.00%
Pestera Wind Farm, S.A.	Bucarest	PwC	85.00%	85.00%	85.00%	85.00%
Potelu Solar, S.A.	Bucarest	PwC	100.00%	100.00%	100.00%	100.00%
Sibioara Wind Farm, S.R.L.	Bucarest	PwC	85.00%	85.00%	85.00%	85.00%
Studina Solar, S.A.	Bucarest	PwC	100.00%	100.00%	100.00%	100.00%
Vanju Mare Solar, S.A.	Bucarest	PwC	100.00%	100.00%	100.00%	100.00%
VS Wind Farm, S.A.	Bucarest	PwC	85.00%	85.00%	85.00%	85.00%
United Kingdom						
EDPR UK Limited	Cardiff	PwC	100.00%	100.00%	100.00%	100.00%
Moray Offshore Renewable Power Limited	Cardiff	PwC	100.00%	100.00%	100.00%	100.00%
Moray Offshore Windfarm (West) Limited	Cardiff	PwC	100.00% (*)	67.00% (*)	100.00%	100.00%
Moray West Holdings Limited	Cardiff	PwC	67.00% (*)	67.00% (*)	0.00%	0.00%
(*) Company consolidated through the equity method from September 2018						
Italy						
EDP Renewables Italia, S.R.L.	Milan	PwC	51.00%	51.00%	51.00%	51.00%
EDP Renewables Italia Holding, S.R.L.	Milan	PwC	100.00%	100.00%	100.00%	100.00%
AW 2, S.r.l.	Milan	PwC	75.00%	75.00%	75.00%	75.00%
Breva Wind S.R.L.	Milan	PwC	100.00%	100.00%	0.00%	0.00%
Conza Energia, S.R.L.	Milan	PwC	100.00%	100.00%	100.00%	100.00%
EDPR Villa Galla, S.R.L.	Milan	PwC	100.00%	51.00%	100.00%	51.00%
Lucus Power, S.r.l.	Milan	PwC	100.00%	100.00%	100.00%	100.00%
Re Plus, S.R.L.	Milan	n.a.	100.00%	100.00%	100.00%	100.00%
San Mauro, S.R.L.	Milan	PwC	75.00%	75.00%	75.00%	75.00%
Sarve, S.r.l.	Milan	n.a.	51.00%	51.00%	0.00%	0.00%
T Power, S.p.A.	Milan	Baker Tilly Revisa	100.00%	100.00%	100.00%	100.00%
TACA Wind, S.R.L.	Milan	PwC	100.00%	100.00%	100.00%	100.00%
Tivano, S.R.L.	Milan	PwC	75.00%	75.00%	75.00%	75.00%
WinCap, S.R.L.	Milan	PwC	100.00%	100.00%	100.00%	100.00%
Villa Castelli Wind, S.R.L.	Milan	n.a.	0.00% (*)	0.00%	100.00%	51.00%
Pietragalla Eolico, S.R.L.	Milan	n.a.	0.00% (*)	0.00%	100.00%	51.00%
(*) Company merged into EDPR Villa Galla, S.R.L. in 2018 (ex Parco Eolico Banzi, S.r.l.)						
Greece						
Energiaki Arvanikou M.Epe	Athens	n.a.	100.00%	100.00%	0.00%	0.00%
Wind Park Aerorrachi A.E.	Athens	n.a.	100.00%	100.00%	0.00%	0.00%
Belgium						
EDP Renewables Belgium, S.A.	Brussels	PwC	100.00%	100.00%	100.00%	100.00%
GREEN WIND, S.A.	Brussels	PwC	100.00%	51.01%	100.00%	51.01%
The Netherlands						
EDPR International Investments B.V.	Amsterdam	PwC	100.00%	100.00%	100.00%	100.00%
NORTH AMERICA GEOGRAPHY / PLATFORM						
Mexico						
Eólica de Coahuila, S.A. de C.V.	Ciudad de México	PwC	51.00%	51.00%	51.00%	51.00%
Vientos de Coahuila, S.A. de C.V.	Ciudad de México	n.a.	100.00%	100.00%	100.00%	100.00%
EDPR Servicios de México, S. de R.L. de C.V.	Ciudad de México	n.a.	100.00%	100.00%	100.00%	100.00%

