EDP Renováveis, S.A.

Consolidated Annual Accounts

31 December 2016

Consolidated Directors' Report

2016

(With Independent Auditor's Report Thereon)

KPMG Auditores, S.L.
Ventura Rodríguez, 2
33004 Oviedo

Auditors' Report on the Consolidated Annual Accounts

To the Shareholders of
EDP Renováveis, S.A.

Report on the consolidated annual accounts

We have audited the consolidated annual accounts of EDP Renováveis, S.A. (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position at 31 December 2016 and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and consolidated notes.

Directors' responsibility for the consolidated annual accounts

The Directors are responsible for the preparation of the accompanying consolidated annual accounts in such a way that they present fairly the consolidated equity, consolidated financial position and consolidated financial performance of EDP Renováveis, S.A. and its subsidiaries in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS-EU) and other provisions of the financial reporting framework applicable to the Group in Spain, and for such internal control as they determine is necessary to enable the preparation of consolidated annual accounts that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the accompanying consolidated annual accounts based on our audit. We conducted our audit in accordance with prevailing legislation regulating the audit of accounts in Spain. This legislation requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated annual accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated annual accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation of the consolidated annual accounts by the Company directors 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated annual accounts taken as a whole.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

KPMG Auditores S.L., a limited liability Spanish company and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity

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Opinion

In our opinion, the accompanying consolidated annual accounts present fairly, in all material respects, the consolidated equity and consolidated financial position of EDP Renováveis, S.A. and subsidiaries at 31 December 2016 and their consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and other provisions of the financial reporting framework applicable in Spain.

Report on other legal and regulatory requirements

The accompanying consolidated directors' report for 2016 contains such explanations as the Directors of EDP Renováveis, S.A. consider relevant to the situation of the Group, its business performance and other matters, and is not an integral part of the consolidated annual accounts. We have verified that the accounting information contained therein is consistent with that disclosed in the consolidated annual accounts for 2016. Our work as auditors is limited to the verification of the consolidated directors' report within the scope described in this paragraph and does not include a review of information other than that obtained from the accounting records of EDP Renováveis, S.A. and subsidiaries.

KPMG Auditores, S.L.

Estíbaliz Bilbao

28 February 2017

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CONSOLIDATED ANNUAL ACCOUNTS
2016

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2016 Consolidated Annual Accounts

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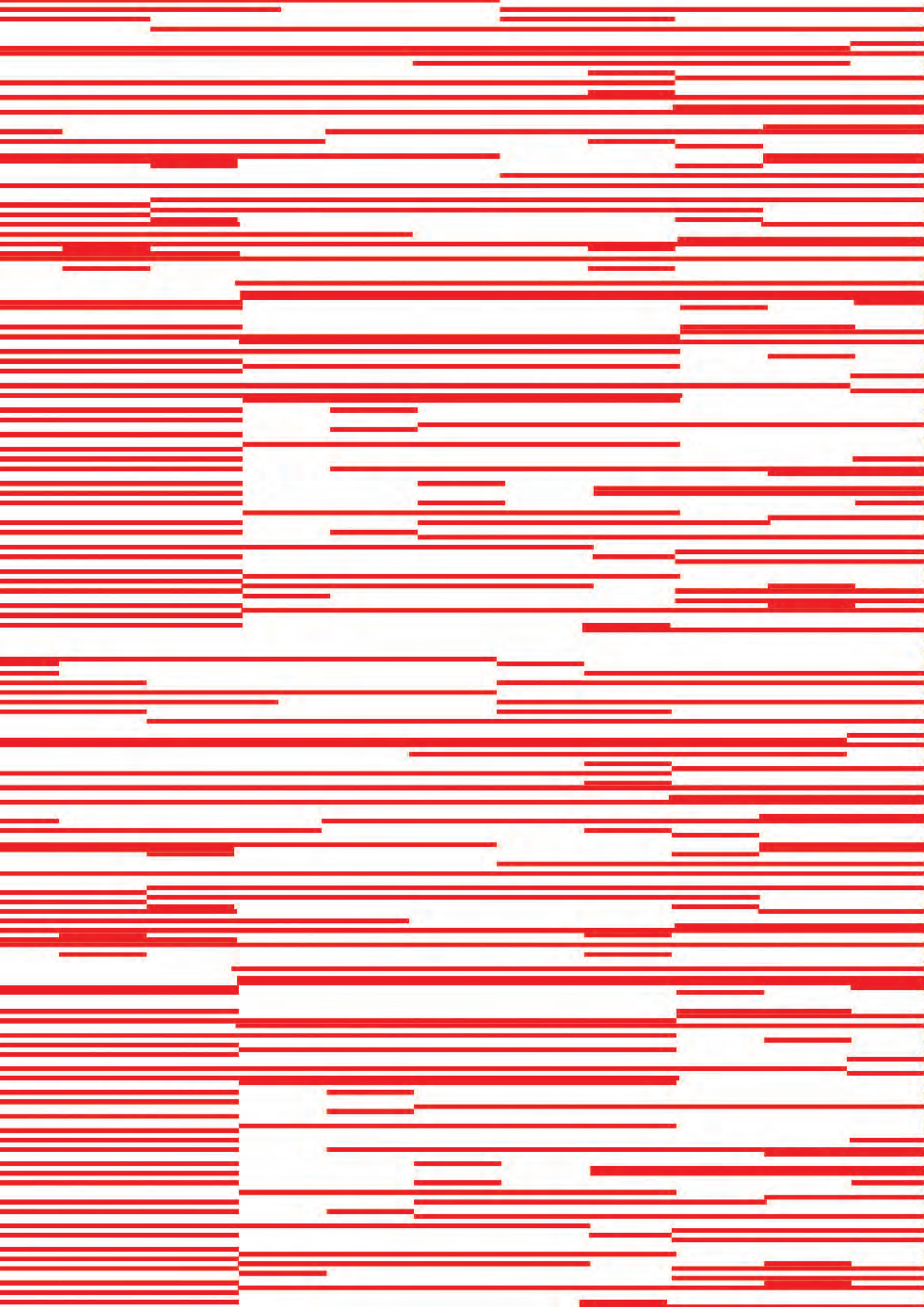

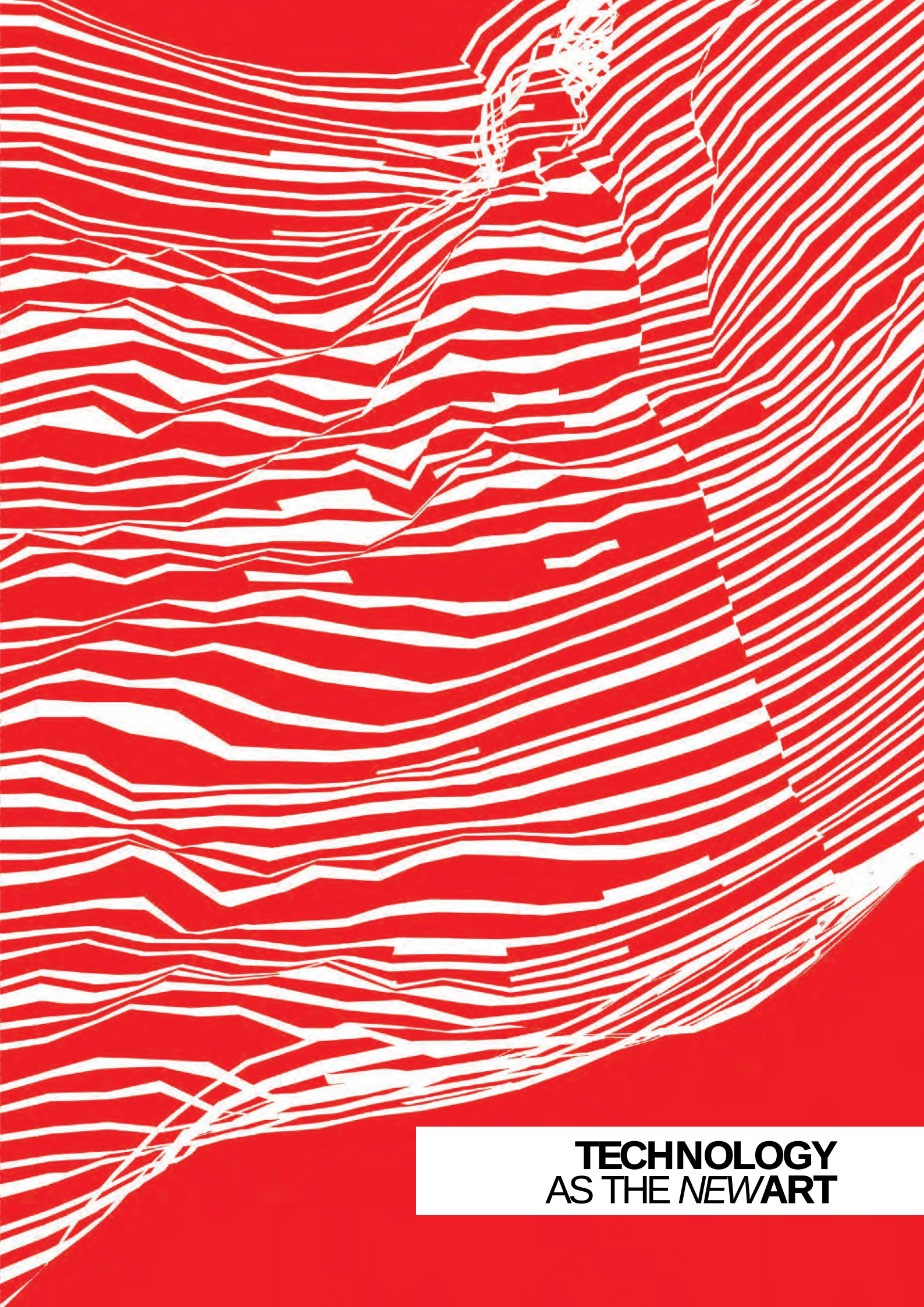
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Consolidated income statement
for the years ended 31 December 2016 and 2015

Thousand Euros	Notes	2016	2015
Revenues	6	1,453,214	1,349,605
Income from institutional partnerships in U.S. wind farms	7	197,544	197,442
		1,650,758	1,547,047
Other income	8	53,752	161,560
Supplies and services	9	-304,740	-292,728
Personnel costs and employee benefits	10	-93,894	-84,268
Other expenses	11	-134,925	-189,316
		-479,807	-404,752
		1,170,951	**1,142,295**
Provisions		-4,705	172
Amortisation and impairment	12	-602,287	-564,629
		563,959	577,838
Financial income	13	54,242	61,476
Financial expenses	13	-404,335	-346,959
Share of net profit in joint ventures and associates	18	-185	-1,517
Profit before tax		**213,681**	**290,838**
Income tax expense	14	-37,569	-45,347
Net profit for the year		**176,112**	**245,491**
Attributable to:			
Equity holders of EDP Renováveis	27	56,328	166,614
Non-controlling interests	28	119,784	78,877
Net profit for the year		**176,112**	**245,491**
Earnings per share basic and diluted - Euros	**26**	**0.06**	**0.19**

Consolidated statement of comprehensive income for the years ended at 31 December 2016 and 2015

Thousand Euros	2016 Equity Holders of the parent	2016 Non-Controlling Interests	2015 Equity Holders of the parent	2015 Non-Controlling Interests
Net profit for the year	56,328	119,784	166,614	78,877
Items that will never be reclassified to profit or loss				
Actuarial gains/(losses)	-3	-	-	-
Tax effect of actuarial gains/(losses)	-	-	-	-
	-3	-	-	-
Items that are or may be reclassified to profit or loss			-	-
Fair value reserve (available for sale financial assets)	1,786	145	399	32
Tax effect of fair value reserve (available for sale financial assets)	-	-	-	-
Fair value reserve (cash flow hedge)	-23,406	3,010	14,891	1,230
Tax effect from the fair value reserve (cash flow hedge)	8,108	-708	-4,152	-469
Fair value reserve (cash flow hedge) net of taxes of non-current assets held for sale	-	-	201	-
Share of other comprehensive income of joint ventures and associates, net of taxes	1,143	-	-9,404	-
Reclassification to profit or loss due to ENEOP transaction	-	-	11,954	-
Exchange differences arising on consolidation	4,707	42,730	21,054	16,415
	-7,662	45,177	34,943	17,208
Other comprehensive income for the year, net of income tax	-7,665	45,177	34,943	17,208
Total comprehensive income for the year	**48,663**	**164,961**	**201,557**	**96,085**

Consolidated statement of financial position as at 31 December 2016 and 2015

Thousand Euros	Notes	2016	2015
Assets			
Property, plant and equipment	15	13,437,427	12,612,452
Intangible assets	16	210,189	172,128
Goodwill	17	1,385,493	1,362,017
Investments in joint ventures and associates	18	340,120	333,800
Available for sale financial assets		8,186	6,257
Deferred tax assets	19	75,840	47,088
Debtors and other assets from commercial activities	21	83,536	39,573
Other debtors and other assets	22	59,845	75,655
Collateral deposits associated to financial debt	29	28,974	65,299
Total Non-Current Assets		**15,629,610**	**14,714,269**
Inventories	20	23,903	22,762
Debtors and other assets from commercial activities	21	280,539	259,958
Other debtors and other assets	22	102,491	66,033
Current tax assets	23	77,635	118,658
Collateral deposits associated to financial debt	29	17,072	8,054
Cash and cash equivalents	24	603,219	436,732
Assets held for sale	25	-	109,691
Total Current Assets		**1,104,859**	**1,021,888**
Total Assets		**16,734,469**	**15,736,157**
Equity			
Share capital	26	4,361,541	4,361,541
Share premium	26	552,035	552,035
Reserves	27	-19,652	-36,938
Other reserves and Retained earnings	27	1,174,710	927,748
Consolidated net profit attributable to equity holders of the parent		56,328	166,614
Total Equity attributable to equity holders of the parent		**6,124,962**	**5,971,000**
Non-controlling interests	28	1,448,052	863,109
Total Equity		**7,573,014**	**6,834,109**
Liabilities			
Medium / Long term financial debt	29	3,292,591	3,832,413
Provisions	30	269,531	120,514
Deferred tax liabilities	19	365,086	316,497
Institutional partnerships in U.S. wind farms	31	2,339,425	1,956,217
Trade and other payables from commercial activities	32	463,908	466,296
Other liabilities and other payables	33	1,154,437	712,505
Total Non-Current Liabilities		**7,884,978**	**7,404,442**
Short term financial debt	29	113,478	387,857
Provisions	30	5,531	919
Trade and other payables from commercial activities	32	810,131	787,357
Other liabilities and other payables	33	258,891	201,782
Current tax liabilities	34	88,446	64,285
Liabilities held for sale	25	-	55,406
Total Current Liabilities		**1,276,477**	**1,497,606**
Total Liabilities		**9,161,455**	**8,902,048**
Total Equity and Liabilities		**16,734,469**	**15,736,157**

Consolidated statement of changes in equity for the years ended at 31 December 2016 and 2015

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 2014	**6,330,759**	**4,361,541**	**552,035**	**932,326**	**-25,793**	**-41,066**	**2,603**	**5,781,646**	**549,113**
Comprehensive income:									
- Fair value reserve (available for sale financial assets) net of taxes	431	-	-	-	-	-	399	399	32
- Fair value reserve (cash flow hedge) net of taxes	11,500	-	-	-	-	10,739	-	10,739	761
- Fair value reserve (cash flow hedge) net of taxes of non-current assets	201	-	-	-	-	201	-	201	-
- Share of other comprehensive and associates, net of taxes	-9,404	-	-	-	-12,498	3,094	-	-9,404	-
- Reclassification to profit and loss due to ENEOP transaction	11,954	-	-	-	-	11,954	-	11,954	-
Exchange differences arising on consolidation	37,469	-	-	-	21,054	-	-	21,054	16,415
- Net profit for the year	245,491	-	-	166,614	-	-	-	166,614	78,877
Total comprehensive income for the year	297,642	-	-	166,614	8,556	25,988	399	201,557	96,085
Dividends paid	-34,892	-	-	-34,892	-	-	-	-34,892	-
Dividends attributable to non-controlling interests	-43,184	-	-	-	-	-	-	-	-43,184
Acquisitions without changes of control of EDPR Spain subsidiaries	-25,722	-	-	46,484	-	-5,806	1,344	42,022	-67,744
Sale without loss of control of EDPR North America subsidiaries	330,183	-	-	-10,558	-7,493	-1,472	-	-19,523	349,706
Sale without loss of control of EDPR Brazil subsidiaries	61,280	-	-	10,096	4,704	-	-	14,800	46,480
Other changes resulting from acquisitions/sales and equity increases	-81,957	-	-	-15,708	1,098	-	-	-14,610	-67,347
Balance as at 31 December 2015	**6,834,109**	**4,361,541**	**552,035**	**1,094,362**	**-18,928**	**-22,356**	**4,346**	**5,971,000**	**863,109**
Comprehensive income:									
- Fair value reserve (available for sale financial assets) net of taxes	1,931	-	-	-	-	-	1,786	1,786	145
- Fair value reserve (cash flow hedge) net of taxes	-12,996	-	-	-	-	-15,298	-	-15,298	2,302
- Share of other comprehensive and associates, net of taxes	1,143	-	-	-	-	1,143	-	1,143	-
- Actuarial gains/(losses) net of taxes	-3	-	-	-3	-	-	-	-3	-
Exchange differences arising on consolidation	47,437	-	-	-	4,707	-	-	4,707	42,730
- Net profit for the year	176,112	-	-	56,328	-	-	-	56,328	119,784
Total comprehensive income for the year	213,624	-	-	56,325	4,707	-14,155	1,786	48,663	164,961
Dividends paid	-43,615	-	-	-43,615	-	-	-	-43,615	-
Dividends attributable to non-controlling interests	-42,563	-	-	-	-	-	-	-	-42,563
Acquisitions without changes of control of EDPR Spain subsidiaries	-1,368	-	-	1,327	-	-	-	1,327	-2,695
Sale without loss of control of EDPR North America subsidiaries	262,848	-	-	15,140	9,658	-1,338	-	23,460	239,388
Sale without loss of control of EDPR Europe subsidiaries	414,927	-	-	130,412	1,728	4,424	-	136,564	278,363
Other changes resulting from acquisitions/sales and equity increases	-91,031	-	-	-24,747	-	-	-	-24,747	-66,284
Other	26,086	-	-	1,834	10,476	-	-	12,310	13,773
Balance as at 31 December 2016	**7,573,014**	**4,361,541**	**552,035**	**1,231,038**	**7,641**	**-33,425**	**6,132**	**6,124,962**	**1,448,052**

Consolidated statement of cash flows for the years ended 31 December 2016 and 2015

Thousand Euros	2016	2015
Operating activities		
Cash receipts from customers	1,432,454	1,308,708
Payments to suppliers	-416,125	-340,271
Payments to personnel	-92,245	-79,981
Other receipts / (payments) relating to operating activities	10,302	-131,311
Net cash from operations	934,386	757,145
Income tax received / (paid)	-65,697	-55,704
Net cash flows from operating activities	868,689	701,441
Investing activities		
Cash receipts relating to:		
Changes in cash resulting from perimeter variations (*)	2,166	98,507
Property, plant and equipment and intangible assets	2,412	9,106
Interest and similar income	9,847	11,021
Dividends	6,313	13,481
Loans to related parties	41,460	183,079
Other receipts from investing activities	30,144	4,765
	92,342	319,959
Cash payments relating to:		
Acquisition of assets / subsidiaries	-52,751	-159,318
Property, plant and equipment and intangible assets	-1,019,167	-876,386
Loans to related parties	-45,160	-30,171
Other payments in investing activities	-5,199	-537
	-1,122,277	-1,066,412
Net cash flows from investing activities	-1,029,935	-746,453
Financing activities		
Sale of assets / subsidiaries without loss of control (**)	697,881	394,851
Receipts/ (payments) relating to loans	-449,089	-45,353
Interest and similar costs	-239,897	-215,894
Governmental grants received	-	-
Dividends paid	-84,727	-78,076
Receipts / (payments) from wind activity institutional partnerships - USA	451,788	68,474
Other cash flows from financing activities	-67,239	-13,151
Net cash flows from financing activities	308,717	110,851
Changes in cash and cash equivalents	147,471	65,839
Effect of exchange rate fluctuations on cash held	19,016	2,270
Cash and cash equivalents at the beginning of the period	436,732	368,623
Cash and cash equivalents at the end of the period (***)	**603,219**	**436,732**

(*) Refers to the acquisition of the company Parco Eólico Banzi S.r.l. (see note 42).
(**) Includes (i) 318,549 thousand Euros related to the sale by EDPR Europe of 49% of its interests in several European companies; (ii) 278,662 thousand Euros related to the sale by EDPR NA of 49% of its interests in several American companies and (iii) 100,670 thousand Euros related to the sale by EDPR Polska of 49% of its interests in several Polish companies (see note 5)
(***) See note 24 of the consolidated financial statements for a detailed breakdown of Cash and cash equivalents.

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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).

As at 31 December 2014 the share capital was held 62.02% by EDP S.A. - Sucursal en España ("EDP Branch"), 15.51% by Hidroeléctrica del Cantábrico, S.A. ("HC") and 22.47% of the share capital was free-floated in the NYSE Euronext Lisbon. On December 18th 2015, EDP S.A. - Sucursal en España acquired to Hidroeléctrica del Cantábrico, S.A., its block of shares, so that, as at December 2015 and 2016 EDP Energias de Portugal, S.A holds directly, through its Spanish branch, a qualified shareholding of 77.5% of the share capital and voting rights of EDPR. As a result of this acquisition, HC no longer holds any shareholding in EDPR (see note 27).

As at 31 December 2016, EDP Renováveis S.A. holds direcly 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), South África Wind & Solar Power, S.L.U., EDP Renováveis Servicios Financieros, S.L. and EDP Renováveis Brasil, S.A. (EDPR BR) and indirectly a 100% stake in S.C.Ialomita Power S.r.l., EDPR RO PV, S.r.l. (both being part of EDPR Romania), EDPR Servicios de Mexico, S. de R.L. de C.V and Greenwind S.A.

The Company belongs to the EDP Group, of which the parent company is EDP Energias de Portugal, S.A., with registered offices at Avenida 24 de Julho, 12, Lisbon.

In December 2011, China Three Gorges Corporation (CTG) sign an agreement to acquire 780,633,782 ordinary shares in EDP from Parpública - Participações Públicas SGPS, S.A., representing 21.35% of the share capital and voting rights of EDP Energias de Portugal S.A., a majority shareholder of the Company. This operation was concluded in May 2012.

The terms of the agreements through which CTG became a shareholder of the EDP Group stipulate that CTG would make minority investments totalling 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. with a subsequent loss in its subsidiaries and the sale of 49% equity shareholding in EDP Renewables Italia S.r.l. to CTG through ACE Italy S.Á.R.L. with a subsequent loss in its subsidiaries (see note 5).

In this context, EDPR has entered into new agreements with CTG during the beginning of 2017 and therefore with no impacts in 2016 (see note 39).

EDPR EU operates through its subsidiaries located in Portugal, Spain, France, Belgium, Poland, Romania, Italy and United Kingdom. EDPR EU's main subsidiaries are: EDP Renováveis Portugal, S.A. (wind farms in Portugal), EDP Renovables España, S.L. (wind farms in Spain), EDP Renewables France (wind farms in France), EDP Renewables Belgium (wind farms in Belgium), EDP Renewables Polska, SP.ZO.O (wind farms in Poland), S.C. Ialomita Power , S.r.l. (wind farms in Romania), EDP Renewables Italy, SRL (wind farms in Italy), EDPR UK Limited (offshore development projects) and EDPR RO PV, S.L.R. (photovoltaic solar farms in Romania).

EDPR NA's main activities consist in the development, management and operation of wind farms in the United States of America and providing management services for EDPR Canada.

EDPR Canada's main activities consist in the development, management and operation of wind farms in Canada.

The purpose of EDP Renováveis Brasil is to aggregate all the investments in the renewable energy market of Brazil.

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

Installed capacity MW	31 Dec 2016	31 Dec 2015
United States of America	4,631	4,203
Spain	2,194	2,194
Portugal	1,251	1,247
Romania	521	521
Poland	418	468
France	388	364
Brazil	204	84
Belgium	71	71
Italy	144	100
Canada	30	30
Mexico	(*) 200	-
	10,052	**9,282**

(*) It refers to the Mexican wind farm Eólica de Coahuila S.A. de C.V. which is consolidated through the equity method as of December 31, 2016 and will be fully consolidated once it starts operations, expected for the first quarter of 2017.

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

Installed capacity MW	31 Dec 2016	31 Dec 2015
United States of America	179	179
Spain	177	177
	356	**356**

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, the U.S. Congress approved the "Tax Increase Prevention Act of 2014" that included an extension of the PTC for wind, including the possibility of a 30% Investment Tax Credit instead of the PTC. Congress set a new expiration date of 31 December 2014 and kept the qualification criteria (projects can qualify as long as they are under construction by year-end 2014).

On 15 December 2015, the US Congress approved the "Consolidated Appropriations Act, 2016" that included an extension of the PTC for wind, as well as the possibility of a 30% Investment Tax Credit instead of the PTC. Developers now have until the end of 2016 to start construction of new wind farms to qualify for 10 years of production tax credits at the full level. Congress introduced a phase out for projects that start construction after 2016 and before 2020. These projects will still qualify for production tax credits, but at reduced levels. The levels are 80% for projects starting construction in 2017, 60% in 2018, and 40% in 2019. Developers of projects that start construction before 2020 may elect to claim 30% investment tax credits instead of production tax credits, subject to a similar phase out. The phase out reduces the value of the 30% investment tax credit to 24% in 2017, 18% in 2018, and 12% in 2019. Neither production tax credits nor investment tax credits are allowed for wind projects that start construction in 2020 or later.

The aforementioned "Consolidated Appropriations Act, 2016" also extended the Investment Tax Credit (ITC) for solar projects. Solar projects that are under construction by the end of 2019 will now qualify for the 30% ITC. The credit is reduced to 26% for projects starting construction in 2020 and to 22% for projects starting construction in 2021. The credit drops to a permanent 10% level for projects that begin construction in 2022 or later or that begin construction before 2022, but are placed in service in 2024 or later. Projects must be placed in service by the end of 2023 to qualify for a credit above 10%.

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, which is pending judicial review. As of year-end 2016, the judicial review process is ongoing with the DC Circuit Court.

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.

Regulatory framework for the activities in Spain

On 12 July 2013 the Spanish Council of Ministers approved a comprehensive reform of the energy sector. This energy reform was afterwards implemented by means of a new "Energy Sector Act", a Decree-Law, eight Royal Decrees and three Ministerial Orders.

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, affecting mainly the electricity transport, distribution and renewable sectors. Prior to Royal Decree-Law 9/2013, renewable generators benefited from a feed-in tariff regime in which renewable electricity could be sold at a regulated feed-in tariff or at the Spanish wholesale market price plus a variable premium.

According to the 2013 regulatory framework, renewable energy facilities are entitled to sell the electricity they generate into the Spanish wholesale market and, during their respective regulatory lives, receive additional payments per installed MW from the Spanish electricity system through the "Comisión Nacional de los Mercados y la Competencia (CNMC)" body. This regulatory system is intended to allow each standard wind farm to achieve a pre-tax rate of return (fixed at 7,398% until 2019 YE) over its regulatory life. This "reasonable return" was determined by reference to the 10-year Spanish government bond plus a spread of 300 basis points.

Regarding the wind sector, Decree Law 413/2014 confirmed that wind farms in operation in 2003 (or before) would not receive any further incentive, while the incentive for the rest of the wind farms would be calculated in order to reach the 7,398% return before taxes. More than 1.300 possible types of renewables installation ("standard facilities") are included in the Decree Law, 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 renewable auction was held. The auction was designed to provide a similar remuneration scheme that the one applying to operating facilities (ruled by 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.

Developers were bidding to build 500 MW of wind energy and 200 MW of biomass plants. The auction was very competitive, around 5 times oversubscribed for onshore wind. EDPR was awarded 93 MW of wind energy.

In 2016 the Spanish Government announced it would carry out a new renewables capacity auction in the first months of 2017, after submitting to the CNMC a draft legislation package to articulate the process.

Although the auction rules will be in line with the previous ones, there will be some differences. For example, the auction will be technologically neutral, meaning that projects based on different renewable energy technologies, such as wind, solar and biomass, will be able to compete for contracts. The auction will also include control mechanisms and guarantee requirements to ensure the execution and completion of the winning projects. Projects will need to be completed by December 2019, in order to contribute to the fulfillment of the Spanish 2020 target (20% of its energy coming from renewable sources).

Regulatory framework for the activities in Portugal

The Portuguese legal provisions applicable to the generation of power from renewable sources are currently established by Decree-Law 189/88 dated 27 May, (subsequently 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 feed-in tariff remuneration applicable to energy produced by renewable sources.

The Portuguese Government published on 28 February 2013, the Decree Law 35/2013 that maintains the legal stability of the current feed-in tariff contracts (following Decree-Law 33-A/2005) and protects the value of the investments made by wind energy producers. However, this Decree Law granted the possibility to adhere to voluntary changes of the existing feed-in tariff. Indeed, wind generators could extend the support scheme (generally 5 or 7 years) in exchange of upfront payments or discounts on existing tariffs. EDPR 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 yearly payments from 2013 to 2020.

The Environment and Energy Ministry published on 24 July 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 would have a fixed remuneration of 60 Euros/MWh, whilst the remaining production would be remunerated at the previous tariff.

Regulatory framework for the activities in France

The power sector is governed primarily by Act 2000-108 (amended by Acts 2004-803 and 2006-1537) ("Act 2000'), passed in February 2000, which regulates the modernization and development of public energy services.

Act 2000 allows wind operators to enter into long-term agreements for the sale of their energy with Electricité de France (EDF), the national utility. The tariffs were initially set in 2001, then changed in 2006 for new facilities (by Order of July 10). The 2006 tariffs are the following: i) during the first ten years of the PPA, EDF pays a fixed annual tariff, which is €82 per MWh for applications made during 2006 (tariff is amended annually based, in part, on an inflation-related index); ii) During years 11 to 15 of the PPA, the tariff is 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 16, there is no specific support and wind energy generators will sell their electricity at the market, thus receiving market price. The 2006 feed-in tariff was repealed in 2008 due to formal defects in its approval, but was subsequently republished in December 2008 with the same content.

On March 2012, the legality of the feed-in tariff ministerial order for wind farm projects was questioned before the French Council of State (Conseil dÉtat) on the basis that the required notification to the European Commission on State Aid has not been done. After years of litigation, the French Council of State decided to cancel the French Wind Tariff on May 2014. 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 contains the same parameters than the former one and came into force with retroactive effects. Therefore, it didn´t 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. In 66 articles, the text targets to cut France's greenhouse gas emissions by 40% between 1990 and 2030 (and divide them by four by 2050), to halve the country's energy usage by 2050, to reduce the share of fossil fuels in energy production, to cap the total output from nuclear power at 63.2 GW and bring the share of renewables up to 32% of the energy mix.

On April 15th 2016, the French council of State published a decision ordering the government to start recovering the interests that the feed-in tariff received from 2008 to 2014 would have generated. This decision was based on the grounds that the French Government failed to notify the European Commission the Ministerial Order approving the Feed-in tariff.

A Contract-for-difference (CfD) scheme replacing the feed-in tariff scheme was released in December 2016 for wind farms having requested a PPA in 2016. According to the decree, the strike price would be equal to the value of the current feed-in tariff (similar tenure, indexation and adjustment after year 10), plus a management fee to compensate balancing costs (2,8 €/MWh). The market reference price will be the production weighted average pool price, using a representative production profile of the wind industry in France. The settlement would be done on a monthly basis.

The French Government also disclosed a draft decree for the 2017 CfDs for wind farms below 6 wind turbines. According to the draft, the CfD tenure will be extended to 20 years (instead of 15 years), being the strike price 72€/MWh (plus the management fee). The draft also includes a limitation of the amount of energy to be remunerated under the CfD strike price. Larger wind farms will be awarded CfDs through competitive tenders.

Additionally, on April 24th, 2016 the French Government enacted the so-called "Programmation pluriannuelle des Investissements" (PPI) which objective is to set different renewables' capacity targets by technology, in order to achieve the objectives of the "Loi de Transition Énergétique". The PPI provides short-term (2018) and medium-term (2023) renewables' capacity targets and also includes a provisional timetable of the next renewable tenders to be launched between 2017 and 2019.

Regulatory framework for the activities in Poland

The legislation applicable to renewable energy in Poland is primarily contained in an Energy Act passed in April 1997, which was subsequently amended by Act 24 July 2002 and the Energy Act of 2 April 2004, which came into effect in January 2005 (together, the ''Energy Act'').

The Energy Act introduced a support scheme for renewable energy facilities. The law designed a system of obligatory purchase Green Certificates (GC) by companies selling electricity to end-consumers, with mandatory quotas. These power companies are obliged to: a) obtain 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.

Under the current legislation, the following quota apply (as amended by the ministerial decree of 18 October 2012): 2016: 15.0%, 2017:16.0%, 2018:17.0%, 2019:18.0% , 2020:19.0% and 2021:20.0%.

However, the GC scheme was amended in 2015. In February 2015 a new Renewables Law was approved, introducing a different support system for new facilities. According to the law, the current Green Certificate (GC) system would be replaced by a tender scheme granting "Contracts-for-difference". The law ensures that the current GC scheme is maintained (with some adjustments) for operating plants. These plants will have, however, the possibility to remain under the existing GC scheme or shift to the new scheme through specific tenders for operating assets.

In mid-December 2015, as a result of the changes in Parliament (Poland's general election on 25 October was won by the right-wing Law and Justice Party "PiS"), the new government postponed the implementation of tenders.

On February 19th, 2016 the PiS MPs party proposed a draft law on wind investments covering localization, realizations and operation of wind farms, the so-called "Wind Turbine Investment Act". After a long approval process in which the renewable sector succeeded in introducing some amendments to the original draft, the law was finally approved. The main measures of this new law include: minimum distance restrictions for new wind farms and increased real estate tax burden.

On the other hand, and following the delay of the implementation of RES Act Chapter 4, the government proposed to polish parliament a more comprehensive amendment of the RES Act in early May 2016. These amendments were finally approved and published in late June. While keeping the core of the new auction system, these new amendments brought some modifications (namely introducing technology baskets for future tenders and improving the treatment of biomass, biogas and cofiring technologies).

In October 2016 the Polish Government published the Ordinance detailing the amount and 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.

On November 23rd, 2016 the Polish government disclosed a draft ordinance detailing the amount and value of energy planned to be auctioned in 2017. The draft highlights that baseload renewables (dedicated biomass and biogas) remain key to the government as they will be allocated around 50% of the total 2017's auction budget. The new draft proposes the budget to be allocated to the pot in which new onshore wind could compete. This amount could amount up to 150 MW. It´s also likely that wind and PV will compete for the same budget.

Regulatory framework for the activities in Belgium

The regulatory framework for electricity in Belgium is conditioned by the division of powers between the federal and the three regional entities: Wallonia, Flanders and Brussels-Capital. The federal regulatory field of competence includes electricity transmission (of transmission levels above 70 kV), generation, tariffs, planning and nuclear energy. The relevant federal legislation is the Electricity Act of 29 April 1999 (as modified) (the "Electricity Act"). The regional regulatory entities are responsible for distribution, renewable energy and cogeneration (with the exception of offshore power plants) and energy efficiency. The relevant regional legislation, respectively, is: (a) for Flanders, the Electricity Decree of 17 July 2000; (b) for Wallonia, the Regional Electricity Market Decree of 12 April 2001; and (c) for Brussels-Capital, the Order of 19 July 2001 on the Organization of the Electricity Market.

The Belgian regulatory system promotes the generation of electricity from renewable sources (and cogeneration) by a system of Green Certificates (GC). Each region has its GC system, although all of them are similar (with differences in quotas, fines and thresholds for granting GCs).

In Wallonia, Green Certificates have a minimum price of 65€ and the penalty for non-compliance is set at 100€ per missing GC. From 1 January 2015, the number of GC allocated to each technology is calculated according to a new methodology taking following factors into consideration (i) the net amount of electricity produced (ii) the level of CO_2 abatement (iii) the economic performance coefficient that varies depending on the technology.

The renewable's quota in Wallonia was fixed at 30,4% in 2016 and will increase to 37,9% in 2020.

Regulatory frameworks for the activities in Romania

The promotion of electricity generated from renewable energy sources in Romania was first included in the Electricity Law 318/2003. In 2005 a Green Certificate (GC) mechanism was introduced with mandatory quotas for suppliers, in order to comply with their EU renewable requirements. Since then, the regulatory authority establishes a fixed quota of electricity produced by renewable energy facilities which suppliers are obliged to fulfil. Law 220/2008 of November, introduced some changes in the GC system. In particular, it allowed wind generators to receive 2GC/MWh until 2015. From 2016 onwards generators would receive only 1 GC for each MWh during 15 years.

The law also guaranteed that the trading value of GC would have a floor of 27€ and a cap of 55€, both indexed to Romanian inflation.

Law 220/2008 on renewable energy was amended by the Emergency Order 88/2011. A key aspect of this amendment was the need to perform an "overcompensation analysis" on a yearly basis. ANRE (Energy Regulator) was charged to monitor the benefits obtained by renewables' producers and annually prepare a report on this regard. If overcompensation is observed, ANRE has to propose a reduction of the applicability period of the support scheme or the number of GCs granted to the technology. This reduction would be then applied only to new facilities.

Law 123/2012 of 19 July 2012 on Electricity and Natural Gas eliminated the provision of bilateral contracts not publicly negotiated as a mean to sale electricity. Thus, trading of electricity must be carried out on a centralized market.

The Romanian Parliament passed on 17 December 2013, the law for the approval of the Government Emergency Ordinance 57/2013 (the Ordinance), which brought some amendments, being the main ones:

- The postponement of GC for operating plants. The postponement only applies to renewable energy operators accredited by ANRE before 2013. Wind power producers would be entitled to receive 2 GCs/MWh until 2017 (inclusive) of which 1 GC is postponed from trading from 1 July 2013 to 31 March 2017. Solar producers have 2 GCs (out of 6 GCs) postponed from trading

from 1 July 2013 to 31 March 2017. The GCs postponed would be gradually recovered until 31 December 2020 (starting on 1 April 2017 for solar PV and 1 January 2018 for wind);

- Wind facilities accredited after this date would receive 1.5 GC/MWh until 2017 and 0.75 GC/MWh from 2018 onwards during 15 years. All these GCs were immediately tradable;

- Solar facilities would receive 3 GCs from 1 January 2014 onwards.

On 24 March 2014, the President of Romania ratified EGO 57/2013 with the following amendments: (i) Reduction of the GC validity from 16 months to 12 months; and (ii) the obligation for ANRE (Energy Regulator) to communicate in each year the GC quota for the next year.

The Romanian government approved the draft ordinance setting a quota of 8,3% for 2017. The value approved is in line with the value proposed by ANRE in June 30.

In October 2016, the Ministry of Energy published for consultation a draft amendment to the current RES law, aimed at potentially improving GC market oversupply and system sustainability. It includes, among other amendments, an extension of the GC scheme until 2031, a removal of the indexation of the GC parameters and the extension of the GC recovery for wind energy from 2018 to 2025. Regarding PV projects, the draft amendments proposes an extension of the GC postponement until the end of 2024, fixing the recovery from 2025 to 2030

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 (therefore, shifting away from the former GC system). 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.

Since the implementation of the tender system, 3 reverse-auction have been held. The latest was hold in 2016 and awarded 869,8 MW of offtake contracts. EDP Renováveis SA was awarded 20-year PPAs for six wind farms totaling 127 MW of wind power.

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.

