EDP Renováveis, S.A. and subsidiaries

Independent auditor´s report
Consolidated Annual Accounts *and*
Consolidated Management Report
at 31 December 2019

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 its subsidiaries (the Group), which comprise the statement of financial position at 31 December 2019, 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, 2019, 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.

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Key audit matter	How our audit addressed the 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, property, plant and equipment, right of use assets and investments, accounted for under the equity method, amounting to €1,199,210, €290,317, €13,263,860, €615,964 and €460,185 thousand, respectively at 31 December 2019. These assets are allocated to cash generating units (CGUs) as indicated in note 19 to the accompanying consolidated annual accounts. These assets mainly relate to electricity generating facilities 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, as described in note 2.L, by estimating the present value future cash flows generated by these assets, considering the business plans approved by management. The key assumptions used in the preparation of these cash flows are detailed in note 19 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 19. As a result of these analyses, Group management has recognized valuation adjustments detailed in notes 13 and 16. 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, which are subject to uncertainty, and the fact that significant future changes in them could have a significant impact on the Group's consolidated annual accounts.	We started our analysis by gaining an understanding of the process and 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 whether 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. Finally, 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 information disclosed in the accompanying consolidated annual accounts are reasonable and consistent with the evidence obtained.

Key audit matter	How our audit addressed the key audit matter
Sales of controlling interests in subsidiaries	
As indicated in note 6 to the accompanying consolidated annual accounts, during 2019 the Group sold all its interest in the subsidiaries EDPR Participaciones, S.L., EDP Renewables France, S.A.S. and Babilonia Holding, S.A., with the subsequent sale of all the subsidiaries of these 3 companies. These transactions have generated a profit amounting to €312.722 thousand (note 9) recognised in the consolidated income statement at 31 December 2019. Recognition of these transactions requires analysing whether the Group maintains control or not, once the transaction is closed, and it entails the application of relevant estimates in relation to the results of the sales and requires special attention in our audit because of the magnitude of the amounts indicated. We have therefore considered this a key audit matter.	In auditing the sales transactions carried out by the Group, we applied, among other, the following procedures: • Obtention, reading and analysis of sales-purchase agreements and the accounting analyses performed by management. • Analysis of compliance with the contractual conditions for the loss of control over these subsidiaries by the Group as a result of the operations performed. • Understanding and verifying the calculations performed by management to determine the profit on each operation. • Assessing the disclosures and information included in the consolidated annual accounts regarding these sales. Based on the procedures performed, we consider that the accounting treatment followed by management for the operations mentioned and the disclosures made in the accompanying consolidated annual accounts are reasonable and consistent with the evidence obtained.
Recognition and measurement of derivative financial instruments	
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. In order to manage these risks, management has contracted several derivatives amounting to €31.428 thousand and € 186.201 thousand, in assets and liabilities, respectively (note 37) at 31 December 2019. 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.	We started our analysis by understanding the procedure established by management to identify and measure the derivatives and the relevant controls on this area. For a sample of derivatives selected, we checked their main characteristics with their respective contracts. 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 contrast assessment over the management's valuation. Moreover, for a sample of the instruments designated as accounting hedges, we assessed the documentation is according to requirements established in prevailing accounting regulations.

Key audit matter	How our audit addressed the key audit matter
The derivatives designated as accounting hedges have to meet some criteria in relation to the documentation of the hedge. 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.	Finally, we analysed the sufficiency of the disclosures included in the accompanying consolidated annual accounts regarding financial derivatives. 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.

Other information: Consolidated management report

Other information comprises only the consolidated management report for the 2019 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 2019 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 aforementioned 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.

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.

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 20 February 2020.

Appointment period

The General Ordinary Shareholders' Meeting held on 3 April 2018 appointed us as auditors for a period of 3 years, as from the year ended 31 December 2018.

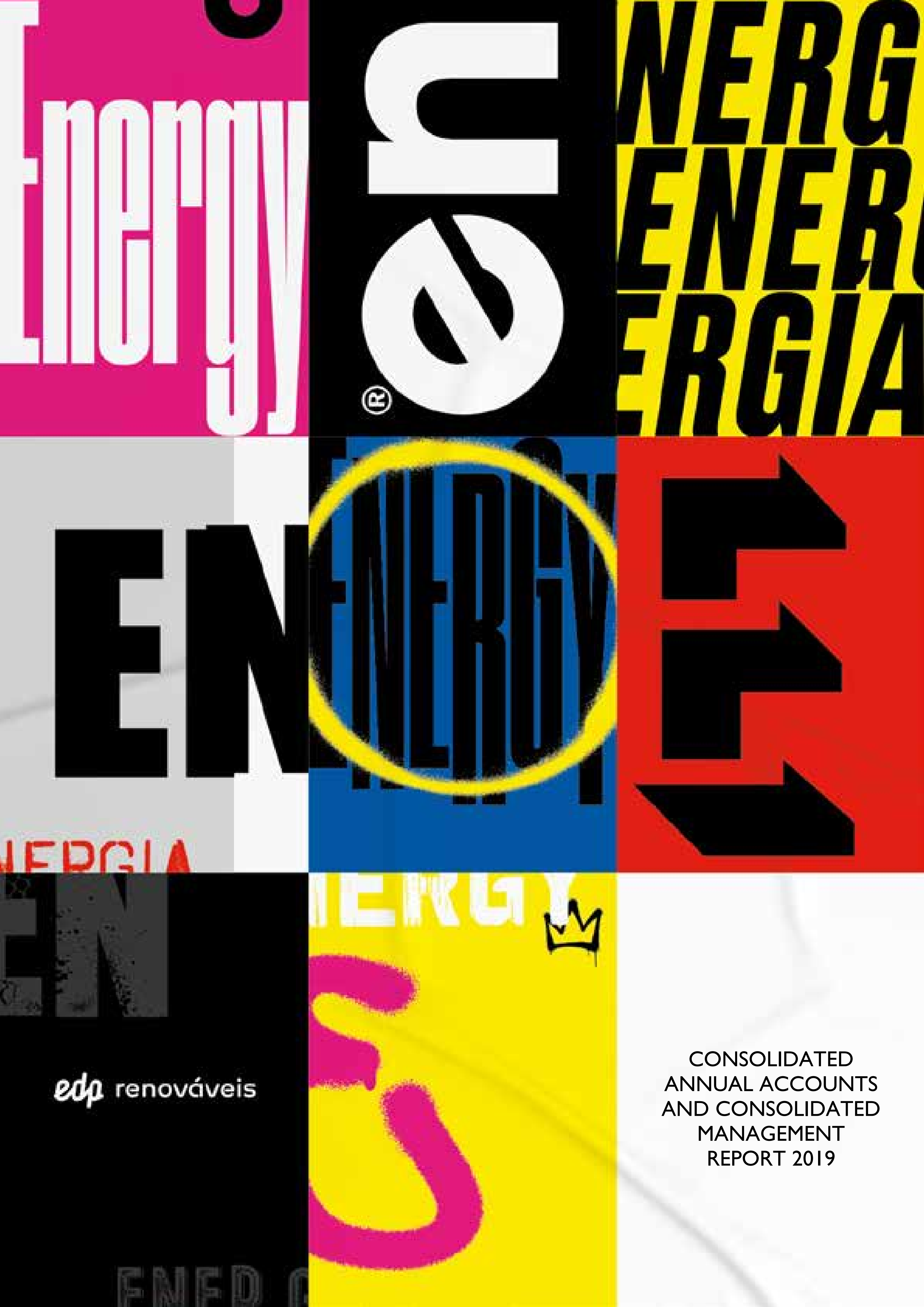
Services provided

Services provided to the Group for services other than the audit of the accounts, are indicated in the note 42 to the consolidated annual accounts.

PricewaterhouseCoopers Auditores, S.L. (S0242)

Iñaki Goiriena Basualdu (16198)

20 February, 2020



edp renováveis

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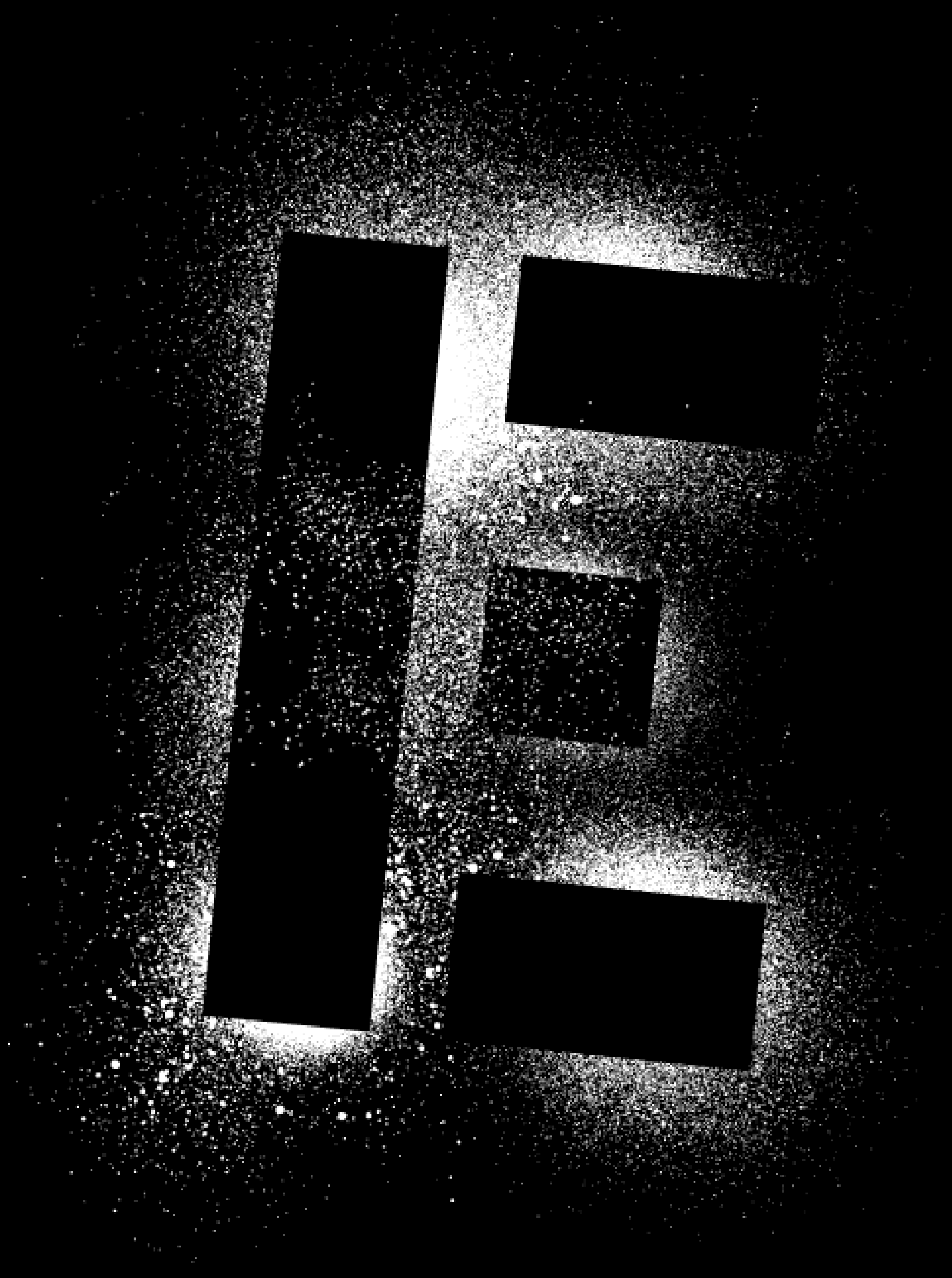

Consolidated income statement for the years ended 31 December 2019 and 2018

THOUSAND EUROS	NOTES	2019	2018
Revenues	7	1,642,129	1,511,523
Income from institutional partnerships in U.S. wind farms	8	181,570	185,171
		1,823,699	**1,696,694**
Other income	9	399,680	191,952
Supplies and services	10	-309,032	-345,317
Personnel costs and employee benefits	11	-130,693	-114,989
Other expenses	12	-134,086	-128,820
Impairment losses on trade receivables and debtors	23	-1,535	395
		-175,666	**-396,779**
		1,648,033	**1,299,915**
Provisions	32	-1,236	-332
Amortisation and impairment	13	-591,625	-545,885
Operating profit		**1,055,172**	**753,698**
Financial income	14	38,028	131,268
Financial expenses	14	-387,484	-351,004
Financial expenses – net		-349,456	**-219,736**
Share of net profit in joint ventures and associates	20	3,392	1,649
Profit before tax and CESE		**709,108**	**535,611**
Income tax expense	15	-82,945	-63,442
Extraordinary contribution to the energy sector (CESE)	15	-3,496	-
NET PROFIT FOR THE YEAR		**622,667**	**472,169**
ATTRIBUTABLE TO			
Equity holders of EDP Renováveis	29	475,128	313,365
Non-controlling interests	30	147,539	158,804
NET PROFIT FOR THE YEAR		**622,667**	**472,169**
Earnings per share basic and diluted - Euros	**28**	**0,54**	**0,36**

Consolidated statement of comprehensive income for the years ended at 31 December 2019 and 2018

THOUSAND EUROS	2019 EQUITY HOLDERS OF THE PARENT	2019 NON-CONTROLLING INTERESTS	2018 EQUITY HOLDERS OF THE PARENT	2018 NON-CONTROLLING INTERESTS
Net profit for the year	475,128	147,539	313,365	158,804
ITEMS THAT WILL NEVER BE RECLASSIFIED TO PROFIT OR LOSS				
Actuarial gains/(losses)	-114	-9	-	-
Tax effect of actuarial gains/(losses)	27	3	-	-
	-87	**-6**	**-**	**-**
ITEMS THAT ARE OR MAY BE RECLASSIFIED TO PROFIT OR LOSS				
Fair value reserve (Equity instruments at fair value)	-92	-7	-135	-11
Tax effect of fair value reserve (Equity instruments at fair value)	-	-	-	-
Fair value reserve (cash flow hedge)	91,963	-1,423	-63,434	785
Tax effect from the fair value reserve (cash flow hedge)	-22,285	321	15,768	-318
Share of other comprehensive income of joint ventures and associates, net of taxes	-12,917	-	-20,437	-
Reclassification to profit and loss due to changes in control	-1,489	-	25	-
Exchange differences arising on consolidation	-6,108	17,072	16,614	30,021
	49,072	**15,963**	**-51,599**	**30,477**
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX	**48,985**	**15,957**	**-51,599**	**30,477**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	**524,113**	**163,496**	**261,766**	**189,281**

Consolidated statement of financial position as at 31 December 2019 and 2018

THOUSAND EUROS	NOTES	2019	2018
ASSETS			
Property, plant and equipment	16	13,263,860	13,921,794
Right-of-use assets	17	615,964	-
Intangible assets	18	290,317	250,646
Goodwill	19	1,199,210	1,326,563
Investments in joint ventures and associates	20	460,185	348,725
Equity instruments at fair value		15,960	8,438
Deferred tax assets	21	126,172	174,490
Debtors and other assets from commercial activities	23	18,940	20,499
Other debtors and other assets	24	107,196	110,049
Collateral deposits associated to financial debt	31	20,393	25,466
Total Non-Current Assets		**16,118,197**	**16,186,670**
Inventories	22	34,085	35,634
Debtors and other assets from commercial activities	23	284,072	313,789
Other debtors and other assets	24	393,370	370,817
Current tax assets	25	55,530	59,526
Collateral deposits associated to financial debt	30	11,446	13,185
Cash and cash equivalents	26	581,759	551,543
Assets held for sale	27	214,194	7,546
Total Current Assets		**1,574,456**	**1,352,040**
TOTAL ASSETS		**17,692,653**	**17,538,710**
EQUITY			
Share capital	28	4,361,541	4,361,541
Share premium	28	552,035	552,035
Reserves	29	-124,617	-172,525
Other reserves and Retained earnings	29	1,708,752	1,454,598
Consolidated net profit attributable to equity holders of the parent		475,128	313,365
Total Equity attributable to equity holders of the parent		**6,972,839**	**6,509,014**
Non-controlling interests	30	1,361,861	1,613,390
TOTAL EQUITY		**8,334,700**	**8,122,404**
LIABILITIES			
Medium / Long term financial debt	31	2,598,688	3,207,855
Provisions	32	272,380	290,070
Deferred tax liabilities	21	355,484	463,062
Institutional partnerships in U.S. wind farms	33	2,289,784	2,231,249
Trade and other payables from commercial activities	34	459,966	419,430
Other liabilities and other payables	35	923,974	554,150
Total Non-Current Liabilities		**6,900,276**	**7,165,816**
Short term financial debt	31	817,849	442,130
Provisions	32	5,667	5,248
Trade and other payables from commercial activities	34	1,269,455	1,176,238
Other liabilities and other payables	35	245,123	540,078
Current tax liabilities	36	92,828	86,796
Liabilities held for sale	27	26,755	-
Total Current Liabilities		**2,457,677**	**2,250,490**
TOTAL LIABILITIES		**9,357,953**	**9,416,306**
TOTAL EQUITY AND LIABILITIES		**17,692,653**	**17,538,710**

Consolidated statement of changes in equity for the years ended at 31 December 2019 and 2018

THOUSAND EUROS	TOTAL EQUITY	SHARE CAPITAL	SHARE PREMIUM	RESERVES AND RETAINED EARNINGS	EXCHANGE DIFFERENCES	HEDGING RESERVE	FAIR VALUE RESERVE	EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF EDP RENOVÁVEIS	NON-CONTROLLING INTERESTS
BALANCE AS AT 31 DECEMBER 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**
COMPREHENSIVE INCOME									
- Fair value reserve (equity instruments at fair value) net of taxes	-99	-	-	-	-	-	-92	-92	-7
- Fair value reserve (cash flow hedge) net of taxes	68,576	-	-	-	-	69,678	-	69,678	-1,102
- Share of other comprehensive Income in joint ventures and associates, net of taxes	-12,917	-	-	-	-2,587	-10,330	-	-12,917	-
- Reclassification to profit and loss due to changes in control	-1,489	-	-	-	-1,697	208	-	-1,489	-
- Actuarial gains/(Losses)	-93	-	-	-87	-	-	-	-87	-6
Exchange differences arising on consolidation	10,964	-	-	-	-6,108	-	-	-6,108	17,072
- Net profit for the year	622,667	-	-	475,128	-	-	-	475,128	147,539
Total comprehensive income for the year	**687,609**	**-**	**-**	**475,041**	**-10,392**	**59,556**	**-92**	**524,113**	**163,496**
Dividends paid	-61,061	-	-	-61,061	-	-	-	-61,061	-
Dividends attributable to non-controlling interests	-44,707	-	-	-	-	-	-	-	-44,707
Sale with loss of control of EDPR Europe subsidiaries	-289,345	-	-	-	-	-	-	-	-289,345
Other changes resulting from acquisitions/sales and equity increases	-73,299	-	-	9,127	-667	-497	-	7,963	-81,262
Other	-6,901	-	-	-7,190	-	-	-	-7,190	289
BALANCE AS AT 31 DECEMBER 2019	**8,334,700**	**4,361,541**	**552,035**	**2,183,880**	**-79,986**	**-50,903**	**6,272**	**6,972,839**	**1,361,861**

Consolidated statement of cash flows for the years ended 31 December 2019 and 2018

THOUSAND EUROS	2019	2018
OPERATING ACTIVITIES		
Cash receipts from customers	1,680,947	1,601,814
Payments to suppliers	-382,839	-399,878
Payments to personnel	-129,606	-109,332
Other receipts / (payments) relating to operating activities	-40,609	-52,602
Net cash from operations	1,127,893	1,040,002
Income tax received / (paid)	-38,036	-54,801
Net cash flows from operating activities	**1,089,857**	**985,201**
INVESTING ACTIVITIES		
Cash receipts relating to:		
Property, plant and equipment and intangible assets	2,907	7,499
Interest and similar income	19,106	9,070
Dividends	22,347	13,999
Loans to related parties	598,493	224,373
Sale of subsidiaries with loss of control	499,190	226,011
Other receipts from investing activities	534,619	78,888
	1,676,662	**559,840**
Cash payments relating to:		
Changes in cash resulting from perimeter variations (*)	-104,433	-24,459
Acquisition of subsidiaries	-13,310	-
Property, plant and equipment and intangible assets	-1,209,725	-903,728
Loans to related parties	-245,770	-192,477
Other payments in investing activities	-671,464	-26,440
	-2,244,702	**-1,147,104**
Net cash flows from investing activities	**-568,040**	**-587,264**
FINANCING ACTIVITIES		
Payments/receipts related with transactions with non-controlling interest without change of control (**)	-20,386	-
Receipts / (payments) relating to loans from third parties	57,781	-91,292
Receipts / (payments) relating to loans from non-controlling interests	-42,304	-75,490
Receipts / (payments) relating to loans from Group companies	-159,027	433,850
Interest and similar costs including hedge derivatives from third parties	-54,597	-46,680
Interest and similar costs from non-controlling interests	-8,608	-23,724
Interest and similar costs including hedge derivatives from Group companies	-185,254	-166,426
Payments of lease liabilities	-41,122	-
Dividends paid	-98,686	-112,949
Receipts/ (payments) from derivative financial instruments	4,038	-308.103
Receipts / (payments) from wind activity institutional partnerships - USA	105,627	225,353
Other cash flows from financing activities	-56,737	-70.786
Net cash flows from financing activities	**-499,275**	**-236,247**
CHANGES IN CASH AND CASH EQUIVALENTS	**22,542**	**161,690**
Effect of exchange rate fluctuations on cash held	7,674	1,792
Cash and cash equivalents at the beginning of the period	551,543	388,061
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD (***)	**581,759**	**551,543**

(*) Mainly includes (i) -89,309 thousand Euros related to cash and cash equivalent balances of EDPR Participaciones S.L., EDP Renewables France S.A.S. and subsidiaries that were sold during 2019 (see note 6); -4,908 thousand Euros related to cash and cash equivalents balances of Babilônia portfolsio that were sold during 2019 (see note 6); and -10,233 thousand Euros related to the reclassification of cash and cash equivalents balances of certain offshore companies to held for sale (see note 27);
(**) Mainly refers to the pre-flip acquisition of Class B shares in Vento II, Vento IV and Vento 5 portfolio (see note 33);
(***) See note 26 of the consolidated financial statements for a detailed breakdown of Cash and cash equivalents;

Variations in the following captions, including cash flow variations, during the period ending December 31, 2019 are as follows:

THOUSAND EUROS	BANK LOANS (*)	GROUP LOANS	NON-CONTROLLING INTERESTS LOANS	U.S. INSTITUTIONAL PARTNERSHIPS	DERIVATIVES (**)	TOTAL
BALANCE AS OF DECEMBER 31, 2018	**845,330**	**2,766,004**	**563,406**	**2,231,249**	**-95,672**	**6,310,317**
Cash flows						
- Receipts / (payments) relating to loans from third parties	57,781	-	-	-	-	57,781
- Receipts / (payments) relating to loans from non-controlling interests	-	-	-42,304	-	-	-42,304
- Receipts / (payments) relating to loans from Group companies	-	-159,027	-	-	-	-159,027
- Interest and similar costs including hedge derivatives from third parties	-50,116	-	-	-	-4,481	-54,597
- Interest and similar costs from non controlling interests	-	-	-8.608	-	-	-8,608
- Interest and similar costs including hedge derivatives from Group companies	-	-106,413	-	-	-78,841	-185,254
- Receipts/ (payments) from derivative financial instruments	-	-	-	-	4,038	4,038
- Receipts / (Payments) from institutional partnership in US wind farms	-	-	-	105,627	-	105,627
Changes of perimeter (***)	-173,405	-	-283,457	-	-1,489	-458,351
Exchange differences	1,911	30,965	1,262	42,832	-3,740	73,230
Fair value changes	-	-	-	-	-53,146	-53,146
Accrued expenses	56,464	115,204	14,784	6,327	82,016	274,795
Unwinding	-	-	-	85,320	-	85,320
Changes in U.S. Institutional Partnerships related to ITC/PTC	-	-	-	-181,570	-	-181,570
BALANCE AS OF DECEMBER 31, 2019	**737,965**	**2,646,733**	**245,083**	**2,289,785**	**-151,315**	**5,768,251**

(*) Net of collateral deposits;
(**) The Group considers as financing activities all derivative financial instruments excluding derivatives related with commodities;
(***) Refer to decreases due to the sale of EDPR Participaciones S.L., EDP Renewables France S.A.S. and subsidiaries and Babilônia portfolio of companies (see note 6);

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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 2019 and 31 December 2018, 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 participaçoes LTDA: Elebrás Projetos S.A, Central Nacional de Energia Eólica S.A, Central Eólica Baixa do Feijão I S.A, Central Eólica Baixa do Feijão II S.A, Central Eólica Baixa do Feijão III S.A, Central Eólica Baixa do Feijão IV S.A, Central Eólica Jau S.A. and Central Eólica Aventura S.A.

- In October 2016, EDPR completed the sale of 49% equity shareholding in EDP Renewables Polska SP.Zo.o. to CTG through ACE Poland S.Á.R.L. and the sale of 49% equity shareholding in EDP Renewables Italia S.r.l. to CTG through ACE Italy S.Á.R.L. (see note 5).

- In June 2017, EDPR Group closed the sale of 49% equity shareholding in EDPR PT - Parques Eólicos, S.A. to CTG through ACE Portugal S.Á.R.L. (see note 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).

As at 31 December 2019, 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. Eolos Energía S.A.S. E.S.P. and Vientos del Norte S.A.S. E.S.P.

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. (wind farms in Spain), EDP Renováveis Portugal, S.A. and EDPR PT – Parques Eólicos, S.A. (wind farms in Portugal), 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 offshore 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 onshore projects in Colombia through the companies Eolos Energía S.A.S. E.S.P. and Vientos del Norte S.A.S. E.S.P. Additionally, EDPR Group is also developing wind offshore projects in the UK, France, USA, Portugal, Poland, Japan and Republic of Korea mainly through different joint venture structures (see note 27).

EDP Renováveis Group, through its subsidiaries has an installed capacity, as follows:

INSTALLED CAPACITY MW	31 DEC 2019	31 DEC 2018
United States of America	5,714	5,332
Spain	1,974	2,312
Portugal	1,164	1,309
Romania	521	521
Poland	418	418
France	53	421
Brazil(*)	467	467
Mexico	200	200
Italy	271	221
Belgium	-	71
Canada	30	30
	10,812	**11,302**

(*) Includes 137 MW related to Babilônia wind farms since these were operational the entire year until the companies were sold (see note 6).

Additionally, the EDP Renováveis Group through its equity-consolidated companies has an installed capacity, attributed to EDPR, as follows:

INSTALLED CAPACITY MW	31 DEC 2019	31 DEC 2018
United States of America	398	219
Spain	152	152
	550	**371**

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 20 December 2019, the President signed the Taxpayer Certainty and Disaster Tax Relief Act of 2019. The act changes the phase down schedule for the Production Tax Credit for onshore wind energy projects. Under prior law, the PTC phased down to 40% for projects beginning construction in 2019 and then to 0% for facilites for which construction began in 2020. The new act leaves in place the 40% PTC rate for 2019 projects, then increases the PTC to 60% for projects beginning construction in 2020. Projects beginning construction in 2021 & later will have no PTC. The act made no changes to the solar ITC.

The Taxpayer Certainty and Disaster Tax Relief Act of 2019 also did not include the creation of any new tax credits for offshore wind or energy storage, despite previously proposed legislation that sought to do so. Two bills recently introduced in the U.S. Senate would extend the 30% investment tax credit (ITC) for offshore wind projects for another 6 to 8 years. Legislation has also been introduced to make energy storage technologies fully eligible for the ITC that is currently available to solar and some solar-plus-storage projects. More than 100 House Democrats signed a letter asking for a long-term extension of clean energy tax credits. While tax credits for offshore wind and storage were not included in the Taxpayer Certainty and Disaster Tax Relief Act of 2019, it is still possible that they could be included in future legislation. Improved ITC for offshore wind and storage would improve the economic outlook for those resources.

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. The Affordable Clean Energy (ACE) rule was issued by the Environmental Protection Agency ("EPA") June 19, 2019. This rule will replace the prior administration's Clean Power Plan in efforts to support energy diversity.

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. The Trump administration also placed a 25% tariff on steel imports and a 10% tariff on aluminum imports, two raw materials that are sometimes used in manufacturing wind and solar energy components.

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. It is currently unclear as to whether or not the DoE will continue to pursue coal and nuclear subsidies and, if so, how the DoE will seek to do so.

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. 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 to 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. On June 26, 2019, a new bill was introduced to the Senate targeting a national 50% renewable energy standard (RES) by 2035. While the bill has not been passed and currently has only a handful of sponsors, it supports the growing bipartisan trend towards climate action.

REGULATORY FRAMEWORK FOR THE ACTIVITIES IN SPAIN

The main piece regulating the Spanish electricity sector is Law 24/2013 that replaced Law 54/1997. This law is part of a comprehensive reform of the Spanish energy sector.

The main purposes of this law are to adapt the regulation to the evolution of the electricity sector and to guarantee the sustainability of the system in the long term, removing existing deficiencies in the operation of the system. Specifically, the Law aims at correcting the structural tariff deficit. The law sets principles and provisions governing the electricity sector, with the objective to effectively guarantee the supply of electricity and to adapt it to the needs of consumers ensuring safety, quality, efficiency, objectivity, transparency and electricity at the minimum cost.

As a part or this Energy Reform, Royal Decree-Law 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.

In particular, RDL 9/2013 introduced a new legal and economic regime for existing energy facilities producing electricity from renewable energy sources, cogeneration and waste. The RDL set the principles on which the regime applicable to these facilities would be articulated and these principles were subsequently confirmed and developed by law 24/2013 and Royal Decree 413/2014. In accordance with this new framework, renewable facilities would receive during their operating lifetime, in addition to the remuneration for the sale of the energy valued at the market price, a specific remuneration composed by (i) an “investment premium” that would be incremental to the revenue obtained by selling electricity in the market, plus, (ii) an operating remuneration premium designed to also cover the share of a facility’s operating costs that could not be recovered by means of energy sales.

The calculation of the aforementioned remuneration shall be carried out on the basis of the standard costs and revenues (initial investment, operation and revenue from the sale of energy) that would correspond to a “standard power plant, over the useful regulatory life and based on the business activity that would be carried out by and efficient and well-managed company”.

Under this scheme, projects would receive a remuneration guaranteeing a “reasonable profitability” calculated, for the first six-year regulatory period, at "300 basis points above the yield on 10-year government bonds over the last ten years”.

The Spanish Government published in 20 June 2014, 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. This order describes more than 1.300 possible types of renewables installation, 23 of them corresponding to wind farms of more than 5 MW classified by the year of first operation (from 1994 to 2016).

In October 2015 the Government approved 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. The auction was designed to provide a similar remuneration scheme that the one that applies to previous installations (RD 413/2014). Following this framework, tender participants were requested to bid discounts on the "initial investment" (CAPEX) parameter which would then, by being plugged in the formula set by RD 413/2014 determine the "Rinv" (investment premium) that would eventually be awarded.

In 2017, two auctions were held. The first one was held in May 17 and, contrary to previous auctions, was technology neutral. Nearly all the capacity was awarded to wind projects (2.979 MW out of 3.000 MW). Solar PV installations and other technologies occupied the remaining shares of 1 MW and 20 MW, respectively.

Following the outcome of May 17th 2017 tender, the Spanish government decided to launch an additional tender for a maximum of 3 GW. This new tender was held on July 26 2017 and was opened to wind and solar PV exclusively. Additionally, the royal decree ruling the tender (RD 650/2017) included the possibility to increase the allocated capacity to all capacity bidding the same discount, provided it would not create an overcost to the system. Following this clause, all the capacity which offered the maximum allowed discount was awarded (no tiebreaker rule was triggered).

In October 2018, the Spanish Minister for Energy transition and environment introduced several measures aiming at limiting electricity cost for final consumers and serving as a first step towards the long term energy transition. 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 previous year´s auctions.

On February 22, 2019 MITECO (The Ministry for Environmental Transition) put for public consultation the "Strategic Framework for Energy and Climate" (Marco Estratégico de Energía y Clima) including: (i) a new version of the Draft Project Law on Energy Transition, (ii) the draft National Energy and Climate Plan 2021-2030 ("NECP"), and (iii) Draft Strategy for a fair energy transition. With regards to the Spanish NECP, Spain has submitted a draft version to the European Commission targeting a share of 42% of renewables (74% of renewable electricity) by 2030.

On November 22, 2019 Royal Decree Law 17/2019 was passed, introducing a series of measures aimed at guaranteeing a stable regulatory and economic framework to encourage the development of renewable energy generation in Spain. The RDL updates the "reasonable return" for renewable generation for the next regulatory period starting on 1 January 2020 at a level of 7,39% for assets before RDL 9/2013 and 7,09% for the new ones. In addition, RDL 17/2019 establishes that the period for reviewing the rest of parameters will run until 29 February 2020.

Another objective of RDL is to adopt a new regulation governing access to the network in nodes affected by the closure of coal and nuclear power plants and concessions for the private use of water, where new renewable projects may offer an alternative. Under RDL 17/2019, grating access to the grid to renewable projects in areas affected by the closure of thermal facilities, will be based on the technical and economic benefits, as well as the environmental and social ones, in particular job creation.

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.

The Portuguese government 2019 Budget included an extension of the special energy tax (so-called CESE) to renewables. However, there is an exemption for facilities with licenses that had been granted through public tenders.

On January 31, Portaria 43/2019 on over-equipment "sobrequipamientos" ("SE") was published. The new Portaria set a new remuneration scheme for SE of 45€/MWh (non-indexed values) for 15 years, period after which the SE would be under the ordinary regime not being entitled to be under the tariff extension scheme set by D-L 35/2013. The new scheme exempts developers from requesting ERSE authorization to the SE.

On June 3rd the DL 76/2019 was published. This DL is a comprehensive review of the legal basis of the Portuguese electricity sector. Regarding new renewable capacity, the Decree changes the order in which grid capacity reservation and production license are obtained. New projects will need to obtain the title of grid capacity reservation prior to applying for the production license. The Decree also introduces three ways to obtain grid capacity reservation, being one of them competitive tenders.

Portugal launched its first utility-scale renewable energy auction in 2019, with the first round for 1.4GW of PV injection capacity held in July.Developers in the Portuguese tender could present two kinds of offer: one with a fixed price below €45/MWh and another with a variable tariff which includes a requirement to pay compensation to the electricity system, depending on spot market power prices. Both systems will be valid for 15 years from commercial operations.

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. Due to the high volume of projects potentially wishing to benefit from the CR 2016 Regime, the Ministry of Ecological Transition (Ministère de Transition écologique et solidaire) decided in December 2019 to close the scheme once the first 1.800 MW of contracts are signed.

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.

The French Parliament approved on 26 September 2019 the so-called "Energy and Climate Law", committing the country to carbon-neutrality by 2050. The adoption of the Energy-Climate law constitutes a major step toward achieving the government's ambition to address climate change by becoming carbon neutral by 2050. This objective represents a reduction of France's greenhouse gas emissions by a factor of more than six compared to 1990 emissions levels.

In order to achieve carbon neutrality by 2050, the Energy-Climate law provides for the reduction of fossil fuels consumption by 40% by 2030 (instead of the previous 30% target) and for the end of coal-based electricity generation by 2022. The law provides that the share of nuclear in the electricity mix should be reduced to 50% by 2035

Regarding wind energy, the law redefines the authority responsible for permitting onshore wind projects. Concerning offshore wind, the law also includes a higher target (already announced by the Energy Minister) of auctioning 1 GW of capacity until 2024 (doubling the volumes defined by France's initial energy plan published in January 2019).

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, 2017 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.

In October 2nd 2018, the Energy Regulatory Office published a call for the first auction in Poland in which wind onshore and solar PV with capacity above 1MW can participate to get a 15 year CfD.

On January 3, 2019 the Polish Energy Exchange published the official weighted average price of Green Certificates: 103,82 PLN/MWh. As the substitution fee should be 125% of the previous year price, its value for 2019 should be 129,8 PLN/MWh. On June 25, 2019, the government approved a set of amendments to the Renewable Energy Sources Act, which were originally published and submitted for public consultation on February 28. The main objective pursued by the Act was to allow auctions for new renewable energy projects in 2019 (including some changes to the CfD scheme to be granted therein). The Act confirms the celebration of auctions for new assets in 2018, including proposed budget, volumes and reference prices (for onshore wind >1 MW around 2,5 GW with a reference price of 286 PLN/MWh).

Poland's energy regulator lanched a wind a solar PV tender on December 5th, 2019 granting 2,2 GW of new capacity.

Poland's National Energy and Climate Plan (NECP) was sent to the European Commission on December 29th, 2019. According to the information published in the Ministry's website, the country could commit to a 23% share of renewable energy in 2030 if it gets additional European funds. In addition, the share of renewables in electricity generation will rise to 32% in 2030. Onshore wind installed capacity could increase to 9,6 GW in 2030 while offshore wind to 3,8 GW in 2030 and 8 GW in 2040. The Polish government is working on a offshore wind law, that should be formally enacted in the first quarter of 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, (ii) 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.

In December 2018, the EGO 114/2018 introducing several measures affecting the Romanian electricity sector was approved. The EGO will charge companies holding licenses in the electricity sector with a tax of 2% of the annual turnover (as opposed to former charge of 0,1%). Also, the EGO sets the obligation for electricity producers to sell at regulated prices to the suppliers of last resort the quantities needed to cover the consumption of household consumers (for which regulated tariffs will apply) from 1 March 2019 to 28 February 2022.

REGULATORY FRAMEWORKS FOR THE ACTIVITIES IN ITALY

On 6 July 2012, the Government approved a new renewable regulation by means of the Decree on Renewables (DM FER) introducing a feed-in-tariff support scheme. The key aspects of this regulation provided by the DM FER were the following: (i) wind farms over 5 MW would be remunerated under a feed-in tariff scheme defined by tenders; (ii) capacity to be tendered to be set by different technologies' capacity paths; (iii) the reference tariff for 2013 was 127 €/MWh for onshore wind and tender participants would bid offering discounts on this reference tariff (in %); (iv) The reference tariff would decrease 2% per year and (v) tariffs would be granted for 20 years.

The new system replaced the previous one based on Green Certificates (GCs). Under the previous system producers obtained their revenues from the sale of the electricity in the electricity market and from the sale of GCs. Wind farms built until December 2012 (with some exceptions) continued to operate under the previous system until 2015. Spalma Incentivi Decree, published in November 2014, stipulated that wind farms under the GCs scheme could voluntarily adhere to an extension of the incentivation period of 7 years in exchange of a permanent reduction of the premium/GCs received.

Since the implementation of the tender system, 3 reverse-auction have been held. The latest was hold in 2016 and EDPR was awarded 20-year PPAs for six wind farms totaling 127 MW of wind power.

On November 10 2017, The Strategia Energetica Nazionale (National Energy Strategy), known by the acronym SEN, was presented after several months of public consultation. One of the main features of the SEN is that it announces the complete phase-out of coal power generation by 2025, five years ahead of previous announcement. The SEN also highlights the role of renewables' and calls for renewable energy reaching 28% of energy consumption in 2030, compared with 17,5% in 2015. The SEN also calls for electricity from renewable sources accounting for 55% 2030, considerable above 2015 figures (33,5%). The Strategy also addresses large-scale renewables' support, with competitive auctions for fixed tariffs seen remaining in place through 2020 and long-term power purchase agreements (PPAs) taking over after that.

The Italian Ministry of Economic Development signed in July 2019 a decree implementing a new set of auctions to be held between 2019 and 2021 and seeking to allocate around 5,5 GW of wind and solar PV. The Decree was published on the Official Gazette No. 186 of 9 August 2019 and entered into force on 10 August 2019.

The first auction round was opened on 30 September 2019. Three additional tenders are scheduled to occur in 2020 on January 31, May 31, and September 30. Another three rounds are set to occur on the same dates in 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 2019 have been prepared to present fairly the consolidated equity and consolidated financial position of EDP Renováveis, S.A. and subsidiaries at 31 December 2019, the consolidated results of operations, consolidated statement of comprehensive income, consolidated cash flows and changes in consolidated equity for the year 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 19 February 2020. 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 at fair value through profit or loss, financial assets at fair value through other comprehensive income, except those for which a reliable measure of fair value is not available. Assets and liabilities that are hedged under hedge accounting are stated at fair value in respect of the hedged risk. Non-current assets and disposal groups held for sale are stated at the lower of carrying amount and fair value less costs to sell. Liabilities for defined benefit plans are recognised at the present value of the obligation net of plan assets fair value.

The preparation of financial statements in accordance with IFRS 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 annual accounts, except for the adoption of hedge accounting requirements of IFRS 9 and IFRS 16. As at 1 January 2019, as provided by these Standards, the Group has applied the modified retrospective approach without restatement of the comparative information. 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.

Change in line items on the Consolidated Income Statement

As at 31 December 2019, EDPR Group has separated the line "Impairment losses on trade receivables and debtors", which previously was included in "Other expenses" and "Other income" (impairment reversals).

The consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and the notes thereto for 2019 include comparative figures for 2018, which formed part of the consolidated annual accounts for 2018 approved by shareholders at the annual general meeting held on April 11, 2019.

B) BASIS OF CONSOLIDATION

The accompanying consolidated financial statements reflect the assets, liabilities and results of EDP Renováveis, S.A. and its subsidiaries and the equity and results attributable to the Group, through the investments in associates and jointly controlled entities.

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.

Jointly controlled entities

The Group classifies an arrangement as a joint arrangement when the jointly control is contractually established. 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 or 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.

Accounting for investments in subsidiaries and associates in the company's financial statements

Investments in subsidiaries and associates not classified as held for sale or not included in a disposal group which is classified as held for sale are accounted for at cost in the company's financial statements, and are subject to periodic impairment tests, whenever indication exists that certain financial investment may be impaired.

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.

After that period, adjustments to initial measurement are only made to correct an error.

Acquisitions between 1 January 2004 and 1 January 2010

For acquisitions between 1 January 2004 and 1 January 2010, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquire. When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

Accounting for acquisitions of non-controlling interests

From 1 January 2010, acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result of such transactions. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

Previously, goodwill was recognised on the acquisition of non-controlling interests in a subsidiary, which represented the excess of the cost of the additional investment over the carrying amount of the interest in the net assets acquired at the date of the transaction.

Investments in foreign operations

The financial statements of the foreign subsidiaries and associates of the Group are prepared using their functional currency, defined as the currency of the primary economic environment in which they operate. In the consolidation process, the assets and liabilities of foreign subsidiaries are translated into Euros at the official exchange rate at the balance sheet date.

Regarding the investments in foreign operations that are consolidated using the full consolidation method and equity method, the exchange differences between the amount of equity expressed in Euros at the beginning of the period and the amount translated at the official exchange rates at the end of the period, on a consolidated basis, are booked against reserves.

Foreign currency goodwill arising on the acquisition of these investments is remeasured at the official exchange rate at the balance sheet date directly against reserves.

The income and expenses of foreign subsidiaries are translated into Euros at the approximate exchange rates at the dates of the transactions. Exchange differences from the translation into Euros of the net profit for the period, arising from the differences between the rates used in the income statement and those prevailing at the balance sheet date are recognised in reserves.

On disposal of a foreign subsidiary, the related exchange differences previously recognised in reserves, are accounted for in the income statement.

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, on the date of obtaining control, the excess of the aggregate of (i) the consideration transferred, (ii) the amount of any non-controlling interest recognised in the acquiree and (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 recognised as goodwill.

If applicable, the negative difference, after evaluating the consideration transferred, of the amount of any non-controlling interest recognised in the acquiree and the fair value of the previously held equity interest in the acquired business; over the net value of the identifiable assets acquired and liabilities assumed, is recognised in the income statement. The Group recognises the difference between the fair value of the previously held equity interest in the acquired business and the carrying value in consolidated results in Other income. 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 as financial results.

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 IFRS 9 are accounted for as trading instruments.

Hedging derivatives are recorded at fair value, being the gains and losses recognised in accordance with the hedge accounting model applied by the Group. Hedge relationship exists when:

i) The hedging relationship consists only hedging instruments and hedged items that are eligible as per determined in IFRS 9;

ii) At the inception of the hedge there is formal documentation of the hedging relationship and the Group's risk management objective and strategy for the hedge;

iii) There is an economic relationship between the hedged item and the hedging instrument;

iv) The effect of credit risk does not dominate the value changes that result from that economic relationship;

v) The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

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 currency translation reserve to be offset by the foreign exchange differences in foreign currency loans or currency derivatives contracted, recognised in Currency translation reserve - Net investment hedge. For cross currency interest rate swaps, the cross-currency basis spread and forward points are not designated into the hedge relationship, but deferred as a hedging cost in other comprehensive income, in Currency translation reserve - Net investment hedge - Cost of hedging, and recognized in profit or loss over the period of the hedge. 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 currency subsidiary 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 IFRS 9, its effectiveness must be demonstrated. Therefore, the Group performs prospective tests at the inception date and at each balance sheet date, in order 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.

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.

Financial assets measured at fair value through other comprehensive income (FVOCI)

A financial asset is measured at fair value through other comprehensive income if (i) the objective of the business model is achieved by both collecting contractual cash flows and selling financial assets; and (ii) the asset's contractual cash flows represent solely payments of principal and interest. Financial assets included within this category are initially recognised and subsequently measured at fair value, with the changes in the carrying amount booked in other comprehensive income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses, which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified to profit or loss.

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").

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

EDPR Group recognise an impairment loss based on the Expected Credit Loss (ECL) model, before the objective evidence of a loss event from past actions. 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) TRADE PAYABLES AND OTHER LIABILITIES

An instrument is classified as a financial liability when there is a contractual obligation for the issuer to liquidate capital and/or interests, through delivering cash or other financial asset, regardless of its legal form. Financial liabilities are recognised at the issuance date (trade date): (i) initially at fair value less transaction costs; and (ii) subsequently at amortised cost, using the effective interest 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.

Initial measurement of the liabilities regarding the rents due from lease contracts

As provided by IFRS 16, as from 1 January 2019 EDPR Group measures the liability regarding the rents due from lease contracts on the commencement date based on the present value of the future payments of that lease contracts, discounted using EDPR Group's incremental borrowing rate for each portfolio of leases identified.

EDPR Group applies the recognition exemption provided by IFRS 16 for the leases which lease term is 12 months or less, or that are for a low-value asset.

After the commencement date, the liability regarding the rents due from lease contracts is increased to reflect interest on the liability and reduced to reflect the lease payments made.

Remeasurement of the liabilities regarding the rents due from lease contracts

EDPR Group remeasure the liability regarding the rents due from lease contracts (and adjusts the corresponding right-of-use assets) by discounting the revised lease payments, using an unchanged discount rate, if either:

- there is a change in future lease payments resulting from a change in an index or a rate used to determine those payments; or
- there is a change in the amounts expected to be payable under a residual value guarantee.

If there is a lease modification that do not qualifies to be accounted as a separate lease, EDPR Group remeasures the liability regarding the rents due from lease contracts (and adjusts the corresponding right-of-use assets) by discounting the revised lease payments, using a revised discount rate at the effective date of the modification.

The variable lease payments that do not depend in an index or a rate are not included in the measurement of the liability regarding the rents due from lease contracts, nor the right-of-use asset. Those payments are recognised as cost in the period in which the event or condition that gives rise to the payments occurs.

Derecognition

EDPR Group derecognises a financial liability (or a part of a financial liability) from its statement of financial position when, and only when, the obligation specified in the contract is discharged or cancelled or expires. An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability, or a part of it, is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

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) LEASES/ RIGHT-OF-USE ASSETS

Until 31 December 2018, EDPR Group classifies its lease transactions as finance leases or operating leases based on 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.

Lease payments made by the Group under operating lease contracts are recognised as an expense in the period to which they relate, on a straight-line basis over the lease term unless another systematic basis is more representative of the time pattern of the user's benefit.

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.

Determining whether an Arrangement contains a Lease

Following the issuance by International Financial Reporting Interpretations Committee (IFRIC) of IFRIC 4 - Determining whether an arrangement contains a lease, applicable from 1 January 2006, arrangements including transactions that, although do not take the form of a lease, convey the right to use an asset in return for a payment, are recognised as leases, provided that, in substance, they comply with the requirements defined in the interpretation.

As from 1 January 2019 onwards EDPR Group has adopted IFRS 16 and therefore presents the information related to lease contracts in the caption Right-of-use assets, creating a separate line in the Statement of Financial Position. These assets are accounted for at cost less accumulated depreciation and impairment losses. The cost of these assets comprises the initial costs and the initial measurement of the liabilities regarding the rents due from lease contracts, deducted from the prepaid amounts and any incentives received.

Depreciation of right-of-use assets is calculated on a straight-line basis over their estimated useful lives, considering the lease contract terms.

Remeasurement of right-of-use assets

If EDPR Group remeasures the liability regarding the rents due from lease contracts (see f)), the corresponding right-of-use assets shall be adjusted accordingly.

K) 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.

Prior to their classification as held for sale, 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. Subsequently, these assets or disposal groups are measured at the lowest between their carrying amount and fair value less costs to sell.

L) IMPAIRMENT OF NON-FINANCIAL ASSETS

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is then estimated.

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 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.

M) INVENTORIES

Inventories are measured 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.

Discounting and inflation rates used for 2019 are:

	EUROPE	NORTH AMERICA	BRAZIL
Discount Rate	[0.00% - 4.53%]	[1.56% - 2.32%]	[4.46% - 6.61%]
Inflation Rate	[0.85% - 3.90%]	[2.00% - 3.75%]	[4.37% - 5.72%]

Discounting and inflation rates used for 2018 were:

	EUROPE	NORTH AMERICA	BRAZIL
Discount Rate	[0.00% - 5.15%]	[0.72% - 2.94%]	[11.91% - 12,47%]
Inflation Rate	[1.01% - 4.75%]	[2.00% - 2.30%]	[4.20% - 5.64%]

Decommissioning and dismantling provisions are remeasured on an annual basis based on the best estimate of the settlement amount.

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 certaint. 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 costs on borrowings, interest income on funds invested, dividend income, foreign exchange gains and losses, realised gains and losses, changes in fair value of derivative financial instruments related to financing activity classified by the Group, within IFRS 9, as held for trading and consequently measured at fair value through profit or loss and changes in the fair value of hedged risks, when applicable.

Interest is recognised in the income statement on an accrual basis. Dividend income is recognised on the date the right to receive is established.

Considering the accounting model provided by IFRS 16, as from 1 January 2019 the financial results start to include the interest expenses (unwinding) calculated on the liabilities regarding the rents due from lease contracts.

R) INCOME TAX

Income tax recognised in the income statement includes current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is also recognised in equity.

Deferred taxes arising from the revaluation of assets measured at fair value through other comprehensive income and cash flow hedge derivatives recognised in equity are recognised in the income statement in the period the results that originated the deferred taxes are recognised.

Current tax is the tax expected to be paid on the taxable income for the period, using tax rates enacted at the statement of financial position date and any adjustment to tax payable in respect of previous years.

Deferred taxes are calculated in accordance with the balance sheet liability method, considering temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax basis, using the tax rates enacted or substantively enacted at the balance sheet date for each jurisdiction and that are expected to be applied when the temporary differences are reversed.

Deferred tax liabilities are recognised for all taxable temporary differences except for goodwill not deductible for tax purposes, differences arising on initial recognition of assets and liabilities that affect neither accounting nor taxable profit and differences relating to investments in subsidiaries, to the extent that these will probably not be reversed in the future. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available to absorb deductible temporary differences for taxation purposes.

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.

The Group offsets, as established in IAS 12, the deferred tax assets and liabilities if, and only if:

i) the entity has a legally enforceable right to offset current tax assets against current tax liabilities; and

ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in future periods in which deferred tax liabilities or assets are expected to be settled or recovered.

When accounting for interest and penalties related to income taxes, EDPR Group considers whether a particular amount payable or receivable is, in its nature, a taxable income and, if so, applies IAS 12 to this amount. Otherwise, IAS 37 is applied.

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 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 has became effective as of January 1, 2019. EDPR Group adopted this standard on the required effective date in accordance with the modified retrospective transition approach, without adjustments to opening balance of the comparative period nor restatement of the comparative information.

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. The most significant impact resulting from the initial application of IFRS 16 is the recognition of right of use (ROU) assets and liabilities regarding the rents due from lease contracts 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.

Based on the inventory of the existing lease contracts carried out, EDPR Group has recognised, as at 1 January 2019, new assets and liabilities for its operating leases, as detailed bellow. As provided by the standard, EDPR Group has elected to measure the ROU asset at the amount of the liability regarding the rents due from lease contracts on the initial application date (adjusted for any prepaid amount or accrued lease expenses), which corresponds to the payments of that lease contracts discounted using EDPR Group's incremental borrowing rate for each portfolio of leases identified. The discount rates used, on initial application date, were the following:

	MINIMUM RATE	MAXIMUM RATE
CURRENCY		
Euro (EUR)	0.52%	5.15%
US Dollar (USD)	4.75%	5.77%
Brazilian Real (BRL)	8.95%	11.96%
Polish Zloty (PLN)	2.19%	5.68%

The ROU 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 change in presentation of operating lease expenses also results in a corresponding increase in cash flows operating activities and a decline in cash flows obtained from financing activities.

In this sense, it has been made an assessment of the qualitative and quantitative impacts, in EDPR Group financial statements, resulting from the adoption of IFRS 16. Accordingly, qualitative changes are presented in note 2 and quantitative impacts resulting from its adoption are below summarized.

Summary of the impacts of the adoption of IFRS 16 in the Consolidated Statement of Financial Position on 01 January 2019

THOUSAND EUROS	01-JAN-2019	IMPACT OF IFRS 16	31-DEC-2018
ASSETS			
Right-of-use assets	608,525	608,525	-
Debtors and other assets from commercial activities – Non-current	10,185	-10,314	20,499
Others	17,518,211	-	17,518,211
TOTAL ASSETS	**18,136,921**	**598,211**	**17,538,710**
EQUITY			
Other reserves and Retained earnings	1,454,598	-	1,454,598
Consolidated net profit attributable to equity holders of the parent	313,365	-	313,365
Non-controlling interests	1,613,390	-	1,613,390
Others	4,741,051	-	4,741,051
TOTAL EQUITY	**8,122,404**	**-**	**8,122,404**
LIABILITIES			
Other liabilities and other payables – Non-current	1,107,488	553,338	554,150
Other liabilities and other payables - Current	584,951	44,873	540,078
Others	8,322,078	-	8,322,078
TOTAL LIABILITIES	**10,014,517**	**598,211**	**9,416,306**
TOTAL EQUITY AND LIABILITIES	**18,136,921**	**598,211**	**17,538,710**

Detail of right-of-use assets recognised with the adoption of IFRS 16 on 1 January 2019

THOUSAND EUROS	
RIGHT OF USE OF ASSETS	
Land and natural resources	585,989
Buildings and other constructions	19,763
Plant and machinery	172
Others	2,601
	608,525

The difference between the total of the right-of-use assets and the total of the liabilities regarding the rents due from lease contracts recognised on the adoption of IFRS 16, amounting 10,314 thousand Euros, relates to lease contracts whose payments were fully made at the inception date of that contracts. The amounts were reclassified from the caption Debtors and other assets from commercial activities - Non-Current to the caption Right-of-use assets.

Reconciliation of payable amounts regarding the rents due from lease contracts recognised with the adoption of IFRS 16 on 1 January 2019

THOUSAND EUROS	
OPERATING LEASE COMMITMENTS AS AT 31 DECEMBER 2018	1,148,626
Recognition exemptions	
- for leases with a lease term of 12 months or less (short-term leases)	-112,257
Effect from discounting rate the incremental borrowing rate as at 1 January 2019	-463,892
Other	25,734
RENTS DUE FROM LEASE CONTRACTS AS AT 1 JANUARY 2019	**598,211**

IFRS 9 – Hedge accounting

From its operational and financing activities, EDPR Group is exposed to interest rate, foreign exchange and price risks. These risks are mitigated through the use of hedging instruments, which are designated within hedge accounting.

As permitted by IFRS 9, EDPR Group decided to apply the hedge accounting requirements of IFRS 9 as at 1 January 2019. EDPR Group has assessed the changes resulting from the adoption of these requirements, through a detailed analysis of the existing hedging relationships as at 31 December 2018. EDPR Group decided to keep the existing hedge ratios as at 31 December 2018, while still within IAS 39. From the analysis performed, no rebalancing was necessary as at 1 January 2019.

As at 1 January 2019 there are no material quantitative impacts resulting from the adoption of IFRS 9 hedge accounting requirements by EDPR Group.

Hedge accounting has been applied prospectively, without restating comparative information. The mandatory exceptions provided for the prospective application, forcing the application of hedge accounting retrospectively, do not apply to the hedge relationships designated by EDPR Group. For the situations in which retrospective application is allowed but not mandatory, EDPR Group opted for no retrospective application.

The EDPR Group has updated the hedging documentations, as per the requirements of IFRS 9, being the main changes related to the inclusion of the hedge ratio that was defined as hedge objective by the Management, of the expected sources of inefficiency that arise from the hedges, as well as the prospective tests carried out on the economic relationship between the hedged items and the hedging items for the entire duration.

IFRIC 23 – Uncertainty over Income Tax Treatments

Regarding the new interpretation to IAS 12 – Income tax, IFRIC 23, the Group has reassessed, as at 1 January 2019, all the pending litigations or disputes with tax authorities regarding income tax and no significant changes in the estimates made previously by management were identified.

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:

- IFRS 9 (Amended) - Prepayment Features with Negative Compensation;
- IAS 28 (Amended) - Long-term Interests in Associates and Joint Ventures;
- IAS 19 (Amended) - Plan Amendment, Curtailment or Settlement; and
- "Annual Improvement Project (2015-2017)".

Standards, amendments and interpretations issued but not yet effective for the Group

The standards, amendments and interpretations issued but not yet effective for the Group (whose effective application date has not yet occurred or, despite their effective dates of application, they have not yet been endorsed by the UE) are the following:

- IFRS 17 - Insurance Contracts;
- 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
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7).

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 2019 and 2018, 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 affects the Group's reported results.

Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant interpretations and estimates are required in determining the global amount for income taxes.

There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. Different interpretations and estimates would result in a different level of income taxes, current and deferred, recognised in the period.

Tax Authorities are entitled to review EDP Renováveis, and its subsidiaries' determination of its annual taxable earnings, for a determined period that may be extended in case there are tax losses carried forward. Therefore, it is possible that some additional taxes may be assessed, mainly as a result of differences in interpretation of the tax law. However, the EDP Renováveis and its subsidiaries, do not anticipate any significant changes to the income tax booked in the financial statements.

Dismantling and decommissioning provisions

The Board of Directors considers that Group has contractual obligations with the dismantling and decommissioning of property, plant and equipment related to wind electricity generation. For these responsibilities the Group has recorded provisions for the expected cost of restoring sites and land to its original condition. The provisions correspond to the present value of the expenditure expected to be required to settle the obligation.

In this sense, EDPR's technical department has performed in 2019 an 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 2019.

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. In the near future EDPR will also be exposed to the Colombian Peso.

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 37).

Sensitivity analysis - Foreign exchange rate

As a consequence, a depreciation/appreciation of 10% in the foreign currency exchange rate, with reference to 31 December 2019 and 2018, would originate an increase/(decrease) in EDP Renováveis Group income statement and equity before taxes, as follows:

THOUSAND EUROS				31 DEC 2019
	PROFIT OR LOSS		EQUITY	
	+10%	-10%	+10%	-10%
USD/EUR	12,281	-15,010	-66,568	81,360
	12,281	**-15,010**	**-66,568**	**81,360**

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**

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 16 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 90% 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 2019 and 2018 would increase/(decrease) in EDP Renováveis Group income statement and equity before taxes, as follows:

THOUSAND EUROS				31 DEC 2019
	+ 50 BPS	- 50 BPS	+ 50 BPS	- 50 BPS
Cash flow hedge derivatives	-	-	-10,595	-19,797
Unhedged debt (variable interest rates)	-1,752	1,752	-	-
	-1,752	**1,752**	**-10,595**	**-19,797**

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**

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 in energy sales (electricity, GC and RECs) and in supply contracts.

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 CNMC 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.

Exposure to suppliers arises mainly from contracts with equipment manufacturers and civil engineering contractors. Counter-party analyses are performed for each new contract. Either parent company guarantees or bank guarantees are requested if needed to comply with the limits of exposure established by EDP Renováveis counter-party risk policy.

The maximum exposure to customer credit risk by counterparty type is detailed as follows:

THOUSAND EUROS	DEC 2019	DEC 2018
CORPORATE SECTORS AND INDIVIDUALS		
Supply companies	46,248	53,611
Business to business	151	50,519
Other	15,035	5,088
Total Corporate sectors and individuals	**61,434**	**109,218**
Public sector	19,356	17,121
TOTAL PUBLIC SECTOR AND CORPORATE SECTORS/INDIVIDUALS	**80,790**	**126,339**

Trade receivables by geographical market for the Group EDPR, is as follows:

THOUSAND EUROS				DEC 2019
	EUROPE	NORTH AMERICA	BRAZIL	TOTAL
Corporate sectors and individuals	47,406	10,646	3,382	61,434
Public sector	8,005	-	11,351	19,356
TOTAL	**55,411**	**10,646**	**14,733**	**80,790**

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**

In accordance with accounting policies – note 2 e), impairment losses are determined using the simplified approach precluded in IFRS 9, based on life time expected losses.

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 2019 financial year and those foreseen for 2020.

The maturity analysis for financial debt (see note 31), including expected future interests, is as follows:

THOUSAND EUROS	DEC 2020	DEC 2021	DEC 2022	DEC 2023	DEC 2024	FOLLOWING YEARS	TOTAL
Bank loans	80,688	75,788	83,626	75,496	77,037	383,939	776,574
Loans received from EDP Group	738,313	422,824	540,944	482,243	463,935	-	2,648,259
Other loans	153	104	34	211	-	-	502
Expected future interests	85,610	90,362	72,092	56,737	34,275	77,389	416,465
	904,764	**589,078**	**696,696**	**614,687**	**575,247**	**461,328**	**3,841,800**

Market price risk

As of December 31, 2019, 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 2020 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 2019, the changes in the consolidation perimeter of the EDP Renováveis Group were:

Companies acquired:

- EDP Renováveis, S.A. acquired 100% of the Colombian companies Eolos Energías, S.A.S. E.S.P. and Vientos del Norte, S.A.S. E.S.P. These operations were classified as asset purchases, out of scope of IFRS 3 – Business Combinations, due to the substance of these transactions, the type of assets acquired and the very early stage of the projects;

- EDP Renováveis Brasil, S.A. acquired 100% of the companies Central Eólica Boqueirão I, S.A., Central Eólica Boqueirão II, S.A., Monte Verde Holding, S.A. and Jerusalém Holding, S.A.. These operations were classified as asset purchases, out of scope of IFRS 3 – Business Combinations, due to the substance of these transactions, the type of assets acquired and the very early stage of the projects.

- EDP Renováveis Brasil, S.A. acquired 100% of the companies Central Eólica Catanduba I, S.A. and Central Eólica Catanduba II, S.A.;

- EDPR Offsore España, S.A.S. acquired, directly or indirectly, 100% of the companies B-Wind Polska, Sp. z o.o., C-Wind Polska, Sp. z o.o.,Ventum Ventures III Holding, B.V., Fluctus V, B.V., Fluctus VI, B.V., Fluctus VII, B.V. and 30% of the companies Frontier Beheer Nederland, B. V. and Frontier, C.V.;

- EDP Renewables Polska, Sp. z o.o., acquired 100% of the company EDPR Polska Solar Sp. z.o.o.;

- EDP Renewables Polska, Sp. z o.o., acquired 100% of the companies Lichnowy Windfarm Sp. Zo.o., EW Dobrzyca sp. z o.o., Ujazd, Sp. zo.o., Winfan, Sp. zo.o., Kowalewo Wind, Sp. zo.o., European Wind Power Krasin, Sp. zo.o., Nowa Energia 1, Sp. zo.o. and Farma Wiatrowa Bogoria, Sp. zo.o. These operations were classified as asset purchases, out of scope of IFRS 3 – Business Combinations, due to the substance of these transactions, the type of assets acquired and the very early stage of the projects;

- EDP Renewables Polska HoldCo, S.A. acquired 100% of the company Gudziki Wind Farm Sp. z o.o;

- Monte Verde Holding, S.A. acquired 100% of the company Central Eólica Monte Verde VI, S.A. This operation was classified as an asset purchase, 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;

- EDP Renewables Europe and EDP Renováveis S.A. acquired 100% of the Greek company Aioliko Parko Fthiotidos Erimia E.P.E. This operation was classified as an asset purchase, 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.

Sale of companies without loss of control:

- EDPR France Holding, S.A.S. sold 10% of its financial interest in Parc Éolien d'Entrains-sur-Nohain, S.A.S. (formerly Parc Éolien de Citernes, S.A.S.) by 46 thousand Euros.

Companies sold and liquidated:

- In the second quarter of 2019, EDPR Group, through the companies EDP Renewables Europe S.L.U. and EDPR Yield, S.A.U. sold to Beta Energy Investments S.A.R.L. and BETA II S.R.L. the EDPR's stake of 51% in the companies EDPR Participaciones, S.L.U. and EDP Renewables France, S.A.S. respectively, with a subsequent sale of the entire stake held by EDPR in following subsidiaries:

- EDPR Participaciones' subsidiaries: Bon Vent de Vilalba, S.L.U., Bon Vent de L'Ebre, S.L.U., Eólica Don Quijote, S.L.U., Eólica Dulcinea, S.L.U., Eólica de Radona, S.L.U., Eólica del Alfoz, S.L.U., Eólica La Navica, S.L.U., Parc Éolien de Dammarie, S.A.R.L., Parc Éolien de Preuseville, S.A.R.L., Parc Éolien d'Escardes, S.A.S., Parc Éolien de Montagne Fayel, S.A.S., Parc Éolien de Francourville, S.A.S., Green Wind, S.A, Eólica do Castelo, S.A., Eólica da Lajeira, S.A., Eólica do Velão, S.A. and Eólica do Cachopo, S.A. Additionally, EDPR Group sold the stake held by the company EDPR Eólica de Radona, S.L.U in the company Infraestructuras Medinaceli, S.L. (8.76%) and the stake held by the companies Bon Vent de l'Ebre S.L and Bon Vent de Vilalba S.L. in the company Aprofitament Energies Renovables Terra Alta, S.A. (9.70% and 10.42% respectively);

- EDP Renewables France' subsidiaries: Neo Plouvien, S.A.S., Centrale Eolienne Gueltas Noyal-Pontivy, S.A.S., Centrale Eolienne Segur, S.A.S., Centrale Eolienne Saint Barnabé, S.A.S., Centrale Eolienne Patay, S.A.S., Centrale Eolienne Canet-Pont de Salars, S.A.S., Centrale Eolienne Neo Truc de L'Homme, S.A.S., SOCPE de Sauvageons, S.A.R.L., SOCPE Le Mee, S.A.R.L., SOCPE Petite Pièce, S.A.R.L., SOCPE de la Vallée du Moulin, S.A.R.L., SOCPE de la Mardelle, S.A.R.L., SOCPE des Quinze Mines, S.A.R.L., Parc Éolien de Tarzy, S.A.R.L., Eolienne de Saugueuse, S.A.S., Parc Éolien de Roman, S.A.R.L., Parc Éolien des Vatines, S.A.S., Parc Éolien de Varimpre, S.A.S. and Parc Éolien du Clos Bataille, S.A.S.

  Total proceeds for the transaction amount to 806,090 thousand Euros from which an amount of 304,732 thousand Euros refer to shareholders loans. This transaction has generated a gain, net of transaction costs, amounting to 225,644 thousand Euros, which has been registered within the "Other income" caption of the condensed consolidated income statement (note 9);

- In the fourth quarter of 2019, EDPR Group through the company EDP Renováveis Brasil, S.A. sold to Allif SLP I LP the EDPR's stake of 100% in the company Babilônia Holding, S.A. with a subsequent sale of the entire stake held by EDPR in the following subsidiaries:

  - Central Eólica Babilônia I, S.A.;
  - Central Eólica Babilônia II, S.A.;
  - Central Eólica Babilônia III, S.A.;
  - Central Eólica Babilônia IV, S.A.;
  - Central Eólica Babilônia V, S.A.

Estimated total proceeds amount to 132,227 thousand Euros (the equivalent of 597,096 thousand Brazilian Real). This transaction has generated a gain, net of transaction costs, amounting to 87,078 thousand Euros, which has been registered within the "Other income" caption of the condensed consolidated income statement (note 9);

- EDP Renewables Polska, Sp. z o.o., sold 100% of the company EDP Renewables Polska OPCO, S.A. for a residual consideration.

- Moray East Holdings Limited liquidated the companies Telford Offshore Windfarm Limited, MacColl Offshore Windfarm Limited and Stevenson Offshore Windfarm Limited.

Companies Incorporated:

- Little Brook Solar Park LLC *;
- Bright Stalk Solar Park LLC *;
- Crossing Trails Wind Power Project II LLC *;
- Headwaters Wind Farm IV LLC*;
- North River Wind LLC*;
- EDPR Japan GK.;
- Custolito, S.R.L.;
- EDPR Hellas 1 M.A.E.;
- EDPR Hellas 2 M.A.E.;
- EDPR Terral S.L.U.;
- EDPR Amaris S.L.U.;
- EDPR Suvan S.L.U.;
- Black Prairie Solar Park LLC *;
- Duff Solar Park LLC *
- Eastmill Solar Park LLC *;
- Lowland Solar Park LLC *;
- Moonshine Solar Park LLC *;
- Sedge Meadow Solar Park LLC *;
- EDPR Wind Ventures XX LLC;
- 2019 Vento XX LLC;
- EDPR Wind Ventures XXI LLC;
- 2019 Vento XXI LLC *
- Esker Solar Park LLC *;
- EDPR Solar Ventures III LLC;
- 2019 SOL III LLC ;
- Greenbow Solar Park LLC *;
- Holly Hill Solar Park LLC *;
- Pleasantville Solar Park LLC *;
- Mineral Springs Solar Park LLC *;
- Solar Ventures Acquisition LLC;
- EDPR Solar Ventures IV LLC;
- 2019 SOL IV LLC;
- Fotovoltaica Lote A, S.A.;
- Solar Ventures Purchasing LLC;
- Goldfinger Ventures LLC;
- Goldfinger Ventures II LLC;
- Blackford County Wind Farm LLC*;
- Blackford County Solar Park LLC*;
- 2019 SOL V LLC*;
- EDPR Solar Ventures V LLC*;
- Goldfinger Ventures III LLC*;
- EDPR Sicilia PV, S.R.L.;
- EDPR FS Offshore, S.A.;
- Alabama Solar Park LLC*;
- EDPR Sicilia Wind, S.R.L.;

* 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 2019, do not have any assets, liabilities, or any operating activity.