COMPANY	HEAD OFFICE	AUDITOR	2018		2017	
			% OF CAPITAL	% OF VOTING RIGHTS	% OF CAPITAL	% OF VOTING RIGHTS
USA						
EDP Renewables North America LLC	Delaware	PwC	100.00%	100.00%	100.00%	100.00%
EDPR Offshore North America LLC	Delaware	n.a.	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	PwC	100.00%	100.00%	100.00%	100.00%
2007 Vento II LLC	Delaware	PwC	100.00%	51.00%	100.00%	51.00%
2008 Vento III LLC	Delaware	PwC	100.00%	51.00%	100.00%	51.00%
2009 Vento IV LLC	Delaware	PwC	100.00%	100.00%	100.00%	100.00%
2009 Vento V LLC	Delaware	PwC	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	PwC	100.00%	100.00%	100.00%	100.00%
2010 Vento VIII LLC	Delaware	PwC	100.00%	100.00%	100.00%	100.00%
2011 Vento IX LLC	Delaware	PwC	100.00%	51.00%	100.00%	51.00%
2011 Vento X LLC	Delaware	PwC	100.00%	100.00%	100.00%	100.00%
2014 Sol I LLC	Delaware	PwC	100.00%	51.00%	100.00%	51.00%
2014 Vento XI LLC	Delaware	PwC	100.00%	51.00%	100.00%	51.00%
2014 Vento XII LLC	Delaware	PwC	100.00%	51.00%	100.00%	51.00%
2015 Vento XIII LLC	Delaware	PwC	100.00%	51.00%	100.00%	51.00%
2015 Vento XIV LLC	Delaware	PwC	100.00%	51.00%	100.00%	51.00%
2016 Vento XV LLC	Delaware	PwC	100.00%	100.00%	100.00%	100.00%
2016 Vento XVI LLC	Delaware	PwC	100.00%	100.00%	100.00%	100.00%
2017 Sol II LLC	Delaware	PwC	100.00%	100.00%	100.00%	100.00%
2017 Vento XVII LLC	Delaware	PwC	100.00%	100.00%	100.00%	100.00%
2018 Vento XVIII LLC	Delaware	n.a.	100.00%	100.00%	0.00%	0.00%
2018 Vento XIX LLC	Delaware	n.a.	20.00% (*)	20.00% (*)	100.00%	100.00%
Meadow Lake Wind Farm VI LLC	Delaware	n.a.	100.00% (*)	20.00% (*)	100.00%	100.00%
Prairie Queen Wind Farm LLC	Delaware	n.a.	100.00% (*)	20.00% (*)	100.00%	100.00%
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	PwC	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	PwC	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%	100.00%	100.00%
AZ Solar LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Bayou Bend Solar Park LLC	Delaware	n.a.	100.00%	100.00%	0.00%	0.00%
BC2 Maple Ridge Holdings LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
BC2 Maple Ridge Wind LLC	Delaware	PwC	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 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%
Blue Canyon Windpower II LLC	Texas	PwC	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 LLC	Texas	PwC	100.00%	51.00%	100.00%	51.00%
Blue Canyon Windpower VI LLC	Delaware	PwC	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%	100.00%	100.00%
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%
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 Solar Park 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%