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 2016 and 2015 have been prepared to present fairly the consolidated equity and consolidated financial position of EDP Renováveis, S.A. and subsidiaries at 31 December 2016 and 2015, the consolidated results of operations, consolidated cash flows and changes in consolidated equity for the years then ended.

In accordance with Regulation (EC) no. 1606/2002 of 19 July 2002, from the European Council and Parliament, the Group's consolidated annual accounts are prepared in accordance with International Financial Reporting Standards (IFRS), as endorsed by the European Union (EU). IFRS comprise accounting standards issued by the International Accounting Standards Board (IASB) and its predecessor body as well as interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and its predecessor bodies.

The Board of Directors approved these consolidated annual accounts on 27 February 2017. The annual accounts are presented in thousand Euros, rounded to the nearest thousand.

The annual accounts have been prepared under the historical cost convention, modified by the application of fair value basis for derivative financial instruments, financial assets and liabilities held for trading and available-for-sale, except those for which a reliable measure of fair value is not available.

The preparation of financial statements in accordance with the IFRS-EU requires the Board of Directors to make judgments, estimates and assumptions that affect the application of the accounting policies and of the reported amounts of assets, liabilities, income and expenses. The estimates and related assumptions are based on historical experience and other factors considered reasonable in accordance with the circumstances. They form the basis for making judgments regarding the values of the assets and liabilities whose valuation is not apparent from other sources. Actual results may differ from these estimates. The areas involving the highest degree of judgment or complexity, or for which the assumptions and estimates are considered significant, are disclosed in note 3 - Critical accounting estimates and judgments in applying accounting policies.

Accounting policies have been applied consistently by all Group companies and in all periods presented in the consolidated financial statements.

The consolidated balance sheet, consolidated income statement, consolidated statement of changes in equity, consolidated statement of cash flows and the notes thereto for 2016 include comparative figures for 2015, which formed part of the consolidated annual accounts approved by shareholders at the annual general meeting held on April 14, 2016.

b) Basis of consolidation

Controlled entities

Investments in subsidiaries where the Group has control are fully consolidated from the date the Group assumes control over their financial and operating activities until the moment that control ceases to exist.

An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee, independently of the percentage of voting rights held.

Joint arrangements

The Group classifies an arrangement as a joint arrangement when the jointly control is contractually established. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee, independently of the percentage of voting rights held. Joint control exists only when decisions about the relevant activities require the unanimous consent of the parties that collectively control the arrangement.

After determining the existence of joint control, the Group classifies joint arrangements into two types - joint operations and joint ventures.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement, so the assets and liabilities (and related revenues and expenses) in relation to its interest in the arrangement are recognised and measured in accordance with relevant IFRSs applicable.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint ventures) have rights to the net assets of the arrangement, so this investment shall be included in the consolidated financial statements under the equity method.

The consolidated financial statements include the Group's attributable share of total reserves and profits or losses of joint ventures, included in the consolidated financial statements under the equity method. When the Group’s share of losses exceeds its interest in a jointly controlled entity, the Group's carrying amount is reduced to zero and recognition of further losses is discontinued, except to the extent that the Group has a legal or constructive obligation to cover such losses on behalf of that entity.

Entities over which the Group has significant influence

Investments in associates are included in the consolidated financial statements under the equity method from the date the Group acquires significant influence to the date it ceases. Associates are entities over which the Group has significant influence, but not control, over its financial and operating policies.

The existence of significant influence by the Group is usually evidenced by one or more of the following:

- Representation on the Executive Board of Directors or equivalent governing body of the investee;

- Participation in policy-making processes, including participation in decisions about dividends and other distributions;

- Existence of material transactions between the Group and the investee;

- Interchange of managerial personnel;

- Provision of essential technical information.

The consolidated financial statements include the Group's attributable share of total reserves and profits or losses of associates, included in the consolidated financial statements under the equity method. When the Group's share of losses exceeds its interest in an associate, the Group's carrying amount is reduced to zero and recognition of further losses is discontinued, except to the extent that the Group has a legal or constructive obligation to cover such losses on behalf of the associate.

Business combination

From 1 January 2010 the Group has applied IFRS 3 Business Combinations (2008) in accounting for business combinations.

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that currently are exercisable.

Acquisitions on or after 1 January 2010

For acquisitions on or after 1 January 2010, the Group measures goodwill at the acquisition date as:

- The fair value of the consideration transferred; plus
- The recognised amount of any non-controlling interests in the acquiree; plus
- If the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase gain is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Some business combinations in the period have been determined provisionally as the Group is currently in the process of measuring the fair value of the net assets acquired. The identifiable net assets have therefore initially been recognised at their provisional value. Adjustments during the measurement period have been recorded as if they had been known at the date of the combination and comparative information for the prior year has been restated where applicable. Adjustments to provisional values only include information relating to events and circumstances existing at the acquisition date and which, had they been known, would have affected the amounts recognised at that date.

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

Acquisitions between 1 January 2004 and 1 January 2010

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

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

Accounting for acquisitions of non-controlling interests

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

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

Investments in foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Euro at exchange rates at the reporting date. The income and expenses of foreign operations, are translated to Euro at exchange rates at the dates of the transactions.

Foreign currency differences are recognised in other comprehensive income in the translation reserve.

On disposal of a foreign subsidiary, the related exchange differences previously recognised in reserves, are accounted for in the income statement. as part of the profit or loss on disposal.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely in the foreseeable future, foreign exchange gains and losses arising from such a monetary item are considered to form part of a net investment in a foreign operation and are recognised in other comprehensive income, and presented in the translation reserve in equity.

Balances and transactions eliminated on consolidation

Inter-company balances and transactions, including any unrealised gains and losses on transactions between group companies, are eliminated in preparing the consolidated financial statements. Unrealised gains and losses arising from transactions with associates and jointly controlled entities are eliminated to the extent of the Group's interest in those entities.

Common control transactions

The accounting for transactions among entities under common control is excluded from IFRS 3. Consequently, in the absence of specific guidance, within IFRSs, the EDP Renováveis Group has developed an accounting policy for such transactions, as considered appropriate. According to the Group's policy, business combinations among entities under common control are accounted for in the consolidated financial statements using the EDP consolidated book values of the acquired company (subgroup). The difference between the carrying amount of the net assets received and the consideration paid, is recognised in equity.

Put options related to non-controlling interests

EDP Renováveis Group records written put options at the date of acquisition of a business combination or at a subsequent date as an advance acquisition of these interests, recording a financial liability for the present value of the best estimate of the amount payable, irrespective of the estimated probability that the options will be exercised. The difference between this amount and the amount corresponding to the percentage of the interests held in the identifiable net assets acquired is recorded as goodwill.

Until 31 December 2009, in years subsequent to initial recognition, the changes in the liability due to the effect of the financial discount are recognised as a financial expense in the consolidated income statement, and the remaining changes are recognised as an adjustment to the cost of the business combination. Where applicable, dividends paid to minority shareholders up to the date the options are exercised are also recorded as adjustments to the cost of the business combination. In the event that the options are not exercised, the transaction would be recorded as a sale of interests to minority shareholders.

As from January 2010, the Group applies IAS 27 (2008) to new put options related to non-controlling interests and, therefore, subsequent changes in the carrying amount of the put liability are recognised in profit or loss.

Business combinations achieved in stages

In a business combination achieved in stages, the excess of the aggregate of (i) the consideration transferred, (ii) the amount of any non-controlling interest recognized in the acquiree (iii) the fair value of the previously held equity interest in the acquired business; over the net of amounts of the identifiable assets acquired and liabilities assumed, is recognized as goodwill.

If applicable, the defect, after evaluating the consideration transferred, the amount of any non-controlling interest recognized in the acquiree, the fair value of the previously held equity interest in the acquired business; and the valuation of the net assets acquired, is recognized in the income statement. The Group recognizes the difference between the fair value of the previously held equity interest in the acquired business and the carrying value in consolidated results according to its classification. Additionally, the Group reclassifies the deferred amounts in other comprehensive income relating to the previously held equity interest to the income statement or consolidated reserves, according to their nature.

c) Foreign currency transactions

Foreign currency transactions are translated at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currency are translated into Euros at the exchange rates at the balance sheet date. These exchange differences arising on translation are recognised in the income statement.

Foreign currency non-monetary assets and liabilities accounted for at historical cost are translated using the exchange rates at the dates of the transactions. Foreign currency non-monetary assets and liabilities stated at fair value are translated into Euros at the exchange rates at the dates the fair value was determined.

d) Derivative financial instruments and hedge accounting

Derivative financial instruments are recognised on the trade date at fair value. Subsequently, the fair value of derivative financial instruments is re-measured on a regular basis, being the gains or losses on re-measurement recognised directly in the income statement, except for derivatives designated as hedging instruments. The recognition of the resulting gains or losses on re-measurement of the derivatives designated as hedging instruments depends on the nature of the risk being hedged and of the hedge model used.

The fair value of derivative financial instruments corresponds to their market value, if available, or to quotes indicated by external entities through the use of valuation techniques, which are compared in each date of report to fair values available in common financial information platforms.

Hedge accounting

The Group uses financial instruments to hedge interest and foreign exchange risks resulting from its operational and financing activities. The derivate financial instruments that do not qualify for hedge accounting are recorded as for trading.

The derivatives that are designated as hedging instruments are recorded at fair value, being the gains and losses recognised in accordance with the hedge accounting model adopted by the Group. Hedge accounting is used when:

(i) At the inception of the hedge, the hedge relationship is identified and documented;

(ii) The hedge is expected to be highly effective;

(iii) The effectiveness of the hedge can be reliably measured;

(iv) The hedge is revalued on an on-going basis and is considered to be highly effective over the reporting period; and

(v) The forecast transactions hedged are highly probable and represent a risk to changes in cash flows that could affect the income statement.

Derivatives are recognised initially at fair value; attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Cash flow hedge

The effective portion of the changes in the fair value of the derivative financial instruments that are designated as hedging instruments in a cash flow hedge model is recognised in equity. The gains or losses relating to the ineffective portion of the hedging relationship are recognised in the income statement in the moment they occur.

The cumulative gains or losses recognised in equity are also reclassified to the income statement over the periods in which the hedged item will affect the income statement. When the forecast transaction hedge results in the recognition of a non-financial asset, the gains or losses recorded in equity are included in the acquisition cost of the asset.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss recognised in equity at that time stays recognised in equity until the hedged transaction also affects the income statement. When the forecasted transaction is no longer expected to occur, the cumulative gains or losses recognized in equity are recorded in the income statement.

Net investment hedge

The net investment hedge is applied on a consolidated basis to investments in subsidiaries in foreign currencies. The exchange differences recorded against exchange differences arising on consolidation are offset by the exchange differences arising from the foreign currency borrowings used for the acquisition of those subsidiaries. If the hedging instrument is a derivative, the gains or losses arising from fair value changes are also recorded against exchange differences arising on consolidation. The ineffective portion of the hedging relation is recognised in the income statement.

e) Other financial assets

The Group classifies its other financial assets at acquisition date in the following categories:

Loans and receivable

Loans and receivable are initially recognised at their fair value and subsequently are measured at amortised cost less impairment losses.

Impairment losses are recorded based on the valuation of estimated losses from non-collection of loans and receivable at the balance sheet date. Impairment losses are recognised in the income statement, and can be reversed if the estimated losses decrease in a later period.

Financial assets at fair value through profit or loss

This category includes: (i) financial assets held for trading, which are those acquired for the purpose of being traded in the short term, and (ii) financial assets that are designated at fair value through profit or loss at inception.

Available-for-sale investments

Available-for-sale financial assets are non-derivative financial assets that are designated as available-for-sale and that are not classified in any of the other categories. The Group's investments in equity securities are classified as available-for-sale financial assets.

Initial recognition, measurement and derecognition

Purchases and sales of: (i) financial assets at fair value through profit or loss and (ii) available-for-sale investments, are recognised on trade date, the date on which the Group commits to purchase or sell the assets.

Financial assets are initially recognised at fair value plus transaction costs except for financial assets at fair value through profit or loss, in which case these transaction costs are directly recognised in the income statement.

Financial assets are derecognised when: (i) the contractual rights to receive their cash flows have expired, (ii) the Group has transferred substantially all risks and rewards of ownership or (iii) although retaining some, but not substantially all of the risks and rewards of ownership, the Group has transferred the control over the assets.

Subsequent measurement

After initial recognition, financial assets at fair value through profit or loss are subsequently carried at fair value and gains and losses arising from changes in their fair value are included in the income statement in the period in which they arise.

Available-for-sale financial assets are also subsequently carried at fair value. However, gains and losses arising from changes in their fair value are recognised directly in equity, until the financial assets are derecognised or impaired. When this occurs, the cumulative gains or losses previously recognised in equity are immediately recognised in the income statement. Foreign exchange differences arising from equity investments classified as available-for-sale are also recognised in equity. Interest calculated using the effective interest rate method and dividends, are recognised in the income statement.

The fair values on quoted investments in active markets are based on current bid prices. For unlisted securities the Group determines the fair value through: (i) valuation techniques, including the use of recent arm's length transactions or discounted cash flow analysis and (ii) valuation assumptions based on market information.

Financial instruments whose fair value cannot be reliably measured are carried at cost.

Reclassifications between categories

The Group does not reclassify, after initial recognition, a financial instrument into or out of the fair value through profit or loss category.

Impairment

At each balance sheet date, an assessment is performed as to whether there is objective evidence of impairment, including any impairment resulting in an adverse effect on estimated future cash flows of the financial asset or group of financial assets.

If there is objective evidence of impairment, the recoverable amount of the financial asset is determined, and the impairment loss is recognised in the income statement.

A financial asset or a group of financial assets is impaired if there is objective evidence of impairment as a result of one or more events that occurred after their initial recognition, such as: (i) in the case of listed securities, a significant or prolonged decline in the listed price of the security, and (ii) in the case of unlisted securities, when that event (or events) has an impact on the estimated amount of the future cash flows of the financial asset or group of financial assets, that can be reliably estimated.

Evaluating the existence of objective evidence of impairment involves judgement, in which case the Group considers, among other factors, price volatility and current economic situation. Thus, when listed securities are concerned, it is considered as continuous a devaluation in the listed price of the security for a period over 24 months and as significant a devaluation of the security's value above 40%.

If there is objective evidence of impairment on available-for-sale investments, the cumulative potential loss recognised in fair values reserves, corresponding to the difference between the acquisition cost and the fair value at the balance sheet date, less any impairment loss on that financial asset previously recognised in the income statement, is transferred to the income statement.

f) Financial liabilities

An instrument is classified as a financial liability when it contains a contractual obligation to transfer cash or another financial asset, independently from its legal form. These financial liabilities are recognised (i) initially at fair value less transaction costs and (ii) subsequently at amortised cost, using the effective interest rate method.

The Group derecognises the whole or part of a financial liability when the obligations included in the contract have been satisfied or the Group is legally released of the fundamental obligation related to this liability either through a legal process or by the creditor.

g) Borrowing costs

Borrowing costs that are directly attributable to the acquisition or construction of assets are capitalised as part of the cost of the assets. A qualifying asset is an asset that necessarily takes a substantial period of time to get ready for its intended use or sale. To the extent that funds are borrowed generally, the amount of borrowing costs eligible for capitalisation are determined by applying a capitalisation rate to the expenditures on these assets. The capitalisation rate corresponds to the weighted average of the borrowing costs applicable to the borrowings of the enterprise that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset. The amount of borrowing costs capitalised during a period does not exceed the amount of borrowing costs incurred during the period.

The capitalisation of borrowing costs commences when expenditures for the asset are being incurred, borrowing costs have been incurred and activities necessary to prepare all or part of the assets for their intended use or sale are in progress. Capitalisation ceases when substantially all the activities necessary to prepare the qualifying assets for their intended use or sale are completed. Capitalisation of borrowing costs shall be suspended during extended periods in which active development is interrupted.

h) Property, plant and equipment

Property, plant and equipment are stated at acquisition cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. In case of projects in a development stage, costs are only capitalized when it is probable that the project will be finally built. If due to changes in regulation or other circumstances costs capitalized are derecognized from property plant and equipment, they are recognized in the profit and loss caption of "Other expenses". Replacements or renewals of complete items are recognized as increases in the value of property, plant and equipment and the items replaced or renewed are derecognized and recognized in the "Other expenses" caption.

The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

The cost of acquisition includes interest on external financing and personnel costs and other internal expenses directly or indirectly related to work in progress accrued solely during the period of construction. The cost of production is capitalised by charging costs attributable to the asset as own work capitalised under financial expenses and personnel costs and employee benefit expense in the consolidated income statement.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Subsequent costs are recognised as separate assets only when it is probable that future economic benefits associated with the item will flow to the Group. All repair and maintenance costs are charged to the income statement during the financial period in which they are incurred.

The Group assesses assets impairment, whenever events or circumstances may indicate that the book value of the asset exceeds its recoverable amount, the impairment being recognised in the income statement.

Land is not depreciated. Depreciation on the other assets is calculated using the straight-line method over their estimated useful lives, as follows:

	Number of years
Buildings and other constructions	8 to 40
Plant and machinery:	
- Renewable assets	30
- Other plant and machinery	4 to 12
Transport equipment	3 to 5
Office equipment and tools	2 to 10
Other tangible fixed assets	3 to 10

At the end of December 2016, EDPR Group has changed the useful life of the renewable assets from 25 to 30 years (see note 3).

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

As per Romanian Regulatory Framework, there's a category of Green Certificates (GCs) which although granted are restricted for sale until 2017 (solar) and 2018 (wind). These deferred GCs are recognised as intangible assets when generated at fair market value. These GCs will be offset as they will be collected.

Power purchase agreements

Acquired Power Purchase Agreements (PPAs) are booked as intangible assets and amortised using the straight-line method according with the duration of the contract.

j) Non-current assets held for sale and discontinued operations

Non-current assets or groups of non-current assets held for sale (groups of assets and related liabilities that include at least one noncurrent asset) are classified as held for sale when their carrying amounts will be recovered mainly through sale, the assets or groups of assets are available for immediate sale and the sale is highly probable.

The Group also classifies as non-current assets held for sale, non-current assets or groups of assets acquired exclusively for its subsequent resale, that are available for immediate sale and the sale is highly probable.

The measurement of all non-current assets and all assets and liabilities included in a disposal group, is adjusted in accordance with the applicable IFRS standards, immediately before their classification as held for sale. Subsequently, these assets or disposal groups are measured at the lowest between their carrying amount and fair value less costs to sell.

k) Impairment of non-financial assets

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

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a post-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the cash-generating unit). The goodwill

acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units which are expected to benefit from the synergies of the combination.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro-rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in circumstances that caused the impairment. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

l) Leases

The Group classifies its lease agreements as finance leases or operating leases taking into consideration the substance of the transaction rather than its legal form. A lease is classified as a finance lease if it transfers to the lessee substantially all the risks and rewards incidental to ownership. All other leases are classified as operating leases.

Operating leases

Lease payments are recognised as an expense and charged to the income statement in the period to which they relate.

m) Inventories

Inventories are stated at the lower of the acquisition cost and net realisable value. The cost of inventories includes purchases, conversion and other costs incurred in bringing the inventories to their present location and condition. The net realisable value is the estimated selling price in the ordinary course of business less the estimated selling costs.

The cost of inventories is assigned by using the weighted average method.

n) Classification of assets and liabilities as current and non-current

The Group classifies assets and liabilities in the consolidated statement of financial position as current and non-current. Current assets and liabilities are determined as follows:

Assets are classified as current when they are expected to be realised or are intended for sale or consumption in the Group's normal operating cycle, they are held primarily for the purpose of trading, they are expected to be realised within twelve months of the balance sheet date or are cash or a cash equivalent, unless the assets may not be exchanged or used to settle a liability for at least twelve months from the balance sheet date.

Liabilities are classified as current when they are expected to be settled in the Group's normal operating cycle, they are held primarily for the purpose of trading, they are due to be settled within twelve months of the balance sheet date or the Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

Financial liabilities are classified as current when they are due to be settled within twelve months after the reporting period, even if the original term was for a period longer than twelve months, and an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorised for issue.

o) Provisions

Provisions are recognised when: (i) the Group has a present legal or constructive obligation, (ii) it is probable that settlement will be required in the future and (iii) a reliable estimate of the obligation can be made.

Dismantling and decommissioning provisions

The Group recognises dismantling and decommissioning provisions for property, plant and equipment when a legal or contractual obligation is settled to dismantling and decommissioning those assets at the end of their useful life. Consequently, the Group has booked provisions for property, plant and equipment related with renewables assets, for the expected cost of restoring sites and land to its original condition. The provisions correspond to the present value of the expenditure expected to be required to settle the obligation and are recognised as part of the initial cost or an adjustment to the cost of the respective asset, being depreciated on a straight-line basis over the asset useful life.

The assumptions used for 2016 are:

	Europe	North America	South America
Average cost per MW (Euros)			
Wind (Steel structure)	25,873	26,715	28,954
Wind (Concrete structure)	33,954	-	29,915
Salvage value per MW (Euros)			
Wind (Steel structure)	35,603	33,942	46,338
Wind (Concrete structure)	19,787	-	17,421
Discount rate			-
Euro	[0.00% - 1.77%]	-	-
PLN	[1.51% - 3.57%]	-	-
USD	-	[0.72% - 2.94%]	-
CAD	-	[0.72% - 2.94%]	-
RON	[0.65% - 3.87%]	-	-
BRL	-	-	[11.91% - 12,47%]
Inflation rate		-	-
Euro zone	[1.01% - 2.35%]	-	-
Poland	[1.45% - 2.40%]	-	-
Romania	[2.30% - 2.70%]	-	-
USA	-	[2.00% - 2.30%]	-
Canada	-	[2.00% - 2.30%]	-
Brazil	-	-	[4.20% - 5.64%]
Capitalisation (number of years)	30	30	30

The assumptions used for 2015 were:

	Europe	North America	South America
Average cost per MW (Euros)			
Wind (Steel structure)	14,000	21,618	16,304
Wind (Concrete structure)	14,000	-	16,304
Salvage value per MW (Euros)			
Wind (Steel structure)	41,000	29,724	30,305
Wind (Concrete structure)	41,000	-	30,305
Discount rate			
Euro	[1.90% - 2.50%]	-	-
PLN	[3.00% - 4.00%]	-	-
USD	-	[3.85% - 5.00%]	-
CAD	-	[3.35% - 4.25%]	-
RON	[4.50% - 5.65%]	-	-
BRL	-	-	12.75%
Inflation rate			
Euro zone	[1.75% - 1.85%]	-	-
Poland	0.90%	-	-
Romania	[1.75% - 1.85%]	-	-
USA	-	2.50%	-
Canada	-	2.25%	-
Brazil	-	-	5.4%
Capitalisation (number of years)	25	25	25

Due to the change of the useful life of the renewable assets from 25 to 30 years (see note 2 h and 3) the capitalisation rate (number of years) of the dismantling and decommissioning provisions has changed to 30 years with effects December 2016.

Decommissioning and dismantling provisions are remeasured on an annual basis based on the best estimate of the settlement amount. In this sense, EDPR's technical department performed an in-depth analysis taking into account the reality of the EDPR's fleet. This analysis leads to the conclusion that the average cost per megawatt and salvage value of the renewables assets have required to be updated, according to the values disclosed above, with effects December 2016.

The unwinding of the discount at each balance sheet date is charged to the income statement.

Tax liabilities

Liabilities for payment of taxes or levies related to an activity of the Group are recognized as the activity which triggers the payment is carried out, according to the laws regulating such taxes or levies. However, in the cases of taxes or levies with right of reimbursement of the amount already paid proportionally to the period of time in which there is no activity or the asset which triggers the payment is no longer owned, liabilities are recognized on a proportional basis.

p) Recognition of costs and revenue

Costs and revenues are recorded in the year to which they refer regardless of when paid or received, in accordance with the accrual concept. Differences between amounts received and paid and the corresponding revenue and expenditure are recorded under other assets and other liabilities.

Revenue comprises the amounts invoiced on the sale of products or of services rendered, net of value added tax, rebates and discounts, after elimination of intra-group sales.

Revenue from energy sales is recognised in the period that energy is generated and transferred to customers.

Deferred Green Certificates (GCs) are recognised as revenue at fair market value.

q) Financial results

Financial results include interest payable on borrowings, interest receivable on funds invested, dividend income, unwinding of the discount of provisions and written put options to non-controlling interests, foreign exchange gains and losses, gains and losses on financial instruments and the accrual of tax equity estimated interest over outstanding liability.

Interest income is recognised in the income statement based on the effective interest rate method. Dividend income is recognised in the income statement on the date the entity's right to receive payments is established.

r) Income tax

Income tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a items recognized directly in equity, in which case is also recognized in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

s) Earnings per share

Basic earnings per share are calculated by dividing net profit attributable to equity holders of the parent company by the weighted average number of ordinary shares outstanding during the year, excluding the average number of ordinary shares purchased by the Group and held as treasury stock.

t) Cash and cash equivalents

Cash and cash equivalents include balances with maturity of less than three months from the date of acquisition, including cash and deposits in banks. This caption also includes other short-term, highly liquid investments that are readily convertible to known amounts of cash and specific demand deposits in relation to institutional partnerships that are funds required to be held in escrow sufficient to pay the remaining construction related costs of projects in institutional equity partnerships in U.S.A., in the next twelve months.

The Group classifies as cash and cash equivalents the balance of the current accounts with the Group formalized under cash-pooling agreements.

u) Government grants

Government grants are recognised initially as deferred income under non-current liabilities when there is reasonable assurance that they will be received and that the Group will comply with the conditions associated with the grant. Grants that compensate the Group for expenses incurred are recognised in profit or loss on a systematic basis in the same periods in which the expenses are recognised.

v) Environmental issues

The Group takes measures to prevent, reduce or repair the damage caused to the environment by its activities.

Expenses derived from environmental activities are recognised as other operating expenses in the period in which they are incurred.

w) Institutional partnerships in U.S. wind farms

The Group has entered in several partnerships with institutional investors in the United States, through limited liability Company operating agreements that apportion the cash flows generated by the wind farms between the investors and the Company and allocates the tax benefits, which include Production Tax Credits (PTCs), Investment Tax Credits (ITC) 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 PTC's / ITC's, allocated taxable income or loss and cash distributions received.

The control and management of these wind farms are a responsibility of EDPR Group and they are fully consolidated in these financial statements.

The upfront cash payment received is recognised under 'Liabilities arising from institutional partnerships' and subsequently measured at amortised cost.

This liability is reduced by the value of tax benefits provided and cash distributions made to the institutional investors during the contracted period. The value of the tax benefits delivered, primarily accelerated depreciation and ITC are recognized as Income from institutional partnerships on a pro-rata basis over the 25 year useful life of the underlying projects (see note 7). The value of the PTC's 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 2.5 % to 6 % and taxable income allocations ranging from 5% to 17%. EDPR NA has an option to purchase the institutional investor's residual interest at fair market value during a defined period following the flip date. A liability to provide for the institutional investors' minority interest is accreted on a straight-line basis from the funding date through the Flip Date.

03. Critical accounting estimates and judgments in applying accounting policies

The IFRS set forth a range of accounting treatments and require the Board of Directors to apply judgment and make estimates in deciding which treatment is most appropriate.

The main accounting estimates and judgements used in applying the accounting policies are discussed in this note in order to improve the understanding of how their application affects the Group's reported results and disclosures. A broader description of the accounting policies employed by the Group is disclosed in note 2 to the Consolidated Financial Statements.

Although estimates are calculated by the Board of Directors based on the best information available at 31 December 2016 and 2015, future events may require changes to these estimates in subsequent years. Any effect on the financial statements of adjustments to be made in subsequent years would be recognised prospectively.

Considering that in many cases there are alternatives to the accounting treatment adopted by EDP Renováveis, the Group's reported results could differ if a different treatment was chosen. EDP Renováveis believes that the choices made are appropriate and that the financial statements are presented fairly, in all material respects, the Group's financial position and results. The alternative outcomes discussed below are presented solely to assist the reader in understanding the financial statements and are not intended to suggest that other alternatives or estimates would be more appropriate.

Fair value of derivatives

Fair values are based on listed market prices, if available, otherwise fair value is determined either by dealer prices (both for that transaction or for similar instruments traded) or by pricing models, based on net present value of estimated future cash flows which take into account market conditions for the underlying instruments, time value, yield curves and volatility factors. These pricing models may require assumptions or judgments in estimating fair values.

Consequently, the use of a different model or of different assumptions or judgments in applying a particular model may have produced different financial results for a particular period.

Fair value measurement of contingent consideration

The contingent consideration, from a business combination or a sale of a minority interest while retaining control is measured at fair value at the acquisition date as part of the business combination or at the date of the sale in the event of a sale of a minority interest. The contingent consideration is subsequently remeasured at fair value at balance sheet date. Fair value is based on discounted cash flows. The main assumptions consider the probability of achieving each objective and the discount factor, corresponding to the best estimates of management at each balance sheet date. Changes in assumptions could have impact on the values of contingent assets and liabilities recognized in the financial statements.

Review of the useful life of assets related to production

According to IAS 8, estimates must be revised when new information becomes available which indicates a change in circumstances upon which the estimates were formed. It is observable that an extension in the useful life of renewable assets is the industry trend. During 2016, in the light of this fact, EDPR management has decided to conduct an in depth review of the useful lifetime of its renewable assets to determine what is the most appropriate depreciation lifetime to consider in its local and IFRS financial statements. The analysis performed covers technical (through internal and third party technical analysis), financial, economic and other considerations such as contractual or regulatory constraints. Based on these results, at the end of December 2016, EDPR has approved to revise the current estimate extending the useful life of its renewable assets up to 30 years, consequently, leading to a prospective change in the depreciation charge. Although useful life may have some level of

discrete asset variation depending on the specific site specificities, it is judged reasonable and accurate to use the standard of 30 years for the entire fleet.

Impairment of non-financial assets

Impairment test are performed whenever there is an indication that the recoverable amount of property, plant, equipment and intangible assets is less than the corresponding net book value of assets.

On an annual basis, the Group reviews the assumptions used to assess the existence of impairment in goodwill resulting from acquisitions of shares in subsidiaries. The assumptions used are sensitive to changes in macroeconomic indicators and business assumptions used by management. The net interest in associates is reviewed when circumstances indicate the existence of impairment.

Considering that estimated recoverable amounts related to property, plant and equipment, intangible assets and goodwill are based on the best information available, changes in the estimates and judgments could change the impairment test results which could affects the Group's reported results.

Income taxes

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

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

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

Dismantling and decommissioning provisions

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

EDPR's technical department performed an in-depth analysis taking into account the reality of the EDPR's fleet. This analysis leads to the conclusion that the average cost per megawatt and salvage value of the renewables assets requires to be updated, with effects December 2016 (see note 2 o). Additionally, due to the change of the useful life of the renewable assets from 25 to 30 years (see note 2 h) the capitalisation rate (number of years) of the dismantling and decommissioning provisions has changed to 30 years with effects December 2016.

The use of different assumptions in estimates and judgments referred may have produced different results from those that have been considered.

Green Certificates

As a consequence of the regulatory framework in Romania related to Green Certificates (GCs), the Group has the following assumptions:

(i) For estimating the price of GCs, the model is based on current regulation including the latest developments published in the last months and estimations on renewable capacity to be added in the following years;

(ii) The GC model determines whether there will be excess or deficit of GCs to evaluate the price to apply;

"In order to determine whether there will be excess or deficit of GCs, we compare demand with supply of GCs. Demand of GCs is calculated by multiplying gross electricity consumption and quotas of renewable electricity. Electricity demand growth is based in latest external estimates, including those from Romanian regulator ANRE. EDPR has made sensitivity analyses to the quotas and has assumed a conservative scenario that considers the latest regulatory changes.

Entities included in the consolidation perimeter

In order to determine which entities must be included in the consolidation perimeter, the Group evaluates whether it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

This evaluation requires judgement, assumptions and estimates in order to conclude whether the Group is in fact exposed to variable returns and has the ability to affect those returns through its power over the investee.

Other assumptions and estimates could lead to a different consolidation perimeter of the Group, with direct impact in the consolidated financial statements.

04. Financial risk management policies

The businesses of EDP Renováveis Group are exposed to a variety of financial risks, including the effects of changes in market prices, foreign exchange and interest rates. Main financial risks arise from interest-rate and the exchange-rate exposures. The unpredictability of the financial markets is analysed on an on-going basis in accordance with EDPR's risk management policy. Financial instruments are used to minimize potential adverse effects resulting from interest rates and foreign exchange rates risks on EDP Renováveis financial performance.

The Board of Directors of EDP Renováveis is responsible for the definition of general risk-management principles and the establishment of exposure limits. Recommendations to manage financial risks of EDP Renováveis Group are proposed by EDPR's Finance and Global Risk Departments and discussed in the Financial Risk Committee of EDP Renováveis, which is held quarterly. The pre-agreed strategy is shared with the Finance Department of EDP - Energias de Portugal, S.A., to verify the accordance with the policies approved by the Board of Directors of EDP. The evaluation of appropriate hedging mechanisms and the execution are outsourced to the Finance Department of EDP.

All transactions undertaken using derivative financial instruments require the prior approval of the Board of Directors, which defines the parameters of each transaction and approves the formal documents describing their objectives.

Exchange-rate risk management

EDPR/EDP Group's Financial Department are responsible for managing the foreign exchange exposure of the Group, seeking to mitigate the impact of exchange rate fluctuations on the net assets and net profits of the Group, using foreign exchange derivatives, foreign exchange debt and/or other hedging structures with symmetrical exposure characteristics to those of the hedged item. 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. With the increasing capacity in other geographies, EDPR is also becoming exposed to other currencies (Brazilian Real, Zloty, New Romanian Leu, British Pound and Canadian Dollar).

To hedge the risk originated with net investment in EDPR NA, EDP Renováveis entered into a CIRS in USD/EUR with EDP Branch and also uses financial debt expressed in USD. Following the same strategy adopted to hedge these investments in USA, EDP Renováveis has also entered into CIRS in BRL/EUR and in PLN/EUR to hedge the investments in Brazil and Poland (see note 35).

Sensitivity analysis - Foreign exchange rate

As a consequence a depreciation/appreciation of 10% in the foreign currency exchange rate, with reference to 31 December 2016 and 2015, would originate an increase/(decrease) in EDP Renováveis Group income statement and equity before taxes, as follows:

Thousand Euros				31 Dec 2016
	Profit or loss		Equity	
	+10%	-10%	+10%	-10%
USD / EUR	10,822	-13,227	-	-
	10,822	**-13,227**	**-**	**-**

				31 Dec 2015
	Profit or loss		Equity	
	+10%	-10%	+10%	-10%
USD / EUR	-359	439	-	-
	-359	**439**	**-**	**-**

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 10 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 2016 and 2015 would increase/(decrease) in EDP Renováveis Group income statement and equity before taxes, as follows:

Thousand Euros				31 Dec 2016
	Profit or loss		Equity	
	+ 50 BPS	- 50 BPS	+ 50 BPS	- 50 BPS
Cash flow hedge derivatives	-	-	8,334	-8,668
Unhedged debt (variable interest rates)	-1,119	1,119	-	-
	-1,119	**1,119**	**8,334**	**-8,668**

Thousand Euros				31 Dec 2015
	Profit or loss		Equity	
	+ 50 BPS	- 50 BPS	+ 50 BPS	- 50 BPS
Cash flow hedge derivatives	-	-	15,668	-16,388
Unhedged debt (variable interest rates)	-594	594	-	-
	-594	**594**	**15,668**	**-16,388**

This analysis assumes that all other variables, namely foreign exchange rates, remain unchanged.

Counter-party credit-rate risk management in financial transactions

The EDP Renováveis Group counter-party risk exposure in financial and non-financial transactions is managed by an analysis of technical capacity, competitiveness and probability of default to the counter-party. EDP Renováveis has defined a counter-party risk policy inspired in Basel III, which is implemented across all departments in all EDP Renováveis geographies. EDP Renováveis Group is exposed to counter-party risk in financial derivatives transactions and in energy sales (electricity, GC and RECs).

Counterparties in derivatives and financial transactions are restricted to high-quality credit institutions or to the EDP Group.

Most relevant counterparties in derivatives and financial transactions are companies within EDP Group. Financial instruments contracted outside EDP Group are generally engaged under ISDA Master Agreements and credit quality of external counterparties is analysed and collaterals required when needed.

In the process of selling the energy (electricity, GCs and RECs produced), exposure arise from trade receivables, but also from mark-to-market of long term contracts:

- In the specific case of the energy sales of EDPR EU Group, the Group's main customers are operators and distributors in the energy market of their respective countries (OMIE and MEFF in the case of the Spanish market). Credit risk from trade receivables is not significant due to the limited average collection period for customer balances and the quality of its debtors. Additional counter-party risk comes from the countries with renewables incentives, which it is usually treated as regulatory risk.
- In the specific case of EDPR NA Group, the Group's main customers are regulated utility companies and regional market agents in the US. As it occurs in Europe, credit risk from trade receivables is not significant due to the limited average collection period for customer balances and the quality of the debtors. However, the exposure due to the mark-to-market of long term contracts may be significant. This exposure is managed by a detailed assessment of the counter-party before signing any long term agreement and by a requirement of collaterals when needed.

Regarding Trade receivables and Other debtors, net of the impairment losses recognised. The Group believes that the credit quality of these receivables is adequate and that no significant impaired credits exist that have not been recognised as such and provided for.

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

Thousand Euros	Dec 2016	Dec 2015
Corporate sectors and individuals		
Supply companies	35,289	51,131
Business to business	-	-
Business to consumers	-	-
Other	2,395	8,308
Total Corporate sectors and individuals	**37,684**	**59,439**
Public sector	51,644	28,926
Total Public sector and Corporate sectors/individuals	**89,328**	**88,365**

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

Thousand Euros	Dec 2016			
	Europe	North America	Brazil	Total
Corporate sectors and individuals	30,772	3,223	3,689	37,684
Public sector	40,675	6,833	4,136	51,644
Total	**71,447**	**10,056**	**7,825**	**89,328**

Thousand Euros	Dec 2015			
	Europe	North America	Brazil	Total
Corporate sectors and individuals	55,904	1,262	2,273	59,439
Public sector	25,902	2,978	46	28,926
Total	**81,806**	**4,240**	**2,319**	**88,365**

Regarding to past-due and not impaired Trade receivables, is analysed as follow:

Thousand Euros	Dec 2016	Dec 2015
Past due but not impaired trade receivables:		
Less than 3 months	3,943	18,535
More than 3 months	3,033	3,188
Impaired trade receivables	-	-1,342
Not past due and not impaired trade receivables	82,352	67,984
Total	**89,328**	**88,365**

The age of trade receivables that are past due but not impaired may vary significantly depending on the type of customer (corporate sector and individuals or public sector). EDPR Group recognises impairment losses based on an economic case by case analysis, according with the characteristics of the customers.

Liquidity risk

Liquidity risk is the possibility that the Group will not be able to meet its financial obligations as they fall due. The Group strategy to manage liquidity is to ensure, as far as possible, that it will always have significant liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The liquidity policy followed ensures compliance with payment obligations acquired, through maintaining sufficient credit facilities and having access to the EDP Group facilities.

The EDP Renováveis Group undertakes management of liquidity risk through the engagement and maintenance of credit lines and financing facilities with its main shareholder, as well as directly in the market with national and international financial institutions, assuring the necessary funds to perform its activities.

Market price risk

As at 31 December 2016, market price risk affecting the EDP Renováveis Group is not significant. In the case of EDPR NA, the great majority of the plants are under power purchase agreements, with fixed or escalating prices. In the case of EDPR EU, the electricity is sold in Spain, France, Italy and Portugal through regulated tariffs whether in Romania and Poland most plants sell their electricity and green certificates under power purchase agreements with fixed prices or floors.