Other changes:

- In the fourth quarter of 2019, EDP Renewables North America LLC (EDPR NA), through the company Solar Ventures Purchasing LLC (Solar VP), sold 50% of its interest in Solar Ventures Acquisition, LLC (Solar VA) to Goldeneye SVA LLC (wholly owned by ConnectGen). Further, EDPR NA sold 50% of its interest in the companies Goldfinger Ventures, LLC (Goldfinger I) and Goldfinger Ventures II, LLC (Goldfinger II) to ConnectGen. Subsequent to EDPR NA's selling transaction referred for Solar VA, this joint venture acquired the companies Sunshine Valley Solar, LLC (Sunshine Valley), Sun Streams, LLC (Sun Streams) and Windhub Solar A, LLC (Windhub Solar). Subsequent to EDPR NA's selling transaction referred above for Goldfinger I and Goldfinger II, the joint venture Solar VA sold the companies Sunshine Valley and Windhab Solar to a subsidiary of Goldfinger I and sold the company Sun Streams to a subsidiary of Goldfinger II;

- EDP Renewables Europe, S.L.U. acquired 32% of the company Dunkerque Éoliennes en Mer, S.A.S.;

- EDP Renewables Europe, S.L.U. and EDP Renováveis S.A. acquired from RG Renovatio Group Limited 15% of the share capital of the companies Cernavoda Power, S.A., Pestera Wind Farm, S.A., VS Wind Farm, S.A. and Sibioara Wind Farm, S.R.L., increasing to 100% its share interest in the companies;

- EDP Renovables España, S.L. acquired 25% of the Spanish companies Sitemas Eólicos Tres Cruces, S.L.U. and Desarrollos Energéticos del Val, S.L.;

- EDPR Offshore España, S.L. acquired 61% of the South Korean company Korean Floating Wind Power Co., Ltd.

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 Breva 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.

The companies included in the consolidation perimeter of EDPR Group as at 31 December 2019 and 2018 are listed in Annex I.

07. REVENUES

Revenues are analysed as follows:

THOUSAND EUROS	31 DEC 2019	31 DEC 2018
REVENUES BY BUSINESS AND GEOGRAPHY		
Electricity in Europe	887,838	863,038
Electricity in North America	636,074	575,479
Electricity in Brazil	75,073	50,898
	1,598,985	**1,489,415**
Other revenues	6,682	2,050
	1,605,667	**1,491,465**
Services rendered	**7,654**	**1,506**
CHANGES IN INVENTORIES AND COST OF RAW MATERIAL AND CONSUMABLES USED		
Cost of consumables used	29,647	19,298
Changes in inventories	-839	-746
	28,808	**18,552**
TOTAL REVENUES	**1,642,129**	**1,511,523**

The breakdown of revenues by segment is presented in the segmental reporting (see note 43).

08. INCOME FROM INSTITUTIONAL PARTNERSHIPS IN U.S. WIND FARMS

Income from institutional partnership in U.S. Wind Farms in the amount of 181,570 thousand Euros (31 December 2018: 185,171 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 33).

09. OTHER INCOME

Other income is analysed as follows:

THOUSAND EUROS	31 DEC 2019	31 DEC 2018
Amortisation of deferred income related to power purchase agreements	2,578	2,753
Contract and insurance compensations	23,707	17,016
Gains on disposals	313,444	109,290
Other income	59,951	62,893
	399,680	**191,952**

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 thousand of USD and booked as a non-current liability (see note 34). This liability is amortised over the period of the agreements against other income. As at 31 December 2019, the amortisation for the period amounts to 2,578 thousand Euros (31 December 2018: 2,753 thousand Euros) and the non-current liability amounts to 9,318 thousand Euros (31 December 2018: 11,496 thousand Euros).

As at 31 December 2019, the caption Gains on disposals essentially includes: (I) gain related to the sale of the EDPR's stake of 51% in the companies EDPR Participaciones, S.L.U. and EDP Renewables France, S.A.S. (see note 6) in the amount of 225,644 thousand Euros; and (ii) gain related to the sale of 100% of the stake in the company Babilônia Holding, S.A. and subsidiaries (see note 6) in the amount of 87,078 thousand Euros.

The caption other income includes: i) management and cost reinvoicing for UK offshore projects in the amount of 9,241 thousand Euros; and ii) price adjustment amounting to 4,188 thousand Euros and 1,152 thousand Euros, according to the corresponding agreements, in the transaction of selling 49% of EDP Renewables Polska Holdco S.A. to CTG that took place in 2016 and in the transacton of selling 49% of Baixas de Feijão portfolio of companies to CTG that took place in 2015, respectively.

As at 31 December 2018, the caption Gains on disposals essentially included the gain on the sale and loss of control in EDPR NA of 80% of Vento XIX portfolio to Quatro Wind AquisitionCo LLC in the amount of 108,976 thousand Euros (see note 6).

10. SUPPLIES AND SERVICES

This caption is analysed as follows:

THOUSAND EUROS	31 DEC 2019	31 DEC 2018
Rents and leases	21,306	60,108
Maintenance and repairs	204,655	200,899
SPECIALISED WORKS:		
- IT Services, legal and advisory fees	12,730	20,512
- Shared services	7,037	8,549
- Other services	17,754	11,131
Other supplies and services	45,550	44,118
	309,032	**345,317**

The decrease in Rents and leases results from the adoption of IFRS 16 on 1 January 2019 (see note 3). As at 31 December 2019 this caption includes mainly costs for variable lease payments and rental costs for short-term leases.

11. PERSONNEL COSTS AND EMPLOYEE BENEFITS

Personnel costs and employee benefits is analysed as follows:

THOUSAND EUROS	31 DEC 2019	31 DEC 2018
PERSONNEL COSTS		
Board remuneration (see note 39)	606	691
Remunerations	103,367	88,632
Social charges on remunerations	17,054	14,016
Employee's variable remuneration	26,049	23,051
Other costs	4,042	2,554
Own work capitalised (see note 16)	-34,417	-26,837
	116,701	**102,107**
EMPLOYEE BENEFITS		
Costs with pension plans	5,480	4,646
Costs with medical care plans and other benefits	8,512	8,236
	13,992	**12,882**
	130,693	**114,989**

As at 31 December 2019, Costs with pension plans relates essentially to defined contribution plans in the amount of 5,365 thousand Euros (31 December 2018: 4,528 thousand Euros) and defined benefit plans amounting to 14 thousand Euros (10 thousand Euros as at 31 December 2018).

The average breakdown by management positions and professional category of the permanent staff during 2019 and 2018 is as follows:

	2019	2018
Directors	199	91
Managers	906	716
Specialists	157	330
Technicians	207	181
	1,469	**1,318**

The breakdown by gender of the permanent staff as of 31 December 2019 and 2018 is as follows:

	31 DEC 2019	31 DEC 2018
Male	1,090	959
Female	476	429
	1,566	**1,388**

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 2019	31 DEC 2018
Taxes	73,760	81,358
Losses on fixed assets	16,460	9,330
Other costs and losses	43,866	37,737
	134,086	**128,425**

The caption Taxes, on 31 December 2019, includes the amount of 21,313 thousand Euros (31 December 2018: 21,077 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.

Losses on fixed assets include 16,172 thousand Euros related to EDPR NA that mainly refers to the abandonment of ongoing projects in EDPR NA (8,914 thousand Euros in 2018).

13. AMORTISATION AND IMPAIRMENT

This caption is analysed as follows:

THOUSAND EUROS	31 DEC 2019	31 DEC 2018
PROPERTY, PLANT AND EQUIPMENT		
Buildings and other constructions	1,722	1,200
Plant and machinery	544,396	542,951
Other	4,988	9,862
Impairment loss	15,380	6,809
	566,486	**560,822**
RIGHT-OF-USE ASSETS		
Right-of-use assets	32,524	-
INTANGIBLE ASSETS		
Industrial property, other rights and other intangibles	9,942	1,218
	608,952	**562,040**
Amortisation of deferred income (Government grants)	-17,327	-16,155
	591,625	**545,885**

Right of use assets includes depreciation of related assets due to the implementation of IFRS 16 on 1 January 2019 (see note 3).

Impairment loss for property, plant and equipment is related to two projects in Poland as a result of the recoverability assessment of these projects.

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 34).

14. FINANCIAL INCOME AND FINANCIAL EXPENSES

Financial income and financial expenses are analysed as follows:

THOUSAND EUROS	31 DEC 2019	31 DEC 2018
FINANCIAL INCOME		
Interest income	20,659	13,245
Derivative financial instruments:		
Interest	1,657	838
Fair value	5,588	20,156
Foreign exchange gains	9,732	9,634
Other financial income	392	87,395
	38,028	**131,268**
FINANCIAL EXPENSES		
Interest expense	184,770	170,010
Derivative financial instruments:		
Interest	84,724	84,435
Fair value	4,388	16,222
Foreign exchange losses	6,819	9,303
Own work capitalised	-17,742	-23,885
Unwinding	118,785	85,690
Other financial expenses	5,740	9,229
	387,484	**351,004**
NET FINANCIAL INCOME / (EXPENSES)	**-349,456**	**-219,736**

Derivative financial instruments include interest liquidations on the derivative financial instrument established between EDPR and EDP Finance BV and EDP - Energias de Portugal, S.A. (see notes 24, 35 and 37).

Other financial income included in 2018: (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; (ii) 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.

In accordance with the corresponding accounting policy, the borrowing costs (interest) capitalised in tangible fixed assets in progress as at 31 December 2019 amounted to 17,742 thousand Euros (at 31 December 2018 amounted to 23,885 thousand Euros) (see note 16), which are included under Own work capitalised (financial interest). The interest rates used for this capitalisation vary in accordance with the related loans' Interest expense refers to interest on loans bearing interest at contracted and market rates.

Interest expense refers to interest on loans bearing interest at contracted and market rates.

Unwinding expenses refers essentially to: (ii) the implied return in institutional partnerships in U.S. wind farms amounting to 85,320 thousand Euros (31 December 2018: 80,135 thousand Euros) (see note 33); (ii) financial update of lease liabilities in the amount of 27,994 thousand Euros due to the implementation of IFRS 16 on 1 January 2019 (see note 3 and 35); and (iii) financial update of provisions for dismantling and decommissioning of wind farms in the amount of 5,462 thousand Euros (31 December 2018: 4,999 thousand Euros) (see note 32).

15. INCOME TAX EXPENSE AND EXTRAORDINARY CONTRIBUTION TO THE ENERGY SECTOR (CESE)

The following note includes an analysis on the reconciliation between the theoretical and the effective income tax rate applicable at the level of the EDPR Group, on a consolidated basis. In general terms, the analysis on the reconciliation between the theoretical and the effective income tax rate aims at quantifying the impact of the income tax, recognised in the income statement, which includes both current and deferred tax. The note also includes an analysis on the extraordinary contribution to the energy sector (CESE).

As the EDPR Group prepares and discloses its financial statements in accordance with IFRS, an alignment between the accounting of income tax expense or income and the corresponding cash flow is not mandatory. Accordingly, this analysis does not represent the income tax paid or received by the EDPR Group for the corresponding reporting period.

Notwithstanding the above, the income tax paid by the EDPR Group on a country-by-country basis is disclosed in the Annual Report, which is available on EDPR's website (www.edpr.com). This website also includes the details on the general principles concerning EDPR Group's mission and tax policy and the overall tax contribution to public finance in 2019.

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 2019	31 DEC 2018
EUROPE:		
Belgium	29.58%	29.58%
France	28% - 34.43%	28% - 34.43%
Italy	24% - 28.8%	24% - 28.8%
Poland	19%	19%
Portugal	21% - 31.5%	22.5% - 31.5%
Romania	16%	16%
Spain	25%	25%
United Kingdom	19%	19%
Greece	28%	29%
AMERICA:		
Brazil	34%	34%
Canada	26.5%	26.5%
Mexico	30%	30%
Colombia	33%	-
United States of America	24.91%	24.91%
AMERICA:		
Japan	30%	-
Republic of Korea	10-25%	-

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.

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 the 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. Nothwithstanding 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 farms that qualify for the application of the PTC prior to 1 January 2017, benefit from 100% of the credit ($28/MWh in 201, $25/MWh in 2019 – the rate is adjusted each year for inflation). The PTC amount is reduced by 20% for wind farms qualifying in 2017, 40% in 2018 and 60% in 2019. On December 20th, 2019, the Taxpayer Certainty and Disaster Tax Relief Act extended the current PTC for an additional year: wind farms the construction of which begins during 2020 will qualify for the PTC at a rate of 60%.

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 2019

As from 2019, the statutory CIT rates applicable in France and Greece are reduced as follows:

- In France, the Finance Bill 2018 voted on December 30th, 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 2019, the CIT rate amounts to 28% on taxable income lower than € 500,000 and the excess is subject to a 31% rate;

- In Greece, the CIT rate is lowered from 29% to 28%. A further progressive reduction of 1% per year is expected until year 2022, dropping the final CIT rate to 25%.

Corporate income tax provision.

This caption is analysed as follows:

THOUSAND EUROS	31 DEC 2019	31 DEC 2018
Current tax	-54,743	-76,991
Deferred tax	-28,202	13,549
INCOME TAX EXPENSE	**-82,945**	**-63,442**

The effective income tax rate as at 31 December 2019 and 2018 is analysed as follows:

THOUSAND EUROS	31 DEC 2019	31 DEC 2018
Profit before tax	709,108	535,611
Income tax expense	-82,945	-63,442
Effective Income Tax Rate	11.70%	11.84%

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 2019 and 2018 is analysed as follows:

THOUSAND EUROS	31 DEC 2019	31 DEC 2018
Profit before taxes	709,108	535,611
Nominal income tax rate (*)	25.00%	25.00%
Theoretical income tax expense	-177,277	-133,903
Fiscal revaluations, amortization, depreciation and provisions	-8,144	-2,140
Tax losses and tax credits	14,604	16,908
Financial investments in associates	725	893
Accounting/fiscal temporary differences on the recognition/derecognition of assets	73,212	50,657
Effect of tax rates in foreign jurisdictions and CIT rate changes	-6,959	-9,881
Tax benefits	-	2,852
Taxable differences attributable to non-controlling interests (USA)	15,921	17,818
Other	4,973	-6,647
EFECTIVE INCOME TAX EXPENSE AS PER THE CONSOLIDATED INCOME STATEMENT	**-82,945**	**-63,443**

(*) Statutory corporate income tax rate applicable in Spain

The main captions are the following:

The caption "Accounting/fiscal temporary differences on the recognition/derecognition of assets" refers to changes in the Group's perimeter not subject to income taxes.

The caption "Taxable differences attributable to non-controlling interests (USA)" essentially includes the effect inherent to the attribution of taxable income to non-controllable interests in the subgroup EDPR NA, as determined by the tax legislation of that geography.

During 2019, the EDPR Group has various tax audits regarding different topics. The most relevant ones are the general tax audit in Spain; and the tax audits on local taxes in Romania. Most of those processes are still ongoing; however, EDPR does not expect any further liability than the ones already recorded in the companies' accounts at December, 2019.

Extraordinary Contribution to the Energy Sector (CESE)

Law 83-C/2013, of the State Budget 2014 ("Lei do Orçamento de Estado 2014"), approved by the Portuguese Government on 31 December 2013, introduced an extraordinary contribution applicable to the energy sector (CESE), with the objective of financing mechanisms that promote the energy sector systemic sustainability, through the establishment of a fund which aims to contribute for the reduction of tariff debt and to finance social and environmental policies in the energy sector. This contribution focuses generally on the economic operators that develop the following activities: (i) generation, transportation or distribution of electricity; (ii) transportation, distribution, storage or wholesale supply of natural gas; and (iii) refining, treatment, storage, transportation, distribution and wholesale supply of crude oil and oil products.

CESE is calculated based on the companies' net assets as at 1 January, which comply, cumulatively, to: (i) property, plant and equipment; (ii) intangible assets, except industrial property elements; and (iii) financial assets assigned to concessions or licensed activities. In the case of regulated activities, CESE focuses on the value of regulated assets if it is higher than the value of those assets.The CESE system has been successively extended and is now valid for 2019 through Law nº 71/2018 of 31 December. As mentioned in note 1, Portuguese government has extended the CESE to renewables.

As at 31 December 2019, EDPR Group recorded in caption Tax Liabilities a value for this contribution of 3,496 thousand Euros.

16. PROPERTY, PLANT AND EQUIPMENT

This caption is analysed as follows:

THOUSAND EUROS	31 DEC 2019	31 DEC 2018
COST		
Land and natural resources	31,724	32,589
Buildings and other constructions	15,666	21,905
Plant and machinery:		
- Renewables generation	17,396,990	18,488,573
- Other plant and machinery	9,764	473
Other	61,600	128,252
Assets under construction	1,446,787	923,436
	18,962,531	**19,595,228**
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES		
Depreciation charge	-551,106	-554,013
Accumulated depreciation in previous years	-4,993,990	-4,974,082
Impairment losses	-15,380	-6,809
Impairment losses in previous years	-138,195	-138,530
	-5,698,671	**-5,673,434**
CARRYING AMOUNT	**13,263,860**	**13,921,794**

The movement in Property, plant and equipment during 2019, 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	32,589	1,196	-	-	-40	-2,021	31,724
Buildings and other constructions	21,905	197	-	-	230	-6,666	15,666
Plant and machinery	18,489,046	15,050	-62,894	501,213	166,855	-1,702,516	17,406,754
Other	128,252	3,196	-666	1,194	1,371	-71,747	61,600
Assets under construction	923,436	1,087,899	-11,747	-502,407	9,325	-59,719	1,446,787
	19,595,228	**1,107,538**	**-75,307**	**-**	**177,741**	**-1,842,669**	**18,962,531**

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	13,462	1,722	-	-	158	-3,829	11,513
Plant and machinery	5,491,951	544,396	9,771	-56,137	44,984	-467,044	5,567,921
Assets under construction	70,021	-	5,609	-	499	-	76,129
Other	98,000	4,988	-	-626	1,150	-60,404	43,108
	5,673,434	**551,106**	**15,380**	**-56,763**	**46,791**	**-531,277**	**5,698,671**

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, Spain, Italy, France, Brazil and Portugal. This caption also includes the allocation of the acquisition cost of certain companies due to the nature of the transactions, the type of assets and the initial stage of completion of the projects acquired (see note 6). The most significant ones, including additions from their acquisition, are:

- Polish companies B-Wind Polska, Sp. z o.o. and C-Wind Polska, Sp. z o.o., Lichnowy Windfarm, Sp. z o.o, EW Dobrzyca, sp.z o.o., Kowalewo Wind, Sp. zo.o., European Wind Power Krasin, Sp. zo.o., Nowa Energia I, Sp. zo.o. and Farma Wiatrowa Bogoria, Sp. zo.o. totalling 62,058 thousand Euros;

- Colombian companies Eolos Energías, S.A.S. E.S.P. and Vientos del Norte, S.A.S. E.S.P. amounting to 26,828 thousand Euros and 9,202 thousand Euros respectively;

- Brazilian portfolio of companies Pereira Barreto amounting to Euro 5,906 thousand Euros.

Disposals/Write-offs, net of accumulated depreciation, include, among others, 16,172 thousand Euros for EDPR NA that mainly refers to the abandonment of ongoing projects in North America (see note 12).

Transfers from assets under construction into operation mainly refer to wind and solar farms that become operational in the United States, Portugal, Italy, Spain and France.

Exchange differences are mainly generated by the variation in the exchange rate of the US Dollar and Romanian Leu.

The caption Changes in perimeter/Other mainly includes:

- Decrease due to the sale of the companies EDPR Participaciones S.L., EDP Renewables France S.A.S. and their subsidiaries (see note 6), in the amount, net of accumulated depreciation, of 1,046,834 thousand Euros;

- Decrease due to the sale of Brazilian portfolio of companies Babilônia (see note 6) in the amount, net of accumulated depreciation, of 190,365 thousand Euros; and

- Decrease due to the reclassification to held-for-sale of the assets related to the UK company EDPR UK and the Polish companies B-Wind Polska, Sp. z o.o. and C-Wind Polska, Sp. z o.o. (see note 27) in the amount, net of depreciation, of 570 thousand Euros and 9,907 thousand Euros respectively.

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 31). 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 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**

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, among 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).

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 2019 and 2018 are analysed as follows:

THOUSAND EUROS	31 DEC 2019	31 DEC 2018
EDPR NA Group	1,003,395	521,361
EDPR EU Group	345,918	367,247
Others	97,474	34,828
	1,446,787	**923,436**

Assets under construction as at 31 December 2019 are essentially related to wind farms under construction and development in the United States of America, Poland, France, Spain, Brazil, Colombia and Canada.

Financial interests capitalized during the period amount to 17,742 thousand Euros as at 31 December 2019 (31 December 2018: 23,885 thousand Euros) (see note 14).

Personnel costs capitalised during the period amount to 34,417 thousand Euros as at 31 December 2019 (31 December 2018: 26,837 thousand Euros) (see note 11).

The EDP Renováveis Group has purchase obligations disclosed in Note 38 - Commitments.

17. RIGH OF USE ASSETS

In the context of the adoption of IFRS 16 as of 1 January 2019 (see note 3), the caption Right of use assets was created, which presents the following detail:

THOUSAND EUROS	31 DEC 2019	31 DEC 2018
COST		
Land and natural resources	625,386	-
Buildings and other constructions	17,710	-
Plant and machinery:	166	-
Other	3,196	-
	646,458	**-**
ACCUMULATED DEPRECIATION AND IMPAIRMENT LOSSES		
Accumulated depreciation	-30,494	-
CARRYING AMOUNT	**615,964**	**-**

The movements in Right of use assets, for the Group, for the period ended 31 December 2019, are 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	585,989	95,409	-	-	-1,392	-54,620	625,386
Buildings and other constructions	19,763	2,714	-7	-	-15	-4,745	17,710
Plant and machinery:	172	-	-	-	-4	-2	166
Other	2,601	808	-51	-	3	-165	3,196
	608,525	**98,931**	**-58**	**-**	**-1,408**	**-59,532**	**646,458**

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							
Land and natural resources	-	-26,535	-	-	47	1,424	-25,064
Buildings and other constructions	-	-4,873	-	4	6	510	-4,353
Plant and machinery:	-	-5	-	-	-	-	-5
Other	-	-1,111	-	8	-	31	-1,072
	-	**-32,524**	**-**	**12**	**53**	**1,965**	**-30,494**

The caption Changes in perimeter/Other mainly includes a decrease due to the sale of the the companies EDPR Participaciones S.L., EDP Renewables France S.A.S. and their subsidiaries (see note 6), in the amount, net of accumulated depreciation, of 53,295 thousand Euros and a decrease in the amount of 4,270 thousand Euros due to the reclassification to held for sale of certain offshore companies (see note 27).

18. INTANGIBLE ASSETS

This caption is analysed as follows:

THOUSAND EUROS	31 DEC 2019	31 DEC 2018
COST		
Industrial property, other rights and other intangible assets	345,384	264,361
Concession Rights	15,182	-
Intangible assets under development	44,906	48,260
	405,472	**312,621**
ACCUMULATED AMORTISATION		
Amortisation charge	-9,942	-1,218
Accumulated amortisation in previous years	-92,949	-48,493
Impairment losses	-	-
Impairment losses in previous years	-12,264	-12,264
	-115,155	**-61,975**
CARRYING AMOUNT	**290,317**	**250,646**

Industrial property, other rights and other intangible assets mainly include:

- Generated green certificates pending to be sold amounting to 152,940 thousand Euros (31 December 2018: 129,149 thousand Euros) (see note 2 i)).
- Sofware and applications in the amount of 81,612 thousand Euros;
- Wind generation licenses amounting to 72,649 thousand Euros in the EDPR NA Group (31 December 2018: 68,833 thousand Euros);

The movement in Intangible assets during 2019, is analysed as follows:

THOUSAND EUROS	BALANCE AT 01 JAN	ADDITIONS	DISPOSALS/ WRITE-OFFS	EXCHANGE DIFFERENCES	OTHERS	BALANCE AT 31 DEC
COST						
Industrial property, other rights and other intangible assets	264,361	32,254	-14,141	-1,853	64,763	345,384
Concession rights	-	-	-402	-	15,584	15,182
Intangible assets under development	48,260	7,052	-	-	-10,406	44,906
	312,621	**39,306**	**-14,543**	**-1,853**	**69,941**	**405,472**

THOUSAND EUROS	BALANCE AT 01 JAN	CHARGE FOR THE YEAR	DISPOSALS/ WRITE-OFFS	EXCHANGE DIFFERENCES	OTHERS	BALANCE AT 31 DEC
ACCUMULATED AMORTISATION AND IMPAIRMENT LOSSES						
Industrial property, other rights and other intangible assets	61,975	9,643	-14,125	-237	53,456	110,712
Concession Rights	-	299	-402	-	4,547	4,444
	61,975	**9,942**	**-14,527**	**-237**	**58,003**	**115,156**

Additions include the recognition of deferred green certificates rights in Romania and Poland in the amount of 17,192 thousand Euros and 6,243 thousand Euros respectively.

The caption Others mainly include: i) decrease due to the sale of the the companies EDPR Participaciones S.L., EDP Renewables France S.A.S. and their subsidiaries (see note 6), in the amount, net of accumulated depreciation, of 10,927 thousand Euros; and ii) 11,558 thousand Euros, net of accumulated depreciation, reclassified from industrial property to Concesion Rights, both within intangible assets caption, as a consequence of the review of the nature of certain assets.

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).

19. 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 2019	31 DEC 2018
Goodwill booked in EDPR EU Group:	495,516	635,875
- EDPR Spain Group	388,180	490,385
- EDPR France Group	25,904	61,460
- EDPR Portugal Group	43,712	43,712
- Other	37,720	40,318
Goodwill booked in EDPR NA Group	702,818	689,799
Goodwill booked in EDPR BR Group	876	889
	1,199,210	**1,326,563**

The movements in Goodwill, by subgroup, during 2019 are analysed as follows:

THOUSAND EUROS	BALANCE AT 01 JAN	INCREASES	DECREASES	EXCHANGE DIFFERENCES	OTHERS	BALANCE AT 31 DEC
EDPR EU Group:						
- EDPR Spain Group	490,385	-	-	-	-102,205	388,180
- EDPR France Group	61,460	-	-	-	-35,556	25,904
- EDPR Portugal Group	43,712	-	-	-	-	43,712
- Other	40,318	-	-	-161	-2,437	37,720
EDPR NA Group	689,799	-	-	13,019	-	702,818
EDPR BR Group	888	-	-	-12	-	876
	1,326,562	**-**	**-**	**12,846**	**-140,198**	**1,199,210**

Changes in the perimeter includes the decrease in the amount of 138,704 thousand Euros due to the sale of the the companies EDPR Participaciones S.L., EDP Renewables France S.A.S. and their subsidiaries (see note 6).

The movements in Goodwill, by subgroup, during 2018 are analysed as follows:

THOUSAND EUROS	BALANCE AT 01 JAN	INCREASES	DECREASES	EXCHANGE DIFFERENCES	OTHERS	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**

There were no significant movements during 2018 except those related to exchange differences mainly in EDPR NA.

Impairment tests - EDPR Group

Goodwill, property, plant and equipment, right of use assets, 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:

	2019	2018
Europe	3.1% - 5.8%	3.3%-6.4%
North America	4.9%-6.3%	5.12%-6.6%
Brazil	8.8% - 10.4%	9.9-11.7%

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.

20. INVESTMENTS IN JOINT VENTURES AND ASSOCIATES

This caption is analysed as follows:

THOUSAND EUROS	31 DEC 2019	31 DEC 2018
INVESTMENTS IN ASSOCIATES		
Interests in joint ventures	429,743	320,423
Interests in associates	30,442	28,302
CARRYING AMOUNT	**460,185**	**348,725**

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	2019	2018
Balance as at 1 January	**348,725**	**303,518**
Acquisitions / Increases	214,582	3,209
Disposals	-	-8,390
Share of profits of joint ventures and associates	3,392	1,649
Dividends	-21,882	-14,687
Exchange differences	3,660	8,402
Hedging reserve in joint ventures and associates	-10,330	-17,543
Changes in consolidation method	-	59,175
Transfer of losses to loans/liabilities	12,282	11,577
Transfer to assets held-for-sale	-90,280	-
Others	36	1,815
BALANCE AS AT 31 DECEMBER	**460,185**	**348,725**

Acquisitions/Increases mainly refer to capital contributions made for the US joint ventures Goldfinger Ventures LLC, Goldfinger Ventures II LLC and Mayflower Wind Energy LLC.

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 IFRS guidance.

Transfer to assets held-for-sale refer to net assets' value for joint venture offshore companies that has been reclassified to assets held-for-sale caption in relation to a transaction for the creation of a co-controlled 50/50 joint-venture in fixed and floating offshore wind between EDPR and Engie by contribution of all their offshore business (see note 27).

The following table resumes the companies' financial information of joint ventures included in the Group consolidated accounts, as of December 2019:

THOUSAND EUROS	FLAT ROCK WIND-POWER	GOLDFINGER VENTURES II PORTFOLIO	GOLDFINGER VENTURES PORTFOLIO	VENTO XIX PORTFOLIO	FLAT ROCK WIND-POWER II
COMPANIES' FINANCIAL INFORMATION OF JOINT VENTURES					
Non-Current Assets	231,447	296,964	219,354	493,325	94,214
Current Assets (including cash and cash equivalents)	1,547	1,037	1,396	25,138	1,465
Cash and cash equivalents	593	1,037	1,396	16,732	635
Total Equity	225,323	185,572	137,831	100,274	92,251
Long term Financial debt	-	-	-	-	-
Non-Current Liabilities	4,001	111,368	81,447	377,751	1,516
Short term Financial debt	-	-	-	198	-
Current Liabilities	3,670	1,061	1,472	40,438	1,912
Revenues	8,378	-	-	25,063	3,203
Fixed and intangible assets amortisations	-	-	-	-	-
Other financial expenses	-56	-114	-140	-13,616	-26
Income tax expense	-	-	-	-	-
Net profit for the year	-18,771	-84	-124	22,701	-7,534
AMOUNTS PROPORTIONALLY ATTRIBUTED TO EDPR GROUP					
Net assets	121,607	79,136	59,237	51,837	46,125
Goodwill	-	-	-	-	-
Dividends paid	12,688	-	-	3,289	-

THOUSAND EUROS	COMPAÑÍA EÓLICA ARAGONESA	EVOLUCIÓN 2000	NATION RISE PORTFOLIO	OTHER
COMPANIES' FINANCIAL INFORMATION OF JOINT VENTURES				
Non-Current Assets	124,191	34,271	81,180	842
Current Assets (including cash and cash equivalents)	7,883	4,174	5,577	2,817
Cash and cash equivalents	6,263	2,450	-	340
Total Equity	109,738	18,406	41,974	3,097
Long term Financial debt	-	8,200	-	-
Non-Current Liabilities	19,621	14,764	9,770	540
Short term Financial debt	-	3,959	458	-
Current Liabilities	2,715	5,275	35,013	22
Revenues	19,262	8,092	-	-
Fixed and intangible assets amortisations	-	-	-	-
Other financial expenses	-342	-126	-19	-
Income tax expense	1,359	-840	-	-1
Net profit for the year	1,018	2,521	-223	46,812
AMOUNTS PROPORTIONALLY ATTRIBUTED TO EDPR GROUP				
Net assets	45,830	13,581	10,861	1,529
Goodwill	26,108	2,667	-	-
Dividends paid	3,086	1,416	-	-

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 TREPORT	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 associates included in the Group consolidated accounts, as of December 2019:

THOUSAND EUROS	PQ. EOLICO BELMONTE	DESARROLLOS EÓLICOS DE CANARIAS	PQ. EÓLICO SIERRA DEL MADERO	OTHER
COMPANIES' FINANCIAL INFORMATION OF ASSOCIATES				
Non-Current Assets	20,849	3,163	47,410	46,683
Current Assets	6,188	2,294	13,810	11,658
Equity	7,039	3,405	34,419	22,490
Non-Current Liabilities	13,708	1,283	5,446	34,158
Current Liabilities	6,290	769	21,355	1,693
Revenues	4,057	3,238	11,109	11,492
Net profit for the year	1,384	1,610	3,662	3,036
AMOUNTS PROPORTIONALLY ATTRIBUTED TO EDPR GROUP				
Net assets	3,830	8,003	14,456	4,153
Goodwill	1,726	6,479	-	1,479
Dividends paid	-	720	-	683

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

During 2019, 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	225,323	50,00%	-	-	8,945	121,607
Vento XIX portfolio	100,274	20,00%	31,782	-	-	51,837
Flat Rock Windpower II LLC	92,251	50,00%	-	-	-	46,125
Compañía Eólica Aragonesa	109,738	50,00%	-9,039	-	-	45,830
Evolución 2000	18,406	49,15%	1,867	2,667	-	13,581
Nation Rise portfolio	41,974	25,00%	367	-	-	10,861
Goldfinger Ventures II portfolio	185,572	50,00%	-13,650	-	-	79,136
Goldfinger Ventures portfolio	137,831	50,00%	-9,679	-	-	59,237
Parque Eólico Belmonte	7,039	29,90%	-	1,726	-	3,830
Desarrollos Eólicos de Canarias	3,405	44,75%	-	6,479	-	8,003
Parque Eólico Sierra del Madero	34,419	42,00%	-	-	-	14,456

Nation Rise is in the construction phase of a 100 MW wind farm in Ontario, Canada. This facility was scheduled to begin commercial operations in the first quarter of 2020. On December 6th, 2019, the Ontario Minister of the Environment, Conservation and Parks issued a decision to revoke Nation Rise's Renewable Energy Approval (REA). This was a reversal of prior approvals by the same Ministry and was also previously ratified by the Environmental Review Tribunal. As a result of this decision, EDPR was forced to halt all construction activities. Immediately following this revocation, Nation Rise filed a Notice of Application for Judicial Review of the Ministers revocation of the REA. Subsequent to the filing for judicial review, Nation Rise was successful in obtaining a determination of force majeure, providing for a delay in the start date of the project's power sales contract. While there can be no certainty as to the outcome of the Judicial Review at this time, EDPR believes that the facts underpinning the case are persuasive and the grounds for quashing the decision of the Minister compelling.

During 2018, 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	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)

EDPR commitments to provide funding to Joint Ventures as at 31 December 2019 are:

THOUSAND EUROS					2019
		CAPITAL OUTSTANDING BY MATURITY			
	TOTAL	LESS THAN 1 YEAR	FROM 1 TO 3 YEARS	FROM 3 TO 5 YEARS	MORE THAN 5 YEARS
EDPR Commitments to provide funding to Joint Ventures	67,533	67,533	-	-	-
	67,533	**67,533**	**-**	**-**	**-**

EDPR Commitments to provide funding for Joint Ventures refer to:

- Commited funds for Offshore projects through formalized shareholder's loan agreements which outstanding undisbursed amount as of December 31, 2019 is 16,911 thousand Euros;

- Commited funds for Offshore projects through formalized capital contributions which outstanding undisbursed amount as of December 31, 2019 is 9,792 thousand Euros;

- Commited funds by EDPR North America in relation to Goldfinger joint ventures that refers to the outstanding obligation to complete the construction of the related solar farm facilities in the amount of 40,830 thousand Euros.

EDPR commitments to provide funding to Joint Ventures as at 31 December 2018 are:

THOUSAND EUROS					2018
		CAPITAL OUTSTANDING BY MATURITY			
	TOTAL	LESS THAN 1 YEAR	FROM 1 TO 3 YEARS	FROM 3 TO 5 YEARS	MORE THAN 5 YEARS
EDPR Commitments to provide funding to Joint Ventures	128,766	111,800	16,976	-	-
	128,766	**111,800**	**16,976**	**-**	**-**

EDPR Commitments to provide funding for Joint Ventures refer to:

- Commited funds for Offshore projects amounting to 70,261 thousand Euros;

- Commited 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.

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 60,000 thousand Euros and 318,097 thousand Euros respectively. Further, EDP Energías de Portugal Sucursal en España has granted financial and operational guarantees to EDPR's joint ventures in the amount of 250,011 thousand Euros and 11,127 thousand Euros respectively.

EDPR does not expect any significant liability arising from these financial and operational guarantees provided.

21. DEFERRED TAX ASSETS AND LIABILITIES

EDP Renováveis Group records the tax effect resulting from temporary differences between the assets and liabilities determined on an accounting basis and on a tax basis. As at a December 31st, 2019, on a consolidated basis, the movement by nature of Net Deferred Tax Assets and Liabilities are as follows:

THOUSAND EUROS	NET DEFERRED TAX ASSETS				
	BALANCE AT 31.12.2019	MOV. RESULTS	MOV. RESERVES	PERIMETER VARIATIONS, EXCHANGE DIFFERENCES AND OTHERS	BALANCE AT 31.12.2018
Tax losses and tax credits	701,336	2,369	-	9,769	689,198
Provisions	11,538	-1,976	3	-9,652	23,163
Financial instruments	14,305	-14	-19,536	-587	34,442
Property plant and equipment	52,232	-111	-	-4,454	56,797
Non-deductible financial expenses	35,502	-101	-	9,371	26,232
Other temporary differences	40,605	15,689	3,513	-389	21,792
Assets/liabilities compensation of deferred taxes	-729,346	-32,798	-3,859	-15,555	-677,134
	126,172	**-16,942**	**-19,879**	**-11,497**	**174,490**

THOUSAND EUROS	NET DEFERRED TAX LIABILITIES				
	BALANCE AT 31.12.2019	MOV. RESULTS	MOV. RESERVES	PERIMETER VARIATIONS, EXCHANGE DIFFERENCES AND OTHERS	BALANCE AT 31.12.2018
Financial instruments	6,119	1,439	2,749	-27	1,958
Property plant and equipment	323,362	18,493	-	-35,516	340,385
Allocation of fair value to assets and liabilities acquired	384,082	7,597	-	-72,038	448,523
Income from institutional partnerships (US wind farms)	348,976	6,182	58	669	342,067
Other temporary differences	26,870	8,613	3,446	7,548	7,263
Assets/liabilities compensation of deferred taxes	-733,925	-33,702	-5	-23,084	-677,134
	355,484	**8,622**	**6,248**	**-122,448**	**463,062**

The compensation between deferred tax assets and liabilities is performed at each subsidiary, and therefore the consolidated financial statements reflect the total deferred tax assets and deferred tax liabilities of the Group's subsidiaries.

The Group tax losses carried forward are analysed as follows:

THOUSAND EUROS	31 DEC 2019	31 DEC 2018
EXPIRATION DATE		
2019	-	6,258
2020	8,787	15,213
2021	47,691	50,203
2022	15,860	21,620
2023	34,799	36,193
2024	31,288	30,882
2025	10,897	13,432
2026 to 2040	2,221,883	2,189,681
Without expiration date	248,522	423,269
	2,619,727	**2,786,751**

In addition to the above, EDPR North America LLC has State tax losses that are recorded in the Group's accounts. The associated deferred tax asset raised to 79,220 thousand Euros on December 31st, 2018, and to 78,668 thousand Euros at the end of the current year

22. INVENTORIES

This caption is analysed as follows:

THOUSAND EUROS	31 DEC 2019	31 DEC 2018
Advances on account of purchases	669	1,000
Finished and intermediate products	13,352	13,084
Raw and subsidiary materials and consumables	20,064	21,550
	34,085	**35,634**

23. DEBTORS AND OTHER ASSETS FROM COMMERCIAL ACTIVITIES

Debtors and other assets from commercial activities are analysed as follows:

THOUSAND EUROS	31 DEC 2019	31 DEC 2018
DEBTORS AND OTHER ASSETS FROM COMMERCIAL ACTIVITIES - NON-CURRENT		
Trade receivables	1,355	2,094
Deferred costs	15,369	17,881
Sundry debtors and other operations	2,216	524
	18,940	**20,499**
DEBTORS AND OTHER ASSETS FROM COMMERCIAL ACTIVITIES - CURRENT		
Trade receivables	228,188	260,643
Prepaid turbine maintenance	-	6,172
Services rendered	5,808	8,698
Advances to suppliers	6,160	6,214
Sundry debtors and other operations	45,103	32,390
	285,259	**314,117**
Impairment losses	-1,187	-328
	303,012	**334,288**

Decrease of trade receivables-current, besides the normal course of the business, is mainly explained by the sale of EDPR Participaciones S.L., EDP Renewables France S.A.S. and subsidiaries (see note 6) in the amount of 34,602 thousand Euros and the sale of the Babilônia porfolio of companies (see note 6) in the amount of 5,480 thousand Euros. The amount as at 31 December 2019 principally refers to EDPR EU in the amount of 118,490 thousand Euros (157,558 thousand Euros as at 31 December 2018) and to EDPR NA in the amount of 86,374 thousand Euros (85,446 thousand Euros as at 31 December 2018), which mainly includes electricity generation invoicing.

Following the adoption of IFRS 9 on 1 January 2018, the caption of Debtors and other assets from commercial activities – Current includes 1,187 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 2019.

Sundry debtors and other operations – current include deferred costs in the amount of 24,141 thousand Euros (32,283 thousand Euros as at 31 December 2018).

The credit risk analysis are disclosed in note 5, under the Counterparty credit risk management section.

24. OTHER DEBTORS AND OTHER ASSETS

Other debtors and other assets are analysed as follows:

THOUSAND EUROS	31 DEC 2019	31 DEC 2018
OTHER DEBTORS AND OTHER ASSETS - NON-CURRENT		
Loans to related parties	2,686	23,498
Derivative financial instruments	11,081	19,022
Sundry debtors and other operations	93,429	67,529
	107,196	**110,049**
OTHER DEBTORS AND OTHER ASSETS - CURRENT		
Loans to related parties	8,234	17,384
Derivative financial instruments	20,347	10,489
Sundry debtors and other operations	364,789	342,944
	393,370	**370,817**
	500,566	**480,866**

Variation in loans to related parties – Non current is mainly related to the reclassification to assets held for sale (see note 27) of the loans granted to: i) 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.; ii) the UK offshore company Moray Offshore Renewable Power Ltd and; iii) the Portuguese offshore company Windplus S.A. Loans granted to these companies as at 31 December 2018 amounted to 22,705 thousand Euros.

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 in 2018 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) 19,738 thousand Euros related to Interconnection and transmission deposits in EDPR NA; (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 (iv) 16,352 thousand Euros as advances for the acquisition of the Italian project Aria del Vento.

Loans to related parties - Current mainly include loans granted to the equity consolidated company Parque Eólico Sierra del Madero, S.A. in the amount of 8,125 thousand Euros as at 31 December 2019 (12,745 thousand Euros as at 31 December 2018).

Sundry debtors –Current mainly includes: (i) 132,227 thousand Euros related to estimated proceeds for the sale of the portfolio of companies Babilônia (see note 6); (ii) 123,041thousand Euros of financing proceeds Nation Rise project in which EDPR lost control in 2018 due to the sale of 75% shareholding but EDPR retains the right to receive specified funds raised by the entity, upon successful completion of performance obligation (see note 20 and 35); and iii) 54,506 thousand Euros for loans related with the transaction of acquisition of the certain projects by the Joint Ventures Goldfinger Ventures and Goldfinger Ventures II.

For derivatives, refer to note 37.

25. CURRENT TAX ASSETS

Current tax assets is analysed as follows:

THOUSAND EUROS	31 DEC 2019	31 DEC 2018
Income tax	17,985	24,130
Value added tax (VAT)	29,266	30,570
Other taxes	8,279	4,826
	55,530	**59,526**

26. CASH AND CASH EQUIVALENTS

Cash and cash equivalents are analysed as follows:

THOUSAND EUROS	31 DEC 2019	31 DEC 2018
Cash	38	17
BANK DEPOSITS		
Current deposits	95,347	200,734
Term deposits	49,419	101,917
Specific demand deposits in relation to institutional partnerships	60,957	82,924
	205,723	**385,575**
Other short term investments	375,998	165,951
	581,759	**551,543**

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 33), 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" essentially included, as at 31 December 2019 and 2018, the debit balance of the current account with EDP Servicios Financieros España S.A. in accordance with the terms and conditions of the contract signed between the parties (see note 39).

27. 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 k).

This caption is analysed as follows:

THOUSAND EUROS	31 DEC 2019		31 DEC 2018	
	ASSETS HELD FOR SALE	LIABILITIES HELD FOR SALE	ASSETS HELD FOR SALE	LIABILITIES HELD FOR SALE
Electricity generation assets – EDPR NA - Offshore	75,124	10,317	-	-
Electricity generation assets – EDPR EU - Offshore	138,596	16,426	7,546	-
Electricity generation assets – Others - Offshore	474	12	-	-
	214,194	**26,755**	**7,546**	**-**

Electricity generation assets – EDPR NA, EDPR EU, Others - Offshore

On May 2019, EDPR and Engie announced the signing of a strategic Memorandum of Understanding (MoU), to create a co-controlled 50/50 joint-venture in fixed and floating offshore wind. Under the terms of the MoU, EDPR and ENGIE, will combine their offshore business in this joint-venture. An agreement was signed by EDPR and Engie on January 23, 2020 and is subject to certain conditions precedent (see note 41).

Current EDPR offshore projects are located in the USA, UK, France, Portugal, Poland, Republic of Korea, Japan and in the Netherlands, whith a holding company in Spain. As a consequence of such agreement, and according to the analysis performed under IFRS 5 and IFRS 10, the transaction is considered highly probable and related assets and liabilities for the companies developing the offshore projects, principally joint ventures, have been classified as held for sale. Detail of assets and liabilities reclassified to held for sale, by country, are as follows:

- USA: Includes (i) the value of the equity investment of the equity consolidated company Mayflower Wind Energy LLC in the amount of 71,640 thousand Euros; and (ii) net assets of the fully consolidated company EDPR Offshore North America LLC in the amount of -6,832 thousand Euros.
- UK: Includes (i) net assets of the fully consolidated company Moray Offshore Renewable Power Limited in the net amount of 54,683 thousand Euros; (ii) net assets of the fully consolidated company EDPR UK Limited in the amount of 279 thousand Euros (iii) the value of the equity investment and shareholder loans in the equity consolidated company Moray East Holdings Limited in the net amount of -20,762 thousand Euros; and (iv) the value of the equity investment in the equity consolidated company Moray West Holdings Limited in the net amount of 9,197 thousand Euros.
- France: Includes (i) the value of the equity investment and shareholder loans in the equity consolidated company Éoliennes en Mer Dieppe - Le Tréport, S.A.S. in the net amount of 17,895 thousand Euros (ii) the value of the equity investment and shareholder loans in the equity consolidated company Éoliennes en Mer Îles d'Yeu et de Noirmoutier, S.A.S. in the net amount of 16,162 thousand Euros; (iii) net assets of the fully consolidated company EDPR Offshore France, S.A.S. in the amount of 1,159 thousand Euros; (iv) the value of the equity investment in the equity consolidated company Dunkerque Éoliennes en Mer, S.A.S. in the net amount of 3 thousand Euros; (v) shareholder loans granted to the equity consolidated company Les Eoliennes Flottantes du Golfe du Lion in the amount of 3,168 thousand Euros; and (vi) the value of the equity investment in the equity consolidated company Les Eoliennes en Mer Services, S.A.S in the net amount of 400 thousand Euros;
- Portugal: Includes the shareholder loans granted to the equity consolidated company Windplus S.A. in the amount of 26,751 thousand Euros.
- Poland: Includes (i) net assets of the fully consolidated company B-Wind Polska, Sp. z o.o. in the net amount of 4,192 thousand Euros; (ii) net assets of the fully consolidated company C-Wind Polska, Sp. z o.o. in the amount of 5,798 thousand Euros; and (iii) net assets of the fully consolidated company Relax Wind Park IV, Sp. z o.o. in the amount of 1,601 thousand Euros.
- Republic of Korea: Includes the net assets of the equity consolidated company Korean Floating Wind Power Co., Ltd. in the amount of 379 thousand Euros.
- Japan: Includes the net assets of the fully consolidated company EDPR Japan GK in the net amount of 83 thousand Euros.
- Netherlands: Includes the net assets of the fully consolidated companies Fluctus V, B.V., Ventum Ventures III Holding, B.V. and Fluctus VII, B.V. and the value of the equity investment in the companies Frontier Beheer Nederland, B. V. and Frontier, C.V. in the net amount of 1 thousand Euros.

- Spain: Includes (i) the net assets of the fully consolidated holding company EDPR Offshore España, S.L. in the net amount of -5,464 thousand Euros; and (ii) the net assets of the fully consolidated company EDPR FS Offshore, S.A. in the net amount of 3,453 thousand Euros.

With respect to the balances as at 31 December 2018, EDPR Group committed in 2017 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 wouldl be disposed in subsequent transactions, i.e. 10% of shareholding and loans, were recognised in assets held for sale in the amount of 7,546 thousand Euros.

28. SHARE CAPITAL AND SHARE PREMIUM

At 31 December 2019 and 2018, 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 2019 and 2018 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

There was no movements in Share capital and Share premium during 2019. The Share Premium is freely distributable.

Earnings per share attributable to the shareholders of EDPR are analysed as follows:

	31 DEC 2019	31 DEC 2018
Profit attributable to the equity holders of the parent (in thousand Euros)	475,128	313,365
Profit from continuing operations attributable to the equity holders of the parent (in thousand Euros)	475,128	313,365
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)	0.54	0.36
Earnings per share (diluted) attributable to equity holders of the parent (in Euros)	0.54	0.36
Earnings per share (basic) from continuing operations attributable to the equity holders of the parent (in Euros)	0.54	0.36
Earnings per share (diluted) from continuing operations attributable to the equity holders of the parent (in Euros)	0.54	0.36

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 2019 and 2018.

The average number of shares was determined as follows:

	31 DEC 2019	31 DEC 2018
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

29. OTHER COMPREHENSIVE INCOME, RESERVES AND RETAINED EARNINGS

This caption is analysed as follows:

THOUSAND EUROS	31 DEC 2019	31 DEC 2018
OTHER COMPREHENSIVE INCOME		
Fair value reserve (cash flow hedge)	-50,903	-109,962
Fair value reserve (equity instruments at fair value)	6,272	6,364
Exchange differences - Currency translation arising on consolidation	455,827	464,516
Exchange differences - Net investment hedge	-535,701	-533,443
Exchange differences - Net investment hedge - Cost of hedging	-112	-
	-124,617	**-172,525**
OTHER RESERVES AND RETAINED EARNINGS		
Retained earnings and other reserves	1,572,115	1,320,887
Additional paid in capital	60,666	60,666
Legal reserve	75,971	73,045
	1,708,752	**1,454,598**
	1,584,135	**1,282,073**

Currency translation reserve - Net investment hedge and Cost of hedging

The changes in these captions for the period are as follows:

THOUSAND EUROS	NET INVESTMENT HEDGE	COST OF HEDGING
Balance as at 31 December 2018	**-533,443**	**-**
Changes in fair value	-2,258	-112
Transfer to income statement resulting from the sale of a foreign subsidiary	-	-
BALANCE AS AT 31 DECEMBER 2019	**-535,701**	**-112**

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 2019 profits distribution to be presented in the Annual General Meeting is as follows:

	EUROS
BASE FOR DISTRIBUTION	
Loss for the period 2019	-8,788,570.89
Retaining earnings from previous periods	69,784,652.96
DISTRIBUTION	
Prior years' losses	-8,788,570.89
Dividends	69,784,652.96

The EDP Renováveis, S.A. Board of Directors proposal for 2018 profits distribution that was presented in the Annual General Meeting is as follows:

	EUROS
BASE FOR DISTRIBUTION	
Profit for the period 2018	29,258,492.73
Retaining earnings from previous periods	34,728,927.88
DISTRIBUTION	
Legal reserve	2,925,849.27
Dividends	61,061,571.34

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 (equity instruments at fair value)

This reserve includes the cumulative net change in the fair value of equity instruments at fair value as at the balance sheet date.

	THOUSAND EUROS
Balance as at 1 January 2018	**6,499**
Parque Eólico Montes de las Navas, S.L.	-135
Balance as at 31 December 2018	**6,364**
Parque Eólico Montes de las Navas, S.L.	-92
BALANCE AS AT 31 DECEMBER 2019	**6,272**

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 AT 31 DECEMBER 2019		EXCHANGE RATES AT 31 DECEMBER 2018	
		CLOSING RATE	AVERAGE RATE	CLOSING RATE	AVERAGE RATE
US Dollar	USD	1.123	1.120	1.145	1.181
Zloty	PLN	4.257	4.298	4.301	4.261
Brazilian Real	BRL	4.516	4.414	4.444	4.307
New Leu	RON	4.783	4.745	4.664	4.654
Pound Sterling	GBP	0.851	0.878	0.895	0.885
Canadian Dollar	CAD	1.460	1.486	1.561	1.529
Mexican Peso	MXN	21.22	21.56	22.49	22.71
Colombian Peso	COP	3,686	3,674	-	-
Japanese Yen	JPY	121.9	122.0	-	-

30. NON-CONTROLLING INTERESTS

This caption is analysed as follows:

THOUSAND EUROS	31 DEC 2019	31 DEC 2018
Non-controlling interests in income statement	147,539	158,804
Non-controlling interests in share capital and reserves	1,214,322	1,454,586
	1,361,861	**1,613,390**

Non-controlling interests, by subgroup, are analysed as follows:

THOUSAND EUROS	31 DEC 2019	31 DEC 2018
EDPR NA Group	914,554	906,747
EDPR EU Group	369,398	644,455
EDPR BR Group	77,909	62,188
	1,361,861	**1,613,390**

The movement in non-controlling interests of EDP Renováveis Group is mainly related to:

THOUSAND EUROS	31 DEC 2019	31 DEC 2018
Balance as at 1 January	1,613,390	1,560,175
Dividends distribution	-44,707	-62,439
Net profit for the year	147,539	158,804
Exchange differences arising on consolidation	17,072	30,021
Acquisitions and sales without change of control	-23,023	-9,860
Increases/(Decreases) of share capital	-57,720	-64,020
Other changes	-290,690	709
BALANCE AS AT 31 DECEMBER	**1,361,861**	**1,613,390**

Acquisitions and sales without change of control includes 23,067 thousand Euros related to the acquisition of non-controlling interests in Romania (see note 6).

Other changes mainly include a decrease amounting 289,345 thousand Euros related to the sale of the companies EDPR Participaciones S.L., EDP Renewables France S.A.S. and subsidiaries (see note 6) where non-controlling interest held certain stake in these companies.

31. FINANCIAL DEBT

Financial debt current and Non-current is analysed as follows:

THOUSAND EUROS	31 DEC 2019	31 DEC 2018
FINANCIAL DEBT - NON-CURRENT		
Bank loans:		
- EDPR EU Group	361,397	335,659
- EDPR BR Group	112,031	211,147
- EDPR NA Group	215,280	221,015
Loans received from EDP group entities:		
- EDP Renováveis, S.A.	460,444	583,919
- EDP Renováveis Servicios Financieros, S.L.	1,449,186	1,855,942
Other loans:		
- EDPR EU Group	350	173
TOTAL DEBT AND BORROWINGS - NON-CURRENT	**2,598,688**	**3,207,855**
Collateral Deposits - Non-current (*)		
Collateral Deposit - Project Finance and others	- 20 393	- 25,466
TOTAL COLLATERAL DEPOSITS - NON-CURRENT	**-20,393**	**-25,466**

THOUSAND EUROS	31 DEC 2019	31 DEC 2018
FINANCIAL DEBT - CURRENT		
Bank loans:		
- EDPR EU Group	53,872	83,153
- EDPR BR Group	13,147	15,293
- EDPR NA Group	12,806	15,258
Loans received from EDP group entities:		
- EDP Renováveis, S.A.	134,239	-
- EDP Renováveis Servicios Financieros, S.L.	569,003	300,244
Other loans:		
- EDPR EU Group	147	147
Interest payable	34,635	28,035
TOTAL DEBT AND BORROWINGS - CURRENT	**817,849**	**442,130**
Collateral Deposits - Current (*)		
Collateral Deposit - Project Finance and others	- 11,446	- 13,185
TOTAL COLLATERAL DEPOSITS - CURRENT	**- 11,446**	**- 13,185**
TOTAL DEBT AND BORROWINGS – CURRENT AND NON-CURRENT	**3,416,537**	**3,649,985**
TOTAL DEBT AND BORROWINGS NET OF COLLATERALS – CURRENT AND NON-CURRENT	**3,384,698**	**3,611,334**

(*) 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 2019 mainly refer to a set of loans granted by EDP Finance BV amounting to 1,939,844 thousand Euros, including accrued interests and deducted of debt origination fees (1,465,043 thousand Euros non-current and 474,801 thousand Euros current) and by EDP Servicios Financieros España S.A. amounting to 706,889 thousand Euros (444,587 thousand Euros non-current and 262,302 thousand Euros current). The bundled average maturity regarding long-term loans is approximately 2 and a half years and bear interest at weighted average fixed market rates of 2.3% for EUR loans and 4.4% for USD loans.

The main events regarding financing of the period refer to: i) sale of the Brazilian portfolio of Babilônia companies (see note 6) that implies a decrease in non-current and current financial debt in the amount of 150,590 thousand Euros and 5,454 thousand Euros respectively; ii) new project finance for the Portuguese company Eólica da Linha, S.A. in the amount of 79,620 thousand Euros; and iii) sale of EDPR Participaciones S.L., EDP Renewables France S.A.S. and subsidiaries (see note 6) that implies a decrease in non-current and current financial debt in the amount of 22,905 thousand Euros and 13,246 thousand Euros respectively.

As at 31 December 2019, future debt and borrowings payments and accrued interest by type of loan and currency are analysed as follows:

THOUSAND EUROS	2020	2021	2022	2023	2024	FOLLOWING YEARS	TOTAL
BANK LOANS							
Euro	40,817	43,687	43,997	40,989	39,302	117,166	325,958
American Dollar	18,198	12,605	12,348	12,612	12,720	150,836	219,319
Brazilian Real	13,540	9,463	13,232	4,132	3,443	83,159	126,969
Others	8,133	10,033	14,049	17,763	21,572	32,778	104,328
	80,688	**75,788**	**83,626**	**75,496**	**77,037**	**383,939**	**776,574**
LOANS RECEIVED FROM EDP GROUP							
Euro	262,302	-	211,587	233,000	-	-	706,889
American Dollar	476,011	422,824	329,357	249,243	463,935	-	1,941,370
	738,313	**422,824**	**540,944**	**482,243**	**463,935**	**-**	**2,648,259**
OTHER LOANS							
Euro	153	104	34	211	-	-	502
	153	**104**	**34**	**211**	**-**	**-**	**502**
Origination fees	-1,305	-765	-831	-735	-745	-4,417	-8,798
	817,849	**497,951**	**623,773**	**557,215**	**540,227**	**379,522**	**3,416,537**

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	2019
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**
LOANS RECEIVED FROM EDP GROUP							
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**

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 2019, these financings amount to 771,854 thousand Euros (31 December 2018: 891,475 thousand Euros), which are included within the financial debt caption. At 31 December 2019, the Group confirms the fulfillment of all the covenants of the Project Finance Portfolio under the Facilities Agreements.

The fair value of EDP Renováveis Group's debt is analysed as follows:

THOUSAND EUROS	31 DEC 2019		31 DEC 2018	
	CARRYING VALUE (*)	MARKET VALUE	CARRYING VALUE (*)	MARKET VALUE
Financial debt - Non-current	2,598,688	2,640,975	3,207,855	3,375,854
Financial debt - Current	817,849	817,849	442,130	442,130
	3,416,537	**3,458,824**	**3,649,985**	**3,817,984**

(*) Net of origination fees

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.

32. PROVISIONS

Provisions are analysed as follows:

THOUSAND EUROS	31 DEC 2019	31 DEC 2018
Dismantling and decommission provisions	**270,353**	**288,503**
Provision for other liabilities and charges	**7,514**	**6,467**
- Long-term provision for other liabilities and charges	1,847	1,219
- Short-term provision for other liabilities and charges	5,667	5,248
Employee benefits	**180**	**348**
	278,047	**295,318**

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 corresponding accounting policy. The above amount refers to: (i) 139,475 thousand Euros for wind farms in Europe (31 December 2018: 166,810 thousand Euros); (ii) 128,615 thousand Euros for wind farms in North America (31 December 2018: 119,082 thousand Euros); and (iii) 2,263 thousand Euros for wind farms in Brazil (31 December 2018: 2,611 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 2019	31 DEC 2018
Balance at the beginning of the year	288,503	269,454
Capitalised amount for the year	10,310	12,937
Changes in the perimeter	-35,865	-3,725
Unwinding	5,462	4,999
Exchange differences	2,154	4,838
Others	-211	-
BALANCE AT THE END OF THE YEAR	**270,353**	**288,503**

Changes in the perimeter includes a decrease in the amount of 35,243 thousand Euros due to the sale of EDPR Participaciones S.L, EDP Renewables France S.A.S. and subsidiaries (see note 6) and a decrease in the amount of 621 thousand Euros due to the sale of the Brazilian portfolio of companies Babilônia (see note 6).

There were no significant movements in provisions for other liabilities and charges either in 2019 or in 2018.

33. INSTITUTIONAL PARTNERSHIPS IN U.S. WIND FARMS

This caption is analysed as follows:

THOUSAND EUROS	31 DEC 2019	31 DEC 2018
Deferred income related to benefits provided	1,002,871	961,783
Liabilities arising from institutional partnerships in U.S. wind farms	1,286,913	1,269,466
	2,289,784	**2,231,249**

The movements in Institutional partnerships in U.S. wind farms are analysed as follows:

THOUSAND EUROS	31 DEC 2019	31 DEC 2018
Balance at the beginning of the period	2,231,249	2,163,722
Proceeds received from institutional investors	188,490	402,299
Deferred transaction costs	-2,235	-3,548
Cash paid to institutional investors	-82,480	-173,398
Income (see note 7)	-181,570	-185,171
Unwinding (see note 14)	85,320	80,135
Loss of control of companies with institutional partnerships	-	-162,123
Exchange differences	42,832	102,067
Others	8,178	7,266
BALANCE AT THE END OF THE PERIOD	**2,289,784**	**2,231,249**

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 2019, EDPR Group, through its subsidiary EDPR NA, has secured and received proceeds amounting to 188,490 thousand Euros related to institutional equity financing from a leading financial institution, in exchange for an interest in the Vento XX portfolio.

Cash paid to institutional investors includes 28,595 thousand Euros related to the pre-flip acquisition by EDPR of class B interests that institutional investors had in the projects Vento II, Vento IV and Vento V. EDPR additionally paid, in the context of this transaction, an amount of 18,026 thousand Euros that corresponds to the 5% residual interest that institutional investors had in such projects.

Others mainly include proceeds received by EDPR during 2019 amounting to 8,521 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.

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.

34. TRADE AND OTHER PAYABLES FROM COMMERCIAL ACTIVITIES

Trade and other payables from commercial activities are analysed as follows:

THOUSAND EUROS	31 DEC 2019	31 DEC 2018
TRADE AND OTHER PAYABLES FROM COMMERCIAL ACTIVITIES - NON-CURRENT		
Government grants / subsidies for investments in fixed assets	347,770	358,236
Electricity sale contracts - EDPR NA	9,318	11,496
Property, plant and equipment suppliers	36,132	2,045
Other creditors and sundry operations	66,746	47,653
	459,966	**419,430**
TRADE AND OTHER PAYABLES FROM COMMERCIAL ACTIVITIES - CURRENT		
Suppliers	60,500	99,452
Property, plant and equipment suppliers	1,119,486	1,004,958
Other creditors and sundry operations	89,469	71,828
	1,269,455	**1,176,238**
	1,729,421	**1,595,668**

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).

Property plant and equipment suppliers-non current mainly includes success fees payables in the long term for the acquisition of certain projects in Colombia for a total amount of 24,569 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 (see note 6).

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 as a result of the publication of Royal Decree-Law 413/2014 and Order IET/1045/2014.

Property plant and equipment suppliers -current refer to wind and solar farms in construction mainly in the USA in the amount of 968,998 thousand Euros (701,846 thousand Euros as of December 31, 2018), Canada in the amount of 34,566 thousand Euros (924 thousand Euros as of December 31, 2018), Italy in the amount of 28,902 thousand Euros (39,155 thousand Euros as of December 31, 2018) and Spain in the amount of 19,690 thousand Euros (31,704 thousand Euros as of December 31, 2018). This caption also includes success fees payables for the acquisition of certain projects in Brazil, Italy, France and Poland for a total amount of 31,429 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.

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 2019	31 DEC 2018
DAYS		
Average payment period	50	52
Ratio paid operations	50	54
Ratio of pending operations	49	35
TOTAL PAYMENTS MADE	**152,192**	**175,930**
TOTAL OUTSTANDING PAYMENTS	**13,430**	**27,228**

35. OTHER LIABILITIES AND OTHER PAYABLES

Other liabilities and other payables are analysed as follows:

THOUSAND EUROS	31 DEC 2019	31 DEC 2018
OTHER LIABILITIES AND OTHER PAYABLES - NON-CURRENT		
Amount payable for the acquisition of subsidiaries	831	787
Loans from non-controlling interests	210,701	396,919
Derivative financial instruments	135,051	156,126
Rents due from lease contracts	572,993	-
Other creditors and sundry operations	4,398	318
	923,974	**554,150**
OTHER LIABILITIES AND OTHER PAYABLES - CURRENT		
Amount payable for the acquisition of subsidiaries	102,243	290,062
Loans from non-controlling interests	34,383	166,487
Derivative financial instruments	51,150	78,406
Rents due from lease contracts	45,255	-
Other creditors and sundry operations	12,092	5,123
	245,123	**540,078**
	1,169,097	**1,094,228**

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 for a total amount of 32,302 thousand Euros, including accrued interests (31,108 thousand Euros as of 31 December 2018), bearing interest at a fixed rate of 3.75%.

ii) 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 109,287 thousand Euros including accrued interests (119,826 thousand Euros as at 31 December 2018), bearing interest at a fixed rate of a range between 2.95% and 7.23%;

iii) 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 55,474 thousand Euros including accrued interests (63,304 thousand Euros as at 31 December 2018), bearing interest at a fixed rate of 4,50%.

iv) 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 38,654 thousand Euros including accrued interests (31 December 2018: 50,202 thousand Euros), bearing interests at a fixed rate of 5.50%.

The significant decrease in loans from non-controlling interests is mainly related to the sale of EDPR Participaciones S.L., EDP Renewables France S.A.S. and subsidiaries (see note 6). As at 31 December 2018, loans granted by Vortex Energy Investments II due to the sale in 2016 of 49% of shareholding in EDPR Participaciones S.L. and subsidiaries amounted to 215,620 thousand Euros. Additionally, 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 amounted to 52,258 thousand Euros as at 31 December 2018.

Derivative financial instruments non-current includes 102,088 thousand Euros (31 December 2018: 88,486) mainly 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 37 for non-current and current derivatives).

The caption Rents due from lease contracts - Non-Current and Current includes lease liabilities as a consequence of the adopton of IFRS 16 on 1 January 2019 being the initial impact for such adoption an amount of 553,338 thousand Euros and 44,873 thousand Euros respectively (see note 3). Variation in both captions is as follows:

THOUSAND EUROS	31 DEC 2019
Balance as at 1 January	598,211
Increases due to new lease contracts	93,305
Unwinding (note 14)	27,994
Payment of leases	-41,122
Reclassification to held for sale	-4,646
Changes in the perimeter	-53,128
Exchange differences	-1,396
Other changes	-970
BALANCE AT THE END OF THE PERIOD	**618,248**

Changes in the perimeter refers to the sale of EDPR Participaciones S.L., EDP Renewables France S.A.S. and subsidiaries (see note 6). Reclassification to held for sale refer to certain offshore companies that have been reclassified to liabilities held for sale (see note 27).

As at 31 December 2019, the nominal value of the rents due from lease contracts is detailed as follows: (i) less than 5 years: 221,970 thousand Euros; (ii) from 5 to 10 years: 225,090 thousand Euros; (iii) from 10 to 15 years: 230,790 thousand Euros; and (iv) more than 15 years: 470,034 thousand Euros.

Variation in amount payable for the acquisition of subsidiaries – current is mainly related to the remaining cost to incur in the amount of 102,193 thousand Euros (290,012 thousand Euros as of December 31, 2018) for the Vento XIX portfolio and Nation Rise project in which EDPR lost control due to the sale in 2018 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 20, 24 and 6).

36. CURRENT TAX LIABILITIES

This caption is analysed as follows:

THOUSAND EUROS	31 DEC 2019	31 DEC 2018
Income tax	35,276	39,325
Withholding tax	2,816	2,210
Value added tax (VAT)	19,672	16,722
Other taxes	35,064	28,539
	92,828	**86,796**

37. DERIVATIVE FINANCIAL INSTRUMENTS

As of 31 December 2019, the fair value and maturity of derivatives is analysed as follows:

THOUSAND EUROS	FAIR VALUE		NOTIONAL (THOUSAND UNITS)				
	ASSETS	LIABILITIES	UNITS	UNTIL 1 YEAR	1 TO 5 YEARS	MORE THAN 5 YEARS	TOTAL
NET INVESTMENT HEDGE							
Cross currency rate swaps	3,165	-133,938	EUR	597,988	1,670,786	-	2,268,774
	3,165	**-133,938**					
CASH FLOW HEDGE							
Power price swaps	22,107	-29,330	MWh	11,080	11,972	3,088	26,140
Interest rate swaps	114	-15,383	EUR	108,087	406,074	145,303	659,464
Currency forwards	3	-5,458	EUR	43,616	74,111	-	117,727
	22,224	**-50,171**					
TRADING							
Power price swaps	4,466	-1,201	MWh	1,814	2,179	-	3,993
Cross currency rate swaps	-	-407	EUR	-	38,881	-	38,881
Currency forwards	1,573	-484	EUR	87,848	22,887	-	110,735
	6,039	**-2,092**					
	31,428	**-186,201**					

As of 31 December 2018, the fair value and maturity of derivatives is analysed as follows:

THOUSAND EUROS	FAIR VALUE		NOTIONAL (THOUSAND UNITS)				
	ASSETS	LIABILITIES	UNITS	UNTIL 1 YEAR	1 TO 5 YEARS	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**					

The fair value of derivative financial instruments is recorded under Other debtors and other assets (note 24) or Other liabilities and other payables (note 35), if the fair value is positive or negative, respectively.