(*) Company Consolidated through the equity method from 31 December 2018

COMPANY	HEAD OFFICE	AUDITOR	2018		2017	
			% OF CAPITAL	% OF VOTING RIGHTS	% OF CAPITAL	% OF VOTING RIGHTS
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 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	PwC	100.00%	100.00%	100.00%	100.00%
Casa Grande Carmel Solar LLC	Delaware	n.a.	100.00%	100.00%	0.00%	0.00%
Castle Valley Wind Farm LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Chateaugay River Wind Farm LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Cielo Solar Park LLC	Delaware	n.a.	100.00%	100.00%	0.00%	0.00%
Clinton County Wind Farm LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Cloud County Wind Farm LLC	Delaware	PwC	100.00%	51.00%	100.00%	51.00%
Coldwater Solar Park 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%	100.00%	100.00%
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%
Drake Peak Solar Park LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Dry Creek Solar Park LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
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%	100.00%	100.00%
EDPR CA Solar Park III LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
EDPR CA Solar Park IV LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
EDPR CA Solar Park LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
EDPR CA Solar Park V LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
EDPR CA Solar Park VI LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
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%	100.00%	100.00%
EDPR South Table LLC	Nebraska	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	PwC	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%	100.00%	100.00%
EDPR Wind Ventures XVIII LLC	Delaware	n.a.	100.00%	100.00%	0.00%	0.00%
Estill Solar I LLC	Delaware	PwC	100.00%	100.00%	100.00%	100.00%
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	PwC	100.00%	100.00%	100.00%	100.00%
Headwaters Wind Farm II LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Headwaters Wind Farm III LLC	Delaware	n.a.	100.00%	100.00%	0.00%	0.00%
Headwaters Wind Farm LLC	Delaware	n.a.	100.00%	51.00%	100.00%	51.00%
Helena Harbor Solar Park LLC	Delaware	n.a.	100.00%	100.00%	0.00%	0.00%
Hidalgo Wind Farm II LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Hidalgo Wind Farm LLC	Delaware	PwC	100.00%	100.00%	100.00%	100.00%
High Prairie Wind Farm II LLC	Delaware	PwC	100.00%	51.00%	100.00%	51.00%
High Trail Wind Farm LLC	Delaware	PwC	100.00%	100.00%	100.00%	100.00%
Hog Creek Wind Project LLC	Delaware	PwC	100.00%	100.00%	100.00%	100.00%
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%

COMPANY	HEAD OFFICE	AUDITOR	2018		2017	
			% OF CAPITAL	% OF VOTING RIGHTS	% OF CAPITAL	% OF VOTING RIGHTS
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 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%	100.00%	100.00%
Indiana Crossroads Wind Farm LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Jericho Rise Wind Farm LLC	Delaware	PwC	100.00%	100.00%	100.00%	100.00%
Juniper Wind Power Partners LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Leprechaun Solar Park LLC	Delaware	n.a.	100.00%	100.00%	0.00%	0.00%
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%
Loblolly Hill Solar Park LLC	Delaware	n.a.	100.00%	100.00%	0.00%	0.00%
Loki Solar Park LLC	Delaware	n.a.	100.00%	100.00%	0.00%	0.00%
Loma de la Gloria Solar Park LLC	Delaware	n.a.	100.00%	100.00%	0.00%	0.00%
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%	100.00%	100.00%
Lost Lakes Wind Farm LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Loyal Wind Farm LLC	Delaware	n.a.	100.00%	100.00%	0.00%	0.00%
Machias Wind Farm LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Madison Windpower LLC	Delaware	PwC	100.00%	100.00%	100.00%	100.00%
Marathon Wind Farm LLC	Delaware	n.a.	100.00%	100.00%	0.00%	0.00%
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%	100.00%	100.00%
Meadow Lake Wind Farm II LLC	Delaware	PwC	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 LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Meadow Lake Wind Farm V LLC	Delaware	PwC	100.00%	100.00%	100.00%	100.00%
Meadow Lake Wind Farm VIII LLC	Delaware	n.a.	100.00%	100.00%	0.00%	0.00%
Mesquite Wind LLC	Delaware	PwC	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%	100.00%	100.00%
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	PwC	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	PwC	100.00%	51.00%	100.00%	51.00%
Paulding Wind Farm III LLC	Delaware	PwC	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%	100.00%	100.00%
Peterson Power Partners LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Pioneer Prairie Wind Farm I LLC	Delaware	PwC	100.00%	51.00%	100.00%	51.00%
Plum Nellie Wind Farm LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Poplar Camp Wind Farm LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Post Oak Wind LLC	Delaware	PwC	100.00%	51.00%	100.00%	51.00%
Prospector Solar Park LLC	Delaware	n.a.	100.00%	100.00%	0.00%	0.00%
Quilt Block Wind Farm II LLC	Delaware	n.a.	100.00%	100.00%	0.00%	0.00%
Quilt Block Wind Farm LLC	Delaware	PwC	100.00%	100.00%	100.00%	100.00%
Rail Splitter Wind Farm LLC	Delaware	PwC	100.00%	100.00%	100.00%	100.00%
Redbed Plains Wind Farm LLC	Delaware	PwC	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%