For the small share of energy sold with merchant exposure (electricity, green certificates and RECs generated, this market risk is managed through electricity sales swaps and REC swaps. EDPR EU and EDPR NA have electricity sales and REC swaps that qualify for hedge accounting (cash flow hedge) that are related to electricity sales for the years 2017 to 2020 (see note 35). The purpose of EDP Renováveis Group is to hedge a volume of energy generated to reduce its exposure to the energy price volatility.

Capital management

The Group's goal in managing equity, in accordance with the policies established by its main shareholder, is to safeguard the Group's capacity to continue operating as a going concern, grow steadily to meet established growth targets and maintain an optimum equity structure to reduce equity cost.

In conformity with other sector groups, the Group controls its financing structure based on the leverage ratio. This ratio is calculated as net financial borrowings divided by total equity and net borrowings. Net financial borrowings are determined as the sum of financial debt, institutional equity liabilities corrected for non-current deferred revenues, less cash and cash equivalents.

05. Consolidation perimeter

During the year ended in 31 December 2016, the changes in the consolidation perimeter of the EDP Renováveis Group were:

Companies acquired:

- EDP Renewables Europe, S.L. acquired 15% of the share capital of the company EDP Renewables Romania, S.r.l.;
- EDP Renovables España, S.L. acquired 15% of the share capital of the company Eólica La Brújula, S.A.;
- Aprofitament D'Energies Renovables de la Terra Alta, S.A. (AERTA) acquired 23,6% of the interests that third parties had over itself as treasury shares, with a subsequent loss of 10,3% of indirect interests in the equity consolidated company Aprofitament D'Energies Renovables de L'Ebre, S.A. (AERE) after a corporate restructuring of the companies;
- EDP Renewables, SGPS, S.A., acquired 100% of the share capital of the following companies:
    - Parque Eólico da Serra do Oeste, S.A.
    - Parque Eólico de Torrinheiras, S.A.
    - Parque Eólico do Planalto, S.A.
    - Parque Eólico do Pinhal Oeste, S.A.
    - Parque Eólico do Cabeço Norte, S.A.

  This transaction has been considered, for consolidation purposes, as an asset acquisition out of the scope of IFRS 3 – Business Combinations, due to the nature of such transaction, the type of assets acquired and the initial stage of completion of the projects;
- EDP Renewables UK Ltd, acquired 33,36% of the share capital of the company Moray Offshore Renewables Ltd from Repsol Nuevas Energías S.A. (Repsol);
- EDPR Renewables Polska, SP ZO.O acquired 35% of the share capital of the company Molen Wind II and 100% of the share capital of the companies Miramit Investments SP.Z O.O. and Tylion Investments S.A (which name changed to EDP Renewables Polska sp z o.o.) ;
- EDPR France Holding, S.A.S acquired 100% of the share capital of the company Parc Éolien Champagne Berrichonne, S.A.R.L.;
- EDP Renováveis Brasil, S.A. acquired 100% of the share capital of the following companies:
    - Central Eólica Babilônia I S.A.
    - Central Eólica Babilônia II S.A.
    - Central Eólica Babilônia III S.A.
    - Central Eólica Babilônia IV S.A.
    - Central Eólica Babilônia V S.A.

  This transaction has been considered, for consolidation purposes, as an asset acquisition out of the scope of IFRS 3 – Business Combinations, due to the nature of such transaction, the type of assets acquired and the initial stage of completion of the projects.
- EDP Renewables Italia, S.r.l. acquired 100% of the share capital of the company Parco Eólico Banzi S.r.l. This transaction has been considered, for consolidation purposes, within the scope of IFRS 3 – Business Combinations (see note 42).

- EDP Renewables Italia Holding, S.r.l. acquired:

  (i) 100% of the share capital of the following companies:
  - Conza Energía S.r.l.
  - VRG Wind 149, S.r.l.
  - VRG Wind 127, S.r.l.
  - T Power S.P.A.
  - Lucus Power S.r.l.

  (ii) 75% of the share capital of the following companies:
  - Tivano S.r.l.
  - San Mauro S.r.L
  - AW 2 S.r.l.

  (iii) 51% of the share capital of the following company:
  - Sarve S.r.l.

  Non-controlling interests' shareholders hold put options over the stake they own in the companies Tivano S.r.l., San Mauro S.r.L and AW 2 S.r.l. therefore they are 100% consolidated (see note 36).

  These transactions have been considered, for consolidation purposes, as an asset acquisition out of the scope of IFRS 3 – Business Combinations, due to the nature of such transaction, the type of assets acquired and the initial stage of completion of the projects;

  Total impact of the above acquisitions in Equity Holders of the Parent and in non-controlling interests represents a decrease amounting to 23,199 thousand Euros and 9,840 thousand Euros respectively.

Disposal of non-controlling interests:

- In the first quarter of 2016, EDP Renewables North America LLC. concluded the sale to Axium Nove Acquisition Co LLC, by 278,671 thousand Euros equivalent to 307,034 thousands of US Dollar (corresponding to a sale price of 307,500 thousands of US Dollar deducted from 466 thousands of US Dollar of transaction costs) of:

  (i) 49% of its interests in the following companies:

  - Waverly Wind Farm, LLC;
  - Arbuckle Mountain Wind Farm, LLC;
  - Rising Tree Wind Farm III, LLC;
  - 2015 Vento XIV, LLC;
  - 2015 Vento XIII, LLC;
  - EDPR Wind Ventures XIV, LLC;
  - EDPR Wind Ventures XIII, LLC

  (ii) 24% of its interests in the following companies:

  - Cloud County Wind Farm, LLC;
  - Pioneer Prairie Wind Farm I, LLC;
  - Arlington Wind Power Project LLC;
  - 2008 Vento III, LLC;
  - Horizon Wind Ventures IC, LLC

  This transaction was treated as a disposal of non-controlling interests without loss of control and therefore the positive difference between the book value and the fair value of the non-controlling interests sold, totaling a gain amounting to 23,460 thousand Euros, was booked against reserves under the corresponding accounting policy;

- In the second quarter of 2016, EDP Renewables Europe, S.L. concluded the sale to Vortex Energy Investments II S.à r.l. by 272,880 thousand Euros that equals to 550,000 thousand Euros deducted of loans totalling 272,740 of thousand Euros and 4,380 of transaction costs, of 49% of its interests in the company EDPR Participaciones S.L.U., with a subsequent loss of share interest in the following companies:

  Spain

  - Bon Vent de Vilalba, S.L.U.
  - Bon Vent de l'Ebre, S.L.U.
  - Eólica Don Quijote, S.L.U.
  - Eólica Dulcinea, S.L.U.
  - Eólica de Radona, S.L.U.
  - Eólica del Alfoz, S.L.U.
  - Eólica La Navica, S.L.U.

  Belgium

  - Green Wind, S.A.

  France

  - Parc Éolien de Dammarie, S.A.S.
  - Parc Éolien d'Escardes, S.A.S.
  - Parc Éolien de Francourville, S.A.S.
  - Parc Éolien de Montagne Fayel, S.A.S.
  - Parc Eolien de Preuseville, S.A.S.

  Portugal

  - Eólica do Cachopo, S.A.
  - Eólica do Velão, S.A.
  - Eólica do Castelo, S.A.
  - Eólica da Lajeira, S.A.

  This transaction was treated as a disposal of non-controlling interests without loss of control and therefore the positive difference between the book value and the fair value of the non-controlling interests sold, totaling a gain amounting to 105,186 thousand Euros, was booked against reserves under the corresponding accounting policy.

- In the fourth quarter of 2016, EDP Renewables Europe, S.L. concluded the sale to ACE Italy S.À.R.L. (CTG Group) by 45,666 thousand Euros that equals to 135,168 thousand Euros deducted of loans totalling 89,162 thousand Euros and 340 thousand Euros of transaction costs, of 49% of its interests in the company EDPR Italia S.r.l., with a subsequent loss of share interest in the following companies:

  - Villa Castelli Wind S.r.l.
  - Pietragalla Eolico S.r.l.
  - Parco Eólico Banzi S.r.l.

  This transaction was treated as a disposal of non-controlling interests without loss of control and therefore the positive difference between the book value and the fair value of the non-controlling interests sold, totaling a gain amounting to 16,596 thousand Euros, was booked against reserves under the corresponding accounting policy.

- In the fourth quarter of 2016, EDP Renewables Polska sp z o.o. concluded the sale to ACE Poland S.À.R.L. (CTG Group) by 100,670 thousand Euros that equals to 226,349 thousand Euros deducted of loans totalling 124,778 thousand Euros and 901 thousand Euros of transaction costs, of 49% of its interests in the company EDP Renewables Polska Holdco S.A., with a subsequent loss of share interest in the following companies:

  - Relax Wind Park III, Sp. Z o.o.

  - Relax Wind Park I, Sp. Z o.o.

  - Elektrownia Wiatrowa Kresy I, Sp. Z o.o.

  - Molen Wind II, Sp. Z o.o.

  - Korsze Wind Farm, Sp. Z o.o.

  - Radziejów Wind Farm, Sp. Z o.o.

  This transaction was treated as a disposal of non-controlling interests without loss of control and therefore the positive difference between the book value and the fair value of the non-controlling interests sold, totaling a gain amounting to 14,783 thousand Euros, was booked against reserves under the corresponding accounting policy.

Companies sold and liquidated

- EDP Renewables UK Ltd. sold 49% of Inch Cape Offshore Ltd. for a total amount of 15,802 thousand Euros. The impact of this sale in the Profit and Loss of the consolidated financial statements amounts to a gain of 2,324 thousand Euros;
- EDP Renewables Polska, SP ZO.O sold 60% in the Polish company J&Z Wind Farms, SP. Z o.o. for a total amount of 12,891 thousand Euros. The impact of this sale represents a decrease in non-controlling interests amounting to 4,344 thousand Euros and the impact in the Profit and Loss of the consolidated financial statements amounts to a gain of 6,958 thousand Euros (see note 8);
- EDP Renewables South Africa Proprietary Ltd sold 43% in the South African company Modderfontein Wind Energy Project Proprietary Ltd with no significant impacts in the consolidated financial statements.
- EDP Renovables España, S.L. liquidated Cultivos Energéticos de Castilla S.A.;
- EDP Renewables Europe, S.L. liquidated EDPR RO Trading, S.r.l.;
- EDP Renewables North America LLC liquidated Verde Wind Power LLC, Pioneer Prairie Wind Farm II LLC and Pioneer Prairie Interconnection LLC.

Companies incorporated:

- EDPR Participaciones S.L.U.;
- Parc Éolien de Flavin S.A.S.;
- Parc Éolien de Citernes S.A.S.;
- Parc Éolien de Prouville S.A.S. ;
- Parc Éolien de Louvières S.A.S. ;
- Redbed Plains Wind Farm LLC.;
- EDP Renewables Vento IV Holding LLC.;
- Moray Offshore Renewable Power Limited;
- Moray Offshore Windfarm (West) Limited;
- 2016 Vento XV LLC ;
- 2016 Vento XVI LLC;
- EDPR Wind Venture XV LLC;
- EDPR Wind Venture XVI LLC;
- Headwaters Wind Farm II LLC*;
- Moran Wind Farm LLC*;
- Spruce Ridge Wind Farm LLC*;
- Meadow Lake Wind Farm VI LLC*;
- Meadow Lake Wind Farm VII LLC*;
- Paulding Wind Farm V LLC*;
- Waverly Wind Farm II LLC*;
- Reloj del Sol Wind Farm LLC*;
- Blue Marmot I LLC*;

- Blue Marmot II LLC*;
- Blue Marmot III LLC*;
- Blue Marmot IV LLC*;
- Blue Marmot V LLC*;
- Blue Marmot VI LLC*;
- Blue Marmot VII LLC*;
- Blue Marmot VIII LLC*;
- Blue Marmot IX LLC*;
- Blue Marmot X LLC*;
- Blue Marmot XI LLC*;
- Horse Mountain Wind Farm LLC*;
- Riverstart Solar Park LLC*;
- Riverstart Solar Park II LLC*;
- Hidalgo Wind Farm II LLC*;
- Big River Wind Power Project LLC*;
- Rolling Upland Wind Farm LLC*;
- Horizon Wind Freeport Windpower I LLC*.

* EDPR Group holds, through EDPR NA and EDPR Canada, a set of subsidiaries in the United States and Canada legally established without share capital and that, as at 31 December 2016, do not have any assets, liabilities, or any operating activity

Other changes:

- EDPR Renewables Italia, S.r.l. increased its interests in the company Re Plus, S.r.l. until 100% through a dilution of the other shareholder of the company due to a capital reduction and a subsequent capital increase fully subscribed by EDPR. The impact of this transaction represents a decrease in non-controlling interests and an increase in Equity Holders of the Parent amounting to 621 thousand Euros respectively.
- EDPR International Investments B.V. (formerly Tarcan B.V.) diluted its interests in the equity consolidated company Eólica de Coahuila, S.A. de C.V. to 51% of the share capital of the company due to a capital increase fully subscribed by the company Energía Bal, S.A. de C.V and by other companies within the same Group. The impact of this transaction in the Consolidated Financial Statements is not significant.
- EDP Renewables România, S.r.l. has been merged into S.C. Ialomita Power S.r.l.

During the year ended in 31 December 2015, the changes in the consolidation perimeter of the EDP Renováveis Group were:

Companies acquired:

- In September 2015, the ENEOP consortium members reached an agreement on the consortium's assets split which had been created for a wind power contract launched by the Portuguese Government in 2005-2006. In the terms of this agreement, EDPR Group began to hold the exclusive control of the following windfarm portfolio:

  Eólica do Alto da Lagoa, S.A.

  Eólica das Serras das Beiras, S.A.

  Eólica do Cachopo, S.A.

  Eólica do Castelo, S.A.

  Eólica da Coutada, S.A.

  Eólica do Espigão, S.A.

  Eólica da Lajeira, S.A.

  Eólica do Alto do Mourisco, S.A.

  Eólica dos Altos dos Salgueiros-Guilhado, S.A.

  Eólica do Alto da Teixosa, S.A.

  Eólica da Terra do Mato, S.A.

  Eólica do Velão, S.A.

This transaction was treated as a business combination achieved in stages and generated a provisional gain on the revaluation of the previously held investment in the amount of 124,750 thousand Euros, which is recognized under Other income (see note 43 and 8).

- EDP Renovables España, S.L. acquired 2% of the share capital of Acampo Arias, S.L., 24% of the share capital of Compañía Eólica, Campo de Borja, S.A., 5% of the share capital of D.E. Rabosera, S.A., 20% of the share capital of Molino de Caragüeyes, S.L., 5% of the share capital of Parque Eólico La Sotonera, S.L., 16% of the share capital of Eólica Alfoz, S.L., 40 % of the share capital of Investigación y Desarrollo de Energías Renovables, S.L., 40% of the share capital of Parques de Generación Eólica, S.L., 32 % of the share capital of Parque Eólico Altos del Voltoya, S.A. and 40% of the share capital of Desarrollos Catalanes Del Viento, S.L. with the subsequent gain of 100% of share interest in: Aprofitament D'Energies Renovables de L'Ebre, S.A., Aprofitament D'Energies Renovables de la Terra Alta, S.A., Parc Eòlic de Coll de Moro, S.L., Parc Eòlic de Torre Madrina, S.L. and Parc Eòlic de Vilalba dels Arcs, S.L.;
- EDP Renováveis, S.A. agreed to acquire 45% of share capital of EDP Renováveis Brasil, S.A. to EDP Energias do Brasil S.A. Subsequently to this agreement, EDP Renováveis Brasil, S.A performed a capital increase exclusively subscribed by EDP Renováveis, S.A., diluting the participation of EDP Energias do Brasil S.A. from 45% to 29%.
- EDPR Yield, S.A.U. acquired 100% of the share capital of EDPR Yield Spain Services, S.L.U.
- EDP Renováveis Brasil, S.A. acquired 100% of the share capital of Central Eólica Aventura II, S.A.;
- EDP Renewables, SGPS, S.A. acquired 19.40% of the share capital of WindPlus, S.A. and 100% of the share capital of Stirlingpower, Unipessoal Lda.
- EDP Renewables Polska, Sp. z o.o. acquired 100% of the share capital of Brent Investments, S.A.

Total impact of the above acquisitions in Equity Holders of the Parent and in non-controlling interests amounts to 30,960 thousand Euros and -97,321 thousand Euros respectively.

Disposal of non-controlling interests:

- EDP Renovables España, S.L. sold 6% of its interests in Iberia Aprovechamientos Eólicos, S.A.U. by 18 thousand Euros;
- In the second quarter of 2015, EDP Renewables North America LLC. concluded the sale to Fiera Axium LLC, by 292,558 thousand Euros that equals 324,716 thousands of US Dollar (corresponding to a sale price of 348,000 thousands of US Dollar deducted of 6,009 thousands of US Dollar of transaction costs and 17,275 thousands of US Dollar of capital distributions):

  (i) 49% of its interests in the following companies:

  - Blue Canyon Windpower V, LLC;
  - Paulding Wind Farm II LLC;
  - Headwaters Wind Farm LLC;
  - Rising Tree Wind Farm LLC;
  - Rising Tree Wind Farm II;
  - 2009 Vento V, LLC;
  - 2011 Vento IX, LLC;
  - 2014 Vento XI, LLC;
  - 2014 Vento XII, LLC;
  - Horizon Wind Ventures III, LLC;
  - Horizon Wind Ventures IX, LLC;
  - EDPR Wind Ventures XI, LLC;
  - EDPR Wind Ventures XII, LLC.

(ii) 25% of its interests in the following companies:

- Cloud County Wind Farm, LLC;
- Pioneer Prairie Wind Farm I, LLC;
- Arlington Wind Power Project LLC;
- 2008 Vento III, LLC;
- Horizon Wind Ventures IC, LLC

This transaction was treated as a disposal of non-controlling interests without loss of control and therefore the negative difference between the book value and the fair value of the non-controlling interests sold, totalling 19,096 thousand Euros, was booked against reserves under the corresponding accounting policy.

- In the second quarter of 2015, EDP Renewables North America LLC. sold to DIF Infra 3 US LLC 49% of its interests, by 25,281 thousand Euros that equals to 28,060 thousands of US Dollar (corresponding to a sale price of 30,000 thousands of US Dollar deducted of 1,940 thousands of US Dollar of transaction costs), in the following companies:

  - EDPR Solar Ventures I;
  - 2014 Sol I, LLC;
  - Lone Valley Solar Park I LLC;
  - Lone Valley Solar Park II LLC

This transaction was treated as a disposal of non-controlling interests without loss of control and therefore the negative difference between the book value and the fair value of the non-controlling interests sold, totalling 427 thousand Euros, was booked against reserves under the corresponding accounting policy.

- In the second quarter of 2015, EDP Renováveis Brasil, S.A. sold to Cwei Brasil Participações Lda (CWEI Brasil) 49% of its interests in a set of wind farm assets, by 66,962 thousand Euros that equals to 247,664 thousands of Brazilian Real (corresponding to a sale price of 249,613 thousands of Brazilian Real deducted of 1,949 thousands of Brazilian Real of transation fees), in the following companies:

  - Central Eólica Aventura I, S.A.;
  - Central Nacional de Energia Eólica, S.A.;
  - Elebras Projetos Ltda;
  - Central Eólica Feijao I, S.A.;
  - Central Eólica Feijao II, S.A.;
  - Central Eólica Feijao III, S.A.;
  - Central Eólica Feijao IV, S.A.;
  - Central Eólica Jau, S.A

This transaction was treated as a disposal of non-controlling interests without loss of control and therefore the positive difference between the book value and the fair value of the non-controlling interests sold, totalling 14,800 thousand Euros, was booked against reserves under the corresponding accounting policy.

Companies liquidated:

- EDPR Renovables España, S.L. liquidated Tratamientos Medioambientales del Norte, S.A. and Industrias Medioambientales Río Carrión, S.A;

Companies incorporated:

- Vientos de Coahuila, S.A. de C.V.;
- TACA Wind, S.r.l.;
- EDPR Yield France Services, S.A.S;
- EDPR Yield Portugal Services, Unip. Lda.
- EDPR PT - Parques Eólicos, S.A.
- EDPR Servicios de Mexico, S. de R.L. de C.V.;
- 2015 Vento XIII, LLC;
- 2015 Vento XIV, LLC *;
- EDPR Wind Ventures XIII, LLC;
- EDPR Wind Ventures XIV, LLC;
- EDPR Vento I Holding, LLC;
- EDPR WF, LLC
- Nation Rise Wind Farm GP Inc.*;
- Nation Rise Wind Farm LP;
- South Branch Wind Farm II GP Inc.*;
- South Branch Wind Farm II LP *;
- EDP Renewables Sharp Hills Project LP;

* EDP Renováveis holds, through its subsidiaries EDPR NA and EDPR Canada, a set of subsidiaries in the United States and Canada legally established without share capital and that, as at 31 December 2015, do not have any assets, liabilities, or any operating activity.

The companies included in the consolidation perimeter of EDPR Group as at 31 December 2016 and 2015 are listed in Annex I.

06. Revenues

Revenues are analysed as follows:

Thousand Euros	31 Dec 2016	31 Dec 2015
Revenues by business and geography		
Electricity in Europe	908,819	826,699
Electricity in North America	507,607	498,018
Electricity in Brazil	34,424	21,379
	1,450,850	1,346,096
Other revenues	1,897	315
	1,452,747	1,346,411
Services rendered	1,745	3,421
Changes in inventories and cost of raw material and consumables used		
Cost of consumables used	-6,341	2,881
Changes in inventories	5,063	-3,108
	-1,278	-227
Total Revenues	**1,453,214**	**1,349,605**

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

07. Income from institutional partnerships in U.S. wind farms

Income from institutional partnership in U.S. Wind Farms in the amount of 197,544 thousand Euros (31 December 2015: 197,442 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, Blue Canyon I and Vento I to XVI, (see note 31).

08. Other income

Other income is analysed as follows:

Thousand Euros	31 Dec 2016	31 Dec 2015
Gains related with business combinations	3,890	124,750
Amortisation of deferred income related to power \ purchase agreements	4,915	9,961
Contract and insurance compensations	19,740	11,905
Other income	25,207	14,944
	53,752	**161,560**

Gains related with business combinations mainly include the profit resulting from the acquisition of the Italian company Parco Eolico Banzi S.r.l. amounting to 3,040 thousand Euros (see note 42). This caption included in 2015 the profit resulting from the incorporation of ENEOP wind farms portfolio.

The power purchase agreements between EDPR NA and its customers were valued based on market assumptions, at the acquisition date of the business combination, using discounted cash flow models. At that date, these agreements were valued at approximately 190,400 thousands of USD and booked as a non-current liability (see note 32). This liability is amortised over the period of the agreements against Other income. As at 31 December 2016, the amortisation for the period amounts to 4,915 thousand Euros (31 December 2015: 9,961 thousand Euros).

Other income includes the gain on disposal of the Polish company J&Z Wind Farms, SP. Z o.o amounting to 6,958 thousand Euros (see note 5 and 25).

09. Supplies and services

This caption is analysed as follows:

Thousand Euros	31 Dec 2016	31 Dec 2015
Rents and leases	54,819	47,021
Maintenance and repairs	177,730	169,457
Specialised works:		
- IT Services, legal and advisory fees	14,808	19,612
- Shared services	9,331	7,292
- Other services	11,217	12,248
Other supplies and services	36,835	37,098
	304,740	**292,728**

10. Personnel costs and employee benefits

Personnel costs and employee benefits is analysed as follows:

Thousand Euros	31 Dec 2016	31 Dec 2015
Personnel costs		
Board remuneration	723	689
Remunerations	72,571	66,641
Social charges on remunerations	11,893	10,979
Employee's variable remuneration	15,974	15,336
Other costs	1,706	2,045
Own work capitalised	-18,963	-20,770
	83,904	74,920
Employee benefits		
Costs with pension plans	3,676	3,301
Costs with medical care plans and other benefits	6,314	4,560
Other	-	1,487
	9,990	9,348
	93,894	**84,268**

As at 31 December 2016 and at 31 December 2015, costs with pension plans relates to defined contribution plans (3,628 thousand Euros and 3,284 thousand Euros respectively) and defined benefit plans (48 thousands of Euros and 17 thousand Euros respectively).

The average breakdown by management positions and professional category of the permanent staff as of 31 December 2016 and 2015 is as follows:

	31 Dec 2016	31 Dec 2015
Board members	17	17
	17	17
Senior management / Senior officers	89	81
Middle management	591	561
Highly-skilled and skilled employees	278	260
Other employees	97	75
	1,055	977
	1,072	**994**

11. Other expenses

Other expenses are analysed as follows:

Thousand Euros	31 Dec 2016	31 Dec 2015
Taxes	77,382	79,207
Losses on fixed assets	5,696	72,248
Other costs and losses	51,847	37,861
	134,925	**189,316**

The caption Taxes, on 31 December 2016, includes the amount of 26,020 thousand Euros (31 December 2015: 28,365 thousand Euros) related to taxes for energy generators in Spain, affecting all the wind farms in operation, amounting to 7% of revenues for each wind farm.

In 2016, the EDPR Group proceeded to the write-off assets under construction, which referes to (i) 825 thousands of Euros related to the abandonment of ongoing projects in EDPR North America (41,423 thousands of Euros in 2015), which were considered to be economically unviable under current market conditions; (ii) 2,368 thousands of Euros related to the abandonment of ongoing projects in EDPR Europe, following the reduced probability of their future development (20,638 thousands of Euros in 2015); and (iii) 2,236 thousands of Euros, due to incremental costs related with the damage in the met mast of the offshore wind park Moray Offshore Renewables Limited, a EDPR UK Limited subsidiary (5,395 thousands of Euros in 2015) (see note 15).

12. Amortisation and impairment

This caption is analysed as follows:

Thousand Euros	31 Dec 2016	31 Dec 2015
Property, plant and equipment		
Buildings and other constructions	727	795
Plant and machinery	608,581	551,560
Other	8,638	11,136
Impairment loss	3,387	21,542
	621,333	585,033
Intangible assets		
Industrial property, other rights and other intangibles	3,162	2,263
Impairment loss	-	-
	3,162	2,263
Impairment of goodwill	-	170
	624,495	587,466
Amortisation of deferred income (Government grants)	-22,208	-22,837
	602,287	**564,629**

There are no significant impairments in 2016. In 2015, the EDPR Group booked an impairment loss in Property, plant and equipment of 26,491 thousand Euros as a result of the recoverability assessment of wind farms and deferred green certificates in Romania (see note 15 and 16).

13. Financial income and financial expenses

Financial income and financial expenses are analysed as follows:

Thousand Euros	31 Dec 2016	31 Dec 2015
Financial income		
Interest income	7,899	26,795
Derivative financial instruments:		
Interest	110	475
Fair value	30,729	20,154
Foreign exchange gains	12,941	13,946
Other financial income	2,563	106
	54,242	61,476
Financial expenses		
Interest expense	189,499	194,277
Derivative financial instruments:		
Interest	56,067	42,965
Fair value	31,702	17,716
Foreign exchange losses	13,745	14,150
Own work capitalised	-23,013	-22,986
Unwinding	95,433	83,421
Other financial expenses	40,902	17,416
	404,335	346,959
Net financial income / (expenses)	**-350,093**	**-285,483**

Derivative financial instruments include interest liquidations on the derivative financial instrument established between EDP Renováveis and EDP Branch (see notes 35 and 37).

In accordance with the accounting policy described on note 2 g), the borrowing costs (interest) capitalised in tangible fixed assets in progress as at 31 December 2016 amounted to 23,013 thousand Euros (at 31 December 2015 amounted to 22,986 thousand Euros) (see note 15), and are included under Own work capitalised (financial interest). The interest rates used for this capitalisation vary in accordance with the related loans, between 0.42% and 9.75% (31 December 2015: 0.57% and 14.14 %).

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

Unwinding expenses refers essentially to the financial update of provisions for dismantling and decommissioning of wind farms of 4,610 thousand Euros (31 December 2015: 4,006 thousand Euros) (see note 30) and the implied return in institutional partnerships in U.S. wind farms of 90,337 thousand Euros (31 December 2015: 78,953 thousand Euros) (see note 31).

14. Income tax expense

Main features of the tax systems of the countries in which the EDP Renewables Group operates

The statutory corporate income tax rates applicable in the countries in which EDP Renewables Group operates are as follows:

Country	31 Dec 2016	31 Dec 2015
Europe:		
Belgium	33.99%	33.99%
France	33.33% - 34.43%	33.33% - 34.43%
Italy	27.5% - 32.3%	27.5% - 32.3%
Poland	19%	19%
Portugal	21% - 29.5%	21% - 29.5%
Romania	16%	16%
Spain	25%	28%
United Kingdom	20%	20% - 21%
America:		
Brazil	34%	34%
Canada	26.50%	26.50%
Mexico	30%	30%
United States of America	38.2%	38.2%

EDP Renováveis S.A. and its subsidiaries file individual tax returns in accordance with the applicable tax legislation. Nevertheless, the company and the majority of its Spanish subsidiaries in Spain are taxed under the tax consolidation group regime applicable according to the Spanish law. EDP - Energias de Portugal, S.A. - Sucursal en España (Branch) is the dominant company of this Group which includes other subsidiaries that are not within the renewables energy industry.

As per the applicable tax legislation, tax periods may be subject to examination by the various Tax Administrations during a limited number of years. Statutes of limitation differ from country to country, as follows: USA, Belgium and France: 3 years; Spain, United Kingdom, Italy and Portugal: 4 years or, in the case of Portugal, if tax losses/credits have been used, the number of years that such tax losses/credits may be carry forward; Brazil, Romania, Poland, Italy and Mexico: 5 years; and Canada: 10 years.

Tax losses generated in each year are also subject to Tax Administrations' review and reassessment. Losses may be used to offset yearly taxable income assessed in the subsequent periods, as follows: 5 years in Poland; 7 in Romania; 10 in Mexico; 12 in Portugal (which is reduced to 5 years from 2017 onwards); 20 in the USA and Canada; and indefinitely in Spain, France, Italy, Belgium, Brazil and the United Kingdom. Moreover, in the United Kingdom and France tax losses in a given year may be carried back against the taxable base assessed in the previous tax year and in the USA and Canada in the 2 and 3 previous years, respectively. However, the deduction of tax losses in Portugal, Spain, Brazil, France, Italy and Poland may be limited to a percentage of the taxable income of each period.

EDP Renewables Group companies may, in accordance with the law, benefit from certain tax benefits or incentives in specific conditions, namely the Production Tax Credits in the US which are the dominant form of wind remuneration in that country, and represent an extra source of revenue per unit of electricity ($23/MWh in 2016 and 2015), over the first 10 years of the asset's life.

EDP Renewables Group transfer pricing policy follows the rules, guidelines and best international practices applicable across all geographies where the Group operates, in due compliance with the spirit and letter of the Law.

Changes in the tax law with relevance to the EDP Renewables Group in 2016

Corporate income tax ("CIT") rate

- The statutory CIT rate applicable in Spain (in particular, in the so called "Common Territory") was reduced from 28% to 25%, with effect from 1 January 2016 onwards, according to Law 27/2014, of 27 November 2014.
- In 2016 the statutory CIT rates (IRES) applicable in 2017 in Italy, France and the United Kingdom were reduced as follows:
  - In Italy, from 27.5% to 24%, effective from 1 January 2017 onwards, as per the 2016 Budget Law;
  - In France, the Government announced in 2016 that the CIT rate would be progressively lowered down from 33.33% to 28% for all companies before 2020, starting in 2017 with small and medium-sized enterprises and expanding to larger companies as a second step;
  - In the United Kingdom, at Summer Budget 2015 the government announced legislation setting the CIT main rate (for all profits except ring fence profits) at 19% for the years starting 1 April 2017 and at 18% for the years starting 1 April 2020. At Budget 2016, the government announced a further reduction to 17% for the year starting 1 April 2020.

Tax losses carried forward

- In Spain, the Royal Decree-Law 3/2016, of 2 December 2016, introduced restrictions on the utilization of carried forward tax losses affecting companies with a turnover equal or higher than 20,000 thousand Euros in the 12 months prior to the beginning of the relevant fiscal year, as follows:
  - Companies with turnover from 20,000 thousand Euros and lower than 60,000 thousand Euros: carried forward tax losses utilization is limited to 50% of the tax base;
  - Companies with turnover equal or higher than 60,000 thousand Euros: carried forward tax losses utilization is limited to 25% of the tax base.
- In Portugal, the Budget Law for 2016 (Law 7-A/2016, of 30 March 2016) has reduced the tax losses carry-forward period from 12 to 5 years, for tax losses assessed in tax years beginning on or after 1 January 2017.

Corporate income tax provision

This caption is analysed as follows:

Thousand Euros	31 Dec 2016	31 Dec 2015
Current tax	-49,928	-51,423
Deferred tax	12,359	6,076
Income tax expense	**-37,569**	**-45,347**

The effective income tax rate as at 31 December 2016 and 2015 is analysed as follows:

Thousand Euros	31 Dec 2016	31 Dec 2015
Profit before tax	213,681	290,838
Income tax expense	-37,569	-45,347
Effective Income Tax Rate	17.58%	15.59%

The difference between the theoretical and the efective 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 2016 and 2015 is analysed as follows:

Thousand Euros	31 Dec 2016	31 Dec 2015
Profit before taxes	213,681	290,838
Nominal income tax rate (*)	25,00%	28,00%
Theoretical income tax expense	-53,420	-81,435
Fiscal revaluations, amortization, depreciation and provisions	9,241	-3,207
Tax losses and tax credits	7,434	-2,887
Financial investments in associates	2,453	1,884
Difference between gains and accounting gains and losses	-2,406	35,294
Effect of tax rates in foreign jurisdictions	-18,963	-14,957
Tax benefits	4,559	6,799
Other	13,533	13,162
Efective income tax expense as per the Consolidated Income Statement	**-37,569**	**36,088**

(*) Statutory corporate income tax rate applicable in Spain

The caption Fiscal revaluations, amortization, depreciation and provisions includes essentially the net effect of the fiscal revaluation of certain eligible EDPR assets held in Portugal, in accordance with the Decree-Law 66/2016 of 3 November, which led to an increase of those assets' tax base of 70,477 thousand Euros. As a consequence, the EDPR Group recognised deferred tax assets of 19,481 thousand Euros that will be recovered through the tax deduction of the underlying revalued assets, to be amortised in 8 years starting in 2018. The fiscal revaluation reserve was taxed in 2016 at a 14% flat rate (payable in 3 equal instalments due in 20 December 2016, 15 December 2017 and 15 December 2018 – see note 33), which was recognised under current income tax in the total amount of 9,677 thousand Euros. Consequently, the net effect of this revaluation in the net income for the period is of approximately 9,808 thousand Euros.

15. Property, plant and equipment

This caption is analysed as follows:

Thousand Euros	31 Dec 2016	31 Dec 2015
Cost		
Land and natural resources	31,519	31,135
Buildings and other constructions	20,445	18,650
Plant and machinery:		
- Renewables generation	17,073,075	15,235,392
- Other plant and machinery	6,700	6,695
Other	112,969	100,754
Assets under construction	917,652	1,243,106
	18,162,360	16,635,732
Accumulated depreciation and impairment losses		
Depreciation charge	-617,946	-563,491
Accumulated depreciation in previous years	-4,012,314	-3,368,734
Impairment losses	-3,387	-21,542
Impairment losses in previous years	-91,286	-69,513
	-4,724,933	-4,023,280
Carrying amount	13,437,427	12,612,452

The movement in Property, plant and equipment during 2016, is analysed as follows:

Thousands of Euros	Balance at 01 jan	Additions	Disposals/ Write-offs	Transfers	Exchange Differences	Changes in perimeter / other	Balance At 31 Dec
Cost							
Land and natural resources	31,135	563	-583	-	404	-	31,519
Buildings and other constructions	18,650	1,090	-	27	678	-	20,445
Plant and machinery	15,242,087	174,107	-4,263	1,310,300	318,923	38,621	17,079,775
Other	100,754	8,891	-334	1,813	1,845	-	112,969
Assets under construction	1,243,106	978,323	-4,773	-1,312,140	14,687	-1,551	917,652
	16,635,732	**1,162,974**	**-9,953**	**-**	**336,537**	**37,070**	**18,162,360**

Thousands of Euros	Balance at 01 jan	Charge for the period	Impairment losses/ reverses	Disposals/ write-offs	Transfers	Exchange Differences	Changes in perimeter / other	Balance at 31 Dec
Accumulated depreciation and impairment losses								
Buildings and other constructions	11,156	727	-	-	-	329	-	12,212
Plant and machinery	3,938,575	608,581	3,387	-1,837	-	78,565	2,035	4,629,306
Other	73,549	8,638		-237		1,541	-76	83,415
	4,023,280	**617,946**	**3,387**	**-2,074**	**-**	**80,435**	**1,959**	**4,724,933**

As explained in note 3, Management has taken the decision to extend the useful life of the renewables assets from 25 to 30 years at the end of December 2016. Since this decision has taken place at the end of the year 2016, it has no significant impacts in the current year's amortization of renewables assets.

Plant and machinery includes the cost of the wind farms under operation.

Additions include the allocation of the acquisition cost of the following companies due to the nature of such transaction, the type of assets acquired and the initial stage of completion of the projects (see note 5):

- Italian companies Conza Energía, Sarve, VRG Wind 149, VRG Wind 127, T Power S.P.A, Tivano, San Mauro, AW 2 and Lucus Power amounting to 11,292 thousand Euros;
- Portuguese companies Serra do Oeste, Torrinheiras, Planalto, Pinhal Oeste and Cabeço Norte amounting to 8,963 thousand Euros;
- Brazilian companies Babilônia I, Babilônia II, Babilônia III, Babilônia IV and Babilônia V amounting to 8,292 thousand Euros;
- French company Champagne Berrichone amounting to 1,012 thousand Euros;

Transfers from assets under construction into operation, refer mainly to wind farms of the EDP Renováveis Group that become operational in the United States of America, Brazil, Poland, and France.

Disposals/Write-offs includes 3,193 thousand Euros related to the abandonment of ongoing projects mainly in Poland and in the United States of America and an additional write-off of 2,236 thousand Euros due to the damage that took place in the previous year in the met mast of the offshore wind farm of Moray (see note 11).

The caption Changes in perimeter/Other mainly includes the impact of the consolidation of the new Italian wind farm Banzi in EDPR Group in result of 38,767 thousand Euros (see note 42).

The Company has taken out an insurance global program to cover risks relating to property, plant and equipment. The coverage provided by these policies is considered to be sufficient.

Loans with credit institutions formalized as 'Project Finances' are secured by the shares of the corresponding wind farms and, ultimately, by the fixed assets of the wind farm to which the financing is related (see note 29). Additionally, the construction of certain assets have been partly financed by grants received from different Government Institutions.

The movement in Property, plant and equipment during 2015, is analysed as follows:

Thousand Euros	Balance at 01 jan	Additions	Disposals/ Write-offs	Transfers	Exchange Differences	Changes in perimeter / other	Balance At 31 Dec
Cost							
Land and natural resources	32,977	447	-3,493	74	1,077	53	31,135
Buildings and other constructions	17,257	802	-60	-	651	-	18,650
Plant and machinery	12,760,510	441,100	-4,026	619,659	693,611	731,233	15,242,087
Other	88,046	5,554	-51	2,441	4,764	-	100,754
Assets under construction	1,259,732	703,279	-72,795	-692,064	45,763	-809	1,243,106
	14,158,522	**1,151,182**	**-80,425**	**-69,890**	**745,866**	**730,477**	**16,635,732**

Thousand Euros	Balance at 01 jan	Charge for the period	Impairment losses/ reverses	Disposals/ write-offs	Transfers	Exchange Differences	Changes in perimeter / other	Balance at 31 Dec
Accumulated depreciation and impairment losses								
Buildings and other constructions	9,755	795	-	-60	-	666	-	11,156
Plant and machinery	3,076,925	551,560	21,542	-1,737	-6,780	158,861	138,204	3,938,575
Other	58,866	11,136	-	-48	-3	3,598	-	73,549
	3,145,546	**563,491**	**21,542**	**-1,845**	**-6,783**	**163,125**	**138,204**	**4,023,280**

Plant and machinery includes the cost of the wind farms and solar plants under operation.