The net investment derivatives are mainly related to the CIRS in USD and EUR with EDP Finance as referred in the notes 39 and 40. The net investment derivatives also include CIRS in CAD, GBP, 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. 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, 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 40) and no changes of level were made during this period.

In 2019, 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	-80,538	-153,499	-	-234,037
	-80,538	**-153,499**	**-**	**-234,037**
CASH FLOW HEDGE				
Power price swaps	-10,275	-3,312	-	-13,587
Interest rate swaps	-5,299	-11,080	-	-16,379
Currency forwards	-3,692	-1,014	-	-4,706
	-19,266	**-15,406**	**-**	**-34,672**
TRADING				
Power price swaps	1,760	89	-	1,849
Cross currency rate swaps	-563	-	-	-563
	1,197	**89**	**-**	**1,286**
	-98,607	**-168,816**	**-**	**-267,423**

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	HEDGING INSTRUMENT	HEDGED ITEM	31 DEC 2019 CHANGES IN FAIR VALUE INSTRUMENT	RISK	31 DEC 2018 CHANGES IN FAIR VALUE INSTRUMENT	RISK
Net Investment hedge	Cross currency rate swaps	Subsidiary accounts in USD, PLN, BRL, GBP and CAD	-49,179	-47,901	195,623	-194,549
Cash-flow hedge	Interest rate swap	Interest rate	635	-	4,775	-
Cash-flow hedge	Power price swaps	Power price	101,131	-	-66,621	-
Cash-flow hedge	Currency forward	Exchange rate	-7,864	-	2,409	-
			44,723	**47,901**	**136,186**	**-194,549**

During 2019 and 2018 the following market inputs were considered for the fair value calculation:

INSTRUMENT	MARKET INPUT
Cross currency interest rate swaps	Fair value indexed to the following interest rates: Euribor 3M, Libor 3M, daily brazilian CDI, CAD-BA-CDOR 3M, Wibor 3M; and exchange rates: EUR/BRL, EUR/PLN, EUR/CAD EUR/GBP and EUR/USD.
Interest rate swaps	Fair value indexed to the following interest rates: Euribor 6M, Wibor 6M, Libor 3M and CAD-BA-CDOR 3M.
Foreign exchange forwards	Fair value indexed to the following exchange rates: EUR/USD, 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 2019	31 DEC 2018
BALANCE AT THE BEGINNING OF THE YEAR	**-143,419**	**-62,658**
Fair value changes	91,963	-62,751
Transfers to results	305	105
Non-controlling interests included in fair value changes	-1,423	-788
Effect of derivatives in the equity consolidated portfolio Moray East	-12,668	-21,138
Others	-294	3,811
BALANCE AT THE END OF THE YEAR	**-65,536**	**-143,419**

The gains and losses on the financial instruments portfolio booked in the income statement are as follows:

THOUSAND EUROS	31 DEC 2019	31 DEC 2018
Net investment hedge - ineffectiveness	-1,278	1,074
CASH-FLOW HEDGE		
Transfer to results from hedging of financial liabilities	1,346	2,329
Transfer to results from hedging of commodity prices	-1,651	-2,434
Non eligible for hedge accounting derivatives	6,637	2,723
	5,054	**3,692**

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 2019, were as follows:

		EDPR GROUP	
	CURRENCY	PAYS	RECEIVES
INTEREST RATE CONTRACTS			
Interest rate swaps	EUR	[1,06% - 3,67%]	[0,31% - 0,34%]
Interest rate swaps	PLN	[2,48% - 2,78%]	[-1,79%]
Interest rate swaps	USD	[1,86%]	[-2,10%]
Interest rate swaps	CAD	[2,59%]	[-1,97%]
CURRENCY AND INTEREST RATE CONTRACTS			
CIRS (currency interest rate swaps)	EUR/USD	[2,11% - 2,30%]	[-0,38%]
CIRS (currency interest rate swaps)	EUR/CAD	[-0,04% - 2,45%]	[-0,41% - -0,31%]
CIRS (currency interest rate swaps)	EUR/BRL	[5,94% - 5,95%]	[-0,40%]
CIRS (currency interest rate swaps)	EUR/PLN	[-0,04% - 4,69%]	[-0,04% - 2,03%]

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%]

38. COMMITMENTS

As at 31 December 2019 and 2018, 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 2019	31 DEC 2018
GUARANTEES OF OPERATIONAL NATURE		
EDP Renováveis, S.A.	606,984	228,308
EDPR NA Group	825,839	760,594
EDPR EU Group	1,206	-
EDPR BR Group	1,793	9,405
TOTAL	**1,435,822**	**998,307**

The above operating guarantees, which are not included in the consolidated statement of financial position or in the Notes, as at 31 December 2019 and 2018, mainly refer to Power Purchase Agreements (PPA), interconnection, permits and market participation guarantees.

Additionally to the above guarantees, an amount of 199 thousand Euros refer to guarantees of operational nature related to the portfolio of companies Babilônia, that have been sold as at 31 December 2019 (see note 6) although EDPR assumes temporarily the responsibilidy under such guarantees until these are effectively replaced.

Refer to note 39 for guarantees granted by EDP Group companies to EDPR Group companies.

Refer to note 20 for guarantees granted by EDP Group and EDPR Group to joint venture companies.

There are additional financial and operating guarantees granted by EDPR Group that have underlying liabilities already reflected in its Consolidated Statement of Financial Position and/or disclosed in the Notes.

EDPR does not expect any significant liability arising from the above commitments related to financial, operational and real guarantees provided.

The EDPR Group future cash outflows not reflected in the measurement of the lease liabilities and purchase obligations by maturity date are as follows:

THOUSAND EUROS					31 DEC 2019
		CAPITAL OUTSTANDING BY MATURITY			
	TOTAL	UP TO 1 YEAR	1 TO 3 YEARS	3 TO 5 YEARS	MORE THAN 5 YEARS
Future Cash Outflows not reflected in the measurement of the Lease Liabilities	140,968	9,241	20,670	15,962	95,095
Purchase obligations	3,671,859	1,586,407	1,640,889	99,820	344,743
	3,812,827	**1,595,648**	**1,661,559**	**115,782**	**439,838**

THOUSAND EUROS					31 DEC 2018
		CAPITAL OUTSTANDING BY MATURITY			
	TOTAL	UP TO 1 YEAR	1 TO 3 YEARS	3 TO 5 YEARS	MORE THAN 5 YEARS
Operating lease rents not yet due	1,148,626	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**

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 in 2018 were essentially related with the land where the wind farms are built. As from 1 January 2019 onwards EDPR Group has adopted IFRS 16 and therefore presents the information related to lease contracts in the caption Right-of-use assets. The most significant impact resulting from the initial application of IFRS 16 is the recognition of right of use (ROU) assets and liabilities regarding the rents due from lease contracts for the operating leases. The reconciliation of payable amounts regarding the rents due from lease contracts recognised with the adoption of IFRS 16 on 1 January 2019, and the amount disclosed as of 31 December 2018 as operating lease rents not yet due, is presented in note 3.

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.

39. 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 2019 or 31 December 2018.

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 2019 is 15, while the average number of member during 2018 was 14.

The remuneration paid to the members of the Board of Directors in 2019 and 2018 were as follows:

THOUSAND EUROS	31 DEC 2019	31 DEC 2018
CEO	-	-
Board members	606	691
	606	**691**

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) António Mexia, Vera de Morais Pinto Pereira Carneiro (from March 2019) and Rui Teixeira (from October 2019). 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 2019 is 854 thousand Euros (986 thousand Euros in 2018), of which 764 thousand Euros refers to the management services rendered by the Executive Members and 90 thousand Euros to the management services rendered by the non-executive Members.

The retirement savings plan for the members of the Executive Committee not including the Chief Executive Officer range between 3% to 6% of their annual salary.

In the case of the members of the Executive Committee that are also Directors (Duarte Melo de Castro Bello, COO EU&BR; João Paulo Costeira, COO Offshore & CDO (until February 2019); Spirydon Martinis Spetel, COO Offshore & CDO (from March 2019); 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, João Paulo Costeira (until February 2019) and Spirydon Martinis Spetel with EDP Energias de Portugal S.A. Sucursal en España; and Miguel Ángel Prado Balboa with EDP Renewables North America LLC. The remuneration under these contracts is as follows:

REMUNERATION*	PAYER	FIXED	VARIABLE ANNUAL	VARIABLE MULTI-ANUAL	TOTAL
João Paulo Costeira	EDP Energías de Portugal, S.A. Sucursal en España	31	-	-	31
Duarte Bello	EDP Energías de Portugal, S.A. Sucursal en España	228	85	-	313
Miguel Ángel Prado	EDPR North America LLC	448	133	-	581
Spyridon Martinis	EDP Energías de Portugal S.A. Sucursal en España	190	-	-	190

*All the amounts are in thousand EUR, except Miguel Ángel Prado ones, which are in thousand USD

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 235,717 thousand Euros including accrued interests (29,712 thousand Euros as current and 206,005 thousand Euros as non-current) as at 31 December 2019. As at 31 December 2018, this balance amounted to 264,440 thousand Euros including accrued interests (70,755 thousand Euros as current and 193,684 thousand Euros as non-current). See note 35.

Balances and transactions with EDP Group companies

In their ordinary course of business, EDPR Group companies establish commercial transactions and operations with other Group companies, whose terms reflect current market conditions.

As at 31 December 2019, assets and liabilities with related parties, are analysed as follows:

THOUSAND EUROS			ASSETS
	LOANS AND INTERESTS TO RECEIVE	OTHERS	TOTAL
EDP Energias de Portugal, S.A.	-	16,175	16,175
EDP - Energias de Portugal, S.A. Sucursal en España (EDP Branch)	-	329	329
Joint Ventures and Associated companies	20,161	3,034	23,195
EDP Serviço Universal, S.A.	-	25,629	25,629
EDP Comercializadora, S.A.U.	-	16,779	16,779
EDP Servicios Financieros España, S.A.	-	375,978	375,978
Other EDP Group companies	-	58	58
	20,161	**437,982**	**458,143**

THOUSAND EUROS			LIABILITIES
	LOANS AND INTERESTS TO PAY	OTHERS	TOTAL
EDP Energias de Portugal, S.A.	-	9,856	9,856
EDP - Energias de Portugal, S.A. Sucursal en España (EDP Branch)	-	6,370	6,370
Joint Ventures and Associated companies	-	40	40
EDP Finance B.V.	1,939,844	129,488	2,069,332
EDP Servicios Financieros España, S.A.	706,889	377	707,266
Other EDP Group companies	-	2,429	2,429
	2,646,733	**148,560**	**2,795,293**

Assets mainly refer to:

- Debit balance of the Euro and US Dollar current accounts with EDP Servicios Financieros España, S.A. (see note 26) amounting to 375,978 thousand Euros as at 31 December 2019 (165,951 thousand Euros as at 31 December 2018);
- Loans granted to companies consolidated by the equity method (see note 24);
- 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.
- Derivatives contracted with EDP Energias de Portugal, S.A. which market value as at 31 December 2019 amounts to 10,042 thousand Euros (see note 37).

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 origination fees, of 1,939,844 thousand Euros (31 December 2018: 1,632,024 thousand Euros) and from EDP Servicios Financieros España S.A. in the amount of 706,889 thousand Euros (31 December 2018: 1,122,286 thousand Euros). See note 31;

- 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 2019, the amount payable by EDP Renováveis to EDP Finance BV related to this CIRS amounts to 129,156 thousand Euros (31 December 2018: 101,614 thousand Euros) (see notes 35 and 37).

Transactions with related parties for the year ended 31 December 2019 are analysed as follows:

THOUSAND EUROS	OPERATING INCOME	FINANCIAL INCOME	OPERATING EXPENSES	FINANCIAL EXPENSES
EDP Energias de Portugal, S.A.	3,884	10,596	-1,496	-22,430
EDP Energias de Portugal, S.A. Sucursal en España (EDP Branch)	1,411	-	-16,115	-1,664
EDP HC Energía Group companies (electric sector)		-	-119	-498
Joint Ventures and Associated companies	12,549	12,596	-318	-39
EDP Serviço Universal, S.A.	282,055	-	-3	-
EDP Comercializadora, S.A.U,.	241,818	-	-2,365	-
EDP Finance B.V.	-	-	-	-152,210
EDP Servicios Financieros España, S.A.	-	247	-	-32,234
Other EDP Group companies	444	23	-4,735	-
	542,161	**23,462**	**-25,151**	**-209,075**

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.

As at 31 December 2018, assets and liabilities with related parties, are analysed as follows:

THOUSAND EUROS			ASSETS
	LOANS AND INTERESTS TO RECEIVE	OTHERS	TOTAL
EDP Energias de Portugal, S.A.	-	8,768	8,768
EDP - Energias de Portugal, S.A. Sucursal en España (EDP Branch)	-	10,038	10,038
Joint Ventures and Associated companies	42,635	1,576	44,211
EDP Serviço Universal, S.A.	-	24,680	24,680
EDP Comercializadora, S.A.U.	-	35,389	35,389
EDP Servicios Financieros España, S.A.	-	165,951	165,951
Other EDP Group companies	-	865	865
	42,635	**247,267**	**289,902**

THOUSAND EUROS			LIABILITIES
	LOANS AND INTERESTS TO PAY	OTHERS	TOTAL
EDP Energias de Portugal, S.A.	-	68,597	68,597
EDP - Energias de Portugal, S.A. Sucursal en España (EDP Branch)	-	4,044	4,044
Joint Ventures and Associated companies	-	227	227
EDP Finance B.V.	1,632,024	89,476	1,721,500
EDP Servicios Financieros España, S.A.	1,133,980	654	1,134,634
Other EDP Group companies	-	4,188	4,188
	2,766,004	**167,186**	**2,933,190**

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**

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 2019, EDP España and EDP Energías de Portugal Sucursal en España granted operational guarantees to suppliers in favor of EDP Renováveis S.A. and EDPR NA in the amount of 373,716 thousand Euros (354,979 thousand Euros as at 31 December 2018). The operational guarantees are issued following the commitments assumed by EDPR EU and EDPR NA in relation to Power Purchase Agreements (PPA), interconnection, permits and market participation.

Further, an amount of 5,594 thousand Euros refer to guarantees of operational nature granted by EDP España related to the companies EDPR Participaciones S.L., EDP Renewables France S.AS. and subsidiaries, that were sold on 30 June 2019 (see note 6) although EDPR assumes temporarily the responsibilidy under such guarantees until these are effectively replaced.

Refer to note 20 for guarantees granted by EDP Group and EDPR Group to joint venture companies.

40. 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 2019 and 2018, 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 2019		31 DEC 2018	
	CURRENCIES		CURRENCIES	
	EUR	USD	EUR	USD
3 months	-0.38%	1.91%	-0,31%	2.81%
6 months	-0.32%	1.91%	-0.24%	2.88%
9 months	-0.29%	0.00%	-0.18%	2.97%
1 year	-0.25%	2.00%	-0.12%	3.01%
2 years	-0.29%	1.70%	-0.17%	2.66%
3 years	-0.24%	1.69%	-0.07%	2.59%
5 years	-0.11%	1.73%	0.20%	2.57%
7 years	0.02%	1.80%	0.47%	2.62%
10 years	0.21%	1.90%	0.81%	2.71%

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 37)

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 29. See also note 35.

The fair values of assets and liabilities as at 31 December 2019 and 31 December 2018 are analysed as follows:

THOUSAND EUROS	31 DECEMBER 2019			31 DECEMBER 2018		
	CARRYING AMOUNT	FAIR VALUE	DIFFERENCE	CARRYING AMOUNT	FAIR VALUE	DIFFERENCE
FINANCIAL ASSETS						
Equity instruments at fair value	15,960	15,960	-	8,438	8,438	-
Debtors and other assets from commercial activities	303,012	303,012	-	334,288	334,288	-
Other debtors and other assets	1,269,934	1,269,934	-	451,355	451,355	-
Derivative financial instruments	31,428	31,428	-	29,511	29,511	-
Cash and cash equivalents	581,759	581,759	-	551,543	551,543	-
	2,202,093	**2,202,093**	**-**	**1,375,135**	**1,375,135**	
FINANCIAL LIABILITIES						
Financial debt	3,416,537	3,458,824	42,287	3,649,985	3,817,984	167,999
Suppliers	610,746	610,746	-	1,106,455	1,106,455	-
Institutional partnerships in U.S. wind farms	2,289,784	2,289,784	-	2,231,249	2,231,249	-
Trade and other payables from commercial activities	1,118,675	1,118,675	-	489,213	489,213	-
Other liabilities and other payables	1,063,461	1,063,461	-	859,696	859,696	-
Derivative financial instruments	186,200	186,200	-	234,532	234,532	-
	8,685,403	**8,727,690**	**42,287**	**8,571,130**	**8,739,129**	**167,999**

The fair value levels used to valuate EDP Renováveis Group financial assets and liabilities are defined as follows:

- Level 1 - Quoted prices (unadjusted) in active market for identical assets and liabilities;
- Level 2 - Inputs other than quoted prices included within Level 1 that are observable for assets or liabilities, either directly (i.e. as prices) or indirectly (i.e., derived from prices);
- Level 3 - Inputs for assets or liabilities that are not based on observable market data (unobservable inputs).

THOUSAND EUROS	31 DECEMBER 2019			31 DECEMBER 2018		
	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 1	LEVEL 2	LEVEL 3
FINANCIAL ASSETS						
Equity instruments at fair value	-	-	15,960	-	-	8,438
Derivative financial instruments	-	31,428	-	-	29,511	-
	-	**31,428**	**15,960**	**-**	**29,511**	**8,438**
FINANCIAL LIABILITIES						
Liabilities arising from options with non-controlling interests	-	-	883	-	-	910
Derivative financial instruments	-	186,200	-	-	234,532	-
	-	**186,200**	**883**	**-**	**234,532**	**910**

The remaining assets and liabilities are valuated within Level 1 or correspond to assets and liabilities which fair value is the same as its carrying amount. In 2019, there are no transfers between levels.

The movement in 2019 and 2018 of the financial assets and liabilities within Level 3 are analysed was as follows:

THOUSAND EUROS	EQUITY INSTRUMENTS AT FAIR VALUE		TRADE AND OTHER PAYABLES	
	31 DEC 2019	31 DEC 2018	31 DEC 2019	31 DEC 2018
Balance at the beginning of the year	**8,438**	**8,585**	**910**	**3,722**
Gains / (Losses) in other comprehensive income	-99	-147	-	-
Purchases	7,662	-	-	-
Disposals	-	-	-27	-642
Others	-41	-	-	-2,170
BALANCE AT THE END OF THE YEAR	**15,960**	**8,438**	**883**	**910**

Purchases of equity instruments at fair value refer to the acquisition by EDP Renováveis S.A. of 11% of the share capital of the company Principle Power Inc, and 7,5% of the share capital of the company Rensource Holdings, Inc.

The Trade and other payables within level 3 are related to Liabilities with non-controlling interests.

The movements in 2019 and 2018 of the derivative financial instruments are presented in note 37.

41. RELEVANT SUBSEQUENT EVENTS

EDPR reached an agreement with ENGIE to create a 50:50 joint-venture for offshore wind

EDPR has announced the signing of an agreement with ENGIE to create a co-controlled 50/50 joint-venture (JV) in fixed and floating offshore wind. The agreement signed on January 23rd 2020 follows the announcement, on May 21st 2019, of a strategic Memorandum of Understanding (MoU) to form a new entity as exclusive vehicle of investment of EDPR and ENGIE for offshore wind opportunities worldwide, bringing together the industrial expertise and development capacity of both companies. As agreed, EDPR and ENGIE are combining their offshore wind assets and project pipeline in this new entity.

The agreement is subject to certain conditions precedent such as European Commission regulatory approval process.

EDPR is awarded with long term contracts at the Italian wind energy auction

EDPR, was awarded 20-year Contract-for-Difference ("CfD") at the Italian wind auction to sell electricity to be produced by 3 wind farms with total capacity of 109 MW. The wind farm projects are expected to be installed in 2021.

EDPR secures a PPA for a new solar project in Brazil

EDPR, through its subsidiary EDP Renováveis Brasil, S.A., secured a 19-year private Power Purchase Agreement ("PPA") to sell the energy to be produced by Lagoa solar power plant. Lagoa solar power plant, located in the Brazilian State of Paraíba, has a total capacity of 66 MW and start of operations expected for 2022.

42. 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 5,611 thousand Euros (31 December 2018: 4,613 thousand Euros) refer to costs with the environmental management plan.

Investments of an environmental nature booked as Property, plant and equipment and intangible assets during 2019 amount to 18,343 thousand Euros.

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 270,353 thousand Euros as at 31 December 2018 (31 December 2018: 288,503 thousand Euros) (see note 32).

43. OPERATING SEGMENTS REPORT

The Group generates energy from renewable resources and has three reportable segments which are the Group's business platforms, Europe, North America and Brazil. The strategic business units have operations in different geographic zones and are managed separately because their characteristics are quite different. For each of the strategic business units, the Group's CEO reviews internal management reports on at least a quarterly basis.

The accounting policies of the reportable segments are the same as described in note 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.

44. 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 Law 22/2015 of 20 July, for the year ended in 31 December 2019 and 2018 are as follows:

THOUSAND EUROS				31 DECEMBER 2019
	EUROPE	NORTH AMERICA	BRAZIL	TOTAL
Audit and statutory audit of accounts	1,173	1,328	175	2,676
Other audit-related services	-	-	26	26
	1,173	**1,328**	**201**	**2,702**
Other non-audit services	182 (*)	42	4	228
	182	**42**	**4**	**228**
TOTAL	**1,355(**)**	**1,370**	**205**	**2,930**

(*) 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, 2019 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 644 thousand Euros of services provided by PricewaterhouseCoopers Auditores S.L.. from which 494 thousand Euros refer to audit services and 150 thousand Euros refer to non-audit services.

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.

ANNEX I

The Subsidiary Companies consolidated under the full consolidated method, as at 31 December 2019 and 2018, are as follows:

COMPANY	HEAD OFFICE	AUDITOR	2019 % OF CAPITAL	2019 % OF VOTING RIGHTS	2018 % OF CAPITAL	2018 % 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 Servicios 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 Renovables España, S.L.U.	Oviedo	PwC	100,00%	100,00%	100,00%	100,00%
Acampo Arias, S.L.	Zaragoza	PwC	95,00%	95,00%	95,00%	95,00%
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.	28,27%	44,09%	48,39%	60,09%
Bon Vent de Corbera, S.L.U.	Barcelona	PwC	100,00%	100,00%	100,00%	100,00%
Desarrollos Eólicos de Teruel, S.L.	Zaragoza	n.a.	51,00%	51,00%	51,00%	51,00%
EDPR Amaris S.L.U.	Madrid	n.a.	100,00%	100,00%	0,00%	0,00%
EDPR FS Offshore, S.A.	Oviedo	n.a.	100,00%	100,00%	0,00%	0,00%
EDPR Offshore España, S.L.	Oviedo	PwC	100,00%	100,00%	100,00%	100,00%
EDPR Suvan S.L.U.	Madrid	n.a.	100,00%	100,00%	0,00%	0,00%
EDPR Terral S.L.U.	Madrid	n.a.	100,00%	100,00%	0,00%	0,00%
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 Fontesilva, S.L.U.	La Coruña	PwC	100,00%	100,00%	100,00%	100,00%
Eólica La Brújula, S.A.U.	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 Sierra de Ávila, S.L.U.	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 Voltoya, 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.	Zaragoza	PwC	100,00%	83,96%	100,00%	83,96%
Renovables Castilla La Mancha, S.A.	Madrid	PwC	90,00%	90,00%	90,00%	90,00%
Tébar Eólica, S.A.U.	Madrid	PwC	100,00%	100,00%	100,00%	100,00%
Acampo Arias, S.L.	Zaragoza	PwC	95,00%	95,00%	95,00%	95,00%
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 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 Montenegrelo, 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 Espigão, S.A.	Miranda do Corvo	PwC	100,00%	51,00%	100,00%	51,00%
Eólica do Sincelo, S.A.	Porto	PwC	100,00%	100,00%	100,00%	100,00%
Eólica dos Altos de Salgueiros-Guilhado, S.A.	Vila Pouca de Aguiar	PwC	100,00%	51,00%	100,00%	51,00%
Fotovoltaica Lote A, S.A.	Porto	PwC	100,00%	100,00%	0,00%	0,00%
Malhadizes - Energia Eólica, S.A.	Porto	PwC	100,00%	51,00%	100,00%	51,00%
France						
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%
La Plaine de Nouaille, S.A.S.	Paris	PwC	100,00%	100,00%	100,00%	100,00%
Le Chemin de la Corvée, S.A.S.	Paris	PwC	100,00%	100,00%	100,00%	100,00%
Le Chemin de Saint Druon, S.A.S.	Paris	PwC	100,00%	100,00%	100,00%	100,00%
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%

COMPANY	HEAD OFFICE	AUDITOR	2019 % OF CAPITAL	2019 % OF VOTING RIGHTS	2018 % OF CAPITAL	2018 % OF VOTING RIGHTS
Parc Éolien d'Entrains-sur-Nohain, S.A.S.	Paris	PwC	90,00%	90,00%	100,00%	100,00%
Parc Éolien de Boqueho-Plouagat, S.A.S.	Paris	PwC	100,00%	100,00%	100,00%	100,00%
Parc Eolien de Dionay, S.A.S.	Paris	PwC	100,00%	100,00%	100,00%	100,00%
Parc Éolien de Flavin, S.A.S.	Paris	PwC	100,00%	100,00%	100,00%	100,00%
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%	100,00%	100,00%
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	PwC	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 Paudy, S.A.S.	Paris	PwC	100,00%	100,00%	100,00%	100,00%
Parc Éolien de Prouville, S.A.S.	Paris	PwC	100,00%	100,00%	100,00%	100,00%
Parc Éolien des 7 Domaines, S.A.S.	Paris	n.a.	100,00%	100,00%	100,00%	100,00%
Parc Éolien des Longs Champs, S.A.R.L.	Paris	PwC	100,00%	100,00%	100,00%	100,00%
Parc Eolien Louvières, S.A.R.L.	Paris	n.a.	100,00%	100,00%	100,00%	100,00%
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 Solar, Sp. z o.o.	Warsaw	n.a.	100,00%	100,00%	0,00%	0,00%
B-Wind Polska, Sp. z o.o.	Gdynia	PwC	100,00%	100,00%	0,00%	0,00%
C-Wind Polska, Sp. z o.o.	Gdynia	PwC	100,00%	100,00%	0,00%	0,00%
Elektrownia Wiatrowa Kresy I, Sp. z o.o.	Warsaw	PwC	100,00%	51,00%	100,00%	51,00%
EW Dobrzyca, sp. z o.o.	Warsaw	n.a.	100,00%	100,00%	0,00%	0,00%
EWP European Wind Power Krasin, Sp. z o.o.	Warsaw	n.a.	100,00%	100,00%	0,00%	0,00%
Farma Wiatrowa Bogoria, Sp. z o.o.	Warsaw	n.a.	100,00%	100,00%	0,00%	0,00%
Farma Wiatrowa Starozreby, Sp. z o.o.	Warsaw	n.a.	100,00%	100,00%	100,00%	100,00%
Gudziki Wind Farm, sp. z o.o.	Warsaw	n.a.	100,00%	51,00%	0,00%	0,00%
Karpacka Mala Energetyka, Sp. z o.o.	Warsaw	n.a.	85,00%	85,00%	85,00%	100,00%
Korsze Wind Farm, Sp. z o.o.	Warsaw	PwC	100,00%	51,00%	100,00%	51,00%
Kowalewo Wind, Sp. z o.o.	Warsaw	n.a.	100,00%	100,00%	0,00%	0,00%
Lichnowy Windfarm, Sp. z o.o.	Warsaw	n.a.	100,00%	100,00%	0,00%	0,00%
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	PwC	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%
Nowa Energia 1, Sp. z o.o.	Warsaw	n.a.	100,00%	100,00%	0,00%	0,00%
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%	100,00%	100,00%
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	PwC	100,00%	100,00%	100,00%	100,00%
Ujazd, Sp. z o.o.	Warsaw	n.a.	100,00%	100,00%	0,00%	0,00%
Winfan, Sp. z o.o.	Warsaw	n.a.	100,00%	100,00%	0,00%	0,00%
Romania						
EDPR RO PV, S.R.L.	Bucarest	n.a.	100,00%	100,00%	100,00%	100,00%
Cernavoda Power, S.A.	Bucarest	PwC	100,00%	100,00%	85,00%	85,00%
Cujmir Solar, S.A.	Bucarest	PwC	100,00%	100,00%	100,00%	100,00%
EDPR România, S.R.L.	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	100,00%	100,00%	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	100,00%	100,00%	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	100,00%	100,00%	85,00%	85,00%
United Kingdom						
EDPR UK Limited	London	PwC	100,00%	100,00%	100,00%	100,00%
Moray Offshore Renewable Power Limited	London	PwC	100,00%	100,00%	100,00%	100,00%
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%	100,00%
Breva Wind, S.r.l.	Milan	PwC	100,00%	100,00%	100,00%	100,00%
Conza Energia, S.r.l.	Milan	PwC	100,00%	100,00%	100,00%	100,00%
Custolito, S.r.l.	Milan	n.a.	100,00%	100,00%	0,00%	0,00%
EDPR Sicilia PV, S.r.l.	Milan	n.a.	100,00%	100,00%	0,00%	0,00%
EDPR Sicilia Wind, S.r.l.	Milan	n.a.	100,00%	100,00%	0,00%	0,00%
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%

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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%	100,00%
Sarve, S.r.l.	Milan	n.a.	51,00%	51,00%	51,00%	100,00%
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%	100,00%
WinCap, S.r.l.	Milan	PwC	100,00%	100,00%	100,00%	100,00%
EDP Renewables Italia, S.r.l.	Milan	PwC	51,00%	51,00%	51,00%	51,00%
Greece						
Aioliko Parko Fthiotidos Erimia E.P.E.	Agia Paraskevi	n.a.	100,00%	100,00%	0,00%	0,00%
EDPR Hellas 1 M.A.E.	Attica	n.a.	100,00%	100,00%	0,00%	0,00%
EDPR Hellas 2 M.A.E.	Attica	n.a.	100,00%	100,00%	0,00%	0,00%
Energiaki Arvanikou E.P.E.	Athens	n.a.	100,00%	100,00%	100,00%	100,00%
Wind Park Aerorrachi A.E.	Athens	n.a.	100,00%	100,00%	100,00%	100,00%
Belgium						
EDP Renewables Belgium, S.A.	Brussels	PwC	100.00%	100.00%	100.00%	100.00%
The Netherlands						
EDPR International Investments, B.V.	Amsterdam	PwC	100,00%	100,00%	100,00%	100,00%
Fluctus V, B.V.	Zwolle	n.a.	100,00%	100,00%	0,00%	0,00%
Fluctus VI, B.V.	Zwolle	n.a.	100,00%	100,00%	0,00%	0,00%
Fluctus VII, B.V.	Zwolle	n.a.	100,00%	100,00%	0,00%	0,00%
Ventum Ventures III Holding, B.V.	Zwolle	n.a.	100,00%	100,00%	0,00%	0,00%
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%
USA						
EDP Renewables North America LLC	Delaware	PwC	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	PwC	100,00%	100,00%	100,00%	100,00%
2019 Vento XX LLC	Delaware	n.a.	100,00%	100,00%	0,00%	0,00%
2019 Vento XXI LLC	Delaware	n.a.	100,00%	100,00%	0,00%	0,00%
Alabama Ledge Wind Farm LLC	Delaware	n.a.	100,00%	100,00%	100,00%	100,00%
Alabama Solar Park LLC	Delaware	n.a.	100,00%	100,00%	0,00%	0,00%
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	PwC	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%	100,00%	100,00%
BC2 Maple Ridge Holdings LLC	Delaware	n.a.	100,00%	100,00%	100,00%	100,00%
BC2 Maple Ridge Wind LLC	Delaware	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 Solar Park LLC	Delaware	n.a.	100,00%	100,00%	0,00%	0,00%

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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%
Blackford County Solar Park LLC	Delaware	n.a.	100,00%	100,00%	0,00%	0,00%
Blackford County Wind Farm LLC	Delaware	n.a.	100,00%	100,00%	0,00%	0,00%
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%
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%
Bright Stalk Solar Park LLC	Delaware	n.a.	100,00%	100,00%	0,00%	0,00%
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%	100,00%	100,00%
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%	100,00%	100,00%
Clinton County Wind Farm LLC	Delaware	n.a.	100,00%	100,00%	100,00%	100,00%
Cloud County Wind Farm LLC	Delaware	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 II LLC	Delaware	n.a.	100,00%	100,00%	0,00%	0,00%
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%
Duff Solar Park LLC	Delaware	n.a.	100,00%	100,00%	0,00%	0,00%
East Klickitat Wind Power Project LLC	Delaware	n.a.	100,00%	100,00%	100,00%	100,00%
Eastmill Solar Park LLC	Delaware	n.a.	100,00%	100,00%	0,00%	0,00%
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 Offshore North America 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 Solar Ventures III LLC	Delaware	n.a.	100,00%	100,00%	0,00%	0,00%
EDPR Solar Ventures IV LLC	Delaware	n.a.	100,00%	100,00%	0,00%	0,00%
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 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 XIX LLC	Delaware	n.a.	100,00%	100,00%	20,00%	20,00%
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%

COMPANY	HEAD OFFICE	AUDITOR	2019 % OF CAPITAL	2019 % OF VOTING RIGHTS	2018 % OF CAPITAL	2018 % OF VOTING RIGHTS
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%	100,00%	100,00%
EDPR Wind Ventures XX LLC	Delaware	n.a.	100,00%	100,00%	0,00%	0,00%
EDPR Wind Ventures XXI LLC	Delaware	n.a.	100,00%	100,00%	0,00%	0,00%
Esker Solar Park 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%
Greenbow Solar Park LLC	Delaware	n.a.	100,00%	100,00%	0,00%	0,00%
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%	100,00%	100,00%
Headwaters Wind Farm IV LLC	Delaware	n.a.	100,00%	100,00%	0,00%	0,00%
Headwaters Wind Farm LLC	Delaware	PwC	100,00%	51,00%	100,00%	51,00%
Helena Harbor Solar Park LLC	Delaware	n.a.	100,00%	100,00%	100,00%	100,00%
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%
Holly Hill Solar Park LLC	Delaware	n.a.	100,00%	100,00%	0,00%	0,00%
Horizon Wind Chocolate Bayou I LLC	Delaware	n.a.	100,00%	100,00%	100,00%	100,00%
Horizon Wind Energy Midwest IX LLC	Delaware	n.a.	100,00%	100,00%	100,00%	100,00%
Horizon Wind Energy Northwest I LLC	Delaware	n.a.	100,00%	100,00%	100,00%	100,00%
Horizon Wind Energy Northwest IV LLC	Delaware	n.a.	100,00%	100,00%	100,00%	100,00%
Horizon Wind Energy Northwest VII LLC	Delaware	n.a.	100,00%	100,00%	100,00%	100,00%
Horizon Wind Energy Northwest X LLC	Delaware	n.a.	100,00%	100,00%	100,00%	100,00%
Horizon Wind Energy Northwest XI LLC	Delaware	n.a.	100,00%	100,00%	100,00%	100,00%
Horizon Wind Energy Panhandle I LLC	Delaware	n.a.	100,00%	100,00%	100,00%	100,00%
Horizon Wind Energy Southwest I LLC	Delaware	n.a.	100,00%	100,00%	100,00%	100,00%
Horizon Wind Energy Southwest II LLC	Delaware	n.a.	100,00%	100,00%	100,00%	100,00%
Horizon Wind Energy Southwest III LLC	Delaware	n.a.	100,00%	100,00%	100,00%	100,00%
Horizon Wind Energy Southwest IV LLC	Delaware	n.a.	100,00%	100,00%	100,00%	100,00%
Horizon Wind Energy Valley I LLC	Delaware	n.a.	100,00%	100,00%	100,00%	100,00%
Horizon Wind Freeport Windpower I LLC	Delaware	n.a.	100,00%	100,00%	100,00%	100,00%
Horizon Wind MREC Iowa Partners LLC	Delaware	n.a.	75,00%	75,00%	75,00%	75,00%
Horizon Wind Ventures I LLC	Delaware	n.a.	100,00%	100,00%	100,00%	100,00%
Horizon Wind Ventures IB LLC	Delaware	n.a.	51,00%	51,00%	51,00%	51,00%
Horizon Wind Ventures IC LLC	Delaware	n.a.	51,00%	51,00%	51,00%	51,00%
Horizon Wind Ventures II LLC	Delaware	n.a.	100,00%	100,00%	100,00%	100,00%
Horizon Wind Ventures III LLC	Delaware	n.a.	51,00%	51,00%	51,00%	51,00%
Horizon Wind Ventures IX LLC	Delaware	n.a.	51,00%	51,00%	51,00%	51,00%
Horizon Wind Ventures VI LLC	Delaware	n.a.	100,00%	100,00%	100,00%	100,00%
Horizon Wind Ventures VII LLC	Delaware	n.a.	100,00%	100,00%	100,00%	100,00%
Horizon Wind Ventures VIII LLC	Delaware	n.a.	100,00%	100,00%	100,00%	100,00%
Horizon Wyoming Transmission LLC	Delaware	n.a.	100,00%	100,00%	100,00%	100,00%
Horse Mountain Wind Farm LLC	Delaware	n.a.	100,00%	100,00%	100,00%	100,00%
Indiana Crossroads Wind Farm II LLC	Delaware	n.a.	100,00%	100,00%	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%	100,00%	100,00%
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%
Little Brook Solar Park LLC	Delaware	n.a.	100,00%	100,00%	0,00%	0,00%
Loblolly Hill Solar Park LLC	Delaware	n.a.	100,00%	100,00%	100,00%	100,00%
Loki Solar Park LLC	Delaware	n.a.	100,00%	100,00%	100,00%	100,00%
Loma de la Gloria Solar Park LLC	Delaware	n.a.	100,00%	100,00%	100,00%	100,00%
Lone Valley Solar Park I LLC	Delaware	PwC	100,00%	51,00%	100,00%	51,00%
Lone Valley Solar Park II LLC	Delaware	PwC	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%
Lowland Solar Park LLC	Delaware	n.a.	100,00%	100,00%	0,00%	0,00%
Loyal Wind Farm LLC	Delaware	n.a.	100,00%	100,00%	100,00%	100,00%
Machias Wind Farm LLC	Delaware	n.a.	100,00%	100,00%	100,00%	100,00%
Madison Windpower LLC	Delaware	PwC	100,00%	100,00%	100,00%	100,00%
Marathon Wind Farm LLC	Delaware	n.a.	100,00%	100,00%	100,00%	100,00%
Marble River LLC	Delaware	n.a.	100,00%	100,00%	100,00%	100,00%
Martinsdale Wind Farm LLC	Delaware	n.a.	100,00%	100,00%	100,00%	100,00%
Meadow Lake Solar Park LLC	Delaware	n.a.	100,00%	100,00%	100,00%	100,00%

COMPANY	HEAD OFFICE	AUDITOR	2019 % OF CAPITAL	2019 % OF VOTING RIGHTS	2018 % OF CAPITAL	2018 % OF VOTING RIGHTS
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%	100,00%	100,00%
Mesquite Wind LLC	Delaware	PwC	100,00%	100,00%	100,00%	100,00%
Mineral Springs Solar Park LLC	Delaware	n.a.	100,00%	100,00%	0,00%	0,00%
Moonshine Solar Park LLC	Delaware	n.a.	100,00%	100,00%	0,00%	0,00%
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 River Wind LLC	Delaware	n.a.	100,00%	100,00%	0,00%	0,00%
North Slope Wind Farm LLC	Delaware	n.a.	100,00%	100,00%	100,00%	100,00%
Number Nine Wind Farm LLC	Delaware	n.a.	100,00%	100,00%	100,00%	100,00%
Old Trail Wind Farm LLC	Delaware	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%
Pleasantville Solar Park LLC	Delaware	n.a.	100,00%	100,00%	0,00%	0,00%
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%	100,00%	100,00%
Quilt Block Wind Farm II LLC	Delaware	n.a.	100,00%	100,00%	100,00%	100,00%
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%
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%	100,00%	100,00%
Saddleback Wind Power Project LLC	Delaware	n.a.	100,00%	100,00%	100,00%	100,00%
Sagebrush Power Partners LLC	Delaware	PwC	100,00%	100,00%	100,00%	100,00%
San Clemente Solar Park LLC	Delaware	n.a.	100,00%	100,00%	100,00%	100,00%
Sardinia Windpower LLC	Delaware	n.a.	100,00%	100,00%	100,00%	100,00%
Sedge Meadow Solar Park LLC	Delaware	n.a.	100,00%	100,00%	0,00%	0,00%
Shullsburg Wind Farm LLC	Delaware	n.a.	100,00%	100,00%	100,00%	100,00%
Signal Hill Wind Power Project LLC	Delaware	n.a.	100,00%	100,00%	100,00%	100,00%
Simpson Ridge Wind Farm II LLC	Delaware	n.a.	100,00%	100,00%	100,00%	100,00%
Simpson Ridge Wind Farm III LLC	Delaware	n.a.	100,00%	100,00%	100,00%	100,00%
Simpson Ridge Wind Farm IV LLC	Delaware	n.a.	100,00%	100,00%	100,00%	100,00%
Simpson Ridge Wind Farm 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%
Solar Ventures Purchasing LLC	Delaware	n.a.	100,00%	100,00%	0,00%	0,00%
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	PwC	100,00%	100,00%	100,00%	100,00%
Waverly Wind Farm II LLC	Delaware	n.a.	100,00%	100,00%	100,00%	100,00%
Waverly Wind Farm LLC	Delaware	PwC	100,00%	51,00%	100,00%	51,00%

COMPANY	HEAD OFFICE	AUDITOR	2019 % OF CAPITAL	2019 % OF VOTING RIGHTS	2018 % OF CAPITAL	2018 % OF VOTING RIGHTS
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%	100,00%	100,00%
WTP Management Company LLC	Delaware	n.a.	100,00%	100,00%	100,00%	100,00%
2019 SOL V LLC	Delaware	n.a.	100,00%	100,00%	0,00%	0,00%
EDPR Solar Ventures V LLC	Delaware	n.a.	100,00%	100,00%	0,00%	0,00%
Goldfinger Ventures III LLC	Delaware	n.a.	100,00%	100,00%	0,00%	0,00%
Canada						
EDP Renewables Canada Ltd.	British Columbia	n.a.	100,00%	100,00%	100,00%	100,00%
Blue Bridge Solar Park GP Ltd	British Columbia	n.a.	100,00%	100,00%	100,00%	100,00%
Blue Bridge Solar Park Limited Partnership	British Columbia	n.a.	100,00%	100,00%	100,00%	100,00%
Bromhead Solar Park GP Ltd	British Columbia	n.a.	100,00%	100,00%	100,00%	100,00%
Bromhead Solar Park Limited Partnership	Saskatchewan	n.a.	100,00%	100,00%	100,00%	100,00%
EDP Renewables Canada Management Services Ltd	British Columbia	n.a.	100,00%	100,00%	100,00%	100,00%
EDP Renewables Sask SE GP Ltd	British Columbia	n.a.	100,00%	100,00%	100,00%	100,00%
EDP Renewables Sask SE Limited Partnership	Ontario	n.a.	100,00%	100,00%	100,00%	100,00%
EDP Renewables SH II Project GP Ltd	British Columbia	n.a.	100,00%	100,00%	100,00%	100,00%
EDP Renewables SH II Project Limited Partnership	Alberta	n.a.	100,00%	100,00%	100,00%	100,00%
EDP Renewables SH Project GP Ltd.	British Columbia	n.a.	100,00%	100,00%	100,00%	100,00%
EDP Renewables SH Project Limited Partnership	Alberta	n.a.	100,00%	100,00%	100,00%	100,00%
Halbrite Solar Park GP Ltd	British Columbia	n.a.	100,00%	100,00%	100,00%	100,00%
Halbrite Solar Park Limited Partnership	Saskatchewan	n.a.	100,00%	100,00%	100,00%	100,00%
Kennedy Wind Farm GP Ltd	British Columbia	n.a.	100,00%	100,00%	100,00%	100,00%
Kennedy Wind Farm Limited Partnership	Saskatchewan	n.a.	100,00%	100,00%	100,00%	100,00%
Nation Rise Wind Farm GP II Inc.	British Columbia	n.a.	100,00%	100,00%	100,00%	100,00%
Quatro Limited Partnership	Ontário	n.a.	100,00%	100,00%	100,00%	100,00%
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 Ltd.	British Columbia	n.a.	100,00%	100,00%	100,00%	100,00%
Blue Bridge Solar Park GP Ltd	British Columbia	n.a.	100,00%	100,00%	100,00%	100,00%
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	PwC	100,00%	100,00%	100,00%	100,00%
Central Eólica Aventura I, S.A.	São Paulo	PwC	51,00%	51,00%	50,99%	50,99%
Central Eólica Aventura II, S.A.	São Paulo	PwC	100,00%	100,00%	100,00%	100,00%
Central Eólica Aventura III, S.A.	São Paulo	PwC	100,00%	100,00%	100,00%	100,00%
Central Eólica Aventura IV, S.A.	São Paulo	PwC	100,00%	100,00%	100,00%	100,00%
Central Eólica Aventura V, S.A.	São Paulo	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 Boqueirão I, S.A.	São Paulo	n.a.	100,00%	100,00%	0,00%	0,00%
Central Eólica Boqueirão II, S.A.	São Paulo	n.a.	100,00%	100,00%	0,00%	0,00%
Central Eólica Catanduba I, S.A.	São Paulo	n.a.	100,00%	100,00%	0,00%	0,00%
Central Eólica Catanduba II, S.A.	São Paulo	n.a.	100,00%	100,00%	0,00%	0,00%
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%	100,00%	100,00%
Central Eólica Jerusalém II, S.A.	São Paulo	n.a.	100,00%	100,00%	100,00%	100,00%
Central Eólica Jerusalém III, S.A.	São Paulo	n.a.	100,00%	100,00%	100,00%	100,00%
Central Eólica Jerusalém IV, S.A.	São Paulo	n.a.	100,00%	100,00%	100,00%	100,00%
Central Eólica Jerusalém V, S.A.	São Paulo	n.a.	100,00%	100,00%	100,00%	100,00%
Central Eólica Jerusalém VI, S.A.	São Paulo	n.a.	100,00%	100,00%	100,00%	100,00%
Central Eólica Monte Verde I, S.A.	Lagoa Nova	n.a.	100,00%	100,00%	100,00%	100,00%
Central Eólica Monte Verde II, S.A.	Lagoa Nova	n.a.	100,00%	100,00%	100,00%	100,00%
Central Eólica Monte Verde III, S.A.	Lagoa Nova	n.a.	100,00%	100,00%	100,00%	100,00%
Central Eólica Monte Verde IV, S.A.	Lagoa Nova	n.a.	100,00%	100,00%	100,00%	100,00%
Central Eólica Monte Verde V, S.A.	Lagoa Nova	n.a.	100,00%	100,00%	100,00%	100,00%
Central Eólica Monte Verde VI, S.A.	Lagoa Nova	n.a.	100,00%	100,00%	0,00%	0,00%
Central Eólica SRMN I, S.A.	São Paulo	PwC	100,00%	100,00%	100,00%	100,00%
Central Eólica SRMN II, S.A.	São Paulo	PwC	100,00%	100,00%	100,00%	100,00%

COMPANY	HEAD OFFICE	AUDITOR	2019 % OF CAPITAL	2019 % OF VOTING RIGHTS	2018 % OF CAPITAL	2018 % OF VOTING RIGHTS
Central Eólica SRMN III, S.A.	São Paulo	PwC	100,00%	100,00%	100,00%	100,00%
Central Eólica SRMN IV, S.A.	São Paulo	PwC	100,00%	100,00%	100,00%	100,00%
Central Eólica SRMN V, S.A.	São Paulo	PwC	100,00%	100,00%	100,00%	100,00%
Central Nacional de Energia Eólica, S.A.	São Paulo	PwC	51,00%	51,00%	51,00%	51,00%
Central Solar Pereira Barreto I, S.A.	Pereira Barreto	n.a.	100,00%	100,00%	100,00%	100,00%
Central Solar Pereira Barreto II, S.A.	Pereira Barreto	n.a.	100,00%	100,00%	100,00%	100,00%
Central Solar Pereira Barreto III, S.A.	Pereira Barreto	n.a.	100,00%	100,00%	100,00%	100,00%
Central Solar Pereira Barreto IV, S.A.	Pereira Barreto	n.a.	100,00%	100,00%	100,00%	100,00%
Central Solar Pereira Barreto V, S.A.	Pereira Barreto	n.a.	100,00%	100,00%	100,00%	100,00%
Elebrás Projetos, S.A.	São Paulo	PwC	51,00%	51,00%	51,00%	51,00%
Jerusalém Holding, S.A.	São Paulo	n.a.	100,00%	100,00%	0,00%	0,00%
Monte Verde Holding, S.A.	São Paulo	n.a.	100,00%	100,00%	0,00%	0,00%
SRMN Holding, S.A.	São Paulo	PwC	100,00%	100,00%	100,00%	100,00%
Colombia						
Eolos Energías, S.A.S. E.S.P.	Bogotá	n.a.	100,00%	100,00%	0,00%	0,00%
Vientos del Norte, S.A.S. E.S.P.	Bogotá	n.a.	100,00%	100,00%	0,00%	0,00%
ASIA GEOGRAPHY / PLATFORM:						
Japan						
EDPR Japan Godo Kaisha	Tokyo	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 2019, 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	PwC	50,00%	50,00%
Desarrollos Energéticos Canarios, S.A.	€ 37.564	Las Palmas	n.a.	49,90%	49,90%
Desarrollos Energéticos del Val, S.L.	€ 137.070	Soria	n.a.	25,00%	25,00%
Evolución 2000, S.L.	€ 117.994	Albacete	PwC	49,15%	49,15%
Sistemas Eólicos Tres Cruces, S.L.	€ 50.000	Soria	n.a.	25,00%	25,00%
Éoliennes en Mer Dieppe - Le Tréport, S.A.S.	€ 31.436.000	Bois Guillaume	EY	29,50%	29,50%
Éoliennes en Mer Îles d'Yeu et de Noirmoutier, S.A.S.	€ 36.376.000	Nantes	EY	29,50%	29,50%
Les Eoliennes en Mer Services, S.A.S.	€ 40.000	Courbevoie	EY	100,00%	29,50%
Les Eoliennes Flottantes du Golfe du Lion, S.A.S.	€ 40.000	Montpellier	EY	35,00%	35,00%
Windplus, S.A.	€ 1.250.000	Lisboa	PWC	54,40%	54,40%
Moray East Holdings Limited	£ 10,000,000	London	PwC	33,30%	33,30%
Moray Offshore Windfarm (East) Limited	£ 10,000,000	London	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%
2018 Vento XIX LLC	$ 483.122.053	Delaware	PwC	20,00%	20,00%
2019 SOL III LLC	$ 246.422.986	Delaware	PwC	100,00%	50,00%
2019 SOL IV LLC	$ 0	Delaware	PwC	100,00%	50,00%
Flat Rock Windpower LLC	$ 536,426,287	Delaware	PwC	50,00%	50,00%
Flat Rock Windpower II LLC	$ 211,171,187	Delaware	PwC	50,00%	50,00%
Goldfinger Ventures II LLC	$ 208.565.999	Delaware	n.a.	50,00%	50,00%
Goldfinger Ventures LLC	$ 154.978.239	Delaware	n.a.	50,00%	50,00%
Mayflower Wind Energy LLC	$ 159.000.000	Delaware	n.a.	50,00%	50,00%
Meadow Lake Wind Farm VI LLC	$ 273.341.071	Delaware	PwC	100,00%	20,00%
Nine Kings Wind Farm LLC	$ $ 0	Delaware	n.a.	50,00%	50,00%
Prairie Queen Wind Farm LLC	$ 191,095,968	Delaware	PwC	100,00%	20,00%
Solar Ventures Acquisition LLC	$ 0	Delaware	n.a.	50,00%	50,00%
Sun Streams LLC	$ 333,609,989	Delaware	PwC	100,00%	50,00%
Sunshine Valley Solar LLC	$ 208.520.098	Delaware	PwC	100,00%	50,00%
Windhub Solar A LLC	$ 37.902.128	Delaware	PwC	100,00%	50,00%
Nation Rise Wind Farm GP Inc.	CAD 1,276	British Columbia	n.a.	25,00%	25,00%
Nation Rise Wind Farm Limited Partnership	CAD 62,024,174	Ontário	n.a.	25,00%	25,00%
Korean Floating Wind Power Co., Ltd.	KRW 10.000.000	Seoul	n.a.	61,25%	61,25%

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.	€ 360.607	Oviedo	n.a.	56.76%	56.76%
Compañía Eólica Aragonesa, S.A.	€ 6.701.165	Zaragoza	PwC	50.00%	50.00%
Desarrollos Energéticos Canarios, S.A.	€ 37.564	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.	€ 117.994	Albacete	PwC	49.15%	49.15%
Les Eoliennes en Mer Services, S.A.S.	€ 40.000	Courbevoie	EY	100.00%	29.50%
Les Eoliennes Flottantes du Golfe du Lion, S.A.S.	€ 40.000	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	Ontário	n.a.	25.00%	25.00%

The Associated Companies included in the consolidation under the equity method as at 31 December 2019, are as follows:

COMPANY	SHARE CAPITAL	HEAD OFFICE	AUDITOR	% OF CAPITAL	% OF VOTING RIGHTS
Aprofitament D'Energies Renovables de L'Ebre, S.L.	€ 14,933,030	Barcelona	Jordi Guilera Valls	13,29%	13,29%
Biomasas 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	Madrid	KPMG	29,90%	29,90%
Parque Eólico Sierra del Madero, S.A.	€7,193,970	Madrid	KPMG	42,00%	42,00%
Solar Siglo XXI, S.A.	€ 80,000	Ciudad Real	n.a.	25,00%	25,00%
Dunkerque Éoliennes en Mer, S.A.S.	€ 10,000	Montpellier	n.a.	32,00%	32,00%
Frontier Beheer Nederland, B. V.	€ 1,000	Zwolle	n.a.	30,00%	30,00%
Frontier, C.V.	€ 1,000	Zwolle	n.a.	30,00%	30,00%
Solar Works! B.V.	€ 2,089	Rotterdam	RSM Global	20,19%	20,19%
Blue Canyon Windpower LLC	$ 63,851,000	Texas	PWC	25,00%	25,00%

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%
Biomasas 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%

ANNEX 2

GROUP ACTIVITY BY OPERATING SEGMENT

Operating Segment Information for the years ended 31 December 2019

THOUSAND EUROS	EUROPE	NORTH AMERICA	BRAZIL	SEGMENTS TOTAL
Revenues	924,828	650,835	74,180	1,649,843
Income from institutional partnerships in U.S. wind farms	-	181,570	-	181,570
	924,828	**832,405**	**74,180**	**1,831,413**
Other operating income	246,430	50,352	88,263	385,045
Supplies and services	-157,754	-148,252	-15,345	-321,351
Personnel costs and Employee benefits expenses	-29,016	-63,294	-2,682	-94,992
Other operating expenses	-70,919	-56,685	-5,484	-133,088
	-11,259	**-217,879**	**64,752**	**-164,386**
Gross operating profit	**913,569**	**614,526**	**138,932**	**1,667,027**
Provisions	-1,229	-	-8	-1,237
Amortisation and impairment	-254,246	-316,897	-15,703	-586,846
Operating profit	**658,094**	**297,629**	**123,221**	**1,078,944**
Share of profit of associates	**3,680**	**-297**	**-**	**3,383**
Assets	**5,530,854**	**9,016,481**	**340,888**	**14,888,223**
Liabilities	**321,225**	**1,497,315**	**32,397**	**1,850,937**
Operating Investment	**258,381**	**31,663**	**866,711**	**1,156,755**

Note: The Segment "Europe" includes: i) revenues in the amount of 373,829 thousand of Euros from Spanish companies; ii) assets from Spanish companies in the amount of 2,437,701 thousands of Euros.

Reconciliation between the Segment Information and the Financial Statements

THOUSAND EUROS	
Revenues of the Reported Segments	1,649,843
Revenues of Other Segments	49,077
Elimination of intra-segment transactions	-56,791
Revenues of the EDPR Group	**1,642,129**
Gross operating profit of the Reported Segments	1,667,027
Gross operating profit of Other Segments	-17,100
Elimination of intra-segment transactions	-1,894
Gross operating profit of the EDPR Group	**1,648,033**
Operating profit of the Reported Segments	1,078,944
Operating profit of Other Segments	-19,451
Elimination of intra-segment transactions	-4,321
Operating profit of the EDPR Group	**1,055,172**
Assets of the Reported Segments	14,888,223
Not Allocated Assets	1,555,540
Financial Assets	578,827
Tax assets	393,370
Debtors and other assets	583,343
Assets of Other Segments	42,621
Elimination of intra-segment transactions	1,206,269
Assets of the EDPR Group	**17,692,653**
Investments in joint ventures and associates	**460,185**
Liabilities of the Reported Segments	1,850,937
Not Allocated Liabilities	1,382,027
Financial Liabilities	-
Institutional partnerships in U,S, wind farms	355,484
Tax liabilities	517,503
Payables and other liabilities	509,040
Liabilities of Other Segments	17,820
Elimination of intra-segment transactions	6,107,169
Liabilities of the EDPR Group	**9,357,953**
Operating Investment of the Reported Segments	1,156,755
Operating Investment of Other Segments	51,882
Operating Investment of the EDPR Group	**1,208,637**

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	181,570	-	-	181,570
Other operating income	385,045	14,948	-313	399,680
Supplies and services	-321,351	-29,375	41,694	-309,032
Personnel costs and Employee benefits expenses	-94,992	-35,087	-614	-130,693
Other operating expenses	-133,088	-16,289	147,842	-1,535
Provisions	-1,237	-	1	-1,236
Amortisation and impairment	-586,846	-2,350	-2,429	-591,625
Share of profit of associates	3,383	-607	616	3,392

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
	-238,035	**-128,596**	**-17,427**	**-384,058**
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

Energy

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António Mexia
CHAIRMAN OF THE BOARD OF DIRECTORS

Message from the Chairman

RENEWABLE ENERGY IS AT THE CENTER OF THE ENERGY TRANSITION REVOLUTION

Dear Stakeholder,

Climate change is unequivocal and decarbonizing the economy in little less than thirty years needs to be at the top of everyone's agenda.

This commitment has been one of the core values of EDP's strategic agenda for more than a decade now. We have been part of the Dow Jones Sustainability Index (DJSI) since 2008, always with a leading position as one of the most sustainable companies in the world, having achieved the highest score ever this year.

At EDP we have a purpose: placing energy at the service of sustainability. And like many future-focused businesses, we will push for this with clear and demanding goals. EDP Group committed to actively contribute to the decarbonisation of the economy and to reduce, by 2030, CO_2 emissions by 90% (compared to 2005), mainly through renewable energy sources' generation (more than 90%) and by becoming coal-free.

As early movers in renewables, we are today in a unique position to embrace the challenges of the future and lead the energy transition. Through the execution of a focused strategy, we created a leading global renewable energy company with an operating portfolio of more than 11 GW of wind onshore and solar assets, generating 30.0 TWh of clean energy and avoiding 19 mt of CO_2 (2019).

2019 was a record year for EDP Renováveis. We secured 3.5 GW of projects to be installed by 2022, providing clear visibility on the execution of our strategic plan. We entered the Colombian market, EDP Renováveis' 14th market and the focal point for the business consolidation in Latin America, by securing two long-term contracts for wind onshore projects. We reinforced EDP Group's strategy for universal access to sustainable energy with an investment in Rensource, a company that develops and manages decentralized solar energy systems in Nigeria. We secured power purchase agreements for 200MW of energy produced in the United States, combining solar and energy storage systems to increase efficiency and provide greater balance in energy supply. This hybrid project showcases EDP's dedication to staying ahead of the curve through constant innovation.

In offshore wind, besides the development of the France and UK projects, we also secured a contract for 804MW in Massachusetts, United States. Furthermore, we agreed on a 50:50 joint-venture with Engie for a new exclusive investment vehicle that will combine industrial expertise and development capacity to create a worldwide top player.

Hence, our EBITDA totalled €1,648 million, exceeding our expectations and resulting in a Net Profit attributable to EDP Renováveis' shareholders of €475 million. As a result, the Board of Directors is recommending a dividend of €0.08 per share, corresponding to €69.8 million.

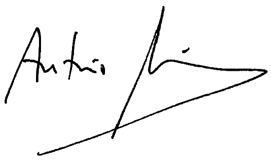
Last but not least, at EDP Group we are devoted not only to a greener future but also to a sustainable world for current and future generations. This is a commitment continuously reinforced by EDP Renováveis' more than 1500 employees, from 34 different countries, not only through safety, work-life balance and by guaranteeing gender equality, but also through best business practices and sustainability-related disclosure. EDP Renováveis was confirmed by the Top Employers Institute as one of the best companies to work for in Europe and is part of the FTSE4Good Index Series for 9 years in a row. Additionally, in January 2020, EDP Renováveis entered the Bloomberg Gender Equality Index. Recognising the company for its talent, leadership, industry net value and international operations, EDP Renováveis was also named Best Renewable Energy Provider in Spain in 2019 at the 8th edition of the International Finance Awards.

On behalf of EDP Renováveis Board of Directors, I would like to thank EDP Renováveis' stakeholders, especially our employees and management, for their focus on delivering a cost-competitive growth of our renewables portfolio while contributing to reach long-term climate targets.

I invite you to learn more about EDP Renováveis' operations in the pages of this report.

António Mexia

Chairman of the Board of Directors



FIND OUT HERE THE FULL INTERVIEW

João Manso Neto

VICE-CHAIRMAN OF THE BOARD OF DIRECTORS & CEO

EDPR story by our CEO

1

IN 2019 EDPR PRESENTED A NEW BUSINESS PLAN FOR 2019-22 PERIOD. WHAT ARE THE KEY PILLARS OF THE STRATEGY...

SELECTIVE GROWTH:

Solid value creation, investing in qualityprojects with predictable cash-flow stream

~ 7.0 GW cumulative build-out

SELF-FUNDING:

strategy enhanced by selling assets' stakes, crystalizing value and accelerate value creation

> €8.0 bn of investments financed by sell-down & assets' cash flow

OPERATIONAL EXCELLENCE:

strategy supported by distinctive core competences & unique know-how

Core Opex/MW -1% CAGR 18-22 from efficient O&M strategy

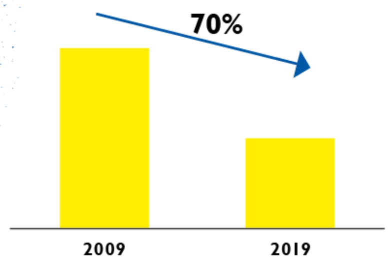
...in a cost efficient sector...

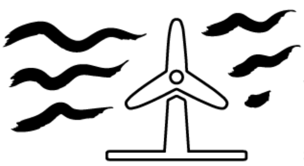
2

"RENEWABLES IS ALREADY A COST-EFFECTIVE SOURCE OF ENERGY AND IS THE FUTURE OF ENERGY PRODUCTION".

HOW CAN RENEWABLE ENERGY CONTINUE TO BE MORE COST-EFFECTIVE?

In terms of levelized cost, for example, wind onshore is 70% cheaper than 10 years ago. Today, wind onshore and solar are the most competitive energy sources;





Wind and solar will continue to be more efficient, namely with continuous technological progress, software development and optimisation, along with new ways of transportation, namely in wind, and storage, set to increase efficiency and provide greater balance in energy supply

...reaching important achievements in 2019...

3

EDPR 2019 KEY ACHIEVEMENTS

3.5 GW OF PROJECTS AWARDED IN 2019

74% TARGET AS OF DEC-19

NEW MARKETS
Colombia +492 MW (NEW)
Greece +59MW

BRAZIL
222 MW secured

EUROPE
Poland (307 MW);
Portugal (142 MW of solar);
Italy (109 MW already in 2020)

NORTH AMERICA
1.7 GW secured

TECHNOLOGICAL DIVERSIFICATION: WIND, SOLAR, STORAGE

ESTABLISHMENT OF AN OFFSHORE JV, COMBINING A PORTFOLIO OF 5.2 GW INITIAL CAPACITY ACROSS 6 MARKETS, JOINING KNOWLEDGE TO STRENGTH GROWTH, EFFICIENCY AND RETURNS

4 TECHNOLOGICAL MIX AND THE RELEVANCE OF DIFFERENT RENEWABLE SOURCES

EDPR technological mix with increasing exposure to:

- *Solar: with projects awarded in Portugal, Brazil and US*
- *Offshore including fix and floating:*
  - *Capital intense business where EDPR and ENGIE have complementary competences to accelerate rowth, minimise risks and increase efficiency*
  - *JV target growth of 5-7 GW of assets operational or under construction and 5-10 GW under advanced development*

5 2019 RESULTS AND KEY TAKEWAYS

HEALTH & SAFETY AND WELL-BEING OF OUR EMPLOYEES AND CONTRACTORS:

In 2019 we have made an important progress reaching better safety metrics than previous year

OPERATIONAL

EDPR built 888 MW of wind and solar technology

1.0 GW under construction

2019 EDPR produced 30 TWh of clean electricity (+6% YoY), avoiding 19 mt of CO_2 emissions

FINANCIAL

Revenues increased to €1.8bn (+7% YoY)

Gains (+€313m) related to the execution of the Sell-down strategy

Cost control

Opex per MWh decreased 4% YoY

Net Profit summed €475m (+52% YoY)

6 EDPR IS... A SUSTAINABLE COMPANY IN A LEADING SECTOR

7 WHAT MEANS TO BE SUSTAINABLE?

We approach sustainability in an holistic concept meaning from environmental studies and analysis; employees and contractors safety; recycling with O&M strategy; work-life balance; gender equality; sustainability-related disclosures. Sustainable company by:

A. *Strategy*
B. *Innovation*
C. *Gender equality*
D. *Social responsibility*
E. *Employees work-life balance*
F. *Governance*

8 DIGITALISATION AND INNOVATION: THE ROLE TO LEAD IN THE NEW ERA

Digitalisation and Innovation *are two words that form part of our day-to-day tasks. Although we work to create clean energy, we are constantly innovating and improving our digital facilities to become more efficient and produce better results.*

Innovation: *at EDPR we look at innovation in a holistic approach meaning that we have been developing offshore floating, blade lifter transport system, new battery storage, blockchain, for example, but also innovating in our daily processes and business, such as the way to create report and information flow, to sell-down strategy and customised PPAs.*

Digitalisation: *we are in a new digital transformation era. The company is analysing all processes and looking to automatise through digital instruments repetitive tasks that are time consuming.*

Having the willingness and the proper environment to improve and to innovate is key to succeed in the business. At EDPR we are aware of the technological progress and preparing each employee to maximise the benefits of every tool available, be more efficient and consequently improve work-life balance.

9 FACING CHALLENGES...

Strategy: *continue to deliver profitable growth by optimising and innovate our operations from development to operations and maintenance, including combining technologies, differentiation EDPR from other competitors and adding value from our know-how and expertise*

HR policy: *continue with same level of employees commitment*

Innovation & Technology: *continue to be in the forefront of innovation, in our-day-to-day activities, and new technologies like we have done in windfloat and be prepared to maximise our know-how by combining energy sources (...)*

10 ...PREPARING THE FUTURE TODAY...