COMPANY	HEAD OFFICE	AUDITOR	2018		2017	
			% OF CAPITAL	% OF VOTING RIGHTS	% OF CAPITAL	% OF VOTING RIGHTS
Renville County 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%
Rising Tree Wind Farm II LLC	Delaware	PwC	100.00%	51.00%	100.00%	51.00%
Rising Tree Wind Farm III LLC	Delaware	PwC	100.00%	51.00%	100.00%	51.00%
Rising Tree Wind Farm LLC	Delaware	PwC	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 III LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Riverstart Solar Park IV 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 V LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Rolling Upland Wind Farm LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Rosewater 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%
Rye Patch Solar Park LLC	Delaware	n.a.	100.00%	100.00%	0.00%	0.00%
Saddleback Wind Power Project LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Sagebrush Power Partners LLC	Delaware	PwC	100.00%	100.00%	100.00%	100.00%
San Clemente Solar Park LLC	Delaware	n.a.	100.00%	100.00%	0.00%	0.00%
Sardinia Windpower LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Shullsburg Wind Farm LLC	Delaware	n.a.	100.00%	100.00%	0.00%	0.00%
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 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%
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%	100.00%	100.00%
Telocaset Wind Power Partners LLC	Delaware	PwC	100.00%	51.00%	100.00%	51.00%
Timber Road Solar Park LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
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	PwC	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%
Wheat Field Holding LLC	Delaware	PwC	51.00%	51.00%	51.00%	51.00%
Wheat Field Wind Power Project LLC	Delaware	PwC	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%	100.00%	100.00%
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%	100.00%	100.00%
Wilson Creek Power Project LLC	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Wind Turbine Prometheus LP	Delaware	n.a.	100.00%	100.00%	100.00%	100.00%
Wrangler Solar Park LLC	Delaware	n.a.	100.00%	100.00%	0.00%	0.00%
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 Management Services Ltd	British Columbia	n.a.	100.00%	100.00%	0.00%	0.00%
Blue Bridge Solar Park GP Ltd	British Columbia	n.a.	100.00%	100.00%	0.00%	0.00%
Blue Bridge Solar Park Limited Partnership	British Columbia	n.a.	100.00%	100.00%	0.00%	0.00%
Bromhead Solar Park GP Ltd	British Columbia	n.a.	100.00%	100.00%	0.00%	0.00%
Bromhead Solar Park Limited Partnership	Alberta	n.a.	100.00%	100.00%	0.00%	0.00%
EDP Renewables Sask SE GP Ltd	British Columbia	n.a.	100.00%	100.00%	0.00%	0.00%
EDP Renewables Sask SE Limited Partnership	Saskatchewan	n.a.	100.00%	100.00%	0.00%	0.00%
EDP Renewables SH II Project GP Ltd.	British Columbia	n.a.	100.00%	100.00%	0.00%	0.00%
EDP Renewables SH II Project Limited Partnership	Alberta	n.a.	100.00%	100.00%	0.00%	0.00%
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%
Halbrite Solar Park GP Ltd	British Columbia	n.a.	100.00%	100.00%	0.00%	0.00%
Halbrite Solar Park Limited Partnership	Saskatchewan	n.a.	100.00%	100.00%	0.00%	0.00%
Kennedy Wind Farm GP Ltd	British Columbia	n.a.	100.00%	100.00%	0.00%	0.00%
Kennedy Wind Farm Limited Partnership	Saskatchewan	n.a.	100.00%	100.00%	0.00%	0.00%
Nation Rise Wind Farm GP II Inc.	British Columbia	n.a.	100.00%	100.00%	0.00%	0.00%