Transfers from assets under construction into operation, refer mainly to wind and solar farms of the EDP Renováveis Group that become operational in Poland, Italy, France, United States of America, Spain and Romania. Additionally, the caption Transfers also contains the reclassification of the assets of the Polish wind farm J&Z to assets held for sale (see note 25) amounting to 63,151 thousand Euros.

Impairment losses are related to wind farms in Romania. Impairment reverses are related to a wind farm in France (see note 12).

Disposals/Write-offs includes 68,134 thousand Euros mainly disaggregated with: (i) 41,423 thousand Euros related to the abandonment of ongoing projects in EDPR North America; (ii) 20,638 thousand Euros related to the abandonment of ongoing projects in EDPR Europe; and (iii) 5,395 thousand Euros, due to damage in the met mast of the offshore wind park of Moray (see note 11).

The caption Changes in perimeter/Other includes the impact of the consolidation of new wind farms in EDPR Group in result of ENEOP consortium's deal with an impact of 594,492 thousand Euros. Additionally, the effect of the revaluation of these assets of ENEOP amounting to 249,671 thousand Euros is included in the caption Additions (see note 42).

Assets under construction as at 31 December 2016 and 2015 are analysed as follows:

Thousand Euros	31 Dec 2016	31 Dec 2015
EDPR EU Group	331,216	439,333
EDPR NA Group	537,540	698,693
Other	48,896	105,080
	917,652	1,243,106

Assets under construction as at 31 December 2016 and 2015 are essentially related to wind farms under construction and development in EDPR Europe and EDPR North America.

Financial interests capitalised amount to 23,013 thousand Euros as at 31 December 2016 (31 December 2015: 22,986 thousand Euros) (see note 13).

Personnel costs capitalised amount to 18,963 thousand Euros as at 31 December 2016 (31 December 2015: 20,770 thousand Euros) (see note 10).

The EDP Renováveis Group has lease and purchase obligations disclosed in Note 36 - Commitments.

16. Intangible assets

This caption is analysed as follows:

Thousand Euros	31 Dec 2016	31 Dec 2015
Cost		
Industrial property, other rights and other intangible assets	221,995	190,068
Intangible assets under development	34,638	24,785
	256,633	214,853
Accumulated amortisation		
Amortisation charge	-3,162	-2,263
Accumulated amortisation in previous years	-43,282	-40,462
Impairment losses	-	-
	-46,444	-42,725
Carrying amount	**210,189**	**172,128**

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

- Wind generation licenses amounting to 114,803 thousand Euros in the EDPR NA Group (31 December 2015: 100,987 thousand Euros) and in Portuguese companies amounting to 30,205 thousand Euros (the same amount as at 31 December 2015); and
- Deferred green certificates in Romania amounting to 73,123 thousand Euros (31 December 2015: 55,990 thousand Euros) (see note 2 i)).

The movement in Intangible assets during 2016, is analysed as follows:

	Balance at 01 Jan	Additions	Disposals / write-offs	Transfers	Exchange differences	Changes in the perimeter / other	Balance at 31 Dec
Cost							
Industrial property, other rights and other intangible assets	190,068	20,102	-19	-	3,696	8,148	221,995
Intangible assets under development	24,785	13,735	-	-	455	-4,337	34,638
	214,853	**33,837**	**-19**	**-**	**4,151**	**3,811**	**256,633**

	Balance at 01 Jan	Charge for the year	Impairment	Disposals /write-offs	Exchange differences	Changes in perimeter / other	Balance at 31 Dec
Accumulated amortisation							
Industrial property, other rights and other intangible assets	42,725	3,162	-	-	557	-	46,444
	42,725	**3,162**	**-**	**-**	**557**	**-**	**46,444**

Additions include the recognition of deferred green certificates rights in Romania in the amount of 17,504 thousand Euros and the impact of the consolidation of new wind farms in the EDPR Group related to the acquisition of the Portuguese companies Serra do Oeste, Torrinheiras, Planalto, Pinhal Oeste and Cabeço Norte in the amount of 6,781 thousand Euros (Refer to note 5).

The movement in Intangible assets during 2015, is analysed as follows:

	Balance at 01 Jan	Additions	Disposals / write-offs	Transfers	Exchange differences	Changes in the perimeter / other	Balance at 31 Dec
Cost							
Industrial property, other rights and other intangible assets	145,482	18,432	-	456	9,598	16,100	190,068
Intangible assets under development	8,622	5,910	-	-498	-864	11,615	24,785
	154,104	**24,342**	**-**	**-42**	**8,734**	**27,715**	**214,853**

	Balance at 01 Jan	Charge for the year	Impairment	Disposals /write-offs	Exchange differences	Changes in perimeter / other	Balance at 31 Dec
Accumulated amortisation							
Industrial property, other rights and other intangible assets	36,400	2,263	-	-	1,063	2,999	42,725
	36,400	**2,263**	**-**	**-**	**1,063**	**2,999**	**42,725**

Additions included the recognition of deferred green certificates rights in Romania in the amount of 19,239 thousand Euros.

The caption Changes in perimeter/Other included the impact of the consolidation of new wind farms in EDPR Group in result of ENEOP consortium's deal with an impact of 22,436 thousand Euros (see note 43) .

17. Goodwill

For the Group, the breakdown of Goodwill resulting from the difference between the cost of the investments and the corresponding share of the fair value of the net assets acquired, is analysed as follows:

Thousand Euros	31 Dec 2016	31 Dec 2015
Goodwill booked in EDPR EU Group:	636,153	636,288
- EDPR Spain Group	490,385	490,385
- EDPR France Group	61,460	61,460
- EDPR Portugal Group	43,712	43,712
- Other	40,596	40,731
Goodwill booked in EDPR NA Group	748,187	724,813
Other	1,153	916
	1,385,493	**1,362,017**

The movements in Goodwill, by subgroup, during 2016 are analysed as follows:

Thousand Euros	Balance at 01 Jan	Increases	Decreases	Impair-Ment	Exchange Differences	Changes in Perimeter / other	Balance at 31 Dec
EDPR EU Group:							
- EDPR Spain Group	490,385	-	-	-	-	-	490,385
- EDPR France Group	61,460	-	-	-	-	-	61,460
- EDPR Portugal Group	43,712	-	-	-	-	-	43,712
- Other	40,731	131	-	-	-266	-	40,596
EDPR NA Group	724,813	-	-	-	23,374	-	748,187
Other	916	-	-	-	237	-	1,153
	1,362,017	**131**	**-**	**-**	**23,345**	**-**	**1,385,493**

The movements in Goodwill, by subgroup, during 2015 are analysed as follows:

Thousand Euros	Balance at 01 Jan	Increases	Decreases	Impair-Ment	Exchange Differences	Changes in Perimeter / other	Balance at 31 Dec
EDPR EU Group:							
- EDPR Spain Group	492,385	-	-2,000	-	-	-	490,385
- EDPR France Group	61,460	-	-	-	-	-	61,460
- EDPR Portugal Group	42,915	797	-	-	-	-	43,712
- Other	38,351	2,499	-	-	-119	-	40,731
EDPR NA Group	651,264	-	-	-	73,549	-	724,813
Other	1,341	51	-	-170	-306	-	916
	1,287,716	**3,347**	**-2,000**	**-170**	**73,124**	**-**	**1,362,017**

There are no significant movements during 2016 except those related to exchange differences. During 2015, EDPR EU Group mainly presents a decrease in goodwill movement in the amount of 2,000 thousand Euros and an increase in the amount of 2,499 thousand Euros that are principally related to the contingent price revision related to the purchase agreements of three projects in EDPR Spain and several projects in EDPR Poland, respectively.

These contracts were signed before 1 January 2010, date of the adoption of the revised IFRS 3, therefore have been accounted for as described in the accounting policy 2 b.

Goodwill impairment tests - EDPR Group

The goodwill of the EDPR Group is tested for impairment each year with basis of September. In the case of operational wind farms, it is performed by determining the recoverable value through the value in use. Goodwill is allocated to each country where EDPR Group performs its activity, so the EDPR Group aggregate all the CGUs cash flows in each country in order to calculate the recoverable amount of goodwill allocated.

To perform this analysis, a Discounted Cash Flow (DCF) method was used. This method is based on the principle that the estimated value of an entity or business is defined by its capacity to generate financial resources in the future, assuming these can be removed from the business and distributed among the company's shareholders, without compromising the maintenance of the activity.

Therefore, for the businesses developed by EDPR's CGUs, the valuation was based on free cash flows generated by the business, discounted at appropriate discount rates.

The future cash flows projection period used is the useful life of the assets (30 years) which is consistent with the current depreciation method. The cash flows also incorporate the long-term off-take contract in place and long-term estimates of power prices, whenever the asset holds merchant exposure.

The main assumptions used for the impairment tests are as follows:

- Power produced: net capacity factors used for each CGU utilize the wind studies carried out, which takes into account the long-term predictability of wind output and that wind generation is supported in nearly all countries by regulatory mechanisms that allow for production and priority dispatching whenever weather conditions permit;

- Electricity remuneration: regulated or contracted remuneration has been applied where available, as for the CGUs that benefit from regulated remuneration or that have signed contracts to sell their output during all or part of their useful life; where this is not available, prices were derived using price curves projected by the company based on its experience, internal models and using external data references;

- New capacity: tests were based on the best information available on the wind farms expected to be built in coming years, adjusted by probability of success and by the growth prospects of the company based on the Business Plan Targets, its historical growth and market size projections. The tests considered the contracted and expected prices to buy turbines from various suppliers;

- Operating costs: established contracts for land leases and maintenance agreements were used; other operating costs were projected consistent with the company's experience and internal models;

- Terminal value: considered as a 15% of the initial investment in each wind farm, considering inflation;

- Discount rate: the discount rates used are post-tax, reflect EDPR Group's best estimate of the risks specific to each CGU and range as follows:

Thousand Euros	2016	2015
Europe	3.3%-5.6%	3.8% - 6.0%
North America	4.7%-6.7%	4.5% - 6.6%
Brazil	10.4%-12.8%	9.6% - 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 impairment tests performed in Europe, North America and Brazil in some of the key variables, such as:

- 5% reduction of Merchant Prices used in the base case. This sensitivity analysis performed for this assumption independently would not suppose any impairment for the goodwill allocated to each country.

- 100 basis points increase of the discount rate used in the base case. This sensitivity analysis performed for this assumption independently would not suppose any impairment for the goodwill allocated to each country.

18. Investments in Joint Ventures and Associates

This caption is analysed as follows:

Thousand Euros	31 Dec 2016	31 Dec 2015
Investments in associates		
Interests in joint ventures	304,918	298,017
Interests in associates	35,202	35,783
Carrying amount	**340,120**	**333,800**

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	2016	2015
Balance as at 1 January	333,800	369,791
Acquisitions / Increases	4,655	9,553
Disposals	225	-
Share of profits of joint ventures and associates	-185	-1,517
Dividends	-6,781	-11,540
Exchange differences	7,263	22,959
Hedging reserve in joint ventures and associates	1,143	3,094
Changes in consolidation method	-	-44,107
Transfers to assets held for sale	-	-14,433
Balance as at 31 December	**340,120**	**333,800**

The following table resumes the companies' financial information of joint ventures included in the Group consolidated accounts, as of December 2016:

Thousand Euros	Flat rock Wind-power	Flat rock Wind-power II	Compañía Eólica Aragonesa	Eólica de Coahuila	Other
Companies' financial information of joint ventures					
Non-Current Assets	291,444	117,915	127,057	302,602	57,319
Current Assets (including cash and cash equivalents)	2,129	795	5,186	40,449	9,621
Cash and cash equivalents	1,043	413	3,787	12,019	5,390
Total Equity	289,096	116,973	104,595	8,737	22,286
Long term Financial debt	-	-	-	239,071	13,600
Non-Current Liabilities	4,084	1,534	24,645	262,480	15,656
Short term Financial debt	-	-	-		26,203
Current Liabilities	393	203	3,003	71,834	28,998
Revenues	9,763	3,681	13,505	205	6,743
Fixed and intangible assets amortisations	-19,051	-7,361	-11,051	-	-2,512
Other financial expenses	-214	-64	-142	-306	-845
Income tax expense	-	-	2,328	102	-368
Net profit for the year	-22,893	-7,917	-1,938	203	1,100
Amounts proportionally attributed to EDPR Group					
Net assets	158,413	58,487	57,425	14,438	16,155
Goodwill	-	-	39,558	-	2,667
Dividends paid	2,615	-	3,452	-	-

The following table resumes the companies' financial information of joint ventures included in the Group consolidated accounts, as of December 2015:

Thousand Euros	Flat rock Wind-power	Flat rock Wind-power iII	Compañía Eólica Aragonesa	Other
Companies' financial information of joint ventures				
Non-Current Assets	301,415	121,644	130,283	73,399
Current Assets (including cash and cash equivalents)	4,631	393	6,038	9,742
Cash and cash equivalents	2,557	104	4,965	7,553
Total Equity	301,530	120,202	105,421	20,337
Long term Financial debt	-	-	-	13,600
Non-Current Liabilities	3,737	1,420	27,653	16,380
Short term Financial debt	-	-	-	29,590
Current Liabilities	779	415	3,247	46,424
Revenues	25,791	5,437	17,835	4,238
Fixed and intangible assets amortisations	-21,479	-7,339	-10,306	-3,433
Other financial expenses	-213	-64	-159	-1,100
Income tax expense	-	-	-95	399
Net profit for the year	-8,834	-6,116	379	-991
Amounts proportionally attributed to EDPR Group				
Net assets	150,765	60,101	61,846	25,305
Goodwill	-	-	39,558	2,667
Dividends paid	5,293	747	5,000	246

The following table resumes the companies' financial information of associates included in the Group consolidated accounts, as of December 2016:

Thousand Euros	Pq. Eolico Belmonte	Les Eoliennes en Mer de Dieppe – le Treport	Pq. Eólico Sierra del Madero	Other
Companies' financial information of associates				
Non-Current Assets	21,231	21,857	52,429	89,165
Current Assets	2,517	8,472	8,683	19,581
Equity	4,590	12,745	24,006	47,625
Non-Current Liabilities	15,105	13,825	2,455	55,871
Current Liabilities	4,053	3,759	34,651	5,250
Revenues	3,592	-	8,401	8,475
Net profit for the year	96	-678	475	-2,749
Amounts proportionally attributed to EDPR Group				
Net assets	3,099	5,480	10,082	16,541
Goodwill	1,726	-	-	6,479
Dividends paid	-	-	-	714

The following table resumes the companies' financial information of associates included in the Group consolidated accounts, as of December 2015:

Thousand Euros	Pq. Eolico Belmonte	Les Eoliennes en Mer de Dieppe – le Treport	Pq. Eólico Sierra del Madero	Other
Companies' financial information of associates				
Non-Current Assets	21,936	13,577	53,199	80,619
Current Assets	1,187	6,211	6,874	17,586
Equity	4,494	13,423	23,531	52,321
Non-Current Liabilities	4,544	-	1,883	28,464
Current Liabilities	14,085	6,365	34,659	17,420
Revenues	3,933	-	10,146	8,215
Net profit for the year	275	-625	1,623	-13,042
Amounts proportionally attributed to EDPR Group				
Net assets	3,070	5,772	9,883	17,058
Goodwill	1,726	-	-	6,479
Dividends paid	-	-	-	254

During 2016, 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	289,096	50,00%	-	-	13,866	158,413
Flat Rock Windpower II LLC	116,973	50,00%	-	-	-	58,487
Compañía Eólica Aragonesa	104,595	50,00%	5,128	-	-	57,425
Eólica de Coahuila	8,737	51,00%	9,982	-	-	14,438
Parque Eólico Belmonte	4,590	29,90%	-	1,726	-	3,099
Les Eoliennes en Mer de Dieppe	12,745	43,00%	-	-	-	5,480
Parque Eólico Sierra del Madero	24,006	42,00%	-	-	-	10,082

During 2015, 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	301.530	50,00%	-	-	-	150,765
Flat Rock Windpower II LLC	120.202	50,00%	-	-	-	60,101
Compañía Eólica Aragonesa	105.421	50,00%	9,136	-	-	61,846
Parque Eólico Belmonte	4.494	29,90%	-	1,726	-	3.070
Les Eoliennes en Mer de Dieppe	13.423	43,00%	-	-	-	5.772
Parque Eólico Sierra del Madero	23.531	42,00%	-	-	-	9.883

There are no operating guarantees granted by joint ventures included in the Group consolidated accounts under the equity method, as at 31 December 2016 or 2015.

The commitments relating to short and medium-long term financial debt, finance lease commitments, other long term commitments and other liabilities relating to purchases and future lease payments under operating leases for joint ventures included in the Group consolidated accounts under the equity method are disclosed, as at 31 December 2016 and 2015, are as follows:

Thousand Euros					2016
				Capital outstanding by maturity	
	Total	Less Than 1 Year	From 1 to 3 Years	From 3 to 5 Years	More Than 5 Years
Short and long term financial debt (including falling due interest)	186,897	9,355	28,277	24,640	124,625
Operating lease commitments	18,079	1,375	2,796	2,490	11,418
Purchase obligations	4,104	2,854	1,250	-	-
	209,080	**13,584**	**32,323**	**27,130**	**136,043**

Thousand Euros					2015
				Capital outstanding by maturity	
	Total	Less Than 1 Year	From 1 to 3 Years	From 3 to 5 Years	More Than 5 Years
Short and long term financial debt (including falling due interest)	21,673	14,745	5,166	1,762	-
Operating lease commitments	19,666	1,356	2,755	2,814	12,741
Purchase obligations	7,975	5,058	2,587	330	-
	49,314	**21,159**	**10,508**	**4,906**	**12,741**

Significant increase in short and long term financial debt commitments with respect to 2015 mainly relates to the company Eólica de Coahuila S.A. de C.V. which has obtained a Project Finance from financial institutions during 2016 amounting to 210,333 thousand Euros as at December 31, 2016, being 51% attributed to EDPR.

19. Deferred tax assets and liabilities

The EDP Renováveis Group records the tax effect arising from temporary differences between the assets and liabilities determined on an accounting basis and on a tax basis, which are analysed as follows:

Thousand Euros	Deferred tax assets		Deferred tax liabilities	
	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
Tax losses brought forward	997,084	975,700	-	-
Provisions	22,761	22,506	13,821	10,700
Derivative financial instruments	12,799	10,469	1,697	6,081
Property, plant and equipment	65,295	48,391	490,778	480,097
Allocation of fair value to assets and liabilities from business combinations	-	-	456,065	432,064
Income from institutional partnerships in U.S. wind farms	-	-	456,618	430,304
Non-deductible financial expenses	31,229	32,562	-	-
Netting of deferred tax assets and liabilities	-1,053,819	-1,042,947	-1,053,819	-1,042,947
Other	491	407	-74	198
	75,840	**47,088**	**365,086**	**316,497**

In 31 December 2016, the caption Property, plant and equipment includes 19,481 thousand Euros of deferred tax assets recognised on the fiscal revaluation reserve that derived from the revaluation of certain eligible assets held by EDPR companies in Portugal, under Decree-Law 66/2016 of 3 November (see note 14).

Deferred tax assets and liabilities is mainly related to Europe and United States of America, as follows:

Thousand Euros	Deferred tax assets		Deferred tax liabilities	
	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
Europe:				
Tax losses brought forward	53,842	42,978	-	-
Provisions	18,571	18,812	13,821	10,700
Derivative financial instruments	8,644	10,331	1,132	2,572
Property, plant and equipment	60,313	43,545	54,621	53,865
Non-deductible financial expenses	31,229	32,562	-	-
Allocation of fair value to assets and liabilities from business combinations	-	-	274,257	274,644
Netting of deferred tax assets and liabilities	-102,766	-101,872	-102,766	-101,872
Other	491	408	89	199
	70,324	**46,764**	**241,154**	**240,108**
United States of America:				
Tax losses brought forward	939,286	928,626	-	-
Provisions	3,925	3,531	-	-
Derivative financial instruments	-	-	565	3,508
Property, plant and equipment	4,982	4,846	433,564	422,776
Allocation of fair value to assets and liabilities from business combinations	-	-	178,003	154,204
Income from institutional partnerships in U.S. wind farms	-	-	455,931	429,628
Netting of deferred tax assets and liabilities	-947,773	-936,813	-947,773	-936,813
	420	**190**	**120,290**	**73,303**

The movements in net deferred tax assets and liabilities during the year are analysed as follows:

Thousand Euros	Deferred tax assets		Deferred tax liabilities	
	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
Balance as at 1 January	47,088	46,488	316,497	270,392
Charges to the profit and loss account	30,136	19,607	17,777	13,531
Charges against reserves	1,230	-1,753	26,918	-9,187
Exchange differences and other variations	-2,613	-17,254	3,894	41,761
Balance as at 31 December	**75,840**	**47,088**	**365,086**	**316,497**

The Group tax losses carried forward are analysed as follows:

Thousand Euros	31 Dec 2016	31 Dec 2015
Expiration date:		
2016	-	322
2017	2,294	2,763
2018	7,102	15,146
2019	15,457	17,337
2020	19,151	13,953
2021	70,278	41,338
2022 to 2036	2,393,335	2,340,390
Without expiration date	277,654	285,208
	2,785,271	**2,716,457**

20. Inventories

This caption is analysed as follows:

Thousand Euros	31 Dec 2016	31 Dec 2015
Advances on account of purchases	1,333	2,832
Finished and intermediate products	5,816	4,611
Raw and subsidiary materials and consumables	16,754	15,319
	23,903	**22,762**

21. Debtors and other assets from commercial activities

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

Thousand Euros	31 Dec 2016	31 Dec 2015
Debtors and other assets from commercial activities - Non-current		
Trade receivables	29,854	4,407
Deferred costs	10,092	10.632
Sundry debtors and other operations	43,590	24,534
	83,536	39,573
Debtors and other assets from commercial activities - Current		
Trade receivables	231,981	218,477
Prepaid turbine maintenance	3,295	4,988
Services rendered	8,349	8,158
Advances to suppliers	4,485	2,893
Sundry debtors and other operations	32,429	26,784
	280,539	261,300
Impairment losses	-	-1,342
	364,075	**299,531**

Trade receivables - Non- Current, is related to the establishment of the pool boundaries adjustment in EDPR EU in Spain, as a result of the publication of Royal Decree-Law 413/2014 and Order IET/1045/2014 (see note 1). The significant variation with respect 2015 is explained by the evolution of the energy pool prices in the Spanish market since the average of prices of the pool during the year 2016 is below the prices bands published by the Spanish Government.

The geographical market Trade receivables' breakdown and the credit risk analysis are disclosed in note 4, under the Counterparty credit risk management.

The movement in Impairment losses on trade receivables, in 2016, for the Group is analysed as follows:

Thousand Euros	Balance at 1 January	Charge for the period	Reversal of impairment losses	Charge-off	Exchange differences	Balance at 31 December
Corporate sector and individuals	1,342	-	-	-1,342	-	-
	1,342	**-**	**-**	**-1,342**	**-**	**-**

There were no changes in 2015.

22. Other debtors and other assets

Other debtors and other assets are analysed as follows:

Thousand Euros	31 Dec 2016	31 Dec 2015
Other debtors and other assets - Non-current		
Loans to related parties	24,275	1,036
Derivative financial instruments	28,920	29,480
Sundry debtors and other operations	6,650	45,139
	59,845	75,655
Other debtors and other assets - Current		
Loans to related parties	36,226	28,609
Derivative financial instruments	26,146	25,792
Sundry debtors and other operations	40,119	11,632
	102,491	**66,033**
	162,336	**141,688**

Loans to related parties Non-Current as at 31 December 2016 mainly include 23,526 thousand Euros of loans to the equity consolidated Mexican company Eolica de Coahuila, S.A. de C.V. (8,504 thousand Euros as at 31 December 2015 in current loans) related to a new loan agreement subordinated to a Project Finance also signed by the company with a financial institution.

Loans to related parties - Current mainly include loans to the following equity consolidated companies: (i) 12,754 thousand Euros related to the Spanish company Parque Eólico Sierra del Madero, S.A. as at 31 December 2016 and 2015 (ii) 13,115 thousand Euros related to the offshore projects in France (with no balance as at December 31, 2015) and (iii) 3,426 thousand Euros related to the Spanish company AERE as at 31 December 2016 and 2015.

Additionally, Sundry debtors Non-current included in 2015 advance payments amounting 33,750 thousands of Euros regarding the acquisition of the Italian project Banzi, which transaction has been closed in 2016 (see note 5 and 42). Sundry debtors – Current includes 24,961 thousands of Euros as at 31 December 2016 related with the estimated corporate income tax due by EDP Energias de Portugal, S.A. Sucursal en España (-11,545 thousand Euros as at 31 December 2015 in Other creditors – see note 33).

23. Current tax assets

Current tax assets is analysed as follows:

Thousand Euros	31 Dec 2016	31 Dec 2015
Income tax	26,572	20,631
Value added tax (VAT)	46,329	95,796
Other taxes	4,734	2,231
	77,635	**118,658**

24. Cash and cash equivalents

Cash and cash equivalents are analysed as follows:

Thousand Euros	31 Dec 2016	31 Dec 2015
Cash	-	3
Bank deposits		
Current deposits	264,985	189,665
Term deposits	21,970	70,815
Specific demand deposits in relation to institutional partnerships	120,921	38,048
	407,876	298,528
Other short term investments	195,343	138,201
	603,219	**436,732**

Term deposits include temporary financial investments to place treasury surpluses.

Specific demand deposits in relation to institutional partnerships are funds required to be held in escrow sufficient to pay the remaining construction related costs of projects in institutional equity partnerships (see note 32), under the accounting policy 2 w). The governing agreements of these partnerships and specific escrow agreements define the appropriate expenditure of these funds.

As at December 31, 2016 the caption "Other short term investments" includes the balance of the current account with EDP Servicios Financieros España S.A. amounting to 195,343 thousand Euros (138,201 thousand Euros as at December 31, 2015) in accordance with the terms and conditions of the contract signed between the parties on June 1, 2015.

25. Assets and liabilities held for sale

The criteria for classifying assets and liabilities as held for sale and discontinued operations, as well as their presentation in the EDPR Group's consolidated financial statements, are presented under accounting policies - note 2 j).

This caption is analysed as follows:

Thousand Euros	31 Dec 2016	31 Dec 2015
Assets of the business of electricity generation – J&Z	-	69,527
Assets of the business of electricity generation – Inch Cape	-	40,164
Assets held for sale	**-**	**109,691**
Liabilities of the business of electricity generation – J&Z	-	-55,406
Liabilities held for sale	-	**-55,406**

In October 2015, management committed to a plan to do a cross sale of two wind farms in Poland. EDPR would be acquiring remaining 35% in the Company Molen Wind II, S.P. ZO.O and would sell 60% of company J&Z Wind Farms SP. ZO.O. Accordingly, assets and liabilities related to J&Z Wind Farms SP. ZO.O were presented as assets and liabilities held for sale as at 31 December 2015. The closing of this transaction took place in March 2016 with a sale price of 12,891 thousand Euros. At the transaction date, J&Z had no Cash and cash equivalents. Total impact of the transaction of selling the company J&Z Wind Farms SP. ZO.O in the consolidated Profit and Loss of the consolidated financial statements amounts to 6,958 thousand Euros

On the other hand, during 2015 EDPR reached an agreement with Repsol Nuevas Energías S.A. by which, under the terms of the contracts, EDPR agreed to buy from Repsol 33% equity interest in the Moray offshore project, and to sell to Repsol 49% equity interest in Inch Cape Offshore Limited offshore project. The closing of this transaction took place in January 2016 with a sale price of 15,802 thousand Euros. Total impact of the transaction of selling the company Inch Cape Offshore Limited in the consolidated Profit and Loss of the consolidated financial statements amounts to a gain of 2,324 thousand Euros.

26. Share capital and share premium

At 31 December 2016 and 2015, 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 2016 and 2015 is analysed as follows:

	No. Of shares	% capital	% voting rights
EDP - Energias de Portugal, S.A. Sucursal en España (EDP Branch)	676,283,856	77.53%	77.53%
Other (*)	196,024,306	22.47%	22.47%
	872,308,162	**100.00%**	**100.00%**

(*) Shares quoted on the Lisbon stock exchange

On December 18th 2015, EDP S.A. - Sucursal en España ("EDP Branch") acquired to Hidroeléctrica del Cantábrico, S.A., its block of shares, so that, as at December 2015 EDP holds directly, through its Spanish branch, a qualified shareholding of 77.5% of the share capital and voting rights of EDPR. As a result of this acquisition, Hidroeléctrica del Cantábrico, S.A. no longer holds any shareholding in EDPR.

Share capital and Share premium are analysed as follows:

Thousand Euros	Share Capital	Share Premium
Balance as at 1 January 2016	4,361,540,810	552,034,743
Movements during the period	-	-
Balance as at 31 December 2016	**4,361,540,810**	**552,034,743**

The share premium is freely distributable.

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

	31 Dec 2016	31 Dec 2015
Profit attributable to the equity holders of the parent (in thousand Euros)	56,328	166,614
Profit from continuing operations attributable to the equity holders of the parent (in thousand Euros)	56,328	166,614
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)	0.06	0.19
Earnings per share (diluted) attributable to equity holders of the parent (in Euros)	0.06	0.19
Earnings per share (basic) from continuing operations attributable to the equity holders of the parent (in Euros)	0.06	0.19
Earnings per share (diluted) from continuing operations attributable to the equity holders of the parent (in Euros)	0.06	0.19

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 2016 and 2015.

The average number of shares was determined as follows:

	31 Dec 2016	31 Dec 2015
Ordinary shares issued at the beginning of the period	872,308,162	872,308,162
Effect of shares issued during the period	-	-
Average number of realised shares	872,308,162	872,308,162
Average number of shares during the period	872,308,162	872,308,162
Diluted average number of shares during the period	872,308,162	872,308,162

27. Other comprehensive income, reserves and retained earnings

This caption is analysed as follows:

Thousand Euros	31 Dec 2016	31 Dec 2015
Other comprehensive income:		
Fair value reserve (cash flow hedge)	-33,425	-22,356
Fair value reserve (available-for-sale financial assets)	6,132	4,346
Exchange differences arising on consolidation	7,641	-18,928
	-19,652	-36,938
Other reserves and retained earnings:		
Retained earnings and other reserves	1,054,239	810,436
Additional paid in capital	60,666	60,666
Legal reserve	59,805	56,646
	1,174,710	927,748
	1,155,058	**890,810**

Additional paid in capital

The accounting for transactions among entities under common control is excluded from IFRS 3. Consequently, in the absence of specific guidance, within IFRSs, the Group EDPR has adopted an accounting policy for such transactions, judged appropriate. According to the Group's policy, business combinations among entities under common control are accounted for in the consolidated financial statements using the book values of the acquired company (subgroup) in the EDPR consolidated financial statements. The difference between the carrying amount of the net assets received and the consideration paid is recognised in equity.

Legal reserve

The legal reserve has been appropriated in accordance with Article 274 of the Spanish Companies Act whereby companies are obliged to transfer 10% of the profits for the year to a legal reserve until such reserve reaches an amount equal to 20% of the share capital. This reserve is not distributable to shareholders and may only be used to offset losses, if no other reserves are available, or to increase the share capital.

Profit distribution (parent company)

The EDP Renováveis, S.A. proposal for 2016 profits distribution to be presented in the Annual General Meeting is as follows:

	Euros
Base for distribution:	45,516,908.82
Profit for the period 2016	19,015,007.22
Retained earnings from previous years	26,501,901.60

	Euros
Distribution:	45,516,908.82
Legal reserve	1,901,500.72
Dividends	43,615,408.10

The EDP Renováveis, S.A. proposal for 2015 profits distribution that was presented in the Annual General Meeting is as follows:

	Euros
Base for distribution:	46,775,094.26
Profit for the period 2015	31,596,861.64
Retained earnings from previous years	15,178,232.62

	Euros
Distribution:	46,775,094.26
Legal reserve	3,159,686.16
Dividends	43,615,408.10

Fair value reserve (cash flow hedge)

The Fair value reserve (cash flow hedge) comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments.

Fair value reserve (available-for-sale financial assets)

This reserve includes the cumulative net change in the fair value of available-for-sale financial assets as at the balance sheet date.

Thousand Euros	Euros
Balance as at 1 January 2015	2,603
Parque Eólico Montes de las Navas, S.L.	1,743
Balance as at 31 December 2015	4,346
Parque Eólico Montes de las Navas, S.L.	1,786
Balance as at 31 December 2016	**6,132**

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:

Thousand Euros Currency		Exchange rates As at 31 December 2016		Exchange rates As at 31 December 2015	
		Closing Rate	Average Rate	Closing Rate	Average Rate
US Dollar	USD	1.054	1.107	1.089	1.110
Zloty	PLN	4.410	4.363	4.264	4.184
Brazilian Real	BRL	3.431	3.858	4.312	3.699
New Leu	RON	4.539	4.491	4.524	4.446
Pound Sterling	GBP	0.856	0.819	0.734	0.726
Canadian Dollar	CAD	1.419	1.466	1.512	1.419

28. Non-controlling interests

This caption is analysed as follows:

Thousand Euros	31 Dec 2016	31 Dec 2015
Non-controlling interests in income statement	119,784	78,877
Non-controlling interests in share capital and reserves	1,328,268	784,232
	1,448,052	**863,109**

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

Thousand Euros	31 Dec 2016	31 Dec 2015
EDPR NA Group	905,142	614,350
EDPR EU Group	485,577	208,211
EDPR BR Group	57,333	40,548
	1,448,052	**863,109**

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

Thousand Euros	31 Dec 2016	31 Dec 2015
Balance as at 1 January	863,109	549,113
Dividends distribution	-42,563	-43,184
Net profit for the year	119,784	78,877
Exchange differences arising on consolidation	42,730	16,415
Acquisitions and sales without change of control	517,179	306,529
Increases/(Decreases) of share capital	-63,659	-45,439
Other changes	11,472	798
Balance as at 31 December	**1,448,052**	**863,109**

29. Financial debt

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

Thousand Euros	31 Dec 2016	31 Dec 2015
Financial debt - Non-current		
Bank loans:		
- EDPR EU Group	542,145	812,231
- EDPR BR Group	120,409	97,533
- EDPR NA Group	23,722	25,453
Loans received from EDP group entities:		
- EDP Renováveis, S.A.	424,441	410,952
- EDP Renováveis Servicios Financieros, S.L.	2,181,754	2,485,106
Other loans:		
- EDPR EU Group	120	1,138
Total Debt and borrowings - Non-current	**3,292,591**	**3,832,413**
Collateral Deposits - Non-current (*)		
Collateral Deposit - Project Finance and others	-28,974	-65.299
Total Collateral Deposits - Non-current	**-28,974**	**-65.299**

Thousand Euros	31 Dec 2016	31 Dec 2015
Financial debt - Current		
Bank loans:		
- EDPR EU Group	78,165	123,238
- EDPR BR Group	13,243	7,511
- EDPR NA Group	7,777	3,978
Loans received from EDP group entities:		
- EDP Renováveis Servicios Financieros, S.L.	10,868	241,000
Other loans:		
- EDPR EU Group	1,315	8,905
Interest payable	2,110	3,225
Total Debt and borrowings - Current	**113,478**	**387,857**
Collateral Deposits - Current (*)		
Collateral Deposit - Project Finance and others	-17,072	-8,054
Total Collateral Deposits - Current	**-17,072**	**-8,054**
Total Debt and borrowings – Current and Non-current	**3,406,069**	**4,220,270**
Total Debt and borrowings net of collaterals – Current and Non-current	3,360,023	4,146,917

(*) 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.

Financial debt Non-current for EDP Renováveis, mainly refers to a set of loans granted by EDP Finance BV amounting to 1,397,195 thousand Euros and by EDP Servicios Financieros España S.A. amounting to 1,209,000 thousand Euros (1,687,058 thousand Euros and 1,209,000 thousand Euros respectively as at 31 December 2015). These loans have an average maturity of 2 and a half years and bear interest at fixed market rates.

Main event of the period refers to financing and refinancing transactions. Taking into account the EDPR Group external debt profile as well as the favorable interest rate market conditions, EDPR Group has entered into several negotiation processes with different counterparties aiming to improve the average cost of debt, adjusting the debt service profile to the company updated cash flow forecast. The main transactions performed throughout the year are as following:

(i) In Spain, the group reimbursed 5 Spanish projects bank loans totaling Euro 53,621 thousand Euro that have been replaced by corporate financing;

(ii) In Poland, a project finance was reimbursed for 77,396 thousand Euro, refinanced with a new one signed with a another bank for 54,418 thousand Euro;

(iii) In Romania 8 project finance related with solar farms totaling 145,806 thousand Euro have been reimbursed and replaced by corporate financing; and

(iv) In Portugal 8 project finance were reimbursed for 8,822 thousand Euro.

As at 31 December 2016, future debt and borrowings payments and interest by type of loan and currency are analysed as follows:

Thousand Euros	2017	2018	2019	2020	2021	Following years	Total
Bank loans							
Euro	80,275	46,221	49,616	50,315	49,771	160,615	436,813
Brazilian Real	13,243	13,243	13,039	12,425	8,747	72,955	133,652
Others	7,777	20,332	21,954	23,444	25,800	117,799	217,106
	101,295	79,796	84,609	86,184	84,318	351,369	787,571
Loans received from EDP group companies							
Euro	10,868	362,900	362,900	483,200	-	-	1,219,868
American Dollar	-	1,397,195	-	-	-	-	1,397,195
	10,868	1,760,095	362,900	483,200	-	-	2,617,063
Other loans							
Euro	1,315	70	50	-	-	-	1,435
	1,315	70	50	-	-	-	1,435
	113,478	**1,839,961**	**447,559**	**569,384**	**84,318**	**351,369**	**3,406,069**

As at 31 December 2015, future debt and borrowings payments and interest by type of loan and currency are analysed as follows:

Thousand Euros	2016	2017	2018	2019	2020	Following years	Total
Bank loans							
Euro	109,760	65,153	65,968	65,055	66,506	333,022	705,464
Brazilian Real	3,902	3,902	3,902	3,902	3,902	916	20,426
Others	23,804	26,914	29,081	30,790	30,473	205,731	346,793
	137,466	95,969	98,951	99,747	100,881	539,669	1,072,683
Loans received from EDP group companies							
Euro	241,000	121,300	241,600	362,900	483,200	-	1,450,000
American Dollar	486	-	1,352,791	334,267	-	-	1,687,544
	241,486	121,300	1,594,391	697,167	483,200	-	3,137,544
Other loans							
Euro	8,905	1,138	-	-	-	-	10,043
	8,905	1,138	-	-	-	-	10,043
	387,857	**218,407**	**1,693,342**	**796,914**	**584,081**	**539,669**	**4,220,270**

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 2016, these financings amount to 689,803 thousand Euros (31 December 2015: 1,030,764 thousand Euros), which are included in the total debt of the Group.