EDPR is leading the renewable sector and is positioned to take advantage of current and future growth opportunities

"I would like to thank all employees and stakeholders for the confidence and commitment that each day each one puts in EDPR"

01

01 THE COMPANY

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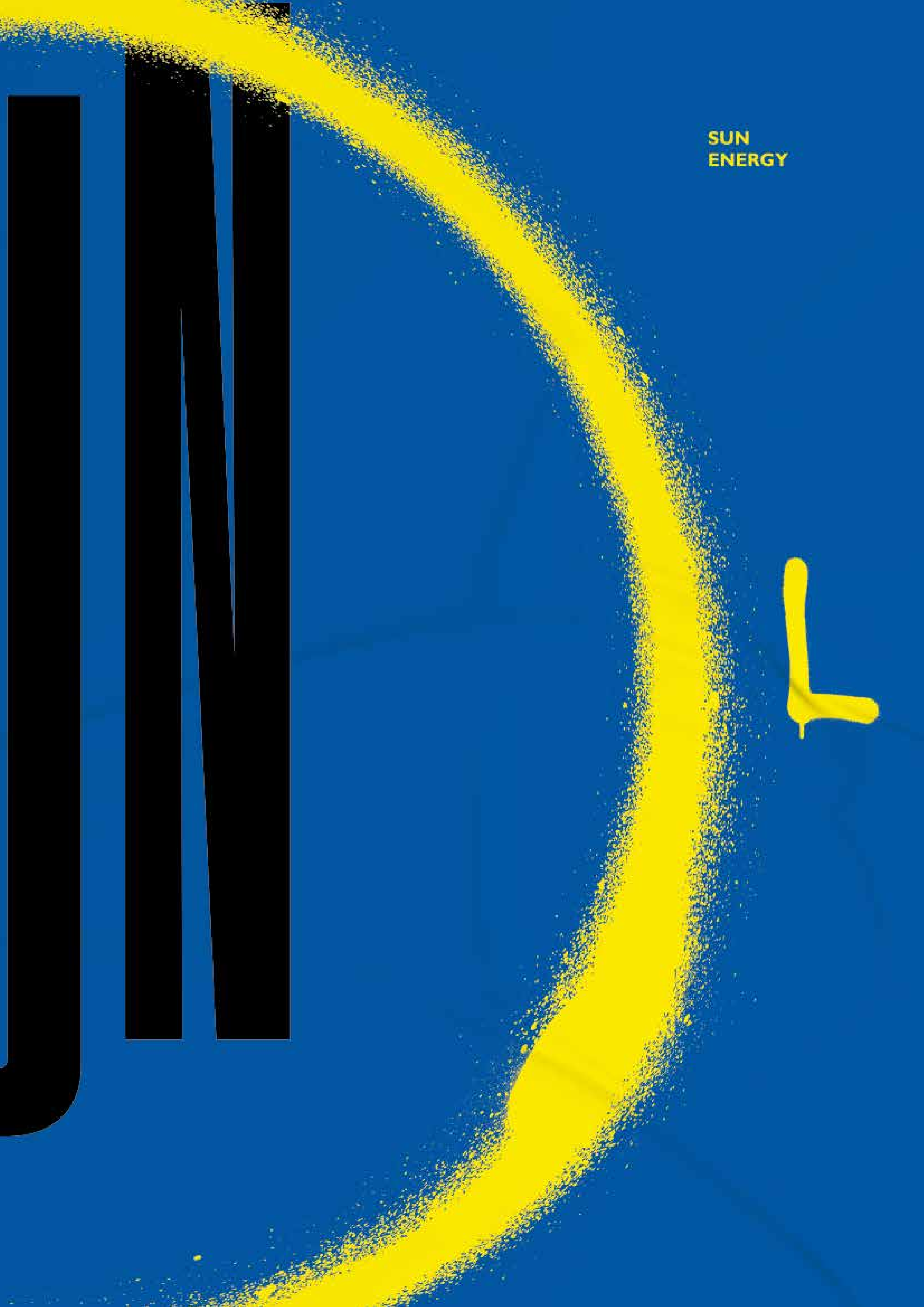

SUN
ENERGY

01 THE COMPANY

1.1. EDPR IN BRIEF

1.1.1 Vision, Values & Commitments

VISION

A GLOBAL ENERGY PROVIDING COMPANY LEADER IN THE ENERGY TRANSITION TO CREATE SUPERIOR VALUE

VALUES

INNOVATION

With the aim of creating value in the many areas in which we operate.

SUSTAINABILITY

Aiming to improve the quality of life of current and future generations.

HUMANIZATION

Building genuine and trusting relationships with our employees, customers, partners and communities.

COMMITMENTS

RESULTS

We fulfil the commitments that we embraced in the presence of our shareholders.

We are leaders due to our capacity of anticipating and implementing.

We demand excellence in everything that we do.

SUSTAINABILITY

We assume the social and environmental responsabilities that result from our performance thus contributing towards the development of the regions in which we operate.

We ensure the participatory, competent and honest governance of our business.

We avoid specific greenhouse gas emissions with the energy we produce.

CLIENTS

We place ourselves in our clients' shoes whenever a decision has to be made.

We listen to our clients and answer in a simple and clear manner.

We surprise our clients by anticipating their needs.

PEOPLE

We join conduct and professional rigour to enthusiasm and initiative, emphasizing team work.

We promote the development of skills and merit.

We believe that the balance between private and professional life is fundamental in order to be successful.

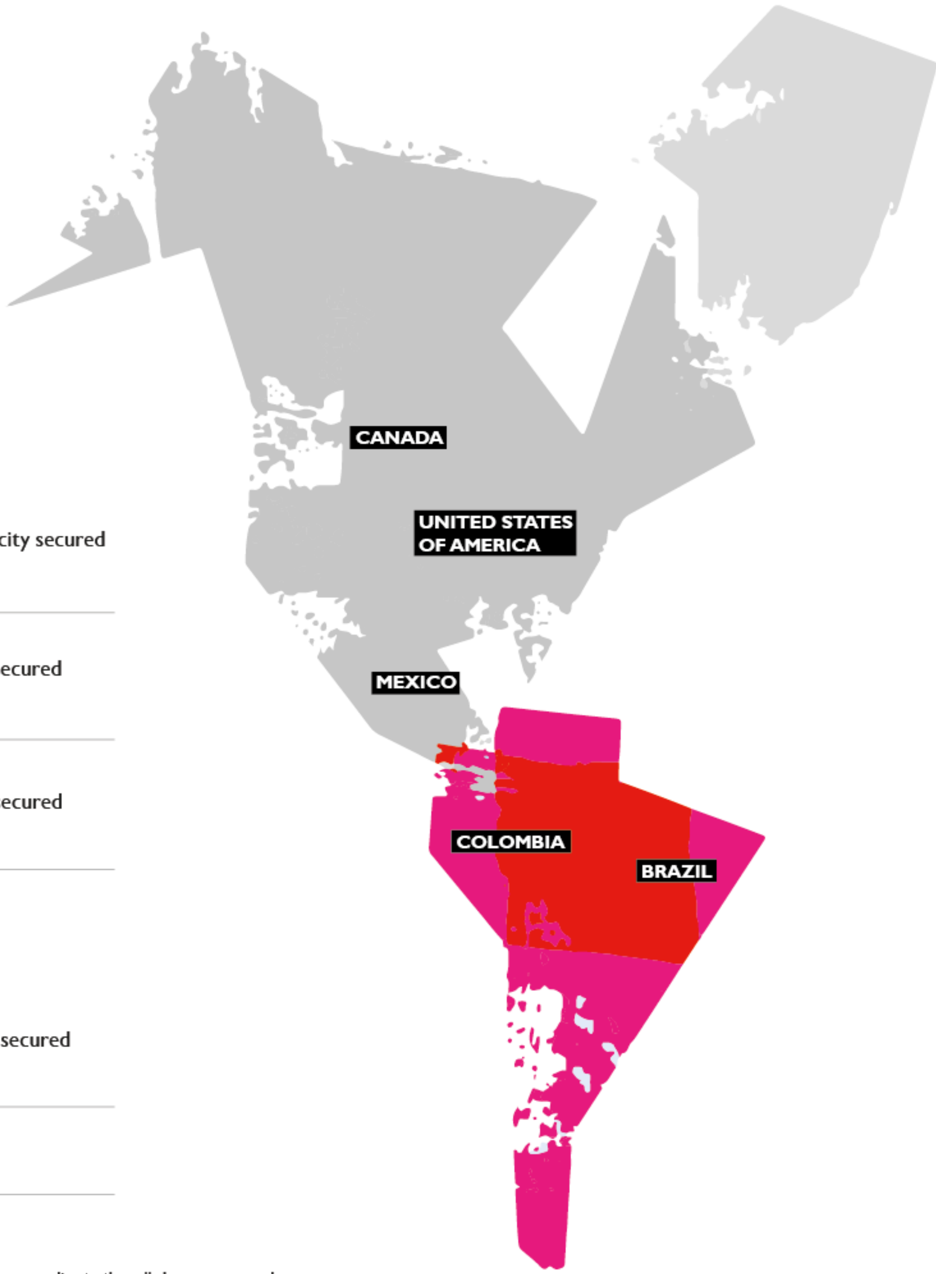
1.1.2

EDPR in the World

IN 2019 EDPR GENERATED 30.0 TWH AVOIDING THE EMISSIONS OF 19 MT OF CO_2.

EDPR is a market leader with top quality assets in 14 countries and has 1,566 employees. The company manages a global portfolio of 11.4 GW of installed capacity, has built 888 MW in 2019 and has 4.4 GW secured for 2020-22 period, as of December 2019.

Employees



NORTH AMERICA 663

United States of America

6,112 MW operational + 1,895 MW capacity secured

15,696 GWh generated

Canada

30 MW operational + 100 MW capacity secured

70 GWh generated

Mexico

200 MW operational + 96 MW capacity secured

726 GWh generated

SOUTH AMERICA 65

Brazil[1]

467 MW operational + 598 MW capacity secured

1,757 GWh generated

Colombia

492 MW capacity secured

[1]Includes the 137 MW from Babilonia wind farm in Brazil, corresponding to the sell-down announced in July 2019 and which financial closing occurred in February 2020.

EUROPE 837

Spain
2,126 MW operational + 89 MW capacity secured
5,298 GWh generated

Portugal
1,164 MW operational + 279 MW capacity secured
3,160 GWh generated

France
53 MW operational + 84 MW capacity secured
465 GWh generated

Belgium
10 MW capacity secured
69 GWh generated

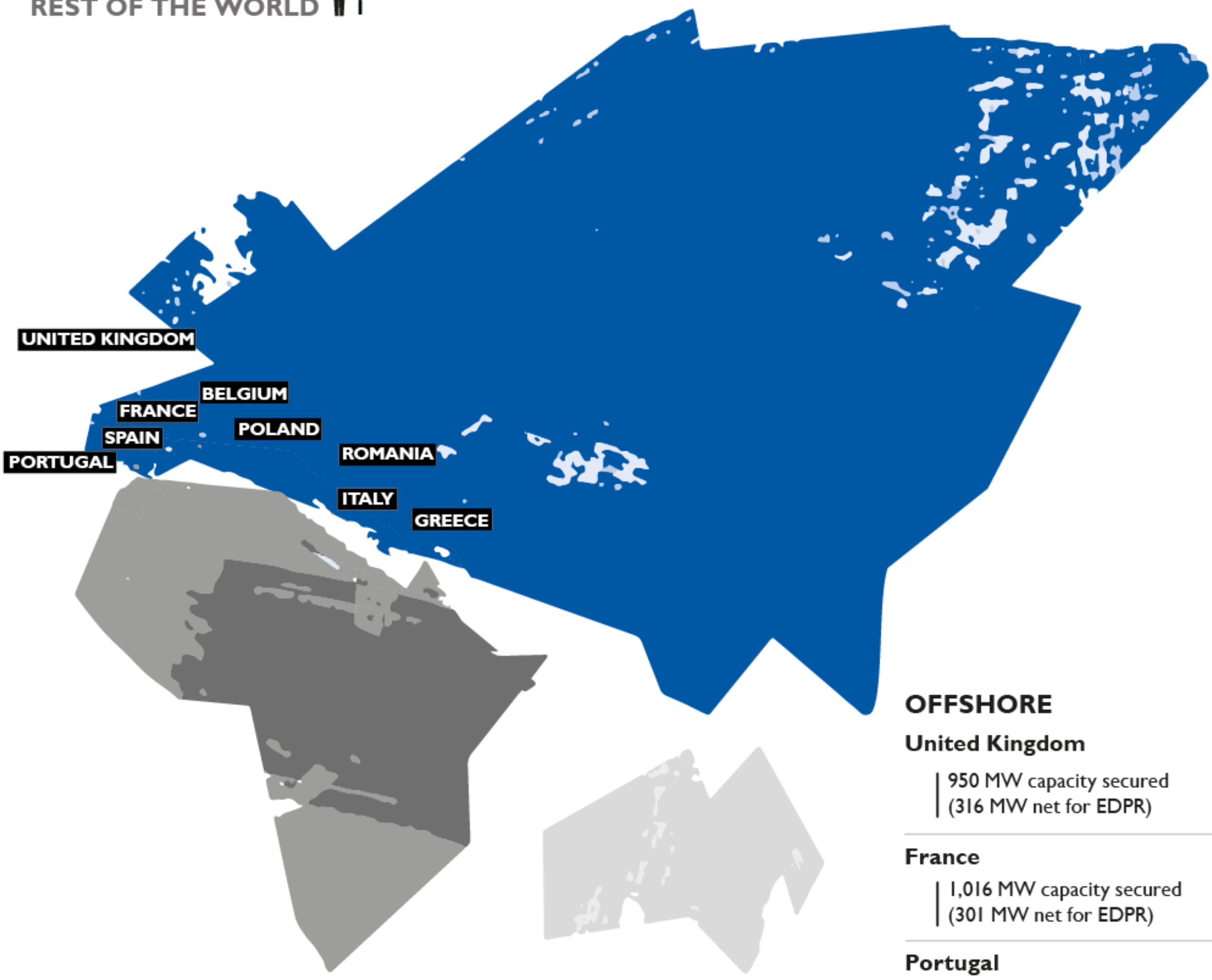
Poland
418 MW operational + 365 MW capacity secured
1,098 GWh generated

Romania
521 MW operational
1,151 GWh generated

Italy
271 MW operational + 16 MW capacity secured
551 GWh generated

Greece
119 MW capacity secured

REST OF THE WORLD 1



OFFSHORE

United Kingdom
950 MW capacity secured
(316 MW net for EDPR)

France
1,016 MW capacity secured
(301 MW net for EDPR)

Portugal
25 MW capacity secured
(14 MW net for EDPR)

United States of America
804 MW capacity secured
(402 MW net for EDPR)

1.1.3

Business Description

DEVELOPMENT

SITE IDENTIFICATION

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

RENEWABLE RESOURCES ANALYSIS

- Install meteorogical equipment to collect and study wind profile and solar radiance.

OBTAIN PERMITS

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

CONSTRUCTION

PROJECT FUNDING

- Find appropriate financing for the project.

LONG TERM CONTRACT FOR THE SELL OF ENERGY

- Secure long term contracts for energy sale, guaranteeing stable and predictable cash-flows.

DESIGN LAYOUT & EQUIPMENT CHOICE

- Optimise the layout of the asset and select the best fit of equipment model based on the site characteristics.

OPERATION

CONSTRUCTION

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

START OF OPERATIONS & DELIVER CLEAN ENERGY

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

ONGOING MAINTENANCE SERVICE

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

DISMANTLING

DISMANTLING

- Once wind farms and solar plants reach the end of useful life (30-35 years), there is a process of land restoration and proper treatment of the wastes generated.

DATA ANALYSIS

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

1.1.4

EDPR Main Events in 2019

Jan
EDPR RECOGNISED BY THE TOP EMPLOYERS INSTITUTE AS ONE OF THE BEST COMPANIES TO WORK FOR IN EUROPE IN 2019

Feb
EDPR SIGNS A BUILD & TRANSFER AGREEMENT FOR A 102 MW WIND FARM PROJECT IN THE US STATE OF INDIANA

Feb
EDPR ENTERS THE US STATE OF COLORADO THROUGH A 104 MW PPA FOR A NEW WIND ENERGY PROJECT

Mar
EDP GROUP PRESENTED ITS STRATEGIC UPDATE 2019-2022

Mar
EDPR ENTERS ITS 14th GLOBAL MARKET THROUGH A WIND ENERGY PROJECT IN COLOMBIA WITH A TOTAL OF 492 MW

Apr
IN ITS SHAREHOLDERS MEETING, EDPR ANNOUNCED THE PAYMENT OF A GROSS DIVIDEND OF 0.07 EUROS PER SHARE

Apr
EDPR ANNOUNCES AN €800 MILLION ASSET ROTATION DEAL FOR WIND FARMS IN FRANCE, SPAIN, PORTUGAL AND BELGIUM

May
EDPR AND ENGIE ANNOUNCE THE CREATION A CO-CONTROLLED 50/50 JOINT-VENTURE IN FIXED AND FLOATING OFFSHORE WIND

May
EDPR'S MORAY EAST PROJECT NAMED EMEA WIND DEAL OF THE YEAR 2018, BEING RECOGNISED AS A PIONEERING OFFSHORE PROJECT

Jun
EDPR SECURES A PPA IN THE US FOR ITS FIRST LARGE SCALE RENEWABLE PROJECT WITH STORAGE TO SELL 100 MW OF SOLAR ENERGY AND 30 MW OF ENERGY STORAGE

Jul
EDPR IS A CONSTITUENT OF THE FTSE4GOOD INDEX SERIES FOR 9 YEARS IN A ROW

Aug
EDPR SECURED A PPA FOR SONRISA SOLAR PROJECT WITH STORAGE SYSTEM IN THE US

Aug
EDPR IS AWARDED WITH 142 MW OF SOLAR ENERGY IN PORTUGAL

Sep
EDPR SECURED A PPA FOR 100 MW IN MEXICO

Sep
EDPR HAS BEEN RECONFIRMED FOR INCLUSION IN THE ETHIBEL PIONEER AND ETHIBEL EXCELLENCE INVESTMENT REGISTERS

Oct
EDPR SECURED TWO 15-YEAR PPA WIND CONTRACTS FOR 492 MW IN COLOMBIA

Oct
EDPR SIGNED A BUILD & TRANSFER AGREEMENT FOR A 302 MW WIND FARM PROJECT IN THE US

Oct
EDPR SECURED A 200 MW PPA FOR A NEW SOLAR PROJECT IN THE US

Oct
EDPR JOINT VENTURE PROPOSAL WINS MASSACHUSETTS OFFSHORE WIND CONTRACT

Nov
EDPR SECURES A PPA FOR A NEW WIND FARM IN BRAZIL

Dec
EDPR IS AWARDED LONG-TERM CFD FOR 33 MW OF WIND AT GREEK ENERGY AUCTION

Dec
EDPR REINFORCES ITS A2E STRATEGY TO PROMOTE ACCESS TO SUSTAINABLE ENERGY BY INVESTING IN RENSOURCE, WHICH DEVELOPS AND MANAGES DECENTRALIZED SOLAR ENERGY SYSTEMS IN NIGERIA

Dec
EDPR IS AWARDED LONG-TERM CFD FOR 307 MW OF WIND AT POLISH ENERGY AUCTION

1.1.5 STAKEHOLDER FOCUS

Generating, monitoring and maintaining commitments is considered one of the most important aspects of stakeholder relationship management for successful project performance. Within the framework of the SDG Compass and EDP Group policies, EDPR continues its commitment to generate, maintain and improve a transparent and trustworthy dialogue with its stakeholder groups, in order to provide value for both them and the company. In this sense, appropriate monitoring of stakeholder groups assists in decision-making and in obtaining additional, accurate information that allows the company to fulfil its commitments to them.

EDPR's stakeholders in 2019 are represented by the groups shown in the following diagram:

EDPR's interaction commitments are consistent with those of EDP Group: Comprehend, Communicate, Collaborate and Trust. These four pillars formed the basis of EDP's 2019 objectives regarding stakeholder relationship management.

Comprehend

Include, identify and prioritise:

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.

Communicate

Inform, listen and respond:

Committed in promoting a two-way dialogue with stakeholders through information and consulting initiatives is a part of EDPR's objective. This can be attainable by listening, informing and responding to stakeholders in a consistent, clear, rigorous and transparent manner, resulting in a strong, meaningful and lasting relationship.

Collaborate

Integrate, share, cooperate and report:

EDPR aims to collaborate with stakeholders by building strategic partnerships that agregate and disperse knowledge, skills and tools. These will promote the creation of shared value in a differentiating way.

Trust

Transparency, integrity, respect and ethics:

One of the comapny's beliefs is the importance of a trustworthly 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.

In 2019, following the precedent set in previous years, the Stakeholder Management Plan's methodology was established through three main elements: 1) The Stakeholder Steering Committee led strategy, planning and control. The Committee was composed of leaders from different functions across the company who share a strong strategic vision and have direct contact with various stakeholders; 2) The Stakeholder Working Group, a more operational team, was in charge of implementing policies and procedures; 3) A digital customer relationship management (CRM) tool provided an informed and systematic approach to a results-driven, comprehensive model.

MAIN COMMUNICATION CHANNELS

Communication channels are used to build and consolidate collaboration, understanding and trust, making them essential to the effective management of stakeholder relationships. For almost all stakeholders, the most widely used and highly rated types of communication continue to be emails, phone calls, meetings and events. Another preferred communication channel is EDPR's website, particularly for stakeholders within the area of finance, such as banks, analysts and investors. Each group of stakeholders is allocated a specific communication channel tailored to their needs, which is central to maintaining good relationships. Through a combination of these channels, the Stakeholders Global Survey and interviews, EDPR can accurately identify each stakeholder's perceptions, expectations, value drivers and behaviours. This allows the company to continue improving communication and strengthening relationships between various groups of stakeholders.

STAKEHOLDERS SUPPORT

Carrying out appropriate monitoring of stakeholders allows EDPR to adapt its strategies to increase stakeholder involvement, by modifying its tactics and plans for getting them involved. After having properly identified the stakeholder groups with which the company maintains a close relationship, EDPR has established a series of criteria that helps the company to classify, analyse, evaluate and readjust its relationships based on real business interests. Studying the link between variables such as power, impact, legitimacy/visibility and urgency has allowed the company to identify the expectations and demands of stakeholders and integrate them into organisational strategy.

2019 MILESTONES

For many years, EDPR has actively listened to and established dialogue with its various stakeholder groups in order to understand their needs. Accordingly, throughout 2019 EDPR defined and implemented different lines of action that further encouraged dialogue, satisfied demands and expectations. And that also have allowed to generate and improve its engagement with stakeholders. The company has also integrated various new initiatives into its strategy, including awareness campaigns, ad hoc individual communication plans and action protocols, among other measures that help it to responsibly manage dialogue with stakeholders.

1.1.6

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 (2019-22)	SUSTAINABILITY ROADMAP INDICATORS (2019-22)	EXECUTION 2019
CORE BUSINESS	7 AFFORDABLE AND CLEAN ENERGY; 13 CLIMATE ACTION	Increase renewable energy installed capacity	c.7 GW cumulative build-out	888 MW built
DIRECT IMPACT	8 DECENT WORK AND ECONOMIC GROWTH	Ensure high safety standards for employees & contractors	Zero fatal accidents	0 fatal accidents
	15 LIFE ON LAND	Guarantee high environmental standards	Zero significant spills and fires	0 significant spills and fires
	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Maintain the recovery waste ratio	> 75% total waste recovered (and > 90% hazardous waste recovered)	74% total waste recovered (92% hazardous waste recovered)
	12 RESPONSIBLE CONSUMPTION AND PRODUCTION	Promote the transition to electric vehicles	Service vehicles to be replaced by electric vehicles	26% hybrid operational vehicles

> **"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)*

DIRECT IMPACT

UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDGs)	SUSTAINABILITY ROADMAP STRATEGIC LINES (2019-22)	SUSTAINABILITY ROADMAP INDICATORS (2019-22)	EXECUTION 2019
5 GENDER EQUALITY	Maintain the rate of female employees	> 30% of female employees	30% of female employees
11 SUSTAINABLE CITIES AND COMMUNITIES	Foster universal access to sustainable energy (A2E)	€20m investment	€4.9m invested in A2E
	Support local communities in their social development	€8m investment	€2.2m in social investment
	Ensure a high participation in voluntary actions	20% employees participating in volunteering activities	26% employees participating in volunteer activities
9 INDUSTRY, INNOVATION AND INFRASTRUCTURE	Implement digital transformation plan promoting digital skills	100% employees participating in digitalisation trainings	51% employees participating in digitalisation trainings

1.2. 2019 IN REVIEW

1.2.1

Key Metrics

installed capacity
11.4GW
EBITDA + Net Equity

CAPEX
€1,109m

technical availability
96.8%
vs 97.0% in 2018

new additions
+888 MW
EBITDA + Net Equity

net debt
€2.8 billion

net income
€475m
vs €313m in 2018

load factor
32%
+1.5pp vs 2018

EBITDA
€1,648m
+27% YoY

1,566
employees
+13% YoY

emissions avoided
19 mt CO_2

generation
30 TWh
+6% YoY

CORE OPEX/ AVG. MW
€43k/MW
flat YoY

employees trained
94%
34hrs/employee

100%*
capacity certified ISO 14001

100%*
capacity certified OHSAS 18001

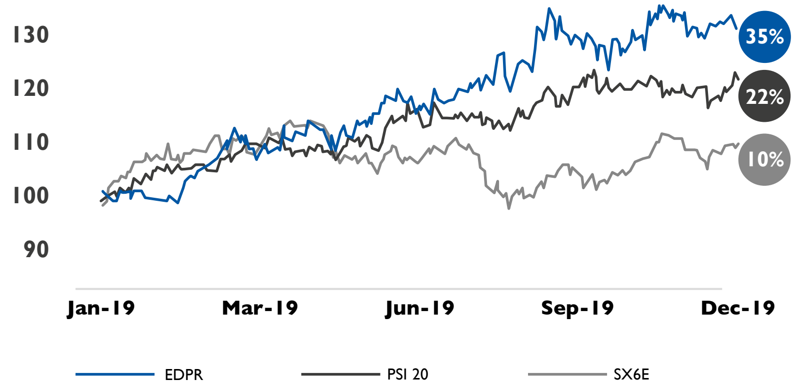
operating cash-flow
€1,089m
+€11% YoY

* CALCULATION BASED ON 2018YE INSTALLED CAPACITY. EDPR CERTIFIES THE FACILITIES THE YEAR AFTER THE COD (COMMERCIAL OPERATING DATE). THUS, THE FACILITIES THAT HAVE ENTERED INTO OPERATION IN 2019 WILL BE CERTIFIED IN 2020.

1.2.2 SHARE PERFORMANCE

EDPR has 872.3 million shares listed and admitted to trading in NYSE Euronext Lisbon. On December 31st 2019, EDPR had a market capitalisation of €9.2 billion, above the €6.8 billion at previous year-end, and equivalent to €10.50 per share. In 2019 total shareholder return was +36%, considering the dividend paid on May 10th of €0.07 per share.

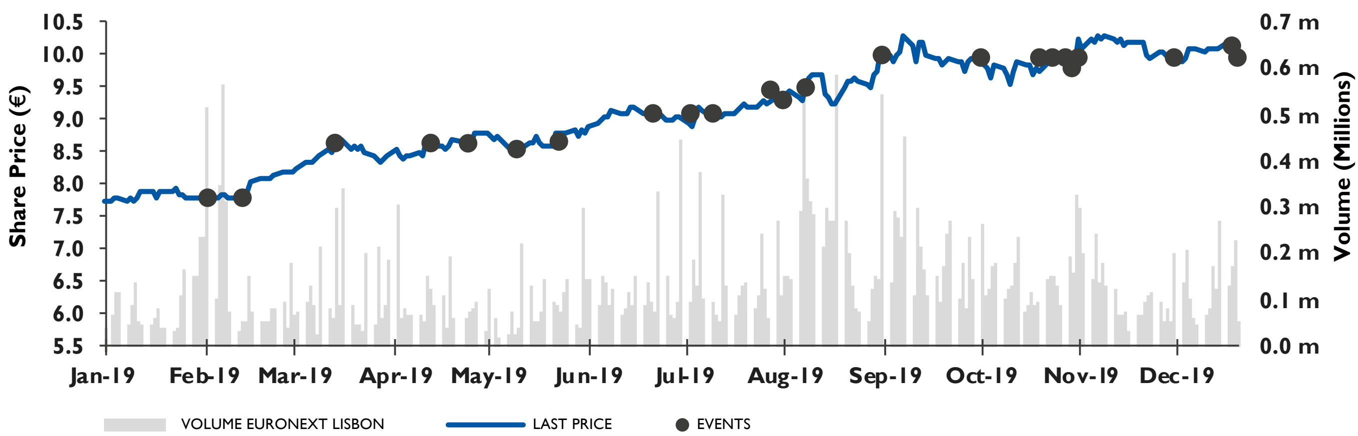
Indexed EDPR Share Performance vs. PSI20 & SX6E



EDPR IN CAPITAL MARKETS	2019	2018	2017	2016	2015
Opening Price (€)	7.78	6.97	6.04	7.25	5.40
Minimum Price (€)	7.72	6.78	5.71	5.70	5.30
Maximum Price (€)	10.50	9.17	7.20	7.28	7.25
Closing Price (€)	**10.50**	**7.78**	**6.97**	**6.04**	**7.25**
Market Capitalisation (€ Millions)	**9,159**	**6,782**	**6,077**	**5,265**	**6,324**
Total Traded Volume: Listed & OTC (Millions)	162.72	209.59	421.94	291.07	289.22
...of which in Euronext Lisbon (Millions)	36.24	44.01	101.63	103.50	109.67
Average Daily Volume (Millions)	0.64	0.82	1.65	1.13	1.13
Turnover (€ Millions)	1,502.80	1,587.12	2,744.04	1,828.34	1,824.08
Average Daily Turnover (€ Millions)	5.89	6.22	10.76	7.11	7.13
Rotation of Capital (% of Total Shares)	19%	24%	48%	32%	33%
Rotation of Capital (% of Floating Shares)	107%	107%	215%	141%	148%
Total Shareholder Return	36%	12%	16%	-16%	35%
Share Price Performance	**35%**	**12%**	**15%**	**-17%**	**34%**
PSI 20	**10%**	**-12%**	**15%**	**-12%**	**11%**
Dow Jones Eurostoxx Utilities	**22%**	**0%**	**16%**	**-8%**	**-5%**

EDPR's main events in 2019

1	01-Feb	EDPR signs a Build & Transfer agreement for a 102 MW in the US
2	12-Feb	EDPR secures a 104 MW PPA for a new wind farm in the US
3	12-Mar	EDPR announces 2019-22 Strategic Update
4	11-Apr	EDPR Annual Shareholders Meeting
5	23-Apr	EDPR announces €0.8bn Asset Rotation for EU wind farms & announces 1Q19 Operational data
6	08-May	EDPR announces 1Q 2019 Results Report (EDPR ex-dividend date (€0.07 per share))
7	21-May	EDPR announces a MoU with ENGIE, to create a 50:50 joint-venture for offshore wind
8	20-Jun	EDPR reaches a PPA agreement for its first renewable project with storage system in the US
9	03-Jul	EDPR is awarded long-term CfD for 30 MW of wind at Greek auction
10	08-Jul	EDPR secures PPA for 126 MW in Brazil
11	29-Jul	EDPR announces R$ 1.2bn Asset Rotation transaction for Brazilian wind farms
12	30-Jul	EDPR concludes €808m asset rotation deal for wind farms in Europe
13	07-Aug	EDPR secures a new PPA for Sonrisa solar project with storage system in the US
14	30-Aug	EDPR awarded with 142 MW of solar energy in Portugal
15	30-Sep	EDPR secures a new PPA for 100 MW in MX & establishes new TE structure for 405 MW in the US
16	23-Oct	EDPR enters the Colombian market with two 15-year PPA wind contracts
17	24-Oct	EDPR signs a Build & Transfer agreement for a 302 MW wind farm project in the US
18	25-Oct	EDPR secures a 200 MW PPA for a new solar project in the US
19	29-Oct	EDPR expands its US solar base securing 50% stake in a portfolio of 278 MW
20	30-Oct	EDPR JV proposal wins Massachusetts offshore wind contract
21	28-Nov	EDPR secures a PPA for a new wind farm in Brazil
22	18-Dec	EDPR is awarded long-term CfD for 33 MW of wind at Greek energy auction
23	19-Dec	EDPR is awarded long-term CfD for 307 MW of wind at Polish energy auction



SOURCE: BLOOMBERG / EDPR

1.3 ORGANISATION

1.3.1 SHAREHOLDER STRUCTURE

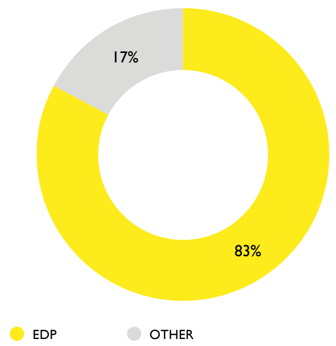
EDPR shareholders are spread across more than 20 countries, being EDP the main shareholder.

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 increased by 5.03% its shareholding in 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 2019, EDP had an installed capacity of 26.7 GW, generating 66.7 TWh, of which 66% came from renewables. EDP is part of sustainability indexes (DJSI World and Europe), following its performance in the economic, social and environmental dimensions. Its holding company, EDP S.A. is a listed company whose ordinary shares are traded in the Euronext Lisbon since its privatisation in 1997.

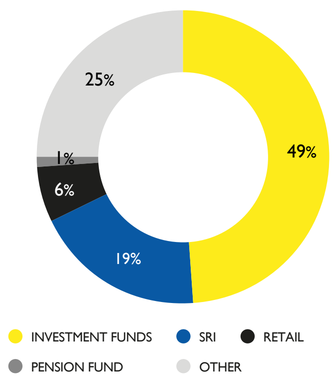
EDPR Shareholder



OTHER SHAREHOLDERS

In October 2019, MFS notified EDPR that, in accordance with article 23 of the Royal Decree 1362/2007 and as a result of transactions hold on October 3rd, it crossed the 3% minimum threshold for qualified shareholding positions. MFS decreased its shareholding to 25,674,035 ordinary shares of EDPR, which corresponds to 2.943% of EDPR's share capital and 2.943% of the respective voting rights, therefore leaving its qualified share holding position in EDPR.

Sharehoders (Ex-EDP) by Type



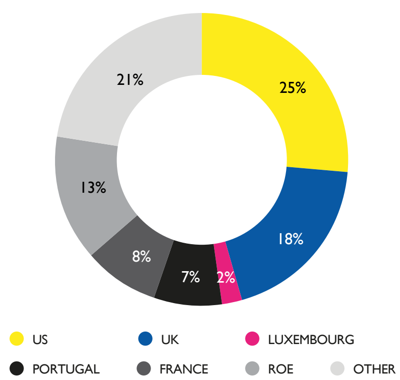
BROAD BASE OF INVESTORS

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, which 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.

WORLDWIDE SHAREHOLDERS

EDPR shareholders are spread across 21 countries, being United States the most representative country, accounting for 25% of EDPR shareholder base (ex-EDP Group), followed by United Kingdom, France, Portugal and Luxembourg. In the Rest of Europe, the most representative countries are Switzerland , Sweden, Belgium and Spain.

Sharehoders (Ex-EDP) by Country



1.3.2 GOVERNANCE MODEL

The organisation and functioning of EDPR corporate governance model aims to achieve the highest standards of corporate governance, business conduct and ethics referenced on the best national and international practices.

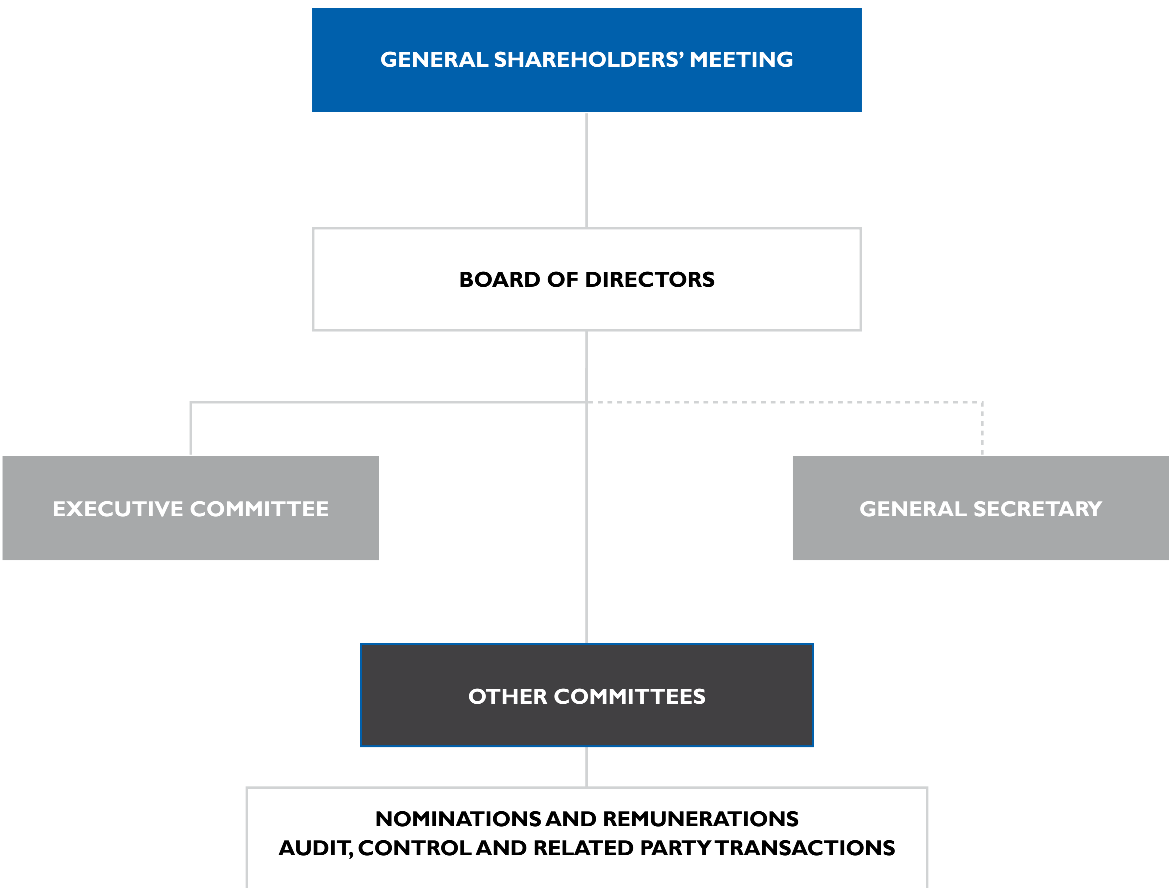
EDPR is a Spanish Company listed in a regulated stock exchange in Portugal, being the regulation of its corporate organisation subject to the Spanish law, but trying to parallelly also comply to the extent possible with the Portuguese recommendations contained in the Corporate Governance Code of the Instituto Português de Corporate Governance ("IPCG").

Considering the applicable guidelines as of this regulatory framework, EDPR's model was designed with the aim of ensuring a transparent and meticulous separation of duties and management by the same time that provides a specialisation in the supervision functions. As such, EDPR's governance structure is comprised by a General Shareholders' Meeting and a Board of Directors (BoD) that represents and manages the Company, which in accordance with the law and its Articles of Association has additionally set up three delegated Committees entirely composed its members: the Executive Committee, the Audit, Control and Related-Party Transactions Committee and the Nominations and Remunerations Committee.

Additionally, as detailed in the Corporate Governance chapter, with the purpose of adapting to the extent possible this structure to the Portuguese legislation, EDPR 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.

This structure and its functioning enable a fluent workflow between all levels of the governance model, as each of the delegated Committees shall report the decisions taken to the Board of Directors, and additionally all the Committees Members are also Members of the Board. Hence, this organisation allows Directors to receive the complete information at Board of Directors level in order to take the corresponding decisions, and all in all, ensuring in time and manner the access to all the information in order to appraise the performance, current situation and perspectives for the further development of the Company.

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



Board of Directors

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

ANTÓNIO MEXIA
Chairman

EMILIO GARCÍA-CONDE
General Secretary

JOÃO MANSO NETO
Vice-Chairman & CEO

DUARTE BELLO
COO Europe & Brazil

MIGUEL ÁNGEL PRADO
COO North America

SPYRIDON MARTINIS
COO Offshore & CDO

VERA PINTO PEREIRA

RUI TEIXEIRA

MANUEL MENÉNDEZ

ANTÓNIO NOGUEIRA LEITE
Lead Independent Director

ACÁCIO PILOTO

ALLAN J. KATZ

FRANCISCA GUEDES DE OLIVEIRA

FRANCISCO SEIXAS DA COSTA

CONCEIÇÃO LUCAS

ALEJANDRO FERNÁNDEZ DE ARAOZ

A) GENERAL SHAREHOLDERS' MEETING

The 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.

B) BOARD OF DIRECTORS

The Board of Directors is the body 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.

In line with the best corporate governance practices and in accordance with its Articles of Association, EDPR's Board of Directors shall consist of no less than 5 and no more than 17 members (including a Chairperson), who are elected for 3 years period and that may be re-elected for equal periods. EDPR Board of Directors is currently composed by 15 Board Members, 11 are non-executive, from which a total of 6 are also independent.

DELEGATED COMMITTEES OF THE BOARD OF DIRECTORS

As stated, EDPR BoD has set up three delegated Committees entirely composed by its members: the Executive Committee, the Audit, Control and Related-Party Transactions Committee and the Nominations and Remunerations Committee.

I) EXECUTIVE COMMITTEE

This is the delegated body of the Board of Directors entrusted to perform the daily management of the business. EDPR's Executive Committee is composed by the following members that are also "Consejeros Delegados Mancomunados".

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 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.

II) AUDIT, CONTROL AND RELATED PARTY TRANSACTIONS COMMITTEE

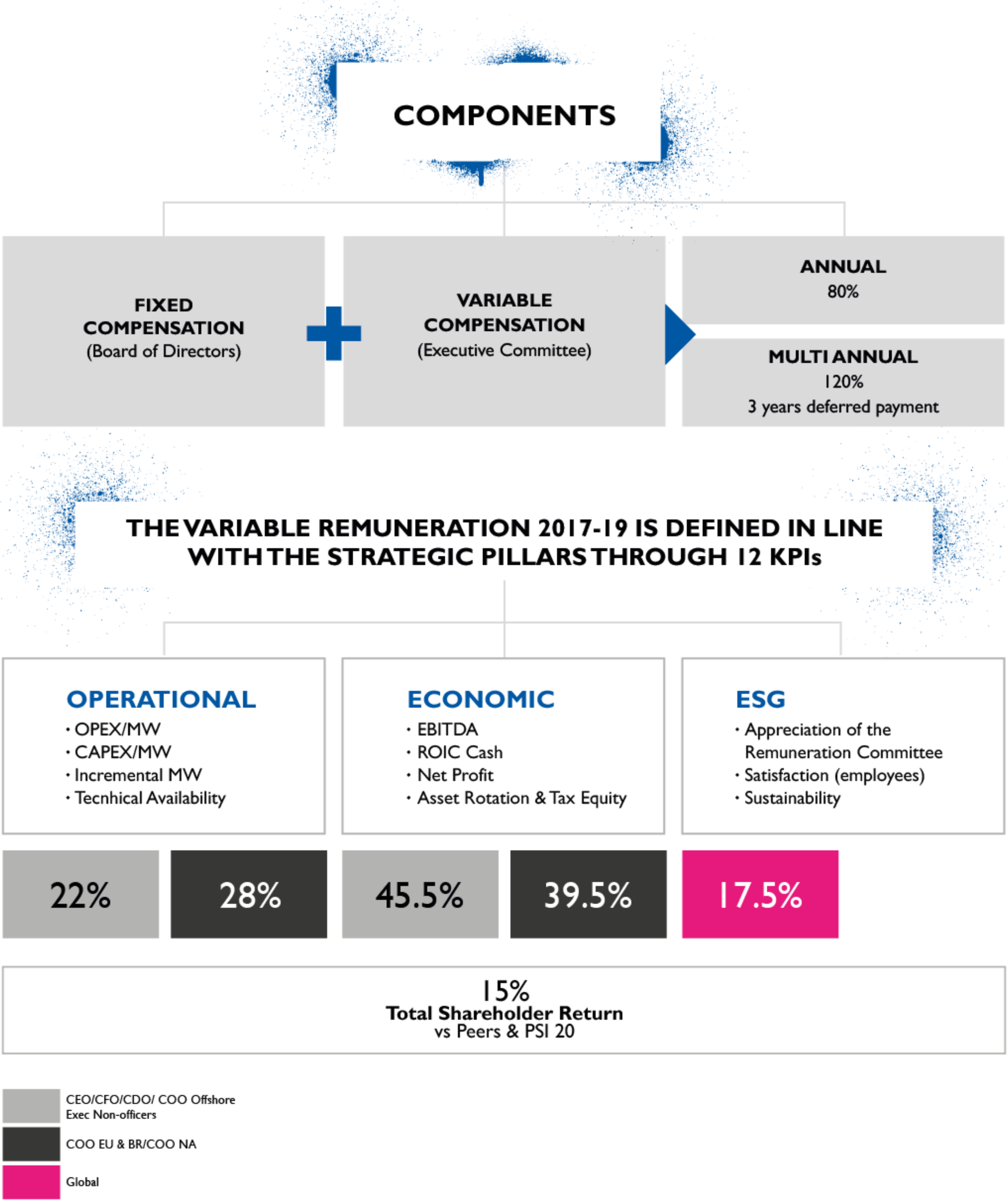
This is the specialised and delegated Committee of the BoD in charge of, among others, the appointment of the Company's auditors and the internal risk management and control systems, supervision of internal audits and compliance and ratification of transactions between EDPR and EDP and between its related parties, qualified shareholders, directors, key employees or his relatives and prepares an annual report on its supervisory activities. The Audit, Control and Related Party Transactions Committee consists of three (3) independent members: Acácio Piloto (who is the Chairman), Francisca Guedes de Oliveira and António Nogueira Leite.

III) NOMINATIONS AND REMUNERATIONS COMMITTEE

This is the specialised and delegated Committee of the Board of Directors in charge of, within others, the assistance and report to the Board about appointments, re-elections, dismissals, evaluation and remunerations of the Directors. Nominations and Remunerations Committee consists of three (3) independent members: António Nogueira Leite (who is the Chairman), Francisco Seixas da Costa and Conceição Lucas.

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.



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, 2019 activity and the Company's up-to-date articles of association and regulations, please visit www.edpr.com.

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 organized around five main elements: a corporate center Holding, Onshore Europe & Brazil, Onshore North America, Offshore and New Geographies. Each platform includes different business units specialized in each of the country specificities.

CORPORATE HOLDING

ONSHORE Europe & Brazil	ONSHORE North America	OFFSHORE & NEW GEOGRAPHIES
Spain, Portugal, Poland, France / Belgium, Romania, Italy, Brazil	US, Canada, Mexico	Offshore JV, Greece, Colombia

The principles on which EDPR bases its organisational model is 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 centers and are internal service providers to all business units for all geographical non-specific needs. Business priorities and needs are defined by local businesses, and best practices are defined and distributed by corporate units.
LEAN 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 organizational 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.

STRATEGIC MANAGEMENT

Covers the activity of EDPR Holding to support the Executive Committee

- 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 perfomance indicators

TRANSVERSAL OPERATION

Systematically and progressively coordinate between EDPR Holding and the Business Units

- 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 effcient 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, Offshore & New Geographies.

- **EDPR Europe & Brazil Onshore platform:** there are different business units 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 North America: United States of America, Mexico and Canada.
- **EDPR's Offshore & New Geographies platform:** a MoU was signed in 2019 with Engie for the creation of a Joint Venture with EDPR that will grant the development of Wind Offshore projects, namely projects in UK, Portugal, France, Belgium, Poland, and the United States of America. This platform also grants EDPR's international business expansion in any geography where the company does not currently operate.

1.3.4 INTEGRITY AND ETHICS

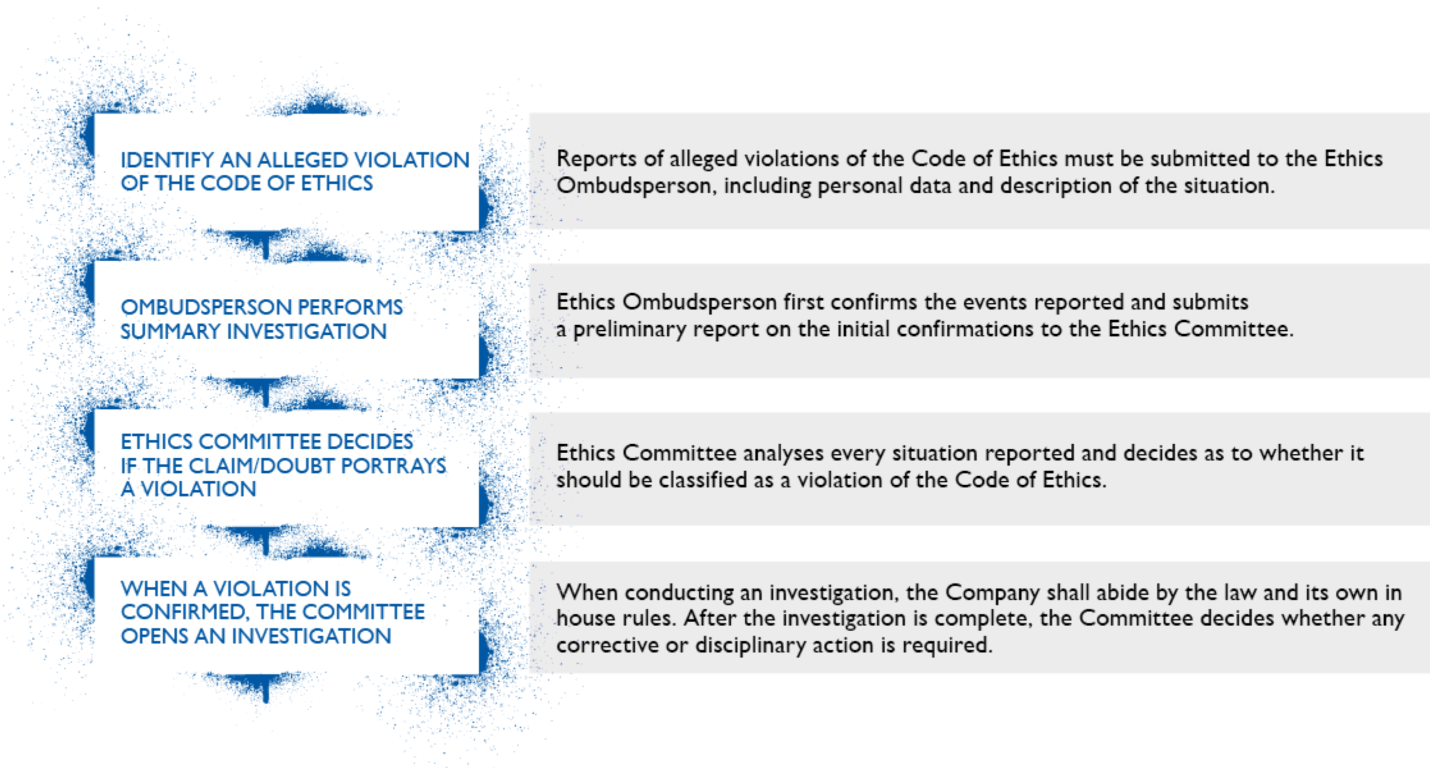
Ethical behaviour is absolutely essential for the functioning of the economy. EDPR recognises its importance and complexity and is committed to address ethics and its compliance. But it is the employees' responsibility to comply with ethical obligations.

GOVERNANCE MODEL FOR ETHICS

Ethics are the cornerstone of EDPR strategy, to the extent that EDPR has a Code of Ethics, an Anti-Corruption Policy and a Compliance 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.

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. 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 2019, there were three claims to the Ethics Ombudsperson through the Ethics Channel, none of them were considered a violation of EDPR`s Code of Ethics. The claims were distributed to the different responsible areas and were addressed.

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 supplier working for EDPR should agree to EDP Supplier Code of Conduct and also the EDPR Code of Ethics.

ANTI-CORRUPTION

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, 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 Compliance Channel. In 2019, no claims were submitted through the Compliance Channel related to Anti-Corruption issues.

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.

Moreover, EDPR analyses all the new markets where it operates through a Market overview including Sustainability topics such as human rights, labour, environment and corruption. This study also evaluates the corruption risk. In addition, EDPR has 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.

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, the Compliance Officer figure was created in 2016 in EDPR.

In this context, the Board of Directors of EDPR approved the Criminal and Legal Risk Prevention Model (Compliance Model) on December 2017 with the goal of promoting, establishing, developing and maintaining an adequate ethical business culture. The Compliance Model is constantly updated according to the most demanding national and international standards. This model includes a Compliance Channel, a tool to report any act that may involve the commission of a criminal offense or irregularity. In 2019, no claims were submitted through the Compliance Channel.

In June 2019, the Compliance Area was created to support and provide assistance to the Compliance Officer. The Compliance Area main responsibilities are promoting a culture of prevention based on the principle of "absolute rejection" towards the commission of illegal acts and fraud situations, guaranteeing the dissemination of the principles of the Compliance Model and managing the cases of complaints from employees or collaborators.

Among the activities performed during 2019 by the Compliance Area, it can be highlighted: 1) the review and update of the Spanish Compliance Model, as a result of a change of the Spanish Criminal Code. For this review, a third-party consultant was engaged to evaluate the criminal risk and review the associated controls in order to ensure the Spanish Compliance Model was reflecting the most current legal and organisational changes. 2) the development of an on-line Compliance training for EDPR Spain-based employees.

The main objectives of the training were to introduce employees to the fundamentals of Compliance, highlighting the importance of Compliance at EDPR and identifying the main criminal risks that EDPR could be potentially exposed in the exercise of its activity. As of December 31st, 2019, the Compliance training was completed by 363 employees, which represent the 73% of all staff based in Spain.

02

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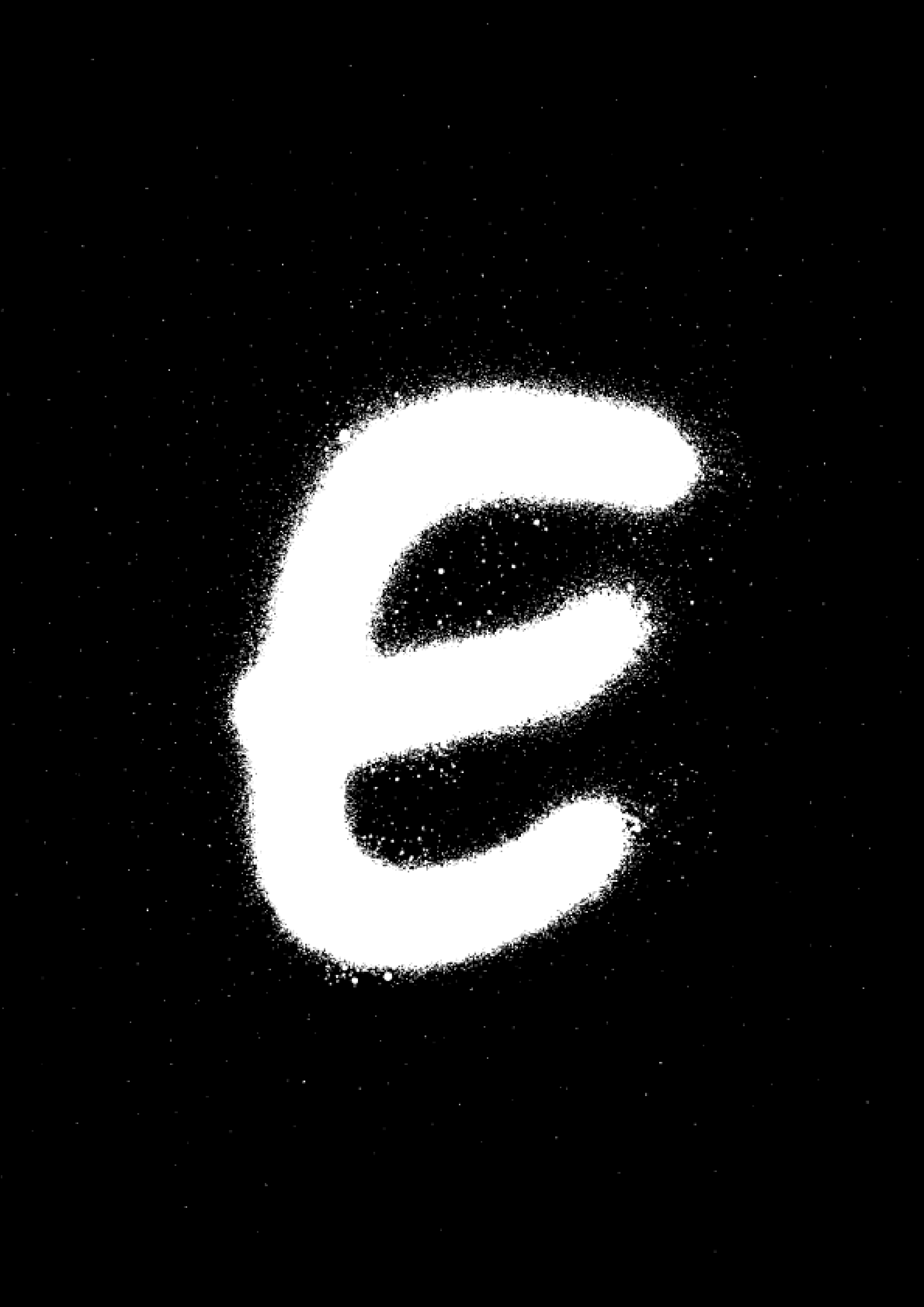


02
STRATEGIC APPROACH

2.1. BUSINESS ENVIRONMENT

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

2.1.1.1 THE NEED TO STRENGTHENING CLIMATE PLEDGES

According to the World Meteorological Organization (WMO)[1], the year 2019 concludes a decade of exceptional heat, retreating ice, record sea levels and continued ocean acidification, driven by rising greenhouse gases from human activities. Average temperatures during the 2010-2019 period are almost certain to be the highest on record, while 2019 has become the second warmest year since we have data according to the National Oceanic and Atmospheric Administration (NOAA) and NASA. In fact, average temperature in 2019[2] was around 1.1°C above the pre-industrial period.

In December 2015, virtually all Parties to the United Nations Framework Convention on Climate Change (UNFCCC) signed the so-called "Paris Agreement" to limit the rise in average temperature to "well below 2°C" and ideally 1.5°C by the end of the century. However, we are far from achieving the target. In fact, since the Paris Agreement, global carbon emissions have risen 4%[3]. In the absence of strengthen policies, latest projections from the UNEP Emissions Gap report conclude that global warming is expected to reach around 3.2°C at the end of the century, highlighting the substantial gap between the Paris Agreement's target and current pledges from the Governments. According to the

COP 25: key outcomes agreed at the UN climate talks in Madrid

The 2019's United Nations climate talks, known as COP 25, were held in Madrid (although under Chilean presidency) between the 2nd and the 15th of December. Despite the disappointment regarding the contents of the outcome (in particular the postponement of decisions regarding carbon market rules), several announcements made during the two-week conference indicated progress. The European Union, for example, committed to carbon neutrality by 2050, and 73 nations announced that they will submit an enhanced NDC5. Greater ambition for a cleaner economy was also evident at a regional and local level, with 14 regions, 398 cities, 786 businesses and 16 investors committing to achieve net-zero CO_2 emissions by 2050.

[1] PROVISIONAL STATEMENT ON THE STATE OF THE GLOBAL CLIMATE, RELEASED IN DECEMBER 2019
[2] JANUARY TO OCTOBER 2019. SOURCE: WMO
[3] ACCORDING TO THE GLOBAL CARBON PROJECT

report, we need to reduce emissions by 7.6% every year from 2020 to 2030 if we want to keep global warming below 2°C. The urgency of the challenge was also highlighted by the United Nations' IPCC[1] in a landmark report[2] published in 2018 in which the Panel warned that global warming could exceed the 1.5°C limit as soon as 2030, a threshold expected be catastrophic for people and ecosystems if crossed.

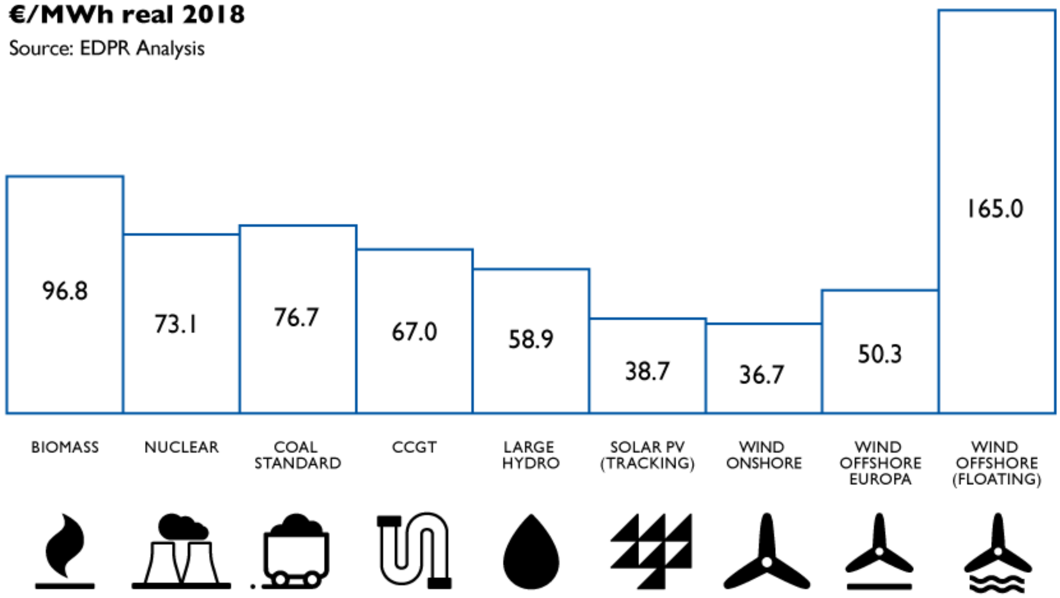
2020 is expected to be a crucial year for climate. Under the Paris Agreement all parties committed to, not only submitting Nationally Determined Contributions[3] (NDCs) for cutting emissions, but also to enhance their pledges every 5-year period (starting in 2020) to reflect progress toward their highest possible ambition. Therefore, since the first round of NDCs pledged under the Paris Agreement proved to be insufficient to meet the targets, the 2020 NDC round will be crucial to address the climate threat, decarbonize our economies and achieve multiple Sustainable Development Goals[4].

2.1.1.2 SCALING WIND AND SOLAR PV: IT'S TIME FOR ACTION

Climate science is consistently warning us that we are running out of time if we want to avoid the worst consequences of global warming. As stated above: unless global greenhouse gas emissions fall by 7.6% each year between 2020 and 2030, the world will miss the opportunity to get on track towards the 1.5°C temperature goal. The Emission Gap Report[5] stresses the important role that energy (mostly electricity) will need to play in the much-needed decarbonization process. Although the report details different pathways to reduce emissions, it highlights an "easy win" decarbonization option that would rely on three pillars: i) a vast expansion of renewable electricity generation, ii) a smarter and much more flexible electricity grid and iii) a huge increase in the products and processes that run on electricity (in buildings, transport and industry).

Wind and Solar PV are expected to be the cornerstone of the energy transition. Not only these technologies are fully mature and affordable, they have also become increasingly competitive as their costs has rapidly declined (and keeps doing so). In most parts of the world, renewables have become the lowest-cost source of new power generation. Indeed, according to Bloomberg New Energy Finance (BNEF), around two-thirds of the world's population now live in countries in which wind or solar PV are the lowest-cost ways of generating power. Therefore, although wind and solar PV are only generating around 8.5% of global electricity, they are expected to reach 48% of total electricity mix by 2050, according to BNEF estimates.

LEVELIZED COST OF ENERGY (LCoE)
€/MWh real 2018
Source: EDPR Analysis



[1] INTERGOVERNMENTAL PANEL ON CLIMATE CHANGE, WHICH IS UN'S BODY FOR ASSESSING THE SCIENCE RELATED TO CLIMATE CHANGE
[2] SPECIAL REPORT: GLOBAL WARMING OF 1.5°C, RELEASED IN OCTOBER 2018
[3] NDC ARE PLEDGES MADE BY THE COUNTRIES IN THE PARIS AGREEMENT TO CONTRIBUTE TO THE ACHIEVEMENT OF THE LONG-TERM TEMPERATURE GOAL
[4] AMONG OTHERS: AFFORDABLE AND CLEAN ENERGY, CLIMATE ACTIONS, SUSTAINABLE CITIES AND COMMUNITIES, NO POVERTY AND GOOD HEALTH AND WELL-BEING
[5] RELEASED ON NOVEMBER 26, 2019 BY THE UNITED NATIONS ENVIRONMENT PROGRAMME (UNEP)

2.1.2 THE EVOLUTION OF RENEWABLES AROUND THE WORLD IN 2019

European Green Deal: a new opportunity for wind and solar PV

The EU Commission presented on 11 December 2019 its "European Green Deal" which is an ambitious plan to achieve carbon neutrality by 2050 and reduce emissions up to 55% by 2030 (replacing the former 40% objective). These goals will be enshrined in a climate law, planned in March 2020.

The Green Deal in a comprehensive plan that covers different sectors including transport, energy, agriculture, buildings, textiles and construction among others. It also considers a carbon border tax, to be proposed in 2021, aimed at protecting the European industry against unfair competition from other countries that do not respect international climate targets. According to Goldman Sachs, utilities could absorb nearly half of the Green Deal investments, which, in their view, could trigger unprecedent earnings growth and regulatory stability.

Achieving these goals require a more robust renewables' strategy. On this basis, the Plan calls for a power sector largely based on renewable sources. The Plan's targets involve that by 2030, carbon-free power generation could reach 60-65% of the EU mix vs. 35% today.

Wind and Solar PV, which are the most mature and more competitive technologies, appear as the ones with more potential to play a fundamental role, and Goldman Sachs foresees that could represent 29% and 12% of the power generation mix in 2030 (vs. 12% and 4% today respectively). According to Bernstein's estimates, the 50-55% emissions reduction target by 2030 has the potential to increase wind and solar PV capacity by an additional 65-211 GW during the next decade[1].

WIND

Global wind additions are likely to witness considerable growth in 2019[2], with analysts forecasting around 58-71 GW[3] of new capacity, vs 51.3 GW in 2018. These figures, if confirmed, could represent the highest level of wind energy ever commissioned in a single year. This sharp increase is mainly explained by a positive year in China, North America and Europe, and, an outstanding growth in the offshore field.

China remained the undisputed world's wind power leader, adding around 26 GW of wind energy, according to the China Electricity Council, surpassing the 200 GW landmark of total installed capacity.

The US crossed in 2019 the 100 GW milestone, enough to power around 32 million American homes, according to AWEA[4]. Although no final data is available yet[2], 2019 is expected to become the second-best year in history, with around 10 -11 GW of new wind capacity (vs 7.6 GW in 2018).

Europe added 4.9 GW of new wind energy capacity in the first half of 2019, according to figures released by Wind Europe. This data is particularly encouraging considering that wind installations are typically higher in the second half of the year, mainly due to the strongest activity in summer months, suggesting that total 2019 additions could surpass the 10 GW threshold. Although Germany is expected to deliver weak results in the onshore wind field, other markets, including the UK, Spain, Norway and Sweden, are expected to deliver outstanding results. Specifically, in Spain, the latest data[5] of Red Eléctrica reveal that 1,634 MW of onshore wind farms had been connected in the first 11 months of 2019 (vs. only 392 MW in 2018 or 96 MW in 2017).

2019 was also the best year ever for offshore wind, with around 7.7 GW[6] of new installations connected all around the world, surpassing the previous record (4.7 GW) achieved in 2017. However, 2019 growth remained highly concentrated in China (around 2.6 GW), the UK (around 2.3 GW) and Germany (around 1.6 GW).

[1] DEPENDING ON MODELLED EFFICIENCY GAINS AND THE SHARING OF THE BURDEN BY OTHER SECTORS OF THE ECONOMY.
[2] AT THE TIME OF PREPARATION OF THIS REPORT DATA FROM THE GLOBAL WIND ENERGY COUNCIL (GWEC), THE AMERICAN WIND ENERGY ASSOCIATION (AWEA) OR WIND EUROPE, HAVE NOT BEEN RELEASED.
[3] EXPERTS CONSULTED INCLUDE: GWEC, IHS MARKIT, BLOOMBERG NEW ENERGY FINANCE, INTERNATIONAL ENERGY AGENCY AND WOOD MACKENZIE
[4] "US WIND INDUSTRY THIRD QUARTER 2019 MARKET REPORT" PUBLISHED BY THE AMERICAN WIND ENERGY ASSOCIATION (AWEA)
[5] NOVEMBER 2019
[6] ACCORDING TO BLOOMBERG NEW ENERGY FINANCE

SOLAR PV

2019 is expected to become a record year for solar PV, with analysts[1] forecasting between 98 and 124 GW of new facilities connected, compared to the 97 GW installed in 2018[2].

China remains the largest market, despite a sharp slowdown of its yearly installations which are expected to decrease to 20-28 GW in 2019, from 44 GW in 2018. However, other countries in the region are expected to deliver good results, namely in India (around 9-10 GW), Vietnam (around 5 GW) or Australia (around 4-4.5 GW).

The US is expected to witness its best year on record in terms of solar PV additions, with around 13 GW installed in 2019 according to the Solar Energy Industries Association (SEIA). California clearly dominated the US solar market with around 26 GW of solar PV capacity installed, followed by North Carolina (5.6 GW), Arizona (3.9 GW), Texas and Florida (both 3.4 GW) according to latest SEIA's estimates.

In Latin America, Mexico remained the largest market for solar PV, with analysts forecasting between 2.6 and 3.3 GW, followed by Brazil with additions ranging 1.3-2.6 GW.

In Europe, 2019 was also the best year ever for solar PV. According to data provided by Solar Europe, 16.7 GW were connected, a 104% increase over the 8.2 GW installed in 2018. Spain was the most dynamic market with 4.7 GW installed, followed by Germany (4 GW), the Netherlands (2.5 GW), France (1.1 GW) and Poland, which nearly quadrupled its installed capacity reaching 784 MW.

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.