COMPANY	HEAD OFFICE	AUDITOR	2018		2017	
			% OF CAPITAL	% OF VOTING RIGHTS	% OF CAPITAL	% OF VOTING RIGHTS
Nation Rise Wind Farm GP Inc.	British Columbia	n.a.	25.00% (*)	25.00% (*)	100.00%	100.00%
Nation Rise Wind Farm Limited Partnership	Ontário	n.a.	25.01% (*)	25.01% (*)	100.00%	100.00%
Quatro Limited Partnership	Ontário	n.a.	100.00%	100.00%	0.00%	0.00%
SBWF 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 Limited Partnership	Ontário	n.a.	100.00%	100.00%	100.00%	100.00%
South Dundas Windfarm Limited Partnership	Ontário	PwC	51.00%	51.00%	51.00%	51.00%
EDP Renewables Canada LP Holdings Ltd.	British Columbia	n.a.	0.00% (**)	0.00%	100.00%	100.00%

(*) Company consolidated through the equity method from 31 December 2018

(**) Company merged into EDP Renewables Canada Ltd. in 2018

SOUTH AMERICA GEOGRAPHY / PLATFORM:

Brazil

EDP Renováveis Brasil, S.A.	São Paulo	PwC	100.00%	100.00%	100.00%	100.00%
Aventura Holding, S.A.	São Paulo	n.a.	100.00%	100.00%	0.00%	0.00%
Babilônia Holding, S.A.	São Paulo	PwC	100.00%	100.00%	100.00%	100.00%
Central Eólica Aventura I, S.A.	São Paulo	PwC	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 Aventura III, S.A.	São Paulo	n.a.	100.00%	100.00%	0.00%	0.00%
Central Eólica Aventura IV, S.A.	São Paulo	n.a.	100.00%	100.00%	0.00%	0.00%
Central Eólica Aventura V, S.A.	São Paulo	n.a.	100.00%	100.00%	0.00%	0.00%
Central Eólica Babilônia I, S.A.	Fortaleza	PwC	100.00%	100.00%	100.00%	100.00%
Central Eólica Babilônia II, S.A.	Fortaleza	PwC	100.00%	100.00%	100.00%	100.00%
Central Eólica Babilônia III, S.A.	Fortaleza	PwC	100.00%	100.00%	100.00%	100.00%
Central Eólica Babilônia IV, S.A.	Fortaleza	PwC	100.00%	100.00%	100.00%	100.00%
Central Eólica Babilônia V, S.A.	Fortaleza	PwC	100.00%	100.00%	100.00%	100.00%
Central Eólica Baixa do Feijão I, S.A.	São Paulo	PwC	51.00%	51.00%	51.00%	51.00%
Central Eólica Baixa do Feijão II, S.A.	São Paulo	PwC	51.00%	51.00%	51.00%	51.00%
Central Eólica Baixa do Feijão III, S.A.	São Paulo	PwC	51.00%	51.00%	51.00%	51.00%
Central Eólica Baixa do Feijão IV, S.A.	São Paulo	PwC	51.00%	51.00%	51.00%	51.00%
Central Eólica JAU, S.A.	São Paulo	PwC	51.00%	51.00%	51.00%	51.00%
Central Eólica Jerusalém I, S.A.	São Paulo	n.a.	100.00%	100.00%	0.00%	0.00%
Central Eólica Jerusalém II, S.A.	São Paulo	n.a.	100.00%	100.00%	0.00%	0.00%
Central Eólica Jerusalém III, S.A.	São Paulo	n.a.	100.00%	100.00%	0.00%	0.00%
Central Eólica Jerusalém IV, S.A.	São Paulo	n.a.	100.00%	100.00%	0.00%	0.00%
Central Eólica Jerusalém V, S.A.	São Paulo	n.a.	100.00%	100.00%	0.00%	0.00%
Central Eólica Jerusalém VI, S.A.	São Paulo	n.a.	100.00%	100.00%	0.00%	0.00%
Central Eólica Monte Verde I, S.A.	Lagoa Nova	n.a.	100.00%	100.00%	0.00%	0.00%
Central Eólica Monte Verde II, S.A.	Lagoa Nova	n.a.	100.00%	100.00%	0.00%	0.00%
Central Eólica Monte Verde III, S.A.	Lagoa Nova	n.a.	100.00%	100.00%	0.00%	0.00%
Central Eólica Monte Verde IV, S.A.	Lagoa Nova	n.a.	100.00%	100.00%	0.00%	0.00%
Central Eólica Monte Verde V, S.A.	Lagoa Nova	n.a.	100.00%	100.00%	0.00%	0.00%
Central Eólica SRMN I, S.A.	São Paulo	n.a.	100.00%	100.00%	0.00%	0.00%
Central Eólica SRMN II, S.A.	São Paulo	n.a.	100.00%	100.00%	0.00%	0.00%
Central Eólica SRMN III, S.A.	São Paulo	n.a.	100.00%	100.00%	0.00%	0.00%
Central Eólica SRMN IV, S.A.	São Paulo	n.a.	100.00%	100.00%	0.00%	0.00%
Central Eólica SRMN V, S.A.	São Paulo	n.a.	100.00%	100.00%	0.00%	0.00%
Central Nacional de Energia Eólica, S.A.	São Paulo	PwC	51.00%	51.00%	51.00%	51.00%
Central Solar Pereira Barreto I, Ltda.	Pereira Barreto	n.a.	100.00%	100.00%	0.00%	0.00%
Central Solar Pereira Barreto II, Ltda.	Pereira Barreto	n.a.	100.00%	100.00%	0.00%	0.00%
Central Solar Pereira Barreto III, Ltda.	Pereira Barreto	n.a.	100.00%	100.00%	0.00%	0.00%
Central Solar Pereira Barreto IV, Ltda.	Pereira Barreto	n.a.	100.00%	100.00%	0.00%	0.00%
Central Solar Pereira Barreto V, Ltda.	Pereira Barreto	n.a.	100.00%	100.00%	0.00%	0.00%
Elebrás Projetos, S.A.	São Paulo	PwC	51.00%	51.00%	51.00%	51.00%
SRMN Holding, S.A.	São Paulo	n.a.	100.00%	100.00%	0.00%	0.00%