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

Thousand Euros	31 Dec 2016		31 Dec 2015	
	Carrying Value	Market Value	Carrying Value	Market Value
Financial debt - Non-current	3,292,591	3,326,757	3,832,413	3,885,968
Financial debt - Current	113,478	113,478	387,857	387,857
	3,406,069	**3,440,235**	**4,220,270**	**4,273,825**

The market value of the medium/long-term (non-current) debt and borrowings that bear a fixed interest rate is calculated based on the discounted cash flows at the rates ruling at the balance sheet date. The market value of debt and borrowing that bear a floating interest rate is considered not to differ from its book value as these loans bear interest at a rate indexed to Euribor. The book value of the short-term (current) debt and borrowings is considered to be the market value.

30. Provisions

Provisions are analysed as follows:

Thousand Euros	31 Dec 2016	31 Dec 2015
Dismantling and decommission provisions	268,191	117,228
Provision for other liabilities and charges	6,275	1,542
- Long-term provision for other liabilities and charges	744	623
- Short-term provision for other liabilities and charges	5,531	919
Employee benefits	596	2,663
	275,062	**121,433**

Dismantling and decommission provisions refer to the costs to be incurred for dismantling wind and solar farms and restoring sites and land to their original condition, in accordance with the accounting policy described in note 2 o). The above amount respects to 104,274 thousand Euros for wind farms in North America (31 December 2015: 60,393 thousand Euros), 162,413 thousand Euros for wind farms in Europe (31 December 2015: 56,351 thousand Euros) and 1,504 thousand Euros for wind farms in Brazil (31 December 2015: 484 thousand Euros). Amounts have significantly increased with respect to the previous year due to the net effect of: i) the extension of the useful life of the renewable assets from 25 to 30 years (see note 2 h and 3) being therefore the capitalisation rate (number of years) of the dismantling and decommissioning provisions 30 years ii) the aforementioned cost to be incurred that has been revised according to an in-deep analysis performed by the EDPR's technical department; and iii) the update of the discount rates (see note 2 o).

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 2016	31 Dec 2015
Balance at the beginning of the year	117,228	96,676
Capitalised amount for the year	142,595	3,960
Changes in the perimeter	48	7,361
Unwinding	4,610	4,006
Other and exchange differences	3,710	5,225
Balance at the end of the year	**268,191**	**117,228**

The movements in Provision for other liabilities and charges are analysed as follows:

Thousand Euros	31 Dec 2016	31 Dec 2015
Balance at the beginning of the year	1,542	2,026
Charge for the year	5,067	20
Write back for the year	-362	-192
Other and exchange differences	28	-312
Balance at the end of the year	**6,275**	**1,542**

31. Institutional partnerships in U.S. wind farms

This caption is analysed as follows:

Thousand Euros	31 Dec 2016	31 Dec 2015
Deferred income related to benefits provided	819,199	791,444
Liabilities arising from institutional partnerships in U.S. wind farms	1,520,226	1,164,773
	2,339,425	**1,956,217**

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

Thousand Euros	31 Dec 2016	31 Dec 2015
Balance at the beginning of the period	1,956,217	1,801,963
Proceeds received from institutional investors	628,381	249,274
Cash paid for deferred transaction costs	-4,541	-7,457
Cash paid to institutional investors	-172,052	-173,343
Income (see note 7)	-197,544	-197,442
Unwinding (see note 13)	90,337	78,953
Exchange differences	79,411	206,537
Prepaid benefits	1,388	3,407
Transactions which flip date has been reached	-	-5,675
Others	-42,172	-
Balance at the end of the period	**2,339,425**	**1,956,217**

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 2016 EDPR Group, through its subsidiary EDPR NA, has secured and received proceeds amounting to 310,334 thousand Euros related to institutional equity financing with Bank of America Merrill Lynch and Bank of New York Mellon in exchange for an interest in the Vento XV portfolio and 102,791 thousand Euros related to institutional equity financing from MUFG and another institutional investor in exchange for an interest in the Vento XVI portfolio. Additionally, the Group has received proceeds amounting to 215,256 thousands of Euros related to institutional equity financing from an affiliate of Google Inc., secured in 2015, in exchange for an interest in the Vento XIV portfolio.

During 2015 EDPR Group, secured 210,141 thousand Euros of institutional equity financing from MUFG Union Bank N.A. and another institutional investor in exchange for an interest in the Vento XIII portfolio. Additionally, the Group received proceeds amounting 39,133 thousand Euros corresponding to the last tranche of institutional equity financing from MUFG Union Bank N.A secured in 2014 in exchange for an interest in the Vento XII portfolio.

32. Trade and other payables from commercial activities

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

Thousand Euros	31 Dec 2016	31 Dec 2015
Trade and other payables from commercial activities - Non-current		
Government grants / subsidies for investments in fixed assets	426,535	435,753
Electricity sale contracts - EDPR NA	19,857	24,223
Other creditors and sundry operations	17,516	6,320
	463,908	466,296
Trade and other payables from commercial activities - Current		
Suppliers	83,173	79,886
Property and equipment suppliers	665,806	645,752
Other creditors and sundry operations	61,152	61,719
	810,131	787,357
	1,274,039	**1,253,653**

Government grants for investments in fixed assets are essentially related to grants received by EDPR NA subgroup under the American Recovery and Reinvestment Act promoted by the United States of America Government.

At the moment of the EDPR North America acquisition, the contracts signed between this subsidiary and its customers, determined under the terms of the Purchase Price Allocation, were valued through discounted cash flow models and market assumptions at 190,400 thousands of USD, being booked as a non-current liability under Electricity sale contracts - EDPR NA, which is depreciated over the useful life of the contracts under Other income (see note 8).

33. Other liabilities and other payables

Other liabilities and other payables are analysed as follows:

Thousand Euros	31 Dec 2016	31 Dec 2015
Other liabilities and other payables - Non-current		
Success fees payable for the acquisition of subsidiaries	9,813	10,764
Loans from non-controlling interests	553,988	180,679
Derivative financial instruments	580,729	521,004
Other creditors and sundry operations	9,907	58
	1,154,437	712,505
Other liabilities and other payables - Current		
Success fees payable for the acquisition of subsidiaries	7,069	1,350
Derivative financial instruments	190,438	158,157
Loans from non-controlling interests	56,099	28,277
Other creditors and sundry operations	5,285	13,998
	258,891	201,782
	1,413,328	**914,287**

Success fees payable for the acquisition of subsidiaries non-current includes the amounts related to the contingent prices of several projects, mainly in Poland.

Derivative financial instruments non-current and current mainly includes 510,006 and 158,041 thousand Euros respectively (31 December 2015: 449,706 and 139,247 thousand Euros respectively) related to a hedge instrument of USD and EUR with EDP Branch, which was formalised in order to hedge the foreign exchange risk of the net investment held in EDPR NA, expressed in USD (see note 35).

The caption Loans from non-controlling interests Current and Non-Current mainly includes:

i) loans granted by Vortex Energy Investments II due to the sale in 2016 of 49% of shareholding in EDPR Participaciones S.L. and subsidiaries (see note 5) for a total amount of 245,981 thousands of Euros, including accrued interests (with no balances as at 31 December 2015), bearing interest at a fixed rate of a range between 3.3% and 7.55%;

ii) loans granted by CTG due to the sale in 2016 of 49% of shareholding in EDP Renewables Polska HoldCo, S.A. and subsidiaries (see note 5) for a total amount of 120,390 thousands of Euros including accrued interests (with no balances as at 31 December 2015), bearing interest at a fixed rate of a range between 1.7% and 7.23%;

iii) loans granted by CTG due to the sale in 2016 of 49% of shareholding in EDP Renewables Italia, S.r.l. and subsidiaries (see note 5) for a total amount of 83,618 thousands of Euros including accrued interests (with no balances as at 31 December 2015), bearing interest at a fixed rate of 4,5%.

iv) loans granted by CTG due to the sale in 2013 of 49% of shareholding in EDP Renováveis Portugal, S.A. for a total amount of 71,501 thousands of Euros including accrued interests (31 December 2015: 81,314 thousands of Euros). The maturity date of this loan is December 2022, bearing interest at a fixed rate of 5.5%.

v) loans granted by Vortex Energy Investments I due to the sale in 2014 of 49% of shareholding in EDPR France and subsidiaries for a total amount of 66,264 thousands of Euros, including accrued interests (31 December 2015: 76,990 thousands of Euros), bearing interest at a fixed rate of a range between 3.1% and 7.18%.

As at 31 December 2016 Other creditors and sundry operations – Non-current includes 3,225 thousands Euros in relation to the amount to be paid in 2018 concerning the tax effect of the revaluation of assets in Portugal according to Decree 66/2016 (see note 14). Additionally, this caption also includes the liability related to the put options over the stake that the other shareholders hold in the Italian companies Tivano S.r.l., San Mauro S.r.l. and AW 2 S.r.l. amounting to 2,299 thousand Euros (see note 5 and 36).

As at 31 December 2015 Other creditors and sundry operations - Current included 11,545 thousands of Euros related with the corporate income tax due to EDP Energias de Portugal, S.A. Sucursal en España (see note 22 for the estimated corporate income tax due by EDP Energias de Portugal, S.A. Sucursal en España as at 31 December 2016)

The average payment information is the following:

Thousand Euros	31 Dec 2016	31 Dec 2015
DAYS		
Average payment period	52	70
Ratio paid operations	61	72
Ratio of pending operations	20	64
THOUSANDS OF EUROS		
Total payments made	**123,520**	**106,480**
Total outstanding payments	**33,781**	**27,513**

The Company has prepared the information according to criterion required by the Spanish Accounting and Auditing Institute (ICAC) resolution of 29 January 2016 on disclosures in notes to financial statements of late payments to suppliers in commercial transactions.

34. Current tax liabilities

This caption is analysed as follows:

Thousand Euros	31 Dec 2016	31 Dec 2015
Income tax	27,993	10,883
Withholding tax	27,420	25,454
Value added tax (VAT)	17,386	17,540
Other taxes	15,647	10,408
	88,446	**64,285**

35. Derivative financial instruments

As of 31 December 2016, the fair value and maturity of derivatives is analysed as follows:

Thousand Euros	Fair value		Notional			
	Assets	Liabilities	Until 1 year	1 to 5 years	More than 5 years	Total
Net investment hedge						
Cross currency rate swaps	12,467	-670,981	505,980	1,537,581	-	2,043,561
	12,467	-670,981	505,980	1,537,581	-	2,043,561
Cash flow hedge						
Power price swaps	22,212	-36,885	243,732	331,023	-	574,755
Interest rate swaps	7	-32,821	100,006	394,754	386,761	881,521
Currency forwards	-	-11,924	36,643	-	-	36,643
	22,219	-81,630	380,381	725,777	386,761	1,492,919
Trading						
Power price swaps	17,876	-18,274	24,827	28,024	-	52,851
Interest rate swaps	-	-33	941	941	-	1,882
Cross currency rate swaps	2,049	-6	21,000	9,191	-	30,191
Currency forwards	455	-243	46,896	-	-	46,896
	20,380	-18,556	93,664	38,156	-	131,820
	55,066	**-771,167**	**980,025**	**2,301,514**	**386,761**	**3,668,300**

As of 31 December 2015, the fair value and maturity of derivatives is analysed as follows:

Thousand Euros	Fair value		Notional			
	Assets	Liabilities	Until 1 year	1 to 5 years	More than 5 years	Total
Net investment hedge						
Cross currency rate swaps	14,509	-589,051	532,442	1,457,332	-	1,989,774
Currency forwards	554	-	15,812	-	-	15,812
	15,063	-589,051	548,254	1,457,332	-	2,005,586
Cash flow hedge						
Power price swaps	31,015	-14,660	206,763	127,604	-	334,367
Interest rate swaps	-	-64,092	105,629	491,140	523,650	1,120,419
	31,015	-78,752	312,392	618,744	523,650	1,454,786
Trading						
Power price swaps	4,679	-4,109	38,199	15,232	-	53,431
Interest rate swaps	-	-65	941	1,881	-	2,822
Cross currency rate swaps	2,503	-	-	98,482	-	98,482
Currency forwards	2,012	-7,184	486,224	-	-	486,224
	9,194	-11,358	525,364	115,595	-	640,959
	55,272	**-679,161**	**1,386,010**	**2,191,671**	**523,650**	**4,101,331**

The fair value of derivative financial instruments is recorded under other debtors and other assets (note 22) or other liabilities and other payables (note 33), if the fair value is positive or negative, respectively.

The net investment derivatives are related to the Group CIRS in USD and EUR with EDP Branch as referred in the notes 37 and 38. The net investment derivatives also include CIRS in CAD, PLN and BRL with EDP with the purpose of hedging EDPR Group's operations in Canada, Poland and Brazil.

Interest rate swaps relate to the project finances and have been formalised to convert variable to fixed interest rates.

Cash flow hedge power price swaps are related to the hedging of the sales price. EDPR NA has entered into a power price swap to hedge the variability in the spot market prices received for a portion of the production of Maple Ridge I project. Additionally, both EDPR NA and EDPR EU have entered in short term hedges to hedge the short-term volatility of certain un-contracted generation of its wind farms.

In certain U.S. 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. These included in 2015 and during 2016 a USD/EUR forward contract with EDP Servicios Financieros used to mitigate the exchange rate risk arising from the net assets in USD, as a complement of the net investment hedge. This forward contract has been settled in December 2016.

Fair value of derivative financial instruments is based on quotes indicated by external entities, which are compared in each date of report to fair values available in common financial information platforms. These entities use discounted cash flows techniques usually accepted and data from public markets. The only exceptions are the CIRS in USD/EUR with EDP Branch and the USD/EUR forward contract with EDP Servicios Financieros, which fair values are determined by the Financial Department of EDP, using the same above-mentioned discounted cash flows techniques and data. As such, according to IFRS13 requirements, the fair value of the derivative financial instruments is classified as of level 2 (see note 38) and no changes of level were made during this period.

The changes in the fair value of hedging instruments and risks being hedged are as follows:

Thousand Euros			31 Dec 2016		31 Dec 2015	
			Changes in fair value		Changes in fair value	
			Instrument	Risk	Instrument	Risk
Net Investment hedge	Cross currency rate swaps	Subsidiary accounts in USD, PLN, BRL, CAD	-83,972	78,668	-246,205	244,777
Net Investment hedge	Currency forward	Subsidiary accounts in CAD	-554	554	554	-807
Cash-flow hedge	Interest rate swap	Interest rate	31,278	-	-8,690	-
Cash-flow hedge	Power price swaps	Power price	-31,028	-	8,332	-
Cash-flow hedge	Currency forward	Exchange rate	-11,924	-	-	-
			-96,200	**79,222**	**-246,009**	**243,970**

During 2016 and 2015 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, Euribor 6M, daily brazilian CDI, Wibor 3M; and exchange rates: EUR/BRL, EUR/PLN e EUR/USD.
Interest rate swaps	'Fair value indexed to the following interest rates: Euribor 3M, Euribor 6M, Wibor 3M, Wibor 6M and CAD Libor 3M.
Foreign exchange forwards	'Fair value indexed to the following exchange rates: USD/EUR, EUR/RON, EUR/PLN, EUR/CAD, BRL/USD and BRL/EUR.
Power price swaps	Fair value indexed to the price of electricity.

The movements in cash flow hedge reserve have been as follows:

Thousand Euros	31 Dec 2016	31 Dec 2015
Balance at the beginning of the year	-27,366	-52,568
Fair value changes	-38,559	17,930
Transfers to results	19,773	2,404
Non-controlling interests included in fair value changes	-3,010	-1,231
Effect of the sale without loss of control of EDPR Europe subsidiaries	4,584	-7,760
Effect of the sale without loss of control of EDPR North America subsidiaries	-1,338	-1,472
Effect of the Asset Split ENEOP (see note 42)	-	15,331
Balance at the end of the year	**-45,916**	**-27,366**

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

Thousand Euros	31 Dec 2016	31 Dec 2015
Net investment hedge - ineffectiveness	-5,304	-1,681
Cash-flow hedge		
Transfer to results from hedging of financial liabilities	-18,217	-773
Transfer to results from hedging of commodity prices	-1,556	-1,631
Non eligible for hedge accounting derivatives	3,688	4,892
	-21,389	**807**

The amount from transfers to results from hedging of commodity prices is registered in Revenues while the remaining gains and losses are registered in Financial income and Financial expense, respectively (see note 13).

The effective interest rates for derivative financial instruments associated with financing operations during 2016, were as follows:

Thousand Euros			Edp Renováveis Group
	Currency	Pays	Receives
Interest rate contracts			
Interest rate swaps	EUR	[0,18% - 4,45%]	[-0,22% - -0,18%]
Interest rate swaps	PLN	[2,48% - 2,78%]	[1,81%]
Interest rate swaps	CAD	[2,59%]	[0,91%]
Currency and interest rate contracts			
CIRS (currency interest rate swaps)	EUR/CAD	[1,23% - 1,33%]	[-0,32%]
CIRS (currency interest rate swaps)	EUR/BRL	[11,04% - 12,69%]	[-0,30%]
CIRS (currency interest rate swaps)	EUR/PLN	[1,33% - 2,12%]	[-0,32% - -0,31%]

The effective interest rates for derivative financial instruments associated with financing operations during 2015, were as follows:

Thousand Euros	Currency	Edp Renováveis Group Pays	Edp Renováveis Group Receives
Interest rate contracts			
Interest rate swaps	EUR	[0,18% - 4,45%]	[-0,05% - 0,03%]
Interest rate swaps	PLN	[2,48% - 5,41%]	[1,77% - 1,88%]
Interest rate swaps	CAD	[2,59%]	[0,84%]
Currency and interest rate contracts			
CIRS (currency interest rate swaps)	EUR/USD	[0,70% - 5,80%]	[0,40% - 5,60%]
CIRS (currency interest rate swaps)	EUR/BRL	[11,45% - 13,16%]	[-0,13% - -0,04%]
CIRS (currency interest rate swaps)	EUR/PLN	[1,32% - 2,11%]	[-0,13% - -0,07%]

36. Commitments

As at 31 December 2016 and 2015, 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 2016	31 Dec 2015
Guarantees of financial nature		
EDPR NA Group	21,039	12,061
	21,039	12,061
Guarantees of operational nature		
EDP Renováveis, S.A.	1,079,869	1,033,550
EDPR NA Group	1,224,085	1,227,058
EDPR EU Group	44,544	4,390
EDPR BR Group	18,622	11,478
	2,367,120	2,276,476
Total	**2,388,159**	**2,288,537**
Real guarantees	**3,318**	**27,954**

As at 31 December 2016 and 31 December 2015, EDPR has operational guarantees regarding its commercial activity, in the amount of 495,692 thousand Euros and 552,146 thousand Euros respectively, already reflected in liabilities.

There are no guarantees related to associated companies (see note 18).

Regarding the information disclosed above:

i) The Group has project finance financings that include the usual guarantees on this type of financings, namely the pledge or a promise of pledge of bank accounts and assets of the related projects. As at 31 December 2016, these financings amount to 689,803 thousand Euros (31 December 2015: 977,900 thousand Euros), which are included in the total debt of the Group;

ii) EDPR NA is providing its tax equity investors with standard corporate guarantees typical of these agreements to indemnify them against costs they may incur as a result of fraud, willful misconduct or a breach of EDPR NA of any operational obligation under the tax equity agreements. As at 31 December 2016 and 31 December 2015, EDPR's obligations under the tax equity agreements, in the amount of 1,428,275 thousand Euros and 1,165,270 thousand Euros respectively are reflected in the statement of financial position under the caption Institutional Partnerships in U.S. Wind Farms.

iii) The financial guarantees contracted as at 31 December 2016 amounting to 5,434 thousand Euros are related to the loans obtained by certain companies of the Group and already included in the consolidated financial debt.

The EDPR Group financial debt, lease and purchase obligations by maturity date are as follows:

Thousand Euros	Total	31 Dec 2016 Capital outstanding by maturity Up to 1 year	1 to 3 years	3 to 5 years	More than 5 years
Operating lease rents not yet due	1,271,873	44,596	93,536	95,279	1,038,462
Purchase obligations	2,288,163	864,089	721,378	124,917	577,779
	3,560,036	**908,685**	**814,914**	**220,196**	**1,616,241**

Thousand Euros	Total	31 Dec 2015 Capital outstanding by maturity Up to 1 year	1 to 3 years	3 to 5 years	More than 5 years
Operating lease rents not yet due	1,026,046	39,892	81,506	83,218	821,430
Purchase obligations	2,368,026	1,291,480	769,444	90,148	216,954
Other long term commitments	965	702	263	-	-
	3,395,037	**1,332,074**	**851,213**	**173,366**	**1,038,384**

Purchase obligations include debts related with long-term agreements of property, plant and equipment and operational and maintenance contracts product and services supply related to the Group operational activity. When prices are defined under forward contracts, these are used in estimating the amounts of the contractual commitments.

The Operating lease rents not yet due are essentially related with the land where the wind farms are built. Usually the leasing period cover the useful life of the wind farms.

As at 31 December 2016 the Group has the following contingent liabilities/rights related with put options on investments:

- The other shareholder of the company Tivano S.r.l. holds a put option over a 25% stake of the company. The exercise price shall be 450 thousand Euros plus 100% of any contributions made by the other shareholder minus 100% of any distributions made by the company to the other shareholder, being the exercise period from 2016 to 2020. As at 31 December 2016 the put option amounts to 1,575 thousand Euros.

- The other shareholder of the company San Mauro S.r.l. holds a put option over a 25% stake of the company. The exercise price shall be 25% of the final purchase price plus 100% of any contributions made by the other shareholder minus 100% of any distributions made by the company to the other shareholder, being the exercise period from 2017 to 2022. As at 31 December 2016 the put option amounts to 341 thousand Euros.

- The other shareholder of the company AW 2 S.r.l. holds a put option over a 25% stake of the company. The exercise price shall be 25% of the final purchase price plus 100% of any contributions made by the other shareholder minus 100% of any distributions made by the company to the other shareholder, being the exercise period from 2017 to 2022. As at 31 December 2016 the put option amounts to 383 thousand Euros.

Some of the disposal of non-controlling interests transactions retaining control carried out in 2016 an in previous years incorporate contingent assets and liabilities according to the terms of the corresponding agreements.

37. Related parties

The number of shares held by company officers as at 31 December 2016 and 2015 are as follows:

Thousand Euros	31 Dec 2016 No. Of shares	31 Dec 2015 No. Of shares
Executive Board of Directors		
António Luís Guerra Nunes Mexia	4,200	4,200
Nuno Maria Pestana de Almeida Alves	5,000	5,000
Miguel Dias Amaro	25	25
Acácio Jaime Liberado Mota Piloto	300	300
António do Pranto Nogueira Leite	100	100
Gabriel Alonso Imaz	26,503	26,503
João José Belard da Fonseca Lopes Raimundo	840	840
João Manuel de Mello Franco	380	380
João Paulo Nogueira Sousa Costeira	3,000	3,000
Jorge Manuel Azevedo Henriques dos Santos	200	200
José António Ferreira Machado	630	630
	41,178	**41,178**

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 company officers

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 exact amount paid to each Director on the basis of this proposal.

The remuneration paid to the members of the Executive Board of Directors in 2016 and 2015 were as follows:

Thousand Euros	31 Dec 2016	31 Dec 2015
CEO	-	-
Board members	723	689
	723	**689**

EDPR signed an Executive Management Services Agreement with EDP, under which EDP bears the cost for the services render by its Executive and Non-Executive Directors, which are João Manso Neto, Nuno Alves and António Mexia. This corporate governance practice of remuneration is in line with the model adopted by the EDP Group, in which the executive Directors of EDP do not receive any remuneration directly from the group companies on whose governing bodies they serve, but rather through EDP.

Under this contract, EDPR is due to pay an amount to EDP, for the services rendered by the Executive Managers and the Non-executive Managers. The amount due under said Agreement for the management services rendered by EDP in 2016 is 1,132 thousand Euros (1,089 thousand Euros in 2015), of which 1,087 thousand Euros refers to the management services rendered by the Executive Members and 45 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 Officers (Miguel Dias Amaro, CFO; João Paulo Costeira, COO EU, BR & South Africa; and Gabriel Alonso COO NA & Mexico), there are contracts that were signed with other group companies, as follows: Miguel Dias Amaro and João Paulo Costeira with EDP Energias de Portugal S.A. Sucursal en España; and Gabriel Alonso with EDP Renewables North America LLC. The total remuneration of this three Officers in 2016, was 1,078 thousand Euros (1,049 thousand Euros in 2015), corresponding to the fixed remuneration and 2016 annual variable remuneration.

The Company has no pension or life insurance obligations with its former or current Board members in 2016 or 2015.

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 Italia and EDPR Polska equity shareholding to CTG Group, CTG has granted loans to the EDPR Group in the amount of 275,509 thousand Euros including accrued interests (53,134 thousand Euros as current and 222,375 thousand Euros as non-current). This balance amounted to 81,314 thousand Euros including accrued interests (9,824 thousand Euros as current and 71,490 thousand Euros as non-current) as at 31 December 2015. See note 33.

Balances and transactions with EDP Group companies

As at 31 December 2016, assets and liabilities with related parties, are analysed as follows:

Thousand Euros			Assets
	Loans and interests to receive	Others	Total
EDP Energias de Portugal, S.A.	1,099	18,489	19,588
EDP - Energias de Portugal, S.A. Sucursal en España (EDP Branch)	-	24,961	24,961
Joint Ventures and Associated companies	55,498	515	56,013
EDP Servicios Financieros España, S.A.	-	195,343	195,343
Other EDP Group companies	-	25,153	25,153
	56,597	**264,461**	**321,058**

Thousand Euros			Liabilities
	Loans and interests to pay	Others	Total
EDP Energias de Portugal, S.A.	25	29,092	29,117
EDP - Energias de Portugal, S.A. Sucursal en España (EDP Branch)	-	676,006	676,006
Joint Ventures and Associated companies	-	57	57
EDP Finance B.V.	1,397,550	308	1,397,858
EDP Servicios Financieros España, S.A.	1,220,062	-	1,220,062
Other EDP Group companies	-	5,941	5,941
	2,617,637	**711,404**	**3,329,041**

As at 31 December 2015, 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.	260	27,909	28,169
Hidrocantábrico Group companies (electric sector)	1	19,550	19,551
Joint Ventures and Associated companies	54,392	662	55,054
EDP Servicios Financieros España, S.A.	-	138,201	138,201
Other EDP Group companies	-	27,221	27,221
	54,653	**213,543**	**268,196**

Thousand Euros	Loans and interests to pay	Others	Liabilities Total
EDP Energias de Portugal, S.A.	550	4,249	4,799
EDP - Energias de Portugal, S.A. Sucursal en España (EDP Branch)	-	607,226	607,226
Hidrocantábrico Group companies (electric sector)	20	718	738
Joint Ventures and Associated companies	-	45	45
EDP Finance B.V.	1,687,543	715	1,688,258
EDP Servicios Financieros España, S.A.	1,450,281	6,754	1,457,035
Other EDP Group companies	11	2,066	2,077
	3,138,405	**621,773**	**3,760,178**

Assets as at December 31, 2016 include the balance of the current account with EDP Servicios Financieros España S.A. amounting to 195,343 thousand Euros in accordance with the terms and conditions of the contract signed between the parties on June 1, 2015 (see note 24).

Liabilities includes essentially loans obtained by EDP Renováveis from EDP Finance BV in the amount of 1,397,195 thousand Euros (31 December 2015: 1,687,058 thousand Euros) and from EDP Servicios Financieros España S.A. in the amount of 1,219,868 thousand Euros (31 December 2015: 1,450,000 thousand Euros).

With the purpose of hedging the foreign exchange risk of EDP Renováveis and EDP Branch, the EDP Group establishing a Cross-Currency Interest Rate Swap (CIRS) in USD and EUR between EDP Branch and EDP Renováveis. At each reporting date, this CIRS is revalued to its market value, which corresponds to a spot foreign exchange revaluation, resulting in a perfect hedge (revaluation of the investment in EPDR NA and of the USD external financing). As at 31 December 2016, the amount payable by EDP Renováveis to EDP Branch related to this CIRS amounts to 668,047 thousand Euros (31 December 2015: 589,036 thousand Euros) (see notes 33 and 35).

Transactions with related parties for the year ended 31 December 2016 are analysed as follows:

Thousand Euros	Operating Income	Financial Income	Operating Expenses	Financial Expenses
EDP Energias de Portugal, S.A.	26,433	13,440	-1,718	-31,410
EDP Energias de Portugal, S.A. Sucursal en España (EDP Branch)	72	-	-11,713	-120,208
Hidrocantábrico Group companies (electric sector)	-	-	-1,210	-683
Joint Ventures and Associated companies	3,358	1,199	-90	-
EDP Serviço Universal, S.A.	268,279	-	-4	-
Other EDP Group companies	31	92,633	-3,907	-133,503
	298,173	**107,272**	**18,642**	**285,804**

Operating income includes mainly the electricity sales to EDP Serviço Universal, S.A. which is a supplier of last resource in Portugal due to regulatory legislation. In 2015 it also included electricity sales to HC Group that acted as a commercial agent of subsidiaries of EDPR Group in Spain until December 2015. From January 2016 onwards, the commercial agent of subsidiaries of EDPR Group in Spain is the AXPO Group.

Financial income and Financial expenses with EDP, S.A. are mainly related to derivative financial instruments.

Transactions with related parties for the year ended 31 December 2015 are analysed as follows:

Thousand Euros	Operating Income	Financial Income	Operating Expenses	Financial Expenses
EDP Energias de Portugal, S.A.	-	10,538	-10,557	-19,900
EDP Energias de Portugal, S.A. Sucursal en España (EDP Branch)	-	-	-10,418	-22,041
Hidrocantábrico Group companies (electric sector)	350,091	-	-4,031	-1,073
Joint Ventures and Associated companies	4,827	17,156	-35	-
EDP Serviço Universal, S.A.	189,096		-40	-
Other EDP Group companies	18	2,202	-3,971	-146,076
	544,032	**29,896**	**-29,052**	**-189,090**

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 2016, EDP, S.A., Energias do Brasil and Hidrocantábrico granted financial (101,306 thousands of Euros, 31 December 2015: 40,019 thousands of Euros) and operational (276,236 thousands of Euros, 31 December 2015: 293,314 thousands of Euros) guarantees to suppliers in favour of EDPR EU and EDPR NA. The operational guarantees are issued following the commitments assumed by EDPR EU and EDPR NA in relation to the acquisition of property, plant and equipment, supply agreements, turbines and energy contracts (power purchase agreements) (see note 36).

38. Fair value of financial assets and liabilities

Fair value of financial instruments is based, whenever available, on quoted market prices. Otherwise, fair value is determined through internal models, which are based on generally accepted cash flow discounting techniques and option valuation models or through quotations supplied by third parties.

Non-standard instruments may require alternative techniques, which consider their characteristics and the generally accepted market practices applicable to such instruments. These models are developed considering the market variables that affect the underlying instrument, namely yield curves, exchange rates and volatility factors.

Market data is obtained from generally accepted suppliers of financial data (Bloomberg and Reuters).

As at 31 December 2016 and 2015, 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 2016 Currencies		31 Dec 2015 Currencies	
	EUR	USD	EUR	USD
3 months	-0,34%	0,77%	-0,13%	0,61%
6 months	-0,22%	1,00%	-0,04%	0,85%
9 months	-0,24%	1,11%	0,00%	1,01%
1 year	-0,20%	1,19%	0,06%	1,18%
2 years	-0,16%	1,45%	-0,03%	1,18%
3 years	-0,10%	1,69%	0,06%	1,42%
5 years	0,08%	1,98%	0,19%	1,59%
7 years	0,31%	2,16%	0,33%	1,74%
10 years	0,67%	2,34%	0,48%	1,85%

Non-listed equity instruments, for which a reliable and consistent fair value estimate is not available either by internal models or external providers, are recognized at their historical cost.

Available-for-sale financial instruments and financial assets at fair value through profit or loss

Listed financial instruments are recognized at fair value based on market prices. The financial instruments for which reliable fair value estimates are not available, are recorded in the statement of financial position at their cost.

Cash and cash equivalents, trade receivables and suppliers

These financial instruments include mainly short term financial assets and liabilities. Given their short term nature at the reporting date, their book values are not significantly different from their fair values.

Financial debt

The fair value of the financial debt is estimated through internal models, which are based on generally accepted cash flow discounting techniques. At the reporting date, the carrying amount of floating rate loans is approximately their fair value. In case of fixed rate loans, mainly the intercompany loans granted by EDP Group, their fair value is obtained through internal models based on generally accepted discounting techniques.

Derivative financial instruments

All derivatives are accounted at their fair value. For those which are quoted in organized markets, the respective market price is used. For over-the-counter derivatives, fair value is estimated through the use of internal models based on cash flow discounting techniques and option valuation models generally accepted by the market, or by dealer price quotations.

CIRS with EDP Branch (note 35)

With the purpose of hedging the foreign exchange risk resulting from the net investment in EDPR NA, the Group entered into a CIRS in USD and EUR with EDP Branch. This financial derivative is presented in the statement of financial position at its fair value, which is estimated by discounting the projected USD and EUR cash flows. The discount rates and forward interest rates were based on the interest rate curves referred to above and the USD/EUR exchange rate is disclosed on note 27. See also note 33.

The fair values of assets and liabilities as at 31 December 2016 and 31 December 2015 are analysed as follows:

Thousand Euros	31 December 2016			31 December 2015		
	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
Financial assets						
Available-for-sale investments	8,187	8,187	-	6,257	6,257	-
Debtors and other assets from commercial activities	364,075	364,075	-	299,531	299,531	-
Other debtors and other assets	107,270	107,270	-	86,416	86,416	-
Derivative financial instruments	55,066	55,066	-	55,272	55,272	-
Financial assets at fair value through profit or loss	-	-	-	-	-	-
Cash and cash equivalents	603,219	603,219	-	436,732	436,732	-
	1,137,817	**1,137,817**	**-**	**884,208**	**884,208**	**-**
Financial liabilities						
Financial debt	3,406,069	3,440,235	34,166	4,220,270	4,273,825	53,555
Suppliers	748,613	748,613	-	725,638	725,638	-
Institutional partnerships in U.S. wind farms	2,339,425	2,339,425	-	1,956,217	1,956,217	-
Trade and other payables from commercial activities	98,525	98,525	-	92,262	92,262	-
Other liabilities and other payables	642,527	642,527	-	235,126	235,126	-
Derivative financial instruments	771,167	771,167	-	679,161	679,161	-
	8,006,326	**8,040,492**	**34,166**	**7,908,674**	**7,962,229**	**53,555**

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 that quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e., derived from prices);

- Level 3 - Inputs for the assets or liability that are not based on observable market data (unobservable inputs).

Thousand Euros	31 December 2016			31 December 2015		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets						
Available-for-sale investments	-	-	8,186	-	-	6,257
Derivative financial instruments	-	55,066	-	-	55,272	-
	-	**55,066**	**8,186**	**-**	**55,272**	**6,257**
Financial liabilities						
Liabilities arising from options with non-controlling interests	-	-	4,694	-	-	344
Derivative financial instruments	-	771,167	-	-	679,161	-
	-	**771,167**	**4,694**	**-**	**679,161**	**344**

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 2016, there are no transfers between levels.

The movement in 2016 and 2015 of the financial assets and liabilities within Level 3 are analysed was as follows:

	Available For sale investments		Trade And other payables	
	31 Dec 2016	31 Dec 2015	31 Dec 2016	31 Dec 2015
Balance at the beginning of the year	6,257	6,336	344	12,760
Gains / (Losses) in other comprehensive income	1,929	430	-	-
Purchases	-	4	4,358	-
Fair value changes/Payments	-	-	-	-62
Disposals	-	-513	-	-12,354
Exchange rates	-	-	-8	-
Balance at the end of the year	**8,186**	**6,257**	**4,694**	**344**

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

The movements in 2016 and 2015 of the derivative financial instruments are presented in note 35.

39. Relevant and subsequent events

EDPR announces the sale of a minority stake in Portuguese assets to CTG

EDPR through its subsidiary EDP Renewables Europe, S.L. ("EDPR Europe"), entered in February 2017 into an agreement with ACE Portugal Sàrl which is 100% owned by ACE Investment Fund II LP – an entity participated of China Three Gorges Hong Kong Ltd ("CTG HK"), a fully-owned subsidiary of China Three Gorges ("CTG") – to sell 49% of equity shareholding and shareholder loans in a portfolio of wind assets for a total consideration of 242 million Euros. The transaction scope covers 422 MW of wind technology, located in Portugal, with an average age of 6 years. These assets were part of ENEOP project and have been fully consolidated at EDPR following the conclusion of the asset split process in 2015.

Ordinances 268-B/2016 and 69/2017

The Portuguese Government through the Direcção-Geral de Energia e Geologia (DGEG) performed an investigation for the evaluation of public policies regarding the energy sector, in which it has come to the conclusion that the renewable energy generators with feed-in tariff have received, apart from this tariff incentive, public support for the promoting and development of renewable energy. DGEG's investigation estimated an amount of 140 million Euros as an excess over what they should have received.

On 13 October 2016, Ordinance 268-B/2016 was published, determining the recovery to SEN of the amount allegedly received in excess, through feed-in tariff reduction granted by the Last resource supplier (CUR).

On 28 December 2016, Law 46/2016 was published. The article 171, determined that the public support for the promoting and development of renewable energy received by the eligible energy generators with feed-in tariff (at this date) should not be cumulative with the administratively fixed remuneration received by those generators. In this sense, this article determines the adoption, through an ordinance, of a mechanism for deduction or replacement of the public support received under these conditions. Thus, in 16 February 2017, Ordinance 69/2017 was published which determining the recovery to SEN of the amount allegedly received in excess, through feed-in tariff reduction granted by the CUR. This ordinance replicate the content of the Ordinance 268-B/2016 repealing it.

The publishing of orders from the State member responsible for the energy sector is expected, that will identify the producers and the amounts which one of them shouldn't have received, in order to calculate the new feed-in tariff that allows this amount to be recovered as fast as it is possible.

For Renewable energy generators under this situation, which have already lost their right to feed-in tariffs, it establishes that it is the CUR who has the responsibility to recover the amounts identified by DGEG, though it is not clear in what way will they recover these amounts. Half of the amount recovered under this mechanism will reduce tariff deficit, being the other half allocated to future yearly tariffs.

EDPR awarded long term contracts for 127 MW at the Italian wind auction

EDPR was awarded 20-year long term contracts at the Italian wind auction to sell electricity to be produced by 6 wind farms with a total capacity of 127 MW. The wind farm projects are located in the south of Italy, with installation expected to occur in 2018.

EDPR concludes the sale of minority stakes in Poland and Italy

EDPR through its subsidiaries EDP Renewables Europe, S.L. and EDPR Polska S.P. zo.o. has concluded the sale of 49% equity shareholding and shareholder loans in a portfolio of wind assets with 548 MW of capacity in Poland and Italy, to ACE Poland S.A.R.L. and ACE Italy S.A.R.L., both of which 100% owned by ACE Investment Fund LP – an entity participated of China Three Gorges Hong Kong Ltd ("CTG HK"), a fully-owned subsidiary of China Three Gorges ("CTG"). Transaction final consideration reached 363 million of Euros.

EDPR established new institutional partnership structure for 328 MW and 101 MW in the US

EDPR through its fully owned subsidiary EDP Renewables North America LLC, has secured 343 million of Dollars of institutional equity financing from two major financial institutions, in exchange for an interest in the 250 MW Hidalgo wind farm project, located in the State of Texas, and for an interest in the 78 MW Jericho Rise wind project, located in the State of New York. Both projects have previously secured long-term sales agreements.

Under the agreement, funding has taken place close to the start of operations of both projects, on the last quarter of 2016.

Additionally, EDPR has closed 114 million of Dollars of institutional equity financing from MUFG and another institutional investor, in exchange for an interest in the 101 MW Amazon Wind Farm US Central project (Timber Road III). The project is located in the state of Ohio and has previously secured a long-term Power Purchase Agreement ("PPA") with Amazon Web Services, Inc. ("AWS"), an Amazon.com company.