[1] EXPERTS CONSULTED INCLUDE: IHS MARKIT, BLOOMBERG NEW ENERGY FINANCE, INTERNATIONAL ENERGY AGENCY AND WOOD MACKENZIE
[2] ACCORDING TO IRENA

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

COUNTRY	SHORT DESCRIPTION

UNITED STATES OF AMERICA	• 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
	• Sales can be agreed under PPAs
	• Tax Incentive:
	  • PTC collected for 10-years since COD ($25/MWh in 2019)
	  • Wind farms beginning construction in 2009 and 2010 could opt for 30% cash grant in lieu of PTC

CANADA	• Feed-in Tariff (Ontario). Duration: 20-years • Renewable Energy Support Agreement (Alberta)
MEXICO	• Technological-neutral auctions (opened to all technologies) in which bidders offer a global package price for the 3 different products (capacity, electricity generation and green certificates) • EDPR project: bilateral Electricity Supply Agreement under self-supply regime for a 25-year period
BRAZIL	• Old installed capacity under a feed-in tariff program ("PROINFA") • Since 2008, competitive auctions awarding 20-years PPAs • Sales can be agreed under PPAs
SPAIN	• Wind energy receives pool price and a premium per MW in order to achieve a target return defined by regulation • RDL 17/2019 has set the target return (TRF) @7.398% for WF's prior to 2013 and @7.09% for new installations until 2031 • Premium calculation is based on standard assets (standard load factor, production and costs) • Since 2016, all the new renewable capacity is allocated through competitive auctions
PORTUGAL	• Wind farms commissioned before 2006 are subject to a FIT whose value is correlated with production and indexed with CPI. Initial tenure was the soonest of 15 years (or until 2020) or 33 GWh/MW but in was increased 7 years (tariff extension) with a cap and floor scheme in exchange of annual payments between 2013 and 2020 • Wind farms under the new regime (COD after 2006) are subject to a FIT for the soonest of 20 years from COD of 44 GWh/MW. Tariff value is also indexed wit CPI • Solar PV projects awarded in the latest auction (July 2019) are subject to a flat FIT during 15 years. Projects will bear the cost of imbalances
BELGIUM	• Market price plus green certificate (GC) scheme. The minimum price for GCs is set €65/GC • Option to negotiate long-term PPAs
FRANCE	• 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 CR 2016 scheme receive 15-yr CfD which strike price value similar to existing FIT fee plus a management premium • Auctions (20-year CfD)
POLAND	• Electricity price can be stablished through bilateral contracts • Wind farms before 2018 are subject to a GC scheme. Wind receive 1 GC/MWh during 15 years that can be traded in the market. Electricity suppliers have a substitution fee for non-compliance with GC obligations • Wind farms awarded in 2018 and 2019 auctions are subject to a two-side CfD with a tenure of 15 years
ROMANIA	• 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 6 GC 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 15 years • The GCs issued starting in Apr-2017 and the GCs postponed to trading from Jul- 2013 will remain valid and may be traded until Mar-2032
ITALY	• Wind farms in operation prior to 2012YE are under a feed-in-premium scheme applicable for the first 15 years of operation • Wind farms commissioned from 2013 onwards awarded in competitive auctions until 2017 are subject to a 20-years floor CfD scheme • Wind farms winning the 2019 auction will benefit from a 20-years two-side CfD scheme
GREECE	• 20 years non-indexed CfD, allocated through tenders
COLOMBIA	• Colombian wind farms have been awarded 15-years long-term contracts though competitive pay-as-bid auction. Contracts are signed with several Colombian distribution counties • Additionally, Colombian wind farms secured reliability charge contract, a monthly payment in exchange of having part of its capacity available when the system is under tight supply conditions
OFFSHORE	• UK: 15 years CPI indexed CfD, allocated by tender, at £57.5/MWh (2012 tariff- based) • France: 20-year indexed feed-in tariff

2.1.4 REGULATION OVERVIEW

EU REGULATORY DEVELOPMENTS

NATIONAL ENERGY AND CLIMATE PLANS

The National Energy and Climate Plans (NECPs) are a key instrument of the European Union to achieve the 2030 climate and energy targets. Following the adoption of the Regulation on the Governance of the Energy Union in December 2018, Member States (MS) were required to develop National Energy and Climate Plans on a 10-year rolling basis (for the period 2021-2030). These plans must ensure that the Union's 2030 targets for greenhouse gas emission reductions, renewable energy, energy efficiency, research and innovation, and electricity interconnection are reached.

Initially, MS had been required to submit a draft NECP by 31 December 2018. In June 2019, the European Commission (EC) published an assessment on the draft NECPs as a whole, accompanied by country-specific recommendations. At this stage, the EC identified a gap between the NECPs ambition levels and the EU's collective targets. In particular, the EC concluded that draft NECPs were insufficient for the achievement of the 32% renewable energy target[1] and encourage MS to raise their ambition.

Subsequently, MS were required to submit their final NECP by 31 December 2019 although some countries have missed the deadline. Every two years (starting in 2023), each MS will need to submit a progress report. In 2024, and every five years thereafter, the Governance regulation requires each country to review its NECP taking into account recent developments and results of the global stocktake of the Paris Agreement[2].

EUROPE AND SOUTH AMERICA: 2019 REGULATORY DEVELOPMENTS

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

Spain

On November 22, the Royal Decree Law 17/2019 was passed, introducing a series of measures aimed at guaranteeing a stable regulatory and economic framework to encourage the development of renewable energy generation in Spain. The RDL updates the "reasonable" profitability for renewable generation for the next regulatory period starting on 1 January 2020 at a level of 7.39% for assets before RDL 9/2013 and 7.09% for the new ones. In addition, the Ministry for the Ecological's Transition (MITECO) presented in January 2020 a draft bill determining the rest of the remuneration parameters for standard renewable energy facilities.

Portugal

Portugal held in July 2019 its first Solar PV energy auction. The auction awarded 1.4 GW of grid connection capacity reservation. This auction responds to the objective of reaching 80% of electricity from renewable sources by 2030, which translates in 9 GW[3] of solar PV installed capacity. EDPR secured a 15-year contract for a 142 MW solar project.

France

On 8 November the Energy and Climate Law, which sets the framework and targets of French climate policy for the next 30 years, was formally enacted. The adoption of the Energy-Climate law constitutes a major step toward achieving the government's ambition to address climate change by becoming carbon neutral by 2050. For this purpose, the law provides for the reduction of fossil fuel consumption by 40% by 2030 and for the end of coal based electricity generation by 2022. Regarding wind energy, the law redefines the authority responsible for permitting onshore wind projects, on the other hand, for offshore wind its included a higher target of auctioning 1 GW of capacity until 2024.

Due to the high volume of projects potentially wishing to benefit from the CR 2016 Regime (the so-called "Complément de Remunération" which grants a 15-year Contract-for-Difference "CfD" with a strike price at a level close to the former feed-in tariff), the Ministry of Ecological Transition (Ministère de Transition écologique et solidaire) decided in December 2019 to close the scheme once the first 1,800 MW of contracts are signed.

Italy

The Italian Ministry of Economic Development signed in July 2019 a decree implementing a new set of auctions to be held between 2019 and 2021, and seeking to allocate around 5.5 GW of wind and solar PV. The Decree was published on the Official Gazette No. 186 of 9 August 2019.

The first auction round was opened on 30 September 2019 for a total of 500 MW of renewable capacity. Auction's participants had to bid a discount on a reference tariff, set at €70/MWh for wind and solar PV.

[1] DRAFT NECPS WOULD ONLY REACH A RENEWABLE ENERGY SHARE BETWEEN 30,4% AND 31,9% IN 2030, ACCORDING TO EC'S COMMUNICATION PRESENTED ON 18 JUNE 2019
[2] AS A KEY ELEMENT IN THE PARIS AGREMENT, COUNTRIES ARE REQUIRED TO REVIEW THEIR NDC EVERY 5 YEAR AND INCREASE THEIR LEVEL OF AMBITION
[3] ACCORDING TO FINAL NECP

Belgium

On 4 April 2019, the Belgian Parliament adopted a law introducing a competitive bidding procedure to award domain concessions for new offshore wind farms. This regulation sets out a general framework for the competitive bidding procedure.

In July, a Royal Decree establishing the new marine spatial plan for the period 2020-2026 was published, which amongst other things describes the potential locations for new offshore concessions for renewable electricity production installations.

Poland

On June 25, the government approved a set of amendments to the Renewable Energy Sources Act with the main objective to allow auctions for new renewable energy projects in 2019.

In December 2019, the Polish energy regulator launched a wind and solar PV tender, granting 2.2 GW of new capacity (most of the capacity was granted to onshore wind projects). EDPR secured 15-year CfDs to sell electricity produced by a portfolio of 11 wind farms with a total capacity of 307 MW.

Greece

Greece held three renewable energy auctions in 2019 (April, July and December). EDPR secured two contracts-for-difference ("CfD") for two wind projects of 30 MW and 33 MW.

Brazil

On March 6, Portarias MME n° 151 and n° 152 setting the calendar of energy tenders for the years 2019, 2020 and 2020 were published. Portaria 151 sets the dates for "new energy tenders" (leilões de energia nova) while Portaria 152 envisages tenders for existing energy assets (leilões de energia existente). The calendar envisages two tenders per year for new assets (A-4 and A-6) and two for operational (A-1 and A-2), following the same structure for each of the three years.

UK

In June 2019, a new legally binding net-zero emissions target by 2050 was passed into law. This target will require the UK to bring all greenhouse gas emissions to net zero by 2050, compared with the previous target of at least 80% reduction from 1990 levels. In order to achieve the target, several measures are proposed: increase the share of electricity from renewable sources (up to 57% of variable renewables by 2050), increase the capacity of wind and solar PV up to 81 GW by 2050 (from 29 GW current level), support new renewables with contract-for-difference awarded through tenders, among other measures.

The results of the third CfD Allocation Round were announced on 20 September 2019. Six offshore projects with a combined capacity of 5,466 MW secured CfD deals. In September 2019, the UK also announced the fourth leasing round, that was opened in October 2019, offering areas capable of supporting 7 GW of offshore wind before 2030.

Colombia

Up until recently, Colombia had not a robust renewables' (ex-hydro) regulatory framework. However, in 2019 the government set a mandatory target for electricity suppliers to procure 10% of their electricity from non-conventional renewable energy sources from 2022 onwards ("Resolución 40715").

In October 2019, Colombia's National Mining and Energy Planning Unit allocated 1.3 GW of solar PV and wind power generation capacity in the country's first renewable energy auction. Eight projects (5 wind and 3 solar PV projects) secured a 15-year PPA. EDPR was awarded two wind projects totaling 502 MW.

NORTH AMERICA: CONTINUE LEADING THE WAY

United States of America

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

- PTCs: Production Tax Credits are the dominant wind incentives in the US and represent an extra source of revenue per unit of electricity generated ($24/MWh in 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.

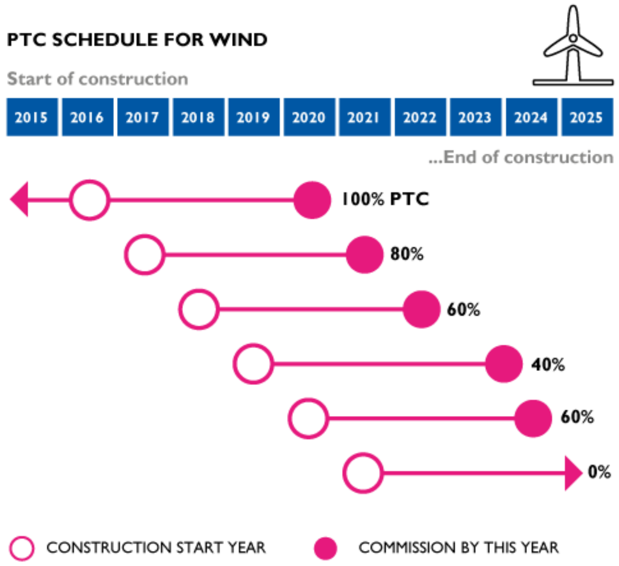
In addition, many states have passed legislation, mainly in the form of Renewable Portfolio Standards (RPS), that require utilities to purchase a certain percentage of their energy supply from renewable sources, setting penalties to those that do not accomplish. Typically, states use Renewable Energy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

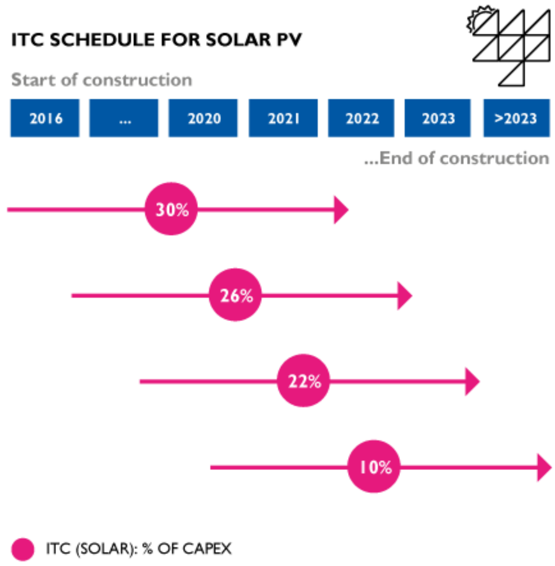
The relevant recent regulatory developments are below described.

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 harbored in a given year and construction is completed within 4 years. Thus, if a developer safe harbors 5% of project Capex in 2016 for a given project, the project will qualify for the 100% PTC if construction is completed by year-end 2020.

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. The graphic below depicts the phase-out calendar:

On 20 December 2019, the President signed the Taxpayer Certainty and Disaster Tax Relief Act of 2019. The act changes the phase down schedule for the Production Tax Credit for onshore wind energy projects. Under prior law, the PTC phased down to 40% for projects beginning construction in 2019 and then to 0% for facilities for which construction began in 2020. The new act leaves in place the 40% PTC rate for 2019 projects, then increases the PTC to 60% for projects beginning construction in 2020. Projects beginning construction in 2021 & later will have no PTC. The act made no changes to the solar ITC. The act also did not include the creation of any new tax credits for offshore wind or energy storage, despite previously proposed legislation that sought to do so.

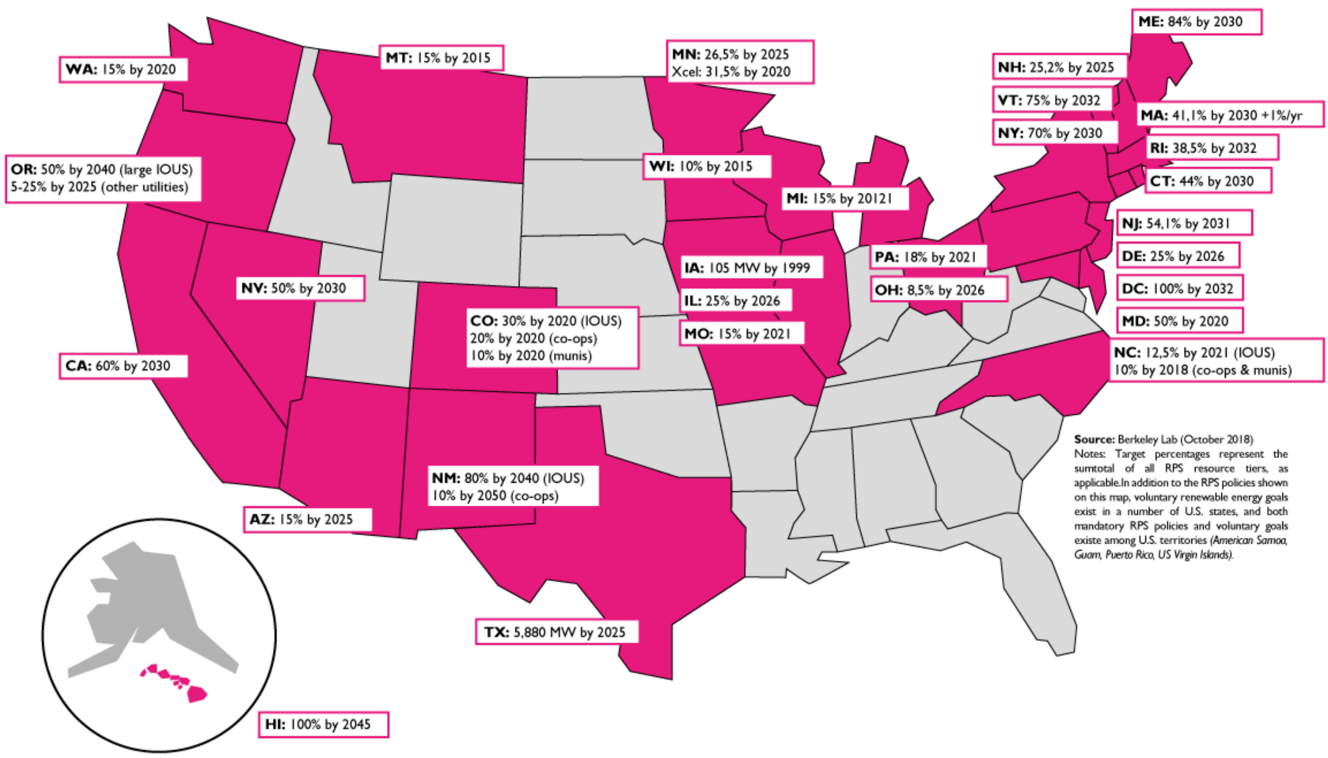




Regarding RPS, states have continued to upgrade their targets in 20182019. Also, some states have mandated "clean energy" or "carbon-free" energy goals in addition to or in lieu of RPS goals. These types of targets are different from RPS targets in that they generally allow a wider range of resources – such as nuclear energy – to qualify. Changes to state RPS's and clean energy goals in 2019 include: Maine passed legislation to increase its RPS to 80% by 2030 and 100% by 2050; New Mexico passed legislation requiring 100% of its electricity come from carbon-free resources by 2045; Nevada passed a bill requiring 50% renewable electricity by 2030 and 100% carbon-free electricity by 2050; and Washington passed a law requiring 100% clean energy by 2045. In contrast, Ohio passed a law that, among other energy-related provisions, shrank its RPS from 12.5% to 8.5%.

RPS obligations as a percent of state retail consumption (as of July 2019) 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.

Map of State RPS's



Source: Berkeley Lab (October 2018)
Notes: Target percentages represent the sumtotal of all RPS resource tiers, as applicable.In addition to the RPS policies shown on this map, voluntary renewable energy goals exist in a number of U.S. states, and both mandatory RPS policies and voluntary goals existe among U.S. territories *(American Samoa, Guam, Puerto Rico, US Virgin Islands)*.

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. The Affordable Clean Energy (ACE) rule was issued by the Environmental Protection Agency ("EPA") June 19, 2019. This rule will replace the prior administration's Clean Power Plan in efforts to support energy diversity. Environmental advocates and state attorneys general signaled they would file lawsuits to block the EPA's ACE rule, which they say will be significantly less effective than the Obama-era Clean Power Plan. 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 joined RGGI in 2019 with Virginia lawmakers discussing actions to also join while coal-heavy Pennsylvania has committed to join July 2020.

As a result of the 2018 mid-term elections, the 116th United States Congress is 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. Representatives of New York and Massachusetts released the Green New Deal legislation in early February, regarded as one of the most notable and aggressive pieces of climate legislation debated at the national stage. While the resolution includes provisions to address climate responsibility, it does not address the issue of cost or how to pay for the public investments it envisions. No significant climate change legislation has been passed by both chambers during this Congress. Climate change has been a leading topic of discussion among the 2020 Democratic Nomination and depending on the results of the 2020 elections, major climate change legislation could become likely to be passed by the 117th Congress.

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	• Renewable Portfolio Standards defined at state level • RPS policies cover 56% of total US retail electricity sales
COAL & NUCLEAR	**>52 GW** retirements until 2030E	• Coal (19% fleet): many units old & non-compliant w/ environmental regulations, independent of CO_2 issues; ~44GW proposed retirements until 2030 • Nuclear: ~8 GW proposed retirements until 2025
C&I	**>13.6 GW PPAs** signed in the US in 2019	• Renewable demand from RE100 companies represents 228 TWh globally, as of YE2018, up from 19 TWh in 2014

Canada

Historically, new Canadian renewable supply is largely determined by provincial procurements, as an example, in Alberta, a price is imposed on carbon emissions, coal generation is scheduled to be eliminated from the province by 2030, and a requirement is in place for 30% of electricity generation to come from renewables by 2030.

Mexico

Mexico redesigned its energy sector beginning with the constitutional amendment in 2013 and ending with implementation by end of 2018. The country has conducted three long-term supply auctions to procure new renewable electricity. 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.

2.2. STRATEGY

EDPR'S STRATEGY IS SUPPORTED BY ITS THREE MAIN PILLARS:

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.

Solid value creation, investing in quality **projects with predictable cash-flow stream…**

…enhanced by selling assets' stakes, **crystalizing value and accelerate value creation…**

…and supported by distinctive **core competences & unique know-how**

2019-22E

SELECTIVE GROWTH

- **~ 7.0 GW cumulative build-out** of which 74% already secured
- **Geographical diversified:** 60% NA; 20% EU; 20% BR & New
- **Technological diversified:** 70% wind onshore; 25% solar; 5% offshore

SELF-FUNDING

- **> €8.0 bn of investments** financed by sell-down & assets' cash flow
- **> €4.0 bn of sell-down proceeds** ongoing strategy to generate extra-value
- **€4.0 bn of net investments** fully financed by assets' CF generation

OPERATIONAL EXCELLENCE

- **33% load factor in 2022** from additions of competitive projects
- **> 97.5% availability** technical expertise to maximise output
- **Core Opex/MW -1% CAGR 18-22[1]** from efficient O&M strategy

2019

74% **capacity secured**

€1bn **executed proceeds**

Flat YoY **Core Opex/MW**

EDPR Business model to deliver solid and ambitious growth targets through 2022 positioning to successfully lead a sector with increased worldwide relevance.

MW

CAPACITY BUILD-OUT

New capacity being technological & geographical diversified

~7.0 GW[1]

TWh

EXCELLENCE IN OPERATIONS

From MW to own with output propelled by superior load-factor & availability

+7% CAGR TWh 2018-22

SELL-DOWN

LESS CAPITAL INTENSIVE

Generating extra value without increasing capital employed

>€4.0bn proceeds

NET-PROFIT

UNLOCKING BOTTOM-LINE

From growth, recurrent capital gains, controlled cost of debt and solid balance sheet

+6% CAGR 2018-22

EBITDA

EXCEL AT OPERATIONAL RESULTS

From capacity additions, operating efficiency and sell-down strategy

+11% CAGR 2018-22

(1) OF WHICH ~50% TO OWN.

2.2.1 SELECTIVE GROWTH

Growing selective is the key principle behind EDPR's investment selection process, with new projects having long-term PPAs secured or being awarded long-term contracts under stable regulatory frameworks, as well as exhibiting above portfolio average load factor. As presented in March 2019, EDPR plans to add c.7.0 GW for the 2019-2022 period, of which 5.2 GW are already secured and to be installed until 2022. EDPR will diversify geographically and technologically growing on wind onshore, offshore and solar along with the entrance in new markets.

EDPR MAIN GROWTH MARKET DRIVEN BY PPAS SECURED

North America is EDPR's main growth market, with 6.3 GW installed capacity, representing half of EDPR total portfolio. **The US, Canada and Mexico will account for 60% of the total 7.0 GW targeted capacity additions.**

EDPR has secured 66% of such target. More than 2.8 GW of projects in the US, of which 2.1 GW related to wind onshore projects, where 1.1 GW for 2020 and 0.4 GW for 2021, along with 0.7 GW related to solar projects, some of them with storage batteries, of which 0.2 GW for 2021 and 0.4 GW for 2022.

In 2019, EDPR also built 0.6 GW of wind onshore and 0.1 GW of solar PV in the US.

FOCUS ON LOW RISK REGULATORY FRAMEWORKS

EDPR growth in Europe is supported by identified short-term opportunities along with medium-term pipeline options and PPA appetite.

In 2019-2022, **EDPR plans to add 1.4 GW in Europe, representing 20%** of the total capacity to be added in the period 2019-2022.

From the 1.4 GW, **EDPR already secured 0.8 GW related to wind onshore** projects of which 0.2 GW for 2020, 0.5 GW for 2021 and 42 MW for 2022, **along with 0.1 GW of solar** projects for 2022.

In 2019, EDPR built 0.2 GW of wind onshore in Europe.

PROJECTS WITH LONG-TERM PPAS

Brazil represents a 10% of the 7.0 GW total capacity to be added in the 2019-2022 period.

EDPR has been active in upcoming Brazilian opportunities, 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.

EDPR has currently more than 1 GW of renewable energy projects under development, of which 0.2 GW of solar with start of operation expected for 2021, 0.4 GW of wind for 2022 and 0.6 GW of wind for 2023 and 2024, all of them with long-term contracts secured.

WORLDWIDE OPPORTUNITIES LOW RISK + REGULATORY STABILITY

EDPR will expand its footprint along new countries with a dedicated team screening several markets and developing the best strategy for each market.

New countries are targeted at 10% of EDPR 2019-22 targeted growth. In 2019, **EDPR managed to secure >87% of such target** with the entrance in Greece and Colombia in its portfolio.

EDPR secured 120 MW in Greece through different auctions under a remuneration scheme providing 20 years CfD and to be commissioned between 2020 and 2022.

In the other side of the globe, **492 MW were awarded** through capacity auction **in Colombia** to be operational in 2022.

INVESTING IN OFFSHORE WIND TECHNOLOGY

Offshore wind energy is becoming an essential part of the global energy transition, leading to the market's rapid growth and increased competitiveness.

In 2019, a **Joint Venture** was announced by **EDPR and ENGIE** for worldwide offshore wind investments opportunities to bring together the industrial expertise and development capacity of both companies. EDPR and ENGIE will combine their offshore wind assets and project pipeline, starting with a total capacity of 1.5 GW under construction and 4.0 GW under development, with a **target of 5 to 7 GW of projects in operation** or construction **and 5 to 10 GW under advanced development by 2025.**

The Joint Venture is expected to be operational by 2020.

2.2.2 SELF FUNDING BUSINESS

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

The self-funding model relies on a combination of the cash generated 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 allows the company to create value while recycling capital.

SELL DOWN STRATEGY

Proceeds from selling majority 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. 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 proceeds in accretive growth, with the option to provide operating and maintenance services. On the top of these, the Sell Down strategy makes visible the value creation on reported financial statements, with capital gains being booked in the income statement.

As of 2019, EDPR already announced €1.3 billion out of the >€4.0 billion of sell down proceeds for 2022, representing 33% of such target.

Fully exit	**997 MW** *491 net MW*	**8** *years assets age*
€0.8 bn *proceeds*	**€1.6bn** *entreprise value*	**€226m** *capital gains*

Transaction completed in July 2019

Fully exit	**137 MW** *137 net MW*	**1** *year assets age*
R$0.6bn *proceeds*	**R$1.2bn** *entreprise value*	**€87m** *capital gains*

Transaction completed in February 2020

2.2.3 OPERATIONAL EXCELLENCE

One of the strategic pillars that has always been a keystone of the company, setting it apart in the industry, is the drive to maximize the operational performance of its wind and solar plants. In this area, EDPR's teams, namely in operations and maintenance (O&M), have established a strong track record. 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.

LOAD FACTOR 2022	AVAILABILITY 2022	CORE OPEX/ AVG. MW CAGR 18-22
33%	>97.5%	-1%

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.

With a target of more than 97.5%, EDPR will continue to improve availability through new predictive maintenance optimisation measures supported by the 24/7 control and dispatch center, 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. The company has always maintained high levels of availability, having registered availability of 97% as of December 2019.

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. EDPR 2019-22 Business Plan target a 33% load factor, mainly on the back of the increase competitiveness of new capacity additions. In 2019, EDPR reached a load factor of 32%.

INCREASING EFFICIENCY, BY REDUCING CORE OPEX/ AVG. 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/ avg. MW by -1% CAGR 2019-22. 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.

In 2019, adjusted by IFRS16, offshore costs, one-offs and forex, Core Opex per average MW was flat YoY and adjusted Core Opex per MWh decreased 4% YoY.

M3 PROGRAM AND SELF-PERFORMANCE

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. This new program has quickly generated savings in operational expenses and increased control over quality. The self-perform program is a step further in EDPR's integration of maintenance tasks and activities, which is being implemented in the US, and consequently minimizes third-parties' dependency. EDPR targets to increase the share of its fleet under the M3 and Self-Perform program to c.60% by 2022, from c.30% levels in 2015, while at the same time keeping flexibility to choose the most competitive sourcing contract.

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, Control and Related Party Transactions 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 selling energy (electricity price, 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 risks reviewed in this committee.

- **Risk Committee:** Held every quarter, it is the forum where new strategic analysis is discussed and new policies and procedures are proposed for approval to the Executive Committee. Additionally, EDPR's overall risk position is reviewed, together with EBITDA@Risk and Net Income@Risk.

RISK MAP AT EDPR

Risk Management at EDPR is focused on covering all risks of the Company. In order to have a holistic view, they are classified in five Risk Categories. Within each Risk Category, risks are classified in Risk Groups. The full description of the risks and how they are managed can be found in the Corporate Governance chapter. The graph below summarises the Risk Categories, the Risk Groups and the Risk Management mitigation strategies at EDPR.

RISK CATEGORIES

Market Risks

It refers to the risk to EDPR resulting from movements in market prices. Due to the relationship between wind production and energy price, production risk is considered within market risk. In particular, market risks are changes in energy prices, energy production risk, interest rates, foreign exchange rates and other commodity prices.

Counterparty Risk

Risk that counterparty to a transaction could default before final settlement of the transaction's cash flows. A direct economic loss would occur if transactions with the counterparty had positive economic value at the time of default. Even in the case of not defaulting, it may not comply with its contract obligations (timing, quality, etc.), implying additional higher costs due to its replacement or to delays in fulfilling the contract.

RISK GROUPS

. Energy Price Risk
. Energy Production Risk
. Commodity Price Risk
. Liquidity Risk
. Inflation Risk
. Exchange Rate Risk
. Interest Rate Risk

. Counterparty Credit Risk
. Counterparty Operational Risk

MITIGATION STRATEGIES

. Close analysis of natural hedges to define best alternatives
. Hedge of market exposure through long term power purchase agreements (PPA) or short and medium term financial contracts
. 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

RISK CATEGORIES

Operational Risk

Defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events (such as an increase in equipment default rates, increasing O&M, or natural disasters).

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 energy prices and energy production are considered market risks.

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).

RISK GROUPS

Operational Risk

- 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

Business Risk

- Regulatory Risk (renewables)
- Equipment Price Risk
- Equipment Supply Risk

Strategic Risk

- Country Risk
- Competitive Landscape Risk
- Technology Disruptions Risk
- Invest. Decisions Criteria Risk
- Reputational Risk
- Meteorological Changes
- Corp. Organisation and Governance
- Energy Planning

MITIGATION STRATEGIES

Operational Risk

- 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

Business Risk

- 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

Strategic Risk

- Careful selection of countries
- Worst case profitability analysis of every new investment considering all risks factors
- Risk-return metrics at project and equity level
- Profitability resilience metrics
- 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

During 2019, EDPR performed a thorough review of the Enterprise Risk Management Framework and the structural limits that set risk appetite at the Company. EDPR's structural risk limits for Market, Counterparty and Operational risks, as well as a holistic limit which includes all risk sources, reflected in Net Income at Risk, were backtested and updated according to the new size and reality of the Company.

Counterparty Risk Policy was reviewed in order to update global limits and include specific limits to Community Choice Aggregators in the US.

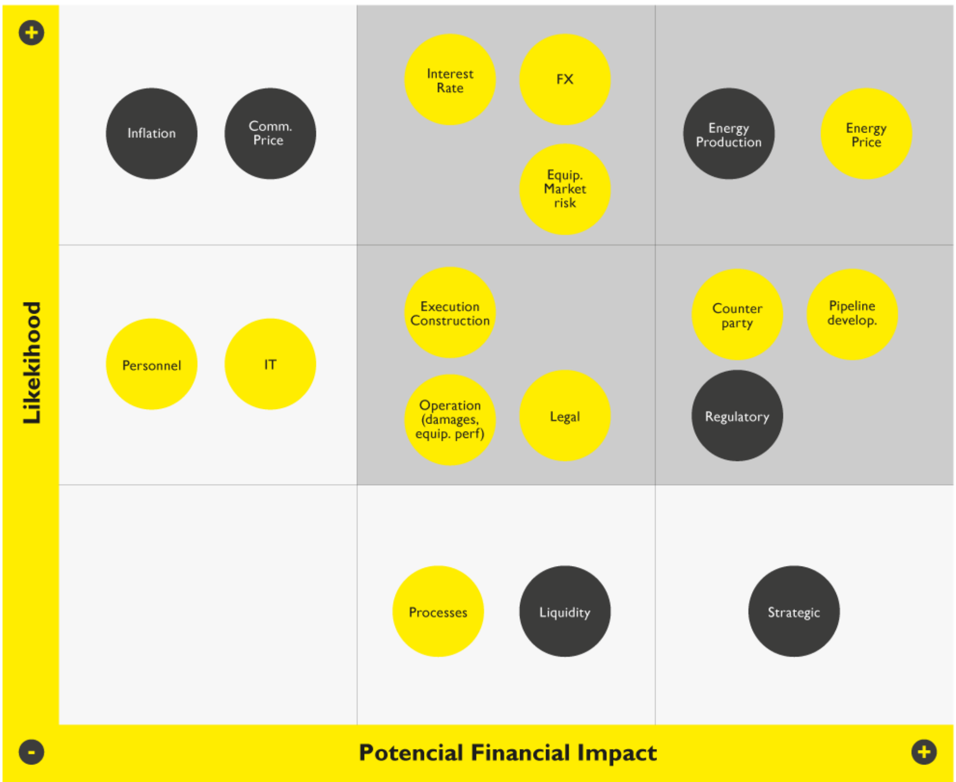
Also, during the year EDPR reassessed the Operational Risk for the company by executing a bottom-up analysis across all departments, as stated in EDPR's Operational Risk Policy. A review of existing Business Continuity Management System was performed, with the main purpose of aligning it to the recently published ISO 22301.

Finally, EDPR updated its REC (Renewable Energy Certificate) Short Term Trading Policy, by introducing trading limits, new execution requirements aimed at decreasing counterparty risk and a more streamlined internal reporting procedure.

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.

REVIEWED POLICIES OR PROCEDURES IN 2019



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 Compliance Channel 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 for 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 2019, the Operational Risk analysis was performed at the end of the year, and its results approved by the Executive Committee.

In 2019, none of the 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. Nonetheless, health & safety frequency rate was lower than last year and during 2020, EDPR will continue to work towards achieving the "zero accidents" goal.

EMERGING RISK AT EDPR: CONCENTRATION OF EQUIPMENT MANUFACTURERS

In the last couple of years, the renewables sector has witnessed a higher concentration of equipment manufacturers, mainly due to two factors: acquisitions/mergers between players and financial distress of smaller manufacturers. This trend has mostly affected the wind market, but it is also susceptible to impact the solar market in the future.

In the renewable energy sector, concentration of manufacturers could affect the profitability of projects under development, due to the potential impact on equipment prices and availability of supply. Additionally, this emerging risk could also translate into higher maintenance costs for existing projects, as a result of the disappearance of smaller manufacturers with proprietary technology and the consequent difficulty to replace or repair spare parts.

In order to mitigate this risk, EDPR pursues a strategy of technological diversification and seeks medium-term commitments with creditworthy manufacturers, reducing the concentration in a single technology or manufacturer.

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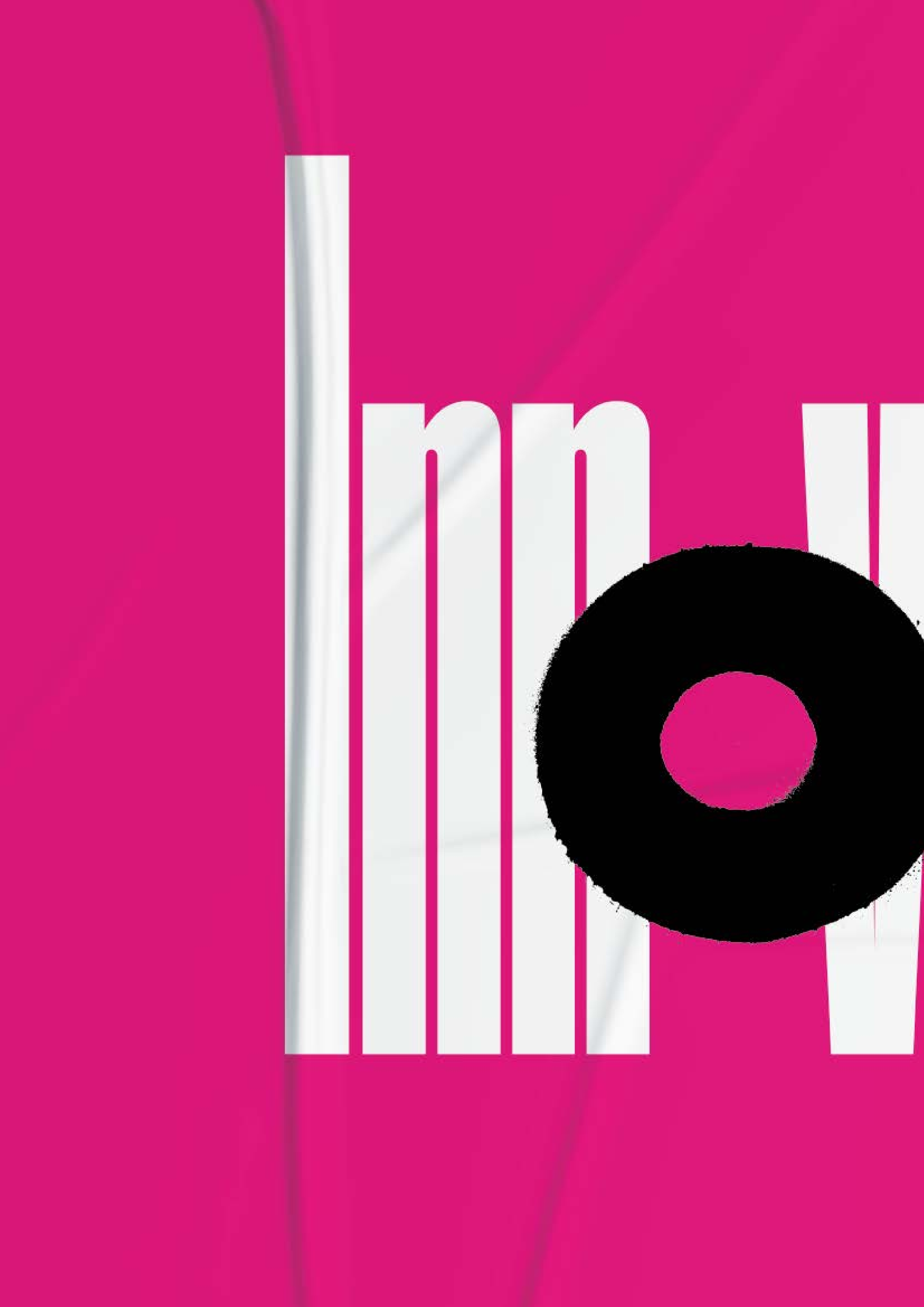
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03

EXECUTION

3.1. FINANCIAL CAPITAL

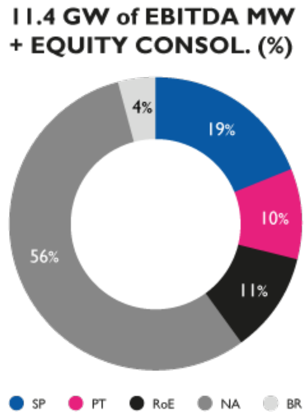
3.1.1 OPERATIONAL PERFORMANCE

INSTALLED CAPACITY (MW)[1]		VS. 2018				NCF			GWh		
	Dec-19	Built	Sold	Decom.	Var. YoY	Dec-19	Dec-18	Var.	Dec-19	Dec-18	Var.
Spain	1,974	+53	(348)	(42)	(337)	28%	26%	+2.2pp	5,298	5,164	+3%
Portugal	1,164	+47	(191)	-	(144)	29%	27%	+2.1pp	3,160	2,995	+5%
Rest of Europe	1,263	+69	(458)	-	(389)	26%	24%	+2.4pp	3,333	3,321	+0%
France	53	+19	(388)	-	(368)	22%	23%	-1.0pp	465	829	(44%)
Belgium	-	-	(71)	-	(71)	22%	21%	+1.3pp	68	129	(47%)
Italy	271	+50	-	-	+50	27%	27%	+0.2pp	551	385	+43%
Poland	418	-	-	-	-	30%	25%	+4.9pp	1,098	919	+19%
Romania	521	-	-	-	-	25%	23%	+2.0pp	1,151	1,059	+9%
Europe	**4,401**	**+169**	**(997)**	**(42)**	**(871)**	**28%**	**26%**	**+2.3pp**	**11,791**	**11,480**	**+3%**
US	5,714	+581	(199)	-	+382	34%	34%	+0.0pp	15,696	14,873	+6%
Canada	30	-	-	-	-	27%	27%	-0.5pp	70	71	(2%)
Mexico	200	-	-	-	-	42%	40%	+1.5pp	726	700	+4%
North America	**5,944**	**+581**	**(199)**	**-**	**+382**	**34%**	**34%**	**+0.1pp**	**16,492**	**15,644**	**+5%**
Brazil	**467**	**-**	**-**	**-**	**-**	**43%**	**40%**	**+2.2pp**	**1,757**	**1,235**	**+42%**
TOTAL	**10,812**	**+749**	**(1,196)**	**(42)**	**(489)**	**32%**	**30%**	**+1.5pp**	**30,041**	**28,359**	**+6%**
Equity Consolidated	**550**	**+139**	**+40**	**-**	**+179**						
Wind Onshore (Spain)	152	-	-	-	-						
Wind/ Solar Onshore (US)	398	+139	+40	-	+179						
Wind Offshore	-	-	-	-	-						
EBITDA MW + EQUITY CONSOL.	**11,362**	**+888**	**(1,156)**	**(42)**	**(310)**						

(1) Includes 137 MW from Babilonia wind farm in Brazil, corresponding to the sell-down announced in July 2019 and which financial closing occurred in February 2020.

EDPR CONTINUES TO DELIVER SOLID SELECTIVE GROWTH

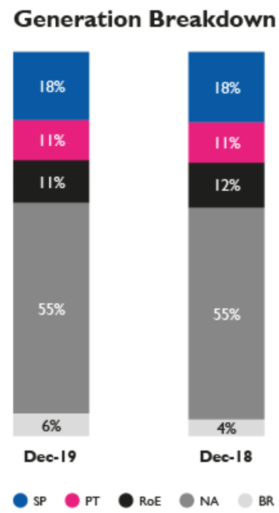
With a top-quality portfolio, EDPR has a strong track record and proven capability to execute superior projects and deliver on targets. The installed asset base of 11.4 GW is not only young, on average 8 years, it is also mostly certified in terms of environmental and health and safety standards. Since 2008, EDPR has more than doubled its installed capacity, resulting in a total installed capacity of 11,362 MW (EBITDA + Equity Consolidated). As of December 2019, EDPR had installed 4,553 MW in Europe, 6,342 MW in North America and 467 MW in Brazil.



2019 INSTALLATIONS CONCENTRATED IN EUROPE

In 2019 EDPR built 888 MW of wind and solar technology, of which 169 MW in Europe, namely 53 MW in Spain, 47 MW in Portugal, 19 MW in France and 50 MW in Italy. In the United States 720 MW were built, of which 581 MW related to wind onshore projects and 139 MW from a solar PV portfolio.

In the year, pursuing its sell-down strategy, EDPR concluded the sale of its entire ownership in a 997 MW portfolio in Europe (348 MW in Spain, 191 MW in Portugal, 388 MW in France and 71 MW in Belgium; 491 MW net for EDPR). In the US, following the 80% sell-down transaction announced in December 2018, EDPR concluded the construction and deconsolidation of Prairie Queen wind farm, accounting +40 MW at equity level (20% stake in 199 MW). EDPR also concluded the 50% acquisition of a 278 MW solar portfolio, which construction was finalized in the 4Q19 and so accounting +139 MW at equity level. On the other hand, in Spain, EDPR completed the 24 MW repowering from the decommissioning of old turbines and started to repower 18 MW. All in all, as of December 2019, EDPR YTD consolidated portfolio net variation was negative by 310 MW. United States 720 MW were built, of which 581 MW related to wind onshore projects and 139 MW from a solar PV portfolio.



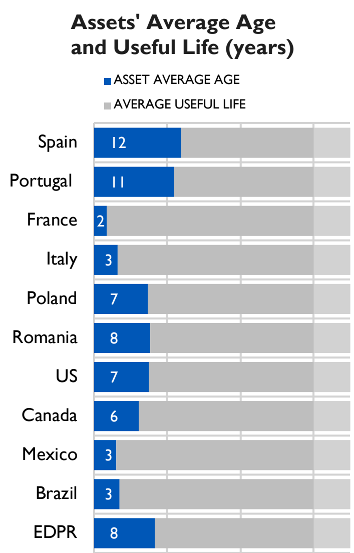
6% INCREASE IN YEAR ON YEAR GENERATION

EDPR produced 30 TWh of clean energy in 2019, +6% YoY. The YoY evolution benefits from the capacity additions over the last 12 months along with a higher wind resource, offsetting the deconsolidation of 997 MW from a sell-down transaction in Europe in July 2019.

In 2019, EDPR achieved a 32% load factor (vs 30% in 2018) reflecting 97% of P50 (long term average for 12M). In the 4Q19, EDPR reached a 35% load factor (vs 31% in 2018), with QoQ comparison benefitting from higher wind resource.

EDPR achieved a 96.8% availability in 2019, vs 97.0% in 2018. The company continues to leverage on its competitive advantages to maximize wind farm output and on its diversified portfolio across different geographies to minimize the wind volatility risk.

SOLID GROWTH AND DIVERSIFIED PORTFOLIO DELIVERS BALANCED OUTPUT



EDPR's operations in North America were a major driver for the electricity production growth in 2019, increasing +5% YoY to 16.5 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. In North America, EDPR achieved a 34% load factor (vs 34% in 2018).

EDPR's production in Brazil increased to 1.8 TWh vs 1.2 TWh in 2018, representing 6% of total generation, driven by a higher wind resource, specially in the last quarter of the year (48% vs 44% in the 4Q18). In Brazil, EDPR reached a 43% load factor (vs 40% in 2018).

In Europe, despite the de-consolidation of 997 MW in July 2019 from a sell-down transaction, EDPR generation increased to 11.8 TWh (3% YoY) mainly impacted by higher wind resource, representing 39% of the total output.

In Europe, EDPR reached a 28% load factor (+2pp YoY). EDPR accomplished a load factor of 28% in Spain, +2pp YoY and +3pp above market average. Portugal reached a load factor of 29% (+2pp YoY). In Rest of Europe, EDPR delivered a 26% load factor (+2pp YoY).

PROPELLED BY CAPACITY ADDITIONS IN 2019, EDPR MANAGES A PORTFOLIO OF 11.4 GW

As of December 2019, EDPR had 1 GW of new capacity under construction, of which 664 MW related to wind onshore and 330 MW from equity participations in offshore projects. In terms of wind onshore, in Europe were 154 MW under construction, with 18 MW in Spain (from repower), 6 MW in Portugal, 63 MW in France, 58 MW in Poland and 10 MW in Belgium. In North America 509 MW were under construction, corresponding to 3 wind onshore projects. In terms of wind offshore, in the UK, EDPR had 316 MW under construction from Moray East and 14 MW from Windplus floating in Portugal. Windplus comprises 3 turbines, of which one was connected to the grid in December 2019. 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.

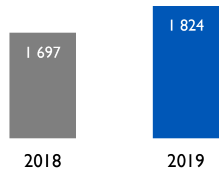
3.1.2 FINANCIAL PERFORMANCE

INCOME STATEMENT

Revenues reached over €1.8 billion and EBITDA summed €1.6 Billion.

As a result of higher wind resource (+€50 million versus 2018), higher capacity (+1% average MW; +€10 million year on year), higher average selling price (+3% year on year; +€47 million versus 2018), positive impact from forex translation (+€39 million year on year) and the 10-year life PTCs scheduled expiration of specific tax equity structures (-€33 million versus 2018), revenues totalled €1,824 million (+7% increase year on year).

Revenues Evolution (€ Millions)



Other operating income amounted to €400 million (+€208 million versus 2018), reflecting on the one hand €109 million of capital gains accounted in 2018, and on the other hand €313 million in 2019, with the latest related to the Sell-down of a 997 MW portfolio (491 MW net for EDPR) in Europe and 137 MW in Brazil. While the European portfolio achieved financial close in 2019, the financial close of the Brazilian assets occurred in February 2020.

Operating Costs (Opex) totalled €575 million (-2% year on year) and excludes €45 million from IFRS16 implementation (leases and rents). In comparable terms, adjusted by IFRS16, offshore costs (mainly cross charged to projects' SPV), one-offs and forex, Core Opex (defined as Supplies and Services and Personnel Costs) per average MW was flat year on year and adjusted Core Opex per MWh decreased 4% year on year.

As a consequence, EBITDA summed €1,648 million (+27% versus 2018) and EBIT increased to €1,055 million (versus €754 million in 2018), with IFRS16 increasing depreciations by €33 million in the period. Net Financial Expenses increased to €346 million (+€128 million versus 2018) with year on year comparison impacted by €87 million of gains accounted in 2018 from the Sale-down of stakes in UK and French offshore projects and by €28 million from new leases treatment under IFRS16 in 2019, along with higher average cost of debt in the period. At the bottom line, Net Profit summed €475 million (versus €313 million in 2018). Non-controlling interests in the period totalled €148 million, decreasing by €11 million year on year, as a result of top-line performance of such wind farms and from the deconsolidation of the European portfolio Sold-down.

CONSOLIDATED INCOME STATEMENT (€ MILLIONS)	2019	2018	Δ %
Revenues	**1,824**	**1,697**	**+7%**
Other Operating Income	400	192	+108%
Operating Costs	(575)	(589)	-2%
Supplies and Services	(309)	(345)	-11%
Personnel Costs	(131)	(115)	+14%
Other Operating Costs	(136)	(128)	+6%
EBITDA	**1,648**	**1,300**	**+27%**
EBITDA/Revenues	90%	77%	+14pp
Provisions	(1.2)	(0.3)	+272%
Depreciation and Amortisation	(609)	(562)	+8%
Amortisation Government Grants	17	16	+7%
EBIT	**1,055**	**754**	**+40%**
Financial Income/ (Expense)	(349)	(307)	+14%
Share of Profit of Associates	3	2	+106%
Pre-Tax Profit	**709**	**536**	**+32%**
Income Taxes & CESE	(86)	(63)	+36%
Profit of the Period	623	472	+32%
Net Profit (Equity Holders of EDPR)	**475**	**313**	**+52%**
Non-controlling Interests	148	159	-7%

BALANCE SHEET

In 2019 total equity increased by €212 million.

Total Equity of €8.3 billion increased by €212 million in 2019, of which €1,584 million are attributable to reserves and retained earnings. Equity attributable to EDPR shareholders increased €464 million year on year, mainly explained by +€475 million from Net profit in the period, +€59 million from variation in fair value cash flow hedges, +€22 million from minority interest acquired in Europe, along with -€10 million of the exchange rate effects, and -€61 million from dividend payments.

Total Liabilities decreased €59 million year on year to €9.4 billion, mainly due to a decrease in financial debt (-€233 million), the decrease in provisions (-€108 million), the increase of rents due from lease contracts on the back of IFRS new accounting rule (+€618 million) and other liabilities (-€336 million).

Debt-to-equity ratio stood at 112% by the end of 2019. Liabilities were mainly composed of financial debt (37%; versus 39% in 2018), liabilities related to institutional partnerships in the United States (14%; increasing versus 13% in 2018) and accounts payable (26% versus 29% in 2018).

Liabilities to tax equity partnerships in the United States increased by €17 million to €1,287 million. Deferred revenues related to institutional partnerships primarily represent the non-economic liability associated to the tax credits already realized by the institutional investor, arising from accelerated tax depreciation, and yet to be recognized as income by EDPR throughout the remaining useful lifetime of the respective assets.

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

As total assets summed €17.7 billion in December 2019, the equity ratio of EDPR reached 47%. Assets were 75% composed of net PP&E - property, plant and equipment representing €13.3 billion (-€658 million versus 2018). In detail -€1.0 billion corresponded to the sale of assets announced in April 23rd from a 997 MW portfolio in Europe, -€0.2 billion to assets classification to held for sale (related to the Brazilian Sell-down) and -€0.6 billion to depreciation charges. PP&E also involved +€1.2 billion of capex investments along with positive exchange differences of +€0.1 billion.

Net intangible assets of €1.5 billion mainly include €1.2 billion from goodwill registered in the books, for the most part related to acquisitions in the United States and Spain, while accounts receivable is mainly related to loans to related parties, trade receivables, guarantees and tax receivables.

Statement of Financial Position (€ million)

	2019	2018	Δ €
ASSETS			
PPE, net	13,264	13,922	(658)
Right-of-use asset	616	-	+616
Intangible Assets & Goodwill, net	1,490	1,577	(88)
Financial Investments, net	476	357	+119
Deferred Tax Assets	126	174	(48)
Inventories	34	36	(2)
Accounts Receivable - Trade, net	303	334	(31)
Accounts Receivable - Other, net	556	540	+16
Assets Held for Sale	214	8	+207
Collateral Deposits	32	39	(7)
Cash and Cash Equivalents	582	552	+30
TOTAL ASSETS	**17,693**	**17,539**	**+154**

	2019	2018	Δ €
EQUITY			
Share Capital + Share Premium	4,914	4,914	+0
Reserves and Retained Earnings	1,584	1,282	+302
Net Profit (Equity Holders of EDPR)	475	313	+161
Non-controlling Interests	1,362	1,613	(252)
TOTAL EQUITY	**8,335**	**8,122**	**+212**
LIABILITIES			
Financial Debt	3,417	3,650	(233)
Institutional Partnerships	1,287	1,269	+17
Rents due from lease contracts	278	295	(17)
Provisions	355	463	(108)
Deferred Tax Liabilities	1,003	962	+41
Deferred Revenues from Inst. Partnerships	618	-	+618
Other Liabilities	2,400	2,777	(377)
TOTAL LIABILITIES	**9,358**	**9,416**	**(59)**
TOTAL EQUITY AND LIABILITIES	**17,693**	**17,539**	**+154**

CASH FLOW STATEMENT AND NET DEBT

STRONG AND STEADY OPERATING CASH-FLOW

In the 2019, EDPR generated Operating Cash-flow of €1,089 million (+11% year on year), with year on year evolution benefiting from top line performance.

The key items that explain 2019 cash-flow evolution are the following:

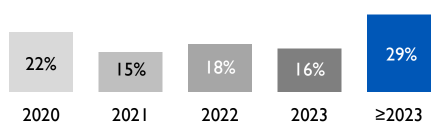
- Funds from operations, resulting from EBITDA after net interest's expenses, share of profits of associates and current taxes, were €1,441 million (versus €1,085 million in 2018);
- Operating Cash-flow, which is the EBITDA net of income tax and adjusted by non-cash items (namely income from United States institutional partnerships) and net of changes in working capital, was €1,089 million (+11% year on year). Non-cash items include €226 million from Sell-down transaction of a 997 MW portfolio in Europe, and €87 million from the Sell-down of 137 MW in Brazil;
- Capital expenditures with capacity additions, ongoing construction and development works totalled €1,109 million (-13% year on year mainly from lower capex in Brazil and projects timing;
- Payments to institutional partnerships totalled €81 million, contributing to the reduction of Institutional Partnership liabilities. Total net dividends and other capital distributions paid to minorities totalled €151 million (including €61 million to EDPR shareholders). In the period, forex & others had a negative impact increasing Net Debt by €138 million.

CASH-FLOW (€ MILLIONS)	2019	2018	Δ %
EBITDA	**1,648**	**1,300**	**+27%**
Current Income Tax	(55)	(77)	-29%
Net Interest Costs	(156)	(139)	+12%
Share of Profit of Associates	3	2	+106%
FFO (Funds From Operations)	**1,441**	**1,085**	**+33%**
Net Interest Costs	156	139	+12%
Share of Profit of Associates	(3)	(2)	+106%
Income from Institutional Partnerships	(173)	(178)	-3%
Non-cash Items Adjustments	(290)	(63)	+363%
Changes in Working Capital	(41)	2	-
Operating Cash-Flow	**1,089**	**985**	**+11%**
Capex	(1,109)	(1,275)	-13%
Financial Desinvestments/ (Investments)	(291)	(102)	+185%
Changes in Working Capital related to PP&E Suppliers	(100)	371	-127%
Government Grants	-	-	n/a
Net Operating Cash-Flow	**(412)**	**(21)**	**-**
Sale of Non-controlling Interests and Sell-down Strategy	989	420	+135%
Proceeds from Institutional Partnerships	186	399	-53%
Payments to Institutional Partnerships	(81)	(174)	-53%
Net Interest Costs (Post Capitalisation)	(138)	(115)	20%
Dividends Net and Other Capital Distributions	(151)	(176)	-14%
Forex & Others	(138)	(587)	-77%
Decrease/ (Increase) in Net Debt	**257**	**(254)**	**-201%**

As of December 2019, Net Debt totalled €2,803m (-€257m vs December 2018) reflecting assets' cash generated and the execution of EDPR's Sell-down strategy, along with forex translation. Institutional Partnership Liabilities summed €1,287m (+€17m vs December 2018), with the benefits captured by the projects and tax equity partners offset by forex translation (+€7m vs December 2018) and a new institutional tax equity financing in the period.

FINANCIAL DEBT & TAX EQUITY (€ MILLIONS)	2019	2018	Δ €
Total Financial Debt	**3,385**	**3,611**	**(227)**
Net Debt	**2,803**	**3,060**	**(257)**
Institutional Partnerships	**1,287**	**1,269**	**+17**

DEBT Maturity Profile (%)



EUROPE

In 2019, Europe increased its revenues to €925 million (+4% versus 2018) backed by higher production at 11.8 TWh (+3% year on year) and a stable average selling price during the year.

Net Operating costs (Operating costs net of other operating income), decreased to €11 million, primarily explained by the increase in other operating income explained by the capital gains received from the European portfolio Sell-down in 2019 (€226 million). Operating costs also decreased €10 million in 2019.

All in all, EBITDA in Europe totalled €914 million, a 40% increased versus 2018, reflecting an EBITDA margin of 82% (versus 73% in 2018).

NORTH AMERICA

In North America, revenues increased to €832 million in 2019 (+9% year on year) on the back of higher capacity in operation (+382 MW versus 2018).

Net Operating costs decreased €89 million to €218 million, reflecting mainly the €109 million capital gain accounted in 2018 subsequent to the Sale-down transaction of 80% stake in a 499 MW portfolio. Operating costs also decreased €10 million in 2019.

As a consequence, North America EBITDA totalled €615 million (versus €634 million in 2018), reflecting an EBITDA margin of 74%.

BRAZIL

In Brazil, revenues increased to €74 million (versus €50 million in 2018) on the back of higher wind resource that boosted production +42% year on year and higher average selling price during the year (+5% versus 2018).

Net Operating costs decreased to €65 million, due to the increase in other operating income explained by €87 million capital gain received from the Sell-down of Babilonia wind farm, which closing is expected at the beginning of 2020.

All in all, EBITDA in Brazil totalled €139 million, versus €33 million in 2018.

	EUROPE			NORTH AMERICA			BRAZIL		
STATEMENT (€ MILLIONS)	**2019**	**2018**	**Δ %**	**2019**	**2018**	**Δ %**	**2019**	**2018**	**Δ %**
REVENUES	**925**	**891**	**+4%**	**832**	**763**	**+9%**	**74**	**50**	**+48%**
Other Operating Income	246	30	+733%	50	148	-66%	88	2	-
Operating Costs	(258)	(268)	-4%	(268)	(277)	-3%	(24)	(19)	+22%
Supplies and Services	(158)	(174)	-9%	(148)	(160)	-8%	(15)	(13)	+19%
Personnel Costs	(29)	(29)	+2%	(63)	(58)	9%	(3)	(2)	+55%
Other Operating Costs	(71)	(65)	+9%	(57)	(58)	-3%	(5)	(5)	+20%
EBITDA	**914**	**653**	**+40%**	**615**	**634**	**(3%)**	**139**	**33**	**+327%**
EBITDA/Revenues	99%	73%	+35%	74%	83%	-11%	187%	65%	+188%
Provisions	(1.2)	(0.6)	+100%	-	0.3	-100%	(0.0)	0.0	-
Depreciation and Amortisation	(255)	(253)	+1%	(333)	(289)	+15%	(16)	(14)	+17%
Amortisation of Government Grants	1.0	1	+45%	16.3	15.4	+5%	0.1	0.1	+43%
EBIT	**658**	**399**	**+65%**	**298**	**361**	**(18%)**	**123**	**19**	**+546%**

OTHER REPORTING TOPICS

SUBSEQUENT EVENTS

The following are the most relevant events from the first half of 2019:

EDPR secures a PPA for a new solar project in Brazil

Madrid, January 13th 2020: EDP Renováveis, S.A. ("EDPR"), through its subsidiary EDP Renováveis Brasil, S.A. ("EDPR Brasil"), secured a 19-year private Power Purchase Agreement ("PPA") to sell the energy to be produced by Lagoa solar power plant. Lagoa solar power plant, located in the Brazilian State of Paraíba, has a total capacity of 66 MW and start of operations expected for 2022.

With this new contract EDPR reinforces its presence in a market with a low risk profile, through the establishment of long term contracts, attractive renewable resources and solid prospects in the medium and long-term.

This new solar project increases EDPR's portfolio technological diversification on which solar capacity total build-out is expected to reach 1.3 GW by 2022, after this new arrangement, EDPR has now secured 5.3 GW of the ~7.0 GW targeted global capacity build-out for 2019-2022 period, as part of its Strategic update announced in March 12th 2019.

EDPR reached an agreement with ENGIE to create a 50:50 joint-venture for offshore wind

Madrid, January 23rd 2020: EDP Renováveis, S.A. ("EDPR") announces the signing of an agreement with ENGIE to create a co-controlled 50/50 joint-venture (JV) in fixed and floating offshore wind.

The agreement signed today follows the announcement, on May 21st 2019, of a strategic Memorandum of Understanding (MoU) to form a new entity as exclusive vehicle of investment of EDPR and ENGIE for offshore wind opportunities worldwide, bringing together the industrial expertise and development capacity of both companies.

As agreed, EDPR and ENGIE are combining their offshore business in this new entity, starting with a total of 1.5 GW under construction and 3.7 GW under development, and working together to become a global top leader in the sector.

The agreement announced today is subject to certain conditions precedent such as European Commission regulatory approval process.

EDP Renováveis was awarded long term CfD for 109 MW at the Italian wind energy auction

Madrid, January 29th 2020: EDP Renováveis, S.A. ("EDPR") was awarded 20-year Contract-for-Difference ("CfD") at the Italian wind auction to sell electricity to be produced by 3 wind farms with total capacity of 109 MW. The wind farm projects are expected to be installed in 2021.

The capacity awarded represents 20% of the total capacity auctioned and has an average awarded price of €62/MWh.

With these new contracts EDPR has already secured ~1.1 GW of projects to be installed in Europe under the Business Plan for 2019-2022.

Wind energy is an essential part of the global energy transition, allowing market's rapid growth and increase competitiveness. As of today, EDPR has secured 76% of the ~7.0 GW targeted wind and solar global capacity build-out for the 2019-2022 period, as communicated in the Strategic Update on March 2019, and will continue to develop worldwide profitable projects.

EDPR receives €0.3 billion from asset rotation deal for Brazilian wind farms

Madrid, February 12th 2019: Following the information released to the market on July 29th 2019, EDP Renováveis, S.A. ("EDPR") announces the cash-in of the sale of its full equity shareholding in an operating onshore wind project with 137 MW of installed capacity, to an affiliate of Actis. The transaction has a total consideration of R$598 million (equity value; corresponding to an enterprise value of R$1.2 billion or €0.3 billion).

In detail, Babilonia 137 MW wind farm is located in the state of Bahia, Brazil, and has been in operation since 4Q 2018. The project, which was fully owned by EDPR, was awarded a 20-year PPA in the LER 2015 auction.

The deal part of the asset rotation program for 2019-22 period contemplated in the Strategic update announced in March 12th 2019.

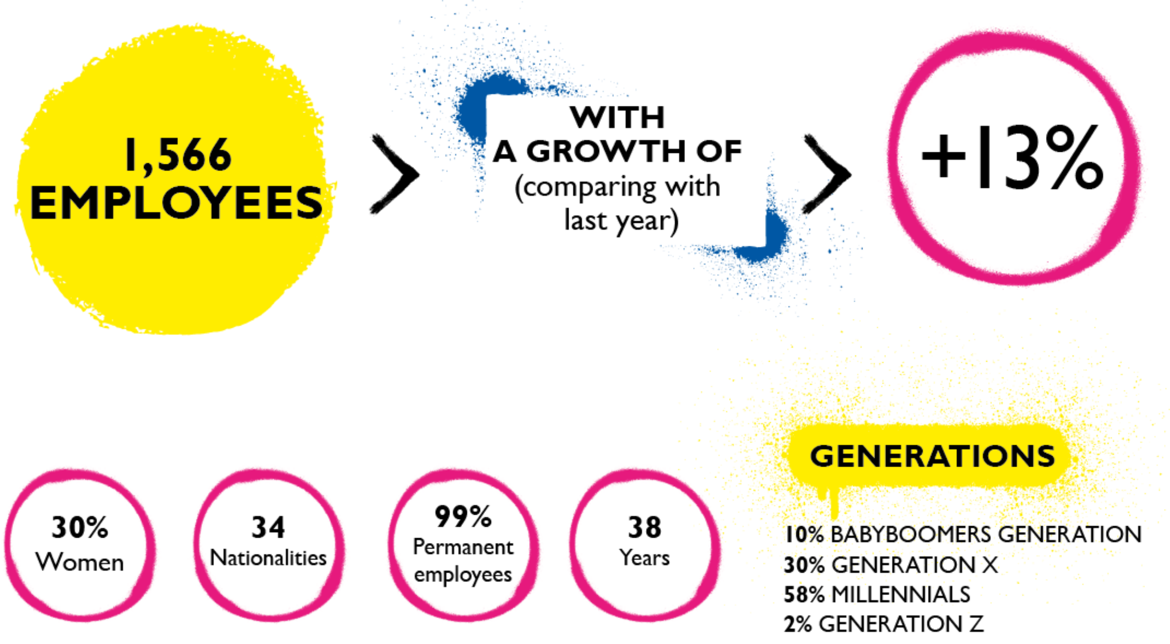
INFORMATION ON AVERAGE PAYMENT TERMS TO SUPPLIERS

In 2019 total payments made from Spanish companies to suppliers, amounted to €152,192 thousand with an average payment period of 50 days, below the payment period stipulated by law of 60 days.

OWN SHARES

As of December 2019, EDPR did not hold own shares and no transactions were made during the year.

3.2 HUMAN CAPITAL



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.

2019 was the continuation of the plan established in 2018 and all the measures projected. In 2019, the Pulse survey was launched to measure the Action Plan from the previous year. In 2020, the Climate Survey will be launched once again, as every two years.

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 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 Europe in 2019. At a local level, the Company has been named a Top Employer 2019 in Spain, France, Italy, Portugal and the UK. This certification endorses EDPR as one of the best companies to work at, thanks to the journey it offers its employees. The main actions implemented by EDPR in 2019 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 2019, 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. During this fifteen month program, thirteen EDP Trainees performed some of their rotations in EDPR.

- **Job Fairs:** EDPR attended 8 job fairs from the most relevant Universities and Business Schools from Spain and Portugal with an assistance of almost 4,000 students. EDPR also held 2 Open Days at our offices focused on both business and technical areas.

- **LinkedIn:** It is used as the main source of Recruitment, covering up to 50% of the Corporate positions hired in 2019.

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 2019, EDPR welcomed 368 new employees, of whom 30% are women. The average age of new hires was 33 years old. 98% of the total hires correspond to levels of Specialists and Technicians, of which 74% have University degree and above. 95% of the hires in 2019 were allocated in permanent positions and EDPR counted with more than 19 different nationalities among that group. Furthermore, 138 internships were offered, of which 13% were translated into new hires.

Moreover, since giving opportunities to young students to acquire professional experience is key for EDPR, the 2nd edition of the Internship Forum was developed at the end of December. This event, exclusively dedicated to the 28 current interns at EDPR from Madrid, Oviedo and Sevilla, aims at giving advice and tools for their successful entry into the labour market.

internshipforum

Among the initiatives to integrate new employees, EDPR implemented a new On boarding manual in 2019 for new hires in Spain. This new manual will be extended to EDPR's European countries in 2020.

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 2019, 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.

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 emphasising the potential of each, through internal mobility and development actions.

In 2019, EDPR implemented a new career model, a dual career path, providing two equivalent career progressions, one to recognize managerial contributions and one to recognize technical contributions. Employees in the Management Career contribute by getting their teams to deliver services and products on time and with quality levels required. Employees in the Technical Career contribute by designing, developing and improving products and services through specialized technical knowledge. Employees could move to from path to path as their goals and interests change over their careers.

MOBILITY

EDPR considers both functional and geographical mobility 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 2019, there were 83 mobility processes (23 more than in 2018), 77 functional, 15 geographical and 14 both functional and geographical mobility processes.

TRAINING

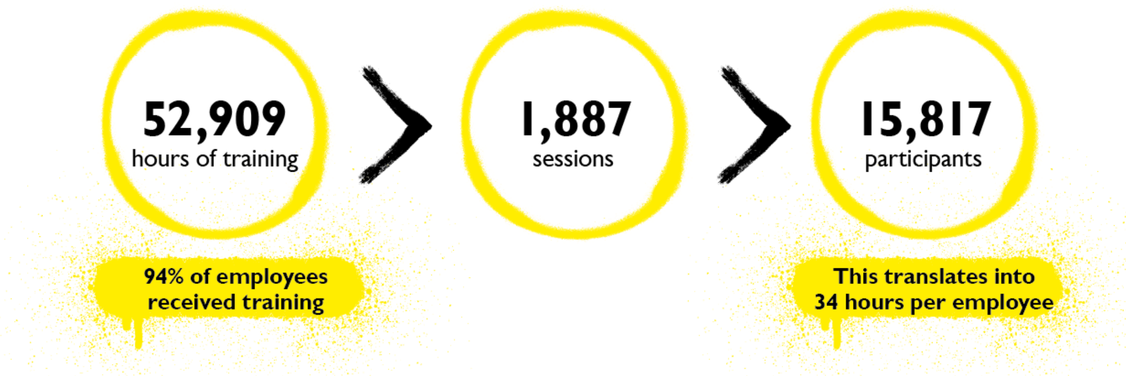
EDPR sees employees development as a strategic target, offering from the Renewable Energy School - EDP University job-specific ongoing training opportunities to contribute to the improvement of knowledge and skills, as well as specific development programs aligned with the company's strategy.

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 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 EDPR Value Chain, 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 boosted the Inspiring Seminar concept, a new format of short-focused sessions addressed to employees interested in the topics covered.