The main financial indicators of the jointly controlled companies included in the consolidation under the equity method as at 31 December 2018, are as follows:

COMPANY	SHARE CAPITAL	HEAD OFFICE	AUDITOR	% OF CAPITAL	% OF VOTING RIGHTS
Ceprastur, A.I.E.	€ 360,61	Oviedo	n.a.	56.76%	56.76%
Compañía Eólica Aragonesa, S.A.	€ 6,701,165	Zaragoza	PwC	50.00%	50.00%
Desarrollos Energéticos Canarias, S.A.	€ 37,56	Las Palmas	n.a.	49.90%	49.90%
Éoliennes en Mer Dieppe - Le Tréport, S.A.S.	€ 31.436,00	Dieppe	EY	29.50%	29.50%
Éoliennes en Mer Îles d'Yeu et de Noirmoutier, S.A.S.	€ 36.376,00	Nantes	EY	29.50%	29.50%
Evolución 2000, S.L.	€ 117,99	Albacete	PwC	49.15%	49.15%
Les Eoliennes en Mer Services, S.A.S.	€ 40,00	Courbevoie	EY	100.00%	29.50%
Les Eoliennes Flottantes du Golfe du Lion, S.A.S.	€ 40,00	Montpellier	EY	35.00%	35.00%
Windplus, S.A.	€ 1.250,00	Lisboa	PwC	54.40%	54.40%
MacColl Offshore Windfarm Limited	£ 1	Cardiff	n.a.	100.00%	33.30%
Moray East Holdings Limited	£ 10,000,000	London	PwC	33.30%	33.30%
Moray Offshore Windfarm (East) Limited	£ 10,000,000	Cardiff	PwC	100.00%	33.30%
Moray Offshore Windfarm (West) Limited	£ 1,000	London	PwC	100.00%	67.00%
Moray West Holdings Limited	£ 1,000	London	PwC	67.00%	67.00%
Stevenson Offshore Windfarm Limited	£ 1	Cardiff	n.a.	100.00%	33.30%
Telford Offshore Windfarm Limited	£ 1	Cardiff	n.a.	100.00%	33.30%
2018 Vento XIX LLC	\$ 182,057,308	Delaware	n.a.	100.00%	20.00%
Flat Rock Windpower LLC	\$ 522,818,885	Delaware	PwC	50.00%	50.00%
Flat Rock Windpower II LLC	\$ 207,447,187	Delaware	PwC	50.00%	50.00%
Mayflower Wind Energy LLC	\$ 0	Delaware	n.a.	50.00%	50.00%
Meadow Lake Wind Farm VI LLC	\$ 95,277,580	Delaware	n.a.	100.00%	20.00%
Nine Kings Wind Farm LLC	\$ 0	Delaware	n.a.	50.00%	50.00%
Prairie Queen Wind Farm LLC	\$ 58,091,097	Delaware	n.a.	100.00%	20.00%
Nation Rise Wind Farm GP Inc.	CAD 0	British Columbia	n.a.	25.00%	25.00%
Nation Rise Wind Farm Limited Partnership	CAD 17,089,826	Ontario	n.a.	25.00%	25.00%