EDPR secures PPA for new 200 MW and 75 MW wind farms in the United States

EDPR through its fully owned subsidiary EDP Renewable North America LLC, signed 15-year and 20-year Power Purchase Agreements ("PPA") to sell the energy produced by a 200 MW wind farm in the state of Iowa and by a 75 MW wind farm in the state of Indiana, both with start of operations expected for 2018.

EDPR closed an asset rotation transaction in Europe, for a total consideration of €550 million

EDPR through its subsidiary EDP Renewables Europe, S.L. entered in April 2016 into an agreement with Vortex, a fund led by EFG Hermes which includes investments from the Gulf Cooperation Council (GCC) countries, to sell a 49% equity shareholding and outstanding shareholders loans in a portfolio of fully-owned wind onshore assets in Spain, Portugal, Belgium and France for a total consideration of 550 million of Euros.

The portfolio totals 664 MW and has 4 years of average life. In detail, the transaction scope covers 348 MW in operation in Spain (with 6 years of average life), 191 MW in operation in Portugal (part of ex-ENEOP assets), 71 MW in operation in Belgium and 54 MW in France. The closing of this transaction has taken place in June 2016.

40. Recent accounting standards and interpretations used

Standards, amendments and interpretations issued effective for the Group

The new standards and interpretations that has been issued and are already effective and that the EDPR Group has applied on its consolidated financial statements with no significant impact are the following:

• IFRS 10 (Amended), IFRS 12 (Amended) and IAS 28 (Amended) - Investment Entities: Applying the Consolidation Exception;

• IFRS 11 (Amended) - Accounting for Acquisitions of Interests in Joint Operations;

• IAS 1 (Amended) - Disclosure Initiative;

• IAS 16 (Amended) and IAS 38 (Amended) - Clarification of Acceptable Methods of Depreciation and Amortisation;

• Annual Improvement Project (2010-2012);

• Annual Improvement Project (2012-2014).

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

The standards, amendments and interpretations issued but not yet effective for the Group, which impact is being evaluated, are the following:

• IFRS 9 - Financial Instruments

The International Accounting Standards Board (IASB), issued in November 2009, IFRS 9 - Financial instruments part I: Classification and measurement, with effective date of mandatory application for periods beginning on or after 1 January 2018, being allowed its early adoption.

This standard is included in the IASB's comprehensive project to replace IAS 39 and relates to issues of classification and measurement of financial assets. The main issues considered are as follows:

- the financial assets can be classified in two categories: at amortised cost or at fair value. This decision will be made upon the initial recognition of the financial assets. Its classification depends on how the entity presents these financial assets and the contractual cash flows associated to each financial asset in the business;

- debt instruments can only be measured at amortised cost when the contractual cash-flows represent only principal and interest payments, which means that it contains only basic loan features, and for which an entity holds the asset to collect the contractual cash flows. All the other debt instruments are recognised at fair value;

- equity instruments issued by third parties are recognised at fair value with subsequent changes recognised in the profit and loss. However an entity could irrevocably select equity instruments at initial recognition for which fair value changes and the realised gain or loss are recognised in fair value reserves. Gains and losses recognised in fair value reserves cannot be recycled to profit and loss. This is a discretionary decision, and does not imply that all the equity instruments should be treated on this basis. The dividends received are recognised as income for the year;

- the exemption that allows unquoted equity investments and related derivatives to be measured at cost, under IAS 39, is not allowed under IFRS 9; and

- changes in fair value attributable to own credit risk of financial liabilities classified as fair value through profit or loss, shall be recognised in Other comprehensive income. The remaining fair value changes related to these financial liabilities shall be recognised through profit or loss. The amounts recognised in Other comprehensive income shall not be reclassified/transferred to profit and loss.

● IFRS 15 - Revenue from the Contracts with Customers

The International Accounting Standards Board (IASB), issued in May 2014, IFRS 15 - Revenue from the Contracts with Customers, with effective date of mandatory application for periods beginning on or after 1 January 2018, being allowed its early adoption. This standard has not yet been adopted by the European Union.

This new standard presents the principles that shall be applied by an entity in order to provide more useful information to users of financial statements about the nature, amount, term and uncertainty of revenue and cash flows arising from a contract with a client.

The core principle of IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services, as provided in the 5 steps methodology.

The 5 steps methodology consists in the following steps: (i) identify the contract with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to performance obligations; and (v) recognise revenue when (or as) the entity satisfies a performance obligation.

● IFRS 16 – Leases

The International Accounting Standards Board (IASB) issued, in January 2016, IFRS 16 - Leases, with effective date of mandatory application for periods beginning on or after 1 January 2019, with earlier adoption permitted for entities that have also adopted IFRS 15 - Revenue from Contracts with Customers. This standard has not yet been adopted by the European Union.

This standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and supersedes IAS 17 - Leases and its associated interpretative guidance. The objective is to ensure that lessees and lessors provide relevant information to the users of financial statements, namely about the effect that leases have on the financial position, financial performance and cash flows of the entity.

The main issues considered are as follows:

- inclusion of some considerations in order to distinguish leases from service contracts, based on the existence of control of the underlying asset at the time that it is available for use by the lessee; and

- introduction of a single lessee accounting model that requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. As a consequence, a lessee recognises depreciation costs and interest costs separately.

● IAS 7 (Amended) - Disclosure Initiative

The International Accounting Standards Board (IASB) issued, in January 2016, amendments to IAS 7 - Statement of Cash Flows, with effective date of mandatory application for periods beginning on or after 1 January 2017, being allowed its early adoption. This standard has not yet been adopted by the European Union.

These amendments require an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, such as:

- Changes from financing cash flows;

- Changes arising from obtaining or losing control of subsidiaries or other businesses;

- The effect of changes in foreign exchange rates; or

- Changes in fair values.

These disclosures may be presented by providing a reconciliation between the opening and closing balances in the statement of financial position for liabilities arising from financing activities.

The standards, amendments and interpretations issued but not yet effective for the Group with no significant impact are the following:

● IFRS 4 (Amended) - Applying IFRS 9 - Financial Instruments with IFRS 4 - Insurance Contracts;

● IFRS 14 - Regulatory Deferral Accounts;

● IAS 12 (Amended) - Recognition of Deferred Tax Assets for Unrealised Losses;

● IFRIC 22 - Foreign Currency Transactions and Advance Payments;

● Annual Improvement Project (2014-2016).

41. Environment issues

Expenses of environmental nature are the expenses that were identified and incurred to avoid, reduce or repair damages of an environmental nature that result from the Group's normal activity.

These expenses are booked in the income statement of the year, except if they qualify to be recognised as an asset, according to IAS 16.

During the year, the environmental expenses recognised in the income statement in the amount of 3,721 thousand Euros (31 December 2015: 3,467 thousand Euros) refer to costs with the environmental management plan.

As referred in accounting policy 2o), the Group has established provisions for dismantling and decommissioning of property, plant and equipment when a legal or contractual obligation exists to dismantle and decommission those assets at the end of their useful lives. Consequently, the Group has booked provisions for property, plant and equipment related to electricity wind generation for the responsibilities of restoring sites and land to its original condition, in the amount of 268,191 thousand Euros as at 31 December 2016 (31 December 2015: 117,228 thousand Euros) (see note 30).

42. Business combinations

During 2016, EDPR Group acquired 100% of the Italian company Parco Eólico Banzi S.r.l. for a total amount of 44,570 thousand Euros of which an amount of 10,820 thousand Euros has been paid in 2016 and the remaining amount, 33,750 thousand Euros, was transferred on previous years as advances for the acquisition. At the acquisition date, EDPR Group has determined the fair value of the assets acquired and liabilities assumed, based on a valuation performed by an independent third party.

Fair value of identifiable assets and liabilities at the acquisition date is presented as follows:

Thousand Euros	Book value at acquisition date	Fair Value adjustment	Fair value at acquisition date
Property, plant and equipment	38,767	7,351	46,118
Intangible assets	23	-	23
Goodwill	5,587	-5,587	-
Deferred tax assets	-	-	-
Other debtors and other assets	1,818	-	1,818
Cash and cash equivalentes	2,166	-	2,166
Total Assets	48,361	1,764	50,125
Provisions	48	-	48
Deferred tax liabilities	-	1,764	1,764
Other liabilities and other payables	703	-	703
Total Liabilities	751	1,764	2,515
Net Assets acquired	47,610	-	47,610
Total consideration transferred for the acquisition			-44,570
Gain on acquisition			3,040
Acquisition cash flow			
- Cash and cash equivalents of Banzi			2,166
- Total consideration transferred for the acquisition			-44,570
Net cash outflow			42,404

The above valuation has determined a fair value for Property, plant and equipment in the amount of 46,118 thousand Euros, generating a net fair value adjustment of 1,764 thousand Euros.

During 2015, EDPR acquired a 100% stake in ENEOP. Since the Group already held a 35,95% stake in ENEOP, it was treated as a step acquisition under IFRS 3. Fair value of net assets acquired amounted to 230,791 thousand Euros being the consideration paid 50,497 thousand Euros, resulting in a control acquisition gain of 124,750 thousand Euros.

During 2016 the EDPR Group has paid an amount of 52,751 thousand Euros (31 December 2015: 159,318 thousand Euros) with the following breakdown (see note 5):

- Final payment in relation to the acquisition of the company Parco Eólico Banzi S.r.l.: 10,820 thousand Euros referred above.
- Acquisition of non-controlling interests: 37,214 thousand Euros which includes 12,090 thousand Euros and 22,279 thousand Euros corresponding to the acquisition of non-controlling interests in EDPR Polska and EDPR UK respectively.
- Capital contributions in companies consolidated under equity method: 3,260 thousand Euros related to the Mexican company Eólica de Coahuila S.A. de C.V.
- Acquisition of companies and success fees: 1,458 thousand Euros

During 2015, EDPR Group acquired 100% of the companies Central Eólica Aventura II, S.A. and Stirlingpower, Unipessoal Lda. amounting the net assets acquired to 28 thousand Euros. The consideration transferred was 876 thousand Euros, resulting in a goodwill recognition of 848 thousand Euro.

43. Operating segments report

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

The accounting policies of the reportable segments are the same as described in note 3. Information regarding the results of each reportable segment is included in Annex 2. Performance is based on segment operating profit measures, as included in the internal management reports that are reviewed by the Management. Segment operating profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these industries. Inter-segment pricing is determined on an arm's length basis.

A business segment is an identifiable component of the Group, aimed at providing a single product or service, or a group of related products or services, and it is subject to risks and returns that can be distinguished from those of other business segments.

The Group generates energy from renewable sources in several locations and its activity is managed based on the following business segments:

- Europe: refers to EDPR EU Group companies operating in Spain, Portugal, Belgium, France, Italy, Netherlands, Poland, Romania and United Kingdom;
- North America: refers to EDPR NA and EDPR Canada Group companies that operate in United States of America and Canada, respectively;
- Brazil: refers to EDPR Brasil Group companies that operate in this country.

Segment definition

The amounts reported in each business segment result from the aggregation of the subsidiaries and business units defined in each segment perimeter, including the intra-segment eliminations, without any inter-segment allocation adjustment.

The financial information disclosed by each business segment is determined based on the amounts booked directly in the subsidiaries that compose the segment, including the intra-segment eliminations, without any inter-segment allocation adjustment.

44. Audit and non-audit fees

KPMG has audited the consolidated annual accounts of EDP Renováveis Group for 2016 and 2015. This company and the other related entities and persons in accordance with Royal-Decree 1/2011 of 1 July, have invoiced for the year ended in 31 December 2016 and 2015, fees and expenses for professional services, according to the following detail:

Thousand Euros				31 December 2016
	Europe	North America	Brazil	Total
Audit and statutory audit of accounts	1,477	1,161	126	2,764
Other audit services	193	7	-	200
	1,670	1,168	126	2,964
Other services	88	-	-	88
	88	-	-	88
Total	**1,758**	**1,168**	**126**	**3,052**

Thousand Euros				31 December 2015
	Europe	North America	Brazil	Total
Audit and statutory audit of accounts	1,894	1,131	105	3,130
Other audit services	453	-	-	453
	2,347	1,131	105	3,583
Tax consultancy services	356	116	-	472
Other services	265	1	-	266
	621	117	-	738
Total	**2,968**	**1,248**	**105**	**4,321**

Annex 1

The Subsidiary Companies consolidated under the full consolidated method, as at 31 December 2016 and 2015, are as follows:

Company	Head Office	Auditor	2016 % of capital	2016 % of voting rights	2015 % of capital	2015 % of voting rights
GROUP'S PARENT HOLDING COMPANY AND RELATED ACTIVITIES:						
EDP Renováveis, S.A. (Group's parent holding company)	Oviedo	KPMG	100,00%	100,00%	100,00%	100,00%
EDP Renováveis Servicios Financieros, S.L.	Oviedo	KPMG	100,00%	100,00%	100,00%	100,00%
EUROPE GEOGRAPHY / PLATFORM:						
Spain:						
EDP Renewables Europe, S.L. (Europe Parent Company)	Oviedo	KPMG	100,00%	100,00%	100,00%	100,00%
Acampo Arias, S.L.	Zaragoza	KPMG	100,00%	100,00%	100,00%	100,00%
Aplicaciones Industriales de Energías Limpias, S.L.	Zaragoza	n.a.	61,50%	61,50%	61,50%	61,50%
Aprofitament D'Energies Renovables de la Terra Alta, S.A.	Barcelona	n.a.	48,39%	60,09%	60,63%	60,63%
Bon Vent de Corbera, S.L.	Barcelona	KPMG	100,00%	100,00%	100,00%	100,00%
Bon Vent de L'Ebre, S.L.	Barcelona	KPMG	100,00%	51,00%	100,00%	100,00%
Bon Vent de Vilalba, S.L.	Barcelona	KPMG	100,00%	51,00%	100,00%	100,00%
Compañía Eólica Campo de Borja, S.A.	Zaragoza	KPMG	100,00%	100,00%	100,00%	100,00%
Desarrollos Catalanes Del Viento, S.L.	Barcelona	KPMG	100,00%	100,00%	100,00%	100,00%
Desarrollos Eólicos Almarchal, S.A.U.	Cádiz	KPMG	100,00%	100,00%	100,00%	100,00%
Desarrollos Eólicos Buenavista, S.A.U.	Cádiz	KPMG	100,00%	100,00%	100,00%	100,00%
Desarrollos Eólicos de Corme, S.A.	La Coruña	KPMG	100,00%	100,00%	100,00%	100,00%
Desarrollos Eólicos de Galicia, S.A.	La Coruña	KPMG	100,00%	100,00%	100,00%	100,00%
Desarrollos Eólicos de Lugo, S.A.U.	Lugo	KPMG	100,00%	100,00%	100,00%	100,00%
Desarrollos Eólicos de Tarifa, S.A.U.	Cádiz	KPMG	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%
Desarrollos Eólicos Dumbria, S.A.U.	La Coruña	KPMG	100,00%	100,00%	100,00%	100,00%
Desarrollos Eólicos Rabosera, S.A.	Huesca	KPMG	100,00%	100,00%	100,00%	100,00%
EDP Renovables España, S. L.	Madrid	KPMG	100,00%	100,00%	100,00%	100,00%
EDP Renováveis Cantabria, S.L.	Madrid	n.a.	100,00%	100,00%	100,00%	100,00%
EDPR Participaciones, S.L.U.	Oviedo	KPMG	51,00%	51,00%	0.00%	0,00%
EDPR Yield Spain Services, S.L.U.	Madrid	n.a.	100,00%	100,00%	100,00%	100,00%
EDPR Yield, S.A.U.	Oviedo	KPMG	100,00%	100,00%	100,00%	100,00%
Energías Eólicas de la Manchuela, S.L.U.	Madrid	KPMG	100,00%	100,00%	100,00%	100,00%
Eólica Arlanzón, S.A.	Madrid	KPMG	77,50%	77,50%	77,50%	77,50%
Eólica Campollano, S.A.	Madrid	KPMG	75,00%	75,00%	75,00%	75,00%
Eólica Curiscao Pumar, S.A.	Madrid	KPMG	100,00%	100,00%	100,00%	100,00%
Eólica de Radona, S.L.U.	Madrid	KPMG	100,00%	51,00%	100,00%	100,00%
Eólica del Alfoz, S.L.	Madrid	KPMG	100,00%	51,00%	100,00%	100,00%
Eólica Don Quijote, S.L.	Albacete	KPMG	100,00%	51,00%	100,00%	100,00%

Company	Head Office	Auditor	2016 % of capital	% of voting rights	2015 % of capital	% of voting rights
Eólica Dulcinea, S.L.	Albacete	KPMG	100,00%	51,00%	100,00%	100,00%
Eólica Fontesilva, S.L.	La Coruña	KPMG	100,00%	100,00%	100,00%	100,00%
Eólica Garcimuñoz, S.L.	Madrid	KPMG	100,00%	100,00%	100,00%	100,00%
Eólica Guadalteba, S.L.	Sevilla	KPMG	100,00%	100,00%	100,00%	100,00%
Eólica La Brújula, S.A.	Madrid	KPMG	100,00%	100,00%	84,90%	84,90%
Eólica La Janda, S.L.	Madrid	KPMG	100,00%	100,00%	100,00%	100,00%
Eólica La Navica, S.L.	Madrid	KPMG	100,00%	51,00%	100,00%	100,00%
Eólica Muxía, S.L.	La Coruña	n.a.	100,00%	100,00%	100,00%	100,00%
Eólica Sierra de Avila, S.L.	Madrid	KPMG	100,00%	100,00%	100,00%	100,00%
Iberia Aprovechamientos Eólicos, S.A.U.	Zaragoza	KPMG	94,00%	94,00%	94,00%	94,00%
Investigación y Desarrollo de Energías Renovables IDER, S.L.	León	KPMG	100,00%	100,00%	100,00%	100,00%
Molino de Caragüeyes, S.L.	Zaragoza	KPMG	100,00%	100,00%	100,00%	100,00%
Neo Energía Aragón, S.L.	Madrid	n.a.	100,00%	100,00%	100,00%	100,00%
Parc Eòlic Coll de la Garganta, S.L.	Barcelona	KPMG	100,00%	100,00%	100,00%	100,00%
Parc Eòlic de Coll de Moro, S.L.	Barcelona	KPMG	100,00%	100,00%	100,00%	100,00%
Parc Eòlic de Torre Madrina, S.L.	Barcelona	KPMG	100,00%	100,00%	100,00%	100,00%
Parc Eòlic de Vilalba dels Arcs, S.L.	Barcelona	KPMG	100,00%	100,00%	100,00%	100,00%
Parc Eòlic Serra Voltorera, S.L.	Barcelona	KPMG	100,00%	100,00%	100,00%	100,00%
Parque Eólico Altos del Voltoya, S.A.	Madrid	KPMG	92,50%	92,50%	92,50%	92,50%
Parque Eólico Belchite, S.L.	Zaragoza	KPMG	100,00%	100,00%	100,00%	100,00%
Parque Eólico La Sotonera, S.L.	Zaragoza	KPMG	69,84%	69,84%	69,84%	69,84%
Parque Eólico Los Cantales, S.L.U.	Zaragoza	KPMG	100,00%	100,00%	100,00%	100,00%
Parque Eólico Santa Quiteria, S.L.	Huesca	KPMG	100,00%	83,96%	100,00%	83,96%
Parques de Generación Eólica, S.L.	Burgos	KPMG	100,00%	100,00%	100,00%	100,00%
Parques Eólicos del Cantábrico, S.A.	Oviedo	KPMG	100,00%	100,00%	100,00%	100,00%
Renovables Castilla La Mancha, S.A.	Albacete	KPMG	90,00%	90,00%	90,00%	90,00%
South África Wind & Solar Power, S.L.U.	Oviedo	n.a.	100,00%	100,00%	100,00%	100,00%
Portugal:						
EDP Renováveis Portugal, S.A.	Porto	KPMG	51,00%	51,00%	51,00%	51,00%
EDP Renewables SGPS, S.A.	Porto	KPMG	100,00%	100,00%	100,00%	100,00%
EDPR PT - Parques Eólicos, S.A.	Porto	KPMG	100,00%	100,00%	100,00%	100,00%
EDPR PT - Promoção e Operação, S.A.	Porto	KPMG	100,00%	100,00%	100,00%	100,00%
EDPR Yield Portugal Services, Unipessoal Lda.	Porto	KPMG	100,00%	100,00%	100,00%	100,00%
Eólica da Alagoa, S.A.	Arcos de Valdevez	KPMG	60,00%	30,60%	60,00%	30,60%
Eólica da Coutada, S.A.	Vila Pouca de Aguiar	KPMG	100,00%	100,00%	100,00%	100,00%
Eólica da Lajeira, S.A.	Porto	KPMG	100,00%	51,00%	100,00%	100,00%
Eólica da Serra das Alturas, S.A.	Boticas	KPMG	50,10%	22,55%	50,10%	25,55%
Eólica da Terra do Mato, S.A.	Porto	KPMG	100,00%	100,00%	100,00%	100,00%
Eólica das Serras das Beiras, S.A.	Arganil	KPMG	100,00%	100,00%	100,00%	100,00%

Company	Head Office	Auditor	2016 % of capital	2016 % of voting rights	2015 % of capital	2015 % of voting rights
Eólica de Montenegrelo, S.A.	Vila Pouca de Aguiar	KPMG	50,10%	22,55%	50,10%	25,55%
Eólica do Alto da Lagoa, S.A.	Porto	KPMG	100,00%	100,00%	100,00%	100,00%
Eólica do Alto da Teixosa, S.A.	Cinfães	KPMG	100,00%	100,00%	100,00%	100,00%
Eólica do Alto do Mourisco, S.A.	Boticas	KPMG	100,00%	100,00%	100,00%	100,00%
Eólica do Cachopo, S.A.	Porto	KPMG	100,00%	51,00%	100,00%	100,00%
Eólica do Castelo, S.A.	Porto	KPMG	100,00%	51,00%	100,00%	100,00%
Eólica do Espigão, S.A.	Miranda do Corvo	KPMG	100,00%	100,00%	100,00%	100,00%
Eólica do Velão, S.A.	Porto	KPMG	100,00%	51,00%	100,00%	100,00%
Eólica dos Altos dos Salgueiros-Guilhado, S.A.	Vila Pouca de Aguiar	KPMG	100,00%	100,00%	100,00%	100,00%
Gravitangle - Fotovoltaica Unipessoal, Lda.	Porto	KPMG	100,00%	100,00%	100,00%	100,00%
Malhadizes - Energia Eólica, S.A.	Porto	KPMG	100,00%	51,00%	100,00%	51,00%
Parque Eólico da Serra do Oeste, S.A.	Porto	KPMG	100,00%	100,00%	0,00%	0,00%
Parque Eólico de Torrinheiras, S.A.	Porto	KPMG	100,00%	100,00%	0,00%	0,00%
Parque Eólico do Cabeço Norte, S.A.	Porto	KPMG	100,00%	100,00%	0,00%	0,00%
Parque Eólico do Pinhal do Oeste, S.A.	Porto	KPMG	100,00%	100,00%	0,00%	0,00%
Parque Eólico do Planalto, S.A.	Porto	KPMG	100,00%	100,00%	0,00%	0,00%
Stirlingpower, Unipessoal Lda.	Braga	KPMG	100,00%	100,00%	100,00%	100,00%
France:						
EDP Renewables France, S.A.S.	Paris	KPMG	51,00%	51,00%	51,00%	51,00%
EDPR France Holding, S.A.S.	Paris	KPMG	100,00%	100,00%	100,00%	100,00%
Bourbriac II, S.A.S.	Paris	KPMG	100,00%	100,00%	100,00%	100,00%
Centrale Eolienne Canet-Pont de Salars, S.A.S.	Paris	KPMG	50,96%	25,99%	50,96%	25,99%
Centrale Eolienne Gueltas Noyal-Pontivy, S.A.S.	Paris	KPMG	51,00%	26,01%	51,00%	26,01%
Centrale Eolienne Neo Truc de L'Homme, S.A.S.	Paris	KPMG	100,00%	51,00%	100,00%	51,00%
Centrale Eolienne Patay, S.A.S.	Paris	KPMG	51,00%	26,01%	51,00%	26,01%
Centrale Eolienne Saint Barnabé, S.A.S.	Paris	KPMG	51,00%	26,01%	51,00%	26,01%
Centrale Eolienne Segur, S.A.S.	Paris	KPMG	51,00%	26,01%	51,00%	26,01%
EDPR Yield France Services, S.A.S.	Paris	KPMG	100,00%	100,00%	100,00%	100,00%
Eolienne de Callengeville, S.A.S.	Paris	KPMG	100,00%	100,00%	100,00%	100,00%
Eolienne de Saugueuse, S.A.R.L.	Paris	KPMG	51,00%	26,01%	51,00%	26,01%
Eolienne D'Etalondes, S.A.R.L.	Paris	n.a.	100,00%	100,00%	100,00%	100,00%
Monts de la Madeleine Energie, S.A.S.	Paris	KPMG	100,00%	100,00%	100,00%	100,00%
Monts du Forez Energie, S.A.S.	Paris	KPMG	100,00%	100,00%	100,00%	100,00%
Neo Plouvien, S.A.S.	Paris	KPMG	100,00%	51,00%	100,00%	51,00%
Parc Éolien d'Escardes, S.A.S.	Paris	KPMG	100,00%	51,00%	100,00%	100,00%
Parc Éolien de Boqueho-Pouagat, S.A.S.	Paris	KPMG	100,00%	100,00%	100,00%	100,00%
Parc Éolien de Citernes, S.A.S.	Paris	KPMG	100,00%	100,00%	0,00%	0,00%
Parc Éolien de Dammarie, S.A.R.L.	Paris	KPMG	100,00%	51,00%	100,00%	100,00%
Parc Éolien de Flavin, S.A.S.	Paris	KPMG	100,00%	100,00%	0,00%	0,00%

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Parc Éolien de Francourville, S.A.S	Paris	KPMG	100,00%	51,00%	100,00%	100,00%
Parc Éolien de la Champagne Berrichonne, S.A.R.L.	París	n.a.	100,00%	100,00%	0,00%	0,00%
Parc Eolien de La Hetroye, S.A.S.	Paris	KPMG	100,00%	100,00%	100,00%	100,00%
Parc Éolien de Louvières, S.A.S.	Paris	KPMG	100,00%	100,00%	0,00%	0,00%
Parc Eolien de Mancheville, S.A.R.L.	Paris	n.a.	100,00%	100,00%	100,00%	100,00%
Parc Eolien de Montagne Fayel, S.A.S.	Paris	KPMG	100,00%	51,00%	100,00%	100,00%
Parc Éolien de Preuseville, S.A.R.L.	Paris	KPMG	100,00%	51,00%	100,00%	100,00%
Parc Éolien de Prouville, S.A.S.	París	KPMG	100,00%	100,00%	0,00%	0,00%
Parc Eolien de Roman, S.A.R.L.	Paris	KPMG	100,00%	51,00%	100,00%	51,00%
Parc Éolien de Tarzy, S.A.R.L.	Paris	KPMG	100,00%	51,00%	100,00%	51,00%
Parc Eolien de Varimpre, S.A.S.	Paris	KPMG	51,00%	26,01%	51,00%	26,01%
Parc Eolien des Longs Champs, S.A.R.L.	Paris	n.a.	100,00%	100,00%	100,00%	100,00%
Parc Eolien des Vatines, S.A.S.	Paris	KPMG	51,00%	26,01%	51,00%	26,01%
Parc Eolien du Clos Bataille, S.A.S.	Paris	KPMG	51,00%	26,01%	51,00%	26,01%
SOCPE de la Mardelle, S.A.R.L.	Paris	KPMG	100,00%	51,00%	100,00%	51,00%
SOCPE de la Vallée du Moulin, S.A.R.L.	Paris	KPMG	100,00%	51,00%	100,00%	51,00%
SOCPE de Sauvageons, S.A.R.L.	Paris	KPMG	100,00%	75,99%	100,00%	75,99%
SOCPE des Quinze Mines, S.A.R.L.	Paris	KPMG	100,00%	75,99%	100,00%	75,99%
SOCPE Le Mee, S.A.R.L.	Paris	KPMG	100,00%	75,99%	100,00%	75,99%
SOCPE Petite Pièce, S.A.R.L.	Paris	KPMG	100,00%	75,99%	100,00%	75,99%
Poland:						
EDP Renewables Polska HoldCo, S.A.	Warsaw	KPMG	51,00%	51,00%	0,00%	0,00%
EDP Renewables Polska OPCO, S.A.	Warsaw	VGD Audyt	100,00%	100,00%	100,00%	100,00%
EDP Renewables Polska, Sp. z o.o.	Warsaw	KPMG	100,00%	100,00%	100,00%	100,00%
Elektrownia Wiatrowa Kresy I, Sp. z o.o.	Warsaw	KPMG	100,00%	51,00%	100,00%	100,00%
Farma Wiatrowa Starozreby, Sp. z o.o.	Warsaw	n.a.	100,00%	100,00%	100,00%	100,00%
J&Z Wind Farms, Sp. z o.o.	Warsaw	KPMG	0,00%	0,00%	60,00%	60,00%
Korsze Wind Farm, Sp. z o.o.	Warsaw	KPMG	100,00%	51,00%	100,00%	100,00%
Masovia Wind Farm I, Sp. z o.o.	Warsaw	KPMG	100,00%	100,00%	100,00%	100,00%
Miramit Investments, Sp. z o.o.	Warsaw	n.a.	100,00%	100,00%	0,00%	0,00%
Molen Wind II, Sp. z o.o.	Warsaw	KPMG	100,00%	51,00%	65,07%	65,07%
Morska Farma Wiatrowa Gryf, Sp. z o.o.	Warsaw	n.a.	100,00%	100,00%	100,00%	100,00%
Morska Farma Wiatrowa Neptun, Sp. z o.o.	Warsaw	n.a.	100,00%	100,00%	100,00%	100,00%
Morska Farma Wiatrowa Pomorze, Sp. z o.o.	Warsaw	n.a.	100,00%	100,00%	100,00%	100,00%
Radziejów Wind Farm, Sp. z o.o.	Warsaw	KPMG	100,00%	51,00%	100,00%	100,00%
Relax Wind Park I, Sp. zo.o.	Warsaw	KPMG	100,00%	51,00%	100,00%	100,00%
Relax Wind Park II, Sp. z o.o.	Warsaw	n.a.	100,00%	100,00%	100,00%	100,00%
Relax Wind Park III, Sp. z o.o.	Warsaw	KPMG	100,00%	51,00%	100,00%	100,00%

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Relax Wind Park IV, Sp. z o.o.	Warsaw	n.a.	100,00%	100,00%	100,00%	100,00%
Karpacka Mala Energetyka, Sp. z o.o.	Warsaw	n.a.	100,00%	100,00%	100,00%	100,00%
Romania:						
EDP Renewables România, S.r.l. (*)	Bucharest	n.a.	0,00%	0,00%	85,00%	85,00%
EDPR RO PV, S.r.l.	Bucharest	n.a.	100,00%	100,00%	100,00%	100,00%
EDPR RO Trading, S.r.l.	Bucharest	n.a.	0,00%	0,00%	100,00%	100,00%
Cernavoda Power, S.r.l.	Bucharest	KPMG	85,00%	85,00%	85,00%	85,00%
Cujmir Solar, S.r.l.	Bucharest	KPMG	100,00%	100,00%	100,00%	100,00%
Foton Delta, S.r.l.	Bucharest	KPMG	100,00%	100,00%	100,00%	100,00%
Foton Epsilon, S.r.l.	Bucharest	KPMG	100,00%	100,00%	100,00%	100,00%
Pestera Wind Farm, S.A.	Bucharest	KPMG	85,00%	85,00%	85,00%	85,00%
Potelu Solar, S.r.l.	Bucharest	KPMG	100,00%	100,00%	100,00%	100,00%
S. C. Ialomita Power, S.r.l.	Bucharest	KPMG	100,00%	100,00%	100,00%	100,00%
Sibioara Wind Farm, S.r.l.	Bucharest	KPMG	85,00%	85,00%	85,00%	85,00%
Studina Solar, S.r.l.	Bucharest	KPMG	100,00%	100,00%	100,00%	100,00%
Vanju Mare Solar, S.r.l.	Bucharest	KPMG	100,00%	100,00%	100,00%	100,00%
VS Wind Farm, S.A.	Bucharest	KPMG	85,00%	85,00%	85,00%	85,00%
(*) Merged into S. C. Ialomita Power, S.r.l.						
United Kingdom:						
EDPR UK Limited	Cardiff	KPMG	100,00%	100,00%	100,00%	100,00%
MacColl Offshore Windfarm Limited	Cardiff	n.a.	100,00%	100,00%	100,00%	100,00%
Moray Offshore Renewables Power Limited	Cardiff	n.a.	100,00%	100,00%	0,00%	0,00%
Moray Offshore Windfarm (East) Ltd	Cardif	KPMG	100,00%	100,00%	66,64%	66,64%
Moray Offshore Windfarm (West) Limited	Cardif	n.a.	100,00%	100,00%	0,00%	0,00%
Stevenson Offshore Windfarm Limited	Cardiff	n.a.	100,00%	100,00%	100,00%	100,00%
Telford Offshore Windfarm Limited	Cardiff	n.a.	100,00%	100,00%	100,00%	100,00%
Italy:						
EDP Renewables Italia, S.r.l.	Milano	KPMG	51,00%	51,00%	100,00%	100,00%
EDP Renewables Italia Holding, S.r.l.	Milano	KPMG	100,00%	100,00%	100,00%	100,00%
Castellaneta Wind, S.r.l.	Milano	n.a.	100,00%	100,00%	100,00%	100,00%
Laterza Wind, S.r.l.	Milano	n.a.	100,00%	100,00%	100,00%	100,00%
Pietragalla Eolico, S.r.l.	Milano	KPMG	100,00%	51,00%	100,00%	100,00%
Re Plus, S.r.l.	Milano	n.a.	100,00%	100,00%	80,00%	80,00%
TACA Wind, S.r.l.	Milano	KPMG	100,00%	100,00%	100,00%	100,00%
Villa Castelli Wind, S.r.l.	Milano	KPMG	100,00%	51,00%	100,00%	100,00%
WinCap, S.r.l.	Milano	KPMG	100,00%	100,00%	100,00%	100,00%
AW 2, S.r.l.	Milan	KPMG	100,00%	100,00%	0,00%	0,00%
Conza Energia, S.r.l.	Milan	KPMG	100,00%	100,00%	0,00%	0,00%
Lucus Power, S.r.l.	Melfi	KPMG	100,00%	100,00%	0,00%	0,00%
Parco Eolico Banzi, S.r.l.	Milan	KPMG	100,00%	51,00%	0,00%	0,00%
San Mauro, S.r.l.	Milan	KPMG	100,00%	100,00%	0,00%	0,00%
Sarve, S.r.l.	Milan	n.a.	51,00%	51,00%	0,00%	0,00%

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T Power, S.p.A.	Cesena	Baker Tilly Revisa	100,00%	100,00%	0,00%	0,00%
Tivano, S.r.l.	Milan	KPMG	100,00%	100,00%	0,00%	0,00%
VRG Wind 127, S.r.l.	Rovereto	n.a.	100,00%	100,00%	0,00%	0,00%
VRG Wind 149, S.r.l.	Rovereto	n.a.	100,00%	100,00%	0,00%	0,00%
Belgium:						
EDP Renewables Belgium, S.A.	Brussels	KPMG	100,00%	100,00%	100,00%	100,00%
Greenwind, S.A.	Louvain-la-Neuve	KPMG	100,00%	51,00%	100,00%	100,00%
The Netherlands:						
EDPR International Investments B.V.	Amsterdam	KPMG	100,00%	100,00%	100,00%	100,00%
North america geography / platform:						
México:						
EDPR Servicios de México, S. de R.L. de C.V.	Ciudad de México	n.a.	100,00%	100,00%	100,00%	100,00%
Vientos de Coahuila, S.A. de C.V.	Ciudad de México	n.a.	100,00%	100,00%	100,00%	100,00%
USA:						
EDP Renewables North America, LLC	Texas	KPMG	100,00%	100,00%	100,00%	100,00%
17th Star Wind Farm, LLC	Ohio	n.a.	100,00%	100,00%	100,00%	100,00%
2007 Vento I, LLC	Texas	KPMG	100,00%	100,00%	100,00%	100,00%
2007 Vento II, LLC	Texas	KPMG	100,00%	51,00%	100,00%	51,00%
2008 Vento III, LLC	Texas	KPMG	100,00%	51,00%	75,00%	75,00%
2009 Vento IV, LLC	Texas	KPMG	100,00%	100,00%	100,00%	100,00%
2009 Vento V, LLC	Texas	KPMG	100,00%	51,00%	100,00%	51,00%
2009 Vento VI, LLC	Texas	KPMG	100,00%	100,00%	100,00%	100,00%
2010 Vento VII, LLC	Texas	KPMG	100,00%	100,00%	100,00%	100,00%
2010 Vento VIII, LLC	Texas	KPMG	100,00%	100,00%	100,00%	100,00%
2011 Vento IX, LLC	Texas	KPMG	100,00%	51,00%	100,00%	51,00%
2011 Vento X, LLC	Texas	KPMG	100,00%	100,00%	100,00%	100,00%
2014 Sol I, LLC	Texas	KPMG	100,00%	51,00%	100,00%	51,00%
2014 Vento XI, LLC	Texas	KPMG	100,00%	51,00%	100,00%	51,00%
2014 Vento XII, LLC	Texas	KPMG	100,00%	51,00%	100,00%	51,00%
2015 Vento XIII, LLC	Texas	KPMG	100,00%	51,00%	100,00%	100,00%
2015 Vento XIV, LLC	Texas	KPMG	100,00%	51,00%	100,00%	100,00%
2016 Vento XV LLC	Texas	KPMG	100,00%	100,00%	0,00%	0,00%
2016 Vento XVI LLC	Texas	KPMG	100,00%	100,00%	0,00%	0,00%
Alabama Ledge Wind Farm, LLC	New York	n.a.	100,00%	100,00%	100,00%	100,00%
Antelope Ridge Wind Power Project, LLC	Oregon	n.a.	100,00%	100,00%	100,00%	100,00%
Arbuckle Mountain Wind Farm, LLC	Oklahoma	KPMG	100,00%	51,00%	100,00%	100,00%
Arkwright Summit Wind Farm, LLC	New York	n.a.	100,00%	100,00%	100,00%	100,00%
Arlington Wind Power Project, LLC	Oregon	KPMG	100,00%	51,00%	100,00%	75,00%
Aroostook Wind Energy, LLC	Maine	n.a.	100,00%	100,00%	100,00%	100,00%
Ashford Wind Farm, LLC	New York	n.a.	100,00%	100,00%	100,00%	100,00%
Athena-Weston Wind Power Project II, LLC	Oregon	n.a.	100,00%	100,00%	100,00%	100,00%
Athena-Weston Wind Power Project, LLC	Oregon	n.a.	100,00%	100,00%	100,00%	100,00%