During 2019, a new training area has emerged as part of the current trends of our business: digitalisation. EDPR has reinforced not only the training courses delivered in subjects related to digitalisation but also in terms of methodologies, the number of sessions delivered by live Webinars has increased significantly allowing employees access digital training platforms from wherever they are without having to commit to attending a face to face course taking advantage from these cost effective initiative.

In 2019:



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 2019, one of the most important development programs was the Lead Now Program, which 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 2019, 30 employees participated.

As a result of EDPR's trust in its employees aligned with the development programs' success, 86% of new Directors were hired internally in 2019.

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 2019, EDPR strengthened LINK as a knowledge platform increasing the number of areas, domains and documents with valuable content 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 mindset 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.

Technical excellence together with sustainability is the basis of EDPR relationship with suppliers. This results in close collaboration, joint capacity to innovate, strengthen the sustainability practices and improve the quality of the Company's operations.

KEY DATA

+6,000
suppliers contribute to EDPR sucess

Suppliers in EU&BR represent **69%**[1] of the total invoiced volume and **31%**[1] in NA

94%[2] of local purchases at a country level and **36%**[3] of local purchases at a regional level

EDPR SUPPLY CHAIN

EDPR has a strong and permanent interaction with the supply chain, in particular with the strategic suppliers understood as WTG (Wind Turbine Generator) manufactures, Balance of Plant (BOP) and Operation and Maintenance (O&M) contractors. Those suppliers contribute in a meaningful and visible way to the value of EDPR core activities – construction and operation of wind farms and solar plants. 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.

HIGH QUALITY AND SUSTAINABLE PROCUREMENT

EDPR's procurement process is developed within the framework of the Procurement Policy, from which the most relevant aspects for EDPR regarding the supply chain's high quality and sustainability are established: development of activities that promote the sharing of the best sustainability practices in EDPR purchases; contribution to the growth and profitability of the business through the promotion of initiatives for the development and continuous improvement of the supply chain; systematic monitoring of suppliers' performance and risk profile; dissemination and implementation of the EDPR's sustainability policies (Environmental and H&S policies and Code of Ethics) in the acquisition of goods and services and involvement and empowerment of all actors in the supply chain.

Implementation of the Procurement Policy led to a better control in the suppliers' management process, assuring EDPR values are respected, product quality is high and risks are minimised.

EDPR has in place requirements related to Sustainability, Quality and Risk management that have to be met by its suppliers throughout the main procurement phases: registration process, contracting and, lastly, the monitoring and evaluation of the suppliers.

[1] BASED ON THE TOTAL INVOICED VOLUME IN 2019.
[2] EDPR DEFINES SPENDING IN LOCAL SUPPLIERS AT A COUNTRY LEVEL AS PURCHASES TO SUPPLIERS IN COUNTRIES WHERE EDPR IS PRESENT DIVIDED BY THE TOTAL INVOICED VOLUME IN 2019.
[3] EDPR DEFINES SPENDING IN LOCAL SUPPLIERS AT A REGIONAL LEVEL AS PURCHASES TO SUPPLIERS IN REGIONS WHERE EDPR IS PRESENT DIVIDED BY THE LOCAL PURCHASES AT A COUNTRY LEVEL (EXCLUDING PURCHASES FROM COUNTRIES WHERE EDPR IS NOT PRESENT).

REGISTRATION

The registration process is an indispensable requirement for any company who intends to become a supplier or apply for a qualification process issued by EDPR. The Corporate System of Supplier Registration of the Company works as the support to search and select suppliers by providing detailed information, validated and updated by credible sources in order to guarantee their accreditation through financial, technical quality and sustainability criteria.

In 2019, in addition to implementing the new registry system, EDPR worked on the design and implementation of a specific Supplier Qualification Process. The main goal of this process is to provide a more thorough analysis on critical topics such as technical capabilities, health and safety, environment and ethics, and to establish highly standardised minimum requirements to ensure that the suppliers with whom EDPR conducts business are qualified. The qualified suppliers are included in a Suppliers Qualification List and are able to participate in the EDPR bidding and contracting processes.

CONTRACTING

The incorporation of adequate criteria in the bidding and contracting processes of the company is essential to ensure the management and mitigation of operational risks in the supply chain.

In 2019, EDPR implemented the Suppliers Sustainability Guide 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 includes H&S, environmental and ethical requirements such as compliance with applicable regulations, policies, internal norms, procedures and systems in place.

In addition, EDPR implemented a process that classifies suppliers according to their H&S and environmental risks. This process is applicable to all suppliers providing a service at EDPR EU&BR facilities and the classification serves as an input in the selection of suppliers during the bidding phase. Based on the individual values obtained in this classification, suppliers may be excluded from the bidding process. If the supplier wants to be re-considered or participate in new processes, an action plan to solve the identified issues has to be presented and EDPR shall approve the action plan proposal.

Adequate compliance by all EDPR suppliers with applicable H&S and environmental requirement is essential to guarantee the correct performance of the contracted services and works. Aiming to ensure that suppliers comply with these requirements, the Company has established a disciplinary and sanctioning regime, which is included in all requests for proposal, contracts and purchase orders so any provider will be always informed about the consequences of not complying with EDPR H&S and environmental requirements.

In parallel, financial capacity of the suppliers and their insurance policy are evaluated according to the EDPR's Credit-in procedure that defines the steps to be followed to ensure the compliance with EDPR's counterparty risk policy and the proper follow-up of active guarantees. EDPR Counterparty Risk Policy sets the methodology and process to measure counterparty risk of new contracts, monitor counterparty risk of existing contracts, define in which moments and situations it should be used and establish guidelines and mitigation instruments to reduce counterparty risk when they exceed established limits.

MONITORING AND EVALUATION

In order to guarantee that the suppliers comply with the previously mentioned requirements, EDPR monitors strategic suppliers during their services delivery.

During the construction phase, the construction manager works closely with health & safety and environmental supervisors, and holds weekly meetings with suppliers. Contractors receive feedback for continuous improvement in the areas of H&S and environment. EDPR also has external supervision in these areas. During the operation phase, the manager of the facility is responsible for compliance with H&S and environmental procedures. These processes are reinforced by the management systems according to OHSAS 18001:2007 and to ISO 14001:2015.

All parameters of the Qualification system are periodically reviewed and reassessed by EDPR to guarantee that supply chain performance remains on the high quality level required.

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 2019, this certification covers 100%[1] of EDPR's installed capacity.

The OHSAS 18001:2007 standard was replaced with ISO 45001:2018, which will help organisations develop and provide a safe and healthy workplace for everyone within the company and across its supply chain. Even though companies have a 3 year transition period to implement and comply with the new standard, EDPR has already been working on the integrated Health & Safety and Environment Management System in order to implement it and carry out the its certification in 2020.

During 2019, EDPR registered 10 work-related accidents for employees and contractors, -50% vs 2018. The injury and the lost day rate were 1.2 work accidents per million hours worked and 46 days lost due to work accident per million hours worked, respectively.

EDPR registered a significant improvement in its H&S ratios when comparing to 2018. Nevertheless, EDPR continuously works to improve these ratios and to bring awareness to the best H&S practices. In 2019, the Company worked on several initiatives such as the development and implementation of an internal procedure for evaluating suppliers on health & safety topics; the organisation of a H&S workshop for O&M and Construction suppliers that aimed to foster the "Safety first" culture; the development and implementation of a tool that monitors the communication of safety alerts, both EDPR's and those received from maintenance companies, to the different applicable suppliers working at EDPR facilities; the implementation of a telephonic nurse/triage service by using a telephonic system to engage medical care professionals as first responders to incidents on site in order to provide appropriate care and medical advice and assist with medical case management requirements; and the definition of a daily KPI metric to delineate performance based on leading and lagging safety indicators, among others.

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[1] CALCULATION BASED ON 2018YE INSTALLED CAPACITY. EDPR CERTIFIES THE FACILITIES THE YEAR AFTER THE COD (COMMERCIAL OPERATING DATE). THUS, THE FACILITIES THAT HAVE ENTERED INTO OPERATION IN 2019 WILL BE CERTIFIED IN 2020.

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.

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

The Company believes that besides excelling in the way it performs, there must be a main factor weighing in every action or activity EDPR does – people. The Company considers that in order to have a positive impact on society, it is vital to work for the common good by promoting and supporting social activities.

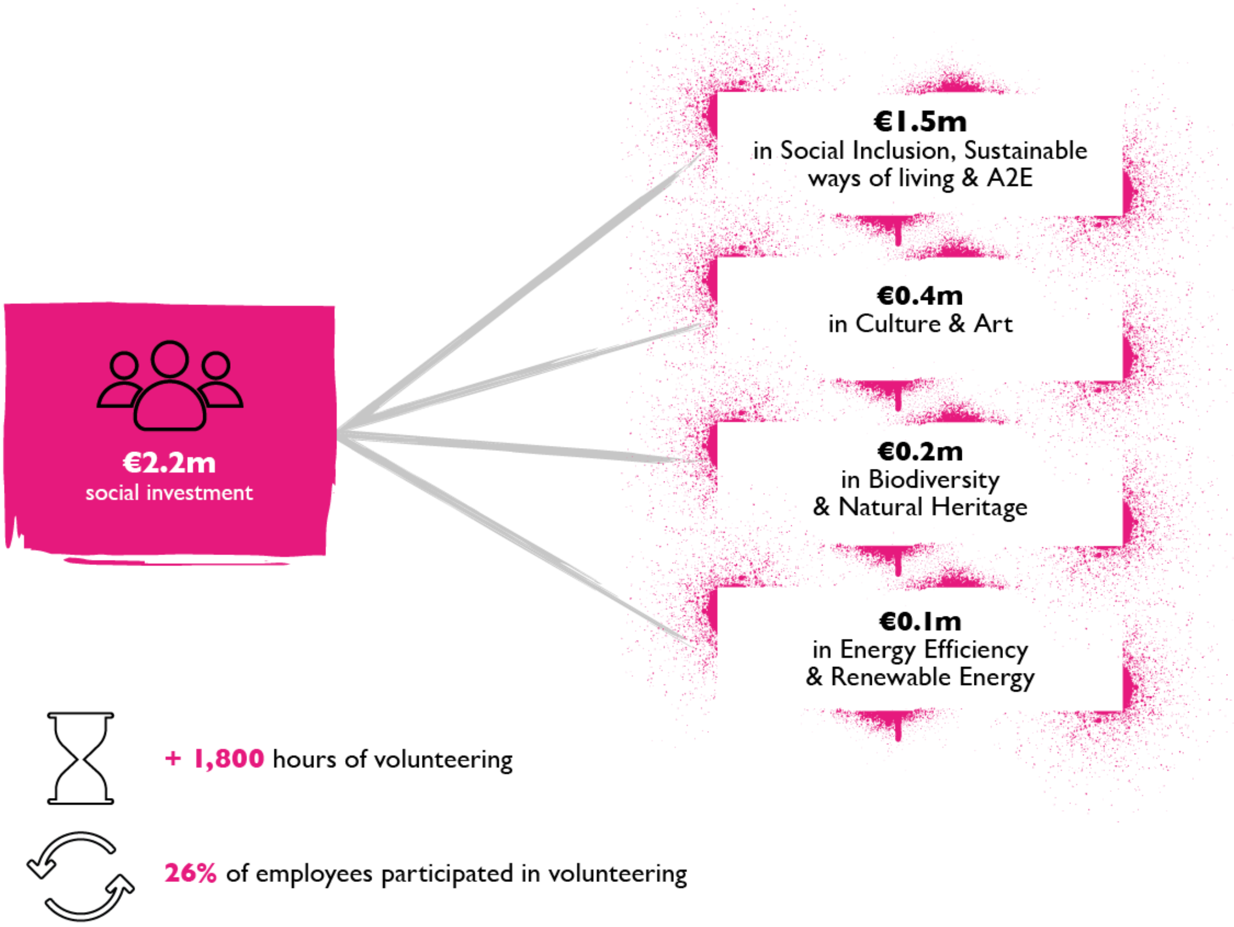
EDPR's Social Investment is developed within the framework of its Social Investment Policy, which establishes the corporate objectives and strategies related to this area. As stated in the Policy, EDPR invests in activities that will positively impact the promotion and development of the following four main areas: Culture & Art; Social inclusion, Sustainable ways of living & Access to energy; Natural heritage & Biodiversity; and Energy Efficiency & Renewable Energy.

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 improve the living conditions of local population, taking measures to consider and respect the community interests. Therefore, in line with its Social Investment Policy and the communities' needs and expectations, EDPR has defined a Catalogue of Activities that works as a tool for defining the social investment made in local communities. In addition to the development of social activities, EDPR provides long-lasting economic benefits to the surrounding areas that include, but are not limited to, infrastructure investments, tax payments, landowners' royalty payments and job creation.

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. 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 personally as well, while also contributing to the society.

In 2019, 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 of the initiatives implemented throughout EDPR's geographies:

KEY DATA



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.

Last year, 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 €2.2 million minority stake was an important step in the group's strategy for universal access to sustainable energy.

In 2019, EDPR reinforced its strategy to promote universal access to sustainable energy by investing c. €2.6 million in Rensource, a company that develops and manages decentralized solar energy systems, to support its expansion in Nigeria. The investment, which was the result of a financing initiative completed by EDPR and other international investors, will allow EDPR to participate in Africa's largest market and to bring sustainable, low-cost energy solutions to more communities.

These investments confirm the progress of the A2E strategy, which includes the commitment to invest €20 million until 2022 with the goal of impacting 550,000 people in developing countries.

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

3.5

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.

DEVELOPMENT

The Company's sustainable future depends on solid development efforts. EDPR implements relevant measures during this phase to identify and prevent the impacts of its activities on the environment.

After identifying sites with top-class resource conditions, EDPR analyses the environmental viability of those sites by detecting the constraints to take into consideration throughout the remaining phases of the value chain.

The potential environmental impacts are analysed in detail in the environmental impact studies of the projects and other specific environmental studies, always performed by professional external experts.

This process ensures the location of projects in the best sites, guaranteeing respect for the environment.

During 2019, EDPR invested more than 3 million euros in environmental impact studies of its projects.

CONSTRUCTION

The construction process is closely followed by EDPR teams, who work to minimise potential impacts or disturbances and to ensure proper restoration of the land once the works finish.

Even so, since the success of the construction phase highly depends on suppliers, EDPR requires that they adopt all necessary measures to ensure strict compliance with all applicable environmental regulations as well as EDPR's Environment Policy and internal norms, procedures and systems in place as regards to environmental management.

In order to guarantee that the suppliers comply with the environmental requirements during constructions, EDPR has established an environmental monitoring plan in coordination with the Construction Manager and the suppliers.

In 2019, for the construction of the Hidalgo II WF in the US, EDPR designed and implemented a unique program that employs biologists to monitor aspects of the wind farm construction.

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's Environmental Policy assumes specific commitments with the protection of the climate, the engagement with biodiversity and the preservation of natural resources. This policy allows EDPR to control, manage, communicate and to ensure the continuous improvement of its environmental performance along the entire value chain.

OPERATION

EDPR produces energy based on renewable sources, which inherently implies the reduction of GHG emissions. Wind and solar energy have zero carbon emissions and do not produce harmful SOx, NOx or mercury emissions, protecting valuable air and water resources and contributing to the world's fight against climate change. Also, generation from wind and solar energy does not consume water in its operational processes.

Even so, as stated in its Environmental Policy, EDPR seeks to reduce the potential impact of its activities on the environment through a set of commitments that ensure the implementation and maintenance of an effective Environmental Management System (EMS).

The EMS is developed in accordance with the ISO 14001:2015 international standard and certified by an independent certifying organization. EDPR has defined general procedures in its EMS to prevent, correct or compensate impacts in the environment.

In 2019, EDPR's operations avoided the emission of 19 million tons of CO_2. The CO_2 emissions related to EDPR's activities represent 0.2% of the total amount of emissions avoided.

DISMANTLEMENT

As a responsible company, EDPR has two main aspects in consideration when dismantling a wind farm at the end of its useful life: land restoration and proper treatment of the wastes generated.

Even though EDPR works to minimise any impact on the land surrounding its facilities, the Company commits to cleaning up and rehabilitating the sites to return the area to its initial state.

The main waste generated during this phase are dismantled turbines. EDPR manages them by keeping some pieces for future repairments, selling some of the material or recovering it. 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 that make it hard to recycle. In this regard, EDPR is working to support processes to recover the turbines and encourage circular economy.

In 2019, Zas, a wind farm in Spain with 80 wind turbines was dismantled. 22 of them were sold and 58 were recovered, none of them being disposed.

EDPR wind farms with a projected life span of 30 years will pay back its life cycle energy consumption in less than a year([1]), meaning, more than 29 years of a wind farm's life will be producing clean energy.

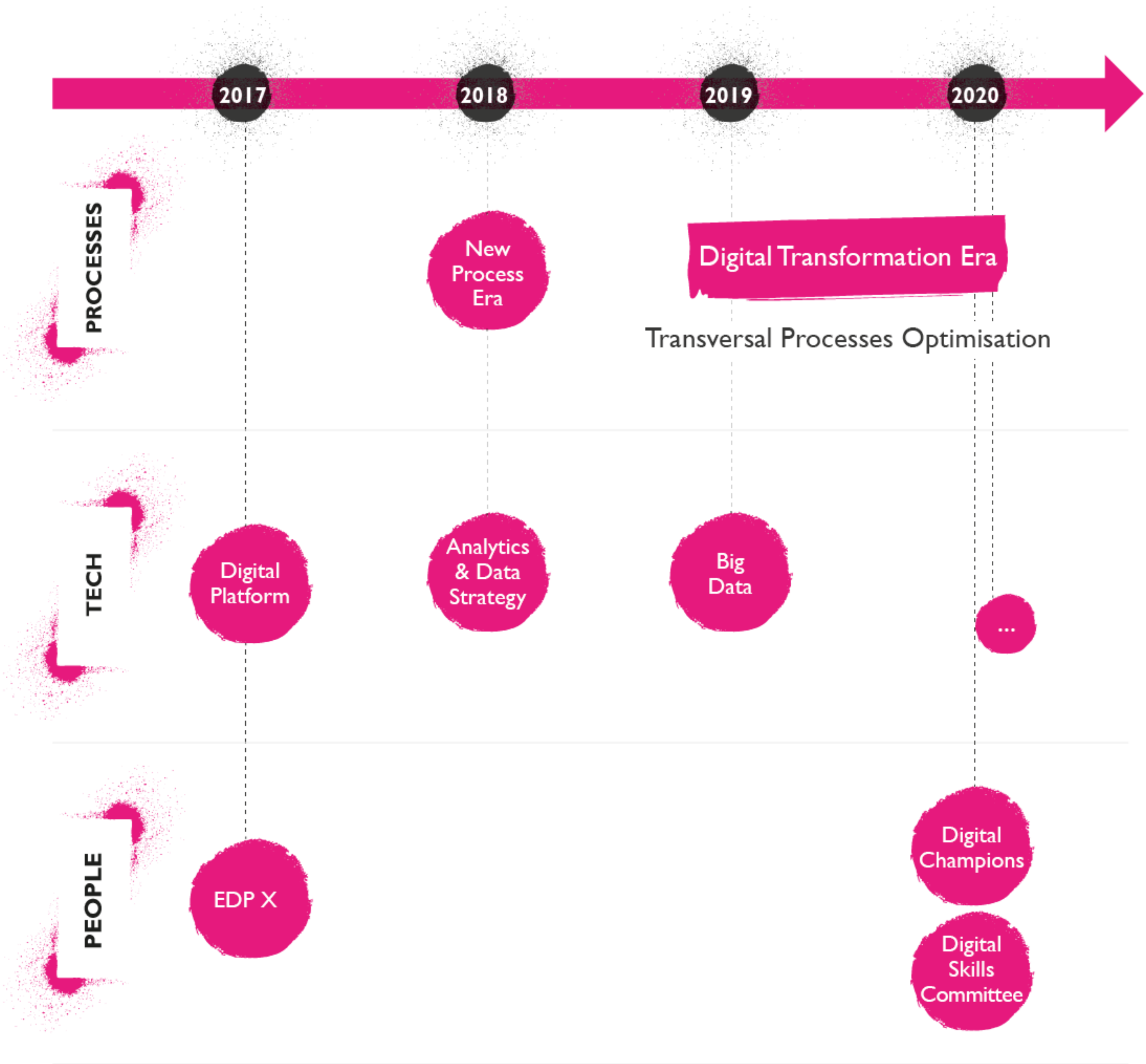
[1] ACCORDING TO THE LIFE CYCLE ASSESSMENTS OF OUR MAIN TURBINE SUPPLIERS.

3.6 DIGITAL CAPITAL

The digital journey is a never-ending transformation given the rapid evolution of Technology and its big impact on the Business and the People.

The rhythm and speed in which digital initiatives have evolved in EDPR have increased constantly over the time. Since 2007, date in which EDPR is formally constituted, there have been different milestones that the Company has achieved and that have had a big impact in the way people work.

In 2017, EDP Group began its journey of digital transformation, with the EDP X project, which challenged the organisation to adapt and respond to this new context being Top Management an essential driver, deeply committed with the digital initiatives that are being carried out in EDPR.

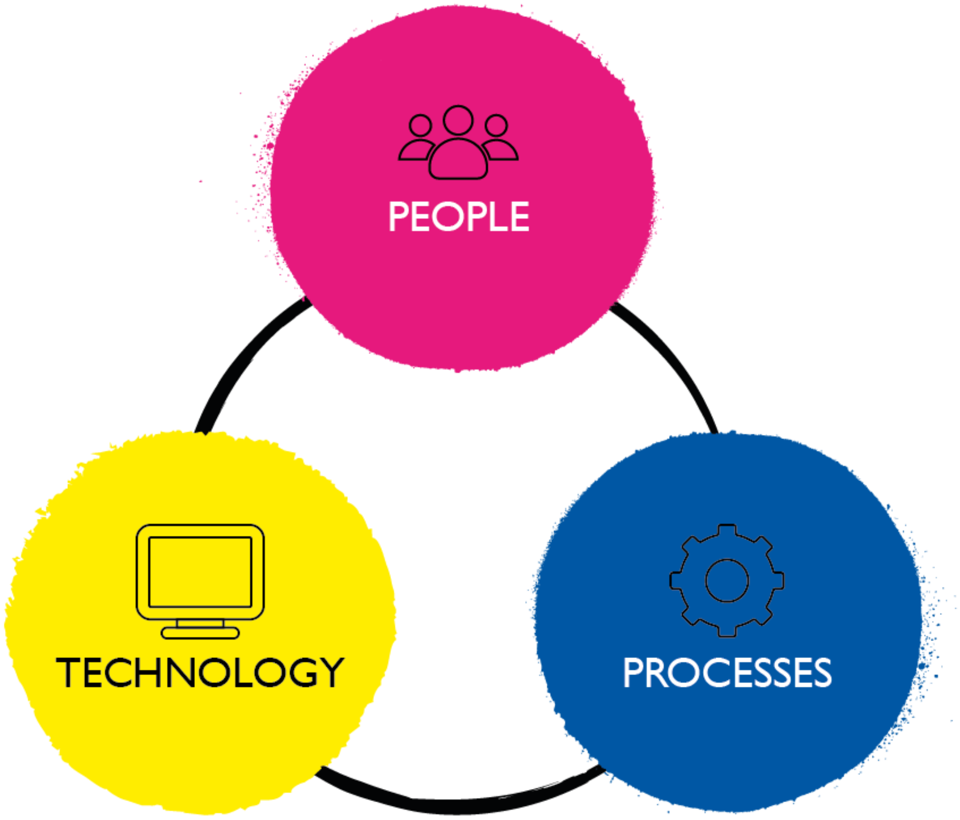


"At EDPR we believe that small changes can cause a big disruption"

JOÃO MANSO NETO (CEO)

In EDPR, Digital Transformation is the combination of three indissoluble perspectives: The strategic adoption of digital technologies, the definition, improvement and optimisation of Business processes and the impact on how people work and add value in their day to day activities. These three dimensions foster new ways of working and impact directly on the results of the Organisation.

EDPR conceives digital transformation initiatives expanding technology but far beyond technology: it is a business-wide culture change. To follow this transformation journey, three steps should be considered: people, processes and technology, and to succeed, businesses need to address all three.



PEOPLE

A culture change must start with people. In 2019 different initiatives have been launched towards empowering people in this Digital Transformation Process.

Digital transformation will only happen if the people with the necessary skills are involved in the process. EDPR has created the first Digital Skills Committee composed by the main stakeholders in this field and lead by the CEO whose main objective is to foster digital skills as part of the Digital culture and promote collaborative skills to work more efficiently as part of the digital transformation process.

Employee involvement is considered key in this process and therefore the initiative Digital Champions has been created. Employees with special digital capabilities, ability to work with collaborative tools and specific knowledge and concerns on digital technologies will become part of this Program to extend the Digital Culture throughout the Organisation.

New initiatives are expected to be launched regularly in order to reinforce and ensure that a digital culture is spreading all over the Company and that everyone is on board with the changes that will happen across the business.

PROCESSES

Business Processes is the channel through which EDPR delivers value to the different stakeholders and helps achieving its business results. Business process definition has been gaining importance and relevance along the time in EDPR:

- From a pure process definition in 2009 based on the description of the core activities carried out by the Departments to an integrated process business perspective in 2018 when EDPR defined a Process Map aligned with its Value Chain. At this moment, more than 100 critical processes were identified according to the impact on EDPR Business, representing one of the starting points to reach process excellence in EDPR.

- 2019 has represented a step further and a key milestone in the Digital Transformation journey, considering Process Automation and Robotisation as an essential driver in Process definition. A new approach identifying what can be improved and what processes can be automated, is now the basis for process definition.

This new mindset is truly about getting people to think and work more effectively, align their day to day activities with the business objectives and reinforce the use of the right tools for their job. Once the process has been defined, it is analyzed how it can turn to be optimized by seeking efficiencies with the development of Business Process Management tools (BPM), Robotic Process Automation technology (RPA) or any other tool that can have an impact in the way of working. In 2019, more than 70 BPM Tools were implemented to optimize business processes and about 150 RPA's were running in productive, saving around 40.000 hours/year. The objective is to maximize added value work and see the greatest gains in the long term for EDPR.

TECHNOLOGY

Finally, technology comes in. Technology is the enabler of process transformation. The most relevant initiatives carried out in 2019 that will support growth and success of EDPR are:

- **Data lake:** EDPR has introduced a corporative Big Data and analytics system based on cloud technology, with a data lake on European and North America business units. So far, we have introduced an analytical model to simulate the behaviour of different energy market strategies and their technical and economic impacts in terms of budget, risk models of energy markets and weather forecasters key performance indicators.

- **Data integration:** We use a new cloud service to make big data and artificial intelligence easy. It provides data science and data engineering teams with a fast, easy and collaborative platform. It gives users a single platform for big data processing and machine learning.

- **Geographic information system (GIS) Europe**: It is a based-on cloud services platform with a web portal and mobile app that allows to create and share maps, scenes, apps, and other geographic information. It was first introduced in Spain and France and is now ready to roll out to other European countries.

- **Automatisation**: EDPR uses a new tool that makes it easy to automate repetitive tasks. You can add users or groups as owners, and then collaborate with them to design and manage flows.

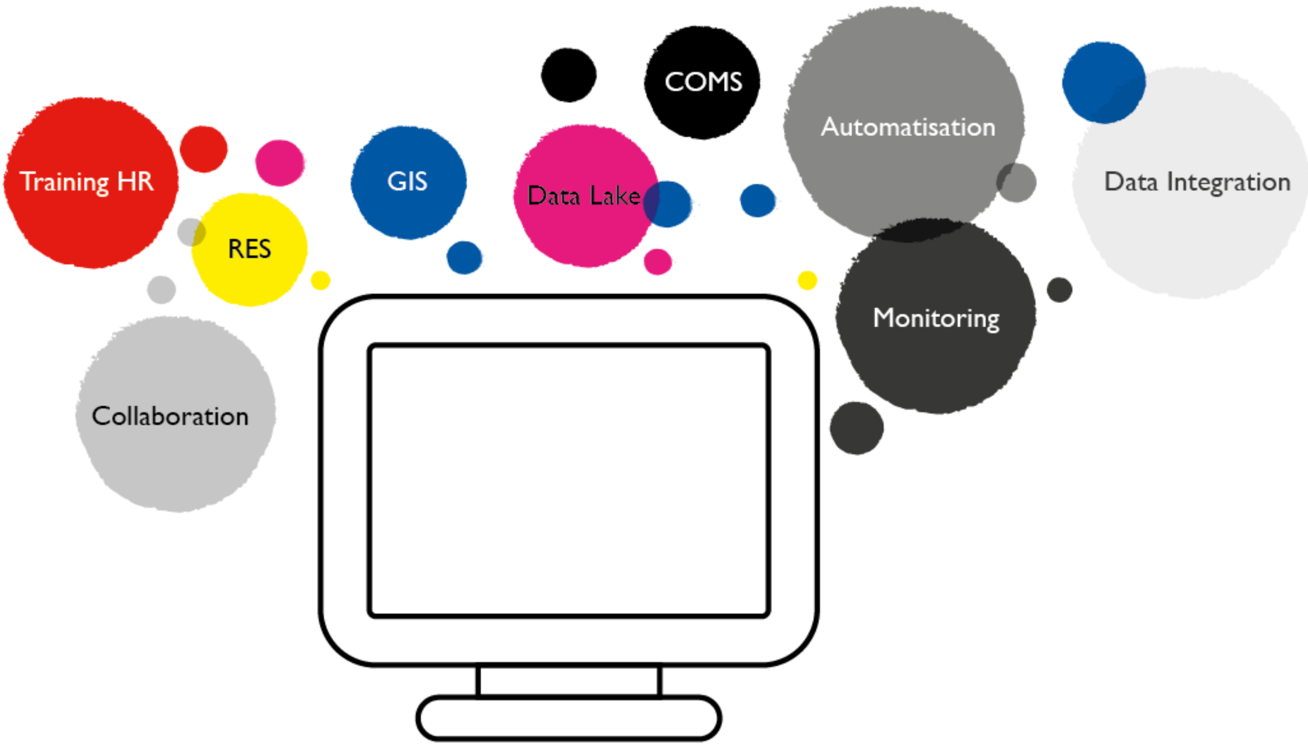
- **Commercial Management System (COMS) – strategies to sell energy:** A new feature that allows to the market operator through a dashboard and dynamical interface the comparison of existing market strategies in order to choose the more advantageous to the business.

- **RES – Renewable Energy Source**: This is a EDP Group renewable product, based on block chain technology and the idea behind it is to improve the traceability of Renewable Energy. The product tells you how much renewable energy you are using in real time, as well as the source of this renewable energy.

- **Collaboration**: At EDPR we have started to use a new web application and mobile app "Edge" based on cloud services, that allows the collaboration between different teams to manage, share and distribute information and review through a web and mobile platform.

- **Monitoring:** We are working on an implementation of a web base platform that will let EDPR monitor the performance of construction projects, economical and progress. It is intended to be used by Operation support, Engineering and Construction and contractors who need to among other things, schedule the project, enter construction milestones, check deviations and produce reports.

- **Training Human Resources:** All employees make us of this new digital application for employees to consult and choose their training courses.



In summary…

Business is changing, and digital transformation is vital to staying ahead. It is required a company-wide shift in the way people think, work, and provide services.

It is crucial to involve all the people and empower people to be part of this change, map out all processes from an optimisation perspective and support all of this with the right technology to enable EDPR to achieve its strategic goals.

3.7

Innovation Capital

DEVELOPMENT

SITE IDENTIFICATION

- Greenfield development fostering local employment

RENEWABLE RESOURCES ANALYSIS

- Offshore fixed
- Offshore floating

OBTAIN PERMITS

CONSTRUCTION

PROJECT FUNDING

- Sell-down

LONG TERM CONTRACT FOR THE SELL OF ENERGY

- PPA structures to help clients to meet their sustainable goals

DESIGN LAYOUT & EQUIPMENT CHOICE

- New technical solutions to increase assets quality
- New battery storage

OPERATION

CONSTRUCTION

- Blade lifter transport system

START OF OPERATIONS & DELIVER CLEAN ENERGY

- Blockchain
- Making difference in developing countries with solutions for off-grid domestic business (i.e. Mozambique)

ONGOING MAINTENANCE SERVICE

- M3 and self-perform
- Innovate to reduce environmental & compliance impacts

DISMANTLING

DISMANTLING

DATA ANALYSIS

- Big data on predict maintenance & power improvement

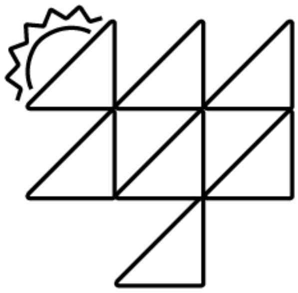
OFFSHORE FLOATING

- WindFloat Atlantic, 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. COD is expected in 2020.
- The project will speed up the commercial deployment of innovative WindFloat® technology that harnesses the wealth of wind resources in transitional and deep waters, which were previously inaccessible. WindFloat Atlantic project marks an important milestone for the industry as this is the first semi-submersible floating wind farm in the world.
- Because it can be placed in very deep waters, WindFloat® can unlock energy resources in vast areas of the sea, addressing major societal challenges, such as the clean energy transition, energy security and climate change, whilst bringing jobs, economic growth and opportunities for sustainable investment.
- For further information: **https://www.youtube.com/watch?v=PiKa6steniw**

BLADE LIFTER TRANSPORT SYSTEM

- The journey to reach the Carondio wind farm in Spain involves passing through an urban center before taking a mountain road for 23 kilometers. The wind farm's location prevents quick and efficient transport, increasing the need to have a high stock of blades available at Carondio in order to optimise management. With these obstacles in mind, EDPR began to consider different options for blade transportation, including the Blade Lifter technique.
- This method consists of transporting each blade on a special vehicle which can incline up to 60 degrees. By being able to scale the steepest sections of the road up the mountain, this uniquely designed machinery allows the blade's angle to be increased and decreased accordingly, which consequently reduces its turn radius.
- Implementing this innovative blade transportation system to reach one of its more isolated wind farms was a decision aligned with EDPR's commitment to constant technological innovation – its benefits include its minimal environmental impact, reduced need for civil engineering interventions and cost optimisation.

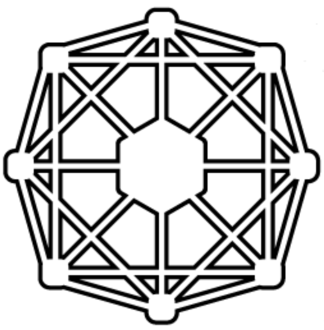
NEW BATTERY STORAGE



- EDPR closed its first PPA with operative storage system. The Sonrisa Solar Park has secured a PPA for 200 MW of solar energy and 40 MW of energy storage, with the combination of solar and storage designed to increase efficiency and provide greater balance in energy supply. The project is located in the US and is expected to start operations in 2022. This new development is increasing further appetite for solar PPA (no storage no PPA) and allowing EDPR to experience and forefront the benefits of this new technology which will be crucial in coming years.

- EDPR also installed a new energy storage system connected to a PV plant in Romania. When there is excess production, the system will charge the batteries, and when production is lower than expected, the energy stored in the batteries will be provided to consumers. To this end, EDPR has installed an innovative energy conversion system that connects photovoltaic panels and DC batteries with an AC transformer and a lithium-ion battery, as well as a system that monitors the whole process.

BLOCKCHAIN



- Electricity consumed by El Corte Inglés in Seville and Malaga will be provided by five of EDPR's wind farms with a total installed capacity of 169 MW.

- The pilot program uses the "Blockchain Energy Tracking" system, which guarantees that the origin of the energy supply is renewable, while certifying that the information contained in the chain is accurate. Thanks to this data structure, the authenticity and integrity of the data collected is preserved, as it will not be possible to amend any information. With this system, both energy producers and consumers will be able to certify the green origin of the energy source; and they will also have access to firsthand knowledge regarding the methods used in its generation.

- As a result, it demonstrates the company's commitment to integrate innovative technological solutions to disrupt the current energy landscape. Thanks to this new system, it's possible to ensure that large, leading companies, such as El Corte Inglés, meet their environmental objectives.

3.8

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 11.4 GW of installed capacity. In 2019, the Company generated 30.0 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 2019, EDPR's activities avoided the emission of 19 million tons of CO_2.

…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 of society in general. In 2019, EDPR contributed to society by investing €2.2 million in the development of social activities and by contributing with more than 1,800 employees volunteering hours.

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 2019, EDPR centred on promoting digital skills and 51% of its employees participated in digitalisation trainings.

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 2019, Zas, a wind farm in Spain with 80 wind turbines was dismantled; 22 of them were sold and 58 were recovered, none of them being disposed.

…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 Europe in 2019.

5 GENDER EQUALITY

EDPR's Code of Ethics contains specific clauses of non-discrimination and equal opportunities, fostering respect for all employees. In 2019, 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 2019, for the construction of the Hidalgo II WF in the US, EDPR designed and implemented a unique program that employs biologists to monitor aspects of the wind farm construction.

04

04 SUSTAINABILITY

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SUSTAINABLE ENERGY

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.

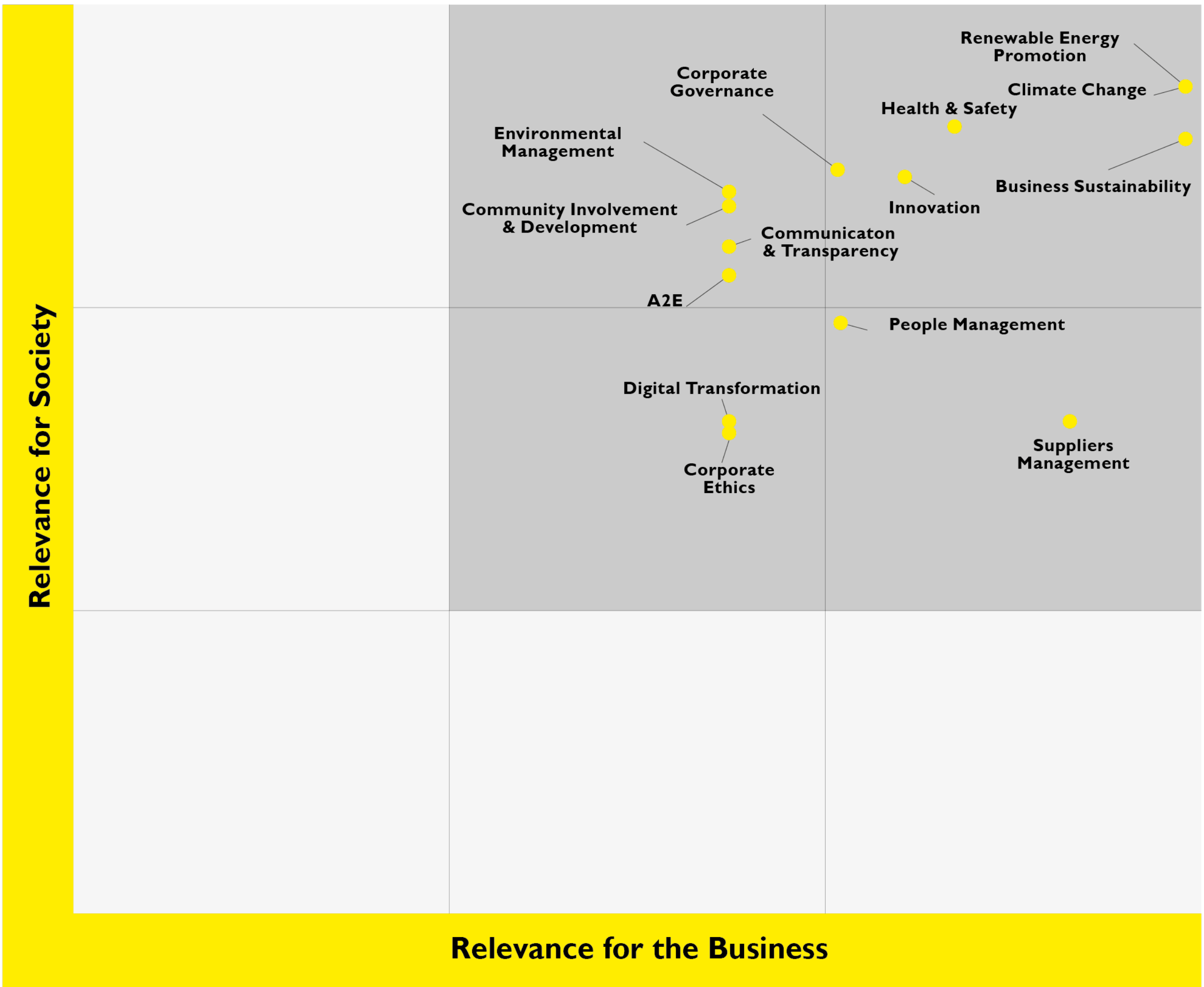
RELEVANCE FOR BUSINESS

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. In 2019, EDPR defined a new strategic plan until 2022 and, thus, the material issues for the Company in which this assessment was based were updated accordingly.

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 EDPR, 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 stakeholders, 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.
- LIGHT POLLUTION: EDPR ACTIVITIES DO NOT HAVE A MATERIAL IMPACT IN LIGHT POLLUTION.
- RAW MATERIALS: EDPR CORE BUSINESS DOES NOT CONSUME RAW MATERIALS.
- FOOD WASTE: EDPR ACTIVITIES DO NOT HAVE A MATERIAL IMPACT IN FOOD WASTE.

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	UN	2019	2018	Δ YoY
TOTAL	**MW**	**11,362**	**11,672**	**(310)**
Europe	**MW**	**4,553**	**5,424**	**(871)**
Spain	MW	2,126	2,463	(337)
Portugal	MW	1,164	1,309	(145)
Rest of Europe	MW	1,263	1,652	(389)
Brazil	**MW**	**467**	**467**	**+0**
North America	**MW**	**6,342**	**5,781**	**+561**
US	MW	6,112	5,551	+561
Canada	MW	30	30	-
Mexico	MW	200	200	-

NOTE: THE REPORTED DATA INCLUDES EBITDA AND EQUITY MWS.

By December 2019, EDPR operational portfolio totalled 11.4 GW, of which 4.6 GW in Europe, including 2.1 GW in Spain, 1.2 GW in Portugal, 1.3 GW in Rest of Europe, 6.3 GW in North America and the remaining 0.5 GW in Brazil. From the 11.4 GW, 284 MW are related to solar PV and 11,078 MW to wind onshore technology. Pursuing its Sell-down strategy, in 2019, EDPR concluded the sale of its entire ownership in a 997 MW portfolio in Europe (348 MW in Spain, 191 MW in Portugal, 388 MW in France and 71 MW in Belgium; 491 MW net for EDPR). In 2019, EDPR built 888 MW of wind and solar technology, of which 169 MW in Europe, namely 53 MW in Spain, 47 MW in Portugal, 19 MW in France and 50 MW in Italy. In the United States 720 MW were built, of which 581 MW related to wind onshore projects and 139 MW from a solar PV portfolio.

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

ELECTRICITY GENERATED	UN	2019	2018	Δ% YoY
TOTAL	**GWh**	**30,041**	**28,359**	**+6%**
Europe	**GWh**	**11,791**	**11,480**	**+3%**
Spain	GWh	5,298	5,164	+3%
Portugal	GWh	3,160	2,995	+5%
Rest of Europe	GWh	3,333	3,321	+0%
Brazil	**GWh**	**1,757**	**1,235**	**+42%**
North America	**GWh**	**16,492**	**15,644**	**+5%**
US	GWh	15,696	14,873	+6%
Canada	GWh	70	71	(2%)
Mexico	GWh	726	700	+4%

EDPR produced 30 TWh of clean energy in 2019, +6% YoY.

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

The Earth's climate has changed throughout history. Scientists attribute the current global warming trend observed since the mid-20th century to the human expansion of the "greenhouse effect"[1] – warming that results when the atmosphere traps heat radiating from Earth toward space. Over the last century, the burning of fossil fuels like coal and oil has increased the concentration of atmospheric carbon dioxide (CO_2). There is no question that increased levels of greenhouse gases (GHG) must cause the Earth to warm in response.

EDPR is a clear example of how fighting against climate change creates business opportunities. The Company's core business, to deliver clean energy by developing, building and operating top quality wind farms and solar plants, inherently implies the reduction of GHG emissions, contributing to the world's fight against climate change and its impacts. Wind and solar energy have zero carbon emissions and do not produce harmful SOx, NOx or mercury emissions, protecting valuable air and water resources. Besides, generation from wind and solar energy does not consume water in its operational processes.

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. As presented in the Strategic Update, EDPR plans to add c.7.0 GW in 2019-2022 period, of which, in December 2019, 74% was already secured to be installed until 2022, investing more than 8 billion euros financed by sell-down and assets' cash flows. EDPR will diversify geographically and technologically growing on wind onshore, offshore and solar along with the entrance in new markets.

During 2019, EDPR built 888 MW and finished the year managing a global portfolio of 11.4 GW. Benefiting from a diversified portfolio, the Company generated 30 TWh (+6% YoY) of renewable energy, avoiding the emissions of 19 mt of CO_2. Capital expenditures and financial investments with capacity additions, ongoing construction and development works during the year totalled €1,401 million.

However, EDPR faces climate change not only as a business opportunity, but also as an opportunity to innovate. Innovation not only in disruptive technologies, but innovative solutions can be implemented in the entire value chain: in business development, construction, operations, origination and financing. For example, besides developing offshore, offshore floating and hybrid (wind and solar) facilities and battery storage, EDPR has implemented innovative ideas in construction, with new technical solutions to increase assets quality, in operations, by internalising 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, with the implementation of a self-funding strategy based on the sale of stakes which allows us accelerate growth by crystalizing future value.

On the risk side, meteorological changes may pose a risk for EDPR's activities and results since they are carried out in areas of the planet that are being affected by climate change. In addition, 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 but, even so, the size of the potential deviation in the case of relevant meteorological changes is uncertain. Moreover, renewable plants in construction and in operation are exposed to weather hazards, natural disasters, etc. These risks depend on the 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 location.

As a sector leader, EDPR is aware of the urgency to fight climate change and even though its 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 and to incorporate innovation in its value chain in order to further contribute to the protection of the climate.

[1] IPCC FIFTH ASSESSMENT REPORT, SUMMARY FOR POLICYMAKERS

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	UN	2019	2018	Δ% YoY
TOTAL	**GJ**	**319,694**	**319,028**	**+0.2%**
Wind farms				
Electricity consumption	GJ	269,758	267,762	+1%
Offices				
Electricity consumption	GJ	16,658	18,139	(8%)
Gas	GJ	3,039	3,048	(0.3%)
Fleet				
Petrol consumption	GJ	23,541	23,122	+2%
Diesel consumption	GJ	6,698	6,936	(3%)
Biodiesel consumption	GJ	0	19	(100%)

NOTE 1: GAS CONVERSION FACTOR ACCORDING TO AGÊNCIA PORTUGUESA DE AMBIENTE.

NOTE 2: EDPR REPORTS EBITDA WINDFARMS ENERGY CONSUMPTION THE YEAR AFTER THE COD (COMMERCIAL OPERATING DATE), WHEN THE TRIAL PERIOD IS OVER AND THE CONSUMPTION IS ALREADY SIGNIFICANT. THUS, THE WIND FARMS THAT HAVE ENTERED INTO OPERATION IN 2019 WILL BE INCLUDED IN THE ENERGY CONSUMPTION OF 2020.

NOTE 3: FLEET ENERGY CONSUMPTION REFERS TO O&M FLEET.

NOTE 4: ENERGY CONSUMPTION IN THE OFFICES IS ESTIMATED, EXCEPT FOR THE MADRID OFFICE AND THE O&M OFFICES IN NORTH AMERICA.

GRI 302-4 - REDUCTION OF ENERGY CONSUMPTION

EDPR's activity is based on clean energy generation, and it produces about 336 times the energy 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. For example, this year, EDPR has included in its Sustainability Roadmap 2019-2022 the objective to promote the transition of its fleet to electric vehicles.

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

EDPR's Scope 1 emissions represent 2,368 tons of CO_2 equivalent, -14% vs 2018. 1,971 tons are emitted by transportation related to the windfarms operation, 160 tons by gas consumption in the Company's offices and the rest of it is related to SF_6.

Part of the equipment used for electricity generation purposes contains SF_6 gasses and during 2019, EDPR registered emissions of 10 kg of this gas, which is equivalent to 237 tons of CO_2 eq.

NOTE 1: EMISSIONS WERE ESTIMATED ACCORDING TO GHG PROTOCOL (INCLUDING OFFICIAL SOURCES SUCH AS IPCC OR THE U.S DEPARTMENT OF ENERGY).

NOTE 2: GAS CONSUMPTION IN THE OFFICES IS ESTIMATED, EXCEPT FOR THE MADRID OFFICE AND THE O&M OFFICES IN NORTH AMERICA.

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

EDPR's CO_2 indirect emissions represent 26,439 tons, -12% vs 2018. Of the 2019 scope 2 emissions, 24,748 tons are driven by electricity consumption by the wind farms and solar plants and 1,691 tons by electricity consumption in the offices.

In 2019, 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.

NOTE 2: ELECTRICITY CONSUMPTION EMISSIONS WERE CALCULATED WITH THE GLOBAL EMISSION FACTORS OF EACH COUNTRY.

NOTE 3: ELECTRICITY CONSUMPTION IN THE OFFICES IS ESTIMATED, EXCEPT FOR THE MADRID OFFICE AND THE O&M OFFICES IN NORTH AMERICA.

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 5,552 tons of CO_2 emissions, +12% vs 2018.

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.

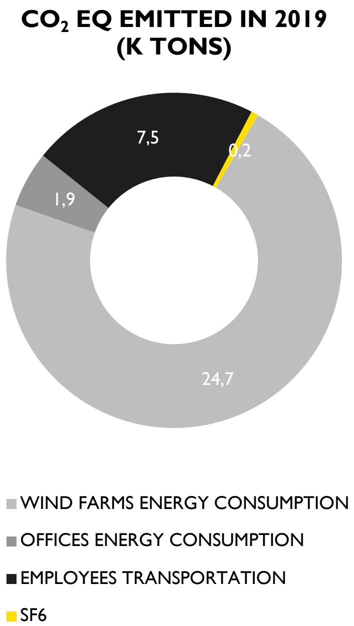
NOTE 3: EMPLOYEES TRANSPORTATION BY AIR AND TRAIN IN PORTUGAL IS NOT INCLUDED.

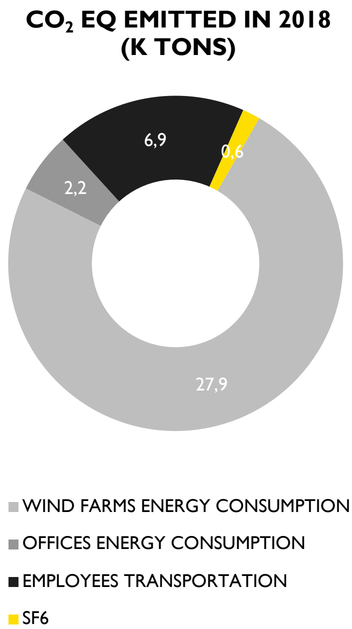
NOTE 4: WHEN CALCULATING EMPLOYEES TRANSPORTATION BY AIR, THE RADIOACTIVE FACTOR IS NOT CONSIDERED.

NOTE 5: FLEET ENERGY CONSUMPTION REFERS TO O&M FLEET.

NOTE 6: EMPLOYEES TRANSPORTATION DATA FROM 2018 WAS RESTATED.

TOTAL CO_2 EMISSIONS





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 SOx, NOx, or mercury emissions, protecting valuable air and water resources. In 2019, it was estimated that the Company's activities avoided the emission of 19 million tons of CO_2.

The Company's emissions represent 0.2% of the total amount of emissions avoided and 72% 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 2019, EDPR continued promoting initiatives that foster environmental best practices in its offices and, in addition, has included in its Sustainability Roadmap 2019-2022 the objective to promote the transition of its fleet to electric vehicles.

In 2019, 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 the US, obtained from the renewable energy generation.

NOTE 1: TO CALCULATE THE EMISSIONS AVOIDANCE, THE ENERGY GENERATION HAS BEEN MULTIPLIED BY THE CO_2 EQ. EMISSION FACTORS OF EACH COUNTRY AND STATE WITHIN THE US. EDPR CONSIDERS THE EMISSION FACTOR OF JUST FOSSIL FUEL ENERGY, AS IT IS CONSIDERED THAT BY INCREASING THE GENERATION OF RENEWABLE ENERGY, THERE IS A DISPLACING OF THESE TECHNOLOGIES, WHILE OTHER RENEWABLE TECHNOLOGIES AND NUCLEAR PLANTS WILL CONTINUE WITH ITS QUOTA OF GENERATION.

NOTE 2: 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.

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	UN	2019	2018
Economic Value Generated	**€m**	**2,265**	**2,006**
Revenues	€m	1,642	1,496
Other Income	€m	581	377
Share of Profit in Associates	€m	3	2
Financial Income	€m	38	131
Economic Value Distributed	**€m**	**1,117**	**1,130**
Supplies and Services	€m	309	345
Other Costs	€m	136	128
Personnel Costs	€m	131	115
Financial Expenses	€m	387	351
Current Tax	€m	55	77
Dividends	€m	99	113
Economic Value Accumulated	**€m**	**1,148**	**876**

PROFIT BEFORE INCOME TAX	UN	2019	2018
TOTAL	**€m**	**709**	**536**
Spain	€m	52	71
Portugal	€m	300	138
France & Belgium	€m	31	22
Poland	€m	13	-7
Romania	€m	28	-1
Italy	€m	14	12
UK	€m	-1	24
Brazil	€m	102	12
US	€m	157	254
Canada	€m	2	0
Mexico	€m	13	10
Others	€m	-2	-

CORPORATE INCOME TAX PAID	UN	2019	2018
TOTAL	**€m**	**65**	**77**
Spain	€m	9	14
Portugal	€m	34	41
France / Belgium	€m	8	12
Poland	€m	4	1
Romania	€m	0	0
Italy	€m	4	4
UK	€m	0	0
Brazil	€m	5	4
US	€m	0	2
Canada	€m	0	0
Mexico	€m	0	0
Others	€m	0	-

NOTE 1: 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 MINIMISATION OF CIT CASH-OUT IN THIS GEOGRAPHY.

NOTE 2: AS A GENERAL RULE, THE CORPORATE INCOME TAX CASH-OUT DETAILED ABOVE CONSIDERS BOTH THE DOWNPAYMENTS CORRESPONDING TO THE FISCAL YEAR IN COURSE (WHERE APPLICABLE) AND THE BALANCE OF THE CORPORATE INCOME TAX CORRESPONDING TO THE PREVIOUS YEAR.

4.5 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 403-2 – TYPES OF INJURY AND RATES OF INJURY, OCCUPATIONAL DISEASES, LOST DAYS, AND ABSENTEEISM, AND NUMBER OF WORK-RELATED FATALITIES

H&S INDICATORS	UN	2019			2018		
		EMPLOYEES	CONTRACTORS	TOTAL	EMPLOYEES	CONTRACTORS	TOTAL
Work-related fatalities	**#**	**0**	**0**	**0**	**0**	**2**	**2**
Europe	#	0	0	0	0	1	1
Brazil	#	0	0	0	0	0	0
North America	#	0	0	0	0	1	1
Work-related accidents with absence	**#**	**1**	**9**	**10**	**2**	**16**	**18**
Europe	#	0	4	4	0	13	13
Brazil	#	0	1	1	0	2	2
North America	#	1	4	5	2	1	3
Lost days due to work-related accidents	**#**	**146**	**225**	**371**	**10**	**808**	**818**
Europe	#	0	152	152	0	754	754
Brazil	#	0	2	2	0	20	20
North America	#	146	71	217	10	34	44
Injury Rate[1]	**x**	**0**	**2**	**1**	**1**	**3**	**2**
Europe	x	0	2	1	0	6	4
Brazil	x	0	4	3	0	2	2
North America	x	1	1	1	2	1	1
Lost day rate[2]	**x**	**53**	**43**	**46**	**4**	**142**	**100**
Europe	x	0	70	43	0	304	200
Brazil	x	0	8	5	0	22	19
North America	x	114	25	52	9	15	13

NOTE 1: THE REPORTED DATA DOES NOT INCLUDE THE 3 EMPLOYEES FROM THE REST OF THE WORLD.

NOTE 2: THE REPORTED DATA DOES NOT INCLUDE COMMUTING ACCIDENTS. IN 2019, THERE WERE 2 COMMUTING ACCIDENTS WITH ABSENCE RELATED TO EDPR EMPLOYEES THAT RESULTED IN 44 LOST DAYS.

NOTE 3: MINOR FIRST AID INJURIES ARE NOT INCLUDED IN THE REPORTED DATA, AND THE NUMBER OF LOST DAYS IS CALCULATED AS THE NUMBER OF CALENDAR DAYS STARTING THE DAY AFTER THE ACCIDENT.

NOTE 4: DOES NOT INCLUDE INFORMATION RELATED TO EDPR UK FROM JULY 2019 TO DECEMBER 2019.

NOTE 5: THE EMPLOYEE IMPACTED BY THE ACCIDENT WITH ABSENCE IS MALE. EDPR DOES NOT REGISTER H&S INDICATORS BY GENDER FOR CONTRACTORS. NOTWITHSTANDING THIS, BASED ON EDPR EXPERIENCE, THE MAJORITY OF THE CONTRACTOS WORKING ON EDPR SITES ARE MEN.

NOTE 6: X AS UNIT MEANS TIMES.

In 2019, EDPR registered 10 work-related accidents for employees and contractors, -50% vs 2018. The injury and the lost work day rate were 1.2 work accidents per million hours worked and 46 days lost due to work accidents per million hours worked, respectively, registering a significant improvement in its H&S ratios when comparing to the previous year. 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

[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]

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 2019, this certification covers 100%[1] of EDPR's installed capacity.

The OHSAS 18001:2007 standard was replaced with ISO 45001:2018, which will help organisations develop and provide a safe and healthy workplace for everyone within the company and across its supply chain. EDPR has been working on the integrated Health & Safety and Environment Management System in order to implement it and carry out its certification in 2020.

Additionally, please find information regarding absenteeism below:

ABSENTEEISM BY COUNTRY	UN	HOURS	UN	RATE
EUROPE & BRAZIL	**#**	**13,698**	**%**	**0.9%**
Spain	#	7,050	%	0.8%
Portugal	#	1,675	%	1.2%
France & Belgium	#	768	%	0.5%
Italy	#	1,502	%	2.4%
Poland	#	1,089	%	1.7%
Romania	#	1,496	%	2.5%
Brazil	#	119	%	0.1%
NORTH AMERICA	**#**	**1,168**	**%**	**0.1%**

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 AND ABSENCE HOURS DUE TO OTHER NOT JUSTIFIED MOTIVES.

NOTE 2: ABSEENTEISM FOR NORTH AMERICA CONSIDERS ONLY LOST WORKED HOURS CAUSED BY ACCIDENTS.

NOTE 3: ABSENTEEISM HOURS FROM UK AND FRANCE OFFSHORE ARE NOT INCLUDED. UK AND FRANCE OFFSHORE EMPLOYEES REPRESENT 5% OF THE TOTAL WORKFORCE.

NOTE 4: IN 2019, EDPR CHANGED THE ABSEENTEISM DEFINITION TO BE ALIGNED WITH MARKET PRACTICES. DUE TO THIS METHODOLOGY CHANGE, THE 2018 DATA IS NOT COMPARABLE TO 2019 DATA.

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 661,763 days during 2019 (-7% vs. 2018).

NOTE: DOES NOT INCLUDE INFORMATION RELATED TO EDPR UK FROM JULY 2019 TO DECEMBER 2019.

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 judgments, settlements and pending legal cases of diseases in 2019, neither in 2018.

NOTE: FOR THE INFORMATION REPORTED IN THIS INDICATOR EDPR CONSIDERS PASSIVE CONTINGENCIES ASSOCIATED WITH LITIGATION QUALIFIED AS PROBABLE IN 2019 RECORDED IN THE CONTINGENCIES REPORTING SYSTEM.

4.6 INNOVATION

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

[1] CALCULATION BASED ON 2018YE INSTALLED CAPACITY. EDPR CERTIFIES THE FACILITIES THE YEAR AFTER THE COD (COMMERCIAL OPERATING DATE). THUS, THE FACILITIES THAT HAVE ENTERED INTO OPERATION IN 2019 WILL BE CERTIFIED IN 2020.

4.7 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 2019, the average salary for EDPR Board male members has been €52,068 (-9% vs. 2018) and €57,500 (no variation vs. 2018) for female members.

NOTE 1: ANTÓNIO MEXIA, JOÃO MANSO NETO, VERA PINTO PEREIRA AND RUI TEIXEIRA 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 LLC AND IS NOT CONSIDERED IN THIS AVERAGE.

NOTE 3: THE CALCULATIONS INCLUDE ALL BOARD MEMBERS THAT BELONGED TO EDPR BOD IN 2019.

OFFICERS REMUNERATION

In 2019, the average salary for EDPR executive officers, all male, has been €427,861(-1% vs. 2018) 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 2019 EXCEPT FOR JOÃO MANSO NETO.

4.8 SUPPLIERS MANAGEMENT

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

In this way, 94% of vendor spending in 2019 was sourced from local suppliers at a country level. In addition, 36% of the purchases sourced in countries where EDPR has operations were sourced from local suppliers at a regional level.

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 1: EDPR DEFINES SPENDING IN LOCAL SUPPLIERS AT A COUNTRY LEVEL AS PURCHASES TO SUPPLIERS IN COUNTRIES WHERE EDPR IS PRESENT DIVIDED BY THE TOTAL INVOICED VOLUME IN 2019.

NOTE 2: EDPR DEFINES SPENDING IN LOCAL SUPPLIERS AT A REGIONAL LEVEL AS PURCHASES TO SUPPLIERS IN REGIONS WHERE EDPR IS PRESENT DIVIDED BY THE LOCAL PURCHASES AT A COUNTRY LEVEL (EXCLUDING PURCHASES FROM COUNTRIES WHERE EDPR IS NOT PRESENT).

NOTE 3: IN 2019, EDPR REPORTED SPENDING IN LOCAL SUPPLIERS AT COUNTRY LEVEL FOR EUROPE AND BRAZIL DUE TO THIS THE 2018 DATA VS. 2019 DATA IS NOT COMPARABLE.

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

In 2019, EDPR implemented a new Corporate System of Supplier Registration which works as the support to search and select suppliers by providing detailed information, validated and updated by credible sources in order to guarantee their accreditation through financial, technical quality and sustainability criteria. This includes environmental topics such as the existence of an environmental management system and its certification, the existence of environmental requirements in the suppliers procurement conditions or the availability of procedures and resources to assure the prevention/minimisation of environmental impacts.

In addition to implementing the new registry system, this year EDPR also worked on the design and implementation of a specific Supplier Qualification Process. The main goal of this process is to provide a more thorough analysis on critical topics such as technical capabilities, health and safety, environment and ethics, and to establish highly standardised minimum requirements to ensure that the suppliers with whom EDPR conducts business are qualified. The qualified suppliers are included in a Suppliers Qualification List and are able to participate in the EDPR bidding and contracting processes.

The incorporation of adequate criteria in the bidding and contracting processes of the company is essential to ensure the management and mitigation of operational risks in the supply chain. In 2019, EDPR implemented the Suppliers Sustainability Guide 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 includes H&S, environmental and ethical requirements such as compliance with applicable regulations, policies, internal norms, procedures and systems in place.

In addition, EDPR implemented a process that classifies suppliers according to their H&S and environmental risks. This process is applicable to all suppliers providing a service at EDPR EU&BR facilities and the classification serves as an input in the selection of suppliers during the bidding phase. Based on the individual values obtained in this classification, suppliers may be excluded from the bidding process. If the supplier wants to be re-considered or participate in new processes, an action plan to solve the identified issues has to be presented and EDPR shall approve the action plan proposal. Adequate compliance by all EDPR suppliers with applicable H&S and environmental requirement is essential to guarantee the correct performance of the contracted services and works. Aiming to ensure that suppliers comply with these requirements, the Company has established a disciplinary and sanctioning regime, which is included in all requests for proposal, contracts and purchase orders so any provider will be always informed about the consequences of not complying with EDPR H&S and environmental requirements.

In order to guarantee that the suppliers comply with the previously mentioned requirements, EDPR monitors strategic suppliers during their services delivery. During the construction phase, the construction manager works closely with health & safety and environmental supervisors, and holds weekly meetings with suppliers. Contractors receive feedback for continuous improvement in the areas of H&S and environment. EDPR also has external supervision in these areas. During the operation phase, the manager of the facility is responsible for compliance with H&S and environmental procedures. These processes are reinforced by the management systems according to OHSAS 18001:2007 and to ISO 14001:2015. All parameters of the Qualification system are periodically reviewed and reassessed by EDPR to guarantee that supply chain performance remains on the high quality level required.

In a previous study to characterise EDPR's supply chain, performed in 2015, including the analysis of the exposure to economic, social and environmental risks, performed using the ESCHER (Efficient Supply Chain Economic and Environmental Reporting) methodology developed by PwC, it was determined that 300 thousand-ton GHG emissions were associated to EDPR's direct and indirect purchases, only 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.

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

In 2019, EDPR implemented a new Corporate System of Supplier Registration which works as the support to search and select suppliers by providing detailed information, validated and updated by credible sources in order to guarantee their accreditation through financial, technical quality and sustainability criteria. This includes social topics such as the existence of an occupational health & safety management system and its certification, the existence of social requirements in the suppliers procurement conditions or previous condemnations of forced, compulsory or child labour.

In addition to implementing the new registry system, this year EDPR also worked on the design and implementation of a specific Supplier Qualification Process. The main goal of this process is to provide a more thorough analysis on critical topics such as technical capabilities, health and safety, environment and ethics, and to establish highly standardised minimum requirements to ensure that the suppliers with whom EDPR conducts business are qualified. The qualified suppliers are included in a Suppliers Qualification List and are able to participate in the EDPR bidding and contracting processes.

The incorporation of adequate criteria in the bidding and contracting processes of the company is essential to ensure the management and mitigation of operational risks in the supply chain. In 2019, EDPR implemented the Suppliers Sustainability Guide 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 includes H&S, environmental and ethical requirements such as compliance with applicable regulations, policies, internal norms, procedures and systems in place.

In addition, EDPR implemented a process that classifies suppliers according to their H&S and environmental risks. This process is applicable to all suppliers providing a service at EDPR EU&BR facilities and the classification serves as an input in the selection of suppliers during the bidding phase. Based on the individual values obtained in this classification, suppliers may be excluded from the bidding process. If the supplier wants to be re-considered or participate in new processes, an action plan to solve the identified issues has to be presented and EDPR shall approve

the action plan proposal. Adequate compliance by all EDPR suppliers with applicable H&S and environmental requirement is essential to guarantee the correct performance of the contracted services and works. Aiming to ensure that suppliers comply with these requirements, the Company has established a disciplinary and sanctioning regime, which is included in all requests for proposal, contracts and purchase orders so any provider will be always informed about the consequences of not complying with EDPR H&S and environmental requirements.

In order to guarantee that the suppliers comply with the previously mentioned requirements, EDPR monitors strategic suppliers during their services delivery. During the construction phase, the construction manager works closely with health & safety and environmental supervisors, and holds weekly meetings with suppliers. Contractors receive feedback for continuous improvement in the areas of H&S and environment. EDPR also has external supervision in these areas. During the operation phase, the manager of the facility is responsible for compliance with H&S and environmental procedures. These processes are reinforced by the management systems according to OHSAS 18001:2007 and to ISO 14001:2015. All parameters of the Qualification system are periodically reviewed and reassessed by EDPR to guarantee that supply chain performance remains on the high quality level required.

In a previous study to characterise EDPR's supply chain, performed in 2015, including the analysis of the exposure to economic, social and environmental risks, performed using the ESCHER (Efficient Supply Chain Economic and Environmental Reporting) methodology developed by PwC, it was determined that more than 20,000 jobs related to EDPR's direct purchases were created, more than €735 million gross value added was associated to EDPR's purchases, and that ~0% of EDPR's direct purchases were identified as having significant risk for incidents of child labour, forced or compulsory labour or 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 2019, EDPR performed 1,763 audits to 118 contractors (+10% vs. 2018) companies regarding OH&S issues. As a result of these audits, among other actions, EDPR carries out training actions for suppliers.

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 2019, 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 2019, EDPR collaborated with the Fundación Patrimonio Natural in the following actions: repairing one red kite transmitters, repositioning recovered old transmitters and receiving data from the several transmitters during 2019; monitoring actions of breeding population in the province of Salamanca and acquisition of photos and contracting authors for the redaction of different chapters of a monograph on red kites, to be presented in 2020.

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 2019, 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 Montagu's Harrier; 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 in Spain. The Project began in 2016, and EDPR collaborates with GREFA since 2018. In 2019, EDPR sponsored a cinereous vulture found in one of its facilities in Asturias which was then included as part of the Monachus Project. It was taken care of in a recovery centre until its transfer to Burgos, from where he was released in October with the aim of establishing a colony in the area. In addition, EDPR and GREFA have already agreed to collaborate on other two other initiatives in 2020.

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.

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 mission to facilitate timely and responsible development of wind energy while protecting wildlife and wildlife habitat. For the past 11 years, EDPR has been a founding member of the American Wind Wildlife Institute, currently also being a Board member.

WIND AND WILDLIFE RESEARCH FUND (WWRF) – RESEARCH ON WIND WILDLIFE CHALLENGES/SOLUTIONS

The WWRF is an industry-led initiative that provides funding to advance the research necessary for solutions to wind-wildlife impacts. WWRF supports independent, peer reviewed research to leverage investment and reduce costs for expanding responsibly sited and operating wind energy. EDPR is a member of the WWRF's Advisory Council.

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. During 2019, the recovery rate of hazardous waste was 92%, which is above EDPR's 90% recovery target. Non-hazardous wastes generated by the Company include metals, plastics, paper or domestic garbage which are recycled in their vast majority.