The main financial indicators of the jointly controlled 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
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 Canarias 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	Cardiff	n.a.	100.00%	76.70%
Moray Offshore Windfarm (East) Ltd	GBP 10,000,000	Cardiff	KPMG	76.70%	76.70%
Stevenson Offshore Windfarm Limited	GBP 1	Cardiff	n.a.	100.00%	76.70%
Telford Offshore Windfarm Limited	GBP 1	Cardiff	n.a.	100.00%	76.70%

The Associated Companies included in the consolidation under the equity method as at 31 December 2018, are as follows:

COMPANY	SHARE CAPITAL	HEAD OFFICE	AUDITOR	% OF CAPITAL	% OF VOTING RIGHTS
Aprofitament D'Energies Renovables de L'Ebre, S.L.	€ 3,870,030	Barcelona	Jordi Guilera Valls	13.29%	13.29%
Biomassas del Pirineo, S.A.	€ 454,896	Huesca	n.a.	30.00%	30.00%
Desarrollos Eólicos de Canarias, S.A.	€ 1,817,130	Gran Canaria	PwC	44.75%	44.75%
Parque Eólico Belmonte, S.A.	€ 120,400	Asturias	EY	29.90%	29.90%
Parque Eólico Sierra del Madero, S.A.	€ 7,193,970	Soria	EY	42.00%	42.00%
Solar Siglo XXI, S.A.	€ 80,000	Ciudad Real	n.a.	25.00%	25.00%
Solar Works! B.V.	€ 2,089	Rotterdam	n.a.	20.19%	20.19%
Blue Canyon Windpower LLC	\$ 35,309,480	Texas	PwC	25.00%	25.00%

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%
Biomassas 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%
Desarrollos Eolicos de Canarias, 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 Éoliennes 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%

Annex 2

GROUP ACTIVITY BY OPERATING SEGMENT

OPERATING SEGMENT INFORMATION FOR THE YEARS ENDED 31 DECEMBER 2018

THOUSAND EUROS	EUROPE	NORTH AMERICA	BRAZIL	SEGMENTS TOTAL
Revenues	890,824	577,841	49,968	1,518,633
Income from institutional partnerships in U.S. wind farms	-	185,171	-	185,171
	890,824	763,012	49,968	1,703,804
Other operating income	29,598	148,401	1,803	179,802
Supplies and services	-174,134	-160,354	-12,937	-347,425
Personnel costs and Employee benefits expenses	-28,563	-58,236	-1,725	-88,524
Other operating expenses	-64,936	-58,407	-4,568	-127,911
Gross operating profit	652,789	634,416	32,541	1,319,746
Provisions	-616	284	-	-332
Amortisation and impairment	-252,808	-273,259	-13,478	-539,545
Operating profit	399,365	361,441	19,063	779,869
Share of profit of associates	4,510	-1,879	-	2,631
Assets	6,778,866	8,406,589	531,173	15,716,628
Liabilities	446,098	1,212,938	146,693	1,805,729
Operating Investment	349,467	756,800	163,926	1,270,193

Note: The Segment "Europe" includes: i) revenues in the amount of 373,575 thousands of Euros from Spanish companies; ii) assets from Spanish companies in the amount of 2,922,616 thousands of Euros.