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AZ Solar, LLC	Arizona	n.a.	100,00%	100,00%	100,00%	100,00%
BC2 Maple Ridge Holdings, LLC	Texas	n.a.	100,00%	100,00%	100,00%	100,00%
BC2 Maple Ridge Wind, LLC	Texas	KPMG	100,00%	100,00%	100,00%	100,00%
Big River Wind Power Project LLC	Texas	n.a.	100,00%	100,00%	0,00%	0,00%
Black Prairie Wind Farm II, LLC	Illinois	n.a.	100,00%	100,00%	100,00%	100,00%
Black Prairie Wind Farm III, LLC	Illinois	n.a.	100,00%	100,00%	100,00%	100,00%
Black Prairie Wind Farm, LLC	Illinois	n.a.	100,00%	100,00%	100,00%	100,00%
Blackstone Wind Farm II, LLC	Illinois	n.a.	100,00%	100,00%	100,00%	100,00%
Blackstone Wind Farm III, LLC	Illinois	n.a.	100,00%	100,00%	100,00%	100,00%
Blackstone Wind Farm IV, LLC	Illinois	n.a.	100,00%	100,00%	100,00%	100,00%
Blackstone Wind Farm V, LLC	Illinois	n.a.	100,00%	100,00%	100,00%	100,00%
Blackstone Wind Farm, LLC	Illinois	n.a.	100,00%	100,00%	100,00%	100,00%
Blue Canyon Windpower II, LLC	Oklahoma	KPMG	100,00%	100,00%	100,00%	100,00%
Blue Canyon Windpower III, LLC	Illinois	n.a.	100,00%	100,00%	100,00%	100,00%
Blue Canyon Windpower IV, LLC	Illinois	n.a.	100,00%	100,00%	100,00%	100,00%
Blue Canyon Windpower V, LLC	Oklahoma	KPMG	100,00%	51,00%	100,00%	51,00%
Blue Canyon Windpower VI, LLC	Oklahoma	KPMG	100,00%	100,00%	100,00%	100,00%
Blue Canyon Windpower VII, LLC	Illinois	n.a.	100,00%	100,00%	100,00%	100,00%
Blue Canyon Wind Power LLC	Texas	n.a.	100,00%	100,00%	100,00%	100,00%
Blue Marmot I LLC	Texas	n.a.	100,00%	100,00%	0,00%	0,00%
Blue Marmot II LLC	Texas	n.a.	100,00%	100,00%	0,00%	0,00%
Blue Marmot III LLC	Texas	n.a.	100,00%	100,00%	0,00%	0,00%
Blue Marmot IV LLC	Texas	n.a.	100,00%	100,00%	0,00%	0,00%
Blue Marmot IX LLC	Texas	n.a.	100,00%	100,00%	0,00%	0,00%
Blue Marmot V LLC	Texas	n.a.	100,00%	100,00%	0,00%	0,00%
Blue Marmot VI LLC	Texas	n.a.	100,00%	100,00%	0,00%	0,00%
Blue Marmot VII LLC	Texas	n.a.	100,00%	100,00%	0,00%	0,00%
Blue Marmot VIII LLC	Texas	n.a.	100,00%	100,00%	0,00%	0,00%
Blue Marmot X LLC	Texas	n.a.	100,00%	100,00%	0,00%	0,00%
Blue Marmot XI LLC	Texas	n.a.	100,00%	100,00%	0,00%	0,00%
Broadlands Wind Farm II, LLC	Illinois	n.a.	100,00%	100,00%	100,00%	100,00%
Broadlands Wind Farm III, LLC	Illinois	n.a.	100,00%	100,00%	100,00%	100,00%
Broadlands Wind Farm, LLC	Illinois	n.a.	100,00%	100,00%	100,00%	100,00%
Buffalo Bluff Wind Farm, LLC	Wyoming	n.a.	100,00%	100,00%	100,00%	100,00%
Chateaugay River Wind Farm, LLC	New York	n.a.	100,00%	100,00%	100,00%	100,00%
Clinton County Wind Farm, LLC	New York	n.a.	100,00%	100,00%	100,00%	100,00%
Cloud County Wind Farm, LLC	Kansas	KPMG	100,00%	51,00%	100,00%	75,00%
Cloud West Wind Project, LLC	Kansas	n.a.	100,00%	100,00%	100,00%	100,00%
Coos Curry Wind Power Project, LLC	Oregon	n.a.	100,00%	100,00%	100,00%	100,00%
Cropsey Ridge Wind Farm, LLC	Illinois	n.a.	100,00%	100,00%	100,00%	100,00%
Crossing Trails Wind Power Project, LLC	Colorado	n.a.	100,00%	100,00%	100,00%	100,00%
Dairy Hills Wind Farm, LLC	Texas	n.a.	100,00%	100,00%	100,00%	100,00%
Diamond Power Partners, LLC	Texas	n.a.	100,00%	100,00%	100,00%	100,00%

Company	Head Office	Auditor	2016 % of capital	2016 % of voting rights	2015 % of capital	2015 % of voting rights
East Klickitat Wind Power Project, LLC	Washington	n.a.	100,00%	100,00%	100,00%	100,00%
Eastern Nebraska Wind Farm, LLC	Nebraska	n.a.	100,00%	100,00%	100,00%	100,00%
EDPR Solar Ventures I, LLC	Texas	n.a.	51,00%	51,00%	51,00%	51,00%
EDPR South Table LLC	Texas	n.a.	100,00%	100,00%	100,00%	100,00%
EDPR Vento I Holding, LLC	Texas	n.a.	100,00%	100,00%	100,00%	100,00%
EDPR Vento IV Holding LLC	Texas	KPMG	100,00%	100,00%	0,00%	0,00%
EDPR WF, LLC	Texas	n.a.	100,00%	100,00%	100,00%	100,00%
EDPR Wind Ventures X, LLC	Texas	n.a.	100,00%	100,00%	100,00%	100,00%
EDPR Wind Ventures XI, LLC	Texas	n.a.	51,00%	51,00%	51,00%	51,00%
EDPR Wind Ventures XII, LLC	Texas	n.a.	51,00%	51,00%	51,00%	51,00%
EDPR Wind Ventures XIII, LLC	Texas	n.a.	51,00%	51,00%	100,00%	100,00%
EDPR Wind Ventures XIV, LLC	Texas	n.a.	51,00%	51,00%	100,00%	100,00%
EDPR Wind Ventures XV LLC	Texas	n.a.	100,00%	100,00%	0,00%	0,00%
EDPR Wind Ventures XVI LLC	Texas	n.a.	100,00%	100,00%	0,00%	0,00%
Five-Spot, LLC	California	n.a.	100,00%	100,00%	100,00%	100,00%
Ford Wind Farm, LLC	Illinois	n.a.	100,00%	100,00%	100,00%	100,00%
Franklin Wind Farm, LLC	New York	n.a.	100,00%	100,00%	100,00%	100,00%
Green Country Wind Farm, LLC	Oklahoma	n.a.	100,00%	100,00%	100,00%	100,00%
Green Power Offsets, LLC	Texas	n.a.	100,00%	100,00%	100,00%	100,00%
Gulf Coast Windpower Management Company, LLC	Indiana	n.a.	75,00%	75,00%	75,00%	75,00%
Headwaters Wind Farm, LLC	Indiana	n.a.	100,00%	51,00%	100,00%	51,00%
Headwaters Wind Farm II LLC	Texas	n.a.	100,00%	100,00%	0,00%	0,00%
Hidalgo Wind Farm, LLC	Texas	KPMG	100,00%	100,00%	100,00%	100,00%
Hidalgo Wind Farm II LLC	Texas	n.a.	100,00%	100,00%	0,00%	0,00%
High Prairie Wind Farm II, LLC	Minnesota	KPMG	100,00%	51,00%	100,00%	51,00%
High Trail Wind Farm, LLC	Illinois	KPMG	100,00%	100,00%	100,00%	100,00%
Horizon Wind Chocolate Bayou I, LLC	Texas	n.a.	100,00%	100,00%	100,00%	100,00%
Horizon Wind Energy Midwest IX, LLC	Kansas	n.a.	100,00%	100,00%	100,00%	100,00%
Horizon Wind Energy Northwest I, LLC	Washington	n.a.	100,00%	100,00%	100,00%	100,00%
Horizon Wind Energy Northwest IV, LLC	Oregon	n.a.	100,00%	100,00%	100,00%	100,00%
Horizon Wind Energy Northwest VII, LLC	Washington	n.a.	100,00%	100,00%	100,00%	100,00%
Horizon Wind Energy Northwest X, LLC	Oregon	n.a.	100,00%	100,00%	100,00%	100,00%
Horizon Wind Energy Northwest XI, LLC	Oregon	n.a.	100,00%	100,00%	100,00%	100,00%
Horizon Wind Energy Panhandle I, LLC	Texas	n.a.	100,00%	100,00%	100,00%	100,00%
Horizon Wind Energy Southwest I, LLC	New Mexico	n.a.	100,00%	100,00%	100,00%	100,00%
Horizon Wind Energy Southwest II, LLC	Texas	n.a.	100,00%	100,00%	100,00%	100,00%
Horizon Wind Energy Southwest III, LLC	Texas	n.a.	100,00%	100,00%	100,00%	100,00%
Horizon Wind Energy Southwest IV, LLC	Texas	n.a.	100,00%	100,00%	100,00%	100,00%
Horizon Wind Energy Valley I, LLC	Texas	n.a.	100,00%	100,00%	100,00%	100,00%
Horizon Wind Freeport Windpower I LLC	Texas	n.a.	100,00%	100,00%	0,00%	0,00%
Horizon Wind MREC Iowa Partners, LLC	Texas	n.a.	75,00%	75,00%	75,00%	75,00%
Horizon Wind Ventures I, LLC	Texas	n.a.	100,00%	100,00%	100,00%	100,00%
Horizon Wind Ventures IB, LLC	Texas	n.a.	51,00%	51,00%	51,00%	51,00%

Company	Head Office	Auditor	2016 % of capital	2016 % of voting rights	2015 % of capital	2015 % of voting rights
Horizon Wind Ventures IC, LLC	Texas	n.a.	51,00%	51,00%	75,00%	75,00%
Horizon Wind Ventures II, LLC	Texas	n.a.	100,00%	100,00%	100,00%	100,00%
Horizon Wind Ventures III, LLC	Texas	n.a.	51,00%	51,00%	51,00%	51,00%
Horizon Wind Ventures IX, LLC	Texas	n.a.	51,00%	51,00%	51,00%	51,00%
Horizon Wind Ventures VI, LLC	Texas	n.a.	100,00%	100,00%	100,00%	100,00%
Horizon Wind Ventures VII, LLC	Texas	n.a.	100,00%	100,00%	100,00%	100,00%
Horizon Wind Ventures VIII, LLC	Texas	n.a.	100,00%	100,00%	100,00%	100,00%
Horizon Wyoming Transmission, LLC	Wyoming	n.a.	100,00%	100,00%	100,00%	100,00%
Horse Mountain Wind Farm LLC	Texas	n.a.	100,00%	100,00%	0,00%	0,00%
Jericho Rise Wind Farm, LLC	New York	KPMG	100,00%	100,00%	100,00%	100,00%
Juniper Wind Power Partners, LLC	Oregon	n.a.	100,00%	100,00%	100,00%	100,00%
Lexington Chenoa Wind Farm II, LLC	Illinois	n.a.	100,00%	100,00%	100,00%	100,00%
Lexington Chenoa Wind Farm III, LLC	Illinois	n.a.	100,00%	100,00%	100,00%	100,00%
Lexington Chenoa Wind Farm, LLC	Illinois	n.a.	100,00%	100,00%	100,00%	100,00%
Lone Valley Solar Park I, LLC	California	n.a.	100,00%	51,00%	100,00%	51,00%
Lone Valley Solar Park II, LLC	California	n.a.	100,00%	51,00%	100,00%	51,00%
Lost Lakes Wind Farm, LLC	Iowa	KPMG	100,00%	100,00%	100,00%	100,00%
Machias Wind Farm, LLC	New York	n.a.	100,00%	100,00%	100,00%	100,00%
Madison Windpower, LLC	New York	KPMG	100,00%	100,00%	100,00%	100,00%
Marble River, LLC	New York	n.a.	100,00%	100,00%	100,00%	100,00%
Martinsdale Wind Farm, LLC	Colorado	n.a.	100,00%	100,00%	100,00%	100,00%
Meadow Lake Wind Farm II, LLC	Indiana	KPMG	100,00%	100,00%	100,00%	100,00%
Meadow Lake Wind Farm III, LLC	Indiana	n.a.	100,00%	100,00%	100,00%	100,00%
Meadow Lake Wind Farm IV, LLC	Indiana	n.a.	100,00%	100,00%	100,00%	100,00%
Meadow Lake Wind Farm V, LLC	Indiana	n.a.	100,00%	100,00%	100,00%	100,00%
Meadow Lake Wind Farm VI LLC	Texas	n.a.	100,00%	100,00%	0,00%	0,00%
Meadow Lake Wind Farm VII LLC	Texas	n.a.	100,00%	100,00%	0,00%	0,00%
Meadow Lake Wind Farm, LLC	Indiana	n.a.	100,00%	100,00%	100,00%	100,00%
Mesquite Wind, LLC	Texas	KPMG	100,00%	100,00%	100,00%	100,00%
Moran Wind Farm LLC	Texas	n.a.	100,00%	100,00%	0,00%	0,00%
New Trail Wind Farm, LLC	Illinois	n.a.	100,00%	100,00%	100,00%	100,00%
North Slope Wind Farm, LLC	New York	n.a.	100,00%	100,00%	100,00%	100,00%
Number Nine Wind Farm, LLC	Maine	n.a.	100,00%	100,00%	100,00%	100,00%
Old Trail Wind Farm, LLC	Illinois	KPMG	100,00%	51,00%	100,00%	51,00%
OPQ Property, LLC	Illinois	n.a.	100,00%	100,00%	100,00%	100,00%
Pacific Southwest Wind Farm, LLC	Arizona	n.a.	100,00%	100,00%	100,00%	100,00%
Paulding Wind Farm II, LLC	Ohio	KPMG	100,00%	51,00%	100,00%	51,00%
Paulding Wind Farm III, LLC	Ohio	KPMG	100,00%	100,00%	100,00%	100,00%
Paulding Wind Farm IV, LLC	Ohio	n.a.	100,00%	100,00%	100,00%	100,00%
Paulding Wind Farm, LLC	Ohio	n.a.	100,00%	100,00%	100,00%	100,00%
Paulding Wind Farm V LLC	Texas	n.a.	100,00%	100,00%	0,00%	0,00%
Peterson Power Partners, LLC	California	n.a.	100,00%	100,00%	100,00%	100,00%

Company	Head Office	Auditor	2016 % of capital	2016 % of voting rights	2015 % of capital	2015 % of voting rights
Pioneer Prairie Interconnection, LLC	Iowa	n.a.	100,00%	100,00%	100,00%	100,00%
Pioneer Prairie Wind Farm I, LLC	Iowa	KPMG	100,00%	51,00%	100,00%	75,00%
Pioneer Prairie Wind Farm II, LLC	Iowa	n.a.	0,00%	0,00%	100,00%	100,00%
Post Oak Wind, LLC	Texas	KPMG	100,00%	51,00%	100,00%	51,00%
Quilt Block Wind Farm, LLC	Wisconsin	n.a.	100,00%	100,00%	100,00%	100,00%
Rail Splitter Wind Farm, LLC	Illinois	KPMG	100,00%	100,00%	100,00%	100,00%
Redbed Plains Wind Farm LLC	Texas	n.a.	100,00%	100,00%	0,00%	0,00%
Reloj del Sol Wind Farm LLC	Texas	n.a.	100,00%	100,00%	0,00%	0,00%
Rio Blanco Wind Farm, LLC	Texas	n.a.	100,00%	100,00%	100,00%	100,00%
Rising Tree Wind Farm II, LLC	California	KPMG	100,00%	51,00%	100,00%	51,00%
Rising Tree Wind Farm III, LLC	California	KPMG	100,00%	51,00%	100,00%	100,00%
Rising Tree Wind Farm, LLC	California	KPMG	100,00%	51,00%	100,00%	51,00%
Riverstart Solar Park II LLC	Texas	n.a.	100,00%	100,00%	0,00%	0,00%
Riverstart Solar Park LLC	Texas	n.a.	100,00%	100,00%	0,00%	0,00%
Rolling Upland Wind Farm LLC	Texas	n.a.	100,00%	100,00%	0,00%	0,00%
Rush County Wind Farm, LLC	Kansas	n.a.	100,00%	100,00%	100,00%	100,00%
Saddleback Wind Power Project, LLC	Washington	n.a.	100,00%	100,00%	100,00%	100,00%
Sagebrush Power Partners, LLC	Washington	KPMG	100,00%	100,00%	100,00%	100,00%
Sardinia Windpower, LLC	New York	n.a.	100,00%	100,00%	100,00%	100,00%
Signal Hill Wind Power Project, LLC	Colorado	n.a.	100,00%	100,00%	100,00%	100,00%
Simpson Ridge Wind Farm II, LLC	Wyoming	n.a.	100,00%	100,00%	100,00%	100,00%
Simpson Ridge Wind Farm III, LLC	Wyoming	n.a.	100,00%	100,00%	100,00%	100,00%
Simpson Ridge Wind Farm IV, LLC	Wyoming	n.a.	100,00%	100,00%	100,00%	100,00%
Simpson Ridge Wind Farm V, LLC	Wyoming	n.a.	100,00%	100,00%	100,00%	100,00%
Simpson Ridge Wind Farm, LLC	Wyoming	n.a.	100,00%	100,00%	100,00%	100,00%
Spruce Ridge Wind Farm LLC	Texas	n.a.	100,00%	100,00%	0,00%	0,00%
Stinson Mills Wind Farm, LLC	Colorado	n.a.	100,00%	100,00%	100,00%	100,00%
Stone Wind Power, LLC	New York	n.a.	0,00%	0,00%	100,00%	100,00%
Sustaining Power Solutions, LLC	Texas	n.a.	100,00%	100,00%	100,00%	100,00%
Telocaset Wind Power Partners, LLC	Oregon	KPMG	100,00%	51,00%	100,00%	51,00%
The Nook Wind Power Project, LLC	Oregon	n.a.	0,00%	0,00%	100,00%	100,00%
Tug Hill Windpower, LLC	New York	n.a.	100,00%	100,00%	100,00%	100,00%
Tumbleweed Wind Power Project, LLC	Colorado	n.a.	100,00%	100,00%	100,00%	100,00%
Turtle Creek Wind Farm, LLC	Iowa	n.a.	100,00%	100,00%	100,00%	100,00%
Waverly Wind Farm II LLC	Texas	KPMG	100,00%	100,00%	0,00%	0,00%
Waverly Wind Farm LLC	Texas	n.a.	100,00%	51,00%	100,00%	100,00%
Verde Wind Power, LLC	Texas	n.a.	0,00%	0,00%	100,00%	100,00%
Western Trail Wind Project I, LLC	Kansas	n.a.	100,00%	100,00%	100,00%	100,00%
Wheatfield Holding, LLC	Oregon	KPMG	51,00%	51,00%	51,00%	51,00%
Wheatfield Wind Power Project, LLC	Oregon	KPMG	100,00%	51,00%	100,00%	51,00%
Whiskey Ridge Power Partners, LLC	Washington	n.a.	100,00%	100,00%	100,00%	100,00%
Whistling Wind WI Energy Center, LLC	Wisconsin	n.a.	100,00%	100,00%	100,00%	100,00%

Company	Head Office	Auditor	2016 % of capital	2016 % of voting rights	2015 % of capital	2015 % of voting rights
Whitestone Wind Purchasing, LLC	Illinois	n.a.	100,00%	100,00%	100,00%	100,00%
Wilson Creek Power Partners, LLC	Nevada	n.a.	100,00%	100,00%	100,00%	100,00%
Wind Turbine Prometheus, L.P.	California	n.a.	100,00%	100,00%	100,00%	100,00%
WTP Management Company, LLC	California	n.a.	100,00%	100,00%	100,00%	100,00%
Canada:						
EDP Renewables Canada Ltd.	Ontario	n.a.	100,00%	100,00%	100,00%	100,00%
EDP Renewables Canada LP Holdings Ltd.	Ontario	n.a.	100,00%	100,00%	100,00%	100,00%
EDP Renewables Sharp Hills Project GP Ltd.	Alberta	n.a.	100,00%	100,00%	100,00%	100,00%
EDP Renewables Sharp Hills Project LP	Alberta	n.a.	100,00%	100,00%	100,00%	100,00%
Nation Rise Wind Farm GP Inc.	Bristish Columbia	n.a.	100,00%	100,00%	100,00%	100,00%
Nation Rise Wind Farm LP	Ontario	n.a.	100,00%	100,00%	100,00%	100,00%
SBWFI GP Inc	Ontario	n.a.	51,00%	51,00%	51,00%	51,00%
South Branch Wind Farm II GP Inc.	Bristish Columbia	n.a.	100,00%	100,00%	100,00%	100,00%
South Branch Wind Farm II GP LP	Ontario	n.a.	100,00%	100,00%	100,00%	100,00%
South Dundas Wind Farm LP	Ontario	KPMG	51,00%	51,00%	51,00%	51,00%
South america geography / platform:						
Brazil:						
EDP Renováveis Brasil, S.A.	São Paulo	KPMG	100,00%	100,00%	100,00%	100,00%
Central Eólica Aventura I, S.A.	Natal	n.a.	50,99%	50,99%	50,99%	50,99%
Central Eólica Aventura II, S.A.	Natal	n.a.	100,00%	100,00%	100,00%	100,00%
Central Eólica Babilônia I, S.A.	Maracanaú	n.a.	100,00%	100,00%	0,00%	0,00%
Central Eólica Babilônia II, S.A.	Maracanaú	n.a.	100,00%	100,00%	0,00%	0,00%
Central Eólica Babilônia III, S.A.	Maracanaú	n.a.	100,00%	100,00%	0,00%	0,00%
Central Eólica Babilônia IV, S.A.	Maracanaú	n.a.	100,00%	100,00%	0,00%	0,00%
Central Eólica Babilônia V, S.A.	Maracanaú	n.a.	100,00%	100,00%	0,00%	0,00%
Central Eólica Baixa do Feijão I, S.A.	Natal	KPMG	51,00%	51,00%	51,00%	51,00%
Central Eólica Baixa do Feijão II, S.A.	Natal	KPMG	51,00%	51,00%	51,00%	51,00%
Central Eólica Baixa do Feijão III, S.A.	Natal	KPMG	51,00%	51,00%	51,00%	51,00%
Central Eólica Baixa do Feijão IV, S.A.	Natal	KPMG	51,00%	51,00%	51,00%	51,00%
Central Eólica JAU, S.A.	Natal	KPMG	51,00%	51,00%	51,00%	51,00%
Central Nacional de Energia Eólica, S.A.	Santa Catarina	KPMG	51,00%	51,00%	51,00%	51,00%
Elebrás Projetos, S.A.	Agua Doce	KPMG	51,00%	51,00%	51,00%	51,00%

South africa geography / platform:						
South Africa:						
EDP Renewables South Africa, Proprietary Limited	Cape Town	Mazars Inc.	100,00%	100,00%	100,00%	100,00%
Dejann Trading and Investments, Proprietary Limited	Cape Town	n.a.	100,00%	100,00%	100,00%	100,00%
Jouren Trading and Investments, Proprietary Limited	Cape Town	n.a.	100,00%	100,00%	100,00%	100,00%

The main financial indicators of the jointly controlled companies included in the consolidation under the proportionate consolidation method as at 31 December 2016, are as follows:

Company	Share capital	Head office	Auditor	% of capital	% of voting rights
Ceprastur, A.I.E.	€ 360,607	Oviedo	n.a.	56.76%	56.76%
Compañía Eólica Aragonesa, S.A.	€ 6,701,165	Zaragoza	KPMG	50.00%	50.00%
Desarrollos Energéticos Canarios S.A.	€ 37,564	Las Palmas	n.a.	49.90%	49.90%
Eólica de Coahuila, S.A. de C.V.	$7,189,723	Ciudad de Mexico	n.a.	51,00%	51,00%
Evolución 2000, S.L.	€ 117,994	Albacete	KPMG	49.15%	49.15%
Flat Rock Windpower, LLC	$530,426,287	New York	E&Y	50.00%	50.00%
Flat Rock Windpower II, LLC	$208,647,187	New York	E&Y	50.00%	50.00%
Tebar Eólica, S.A.	€ 4,720,400	Cuenca	Abante	50.00%	50.00%

The main financial indicators of the jointly controlled companies included in the consolidation under the proportionate consolidation method as at 31 December 2015, 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	Deloitte	50.00%	50.00%
Desarrollos Energéticos Canarios S.A.	€ 37,564	Las Palmas	n.a.	49.90%	49.90%
Eólica de Coahuila, S. de R.L. de C.V.	$114,443	Ciudad de Mexico	n.a.	99.97%	99.97%
Evolución 2000, S.L.	€ 117,994	Albacete	KPMG	49.15%	49.15%
Flat Rock Windpower, LLC	$528,626,287	New York	E&Y	50.00%	50.00%
Flat Rock Windpower II, LLC	$207,447,187	New York	E&Y	50.00%	50.00%
Tebar Eólica, S.A.	€ 4,720,400	Cuenca	Abante	50.00%	50.00%

The Associated Companies included in the consolidation under the equity method as at 31 December 2016, are as follows:

Company	Share capital	Head office	Auditor	% of capital	% of voting rights
Aprofitament D'Energies Renovables de L'Ebre, S.A.	€3,869,020	Barcelona	Jordi Guilera Valls	13,29%	13,29%
Biomasas del Pirineo, S.A.	€ 454,896	Huesca	n.a.	30.00%	30.00%
Blue Canyon Wind Power I, LLC	$40,364,480	Oklahoma	PwC	25.00%	25.00%
Desarollos Eolicos de Canárias, S.A.	€ 2.391.900	Gran Canaria	KPMG	44.75%	44.75%
Les Eoliennes en Mer de Dieppe - Le Tréport, SAS	€ 14,471,028	Dieppe	E&Y	43.00%	43.00%
Eoliennes en Mer Iles d'Yeu et de Noirmoutier, S.A.S.	€ 17,187,000	Nantes	E&Y	43.00%	43.00%
Parque Eólico Belmonte, S.A.	€ 120,400	Madrid	E&Y	29.90%	29.90%
Parque Eólico Sierra del Madero, S.A.	€7,194,021	Madrid	E&Y	42.00%	42.00%
Solar Siglo XXI, S.A.	€ 80,000	Ciudad Real	n.a.	25.00%	25.00%
WindPlus, S.A.	€ 1,250,000	Lisbon	PwC	19,40%	19,40%

The Associated Companies included in the consolidation under the equity method as at 31 December 2015, are as follows:

Company	Share capital	Head office	Auditor	% of capital	% of voting rights
Aprofitament D'Energies Renovables de L'Ebre, S.A.	€3,869,020	Barcelona	Jordi Guilera Valls	38,96%	23,62%
Biomasas del Pirineo, S.A.	€ 454,896	Huesca	n.a.	30.00%	30.00%
Blue Canyon Wind Power I, LLC	$42,316,480	Oklahoma	n.a.	25.00%	25.00%
Cultivos Energéticos de Castilla, S.A.	€ 300,000	Burgos	n.a.	30.00%	30.00%
Desarollos Eolicos de Canárias, S.A.	€ 2.391.900	Gran Canaria	KPMG	44.75%	44.75%
Les Eoliennes en Mer de Dieppe - Le Tréport, SAS	€ 14,471,028	Dieppe	E&Y	43.00%	43.00%
Eoliennes en Mer Iles d'Yeu et de Noirmoutier, S.A.S.	€ 17,187,000	Nantes	E&Y	43.00%	43.00%
Modderfontein Wind Energy Project, Ltd.	ZAR 1,000	Cape Town	n.a.	42.50%	42.50%
Parque Eólico Belmonte, S.A.	€ 120,400	Madrid	E&Y	29.90%	29.90%
Parque Eólico Sierra del Madero, S.A.	€7,194,021	Madrid	E&Y	42.00%	42.00%
Inch Cape Offshore Limited (*)	£1	Edinburgh	Deloitte	49.00%	49.00%
Solar Siglo XXI, S.A.	€ 80,000	Ciudad Real		n.a.	
WindPlus, S.A.	€ 1,250,000	Lisbon		PwC	

(*) Balances related to the company Inch Cape Offshore Limited were reclassified to assets held for sale as of December 31, 2015

The summarised financial information for subsidiaries with material non-controlling interests as at 31 December 2016, are as follows:

Thousand Euros	Horizon Wind Ventures IB, LLC	Horizon Wind Ventures IC, LLC	EDPR Wind Ventures XI, LLC	EDP Renovaveis France S.A.S.	EDP Renovaveis Portugal S.A.
Non-Current Assets	422,112	322,158	161,333	134,214	467,945
Current Assets	-	-	-	9,702	32,064
Non-Current Liabilities	320,108	198,072	171,254	42,852	86,504
Current Liabilities	-	-	-	47,962	302,498
Revenues	-	-	-	26,543	142,160
Net profit for the year	15,630	12,854	3,063	992	28,953
Dividends paid to Non-controlling interests	-	-	-	-	24,790

Thousand Euros	EDPR Wind Ventures XIV, LLC	EDPR Wind Ventures XIII, LLC	EDPR Participaciones, S.L.U.	EDP Renewables Polska HoldCo, S.A.	EDP Renewables Italia, S.r.l.
Non-Current Assets	216,281	208,727	176,441	129,767	145,123
Current Assets	-	-	2,293	79	8,778
Non-Current Liabilities	220,808	214,573	89,561	15,562	79,743
Current Liabilities	-	1	575	16,865	46,133
Revenues	-	-	-	-	15,933
Net profit for the year	1,258	1,241	-107	-1,393	789
Dividends paid to Non-controlling interests	-	-	8,506	-	-

The summarised financial information for subsidiaries with material non-controlling interests as at 31 December 2015, are as follows:

Thousand Euros	Horizon Wind Ventures IB, LLC	Horizon Wind Ventures IC, LLC	EDPR Wind Ventures XI, LLC	EDP Renovaveis France S.A.S.	EDP Renovaveis Portugal S.A.
Non-Current Assets	446,759	374,436	167,955	136,441	459,174
Current Assets	4,126	-	-	12,931	39,047
Non-Current Liabilities	3,233	285,442	172,998	47,517	86,682
Current Liabilities	3,100	-	47	54,025	309,717
Revenues	-	-	-	29,892	136,603
Net profit for the year	27,044	31,052	2,258	4,213	47,442
Dividends paid to Non-controlling interests	-	-	-	-	33,246

Thousand Euros	EDPR Wind Ventures XII, LLC	Post Oak Wind, LLC	VS Wind Farm, S.A.	Cernavoda Power, S.r.l.	Horizon Wind Ventures IX, LLC
Non-Current Assets	96,520	64,102	79,528	88,291	87,123
Current Assets	-	4,126	8,735	14,808	-
Non-Current Liabilities	101,487	3,233	1,401	82,946	94,951
Current Liabilities	-	3,100	90,671	47,955	35
Revenues	-	23,466	5,630	19,119	-
Net profit for the year	-2,146	4,958	-6,285	-4,423	-832
Dividends paid to Non-controlling interests	-	-	-	-	-

Annex 2

Group Activity by Operating Segment

Operating Segment Information for the years ended 31 December 2016

Thousand Euros	Europe	North America	Brazil	Segments total
Revenues	913,005	507,639	34,378	1,455,022
Income from institutional partnerships in U.S. wind farms	-	197,544	-	197,544
	913,005	705,183	34,378	1,652,566
Other operating income	34,620	23,226	1,534	59,380
Supplies and services	-161,985	-139,492	-7,325	-308,802
Personnel costs and Employee benefits expenses	-30,335	-43,875	-2,080	-76,290
Other operating expenses	-88,834	-43,510	-1,438	-133,782
	-246,534	-203,651	-9,309	-459,494
Gross operating profit	666,471	501,532	25,069	1,193,072
Provisions	-4,795	90	-	-4,705
Amortisation and impairment	-301,888	-289,130	-7,988	-599,006
Operating profit	359,788	212,492	17,081	589,361
Share of profit of associates	1,748	533	-	2,281
Assets	6,823,683	8,127,174	288,955	15,239,812
Liabilities	341,094	1,139,762	7,272	1,488,128
Operating Investment	131,590	840,930	56,764	1,029,284

Note: The Segment "Europe" includes: i) revenues in the amount of 377,244 thousands of Euros from Spanish companies; ii) assets from Spanish companies in the amount of 2,990,438 thousands of Euros.

Reconciliation between the Segment Information and the Financial Statements

Thousand Euros	
Revenues of the Reported Segments	1,455,022
Revenues of Other Segments	18,289
Elimination of intra-segment transactions	-20,097
Revenues of the EDPR Group	1,453,214
Gross operating profit of the Reported Segments	1,193,072
Gross operating profit of Other Segments	-15,893
Elimination of intra-segment transactions	-6,228
Gross operating profit of the EDPR Group	1,170,951
Operating profit of the Reported Segments	589,361
Operating profit of Other Segments	-16,566
Elimination of intra-segment transactions	-8,836
Operating profit of the EDPR Group	563,959
Assets of the Reported Segments	15,239,812
Not Allocated Assets	1,415,622
Financial Assets	997,571
Tax assets	153,475
Debtors and other assets	264,576
Assets of Other Segments	25,312
Elimination of intra-segment transactions	53,723
Assets of the EDPR Group	16,734,469
Investments in joint ventures and associates	340,120
Liabilities of the Reported Segments	1,488,128
Not Allocated Liabilities	7,092,908
Financial Liabilities	3,406,069
Institutional partnerships in U,S, wind farms	2,339,425
Tax liabilities	453,532
Payables and other liabilities	893,882
Liabilities of Other Segments	15,023
Elimination of intra-segment transactions	565,396
Liabilities of the EDPR Group	9,161,455
Operating Investment of the Reported Segments	1,029,284
Operating Investment of Other Segments	77
Operating Investment of the EDPR Group	1,029,361

Thousand Euros	Total of the reported segments	Other segments	Elimination of intra-segment transactions	Total of the EDPR group
Other operating income	59,380	1,495	-7,123	53,752
Supplies and services	-308,802	-16,441	20,503	-304,740
Personnel costs and Employee benefits expenses	-76,290	-17,604	-	-93,894
Other operating expenses	-133,782	-1,631	488	-134,925
Provisions	-4,705	-	-	-4,705
Amortisation and impairment	-599,006	-673	-2,608	-602,287
Share of profit of associates	2,281	-	-2,466	-185

Operating Segment Information for the years ended 31 December 2015

Thousand Euros	Europe	North America	Brazil	Segments total
Revenues	831,594	498,218	21,379	1,351,191
Income from institutional partnerships in U.S. wind farms	-	197,442	-	197,442
	831,594	695,660	21,379	1,548,633
Other operating income	140,191	19,620	622	160,433
Supplies and services	-150,845	-134,261	-5,549	-290,655
Personnel costs and Employee benefits expenses	-26,725	-40,159	-1,568	-68,452
Other operating expenses	-104,057	-78,963	-2,585	-185,605
	-141,436	-233,763	-9,080	-384,279
Gross operating profit	690,158	461,897	12,299	1,164,354
Provisions	-21	193	-	172
Amortisation and impairment	-289,290	-267,085	-5,072	-561,447
Operating profit	400,847	195,005	7,227	603,079
Share of profit of associates	11,952	-7,674	-	4,278
Assets	6,842,282	7,307,627	179,283	14,329,192
Liabilities	323,305	987,493	5,609	1,316,407
Operating Investment	183,736	645,991	72,902	902,629

Note: The Segment "Europe" includes: i) revenues in the amount of 378,781 thousand Euros from Spanish companies; ii) assets from Spanish companies in the amount of 3,005,689 thousand Euros.

Reconciliation between the Segment Information and the Financial Statements

Thousand Euros	
Revenues of the Reported Segments	1,351,191
Revenues of Other Segments	16,747
Elimination of intra-segment transactions	-18,333
Revenues of the EDPR Group	1,349,605
Gross operating profit of the Reported Segments	1,164,354
Gross operating profit of Other Segments	-22,059
Elimination of intra-segment transactions	-
Gross operating profit of the EDPR Group	1,142,295
Operating profit of the Reported Segments	603,079
Operating profit of Other Segments	-
Elimination of intra-segment transactions	-25,241
Operating profit of the EDPR Group	577,838
Assets of the Reported Segments	14,329,192
Not Allocated Assets	1,235,566
Financial Assets	850,142
Tax assets	165,746
Debtors and other assets	219,677
Assets of Other Segments	24,468
Elimination of intra-segment transactions	146,932
Assets of the EDPR Group	15,736,157
Investments in joint ventures and associates	333,800
Liabilities of the Reported Segments	1,316,407
Not Allocated Liabilities	7,541,883
Financial Liabilities	4,220,270
Institutional partnerships in U,S, wind farms	1,956,217
Tax liabilities	380,782
Payables and other liabilities	984,614
Liabilities of Other Segments	17,273
Elimination of intra-segment transactions	-7,377,957
Liabilities of the EDPR Group	1,497,606
Operating Investment of the Reported Segments	902,629
Operating Investment of Other Segments	25
Operating Investment of the EDPR Group	902,654

Thousand Euros	Total of the reported segments	Other segments	Elimination of intra-segment transactions	Total of the EDPR group
Other operating income	160,433	1,128	-1	161,560
Supplies and services	-290,655	-20,145	18,072	-292,728
Personnel costs and Employee benefits expenses	-68,452	-15,817	1	-84,268
Other operating expenses	-185,605	-3,972	261	-189,316
Provisions	172	-	-	172
Amortisation and impairment	-561,447	-949	-2,233	-564,629
Share of profit of associates	4,278	-	-5,795	-1,517

ENERGY AS THE *NEW* ART

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MANAGEMENT REPORT
2016

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ENERGY AS THE NEW ART

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RENEWABLE ENERGY AS THE *NEW* ART

ENERGY AS THE NEW ART

1
The Company

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WIND
AS THE NEW ART

ENERGY AS THE *NEW* ART

1
The Company

1.1 EDP Renováveis in brief

1.1.1 VISION, MISSION, VALUES AND COMMITMENTS

Vision

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

Mission

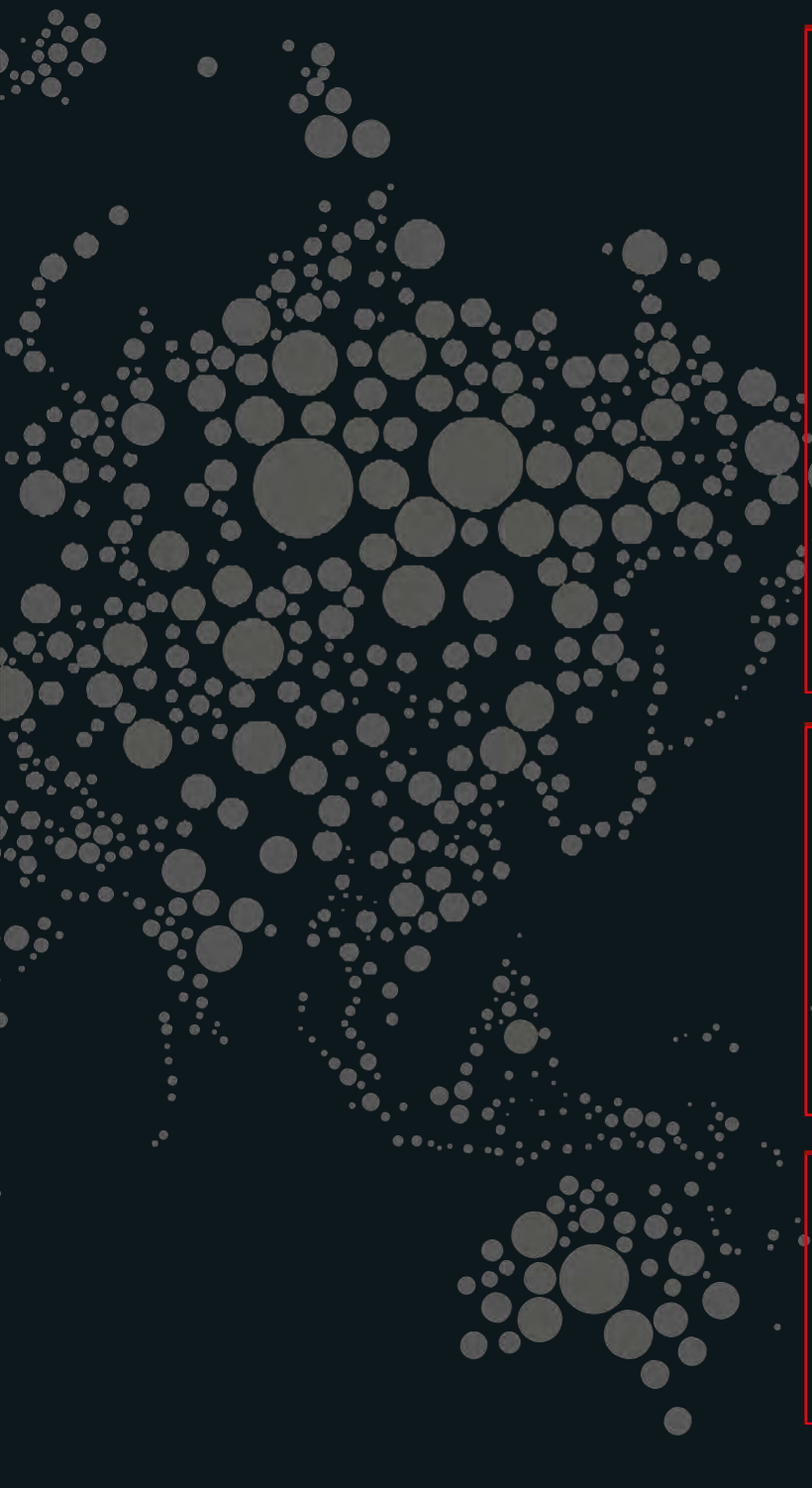
Aim to be a long-term market leader in the renewable energy sector, pursuing credibility through safety, value creation, social responsibility, innovation, and respect for the environment.