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

WASTE GENERATED	UN	2019	2018	Δ% YoY
TOTAL	**t**	**1,391**	**1,502**	**(7%)**
Total hazardous waste	**t**	**571**	**618**	**(8%)**
Total hazardous waste disposed	t	44	45	(2%)
Total hazardous waste recovered	t	527	573	(8%)
Total non-hazardous waste	**t**	**820**	**884**	**(7%)**
Total non-hazardous waste disposed	t	312	315	(1%)
Total non-hazardous waste recovered	t	508	569	(11%)
RATIOS				
Total waste	kg/GWh	46.7	53.7	(13%)
Total waste recovered	%	74%	76%	(2%)
Hazardous waste recovered	%	92%	93%	(1%)

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. THUS, THE WIND FARMS THAT HAVE ENTERED INTO OPERATION IN 2019 WILL BE INCLUDED IN THE ENVIRONMENTAL INDICATORS OF 2020.

NOTE 3: INCLUDES WASTE BOTH FROM OPERATIONAL FACILITIES AND OFFICES.

NOTE 4: DATA FROM 2019 EXCLUDES 948 TONS OF WASTE CAUSED BY NON-RECURRENT EVENTS, OF WHICH 922 CORRESPOND TO NON-HAZARDOUS WASTE CAUSED BY A WIND TURBINE THAT FELL IN FRANCE.

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.

Until now, EDPR defined as significant spill the ones above 0.16 m^3 that reached the ground, and near miss situations when a registered incident did not reach the category of significant spill. In 2019, in order to focus on the significance of the spills, EDPR defined significant spills and fires as any spill affecting water bodies/courses, protected soils or soils of interest because of its natural value, or fire affecting protected areas and/or species (according to local protection laws), derived from the O&M activities in the facilities. EDPR continues to register near miss situations, when a registered incident does not reach the category of significant spill. In 2019, there were no significant spills and 112 near miss were registered, +20% vs 2018 (considering this year's criteria).

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 and solar generation for the responsibilities of restoring sites and land to its original condition, in the amount of €270,353 thousands as at 31 December 2019 (-6% vs 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
Poland	Ilza	Wind farm	Partially Within	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
	Falperra-Rechãzinha	Wind farm	Partially Within	29.2	88%	Terrestrial	Natura 2000
	Fonte da Quelha	Wind farm	Inside	8.1	100%	Terrestrial	Natura 2000
	Alto do Talefe	Wind farm	Inside	9.2	100%	Terrestrial	Natura 2000
	Fonte da Mesa	Wind farm	Partially Within	8.2	83%	Terrestrial	Natura 2000
	Madrinha	Wind farm	Inside	4.1	100%	Terrestrial	Natura 2000
	Safra-Coentral	Wind farm	Inside	19.7	100%	Terrestrial	Natura 2000
	Negrelo e Guilhado	Wind farm	Partially Within	9.6	98%	Terrestrial	Natura 2000
	Testos	Wind farm	Partially Within	2.9	22%	Terrestrial	Natura 2000
	Serra Alvoaça	Wind farm	Partially Within	7.8	61%	Terrestrial	Natura 2000
							National protected area
	Tocha	Wind farm	Inside	6.8	100%	Terrestrial	Natura 2000
	Padrela/Soutelo	Wind farm	Partially Within	1.0	41%	Terrestrial	Natura 2000
	Guerreiros	Wind farm	Partially Within	0.1	0.2%	Terrestrial	Natura 2000
	Vila Nova	Wind farm	Partially Within	7.1	42%	Terrestrial	Natura 2000
	Vila Nova II	Wind farm	Partially Within	9.1	34%	Terrestrial	Natura 2000
	Balocas	Wind farm	Partially Within	0.4	1%	Terrestrial	Natura 2000
	Ortiga	Wind farm	Adjacent	0.0	0%	Terrestrial	Natura 2000
	S. João	Wind farm	Adjacent	0.0	0%	Terrestrial	Natura 2000
	Alto Arganil	Wind farm	Partially Within	0.8	5%	Terrestrial	Natura 2000
	Salgueiros-Guilhado	Wind farm	Partially Within	0.3	3%	Terrestrial	Natura 2000
	Serra do Mú	Wind farm	Adjacent	0.0	0%	Terrestrial	Natura 2000
Romania	Pestera	Wind farm	Adjacent	0.0	0%	Terrestrial	Natura 2000
	Sarichioi	Wind farm	Partially Within	0.1	0.1%	Terrestrial	Natura 2000
	Burila Mica	Solar plant	Inside	22.7	100%	Terrestrial-Freshwater	Natura 2000
Spain	Sierra de Boquerón	Wind farm	Inside	10.4	100%	Terrestrial	Natura 2000
	La Cabaña	Wind farm	Partially Within	8.2	53%	Terrestrial	Natura 2000
	Corme	Wind farm	Partially Within	2.6	17%	Terrestrial-Marine	Natura 2000
	Tahivilla	Wind farm	Adjacent	0.0	0%	Terrestrial	Natura 2000
							National protected area
	Coll de la Garganta	Wind farm	Partially Within	0.1	1%	Terrestrial-Freshwater	Natura 2000
	Avila	Wind farm	Adjacent	0.0	0%	Terrestrial-Freshwater	Natura 2000
	Buenavista	Wind farm	Adjacent	0.0	0%	Terrestrial-Marine	Natura 2000
	Serra Voltorera	Wind farm	Adjacent	0.0	0%	Terrestrial	Natura 2000
	Villoruebo	Wind farm	Partially Within	2.0	41%	Terrestrial-Freshwater	Natura 2000
	Villamiel	Wind farm	Partially Within	4.9	75%	Terrestrial-Freshwater	Natura 2000
	La Mallada	Wind farm	Partially Within	1.4	8%	Terrestrial-Freshwater	Natura 2000
	Las Monjas	Wind farm	Partially Within	0.01	0.03%	Terrestrial-Freshwater	Natura 2000
	Coll de la Garganta	Wind farm	Partially Within	0.06	1%	Terrestrial-Freshwater	Natura 2000
	Tejonero	Wind farm	Partially Within	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	0.3%	Terrestrial	Natura 2000
		Wind farm	Adjacent	0.0	0%	Terrestrial	Natura 2000

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 SITES IN OR ADJACENT TO PROTECTED AREAS. EDPR DOES NOT OWN SITES IN OR ADJACENT TO PROTECTED AREAS IN FRANCE, ITALY, BRAZIL, THE UNITED STATES, 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

In the table below, the number of full-time / part-time employees in 2019 is disclosed by age group, gender and professional category.

FULL-TIME / PART-TIME EMPLOYEES	UN	Under 30 years old		Between 30 and 50 years old		Over 50 years old		TOTAL
FULL-TIME		Female	Male	Female	Male	Female	Male	
Total	#	**105**	**218**	**285**	**740**	**53**	**130**	**1,531**
Directors	#	0	1	43	118	8	42	212
Managers	#	4	5	30	95	3	14	151
Specialists	#	96	152	178	443	24	65	958
Technicians	#	5	60	34	84	18	9	210
PART-TIME		Female	Male	Female	Male	Female	Male	
Total	#	**0**	**0**	**28**	**2**	**5**	**0**	**35**
Directors	#	0	0	0	0	2	0	2
Managers	#	0	0	1	0	0	0	1
Specialists	#	0	0	23	2	3	0	28
Technicians	#	0	0	4	0	0	0	4
GRAND TOTAL	#	**105**	**218**	**313**	**742**	**58**	**130**	**1,566**

NOTE: THE NUMBER OF PART-TIME EMPLOYEES INCLUDES EMPLOYEES WITH REDUCED WORKING DAY DUE TO MATERNITY/PATERNITY, REPRESENTING 94% OF THE PART-TIME EMPLOYEES.

In the table below, the number of permanent / temporary employees in 2019 is disclosed by age group, gender and professional category.

PERMANENT / TEMPORARY EMPLOYEES	UN	Under 30 years old		Between 30 and 50 years old		Over 50 years old		TOTAL
PERMANENT		Female	Male	Female	Male	Female	Male	
Total	#	**101**	**211**	**313**	**738**	**58**	**129**	**1,550**
Directors	#	0	1	43	118	10	42	214
Managers	#	4	5	31	95	3	14	152
Specialists	#	92	145	201	441	27	64	970
Technicians	#	5	60	38	84	18	9	214
TEMPORARY		Female	Male	Female	Male	Female	Male	
Total	#	**4**	**7**	**0**	**4**	**0**	**1**	**16**
Directors	#	0	0	0	0	0	0	0
Managers	#	0	0	0	0	0	0	0
Specialists	#	4	7	0	4	0	1	16
Technicians	#	0	0	0	0	0	0	0
GRAND TOTAL	#	**105**	**218**	**313**	**742**	**58**	**130**	**1,566**

NOTE 1: EDPR FOSTERS QUALITY EMPLOYMENT WITH C.99% OF PERMANENT CONTRACTS THROUGHT THE YEAR (BASED ON THE PROPORTION OF PERMANENT AND TEMPORARY CONTRACTS AT THE END OF EACH MONTH), TEMPORARY EMPLOYEES DO NOT REPRESENT MORE THAN 1% ALONG THE YEAR, DUE TO THIS, EDPR DOES NOT REPORT THE AVERAGE CONTRACTS.

NOTE 2: 15 TEMPORARY EMPLOYEES ARE LOCATED IN EUROPE AND 1 IN BRAZIL.

The average number of contractors' workers during 2019 was 1,333 in Europe, 124 in Brazil and 1,460 in North America.

In the table below, the number of full-time / part-time employees in 2018 is disclosed by age group, gender and professional category.

FULL-TIME / PART-TIME EMPLOYEES	UN	Under 30 years old		Between 30 and 50 years old		Over 50 years old		TOTAL
FULL-TIME		**Female**	**Male**	**Female**	**Male**	**Female**	**Male**	
Total	**#**	**90**	**193**	**261**	**667**	**42**	**96**	**1,349**
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
PART-TIME		**Female**	**Male**	**Female**	**Male**	**Female**	**Male**	
Total	**#**	**0**	**1**	**34**	**2**	**2**	**0**	**39**
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
GRAND TOTAL	**#**	**90**	**194**	**295**	**669**	**44**	**96**	**1,388**

In the table below the number of permanent / temporary employees in 2018 is disclosed by age group, gender and professional category.

PERMANENT / TEMPORARY EMPLOYEES	UN	Under 30 years old		Between 30 and 50 years old		Over 50 years old		TOTAL
PERMANENT		**Female**	**Male**	**Female**	**Male**	**Female**	**Male**	
Total	**#**	**86**	**189**	**293**	**666**	**44**	**96**	**1,374**
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
TEMPORARY		**Female**	**Male**	**Female**	**Male**	**Female**	**Male**	
Total	**#**	**4**	**5**	**2**	**3**	**0**	**0**	**14**
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
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: IN 2018, ALL TEMPORARY EMPLOYEES WERE LOCATED IN EUROPE.

In the table below, the number of employees in 2019 is disclosed by age group, gender, country and professional category.

EMPLOYEES BY COUNTRY	UN	Under 30 years old		Between 30 and 50 years old		Over 50 years old		TOTAL
SPAIN		**Female**	**Male**	**Female**	**Male**	**Female**	**Male**	
Total	**#**	**39**	**52**	**127**	**209**	**18**	**48**	**493**
Directors	#	0	0	25	34	4	22	85
Managers	#	3	2	6	38	0	3	52
Specialists	#	35	50	87	133	11	22	338
Technicians	#	1	0	9	4	3	1	18
PORTUGAL		**Female**	**Male**	**Female**	**Male**	**Female**	**Male**	
Total	**#**	**1**	**2**	**9**	**53**	**1**	**19**	**85**
Directors	#	0	0	1	5	0	5	11
Managers	#	0	0	0	4	0	2	6
Specialists	#	1	2	7	43	1	11	65
Technicians	#	0	0	1	1	0	1	3
REST OF EUROPE		**Female**	**Male**	**Female**	**Male**	**Female**	**Male**	
Total	**#**	**19**	**33**	**61**	**130**	**2**	**14**	**259**
Directors	#	0	0	4	23	0	4	31
Managers	#	0	1	9	13	2	2	27
Specialists	#	19	32	44	93	0	8	196
Technicians	#	0	0	4	1	0	0	5
BRAZIL		**Female**	**Male**	**Female**	**Male**	**Female**	**Male**	
Total	**#**	**5**	**11**	**15**	**31**	**0**	**1**	**63**
Directors	#	0	0	0	7	0	0	7
Managers	#	0	0	2	4	0	0	6
Specialists	#	5	11	13	20	0	1	50
Technicians	#	0	0	0	0	0	0	0
USA		**Female**	**Male**	**Female**	**Male**	**Female**	**Male**	
Total	**#**	**41**	**118**	**98**	**307**	**37**	**48**	**649**
Directors	#	0	1	12	47	6	11	77
Managers	#	1	2	14	33	1	7	58
Specialists	#	36	55	50	149	15	23	328
Technicians	#	4	60	22	78	15	7	186
REST OF NORTH AMERICA		**Female**	**Male**	**Female**	**Male**	**Female**	**Male**	
Total	**#**	**0**	**2**	**2**	**10**	**0**	**0**	**14**
Directors	#	0	0	0	2	0	0	2
Managers	#	0	0	0	3	0	0	3
Specialists	#	0	2	0	5	0	0	7
Technicians	#	0	0	2	0	0	0	2
REST OF THE WORLD		**Female**	**Male**	**Female**	**Male**	**Female**	**Male**	
Total	**#**	**0**	**0**	**1**	**2**	**0**	**0**	**3**
Directors	#	0	0	1	0	0	0	1
Managers	#	0	0	0	0	0	0	0
Specialists	#	0	0	0	2	0	0	2
Technicians	#	0	0	0	0	0	0	0
GRAND TOTAL	**#**	**105**	**218**	**313**	**742**	**58**	**130**	**1,566**

In the table below, the number of employees in 2018 is disclosed by age group, gender, country and professional category.

EMPLOYEES BY COUNTRY	UN	Under 30 years old		Between 30 and 50 years old		Over 50 years old		TOTAL
SPAIN		**Female**	**Male**	**Female**	**Male**	**Female**	**Male**	
Total	**#**	**23**	**34**	**114**	**211**	**10**	**35**	**427**
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
PORTUGAL		**Female**	**Male**	**Female**	**Male**	**Female**	**Male**	
Total	**#**	**2**	**5**	**8**	**45**	**1**	**19**	**80**
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
REST OF EUROPE		**Female**	**Male**	**Female**	**Male**	**Female**	**Male**	
Total	**#**	**24**	**21**	**64**	**115**	**1**	**8**	**233**
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
BRAZIL		**Female**	**Male**	**Female**	**Male**	**Female**	**Male**	
Total	**#**	**5**	**8**	**12**	**26**	**0**	**1**	**52**
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
USA		**Female**	**Male**	**Female**	**Male**	**Female**	**Male**	
Total	**#**	**36**	**124**	**95**	**263**	**32**	**33**	**583**
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
REST OF NORTH AMERICA		**Female**	**Male**	**Female**	**Male**	**Female**	**Male**	
Total	**#**	**0**	**2**	**2**	**9**	**0**	**0**	**13**
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
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 1,566 employees, 19% were covered by collective bargaining agreements in 2019. Collective bargaining agreements include different topics such as career development, mobility, salaries, health & safety etc. and 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	UN	2019	2018	UN	2019	2018
TOTAL	**#**	**305**	**288**	**%**	**19%**	**21%**
Europe	**#**	**242**	**236**	**%**	**29%**	**32%**
Spain	#	45	53	%	9%	12%
Portugal	#	85	80	%	100%	100%
Rest of Europe	#	112	103	%	43%	44%
Brazil	**#**	**63**	**52**	**%**	**100%**	**100%**
North America	**#**	**0**	**0**	**%**	**0%**	**0%**
US	#	0	0	%	0%	0%
Rest of North America	#	0	0	%	0%	0%
Rest of the world	**#**	**0**	**0**	**%**	**0**	**0%**

GRI 401-1 - NEW EMPLOYEE HIRES AND EMPLOYEE TURNOVER

Throughout the year, EDPR hired 368 employees.

NEW HIRES	UN	Under 30 years old		Between 30 and 50 years old		Over 50 years old		TOTAL
		Female	Male	Female	Male	Female	Male	
Total	**#**	**55**	**99**	**49**	**144**	**7**	**14**	**368**
Europe	#	33	44	30	63	1	3	174
Brazil	#	3	4	3	5	0	0	15
North America	#	19	51	15	74	6	11	176
Rest of the world	#	0	0	1	2	0	0	3

In 2018, EDPR hired 321 employees.

NEW HIRES	UN	Under 30 years old		Between 30 and 50 years old		Over 50 years old		TOTAL
		Female	Male	Female	Male	Female	Male	
Total	**#**	**35**	**106**	**41**	**129**	**1**	**9**	**321**
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

During 2019, 190 employees left the Company, resulting in a turnover ratio of 12%.

TURNOVER	UN	Under 30 years old		Between 30 and 50 years old		Over 50 years old		TOTAL
		Female	Male	Female	Male	Female	Male	
Total	**%**	**21%**	**15%**	**12%**	**11%**	**9%**	**9%**	**12%**
Europe	%	22%	5%	11%	8%	0%	4%	9%
Brazil	%	20%	0%	7%	3%	0%	100%	6%
North America	%	20%	23%	15%	15%	14%	17%	17%

NOTE: TURNOVER CALCULATED AS: DEPARTURES / HEADCOUNT.

In 2018, 153 employees left the Company, resulting in a turnover ratio of 11%.

TURNOVER	UN	Under 30 years old		Between 30 and 50 years old		Over 50 years old		TOTAL
		Female	Male	Female	Male	Female	Male	
Total	**%**	**10%**	**19%**	**9%**	**10%**	**7%**	**13%**	**11%**
Europe	%	8%	20%	9%	7%	0%	8%	9%
Brazil	%	0%	0%	0%	4%	-	0%	2%
North America	%	14%	19%	10%	15%	9%	21%	15%

NOTE: TURNOVER FIGURES FOR 2018 RESTATED AS CALCULATION METHOD CHANGED. TURNOVER CALCULATED AS: DEPARTURES / HEADCOUNT.

Of the 190 departures registered in 2019, 11% were dismissals.

DISMISSALS	UN	Under 30 years old		Between 30 and 50 years old		Over 50 years old		TOTAL
		Female	Male	Female	Male	Female	Male	
Total	**#**	**0**	**2**	**3**	**14**	**1**	**1**	**21**
Directors	#	0	0	0	2	0	1	3
Managers	#	0	0	0	2	0	0	2
Specialists	#	0	0	3	6	0	0	9
Technicians	#	0	2	0	4	1	0	7

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

DISMISSALS	UN	Under 30 years old		Between 30 and 50 years old		Over 50 years old		TOTAL
		Female	Male	Female	Male	Female	Male	
Total	**#**	**1**	**7**	**8**	**10**	**1**	**2**	**29**
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

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 2019, EDPR invested € 1.7 million in training. The number of training hours increased +13% vs. 2018, 20% for women employees and 11% for male employees.

AVERAGE TRAINING HOURS	UN	2019		TOTAL	2018		TOTAL
		Female	Male		Female	Male	
Total	**#**	**33**	**34**	**34**	**30**	**35**	**34**
Directors	#	28	25	26	34	32	32
Managers	#	46	44	44	27	42	38
Specialists	#	33	31	31	32	34	33
Technicians	#	28	52	45	22	40	34

TOTAL TRAINING HOURS	UN	2019		TOTAL	2018		TOTAL
		Female	Male		Female	Male	
Total	**#**	**15,567**	**37,342**	**52,909**	**12,959**	**33,742**	**46,701**
Directors	#	1,504	4,063	5,567	1,638	4,685	6,323
Managers	#	1,765	4,984	6,749	1,044	3,794	4,838
Specialists	#	10,616	20,310	30,926	8,913	19,627	28,540
Technicians	#	1,682	7,985	9,667	1,364	5,636	7,000

NOTE: AVERAGE TRAINING HOURS ARE CALCULATED AS TOTAL TRAINING HOURS / 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 both functional and geographical mobility 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 2019, there were 106 mobility processes (23 more than in 2018), 77 functional, 15 geographical and 14 both functional and geographical mobility processes.

TRAINING

EDPR sees employees development as a strategic target, offering from the Renewable Energy School - EDP University 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 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 EDPR Value Chain, 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 boosted the Inspiring Seminar concept, a new format of short-focused sessions addressed to employees interested in the topics covered.

During 2019, a new training area has emerged as part of the current trends of our business: digitalisation. EDPR has reinforced not only the training courses delivered in subjects related to digitalisation, but also in terms of methodologies has increased significantly the number of sessions delivered by live Webinars allowing employees access digital training platforms from wherever they are without having to commit to attending a face to face course taking advantage from these cost effective initiative.

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 2019, one of the most important development programs was the 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 2019, 30 employees participated.

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 2019, EDPR strengthened LINK as a knowledge platform increasing the number of areas, domains and documents with valuable content 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 mindset 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 an Individual Development Plan. This plan is a very effective tool that enable the Company to structure training actions for the employee 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 improvement areas, taking into consideration 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 degrees evaluation model which considers feedback from oneself, peers, subordinates and the manager.

GRI 405-1 – DIVERSITY OF GOVERNANCE BODIES AND EMPLOYEES

In the table below, the proportion of members of the Board of Directors in 2019 is disclosed by age group and gender.

BOARD OF DIRECTORS	UN	Under 30 years old	Between 30 and 50 years old	Over 50 years old	TOTAL
TOTAL	**%**	**0%**	**40%**	**60%**	**100%**
Female	%	0%	13%	7%	20%
Male	%	0%	27%	53%	80%

In the table below, the proportion of members of the Board of Directors in 2018 is disclosed by age group and gender.

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

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, the Nominations and Remunerations Committee and the Board of Directors resolved at their meetings held on November 2nd, 2016, and December 14th, 2016 respectively, to take into account among others 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.

In the table below, the proportion of employees in 2019 is disclosed by age group, gender and professional category.

EMPLOYEES	UN	Under 30 years old		Between 30 and 50 years old		Over 50 years old		TOTAL
		Female	**Male**	**Female**	**Male**	**Female**	**Male**	
Total	**%**	**7%**	**14%**	**20%**	**47%**	**4%**	**8%**	**100%**
Directors	%	0%	0%	3%	8%	1%	3%	14%
Managers	%	0%	0%	2%	6%	0%	1%	10%
Specialists	%	6%	10%	13%	28%	2%	4%	63%
Technicians	%	0%	4%	2%	5%	1%	1%	14%

In the table below, the proportion of employees in 2018 is disclosed by age group, gender and professional category.

EMPLOYEES	UN	Under 30 years old		Between 30 and 50 years old		Over 50 years old		TOTAL
		Female	**Male**	**Female**	**Male**	**Female**	**Male**	
Total	**%**	**6%**	**14%**	**21%**	**48%**	**3%**	**7%**	**100%**
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%

NOTE: EDPR DOES NOT REGISTER THE NUMBER OF EMPLOYEES WITH DISABILITIES.

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

NOTE 1: 2019 FIGURES DO NOT INCLUDE EXPATS, EMPLOYEES FROM NEW GEOGRAPHIES, NEW HIRES FROM DE DECEMBER AND NOVEMBER EXCEPT FOR SPAIN AND EXECUTIVE COMMITTEE MEMBERS, TOTALLING 62 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. THE BASE SALARY FOR THE EMPLOYEES PROMOTED DURING 2019 IS ANNUALISED BASED ON THE NEW SALARY.

NOTE 3: THE WAGE GAP IS CALCULATED FEMALE/MALE REMUNERATION BASED ON GRI METHODOLOGY. THE CALCULATION CONSIDERS THE EMPLOYEES' WORKING HOURS.

Please note that the variations YoY are explained by the new segmentation criteria implemented in 2019, the impact of the number of new hires during 2019 and the inclusion of Mexico and Canada data. Additionally, the information for male Technicians under 30 years old is impacted by the fact that all the employees in this category are based in the US.

REMUNERATION	UN	2019		2018		Δ% YoY	
UNDER 30 YEARS OLD		**Female**	**Male**	**Female**	**Male**	**Female**	**Male**
Directors	€	-	169,193	-	206,503	-	(18%)
Managers	€	59,563	77,790	83,042	98,407	(28%)	(21%)
Specialists	€	54,037	53,435	50,515	54,231	+7%	(1%)
Technicians	€	45,556	63,772	47,080	47,715	(3%)	+34%
BETWEEN 30 AND 50 YEARS OLD		**Female**	**Male**	**Female**	**Male**	**Female**	**Male**
Directors	€	164,806	177,395	152,657	182,123	+8%	(3%)
Managers	€	93,922	93,202	98,058	104,504	(4%)	(11%)
Specialists	€	64,869	74,695	66,684	71,980	(3%)	+4%
Technicians	€	53,101	65,719	50,394	53,120	+5%	+24%
OVER 50 YEARS OLD		**Female**	**Male**	**Female**	**Male**	**Female**	**Male**
Directors	€	205,682	195,296	212,826	190,916	(3%)	+2%
Managers	€	94,820	110,040	131,804	129,475	(28%)	(15%)
Specialists	€	94,429	96,597	87,711	95,044	+8%	+2%
Technicians	€	68,640	70,515	75,978	67,980	(10%)	+4%

WAGE GAP - AVERAGE REMUNERATION	UN	2019		F/M	2018		F/M
EUROPE & BRAZIL		**Female**	**Male**		**Female**	**Male**	
Directors	€	123,810	136,655	91%	121,082	140,925	86%
Managers	€	67,023	69,685	96%	67,133	74,938	90%
Specialists	€	49,797	51,852	96%	50,107	53,239	94%
Technicians	€	35,214	34,620	102%	34,098	34,449	99%
NORTH AMERICA		**Female**	**Male**		**Female**	**Male**	
Directors	€	262,674	257,669	102%	265,208	254,411	104%
Managers	€	122,487	133,687	92%	130,344	145,429	90%
Specialists	€	94,628	107,951	88%	90,132	104,100	87%
Technicians	€	65,362	67,029	98%	66,739	52,414	127%

WAGE GAP - AVERAGE BASE SALARY	UN	2019		F/M	2018		F/M
EUROPE & BRAZIL		**Female**	**Male**		**Female**	**Male**	
Directors	€	88,592	98,442	90%	86,179	100,236	86%
Managers	€	53,293	55,131	97%	52,519	58,461	90%
Specialists	€	41,610	41,812	100%	40,897	42,783	96%
Technicians	€	29,040	28,480	102%	28,084	26,153	107%
NORTH AMERICA		**Female**	**Male**		**Female**	**Male**	
Directors	€	179,670	176,772	102%	173,677	161,187	108%
Managers	€	90,904	94,550	96%	87,992	94,640	93%
Specialists	€	75,655	81,931	92%	71,933	76,778	94%
Technicians	€	48,528	44,940	108%	45,975	42,416	108%

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	UN	2019	2018	Δ% YoY
Spain	x	5.3	5.1	+5%
Portugal	x	4.9	4.3	+13%
US	x	6.3	6.2	+2%

NOTE 1: JOÃO MANSO NETO, EDPR CEO, 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 BOARD MEMBER. THEREFORE, HIS REMUNERATION IS NOT INCLUDED IN THIS RATIOS.

NOTE 2: X AS UNIT MEANS TIMES.

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		2019		2018	
	UN	**IN 10 YEARS**	**IN 5 YEARS**	**IN 10 YEARS**	**IN 5 YEARS**
By employment category					
Directors	%	10%	7%	13%	6%
Managers	%	0%	0%	5%	2%
Specialists	%	4%	2%	5%	2%
Technicians	%	7%	4%	7%	1%
By country					
Europe	%	**5%**	**3%**	**7%**	**2%**
Spain	%	4%	2%	6%	2%
Portugal	%	20%	15%	23%	10%
Rest of Europe	%	2%	1%	3%	1%
Brazil	%	**0%**	**0%**	**2%**	**2%**
North America	%	**6%**	**3%**	**7%**	**2%**
USA	%	6%	3%	7%	2%
Rest of North America	%	0%	0%	0%	0%
Rest of the world	%	**0%**	**0%**	**0%**	**0%**
TOTAL	**%**	**5%**	**3%**	**7%**	**2%**

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 different nationalities and generations 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. In 2019, EDPR completed a series of internal communication focus groups and employee surveys across company platforms and then, based on the feedback received, developed an action plan that will allow the Company to improve its internal communications. As a result, an Internal Communication Committee (ICC) has been created to ensure that this action plan is carried out. The ICC seeks to improve the way EDPR's different channels are used and perceived across the organisation, while enhancing intra-platform and bidirectional communication and alignment with the Company's vision and objectives. It will also facilitate top-down communication of 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. For the moment, EDPR does not have policies regarding the right of people to disconnect from work during non-work hours but, in 2020, a protocol regarding this matter will be implemented.

WORK LIFE BALANCE

EDPR believes that Work Life Balance (WLB) must be a shared responsibility and its practices have been awarded for ten 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.

EQUALITY PLANS

EDP Renováveis S.A. reached 250 employees at the year end, thus, the company is working in the corresponding Gender Equality Plan to be published until March in accordance with the Spanish Organic Law 3/2007. Moreover, in 2019, EDPR published on its website and on the CMVM a Gender Equality Plan for Portugal in accordance with the Script for the Preparation of Annual Equality Plans drawn up in the light of Regulatory Order No.18/2019 of 21 June by the Commission on Equality in Work and Employment from Portugal. Moreover, EDPR is defining a Global Equality Plan.

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. 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. For the moment, EDPR does not have a specific sexual harassment protocol.

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 process. 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.

LOCAL RECRUITMENT	UN	2019	2018
DIRECTORS			
Europe	%	83%	77%
Brazil	%	43%	40%
North America	%	78%	79%
Rest of the world	%	100%	0%

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 2019, EDPR invested €24 million in develop community roads.

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 2019, 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 in 2019, neither in 2018.

NOTE: FOR THE INFORMATION REPORTED IN THIS INDICATOR EDPR CONSIDERS PASSIVE CONTINGENCIES ASSOCIATED WITH LITIGATION QUALIFIED AS PROBABLE IN 2019 RECORDED IN THE CONTINGENCIES REPORTING SYSTEM AND CLAIMS/DOUBTS REPORTED IN THE ETHICS CHANNEL AND CONSIDERED A VIOLATION OF THE CODE OF ETHICS 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 2019, EDPR implemented 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 €2.2 million in the development of local communities throughout the countries where it is present.

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

EDPR does not have individual consumers, according to the concept this term has associated in the Spanish regulation (Law 11/2018). Regarding the complaint systems, given the core business of the Company, EDPR does not deal directly with individual consumers. However, EDPR considers the local communities near its operations as its clients and makes different complaint channels available to them, among which is the Ethics Channel.

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 2019, EDPR registered 114 complaints regarding impact on the local communities (47 in 2018). There were 83 complaints in the US, 12 of which related to noise, 5 already solved claims related to possible interferences with the TV signal and 64 related to road drainage. There were 2 complaints in Spain, one related to noise and other related to possible interferences with the TV signal. The other 29 complaints were in France. 3 of them were related to noise and the people who reported the complaints are being contacted in order to check if the situation is solved, 23 related to possible interferences with the TV or radio signal, of which 17 were solved during 2019, 2 related to impacts on road conditions, which will be restored to its initial state and 1 related to an emergency light being on during night time, which will be replaced.

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:

MEMBERSHIP OF ASSOCIATIONS	UN	2019	2018
TOTAL	**€k**	**2,214**	**1,879**
Trade associations or tax-exempt groups	€k	1,414	1,334
Lobbying, interest representation or similar	€k	771	503
Other	€k	29	42
Local, regional or national political campaigns/organisations/candidates	€k	0	0

The table below contains the most relevant contributions for associations in 2019:

MOST RELEVANT CONTRIBUTIONS	UN	2019
American Wind Energy Association	€k	326,017
Wind Europe	€k	71,512
American Wind Wildlife Institute	€k	66,990
Polish Wind Energy Association	€k	52,843
FEE (France Energie Eolienne)	€k	47,500

GRI 201-4 – FINANCIAL ASSISTANCE RECEIVED FROM GOVERNMENT

EDPR has not received any financial assistance from the government in 2019, neither 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 in 2019, neither in 2018.

NOTE: FOR THE INFORMATION REPORTED IN THIS INDICATOR EDPR CONSIDERS PASSIVE CONTINGENCIES ASSOCIATED WITH LITIGATION QUALIFIED AS PROBABLE IN 2019 RECORDED IN THE CONTINGENCIES REPORTING SYSTEM.

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

EDPR has no knowledge of any non-compliance with environmental laws and regulations in 2019, neither in 2018.

During 2019 and 2018, the company did not receive any significant penalty for non-compliance with environmental laws and regulations.

NOTE 1: FOR THE INFORMATION REPORTED IN THIS INDICATOR EDPR CONSIDERS PASSIVE CONTINGENCIES ASSOCIATED WITH LITIGATION QUALIFIED AS PROBABLE IN 2019 RECORDED IN THE CONTINGENCIES REPORTING SYSTEM AND THAT HAVE OBTAINED AN UNAPPELABLE JUDGEMENT.

NOTE 2: EDPR DEFINES AS SIGNIFICANT PENALTY THE ONES ABOVE €10K.

GRI 415-1 – POLITICAL CONTRIBUTIONS

EDPR made no contributions to political parties in 2019, neither 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 in 2019, neither in 2018.

During 2019 and 2018, the company did not receive any significant penalty for non-compliance with social and economic laws and regulations.

NOTE 1: FOR THE INFORMATION REPORTED IN THIS INDICATOR EDPR CONSIDERS PASSIVE CONTINGENCIES ASSOCIATED WITH LITIGATION QUALIFIED AS PROBABLE IN 2019 RECORDED IN THE CONTINGENCIES REPORTING SYSTEM AND THAT HAVE OBTAINED AN UNAPPELABLE JUDGEMENT.

NOTE 2: EDPR DEFINES AS SIGNIFICANT PENALTY THE ONES ABOVE €10K.

CONTRIBUTIONS TO FOUNDATIONS AND NON-PROFIT ENTITIES

EDPR contributed to Foundations with 749 thousand euros (92% related to Fundación EDP España and Instituto EDP in Brazil), -23% vs 2018 since some activities are now implemented directly by EDPR, not through Fundación EDP España. In addition, EDPR contributed 303 thousand euros to non-profit organisations and NGOs.

4.13 A2E

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

4.14 DIGITAL TRANSFORMATION

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

4.15 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.

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

EDPR analyses all the new markets where it operates through a Market overview including Sustainability topics such as human rights, labour, environment and corruption. This study also evaluates the corruption risk. In addition, EDPR defined a questionnaire related to the anti-corruption practices of the counterparts in the M&A processes, in order to ensure that they are all aligned with EDPR's Anti-Corruption Policy and Code of Ethics.

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, 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.

The Anti-Corruption Policy was revised in July of 2019, and the new revised version was distributed to all EDPR Employees. Several meetings were held with EDPR Country Managers to discuss the new revised version of the Anticorruption Policy.

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

EDPR has no knowledge of any confirmed incident of corruption in 2019, neither in 2018.

NOTE: FOR THE INFORMATION REPORTED IN THIS INDICATOR EDPR CONSIDERS PASSIVE CONTINGENCIES ASSOCIATED WITH LITIGATION QUALIFIED AS PROBABLE IN 2019 RECORDED IN THE CONTINGENCIES REPORTING SYSTEM AND CLAIMS/DOUBTS REPORTED IN THE COMPLIANCE CHANNEL.

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

EDPR had knowledge of a complaint for discrimination at the Equal Employment Opportunity Commission (EEOC). In 2019, the issue was analysed by the responsible area and finally, resolved and withdrawn by the complainant.

NOTE: FOR THE INFORMATION REPORTED IN THIS INDICATOR EDPR CONSIDERS PASSIVE CONTINGENCIES ASSOCIATED WITH LITIGATION QUALIFIED AS PROBABLE IN 2019 RECORDED IN THE CONTINGENCIES REPORTING SYSTEM AND CLAIMS/DOUBTS REPORTED IN THE ETHICS CHANNEL AND CONSIDERED A VIOLATION OF THE CODE OF ETHICS 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 2019, 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.

In a previous study to characterise EDPR's supply chain, performed in 2015, including the analysis of the exposure to economic, social and environmental risks, performed using the ESCHER (Efficient Supply Chain Economic and Environmental Reporting) methodology developed by PwC, it was determined that ~0% of EDPR's direct purchases were identified in which the right to exercise freedom of association and collective bargaining may be at significant risk. 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.

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 2019, EDPR has not registered any claims/doubts in the Ethics Channel regarding operations with significant risk for incidents of child labour.

In a previous study to characterise EDPR's supply chain, performed in 2015, including the analysis of the exposure to economic, social and environmental risks, performed using the ESCHER (Efficient Supply Chain Economic and Environmental Reporting) methodology developed by PwC, it was determined that ~0% of EDPR's direct purchases were as having significant risk for incidents of child labour. 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.

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 2019, EDPR has not registered any claims/doubts in the Ethics Channel regarding operations with significant risk for incidents of forced and compulsory labour.

In a previous study to characterise EDPR's supply chain, performed in 2015, including the analysis of the exposure to economic, social and environmental risks, performed using the ESCHER (Efficient Supply Chain Economic and Environmental Reporting) methodology developed by PwC, it was determined that ~0% of EDPR's direct purchases were as having significant risk for incidents of forced or compulsory labour. 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.

OTHER CORPORATE ETHICS TOPICS:

MONEY LAUNDERING

The money laundering risk involves to acquire, possess, use, convert or transmit goods knowing that they have their origin in a criminal activity, or perform any other act that seeks to cover their illicit origin. EDPR has identified in its Compliance Model the money laundering risk and has, developed several controls and measures to minimize the probability of occurrence. Currently, the money laundering risk is categorized as low.

4.16 REPORTING PRINCIPLES

This is the eleventh 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 also provides 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.

SPANISH LAW 11/2018 ON NON-FINANCIAL INFORMATION AND DIVERSITY

In 2014, the Directive 2014/95/EU on the disclosure of non-financial information and diversity for certain large companies and groups entered into force. Spain transposed this regulation through the Royal Decree-Law 18/2017 on non-financial information and diversity in 2017. However, by the end of December 2018, the new Law on non-financial information and diversity was processed. The non-financial information statement requires companies to include the necessary information to comprehend the evolution, the results, the situation of the company or group of companies and the impact of its activity on environmental and social issues, respect for human rights and the fight against corruption and bribery, as well as on employees. Within these main issues, the Law thoroughly details the information that the report must contain.

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 (SDGs) 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 Goals.

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.

Materiality

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

Sustainability Context

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

Accuracy, Clarity, Comparability & Reliability

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

Stakeholder Inclusiveness

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

Completeness & Balance

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

Timeliness

The information presented in this report relates to FY2019. EDPR is committed to report sustainability information at least once a year. Additionally, sustainability information is reported in market reports.

ANNEX I: NON-FINANCIAL INFORMATION STATEMENT

NON-FINANCIAL INFORMATION STATEMENT (SPANISH LAW 11/2018)				
AREA	**CONTENT**	**SCOPE/ PERIMETER**	**RELATED GRI STANDARDS**	**PAGE/CHAPTER**
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 42-44; 1.3 Organisation, pages 29-37; 4.2 Renewable Energy Promotion, page 97; 1.1.2 EDPR in the world[1], pages 18-19; 2.2 Strategy, pages 52-55; 1.1.3 Business description, page 20; 1.1.6 Sustainability Roadmap, pages 24-25. 3.1.2 Financial Performance pages 67-71.
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, Values & Commitments, page 17; 1.3.4 Integrity and Ethics, pages 36-37; 3.3 Supply Chain Capital, pages 76-77; 3.4 Social Capital, pages 78-80; 3.5 Natural Capital, pages 81-82.
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 56-60; 4.3 Climate Change, page 98; 4.15 Corporate Ethics, pages 128-129; 4.9 Environmental Management, page 107 and 109; 4.8 Suppliers Management, pages 105-107; 4.11 Community Involvement & Development, page 125.
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
Environmental topics	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	3.5 Natural Capital, pages 81-82; 4.3 Climate Change, pages 98-101; 4.8 Suppliers Management, page 105-106; 4.9 Environmental Management, pages 107 and 110; 4.12 Communication & Transparency, page 127.
	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:	Global	302-4; 305-5	4.3 Climate Change, pages 99 and 100.
	Noise	Global	413-2	4.11 Community Involvement & Development, page 125.
	Light pollution	-	-	4.1 Materiality Assessment, page 96.
	Circular economy and waste prevention and management			
	Circular economy.	Limited	-	3.5 Natural Capital, pages 81-82.
	Waste prevention, recycling, reuse, other forms of recovery and disposal.	Global	306-2; 306-3	4.9 Environmental Management, page 109.
	Actions to combat food waste.	-	-	4.1 Materiality Assessment, page 96.
	Sustainable use of resources			
	Water consumption and water supply according to local constraints.	Global	-	4.1 Materiality Assessment, page 96.
	Consumption of raw materials and the measures adopted to improve the efficiency of their use.	Global	-	4.1 Materiality Assessment, page 96.
	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 99; 3.5 Natural Capital, page 82.
	Climate Change		103	2.1.1 Renewable energy is a cost-effective way to fight climate change, pages 42-43; 2.1.2 The evolution of Renewables around the world in 2019, page 44; 3.6 Natural Capital, pages 81-82.
	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, pages 99-100.
	The measures adopted to adapt to the consequences of climate change.	Global	201-2; 302-4; 305-5	4.3 Climate Change, pages 98-100.
	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, page 100.
	Protection of biodiversity			
	Measures taken to preserve or restore biodiversity.	Global	304-2; 304-3	4.9 Environmental Management, pages 107-108.
	Impacts caused by activities or operations in protected areas.	Global	304-1	4.9 Environmental Management, page 110.
Social and employees topics	Employment	Global	103	3.2 Human Capital, pages 72-75.
	Total number and distribution of employees by gender, age, country and professional category.	Global	102-8; 405-1	4.10 People Management, pages 113-114 and 119.
	Total number and distribution of work contract modalities.	Global	102-8	4.10 People Management, pages 111-112.
	Annual average of permanent contracts, temporary contracts and part-time contracts by gender, age and professional category.	Global	102-8; 405-1	4.10 People Management, pages 111-112.
	Number of dismissals by gender, age and professional category.	Global	401-1	4.10 People Management, page 116.
	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 120-121.
	Avg. remuneration of directors and executives, incl. variable remuneration, allowances, compensation, payment to l/t savings forecast systems and any other perception disaggregated by gender.	Global	-	4.7 Corporate Governance, page 105.
	Implementation of labour disconnection policies.	Global	-	4.10 People Management, page 122.
	Employees with disabilities.	Global	-	4.10 People Management, page 122.
	Work organisation			
	Working hours organisation.	Global	EU17	4.5 Health & Safety, page 104; 4.10 People Management pages 122-123
	Number of hours of absenteeism.	Global	403-2	4.5 Health & Safety, page 104.
	Measures designed to facilitate the enjoyment of conciliation and encourage joint responsibility of these by both parents.	Global	-	4.10 People Management, page 123.
	Health & Safety	Global		
	Conditions of health and safety at work.	Global	103; 403-2	3.4.1 Respect human and labour rights, page 78; 4.5 Health & Safety, pages 103-104.
	Work-related accidents, in particular their frequency and severity, occupational diseases, disaggregated by gender.	Global	403-2	4.5 Health & Safety, page 103.

[1] Secured MWs are not verified by PwC.

NON-FINANCIAL INFORMATION STATEMENT (SPANISH LAW 11/2018)				
AREA	**CONTENT**	**SCOPE/ PERIMETER**	**RELATED GRI STANDARDS**	**PAGE/CHAPTER**
	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 117 and 122.
	Percentage of employees covered by collective bargaining agreements by country.	Global	102-41	4.10 People Management, page 115.
	The result of collective bargaining agreements, particularly in the health & safety at work area.	Global	102-41	4.10 People Management, page 115.
	Training			
	Policies implemented in the training area.	Global	404-2; 404-3	4.10 People Management, pages 117-118.
	Total amount of training hours by professional categories.	Global	404-1	4.10 People Management, page 117.
	Universal accessibility for people with disabilities		-	4.10 People Management, page 123.
	Equality			
	Measures taken to promote equal treatment and opportunities between women and men.	Global	405-1	4.10 People Management, pages 119 and 123.
	Equality plans (Chapter III of Organic Law 3/2007, of the 22nd 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 123.
	Policy against all types of discrimination and, where appropriate, management of diversity.	Global	-	1.3.4 Integrity and Ethics, pages 36-37.
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 36-37; 3.4 Social Capital, pages 78-79.
	Complaints regarding cases of violation of human rights.	Global	411-1	1.3.4 Integrity and Ethics, page 36; 4.11 Community Involvement & Development, page 124.
	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	102-41; 407-1	4.10 People Management, 115; 4.15 Corporate Ethics, page 128.
	The elimination of discrimination in employment and occupation.	Global	406-1	3.4 Social Capital, pages 78-79; 4.15 Corporate Ethics, page 128.
	The elimination of forced or compulsory labour.	Global	409-1	3.4 Social Capital, pages 78-79; 4.15 Corporate Ethics, page 129.
	The effective abolition of child labour.	Global	408-1	3.4 Social Capital, pages 78-79; 4.15 Corporate Ethics, page 129.
Corruption and bribery	Adopted measures to prevent corruption and bribery.	Global	205-1; 205-2; 205-3; 415-1	4.12 Communication & Transparency, page 127; 4.15 Corporate Ethics, page 128.
	Measures to combat money laundering.	Global	-	4.15 Corporate Ethics, page 129.
	Contributions to foundations and non-profit entities.	Global	413-1	4.11 Community Involvement & Development, page 125 and 127.
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 124-125.
	The impact of society's activity on local populations and in the territory.	Global	103; 413-1; 413-2	4.11 Community Involvement & Development, page 125.
	The relationships maintained with the local communities and the modalities of dialogue with them.	Global	413-1	4.11 Community Involvement & Development, page 125.
	The association or sponsorship actions.	Global	102-13	4.12 Communication & Transparency, page 126.
	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 76-77. 4.8 Suppliers Management, pages 105-107.
	Supervision systems and audits and their results.	Global	414-2	3.3 Supply Chain Capital, page 77; 4.8 Suppliers Management, pages 106-107.
	Customers			
	Measures for the health and safety of consumers.	Global	EU25; 413-2	4.5 Health & Safety, page 104; 4.11 Community Involvement & Development, page 125.
	Complaining system, complaints received and their resolution.	Global	413-2	1.3.4 Integrity and Ethics, pages 36-37;4.11 Community Involvement & Development, page 125;4.15 Corporate Ethics, pages 128-129.
	Tax information			
	Profit before income tax, by country. Corporate income tax paid.	Global	201-1	4.4 Business Sustainability, pages 101-102.
	Financial assistance received from the government.	Global	201-4	4.12 Communication & Transparency, page 126.
	Annual total compensation ratio.	Global	102-38	4.10 People Management, page 121.
	Legal Actions for anti-competitive behaviour, anti-trust and monopoly practices.	Global	206-1	4.12 Communication & Transparency, page 126.
	Non-compliance with environmental laws and regulations.	Global	307-1	4.12 Communication & Transparency, page 127.
	Non-compliance with laws and regulations in the social and economic area.	Global	419-1	4.12 Communication & Transparency, page 127.
	Statement from senior decision-maker.	Global	102-14	1.1.6 Sustainability Roadmap, page 25.
	Identifying and selecting stakeholders; Approach to stakeholder engagement.	Global	102-40; 102-42; 103	1.1.5 Stakeholder focus, pages 22-23.
	Key topics and concerns raised; List of material topics.	Global	102-44; 102-47	4.1 Materiality Assessment, page 96.
	Innovation	Global	103	3.7 Innovation Capital, page 87-89.

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, 102-12, 102-43, 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 135-137. Additionally, some GRI indicators refer to Notes in EDPR's 2019 Annual Accounts, which 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		
GENERAL DISCLOSURES			
GRI 102: General Disclosures 2016	102-1	Name of the organisation	5. Corporate Governance (A. Shareholder Structure), page 142
	102-2	Activities, brands, products and services	1.1.3 Business Description, page 20
	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 18-19
	102-5	Ownership and legal form	5. Corporate Governance (A. Shareholders Structure), pages 142-145; 2019 Consolidated Annual Accounts - Note 1, pages 9-18
	102-6	Markets served	1.1.2 EDPR in the world, pages 18-19
	102-7	Scale of the organisation	1.1.2 EDPR in the world, pages 18-19; 3.1.2 Financial Performance: pages 67-71
	102-8	Information on employees and other workers	4.10 People Management, pages 111-114; 3.2 Human Capital, pages 72-75
	102-9	Supply chain	3.3 Supply Chain Capital, pages 76-77
	102-10	Significant changes to the organisation and its supply chain	5. Corporate Governance (A. Shareholders Structure), pages 142-145; 2019 Consolidated Annual Accounts - Note 6 & 41, pages 39-44 and page 82
	102-11	Precautionary Principle or approach	2.3 Risk Management, pages 56-60; 4.9 Environmental Management, page 110; 5. Corporate Governance (C. Internal Organization), pages 170-182
	102-12	External Initiatives	4.16 Reporting Principles, page 130
	102-13	Membership of associations	4.12 Communication & Transparency, page 126
	102-14	Statement from senior decision-maker	1.1.6 Sustainability Roadmap, page 25
	102-16	Values, principles, standards, and norms of behaviour	1.3.4 Integrity and Ethics, pages 36-37; 5. Corporate Governance (C. Internal Organization), pages 167-184
	102-18	Governance structure	1.3 Organisation, pages 29-37; 5. Corporate Governance, pages 142-216
	102-38	Annual total compensation ratio	4.10 People Management, page 121
	102-40	List of stakeholder groups	1.1.5 Stakeholders Focus, page 22
	102-41	Collective bargaining agreements	4.10 People Management, page 115
	102-42	Identifying and selecting stakeholders	1.1.5 Stakeholders Focus, pages 22-23; 4.16 Reporting Principles, page 130
	102-43	Approach to stakeholder engagement	1.1.5 Stakeholders Focus, pages 22-23; 4.1 Materiality Assessment, pages 95-96; 4.16 Reporting Principles, page 130; Please visit our stakeholders' information on the sustainability section in our website, www.edpr.com
	102-44	Key topics and concerns raised	4.1 Materiality Assessment, pages 95-96; 4.16 Reporting Principles, page 130
	102-45	Entities included in the consolidated financial statements	2019 Consolidated Annual Accounts - Note 6, pages 39-44
	102-46	Defining report content and topic boundaries	4.1 Materiality Assessment, pages 95-96; 4.16 Reporting Principles, page 130
	102-47	List of material topics	4.1 Materiality Assessment, pages 95-96
	102-48	Restatements of information	2019 Consolidated Annual Accounts - Note 6, pages 39-44; 4.3 Climate Change, pages 99 and 100; 4.5 Health & Safety, page 104; 4.9 Environmental Management, page 109; 4.10 People Management, page 116
	102-49	Changes in reporting	2019 Consolidated Annual Accounts - Note 6, pages 39-44
	102-50	Reporting period	4.16 Reporting Principles, page 130
	102-51	Date of most recent report	4.16 Reporting Principles, page 130
	102-52	Reporting cycle	4.16 Reporting Principles, page 130
	102-53	Contact point for questions regarding the report	"Contact us" at www.edpr.com
	102-54	Claims of reporting in accordance with the GRI Standards	4.16 Reporting Principles, page 130
	102-55	GRI content index	Annex II - GRI Content Index, pages 133-134
	102-56	External assurance	4.16 Reporting Principles, page 130
MATERIAL TOPICS			
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 42-43; 2.1.2 The Evolution of Renewables around the world in 2019, page 44
	103-2	The management approach and its components	2.2.1 Selective growth, page 53
	103-3	Evaluation of the management approach	3.1.1 Operational Performance, pages 65-66
GRI EU	EU1	Installed capacity, broken down by primary energy source and by regulatory regime	4.2 Renewable Energy Promotion, page 97
	EU2	Net energy output broken down by primary energy source and by regulatory regime	4.2 Renewable Energy Promotion, page 97
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 42-43;
	103-2	The management approach and its components	3.5 Natural Capital, pages 81-82
	103-3	Evaluation of the management approach	3.5 Natural Capital, pages 81-82
GRI 201: Economic Performance 2016	201-2	Financial implications and other risks and opportunities due to climate change	4.3 Climate Change, page 98
GRI 302: Energy 2016	302-1	Energy consumption within the organisation	4.3 Climate Change, page 99
	302-4	Reduction of energy consumption	4.3 Climate Change, page 99
GRI 305: Emissions 2016	305-1	Direct (Scope 1) GHG emissions	4.3 Climate Change, page 99
	305-2	Energy indirect (Scope 2) GHG emissions	4.3 Climate Change, page 99
	305-3	Other indirect (Scope 3) GHG emissions	4.3 Climate Change, page 100
	305-5	Reduction of GHG emissions	4.3 Climate Change, pages 100-101
Business Sustainability			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	2.2 Strategy, page 52
	103-2	The management approach and its components	2.2.2 Self funding business, page 54; 2.2.3 Operational excellence, page 55
	103-3	Evaluation of the management approach	3.1.2 Financial Performance, pages 67-71
GRI 201: Economic Performance 2016	201-1	Direct economic value generated and distributed	4.4 Business Sustainability, page 101
Corporate Governance			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	1.3 Organisation, pages 29-37
	103-2	The management approach and its components	1.3 Organisation, pages 29-37
	103-3	Evaluation of the management approach	1.3 Organisation, pages 29-37
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 78
	103-2	The management approach and its components	3.4.1 Respect Human and Labour Rights, page 78
	103-3	Evaluation of the management approach	3.4.1 Respect Human and Labour Rights, page 78
GRI 403: Occupational Health and Safety 2016	403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	4.5 Health & Safety, pages 103-104
GRI EU	EU17	Days worked by contractor and subcontractor employees involved in construction and O&M activities	4.5 Health & Safety, page 104
	EU25	Number of injuries and fatalies to the public involving company assets, including legal judgements, settlements and pending legal cases of diseases	4.5 Health & Safety, page 104

GRI STANDARD	DISCLOSURES		
GENERAL DISCLOSURES			
Innovation			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	3.7 Innovation Capital, pages 87-89
	103-2	The management approach and its components	3.7 Innovation Capital, pages 87-89
	103-3	Evaluation of the management approach	3.7 Innovation Capital, pages 87-89
Suppliers Management			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	3.3 Supply Chain Capital, pages 76-77
	103-2	The management approach and its components	3.3 Supply Chain Capital, pages 76-77
	103-3	Evaluation of the management approach	3.3 Supply Chain Capital, pages 76-77
GRI 204: Procurement Practices 2016	204-1	Proportion of spending on local suppliers	4.8 Suppliers Management, page 105
GRI 308: Supplier Environmental Assessment 2016	308-2	Negative environmental impacts in the supply chain and actions taken	4.8 Suppliers Management, page 105-106
GRI 414: Supplier Social Assessment 2016	414-2	Negative social impacts in the supply chain and actions taken	4.8 Suppliers Management, pages 106-107
Environmental Management			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	3.5 Natural Capital, pages 81-82
	103-2	The management approach and its components	3.5 Natural Capital, pages 81-82
	103-3	Evaluation of the management approach	3.5 Natural Capital, pages 81-82
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 110
	304-2	Significant impacts of activities, products, and services on biodiversity	4.9 Environmental Management, page 107
	304-3	Habitats protected or restored	4.9 Environmental Management, page 108
GRI 306: Effluents and Waste 2016	306-2	Waste by type and disposal method	4.9 Environmental Management, page 109
	306-3	Significant spills	4.9 Environmental Management, page 109
People Management			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	3.2 Human Capital, pages 72-75
	103-2	The management approach and its components	3.2 Human Capital, pages 72-75
	103-3	Evaluation of the management approach	3.2 Human Capital, pages 72-75
GRI 401: Employment 2016	401-1	New employee hires and employee turnover	4.10 People Management, pages 115-116
	401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	4.10 People Management, page 116
GRI 402: Labour / Management Relations 2016	402-1	Minimum notice periods regarding operational changes	4.10 People Management, page 117
GRI 404: Training and Education 2016	404-1	Average hours of training per year per employee	4.10 People Management, page 117
	404-2	Programs for upgrading employee skills and transition assistance programs	4.10 People Management, pages 117-118
	404-3	Percentage of employees receiving regular performance and career development reviews	4.10 People Management, page 118
GRI 405: Diversity and Equal Opportunity 2016	405-1	Diversity of governance bodies and employees	4.10 People Management, page 119
	405-2	Ratio of basic salary and remuneration of women to men	4.10 People Management, pages 120-121
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 121
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 79
	103-2	The management approach and its components	3.4.2 Contribute to the society, pages 79-80
	103-3	Evaluation of the management approach	3.4.2 Contribute to the society, pages 79-80
GRI 202: Market Presence 2016	202-2	Proportion of senior management hired from the local community	4.11 Community Involvement & Development, page 124
GRI 203: Indirect Economic Impacts 2016	203-1	Infrastructure investments and services supported	4.11 Community Involvement & Development, page 124
	203-2	Significant indirect economic impacts	4.11 Community Involvement & Development, page 124
GRI 411: Rights of Indigenous People 2016	411-1	Incidents of violations involving rights of indigenous peoples	4.11 Community Involvement & Development, page 124
GRI 413: Local Communities 2016	413-1	Operations with local community engagement, impact assessments, and development programs	4.11 Community Involvement & Development, page 125
	413-2	Operations with significant actual and potential negative impacts on local communities	4.11 Community Involvement & Development, page 125
Communication & Transparency			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	1.1.5 Stakeholder focus, page 22
	103-2	The management approach and its components	1.1.5 Stakeholder focus, page 23
	103-3	Evaluation of the management approach	1.1.5 Stakeholder focus, page 23
GRI 201: Economic Performance 2016	201-4	Financial assistance received from government	4.12 Communication & Transparency, page 126
GRI 206: Anti-competitive Behavior 2016	206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	4.12 Communication & Transparency, page 126
GRI 307: Environmental Compliance 2016	307-1	Non-compliance with environmental laws and regulations	4.12 Communication & Transparency, page 127
GRI 415: Public Policy 2016	415-1	Political contributions	4.12 Communication & Transparency, page 127
GRI 419: Socioeconomic Compliance 2016	419-1	Non-compliance with laws and regulations in the social and economic area	4.12 Communication & Transparency, page 127
A2E			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	3.4.3 Promote Access to Energy for all, page 80
	103-2	The management approach and its components	3.4.3 Promote Access to Energy for all, page 80
	103-3	Evaluation of the management approach	3.4.3 Promote Access to Energy for all, page 80
Digital Transformation			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	3.6 Digital Capital, pages 83-86
	103-2	The management approach and its components	3.6 Digital Capital, pages 83-86
	103-3	Evaluation of the management approach	3.6 Digital Capital, pages 83-86
Corporate Ethics			
GRI 103: Management Approach 2016	103-1	Explanation of the material topic and its boundary	1.3.4 Integrity and Ethics, page 36-37
	103-2	The management approach and its components	1.3.4 Integrity and Ethics, page 36-37
	103-3	Evaluation of the management approach	1.3.4 Integrity and Ethics, page 36-37
GRI 205: Anti-corruption 2016	205-1	Operations assessed for risks related to corruption	4.15 Corporate Ethics, page 128
	205-2	Communication and training on anti-corruption policies and procedures	4.15 Corporate Ethics, page 128
	205-3	Confirmed incidents of corruption and actions taken	4.15 Corporate Ethics, page 128
GRI 406: Non-discrimination 2016	406-1	Incidents of discrimination and corrective actions taken	4.15 Corporate Ethics, page 128
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	4.15 Corporate Ethics, page 128
GRI 408: Child Labour 2016	408-1	Operations and suppliers at significant risk for incidents of child labour	4.15 Corporate Ethics, page 129
GRI 409: Forced or Compulsory Labour 2016	409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labour	4.15 Corporate Ethics, page 129

ANNEX III: INDEPENDENT VERIFICATION REPORT

Independent Verification Report

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

Pursuant to Article 49 of the Code of Commerce, we have verified, under a limited assurance scope, the accompanying Non-financial information statement ("NFS") for the year ended 31 December 2019 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: "Non-financial information statement" 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 mercantile 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: "Non-financial information statement" 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.

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. 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 2019, based on the materiality analysis carried by EDP Renováveis, S.A. 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 2019.

- Review of information concerning risks, policies and management approaches applied in relation to material issues presented in the NFS for 2019.

- Verification, through sample testing, of the information relating to the content of the NFS for 2019 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 of EDP Renováveis, S.A.

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 2019 has not been prepared, in all its significant aspects, in accordance with the provisions of current mercantile 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: "Non-financial information statement" 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 mercantile legislation and therefore might not be suitable for other purposes or jurisdictions.

PricewaterhouseCoopers Auditores, S.L.

Pablo Bascones

20 February 2020

05

05 CORPORATE GOVERNANCE

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05

CORPORATE GOVERNANCE

PART I – INFORMATION ON SHAREHOLDER STRUCTURE, ORGANISATION 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 21 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 ("Organisation").

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 and which do not harm the transferability of the shares, 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. The table below includes the information about the qualifying holdings of EDPR and their voting rights as of December 31st, 2019:

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.			
TOTAL QUALIFIED HOLDINGS	**720,191,372**	**82.6%**	**82.6%**

As of December 31st, 2019, EDPR's shareholder structure consisted in a total qualified shareholding of 82.6%, corresponding to EDP Group.

8. SHARES HELD BY THE MEMBERS OF THE MANAGEMENT AND SUPERVISORY BOARDS

The table below reflects the Members of the Board of Directors/Delegated Committees of the Company that, as of December 31st of 2019, directly or indirectly own EDPR shares:

BOARD MEMBER	NUMBER OF SHARES	
	DIRECT	INDIRECT
Spyridon Martinis	10,413*	-

* These shares were bought before the appointment as Director of the Company (being the first acquisition in 2011 and the last one in 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 on lucrative or onerous title basis personal and real property, rights, shares and interests that may suit the Company;
- Sell and mortgage or charge personal and real property, rights, shares and interests of the Company and cancel mortgages and other rights *in rem*;
- Negotiate and conclude as many loans and credit operations that it may deem appropriate;
- Enter and formalize all sort of acts and contracts with public entities or private persons;
- Exercise any civil and criminal actions and all further actions to be undertaken by the Company, representing it before governmental officers, authorities, corporations, governing, administrative, administrative-economic, administrative-litigation and judicial courts, labor courts and the labor sections of the Supreme Courts and of the High Courts of the Autonomous Communities, with no limitations whatsoever, including before the European Court of Justice, and in general, before the Government, in all its levels and hierarchies, to intervene or promote, follow or terminate through all procedures and instances, the processes, court sections or proceedings; to accept decisions, to file any kind of appeal, including the cassation one and other extraordinary appeals, to discontinue or confess, to agree an early termination of a proceeding, to submit litigious questions to arbitration judges, and to carry out all sort of notices and requirements and to grant power of attorney to Court Representatives and other representatives with case-related powers and the powers which are usually granted to litigation cases and all the special powers applicable, and to revoke such powers;
- Agree the allotment of interim dividends;
- Call and convene the General Meetings and submit to them the proposals that it deem appropriate;
- Direct the Company and the organize its operations and exploitations by acknowledging the course of the Company businesses and operations, managing the investment of funds, making extraordinary depreciations of bonds in circulation and realizing anything that it is considered appropriate to obtain maximum gains towards the object of the Company;
- Freely appoint and dismiss Directors and all the Company's technical and administrative personnel, defining their office and retribution;
- Agree any changes of the registered office's address within the same borough;
- Incorporate under the law all sorts of legal persons; contribute and assign all sorts of assets and rights, as well as entering merger and cooperation agreements, association, grouping and temporary union agreements between companies or business and joint property agreements, and agreeing their alteration, transformation and termination;
- All further powers expressly granted to the Board in the Articles or in the applicable law. This list is without limitations and has a merely indicative nature.

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.

Additionally, in compliance with its personal law, some functions of the Board of Directors are non- delegable and, as such, have to be performed at this level, which are the following:

- Election of the Chairperson 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 organisation 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

Should be noted that all the members of the Board of Directors, which are listed in topic 17 of this Chapter 5 of the Annual Report (including the non-executive) are necessarily involved in the definition of the strategy and policies of the Company as per the non-delegable basis of these functions under its personal law, and that the corresponding monitorization of the accomplishment of these actions, as detailed in topic 29 this Chapter 5 of the Annual Report, is performed by the Audit, Control and Related Party Transactions Committee and the Nominations and Remunerations Committee, both of which are integrally formed by non-executive and independent directors.

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 not a 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.

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). As informed in the related Notice and in the corresponding Shareholders' Guide, 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 thirty (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 at the Company's website (www.edpr.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 included the English and Portuguese versions of the information and documents related to the General Shareholders´ Meeting on its website (www.edpr.com) after the notice of the meeting, being the Spanish version of the documents the one that prevailed.

Shareholders may vote on the topics included on the Shareholders' Meeting Agenda, in person (including 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. 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. 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.

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.

Notwithstanding the above percentages, 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 favorable 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 organisation 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/). As such, the Company intends to comply with both legal systems but always taking into account that its personal law is the Spanish one, and that in case of discrepancy, the aim is to adopt the law that entails more protectionism for its shareholders.

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 organisation 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 detailed along topics 15 - 29 of this Chapter 5 of the Annual Report and contemplated in the law and Articles of Association of the Company, 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 Committees 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.

The General Secretary constitute the focal point in charge of the centralization of the reception and management of all the information and documents to be provided to the different Governing Bodies. This information is prepared by the different departments of EDPR, with the support when necessary of external experts, and always managed in a strictly confidential basis. Additionally, the corresponding duties and functioning procedures for the Governing Bodies have been defined at the Articles of Association and Board of Directors and Delegated Committees Regulations (which are published at the website of the Company www.edpr.com), 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 procced at each level with the corresponding acknowledgements and decisions. In line with the above, the General Secretary sends the notices and supporting documents of the topics to be discussed in each meeting of the Board and of each of its Committees to their proper discussion during the meeting. Additionally the minutes of all meetings are drawn and also circulated.

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 organisation of its activity, especially because it affords transparency and a healthy balance between the management and the supervisory functions.

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 conductive to the development of the Company's business.

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.

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 propose, 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 Committees of the Board. This Committee also advises on the appointment, remuneration and dismissal of top management officers.

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.

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, the Nominations and Remunerations Committee and the Board of Directors resolved at their meetings held on November 2nd, 2016, and December 14th, 2016 respectively, to take into account among others 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 of the Annual Report, 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 Board 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. Considering the size of EDPR and the complexity of the risks intrinsic to its activity, it has been concluded that the most adequate composition for its Board of Directors is a total of fifteen (15) members, being eleven (11) of them non-executive.

The Secretary of the Board of Directors is Emilio García-Conde Noriega. Likewise, according to the proposal submitted by the Nominations and Remunerations Committee, the Board of Directors approved on its meeting held on May 7th, 2019 the appointment of María Gonzalez Rodríguez as Vice-Secretary of the Board of Directors of EDPR.

By the end of 2018 and during 2019, Maria Teresa Costa, João Paulo Costeira and Gilles August presented their resignations to the positions as Board Members. In order to fill the vacancies left by these resignations, and in accordance with the proposals submitted by the Nominations and Remunerations Committee, the Board of Directors approved on its meetings held on February 26, 2019 and October 29th, 2019 the following resolutions:

- The appointment by cooption of Vera Pinto for the position left by Maria teresa Costa, based on her wide understanding of the electric business developed as of her position in EDP, and also considering the diversity criteria adopted by the Company.

- The appointment by cooption of Spyridon Martinis for the position left by João Paulo Costeira, based on his deep knowledge about the offshore and development businesses, and considering also his material track-record as high level manager developed in EDPR.

- The appointment by cooption of Rui Teixeira for the position left by Gilles August, based on his extensive professional career as executive member of the managing bodies of EDP and EDPR, and the material know-how about renewable energy acquired during his nearly seven (7) years as executive director of EDPR few years ago.

The appointments of Spyridon Martinis and Vera Pinto were duly ratified by the Shareholders' Meeting held on April 11, 2019; and the designation by cooption of Rui Teixeira will be submitted for ratification to the next Shareholders' Meeting to be celebrated in 2020.

As of 31st December 2019, the Board of Directors is composed by the following fifteen (15) 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
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
Spyridon Martinis	Director	26/02/2019	-	27/06/2021
Vera Pinto	Director	26/02/2019	-	27/06/2021
Rui Teixeira	Director	29/10/2019	-	Until the next General Shareholders' Meeting
Manuel Menéndez Menéndez	Director	04/06/2008	27/06/2018	27/06/2021
António Nogueira Leite	Director	26/02/2013	27/06/2018	27/06/2021
Acácio Piloto	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
Alejandro Fernandez de Araoz	Director	27/06/2018	-	27/06/2021

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, and annually confirmed by each of the corresponding Directors through an independence declaration. Likewise, EDPR Board of Directors Regulations, and Article 20.2 its Articles of Association, defines independent 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 one third over the total members shall be non-executive members that also comply with the independence criteria. To this extent, and provided that the independence criteria applicable to EDPR Directors are the ones established under its personal law, from a total of fifteen (15) members of EDPR's Board of Directors as of 31st 2019, eleven (11) are non-executive, from which six (6) 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. The composition of the Board of Directors and of its Delegated Committees, has been deeply analyzed, finally identifying the exposed structure as the most suitable considering among others, 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 development of duties.