RECONCILIATION BETWEEN THE SEGMENT INFORMATION AND THE FINANCIAL STATEMENTS

THOUSAND EUROS	
Revenues of the Reported Segments	1,518,633
Revenues of Other Segments	26,900
Elimination of intra-segment transactions	-34,010
Revenues of the EDPR Group	1,511,523
Gross operating profit of the Reported Segments	1,319,746
Gross operating profit of Other Segments	-15,592
Elimination of intra-segment transactions	-4,239
Gross operating profit of the EDPR Group	1,299,915
Operating profit of the Reported Segments	779,869
Operating profit of Other Segments	-16,278
Elimination of intra-segment transactions	-9,893
Operating profit of the EDPR Group	753,698
Assets of the Reported Segments	15,716,628
Not Allocated Assets	1,733,789
Financial Assets	947,357
Tax assets	234,016
Debtors and other assets	552,416
Assets of Other Segments	33,019
Elimination of intra-segment transactions	55,274
Assets of the EDPR Group	17,538,710
Investments in joint ventures and associates	348,725
Liabilities of the Reported Segments	1,805,729
Not Allocated Liabilities	6,717,625
Financial Liabilities	3,649,985
Institutional partnerships in U.S. wind farms	2,231,249
Tax liabilities	549,858
Payables and other liabilities	286,533
Liabilities of Other Segments	22,810
Elimination of intra-segment transactions	870,142
Liabilities of the EDPR Group	9,416,306
Operating Investment of the Reported Segments	1,270,193
Operating Investment of Other Segments	4,597
Operating Investment of the EDPR Group	1,274,790

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	185,171	-	-	185,171
Other operating income	179,802	16,602	-4,452	191,952
Supplies and services	-347,425	-26,945	29,053	-345,317
Personnel costs and Employee benefits expenses	-88,524	-26,465	-	-114,989
Other operating expenses	-127,911	-5,684	5,170	-128,425
Provisions	-332	-	-	-332
Amortisation and impairment	-539,545	-687	-5,653	-545,885
Share of profit of associates	2,631	-872	-110	1,649

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

STATEMENT OF COMPLIANCE ON CONSOLIDATED FINANCIAL INFORMATION



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, in sub-paragraph a) of paragraph 1 of Article 8 of the Royal Decree 1362/2017 of October 19th, and other documents relating to the submission of accounts required by current regulations (including article 253 of the *Ley de Sociedades de Capital* and article 44 of the *Código de Comercio*), have been prepared in accordance with applicable accounting standards and principles, reflecting a true, faithful and appropriate view of the equity, 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 business evolution, the performance, the business results and the 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, 2019.


 António Luís Guerra Nunes Mexia


 Duarte Melo de Castro Belo



 Manuel Menéndez Menéndez

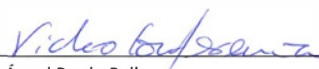

 António do Pranto Nogueira Leite

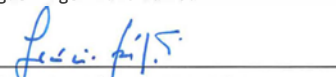

 Francisca Guedes de Oliveira


 Francisco Seixas da Costa


 Alejandro Fernández de Áraoz Gómez Acebo



 João Manuel Manso Neto


 Miguel Ángel Prado Balboa


 Acácio Jaime Liberado Mota Piloto


 Gilles August


 Allan J. Katz


 Maria da Conceição Mota Soares de Oliveira
 Callé Lucas



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 (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).

CfD

Contract for difference.

Remuneration scheme based on the difference between the market price and an agreed "strike price" where if the "strike price" is higher than the market price, the CfD Counterparty pays the generator the price difference.

CO₂

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 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.

GO/GoO

Guarantee of Origin. Tracking instrument that guarantees that electricity has been produced from renewable energy sources. Those GO are traded and used by suppliers to sell green energy.

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.

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.

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.

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.

SELL-DOWN

Divestment strategy by which the company sells majority stakes of projects in operation or under development to recycle capital, with up-front cash flow crystallization, and creates value by reinvesting the proceeds in accretive growth, while continuing to provide operating and maintenance services.

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.

TAX EQUITY

Financing structure (US) where the tax equity investor contributes capital in exchange of tax benefits and cash distributions during the 1st ten years the park operates, or until investment is recovered.

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 using 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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