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 Directors of EDPR is regulated in line with the terms contained in article 229 of the Spanish Companies Law and implemented in article 28.3 of the Board of Directors Regulations, which is also applicable to the Committees under article 12 of their respective regulations. This article states that in case any direct or indirect conflict of interest arose, it shall be communicated to the Board of Directors, being the Director involved obliged to abstain from intervening in the corresponding operation. Additionally, all the Board Members (and hence those of its delegated Committees, as they are entirely composed by Members of the Board) shall annually sign an statement declaring their compliance with the terms of the requirements under article 229 of the Spanish Companies Law, 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 as of 31st December, 2019:

BOARD MEMBER	POSITION
António Mexia	Chairman and Non-Executive Director
João Manso Neto	Vice-Chairman and Executive Director
Duarte Bello	Executive Director
Miguel Ángel Prado	Executive Director
Spyridon Martinis	Executive Director
Vera Pinto	Non- Executive Director
Rui Teixeira	Non- Executive Director
Manuel Menéndez Menéndez	Non-Executive Director
António Nogueira Leite	Non-Executive and independent Director
Acácio Piloto	Non-Executive and independent Director
Allan J. Katz	Non-Executive and independent Director
Francisca Guedes De Oliveira	Non-Executive and independent Director
Francisco Seixas da Costa	Non-Executive and independent Director
Conceição Lucas	Non- Executive and independent Director
Alejandro Fernandez de Araoz	Non-Executive Director

Following the best corporate governance recommendations, considering that the Chairperson of the Board of Directors of EDPR, Antonio Mexia, is a non-independent Director, the Nominations and Remunerations Committee approved on its meeting held on February 18th, 2019 to propose to the independent Members of Board the appointment Antonio Nogueira Leite as Lead Independent Director whose functions would namely be: i) act, when necessary, as an interlocutor between the Chairperson of the Board of Directors and the other Directors, (ii) ensure the necessary conditions and means so the Directors may carry out their functions; and (iii) coordinate the independent Directors in the assessment of the performance of the managing body. This proposal was unanimously approved by all the independent Directors (with the abstention of the candidate proposed) on the Board meeting held February 26th, 2019.

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 Chapter 5 of the Annual 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 2019, 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:

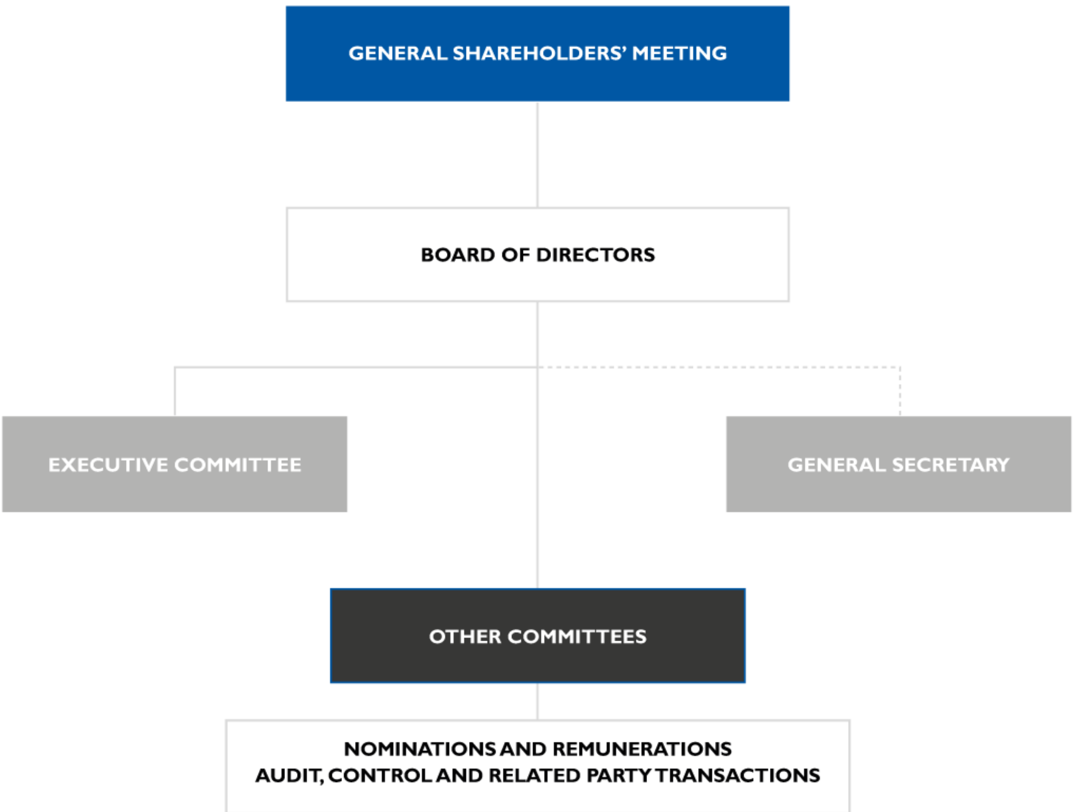
- António Mexia;
- João Manso Neto;
- Manuel Menéndez Menéndez;
- Vera Pinto;
- Rui Teixeira.

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

- Duarte Bello;
- Miguel Ángel Prado;
- Spyridon Martinis.

21. MANAGEMENT STRUCTURE

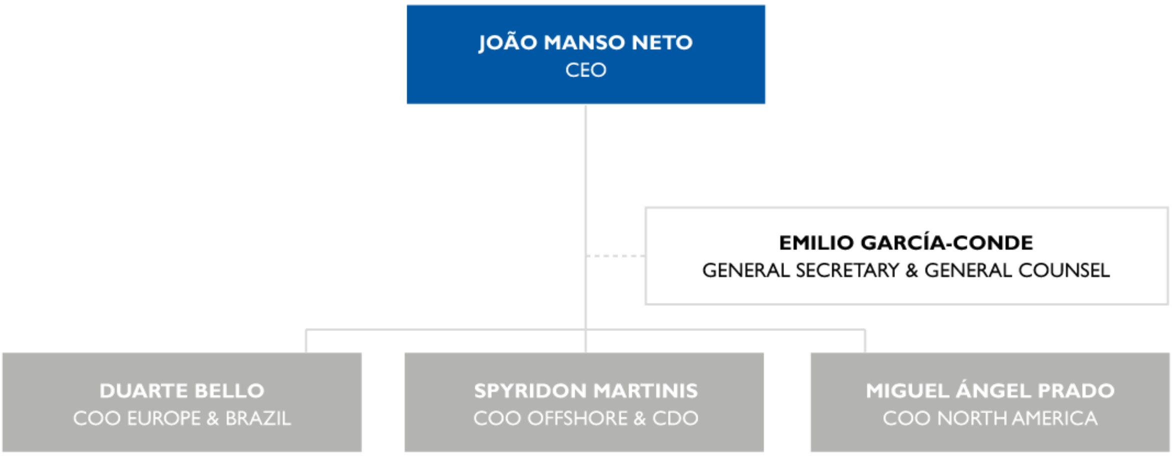
As exposed in topic 15 above, the governance model of EDPR was designed to ensure the transparent and meticulous separation of duties and the specialization of supervision through the following structure of its governing bodies:



- **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 that 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. 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, the monitorization of internal risk management and control systems, the supervision of internal audits and compliance, and also the 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 del Fresno, 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, 2019, the Board of Directors held six (6) 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 2019:

BOARD MEMBER	POSITION	ATTENDANCE*
António Mexia	Chairman and Non-Executive Director	33.33%
João Manso Neto	Vice-Chairman and Executive Director	100%
Duarte Bello	Executive Director	100%
Miguel Ángel Prado	Executive Director	100%
Spyridon Martinis	Executive Director	100%
Vera Pinto	Non- Executive Director	100%
Rui Teixeira	Non- Executive Director	100%
Manuel Menéndez Menéndez	Non-Executive Director	100%
António Nogueira Leite	Non-Executive Director	83.33%
Acacio Piloto	Non-Executive Director	100%
Gilles August	Non-Executive Director	83.33%
Allan J. Katz	Non-Executive Director	66.66%
Francisca Guedes De Oliveira	Non-Executive Director	100%
Francisco Seixas da Costa	Non-Executive Director	66.66%
Conceição Lucas	Non- Executive Director	100%
Alejandro Fernandez de Araoz	Non-Executive Director	100%

* The percentage reflects the meetings attended by the Members of the Board, provided that Spyridon Martinis and Vera Pinto joined the Board in February 26th, 2019, and Rui Teixeira in October 29th, 2019, and therefore, the respective percentages expressed have been calculated over the meetings celebrated since then. With regards of the percentage assistance reflected for Gilles August, should be taken into account that he presented his resignation with effects October 17th,2019, and thus the percentage shown in the table reflects the attendance calculated over the meetings celebrated until such date.

24. COMPETENT BODY FOR THE PERFORMANCE APPRAISAL OF EXECUTIVE DIRECTORS

The key performance indicators for the appraisal of the Executive Directors are set in advance by the approval of the General Shareholder's Meeting.

Once the corresponding fiscal year is completed, the Nominations and Remunerations Committee performs the first assessment about the compliance with such key performance indicators, and submits its recommendation to the Board of Directors, which evaluates the proposal of this Committee and makes the final decision. Should be noted that according to the personal law of EDPR, the definitive assessment of this performance is a non-delegable competence of the Board of Directors.

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 Chapter 5 of the Annual 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 exclusively by 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, 2019, EDPR Executive Committee is composed by the following members, who are also Joint Directors:

- João Manso Neto, who is the Chairman and CEO
- Duarte Bello
- Miguel Ángel Prado
- Spyridon Martinis

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 Chairperson, 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 held 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.

2019 activity

The Executive Committee's main activity is the daily management of the Company, and in the execution of such duties, during 2019 held a total of fifty (50) meetings.

AUDIT, CONTROL AND RELATED PARTY TRANSACTIONS COMMITTEE

Composition

Pursuant to Article 28 of the Company's Articles of Association and Article 9 of its 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 proposal submitted 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) non-executive and independent members, plus the Secretary who as of December 31st 2019, are the following:

- Acacio Piloto, who is the Chairman
- Antonio Nogueira Leite
- Francisca Guedes de Oliveira

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, also the members may resign of these positions but still maintaining their seat as Members of the Board of Directors.

Competences

Notwithstanding the 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 Chairperson 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 (including without limitation, the monitorization of the development of the strategic lines and risk policies defined);
- 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 the subjects related to the auditing process, and receiving and maintaining information on any other questions regarding accounting subjects;
- Preparing an annual report on its 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€.

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 Chairperson 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 held after each Committee meeting.

Decisions shall be adopted by majority and the Chairperson shall have the casting vote in the event of a tie.

2019 activity

In 2019 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;
- Information about the independence of the External Auditor;
- Assessment of the external auditor's work, especially concerning the scope of work in 2019, approval of all "audit related" and "non-audit" services and analysis of external auditor's remuneration;
- Supervision of the quality and integrity in the preparation and disclosure of the financial information in accordance with the applicable accounting policies, estimates and judgments;
- 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 2019 Internal Audit Action Plan and pre-approval of draft prepared for the 2020 Internal Audit Action Plan;
- Monitoring of the recommendations issued by Internal Audit;
- Follow-up and supervision of the quality, integrity and efficiency of the treasury management (finance and debt), the internal control system, risk management and internal auditing;
- Evaluating the strategies and risk policies adopted, and elaborating a report including its assessment about the risk management during 2019;
- Information about Whistle-Blowing;
- Information about the contingencies affecting to the Group;
- Information about the proposal of application of results for the fiscal year ended on December 31st 2018 and the distribution of dividends;
- Quarterly and annual report of its activities during 2019 and self-assessment about its performance.

B) Related Party Transactions Activities:

In 2019, 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 2019 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.

As of December 31st 2019, 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;
- Any other functions assigned in the Articles of Association or by the Board of Directors[1].

In accordance with the personal law of EDPR, all the Board Members shall attend to the General Shareholder's Meeting, and as exposed in topic 15 of this Chapter 5 of the Annual Report, all the Delegated Committees are composed Directors. As such, the Chairperson of the Nominations and Remunerations Committee shall attend the Shareholder's Meetings, and in case its agenda includes any topic related to remuneration of the company's governing bodies, this Director will be most adequate to answer. During 2019 only one Shareholders' Meeting was held on April 11, and the Chairperson of the Remuneration Committee, Antonio Nogueira Leite, attended.

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 held after each Committee meeting. Decisions shall be adopted by majority and the Chairperson shall have the deciding vote in the event of a tie.

2019 activity

In 2019 the Nominations and Remunerations Committee held four (4) meetings, and the main activities performed were:

- In view of the vacancies left by João Paulo Costeira and Maria Teresa Costa Campi after the resignations to their positions as members of the Board, analyzing the profile, background and expertise of the potential candidates perform these roles;
- Proposing to the Board of Directors the appointment by cooption of Spyridon Martinis and Vera Pinto as new members of the Board of Directors;
- Proposing to the Board of Directors the appointment and remuneration conditions of Spyridon Martinis as new member of the Executive Committee;
- Performance evaluation of the Board of Directors and its Executive Committee;
- Drafting of the Declaration of the Board of Directors Remuneration Policy for 2019 as well as the proposal to approve a Complementary Long Term Program for the COO NA, the COO Europe&Brasil and the COO Offshore&CDO to be proposed to the Board of Directors;
- Development of an analysis regarding the independence of the members of the Board of Directors;
- Proposing to the independent Members of Board the appointment Antonio Nogueira Leite as a Lead Independent Director, as well as the functions to be performed under this position;
- Drafting the report of its activities performed during the year 2018;
- Analysis and issuance of a reflection on the Corporate Governance system adopted by EDPR;

1 On its meeting held on December 14th, 2016, the Board of Directors approved to delegate the functions related to the reflection on the Corporate Governance structure and on its efficiency, in the Nominations and Remunerations Committee.

- Proposing to the Board of Directors the appointment of María Gonzalez Rodríguez as Vice-Secretary of the Board of Directors of the Company;
- In view of the vacancy left by Gilles August after his resignation to the position as member of the Board, analyzing the profile, background and expertise of potential candidates to assume this role, and proposing to the Board of Directors the appointment by co-option of Rui Teixeira as new member of the Board of Directors;
- In view of the new appointments, proposing to the Board of Directors to jointly analyze with the Audit, Control and Related Party Transactions Committee, the potential amendments of the Executive Management Services Agreement signed with EDP.

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

The Audit, Control and Related Party Transactions Committee is comprised only by non-executive and independent members who as of December 31st, 2019, are the following:

BOARD MEMBER	POSITION	DATE OF FIRST APPOINTMENT
Acacio Piloto	Chairman	27/06/2018
Antonio Nogueira Leite	Vocal	6/11/2018
Francisca Guedes de Oliveira	Vocal	27/06/2018

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 del Fresno, 2, Oviedo, Spain.

35. NUMBER OF MEETINGS HELD BY THE AUDIT, CONTROLAND RELATED PARTY TRANSACTIONS COMMITTEE

The Audit, Control and Related Party Transactions Committee regularly meets representatives of the internal specialized departments involved in the areas under Committee's competences in order to discuss the information periodically reported about, among others, work plans and resources of the internal auditing service (including Compliance), Company accounts, detection of potential irregularities (whistleblowing), global risk management and audit and non-audit services provided by the External Auditor (including the appraisal about its independence). This relationship provides a wider information to the Committee that would be taken into account for the development of its functions and in particular, for the assessments issued under the elaboration of the Internal Control Report, the SCIRF Report and the Risk Management Report, that this Committee delivers for every fiscal year.

During 2019, the Audit, Control and Related Party transactions Committee held a total of nine (9) meetings, of which, Internal Audit participated in eight (8), SCIRF in four (4) and Global Risk in five (5). Likewise, the Committee invited the External Auditors to four (4) of these meetings.

The following tables reflect the attendance of the members of the Audit, Control and Related Party Transactions Committee to its meetings held during 2019:

BOARD MEMBER	POSITION	ATTENDANCE
Acacio Piloto	Chairman	100%
Francisca Guedes de Oliveira	Vocal	88.88%
Antonio Nogueira Leite	Vocal	88.88%

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 of the the provision of non-audit services to be provided by the External Auditor and any related entity. This policy was strictly followed during 2019.

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 2019 such services reached only around 7.8% 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 competences of this Committee were exercised during the 2019 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;

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.

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

The main criteria considered in the selection of the most suitable and competitive firm to be appointed as External Auditor are the following:

- Recognized technical and professional track record as External Auditor;
- Consolidated *Know-How* about the business developed by the whole Group;
- Tailored and highly prepared working team;
- Competitive contractual conditions and working methodology (including but without limitation, the total estimation of hours required for the development of the services- both as a total for the complete provision of services, and per each professional category of the proposed team);
- Competitive Fee proposal, including the final cap and a breakdown referring the price average per hour, and the remuneration per hour for each professional category of the proposed team.

As a result of a competitive process launched in 2017, during which the above criteria were exhaustively analyzed, PricewaterhouseCoopers Auditores, S.L., was appointed as EDPR SA External Auditor by the Shareholder's Meeting held on April 3rd, 2018. PricewaterhouseCoopers Auditores, S.L., is a Spanish Company registered at the Spanish Official Register of Auditors under number S0242 with Tax Identification Number B-79031290 and whose audit partner in charge of EDPR is Iñaki Goiriena.

43. NUMBER OF YEARS OF THE EXTERNAL AUDITOR

PricewaterhouseCoopers Auditores, S.L. is in charge of the audit of EDPR SA 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- 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.

Following the proposal of the Audit, Control and Related Party Transactions 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 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 monitorization and annual evaluation of the services provided by the External Auditor according to the competences granted by its Regulations. In order to perform this assessment, this Committee periodically includes in the agenda of its meetings a topic regarding the review of the services provided by the External Auditor (both audit an *non-audit*) and the fees already incurred and those estimated until year end. Likewise, and as exposed in topic 35 of this Chapter 5 of the Annual Report, the External Auditor attends and participates in some of the meetings held by this Committee, mainly in order to analyze the results of their audit reports. As such, the Audit, Control and related Party Transactions Committee acts as the company speaker with the External Auditor, with whom establishes a permanent contact throughout the year to assure the proper conditions for the provision of both the statutory audit services and non-audit services, and being also the body in charge of monitoring its independence along the year. Likewise, the External Auditor shall sign an annual statement declaring its independence.

During 2019, according to the Audit, Control and Related Party Transactions Committee's competences and in line with Recommendation VII.2.2, the Committee 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, 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

On 3 March 2016, it was approved 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 audit and non-audit services (SDA). In accordance with such regulation, the Audit, Control and Related Party Transactions Committee closely follows the requests of non-audit services, each of which necessarily require the preapproval of this Committee before its provision as per exposed in topic 29 of this Chapter 5 of the Annual Report and Article 8.A),b) of its Regulations.

The identification of such non- audit services that will eventually be provided by the External Auditors, in particular, tax consultancy services and services other than "audit and audit related" 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 nº 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.

During 2019 the non-audit services provided by PricewaterhouseCoopers Auditores, S.L the External Auditor for EDP Renováveis S.A. consisted mostly on i) limited review as of June 30, 2019 of the EDPR Consolidated Financial Statements; 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. Other non-audit services provided by the External Auditor or its network to EDPR's subsidiaries mainly refer to i) quarterly reviews as of March 31, 2019 and September 30, 2019 for EDP Group's consolidation purposes; and ii) agreed-upon procedures, mainly related to the review of covenants in the context of bank financing agreements and external auditor's certifications for share capital transactions as required by local Laws.

PricewaterhouseCoopers Auditores, was engaged to provide the above-mentioned services due to its in-depth knowledge of the Group's activities and processes. These engagements did not risk 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 2019 FOR EDP RENOVÁVEIS S.A. AND SUBSIDIARIES

TYPE OF SERVICES	PORTUGAL	SPAIN	BRAZIL	US	OTHER	TOTAL	%
Statutory Audit	161,802	493,930	174,842	1,238,251	607,073	2,675,898	91.3%
Other audit related services	-	-	26,460*	-	-	26,460	0.9%
Total audit related services	**161,802**	**493,930**	**201,302**	**1,238,251**	**607,073**	**2,702,358**	**92.2%**
Tax consultancy services							
Other services un related to statutory auditing	-	163,882	4,265	30,924	28,179	227,250	7.8%
Total non-audit related services	**-**	**163,882****	**4,265**	**30,924**	**28,179**	**227,250**	**7.8%**
TOTAL	**161,802**	**657,812*****	**205,567**	**1,269,175**	**635,252**	**2,929,608**	**100,00%**

* This amount includes the interim audit of the financial statements for a portfolio of Brazilian companies, as of June 30, 2019.
** 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, 2019 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 644 thousand Euros of services provided by PricewaterhouseCoopers Auditores S.L. from which 494 thousand Euros refer to audit services and 150 thousand Euros refer to non-audit services.

C. INTERNAL ORGANISATION

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 favorable 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 2019 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 organisation or an assertion of values of ethics and citizenship reflected by management options that, in the organisational 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, , 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.

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, 2019, 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 analyzed until its conclusion, liaising with the complainant whenever necessary.

  Since January 2019, the Ombudsperson of EDPR is Maria Manuela Casimiro da Silva.

- 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 2019, there were three (3) claims submitted through the Ethics Channel. These claims were analyzed by the Ethics Ombudsman and determined there were not an unethical behavior within the Ethics scope. The nature of the claims was commercial; these claims were forwarded to the pertinent teams for its resolution.

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. A new revision of the Anti-Corruption Policy was performed in July 2019, the revised version was approved by EDPR Executive Committee on July 2019 and communicated to all EDPR Employees.

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, 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 labor 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 organisation including monitoring activities related to the annual cycle, the implementation of controls and documentation of evidence and supervision activities.

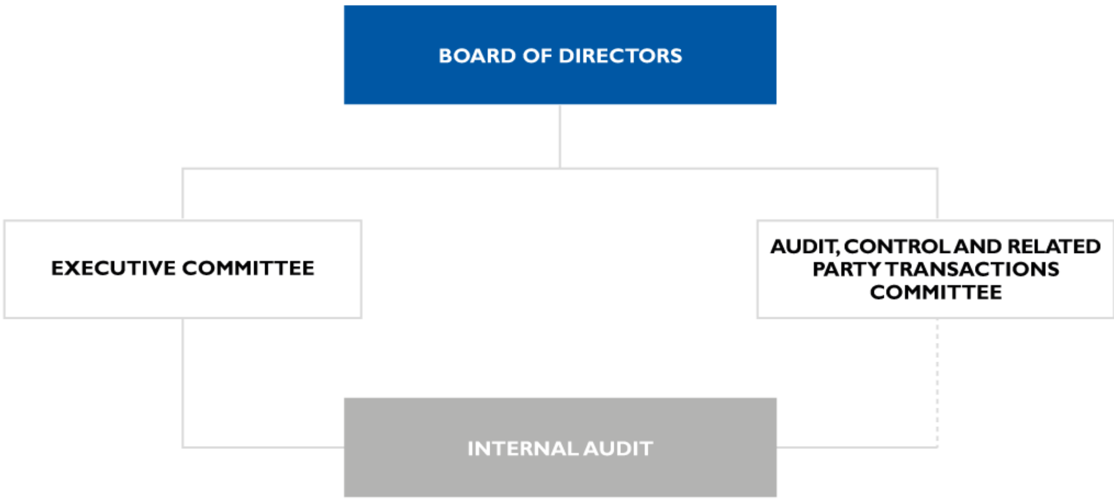
The SCIRF Manual incorporates the general principles of the Internal Control System over Financial Reporting as well as the methodology used, the procedures for ensuring the effectiveness of internal control and design of models, documentation, evaluation and reporting.

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 Organisations 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 organisation. 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. ORGANISATIONAL 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 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, Control and Related Party Transactions Committee, an independent supervisory body composed of non-executive members that reports to the Board of Directors, in charge among others, of the monitorization of the compliance and progresses of the Risk Management Plan, and of the status and possible improvements to the measures and controls for the mitigation/hedge of the potential risks identified for EDPR.

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 2019, EDPR updated the Enterprise Risk Management Framework and Counterparty Risk Policy, following Risk Committees discussions:

- Enterprise Risk Management Framework: Update of risk limits that set the risk appetite, following the recent growth of the company.

- Counterparty Risk Policy: Update of global limits and included specific limits to Community Choice Aggregators in the US.

During 2019, EDPR reassessed the Operational Risk for the company executing a bottom-up analysis across all departments, as stated in EDPR's Operational Risk Policy. In addition, a review of existing Business Continuity Management System was performed, with the main purpose of aligning it to the recently published ISO 22301.

Also in 2019, EDPR back-tested the risk limits of 2016's Enterprise Risk Management Framework, which concluded that an adjustment in some of the limits was needed, due to the increased size of the company.

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, in Belgium and partially in Spain. Additionally, in European countries with a green certificate scheme (Romania, Belgium 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 and Colombian 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.

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 2019 EDPR had financially hedged most of its remaining merchant exposure in Poland, Romania, Spain, Brazil 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 14 countries: Spain, Portugal, France, Belgium, Poland, Romania, Italy, UK (no generation), Greece (no generation), Colombia (no generation), US, Canada, Brazil and Mexico.

Nevertheless, 2019 was a year with slightly below the expected average generation for EDPR, although European assets almost compensated the lower production of North American plants.

EDPR has analyzed the potential use of financial products to hedge wind risk and might use this product to mitigate risk in specific cases.

Profile risk and curtailment risk are managed ex-ante. For every new investment, EDPR factors the effect that expected generation profile and curtailment will have on the output of the plant. Generation profile and curtailment of EDPR's plants are constantly monitored by EPDR's Risk department to detect potential future changes.

1. iii) Risks related to financial markets

EDPR finances its plants through project finance or corporate debt. In both cases, a variable interest rate might imply significant fluctuations in interest payments.

On the other hand, due to EDPR's presence in several countries, revenues are denominated in different currencies. Consequently, exchange rate fluctuations may have a material adverse effect on financial results or on the value of the foreign investment.

1. iii) a) Interest rate risk

Given the policies adopted by EDPR Group, current exposure to variable interest rate is not significant and financial cash flows are substantially independent from the fluctuation of interest rates.

The purpose of interest rate risk management policies is to reduce the exposure of long-term debt cash flows to market fluctuations, mainly by contracting long term debt with a fixed rate.

- When long-term debt is issued with floating rates, EDPR settles derivative financial instruments to swap from floating to fixed rate.
- EDPR has a portfolio of interest-rate derivatives with maturities of up to 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, Canadian dollar and Colombian pesos.

EDPR hedges risk against currency fluctuations by financing in the same currency as the revenues of the project. When local financing is not available, EDPR hedges debt cash flows though cross currency interest rate swaps.

EDPR also hedges net investment (investment after deducting local debt) in foreign currency through cross currency interest rate swaps.

Finally, EDPR contracts foreign exchange forwards to hedge the risk in specific transactions, mainly in payments to suppliers which may be denominated in different currencies.

EDPR's hedging efforts minimize exchange rate volatility, but do not eliminate completely this risk due to high costs associated to hedging FX in certain situations.

1. iii) c) Inflation risk

In specific projects, regulated remuneration is linked to inflation. Additionally, O&M costs are considered to be linked to inflation in most cases.

Exposure to inflation in revenues may be naturally hedged with exposure to interest rates and EDPR regularly analyses inflation exposure and its relationship with interest rates to adjust level of interest rate coverage in project finance structures.

Exposure to inflation in O&M costs is managed at the moment of the investment decisions, by executing sensitivity analyses.

1. iii) d) Liquidity risk

Liquidity risk is the risk of EDPR not meeting its financial obligations. Liquidity risk is mainly related to extreme market movements in electricity prices, interest or exchange rates, which may change the expected cash flow generation.

EDPR tracks liquidity risk in the short term (margin calls, etc.) and in the long term (financing sources) in order to meet strategic targets previously set (EBITDA, debt ratio and others).

EDPR's strategy to manage liquidity risk is to ensure that its liquidity is sufficient to meet financial liabilities when due, under both normal and stressed conditions, and without incurring unacceptable losses or risking damage to EDPR's reputation.

Different funding sources are used such as Tax Equity investors, multilateral organisations, 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 2019 financial year and those foreseen for 2020.

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 14 different countries (Spain, Portugal, France, Belgium, Poland, Romania, UK, Italy, Greece, US, Canada, Colombia, 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.

1.3. 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 supplier s 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. This risk is further explained on EDPR's annual report due to its current relevance in the business.

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 organisations. 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 Organisation and Governance

Corporate governance systems should ensure that a company is managed in the interests of its shareholders and other relevant stakeholders.

In particular, EDPR has an organisation in place with a special focus on transparency, where the management body (Board of Directors) is separated from the supervision and control duties (Audit and Control Committee). Members of the Audit Committee are invited to the General Risk Committee of EDPR.

5. viii) Reputational risk

Companies are exposed to public opinion and today's social networks are a rapid mean to express particular opinions.

A bad reputation could eventually harm financial results of a company in the short and in the long term.

Sustainability makes part of the essence of EDPR. EDPR is not only committed in building a better future, but also in doing it well, in an ethical and sustainable manner, consequently limiting reputational risk.

54. RISK FUNCTIONS AND FRAMEWORK

A corporation can manage risks in two different ways, one risk at a time on a largely and compartmentalized basis, or all risks together within a coordinated and strategic framework. The latter approach is called "Enterprise Risk Management" and is the approach used at EDPR.

Risk Management at EDPR is supported by three distinct organisational functions, each one with a different role: Strategy (Risk Profiler), Management (Risk Manager) and Controlling (Risk Controller).

RISK FUNCTIONS	DESCRIPTION
Strategy – General risk strategy & policy	• Global Risk Department provides analytically supported proposals to general strategic issues • Responsible for proposing guidelines and policies for risk management within the company
Management – Risk management & risk business decisions	• Implement defined policies by Global Risk • Responsible for day-to-day operational decisions and for related risk taking and risk
Controlling – Risk monitoring	• 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 organisation 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 2019, 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 2019 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 its geographies and in the assessment of the compliance structure to be adopted in order to comply with the requirements of the applicable criminal regulations.

In this context, the Board of Directors of EDPR approved the Criminal and Legal Risk Prevention Model (Compliance Model) on December 2017 with the goal of promoting, establishing, developing and maintaining an adequate ethical business culture. The Compliance Model is constantly updated according to the most demanding national and international standards.

During 2018, the Company completed the first update of the Compliance Model and started working on the definition of a criminal risk matrix at an international level including an inventory of the potential risks and its controls in each of the geographies where EDPR operates.

In June 2019, the Compliance Area was created to support and provide assistance to the Compliance Officer. The Compliance Area main responsibilities are promoting a culture of prevention based on the principle of "absolute rejection" towards the commission of illegal acts and fraud situations, guaranteeing the dissemination of the principles of the Compliance Model and managing the cases of complaints from employees or collaborators.

Among the activities performed during 2019, main were 1) the review and update of the Spanish Compliance matrix, as a result of a change of the Spanish Criminal Code, 2) the creation of the Compliance Channel and 3) the training of EDPR Spain-based employees.

The Compliance Channel allows any employee, supplier, contractor, client or any person or entity outside the Company, who has indications or doubts of behavior contrary to the law and / or that may imply the materialization of a criminal risk, must immediately inform it, through complianceofficer@edpr.com. The bylaws of this Channel are available at the intranet and website of the Company and only have access to it the Compliance Officer and the Compliance Area. In 2019, no claims were submitted through the Compliance Channel.

In regard to Compliance training, an online training course was launched to introduce employees to the fundamentals of Compliance, highlighting the importance of Compliance at EDPR and identifying the main criminal risks that EDPR could be potentially exposed in the exercise of its activity. As of December 31st, 2019, the Compliance training was completed by 363 employees, which represent the 73% of all staff based in Spain.

IV. INVESTOR ASSISTANCE

56. INVESTOR RELATIONS DEPARTMENT

EDPR seeks to provide to shareholders, investors, financial analysts and other stakeholders and the market in general, all the relevant information about the Company and its business environment, on a regular basis and whenever a relevant fact takes place. The promotion of transparent, consistent, rigorous, easily accessible, and high-quality information is essential to an accurate perception of the Company's strategy, financial situation, accounts, assets, prospects, risks, and significant events.

EDPR, therefore, looks to provide the market 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 Investor Relations department centralizes all relevant and material information that could impact EDPR share price. This information is prepared by the different departments of EDPR, with the support when necessary of external experts, and always managed in a strictly confidential basis. The department responsibility also 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 2019, EDPR made 31 market notifications, in addition to quarterly, semi-annual and annual results presentations, handouts and operating data 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, opened to the market in general, 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-1
- 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 2019, as far as the Company is aware, sell-side analysts issued more than 60 reports evaluating EDPR's business and performance.

At the end of the 2019, as far as the Company is aware of, there were 21 institutions elaborating research reports and following actively EDPR activity. As of December 31st 2019, the average price target of those analysts was of Euro 10.24 per share with 8 "Neutral" and 11 "Buy" recommendations.

COMPANY	ANALYST	PRICE TARGET	DATE	RECOMENDATION
Bank of America Merrill Lynch	Mikel Zabala	€ 11.60	04-Sep-19	Buy
Barclays	Jose Ruiz	€ 10.00	26-Sep-19	Equal Weight
BBVA	Daniel Ortea	€ 10.00	28-May-19	Outperform
Berenberg	Lawson Steele	€ 10.00	18-Sep-19	Hold
Bernstein	Meike Becker	€ 11.00	04-Sep-19	Outperform
BPI	Gonzalo Sanchez	€ 11.35	25-Nov-19	Neutral
Commerzbank	Tanja Markloff	€ 11.00	11-Dec-19	Hold
Caixa BI	Helena Barbosa	€ 8.35	27-Feb-19	Neutral
Exane BNP	Manuel Palomo	€ 11.60	13-Nov-19	Outperform
Fidentiis	Daniel Rodríguez	€ 8.20	06-Dec-18	Hold
Goldman Sachs	Alberto Gandolfi	€ 10.60	09-May-19	Buy
JB Capital	Jorge Guimarães	€ 10.00	24-Jan-19	Buy
JP Morgan	Javier Garrido	€ 10.50	21-Oct-19	Overweight
Kepler Cheuvreux	Jose Porta	€ 10.30	03-Jun-19	Buy
Macquarie	Jose Ruiz	€ 9.16	10-May-19	Neutral
MedioBanca	Sara Piccinini	€ 11.00	06-Sep-19	Outperform
RBC	Fernando Garcia	€ 11.00	07-Oct-19	Outperform
Santander	Bosco Muguiro	€ 9.75	22-May-19	Buy
Société Générale	Jorge Alonso	€ 11.00	11-Dec-19	Hold

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 2000 information requests and interacted more than 80 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 2019 there was no pending information request.

V. WEBSITE – ONLINE INFORMATION

59-65.

EDPR considers online information a powerful tool in the dissemination of material information, updating its website with all the relevant documents. Apart from all the required information by CMVM and CNMV regulations, EDPR website also carries financial and operational updates of Company's activities ensuring an easy access to the information.

EDPR website: www.edpr.com

INFORMATION	LINK
Company information	www.edpr.com/en/edpr/our-company/who-we-are
Corporate by-laws and bodies/committees' regulations	www.edpr.com/en/investors/corporate-governance/company-data
Members of the corporate bodies	www.edpr.com/en/investors/corporate-governance/governing-bodies
Market relations representative, IR department	www.edpr.com/en/investors
Information channels	www.edpr.com/en/edpr
Financial statements documents	www.edpr.com/en/investors/investors-information/reports-and-results
Corporate events Agenda	www.edpr.com/en/investors-1
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.

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 stablished 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; additionally in case such services would be hired, it should be noted that they should be rendered independently, ensuring that the service provider do not provide any other services to EDPR or to any company in controlling or group relationship.

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 amount 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.

Additionally, on its meeting dated October 16, 2019 the Appointments and Remunerations Committee agreed to propose to the Board of Directors a Complementary Long Term Program homogeneous for the three COOs and for the 2019-2022 term. Such Complementary Long Term Program was approved at the Board of Directors' meeting dated October 29, 2019. Such plan substituted the Complementary Long Term Program approved on 2017.

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.

There is also a qualitative evaluation of the CEO about the annual performance of the members of the Executive Committee. 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 2019 the KPIs were:

KEY PERFORMANCE INDICATOR		CEO/CFO/CDO/COO OFFSHORE			COOS NA EU/BR*		
		Percentages 2019	Group	Platform	Percentages 2019	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 + Sell down Gains (in €)	15%	50%	50%	12%	50%	50%
	Net Profit (excl. Minorities)	12,5%	100%	0%	12%	100%	0%
Efficiency	Technical Availabity	6%	40%	60%	6%	40%	60%
	Opex /Av. EBITDA MW (in €k)	0%	0%	0%	6%	0%	100%
	Capex /MW (in €k)	6%	50%	50%	6%	50%	50%
Additional KPIs	Sustainability	7.5%	100%	0%	7.5%	100%	0%
	Employee Satisfaction	5%	100%	0%	5%	100%	0%
	Apreciation of the Remuneration Committee	5%	100%	0%	5%	100%	0%
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 a Complementary Long Term Program homogeneous for the three COOs (COO NA, COO EU & BR and COO Offshore) and for the 2019-2022 term was approved in 2019.

The conditions of such Complementary Long Term Program are: (i) four year period (2019-2022); (ii) Target Award will be 4 x 50% of base annual remuneration of each COO; (iii) KPIs are consistent through the whole term and specific for each COO; and (iv) payments will be done in accordance with the percentage of the achieved fulfilment with a limit of 120% of the Target Award.

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 2019 an amount of €131,000 (gross amount) to Miguel Dias Amaro (former EDPR CFO) corresponding to the performance achieved during the year 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 2019, the non-monetary benefits amounted to EUR 96,538.

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 2019, 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 2019 was as follows:

REMUNERATION	TOTAL FIXED(€)
EXECUTIVE DIRECTORS	
João Manso Neto*	0
João Paulo Costeira**	10,301
Duarte Bello**	61,804
Miguel Ángel Prado**	0
Spyridon Martinis**	51,503
NON-EXECUTIVE DIRECTORS	
Antonio Mexia*	0
Vera Pinto*	0
Rui Teixeira*	0
Manuel Menéndez Menéndez	45,000
António Nogueira Leite	60,000
Acácio Jaime Liberado Mota Piloto	80,000
Gilles August	37,500
Allan J.Katz	45,000
Francisca Guedes de Oliveira	60,000
Francisco Seixas da Costa	55,000
Conceiçao Lucas	55,000
Alejandro Fernández de Araoz Gómez-Acebo	22,500
TOTAL	**606,108**

* António Mexia, João Manso Neto, Vera Pinto and Rui Teixeira 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, João Paulo Costeira, and Spyridon Martinis ,as Officers and members of the Executive Committee, and for the relevant period of 2019 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 2019 is EUR 853,794, of which EUR 763,794 refers to the management services rendered by the Executive Members and EUR 90,000 to the management services rendered by the Non-Executive Members. The retirement savings plan for the members of the Executive Committee, excluding the Officers, acts as an effective retirement supplement and corresponds to 5% of their annual salary.

The Non-Executive Directors may opt between a fixed remuneration or attendance fees per meeting, in a value equivalent to the fixed remuneration proposed for a Director, taking into consideration the duties carried out.

78. REMUNERATION FROM OTHER GROUP COMPANIES

The total remuneration of the Officers during the relevant 2019 period corresponding to each of them, ex-CEO, was the following:

REMUNERATION*	PAYER	FIXED	VARIABLE ANNUAL	VARIABLE MULTI-ANUAL	TOTAL
João Paulo Costeira	EDP Energías de Portugal, S.A. Sucursal en España	31,044			31,044
Duarte Bello	EDP Energías de Portugal, S.A. Sucursal en España	228,196	85,000		313,196
Miguel Ángel Prado	EDPR North America LLC	US$447,666	US$132,800		US$580,466
Spyridon Martinis	EDP Energías de Portugal S.A. Sucursal en España	190,303			190,303

* 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

COMMITEE MEMBER	POSITION	REMUNERATION
Acacio Piloto	Chairman	80,000
António Nogueira Leite	Vocal	60,000
Francisca Guedes de Oliveira	Vocal	60,000

* The Non-Executive Directors receive only a fixed remuneration, which is calculated based on their work exclusively as Directors or with their membership on the Nominations and Remunerations Committee, or the Audit, Control and Related Party Transactions Control Committee.

82. REMUNERATION OF THE CHAIRPERSON OF THE GENERAL SHAREHOLDERS' MEETING

In 2019, 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.

For avoidance of doubt, the Company has not adopted any mechanism that imply payments or assumption of fees in the case of change in the composition of the managing body (Board of Directors), and which could be likely to harm the free transferability of shares and a shareholder assessment of the performance of the members of this managing body.

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

A Framework Agreement was signed in 2008 in order to regulate the Related Party Transactions (understanding as such those relationships performed between companies of EDP Group and those of EDPR Group), stating that in compliance with the transparency purposes for future investors, such shall continue to be developed in line with the market prices, in an arm's length basis, and following certain predefined principles and rules (considering criteria as parties involved, scope and amount). 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 including their compliance with the principles of the Framework Agreement. 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.

In light of all the above, and in accordance to the Governance Model detailed in topic 15 of this Chapter 5 of the Annual Report, EDPR has implemented an structure for the evaluation of Related Party Transactions, that involves its Executive Committee (which as the body in charge of the daily activity of Company, will first discuss the commercial and legal viability of the operations) and the Audit Control and Related Party Transactions Committee which, as referred above, analyzes the compliance of each Related Part Transaction with the Framework Agreement and reports them to the Board of Directors, which finally approves the Related Party Transactions.

It should be noted that in accordance with article 13.3 of the Regulations of the Audit, Control and Related Party Transactions Committee, the resolutions adopted by this Committee are reported to the Board of Directors at the first Board meeting held following the meeting of the Committee in which such proposals were discussed. That means that in case there are Related Party Transactions, they are reported to the Board of Directors every quarter (maximum period elapsed between Board of Directors Meeting in accordance with Article 22 of its Regulations).

90. TRANSACTIONS SUBJECT TO CONTROL DURING 2019

During 2019, 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 2019 incurred with or charged by the EDP Group was EUR 18,680,969, corresponding to 6.0% of the total value of Supplies & Services for the year (EUR 310,951,533).

The most significant contracts in force during 2019 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 four 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) three Non-Executive Managers, for which EDP Renováveis pays EDP an amount defined by the Related Party Committee, and approved by the Board of Directors and the Shareholders Meeting. Under this contract, EDPR incurred an amount of EUR 853,794 for the management services rendered in 2019.

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 2019, such loan agreements totalled USD 2,143,967,282 and EUR 705,935,000.

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 2019, there are two different current accounts with the following balance and counterparties:

- in USD, for a total amount of USD 250,117,181.35 in favour of EDPR SFE;
- in EUR, for a total amount of 153,334,755.64 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 2019, such counter-guarantee agreements totalled EUR 256,687,641 and USD 352,565,000.

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 2019, the amount of guarantees issued under this agreement totalled EUR 68,905,977.

CROSS CURRENCY INTEREST RATE SWAPS

Due to the net investments in EDPR NA, EDPR Canada, EDPR Brazil, EDPR UK, and Polish 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 2019, the total amount of CIRS by geography and currency are as following:

- in USD/EUR, with EDP Finance B.V. 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 67,250,000
- 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 21,700,000
- in PLN/EUR, with EDP Energias de Portugal SA for a total amount of PLN 849,635,447

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 Colombian, Polish and United Kingdom subsidiaries, fixing the exchange rate for USD/EUR, EUR/PLN and GBP/EUR in accordance to the prices in the forward market in each contract date. As of December 31st 2019, the total amount of Forwards and Non Delivery Forwards by geography and currency are as following:

- Colombian operations, for USD/EUR a total amount of EUR 22,887,013 (FWDs)
- Polish operations, for EUR/PLN, a total amount of PLN 218,467,872 (FWDs)
- United Kingdom operations, for GBP/EUR a total amount of EUR 32,300,000 (FWDs)

HEDGE AGREEMENTS – COMMODITIES

EDP and EDPR EU entered into hedge agreements for 2019 for a total volume of 2,595,725 MWh (sell 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 organisational 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 2019 the estimated cost of these services is EUR 5,065,919. 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 2019 is EUR 378,255.

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 2019 totalled EUR 1,675,158. The initial duration of the agreement was five (5) years from date of signing on January 1st 2008, and tacitly renewable for equal periods of one (1) year. Either party may renounce the contract with one (1) year's notice.

INFORMATION TECHONOLOGY MANAGEMENT SERVICES AGREEMENT BETWEEN EDP RENOVÁVEIS S.A. AND EDP ENERGIAS DE PORTUGAL S.A.

On January 1st 2010 EDPR and EDP signed an IT management services agreement.

The object of the agreement is to provide to EDPR the information technology services described on the contract and its attachments by EDP.

The amount incurred for the services provided in 2019 totalled EUR 1,067,812.

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 organisational development.

The amount incurred by EDP Brasil for the services provided in 2019 totalled BRL 234,620.

The initial duration of the agreement is one (1) year from the date of signing and it is tacitly renewed for a new period of one (1) year.

91. DESCRIPTION OF THE PROCEDURES APPLICABLE TO THE SUPERVISORY BODY FOR THE ASSESSMENT OF THE BUSINESS DEALS

The most significant contracts signed between EDPR and its Qualified Shareholders are 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.

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 2019, and to be reported in 2020, they should continue to be prepared in accordance with the structure of contents referred 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, organisation and governance of the company. This information shall be referred 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.

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 Governing 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.I

Adopted

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.

Section B - II, a) Topic 15 (Page 149); Section C-V, Topics 56, 59 – 65 (Pages 182, 183, 184)

I.2. DIVERSITY IN THE COMPOSITION AND FUNCTIONING OF THE COMPANY'S GOVERNING BODIES

I.2.1

Adopted

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.

Section B-II, a) Topics 16 and 17 (Pages150, 151)

I.2.2

Adopted

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.

Section B-II, a) Topic 15 (Page 149);

I.2.3

Adopted

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.

Section B-II, a) Topic 15 (Pages 149, 150); Section C-V, Topics 59 – 65 (Page 184)

I.2.4

Adopted

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.

Section B-II, b) Topic 23 (Page 155); Section B-II, c) Topic 29 (Pages 157,162,163); Section B-III, b), Topic 35 (Page 164); Section C-V, Topics 59 – 65 (Page 184)

I.2.5

Adopted

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.

Section C-II, Topic 49 (Pages 167 - 169); Section C) – III, Topic 55 (Page 182)

I.3. RELATIONSHIPS BETWEEN THE COMPANY BODIES

I.3.1

Adopted

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.

Section B-II, a) Topic 15 (Page 149)

I.3.2

Adopted

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.

Section B-II, a) Topic 15 (Page 149); Section B-II, a) Topic 29 (Pages 157, 159, 162)

I.4 CONFLICTS OF INTEREST

I.4.1

Adopted

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.

Section B-II, a) Topic 18 (Page 152)

I.4.2

Adopted

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.

Section B-II, a) Topic 18 (Page 152)

I.5. RELATED PARTY TRANSACTIONS

I.5.1

Adopted

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.

Section E-I, Topic 89 (Page 190)

I.5.2

Adopted

The managing body should report all the transactions contained in Recommendation I.5.1. to the supervisory body, at least every six months.

Section E-I, Topic 89 (Page 190)

CHAPTER II – SHAREHOLDERS AND GENERAL MEETINGS

II.1

Not Applicable

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.

Section B-I, b) Topics 12 and 13 (Page 147)

II.2

Adopted

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.

Section B-I, b) Topic 14 (Page 148)

Please note EDPR's personal law is the Spanish one, and as such, the majorities and quorums applicable for the Shareholders' Meeting resolutions are not the ones set under Portuguese Law, but those established under the Spanish one, with which is completely aligned.

II.3

Adopted

The company should implement adequate means for the exercise of voting rights through postal votes, including by electronic means.

Section B-I, b) Topic 13 (Page 148)

II.4

Not adopted

The company should implement adequate means in order for its shareholders to be able to digitally participate in general meetings.

Section B-I, b) Topic 13 (Page 147, 148)

EDPR has deeply analyzed the needs and priorities of its shareholders worldwide, and therefore, since 2009, it is provided the possibility of fulfilling all the requirements necessary to validly exercise their right to vote by distance means (registry of intention to attend, submission of the certificate of titularity of shares, granting of representation proxies, and properly voting). The efficiency and interest of our shareholders in these initiatives has been clearly proved, as nearly almost all of the participation is exercised by these means.

In the same way, EDPR has also reviewed the track record of participation in the Shareholders' Meeting the day of its celebration (when generally all of the votes have been already submitted by distance voting), the shareholding structure of the Company, and its shareholders' profiles; concluding that the implementation of a streaming system to digitally participate will imply a material cost where the demonstrated preferences of almost all of our shareholders is to submit their votes by distance means. Hence, understanding that the spirit of the initiative under this recommendation would be applicable where it works in the interest of the shareholders, which is not the case, EDPR considers not recommendable to follow his initiative.

II.5

Not applicable

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.

Section A-I, topic 5 (Page 143); Section B-I, b) Topic 12 (Page 147)

II.6

Adopted

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.

Section A-I, Topic 4 (Page 143); Section D - IV, Topic 80 (Page 189); and Section D - V, Topics 83-84 (Page 189)

CHAPTER III - NON - EXECUTIVE MANAGEMENT, MONITORING AND SUPERVISION

III.1

Adopted

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.

Section B-II, a) Topic 18 (Page 152)

III.2

Adopted

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.

Section B-II, a) Topic 18 (Page 151)

III.3

Adopted

In any case, the number of non-executive directors should be higher than the number of executive directors.

Section B-II, a) Topic 18 (Page 151)

III.4 **Adopted**	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: 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 prior staff member 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

Section B-II, a) Topic 18 (Page 151)

III.5 **Adopted**	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).

Section B -II, a)Topic 18 (Page 151)

III.6 **Adopted**	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.

Section A - II, Topic 9 (Pages 145, 146) and Section B-II, a) Topic 29 (Pages 158, 159)

III.7 **Not applicable**	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.

Section A - II, Topic 9 (Page 146)

III.8 **Adopted**	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.

Section A - II, Topic 9 (Page 146); Section B- II, c)Topic 29 (Page 158); Section B-III a), Topic 30 (Page 163); Section C) – III, Topic 52 (Page 171)

III.9 **Adopted**	Companies should create specialized internal committees that are adequate to their dimension and complexity, separately or cumulatively covering matters of corporate governance, remuneration, performance assessment, and appointments.

Section B - II, a) Topic 17 (Page 150) Section B-II, c), Topics 27, 28 and 29 (Pages 156, 161, 162)

III.10 **Adopted**	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.

Section C - III, Topics 50 -55 (Page 170 - 182)

III.11 **Adopted**	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.

Section A - II, Topic 9 (Page 146); Section B- II, c) Topic 29 (Page 158); Section B-III, Topic 30 (Page 163); Section C–III, Topic 52 (Page 171)

III.12 **Adopted**	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.

Section B- II, c) Topic 29 (Pages 158,159) Section B – III, b)Topic 35 (Pages 163, 164)

CHAPTER IV - EXECUTIVE MANAGEMENT

IV.1 **Adopted**	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.

Section B-II, b) Topic 26 (Page 156)

IV.2 **Adopted**	The managing body should ensure that the company acts consistently with its objects and does not delegate powers, namely, in what regards: 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 (Page 145)

IV.3

Adopted

In matters of risk assumption, the managing body should set objectives and look after their accomplishment.

Section A -II, Topic 9 (Page 145); Section C-III, Topic 52 (Page 171)

IV.4

Adopted

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.

Section B- II, c)topic 29 (Pages 158-160); Section B-III Topic 30 (Page 163); Section B – III, b)Topic 35 (Pages 163,164); Section C– II, Topic 52 (Page 171)

CHAPTER V - EVALUATION OF PERFORMANCE, REMUNERATION AND APPOINTMENT

V.1. ANNUAL EVALUATION OF PERFORMANCE

V.1.1

Adopted

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.

Section A -II, Topic 9 (Pages 145,146); Section B-II c), Topic 24 (Page 155); Section D – I Topic 66 (Page 185)

V.1.2

Adopted

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.

Section B-II c), Topic 29 (Page158,159); Section D – III, Topic 71 (Page 187)

V.2. REMUNERATION

V.2.1

Adopted

The remuneration should be set by a committee, the composition of which should ensure its independence from management.

Section B- II, Topic 29 (Pages 161-162); Section D - I, Topic 66 (Page 185); Section D - II, Topic 67 (Page 185)

V.2.2

Adopted

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.

Section D – III, Topic 69 (Page 185,186)

V.2.3

Adopted

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:

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.

Section D – III – Topic 69 (Pages 185, 186)

V.2.4

Adopted

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

Section D – I, Topic 66 (Page 185); Section D – III, Topics 75, 76 (Pages 187, 188)

V.2.5

Adopted

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

Section B-I, a) Topic 11 (Page 147); Section B-II, a) Topic 29 (Page 162)

V.2.6

Adopted

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.

Section D – III – Topics 67 (Page 185)

	V.3. DIRECTOR REMUNERATION
V.3.1 **Adopted**	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
Section D – III, Topics 69 -72 (Pages 185-187)	
V.3.2 **Adopted**	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
Section D – III, Topic 72 (Page 187)	
V.3.4 **Not applicable**	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
Section D – III, Topics 73 and 74 (Page 187)	
V.3.5 **Adopted**	The remuneration of non-executive directors should not include components dependent on the performance of the company or on its value
Section D – III, Topic 69 (Page 186); Section D – IV, 77 (Page 188)	
V.3.6 **Adopted**	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
Section D – III, Topics 69 -72 (Pages 185-187)	
	V.4. APPOINTMENTS
V.4.1 **Adopted**	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
Section B-II, a) Topics 16, 17(Pages 150,151)	
V.4.2 **Adopted**	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
Section B- II, Topic 29 (Pages 161, 162)	
V.4.3 **Adopted**	This nomination committee includes a majority of non- executive, independent members
Section B- II, Topic 29 (Page 161)	
V.4.4 **Adopted**	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
Section B-II, a) Topics 16, 17 (Pages 150,151);	
CHAPTER VI – RISK MANAGEMENT	
VI.1 **Adopted**	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.
Section A -II, Topic 9 (Page 145,146); Section C) - III, Topic 52 (Page 171)	
VI.2 **Adopted**	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
Section C) – III, Topics 52 - 55 (171- 182); Chapter 2 of this Annual Report (Page 59)	
VI.3 **Adopted**	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
Section C) -III, Topic 55 (Page 180)	

CHAPTER VII - FINANCIAL STATEMENTS AND ACCOUNTING

VII.1. FINANTIAL INFORMATION

VII.1.1

Adopted

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

Section B- II, Topic 29 (Pages 158,159); Section B – III, b)Topic 35 (Pages 163, 164); Section C – III, Topic 55 (Page 180 -182)

VII.2. STATUTORY AUDIT OF ACCOUNTS AND SUPERVISION

VII.2.1

Adopted

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.

Section B- II, c) Topic 29 (Pages 158, 159), Section B – III, c) Topics 37 and 38 (Pages 164, 165); Section B – IV-V, Topics 39 – 41, 45 and 46 (Pages 165,166)

VII.2.2

Adopted

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

Sections B – II, c) Topic 29 (Pages 158); Section B – V, Topics 45, 46 (Pages 165,166)

VII.2.3

Adopted

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

Section B – II, c) Topic 29 (Pages 158-160); Section B – III a), Topic 30 (Page 163), Section B – III, c)Topic 38 (Page 164); Section B- IV- V, Topic 45 (Pages 165, 166)

VII.2.4

Adopted

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

Section B – IV-V, Topic 45 (Pages 165, 166)

VII.2.5

Adopted

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

Section B – IV -V, Topic 45 (Pages 165, 166)

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.
- Chairman of the Board of Directors of Fundação EDP

Current positions in companies outside EDPR and EDP group of companies:

- Sustainable Energy for All-Chairman

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., EDP Renováveis Servicios Financieros, S.A. and EDPR FS Offshore, S.A.
- Executive Director of EDP Energias de Portugal, S.A.
- Member of the Board of Directors of EDP España, S.A.U.
- 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 EDP España, S.A.U.
- 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

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.
- Responsible for Corporate Procurement at 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 17 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)

SPYRIDON MARTINIS SPETTEL
Born: 1979

Current positions in EDPR or EDP group of companies:

- Chief Operating Officer of EDP Renováveis, S.A. for Offshore
- CDO 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:

- Executive Business Initiatives Director, EDP Renováveis, S.A.
- Executive Operating Director – Europe, EDP Renováveis, S.A.
- Asset Management & Business Development Director – Europe, EDP Renováveis, S.A.
- Director of EDPR Polska, France and Belgium
- Business Development Director & Coordinator – Europe, EDP Renováveis, S.A.

Other previous positions:

- Head of Business Development, Eastern & Northern Europe, EDPR
- Project Finance specialist, Corporate Finance, Energy Division, BANKIA
- Business Development Coordinator, Gamesa
- EMEA Planning and Budgeting Financial Analyst, AVON, Madrid
- Financial Analyst, CEMEX Group, Madrid
- Junior Financial Manager, Alpha Bank, Thessalonica, Greece

Education:

- Executive Global Leadership Vanguard Program, Xynteo
- International Executive MBA, IE Business School
- Full time MBA, IEDE-Laureate University Researcher, Cambridge MA, Harvard Law School
- Postgraduate degree in Finance, CESMA
- University Degree in Economic & Business Sciences, Aristotle University

VERA PINTO PEREIRA
Born: 1974

Current positions in EDPR or EDP group of companies:

- Executive Board Member at EDP Energias de Portugal SA
- President of the Board at EDP Comercial
- President of the Board at EDP Soluções Comerciais
- Board Member at EDP España, S.A.U.
- Board Member at EDP Renováveis, S.A.
- Board Member at Fundação EDP

Current positions in companies outside EDPR and EDP group of companies:

- (none)

Main positions in the last five years:

- Executive Vice President – Managing Director for Spain and Portugal at Fox Network Group
- Non-executive Board Member at Pulsa Media

Other previous positions:

- MEO TV Business Director – at Portugal Telecom (Altice)
- TV Service Director – at TV Cabo Portugal – PT Multimedia (NOS)
- Founding Partner of Innovagency Consulting
- Associate in Mercer Management Consulting

Education:

- Master in Business Administration (M.B.A.), Fontainebleau – INSEAD
- Graduate & Post-Graduate Degrees in Economics – Universidade NOVA de Lisboa – NOVA School of Business and Economics

RUI MANUEL RODRIGUES LOPES TEIXEIRA
Born: 1972

Current positions in EDPR or EDP group of companies:

- Member of the Board of Directors of EDP Renováveis, S.A.
- Member of the Board of Directors of EDP Energias de Portugal, S.A.
- CEO of EDP Gestão da Produção de Energia, S.A.
- CEO of EDP España, S.L.U.

Current positions in companies outside EDPR and EDP group of companies:

- (none)

Main positions in the last five years:

- Member of the Board of Directors of EDP Renováveis, S.A.
- Member of the Executive Committee of EDP Renováveis, S.A.
- Chief Financial Officer of EDP Renováveis, S.A.
- Member of the Board of Directors of several subsidiaries of EDP Renováveis' Group
- Member of the Board of Directors of EDP Energias de Portugal, S.A.
- CEO of EDP Gestão da Produção de Energia, S.A.
- CEO of EDP España, S.L.U.

Other previous positions:

- Assistant director of the commercial naval department of Gellweiler – Sociedade Equipamentos Maritimos e Industriais, Lda
- Project manager and ship surveyor for Det Norske Veritas
- Consultant at McKinsey & Company, focusing on energy, shipping, and retail banking

Education:

- Graduate of Harvard Business School's Advanced Management Program
- Master in Business and Administration from the Universidade Nova de Lisboa
- Master degree in Naval Architecture and Marine Engineering from the Instituto Superior Técnico de Lisboa

MANUEL MENÉNDEZ MENÉNDEZ
Born: 1959

Current positions in EDPR or EDP group of companies:

- Member of the Board of Directors of EDP Renováveis, S.A.
- Chairman of the Board of Directors of EDP España, S.A.U.

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 Cajastur
- Chairman of EDP España, S.A.U.
- Chairman of Naturgás Energía Grupo, 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.
- 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

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 HipogesIberia – 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 (1998-1999)
- Secretary of State for Treasury and Finance and Alternate Governor (IMF, EBRD, EIB, WB)
- Member of the Economic and Financial Committee of the European Union
- Advisor GE Capital (2001-2002)
- Director of Brisal, S.A. (2002-2011)
- Director of CUF, SGPS, S.A. (2002-2011)
- Director of CUF Quimicos, S.A. (2005-2011)
- Director of Efacec Capital, S.A. (2005-2011)
- Director of Jose de Mello Saúde, SGPS, S.A. (2005-2011)
- Director of Jose de Mello Investimentos, SGPS, S.A. (2010-2011)
- Chairman of the Board of Directors, OPEX, S.A. (2002-2011)

Education:

- Degree, Universidade Católica Portuguesa, 1983
- 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 Sotto Mayor
- 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 Ativos SGFIM
- Chairman of Millennium SICAV
- Chairman of BII 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
- President of the Tax Comitee of Unilabs Portugal

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
- Coordinator of the work group appointed by the Finance Minister dedicated to evaluate Tax Expenditures

Other previous positions:

- Assistant Professor at Católica Porto Business School
- Researcher at the National Statistics Institute

Education:

- Executive programme at London School of Economics
- 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
- 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
- Distinguished Professor at University of Missouri Kansas City

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:

- 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 Espirito 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 Araoz & 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 Universitat, 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 edp renováveis

Report from Management concerning responsibility for

the System of Internal Control over Financial Reporting

The board of directors and management are responsible for establishing and maintaining an adequate System of Internal Control over Financial Reporting (SCIRF).

The SCIRF of EDP Renováveis Group is a set of processes designed to provide reasonable assurance as to the reliability of the financial information and the preparation of the consolidated annual accounts for external purposes, in accordance with the applicable financial information reporting framework.

Due to the limitations inherent to all internal control systems, it is possible that the system of internal control over financial reporting does not prevent or detect all errors that could occur and may only provide reasonable assurance with respect to the presentation and preparation of the consolidated annual accounts. Furthermore, extrapolating the effectiveness assessment to future years entails a risk that controls may cease to be adequate due to changing conditions or erosion in the level of compliance with policies and procedures.

Management has assessed the effectiveness of the SCIRF at 31st December 2019 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 2019 EDP Renováveis Group had an effective system of internal control over financial reporting.

The SCIRF of EDP Renováveis Group at 31st December 2019 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

Board Member

20 February 2020

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EDP Renováveis, S.A.

Independent Reasonable Assurance Report on the design and effectiveness of the Internal Control System Over Financial Reporting (ICSFR) as of December 31, 2019

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 engagement 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, prepared according to the applicable portuguese regulation, accompanying the consolidated annual accounts of EDP Renováveis, S.A., and its subsidiaries (hereinafter, the EDPR Group) as at December 31, 2019. 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" 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.

Our Responsability

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).

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A reasonable assurance engagement 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, 2019, in all material respects, an effective Internal Control System over Financial Reporting for the period ended at December 31, 2019, 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" report.

In addition, the attached description of the ICSFR Report as at December 31, 2019 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 Goiriena Basualdu

20 February 2020

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 1362/2007 of October 19th, and other documents relating to the submission of accounts required by current regulations (including, among others, article 253 of the *Spanish Companies' Act* and article 44 of the *Spanish Commercial Code*), 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 19th, 2020.

António Luís Guerra Nunes Mexia	João Manuel Manso Neto
Duarte Melo de Castro Belo	Miguel Ángel Prado Balboa
Spyridon Martinis	Vera de Morais Pinto Pereira Carneiro
Rui Manuel Rodrigues Lopes Teixeira	Manuel Menéndez Menéndez
António do Pranto Nogueira Leite	Acácio Jaime Liberado Mota Piloto
Francisca Guedes de Oliveira	Allan J. Katz
Francisco Seixas da Costa	Maria da Conceição Mota Soares de Oliveira Callé Lucas
Alejandro Fernández de Araoz Gómez Acebo	

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.

CO_2
Carbon dioxide. A heavy colorless gas that does not support combustion, dissolves in water to form carbonic acid, is formed especially in animal respiration and in the decay or combustion of animal and vegetable matter, is absorbed from the air by plants in photosynthesis, and is used in the carbonation of beverages.

CASH-FLOW
Amount of cash generated and used by a company in a given period. Cash flow can be used as an indication of a company's financial strength.

COD
Commercial Operating Date. Date at which the project starts officially operating, after the testing and commissioning period.

COP 21
Conference of parties, UN Climate Change Conference held in Paris.

CORE OPEX
Includes costs of supplies and services and with personnel, costs that are controllable by the company.

CRITICAL SUPPLIERS
Includes suppliers of turbines, balance of plant and O&M.

CURTAILMENT
The forced shut-down of some or all 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

IFRS16

Regulatory standard of operating leases that requires the recognition of lease commitments for the entire duration of contracts into the balance sheet liabilities as well as the recognition of a new asset "Right of Use Asset" as counterparty.

INSTALLED CAPACITY
Capacity installed and ready to produce energy.

ISO 14001
ISO 14001:2015 – Environmental Management Certification is an international standard for designing and implementing an effective environmental management system (EMS) to enhance the company's environmental performance.

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 10^6 watts.

MWH
Equal to 10^6 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.

OHSAS 18001
OHSAS 1800:2007 – Occupational Health and Safety Management Certification is an international standard which provides a framework to identify, control and decrease the risks associated with health and safety within the workplace.

P

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.

PTC
Production tax credit. The result of the Energy Policy Act of 1992, a commercial tax credit in the US that applies to wholesale electrical generators of wind energy facilities based upon the amount of energy generated in a year.

R

RENEWABLE ENERGY
Energy that is derived from resources that are regenerative or that cannot be depleted including wind energy, solar, biomass, geothermal, and moving water. Also known as alternative energy.

REC
Renewable energy credit. Represents the property rights to the environmental, social, and other non-power qualities of renewable electricity generation. A REC can be sold separately from the electricity associated with a renewable energy generation source.

RES
Renewable energy sources.

RCF
Retained cash-flow. The amount available to pay dividends to shareholders and/or to fund new investments and includes EBITDA after paying interests and tax equity investor's costs and after paying distributions to equity partners and taxes.

ROIC CASH
Return on Invested Capital (based on Cash Flows). Represents a measure of the profitability and value creation of a project or company.

RPS
Renewable Portfolio Standard. Regulation in the US that places an obligation in certain states on electricity supply companies to source a specific percentage of their energy from renewable sources.

S

SELF-PERFORM
Maintenance scheme in which all the maintenance works are done in-house which means that the project assumes the whole risk.

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.

SF_6
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.

U

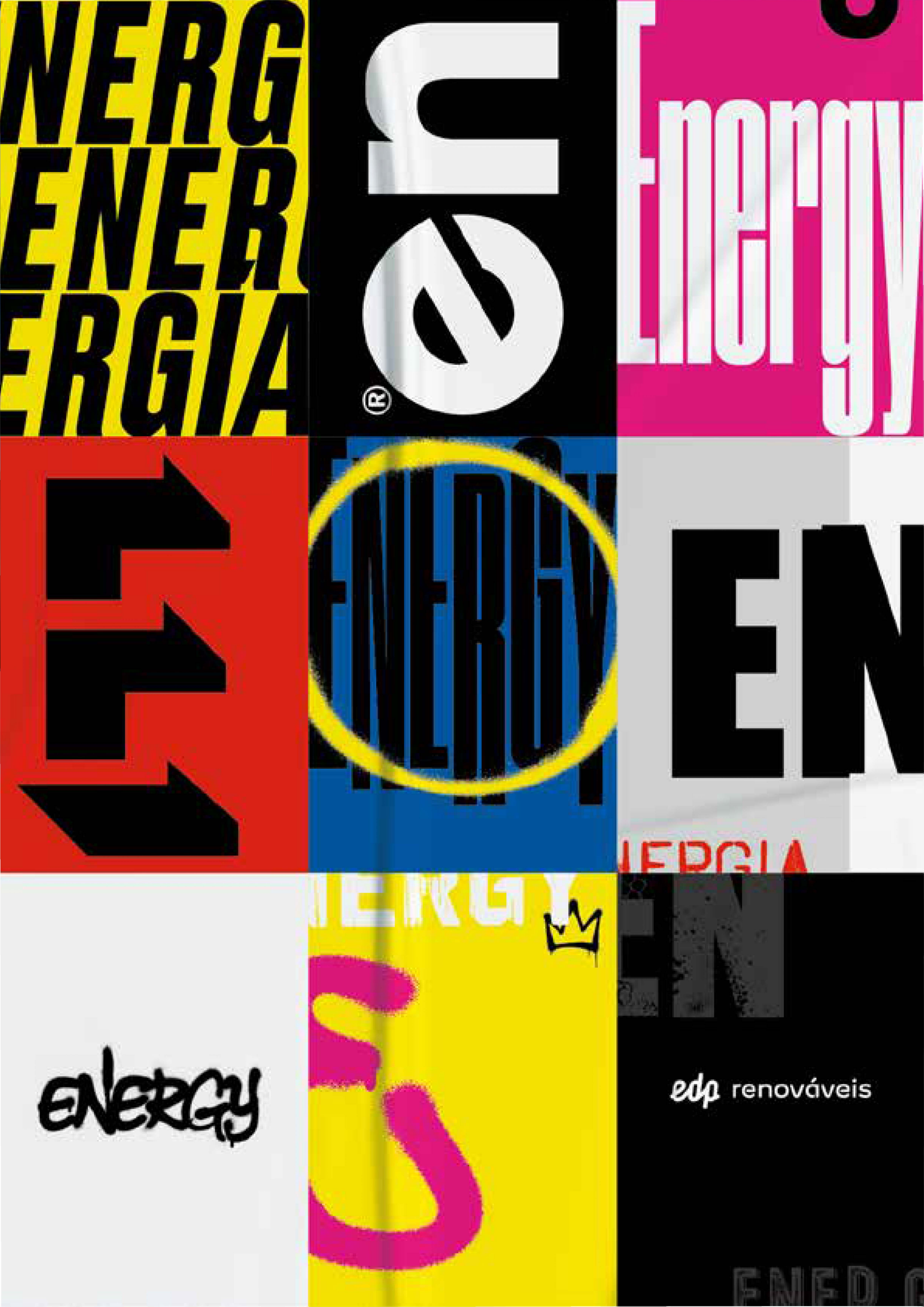
UN SDG
United Nation's Sustainable Development Goal.

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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