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

1.1.2. WORLD PRESENCE

During 2016 EDP Renováveis generated 24.5 TWh avoiding the emissions of 20.1 mt of CO_2

EDPR is a market leader with top quality assets in 12 countries, managing a global portfolio of 10.4 GW of installed capacity, 248 MW under construction and much more in pipeline development, employing 1,083 employees.



EUROPE

Spain
373 employees
2,371 MW Operational
4,926 GWh generated

France
53 employees
388 MW Operational
777 GWh generated
+18 MW under construction
+430 MW offshore in pipeline

Poland
38 employees
418 MW Operational
951 GWh generated

Italy
23 employees
144 MW Operational
258 GWh generated
+127 MW in pipeline with PPA

Portugal
72 employees
1,251 MW Operational
3,047 GWh generated
+3 MW under construction

Belgium
2 employees
71 MW Operational
128 GWh generated

Romania
32 employees
521 MW Operational
1,143 GWh generated

United Kingdom
34 employees
1.1 GW (max)
of offshore in pipeline

NORTH AMERICA

United States
410 employees
4,811 MW Operational
12,501 GWh generated
+100 MW under construction
+551 MW in pipeline with PPA

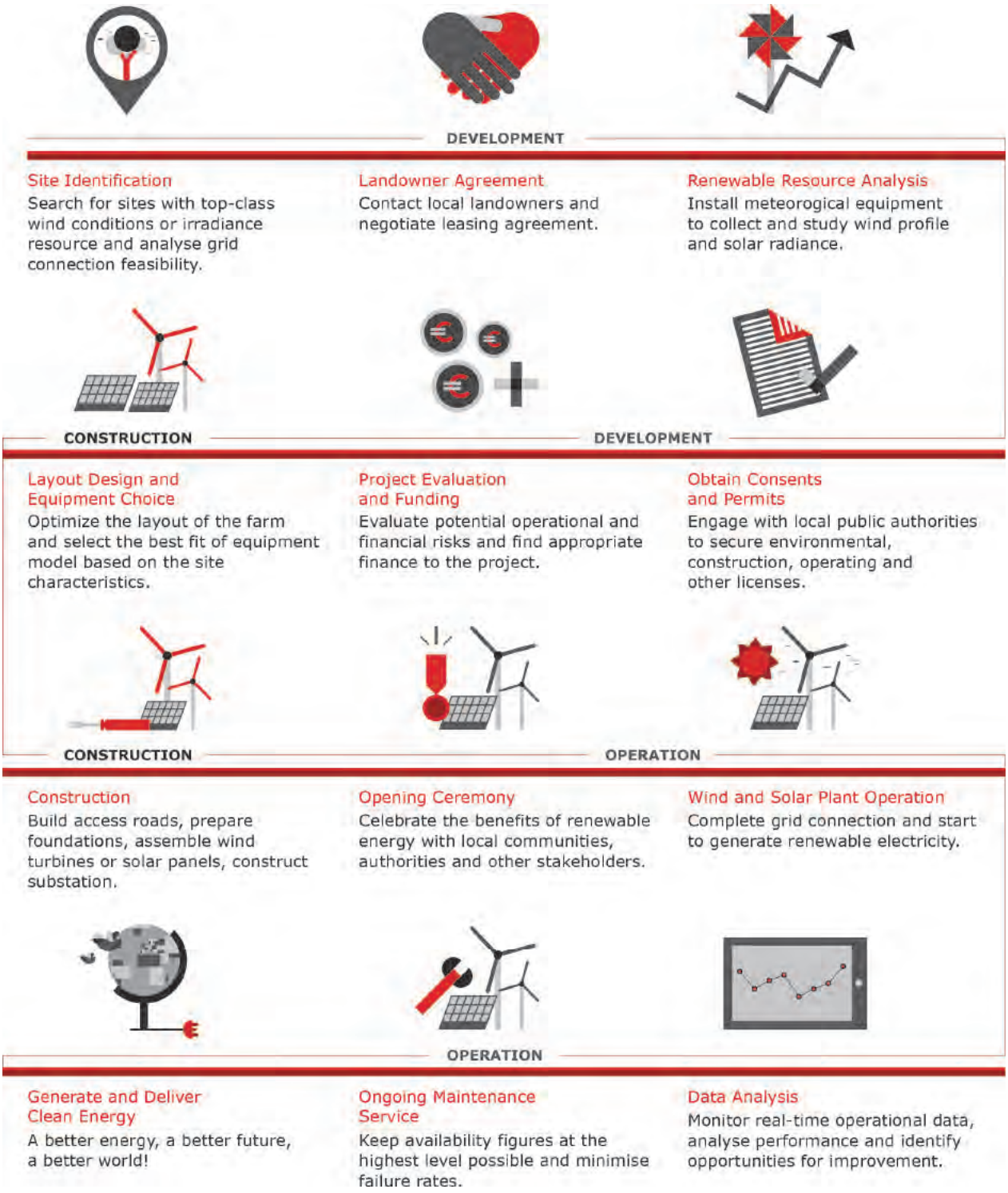
Mexico
7 employees
200 MW Operational

Canada
5 employees
30 MW Operational
75 GWh generated
+100 MW in pipeline with PPA

BRAZIL
34 employees
204 MW Operational
666 GWh generated
+127 MW under construction
+140 MW in pipeline with PPA

1.1.3 BUSINESS DESCRIPTION

Our renewable energy business grossly comprises the development, construction and operation of fully controlled wind farms and solar plants to generate and delier clean electricity.



1.1.4. STAKEHOLDER FOCUS

EDP Renováveis, in line with the policies created by the EDP Group, is an innovative company concerning the way it manages the relations with its stakeholders. One of the company's main objectives is to serve and engage with not only its investors and shareholders, but with the remaining stakeholders as well: employees, suppliers, communities and the media, among others. All of these translates into important relationships that impact the company's performance.

Because of this vision, we aim to maintain and enhance an open and transparent dialogue with our stakeholders to build and strengthen trust, promote information and knowledge sharing, predict future challenges and identify opportunities for cooperation.

We have four main guiding commitments: Comprehend, Communicate, Collaborate and Trust. These are part of a comprehensive plan that involves all business areas and uses cross-functional tools.

Comprehend

Include, Identify, and Prioritize: We have dynamically and systematically identified the Stakeholders that influence by the Company, and we analyse and try to understand their expectations and interests in the decisions that directly impact on them.

Communicate

Inform, Listen, and Respond: We are commited to promoting two-way dialogue with Stakeholders through information and consulting initiatives. We listen, inform and respond to Stakeholders in a consistent, clear, rigorous and transparent manner, with the aim of building strong, durable close relationships.

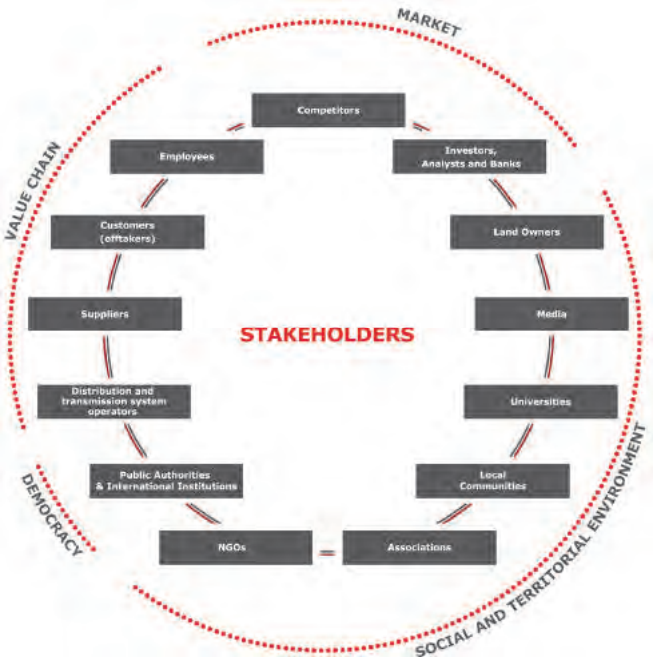
Collaborate

Integrate, Share, Cooperate, Report: We aim to collaborate with Stakeholders to build strategic partnerships that bring together and share knowledge, skills and tools, thereby promoting the creation of shared value in a differentiating manner.

Trust

Transparency, Integrity, Respect, Ethics: We believe that the promotion of a climate of trust with our Stakeholders is crucial to establishing stable, long-term relationships. Our relationship with stakeholders is based on values like transparency, integrity and mutual respect.

We want to communicate cohesively with the various groups of stakeholders, regardless of the department they fall under. The image below lists the different stakeholders groups, using Spain as an example:



After surveying stakeholders' perceptions and expectations, a whole new Stakeholder Management Plan was put in place aiming to satisfy those expectations by generating value, improving performance and minimizing possible risks to the business.

This year we started a series of initiatives aiming to improve performance beyond mere adequacy and to truly engage our different stakeholder groups in a convergent manner and with common practices and messages. For this purpose, it was necessary to change from a vision and management centered on departments or business units to a corporate, cross-functional, convergent model that offers coherence and synergy, secure alignment and promote the efficient use of resources.

Furthermore, a **Stakeholder Steering Committee** was created to establish the Stakeholders Management Plan, monitor progress and evaluate results. In addition, a **Stakeholder Working Group**, made up of members from different departments and units is in charge of enacting the committee's plans, made the ideas operational and impactful.

Following the first major stakeholder survey conducted in Spain, working groups were set up to put in action plan into practice across the company.

In addition to soft indicators such as satisfaction, relations, credibility, important issues for each stakeholder, delivery and transparency, the Stakeholders Management Plan also includes new indicators, such as the degree of influence on business-related decision-making processes, as well as the relevance of issues for EDPR's business. Therefore, the Stakeholders Management Plans for 2016 and beyond aim not only to improve perception, but also make an impact on the business. Technological tools, such as CRM (Customer Relations Management), will be used in stakeholders' management in order to re-shape the way information is handled.

HOW CAN WE IMPACT EDPR'S BUSINESS ON A GLOBAL SCALE?

Following this pilot project for stakeholders management in the Spanish market, in the future we will conduct similar practices across all EDPR markets around the world. The goal is developing a global vision of the company's relationships with stakeholders across its different locations in a transversal way.

Main communication channels

Media and all communication channels play a key role in managing the relations with the stakeholders. EDPR uses diverse channels to communicate with our stakeholders. In addition, to ensure continuous dialogue and a close relationship with them, EDPR aims to use the most effective channels to identify and manage expectations, minimizing and ensuring better control of the risks associated with each stakeholder group.

Stakeholders Group	Means of engagement
Employees	• Internal communications and surveys • Intranet, Magazine, Newsletter, HR App and Corporate TV • Annual Meeting, Training and Evaluation
Customers (mostly offtakers)	• Meetings, Reports and Updates
Transmission / distribution system operators (DSO/TSO)	• Institutional Interactions (from the initial request to connect into their grid until the start of power production)
Suppliers	• Meetings, Emails, • Evaluation and Inquiries
Investors, Analysts and Banks	• Website, Quarterly and annual reports and presentations • Meetings, Investor Day and Roadshows • Inquiries
National and local public authorities	• Local Interactions, Events and Meetings (with Regulators, Tax authorities, City halls)
Landowners	• Regular meetings, Wind farms inauguration
Local community	• Local presence, Meetings, Sponsorships • Events and Corporate social responsibility programmes • Visits to the wind-farms
Associations	• Website, Meetings • Sponsorship and Conferences
Media	• Meetings and Events • Website, Conferences
NGO's	• Meetings and Events • Website, Conferences
Universities	• Corporate social responsibility programmes • Meetings and Events
Competitors	• Website, Events, Conferences • Emails

Through the Stakeholders Global Survey, EDPR works to identify areas of improvement with each particular group by analyzing which communication channels are mostly used with each stakeholder and which ones are the most effective.

In addition, data is collected to understand how much each media channel influence decisions, recommendations and business-related behaviors in a way that helps us managing them in order to generate value for the company in the future. Since communication channels will remain at the center of stakeholder management, all stakeholder's leaders and managers are working together to produce coherent messages, align the strategy and constant monitoring.

1.1.5. SUSTAINABILITY ROADMAP

EDPR, as a renewable energy company, creates great expectations in its stakeholders about Sustainability. Responding to these expectations the company keeps committed to excel in all three pillars of sustainability - namely the economic, the environmental and the social - defining a strategy of best practices. Following a culture of continuous improvement, 10 Sustainability goals were defined within the 2016-2020 Business Plan.

United Nations Sustainable Development Goals (SDGs)	Sustainability Roadmap Strategic Lines (2016-20)
Affordable and Clean Energy; Climate Action	Maintain leadership position in RENEWABLE ENERGY PRODUCTION
Decent Work and Economic Growth	CREATE VALUE while maintaining a LOW RISK profile
Clean Water and Sanitation; Life Below Water; Life on Land	Optimize ENVIRONMENTAL MANAGEMENT
Responsible Consumption and Production	Maintain CIRCULAR ECONOMY in the internal management of the operations
Good Health and Well-being	Ensure high SAFETY STANDARDS for employees and contractors
Peace, Justice and Strong Institutions; Gender Equality	Ensure a high standard ETHICAL PROCESS
Sustainable Cities and Communities	Broaden and harmonize the mechanisms of periodic consultation of STAKEHOLDERS
Industry, Innovation and Infrastructure	Promote INNOVATION in operation and construction phases
No Poverty; Zero Hunger; Quality Education; Reduced Inequalities	Invest in employees DEVELOPMENT and ensure continued compromise with society through VOLUNTEERING
	Support SOCIAL AND EDUCATIONAL INITIATIVES through Fundación EDP

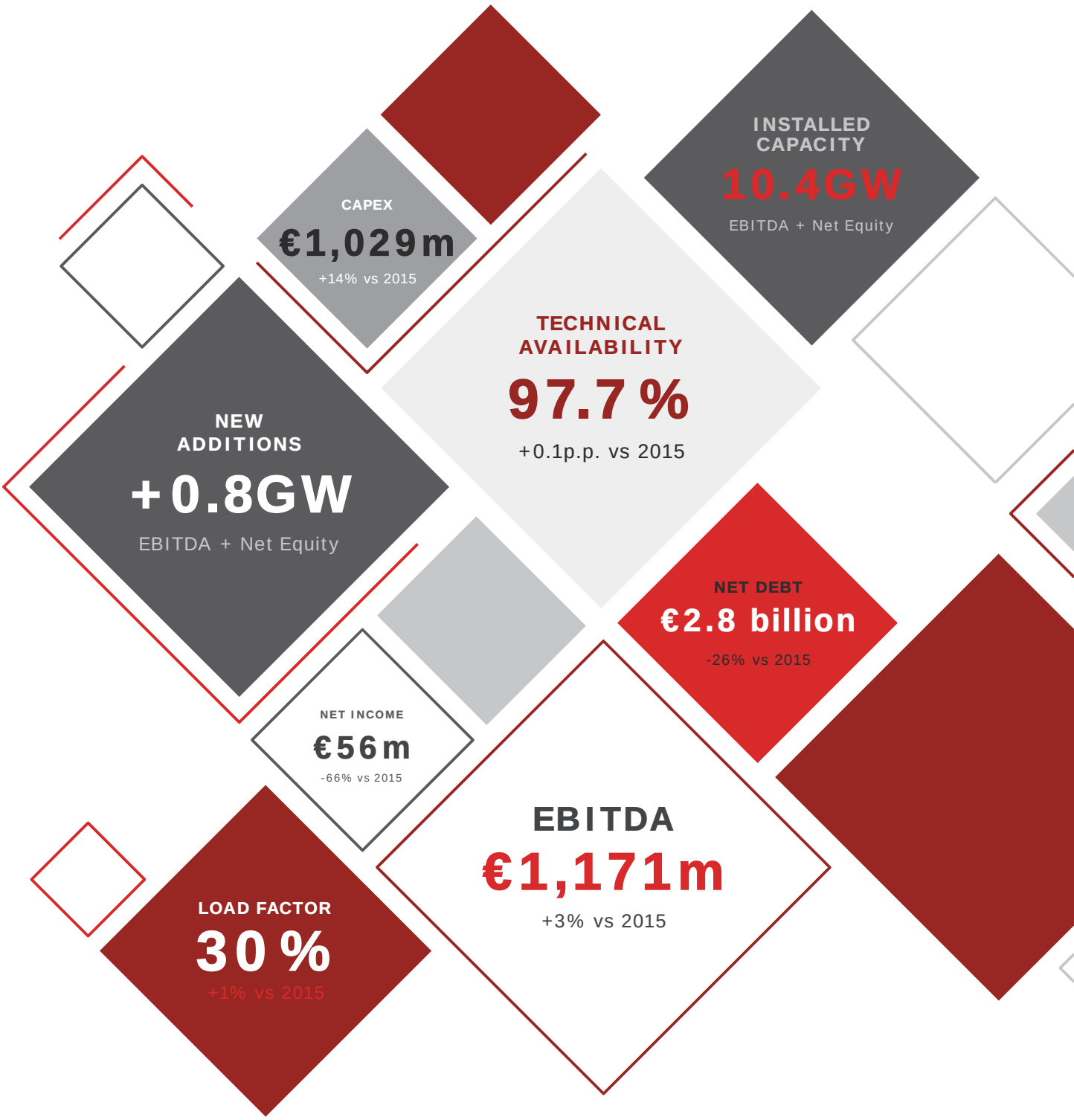
This roadmap brings together the three sustainability pillars and is laid down in 10 different areas: Operational growth, Risk controlling, Economic value creation, Environment, Value circle, People, Governance, Stakeholder Engagement, Innovation and Society. Defined goals make performance measurable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

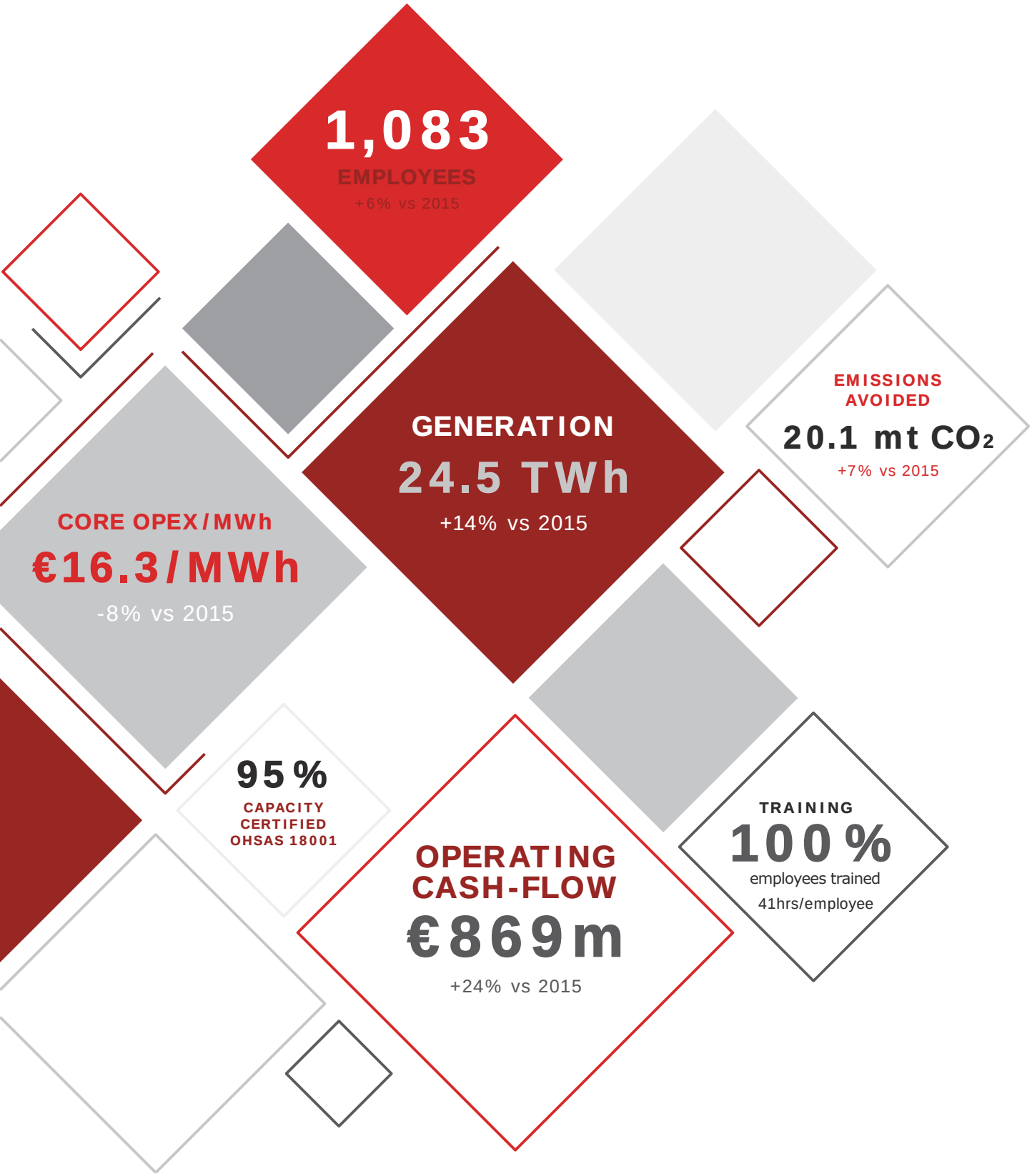
Sustainability Roadmap Indicators (2016-20)	Execution 2016
• Installed capacity: 700 MW /year • Avoided CO_2: +10% (CAGR vs. 2015-20) • < 1% emitted / avoided CO_2	• Increased 770 MW in 2016 • Avoided CO_2: +7% in 2016 • 0.1% emitted / avoided CO_2
• EBITDA: +8% (CAGR vs. 2015-20) • Net Profit: +16% (CAGR vs. 2015-20) • Core OPEX/MW: -1% (CAGR vs. 2015-20)	• Adj. EBITDA: +12%[1] in 2016 • Adj. Net Profit: -4%[1] in 2016 • -5% Core OPEX/MW in 2016
• 100% Certified MWs (ISO 14001) • 100% of critical suppliers with environmental management system (EMS)	• 89% Certified MWs (ISO 14001) based on 2016 Installed Capacity • 88% critical suppliers with EMS
• Maintain hazardous wastes and used water per GWh ratios aligned with previous years • > 90% Hazardous wastes recovered	• 26 Kg./GWh and 0.76 l/MWh • 87% Hazardous wastes recovered
• 100% Certified MWs (OHSAS 18001) • 100% of critical suppliers with H&S management system • Zero accidents mind-set	• 95% Certified MWs (OHSAS 18001) based on 2016 Installed Capacity • 83% critical suppliers with H&S management system
• Zero tolerance for unethical behaviors	• One communication to the Ethics Ombudsman[2]
• Stakeholders Plan development in all geographies	• Stakeholders execution plan in Spain
• c. €10m investments (incl. energy storage and offshore structures)	• c. €2m investment
• >80% of employees in training activities • >40% of employees in volunteering activities	• 100% of employees received training • 20% of employees participated in volunteering activities
• c. €2.5m investment	• €602k investment in 2016

1 Excluding non-recurrent items.
2 In 2016 there was one communication to the Ethics Ombudsmen through the Ethics Channel. However, it was not considered as an issue related to the Ethics Code and it will be suggested to be rejected during the next Committee Ethics. The issue has been submitted to the responsible area in order to be analyzed and take the corresponding measures.

1.2. 2016 in Review

1.2.1. KEY METRICS SUMMARY



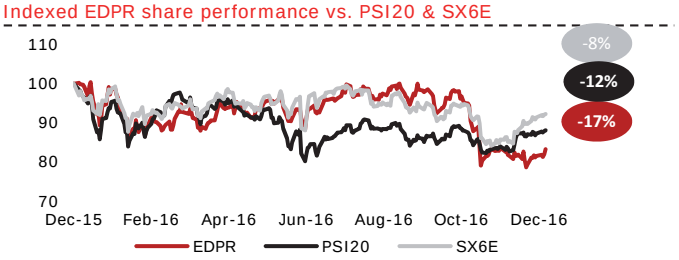

1,083
EMPLOYEES
+6% vs 2015
GENERATION
24.5 TWh
+14% vs 2015
EMISSIONS AVOIDED
20.1 mt CO2
+7% vs 2015
CORE OPEX/MWh
€16.3/MWh
-8% vs 2015
95%
CAPACITY CERTIFIED OHSAS 18001
OPERATING CASH-FLOW
€869m
+24% vs 2015
TRAINING
100%
employees trained
41hrs/employee

1.2.2 SHARE PERFORMANCE

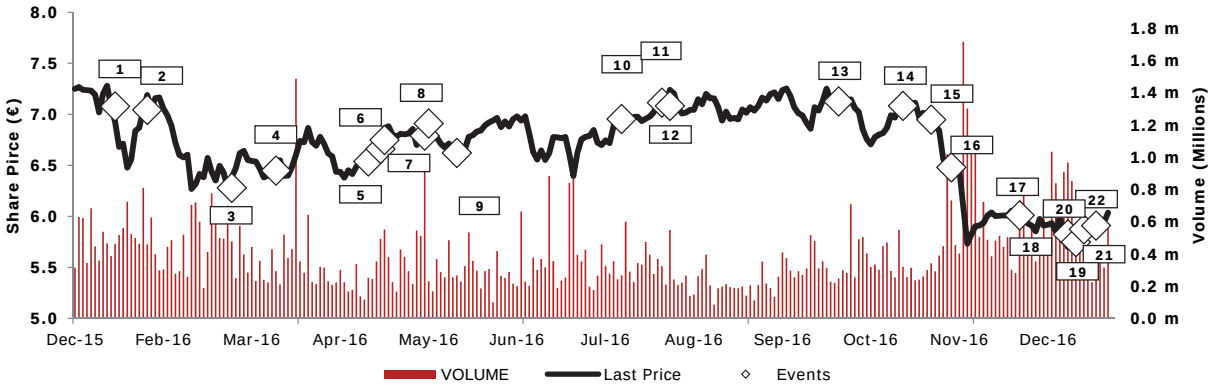
In 2016, EDPR share price closed at €6.04 with and average daily volume of 1.13 million shares.

EDPR has 872.3 million of shares listed and admitted to trading in NYSE Euronext Lisbon. On December 30th 2016 EDPR had a market capitalization of 5.3 billion euro, below than 6.3 billion euro at previous year-end, and equivalent to €6.04 per share. In 2016 total shareholder return was -16%, considering the dividend paid on May 16th of € 0.05 per share.

Indexed EDPR share performance vs. PSI20 & SX6E



EDPR in Capital Markets	2016	2015	2014	2013	2012
Opening price (€)	7.25	5.404	3.86	3.99	4.73
Minimum price (€)	5.70	5.3	3.87	3.58	2.31
Maximum price (€)	7.28	7.25	5.7	4.36	4.86
Closing price (€)	**6.04**	**7.25**	**5.4**	**3.86**	**3.99**
Market capitalization (€ million)	**5,265**	**6,324**	**4,714**	**3,368**	**3,484**
Total traded volume: Listed & OTC (million)	291.07	289.22	396.84	448.15	446.02
...of which in NYSE Euronext Lisbon (million)	103.50	109.67	149.48	200.29	207.49
Average daily volume (million)	1.13	1.13	1.56	1.76	1.74
Turnover (€ million)	1,828.34	1,824.08	1,976.41	1,759.20	1,525.56
Average daily turnover (€ million)	7.11	7.13	7.75	6.9	5.96
Rotation of capital (% of total shares)	32%	33%	46%	51%	51%
Rotation of capital (% of floating shares)	141%	148%	205%	229%	228%
Share price performance	-17%	34%	40%	-3%	-16%
Total shareholder return	**-16%**	**35%**	**41%**	**-2%**	**-16%**
PSI 20	**-12%**	**+11%**	**-27%**	**+16%**	**+3%**
Dow Jones Eurostoxx Utilities	**-8%**	**-5%**	**+12%**	**+9%**	**-9%**



1 EDPR informs about the Spanish renewable energy auction, 14-Jan
2 EDPR FY15 Volumes & Capacity Statement release, 26-Jan
3 EDPR FY15 Annual Results release, 24-Feb
4 EDPR secures a new long term contract for 100 MW in Canada, 10-Mar
5 EDPR Annual Shareholders' Meeting, 14-Apr
6 EDPR executes an asset rotation transaction in Europe, 19-Apr
7 EDPR 1Q16 Volumes & Capacity Statement release, 20-Apr
8 EDPR 1Q16 Results release, 04-May
9 EDP Group Capital Markets Day, 05-May
10 EDPR Payment of Dividends (€0.05 per share), 16-May
11 EDPR 1H16 Volumes & Capacity Statement release, 12-Jul
12 EDPR 1H16 Results release, 26-Jul
13 EDPR secures PPA for new 200 MW wind farm in the US, 28-Jul
14 EDPR established new institutional partnership structure for 328 MW in the US, 26-Sep
15 EDPR 9M16 Volumes & Capacity Statement release, 18-Oct
16 EDPR concludes the sale of minority stakes in Poland and Italy, 27-Oct
17 EDPR 9M Results Release, 03-Nov
18 EDPR secures a 75 MW PPA for a new wind farm in the United States, 28-Nov
19 EDPR established new institutional partnership structure for 101 MW in the US, 14-Dec
20 Changes on EDPR´s corporate bodies, 16-Dec
21 EDPR completed $343m funding of tax equity in the US, 20-Dec
22 EDPR was awarded long term contracts for 127 MW at the Italian wind auction, 23-Dec

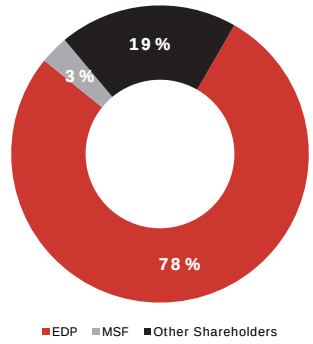
1.3 Organization

1.3.1 SHAREHOLDERS

EDPR shareholders are spread across 23 countries. EDP ("Energias de Portugal") is the major one holding 77.5% of the share capital since launching the company's IPO in June 2008.

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 NYSE Euronext Lisbon regulated market.

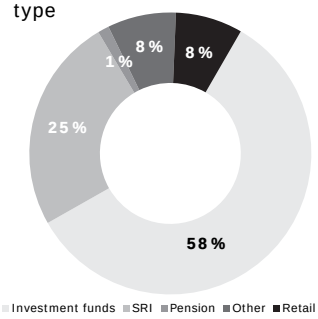
EDPR Shareholders



Major shareholder, the EDP Group

The majority of the company's share capital is owned by EDP Group, holding 77.5% of the share capital and voting rights, since launching the company's IPO in June 2008. EDP Group is a vertically integrated utility company, the largest generator, distributor and supplier of electricity in Portugal, has significant operations in electricity and gas in Spain and is one of the largest private generation group in Brazil through its stake in Energias do Brasil. In the Iberian Peninsula, EDP is the third largest electricity generation company and one of the largest distributors of gas. EDP has a relevant presence in the world energy outlook, being present in 14 countries and close to 12,000 employees around the world. In 2016, EDP had an installed capacity of 25.2 GW, generating 70 TWh, of which 33% come from wind. EDP is part of sustainability indexes (DJSI World and Europe), following its performance in the economic, social and environmental dimensions. Its holding company, EDP SA, is a listed company whose ordinary shares are traded in the NYSE Euronext Lisbon since its privatization in 1997.

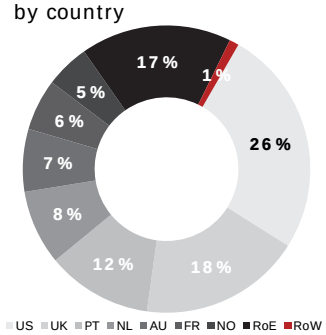
Shareholders (Ex-EDP) by type



Other qualified shareholders

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

Shareholders (Ex-EDP) by country



Broad base of investors

EDPR has a broad base of international investors. Excluding EDP Group, EDPR shareholders comprise more than 65,000 institutional and private investors spread worldwide. Institutional investors represent about 92% of EDPR investor base (ex-EDP Group), while the remaining 8% stand private investors, most of whom are resident in Portugal. Within institutional investors, investment funds are the major type of investor, followed by sustainable and responsible funds (SRI). EDPR is a member of several financial indexes that aggregate top performing companies for sustainability and corporate social responsibility.

Worldwide shareholders

EDPR shareholders are spread across 23 countries, being United States the most representative country, accounting for 26% of EDPR shareholder base (ex-EDP Group), followed by United Kingdom, Portugal, Netherlands, Australia, France and Norway. In Rest of Europe the most representative countries are Switzerland, Spain and Sweden.

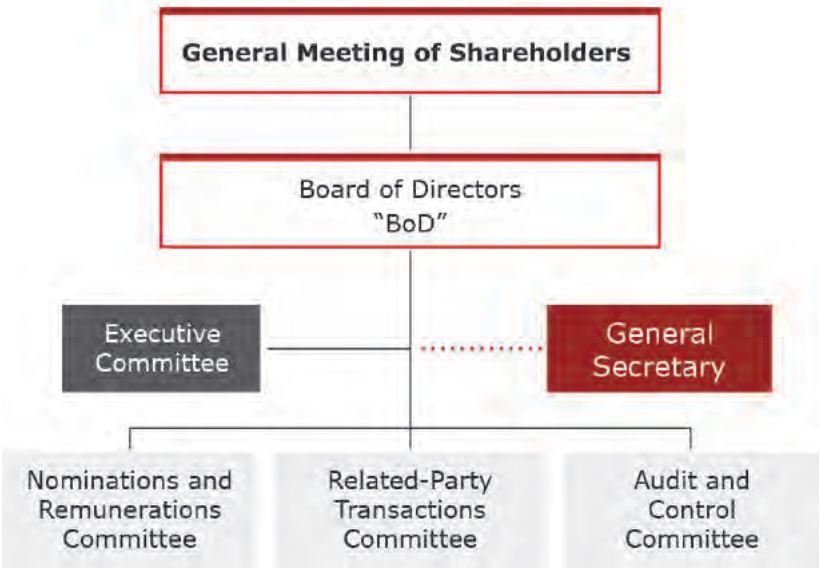
1.3.2 GOVERNANCE MODEL

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

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

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

This governance structure and composition was chosen to adapt the company's corporate governance model also to the Portuguese legislation and it seeks, insofar it is compatible with the Spanish law, to correspond to the so-called "Anglo-Saxon" model set forth in the Portuguese Commercial Companies Code, in which the management body is a Board of Directors, and the supervision and control duties are of the responsibility of a separate body, a Supervisory Board.



General Shareholders' Meeting

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

Board of Directors

António Mexia
Chairman

Emilio García-Conde
General Secretary

João Manso Neto
Vice-Chairman and CEO

Miguel Dias Amaro
CFO

João Paulo Costeira
COO Europe & Brazil

Gabriel Alonso
COO North America

Nuno Alves

João Lopes Raimundo

Jorge Santos
Chairman

João de Mello Franco
Chairman

José Ferreira Machado
Chairman

Manuel Menéndez

Allan J.Katz

António Nogueira Leite

Francisca Guedes de Oliveira

Gilles August

Francisco da Costa

Acácio Piloto

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

Board of Directors

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

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

Executive Committee

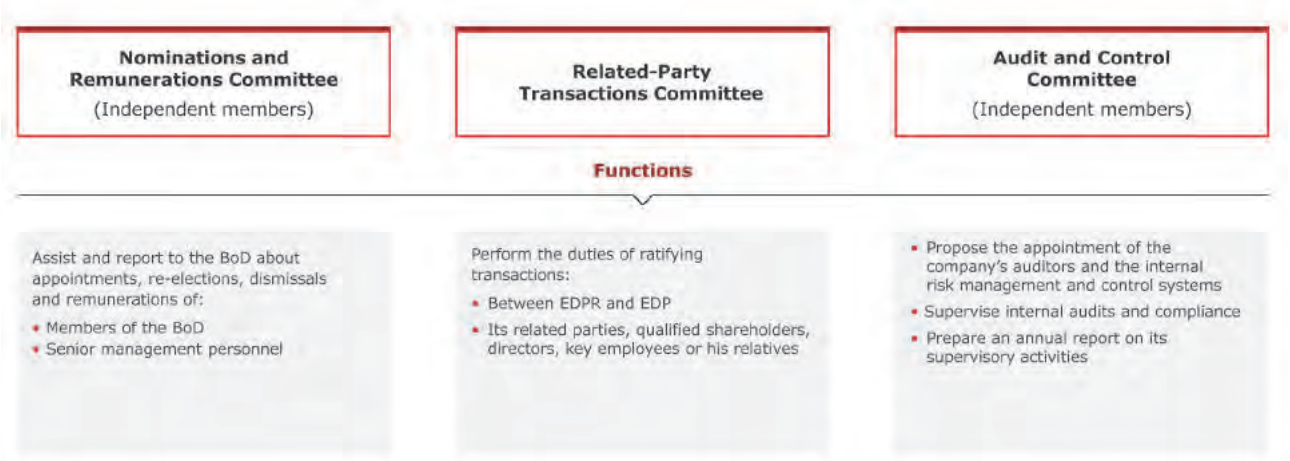
EDPR's Executive Committee (EC) is composed by four members, including a Chief Executive Officer (CEO). The CEO coordinates the implementation of the BOD decisions and the Corporate and General Management functions, partially assigning those to the other executive officers, namely: the Chief Financial Officer (CFO), the Chief Operating Officer for Europe and Brazil (COO EU & BR) and the Chief Operating Officer for North America (COO NA).

The CFO proposes and ensures the implementation of the financial policy and management, including financial negotiation, management and control, cash management optimization and financial risk management policy proposal; he also coordinates and prepares the business plan and the budget, manages the financial statements reporting analyses the operational and financial performance and coordinates procurement function and relations with key suppliers while ensuring the implementation of the procurement strategy and policy.

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

Nominations and Remunerations, Related-Party Transactions and Audit and Control Committees

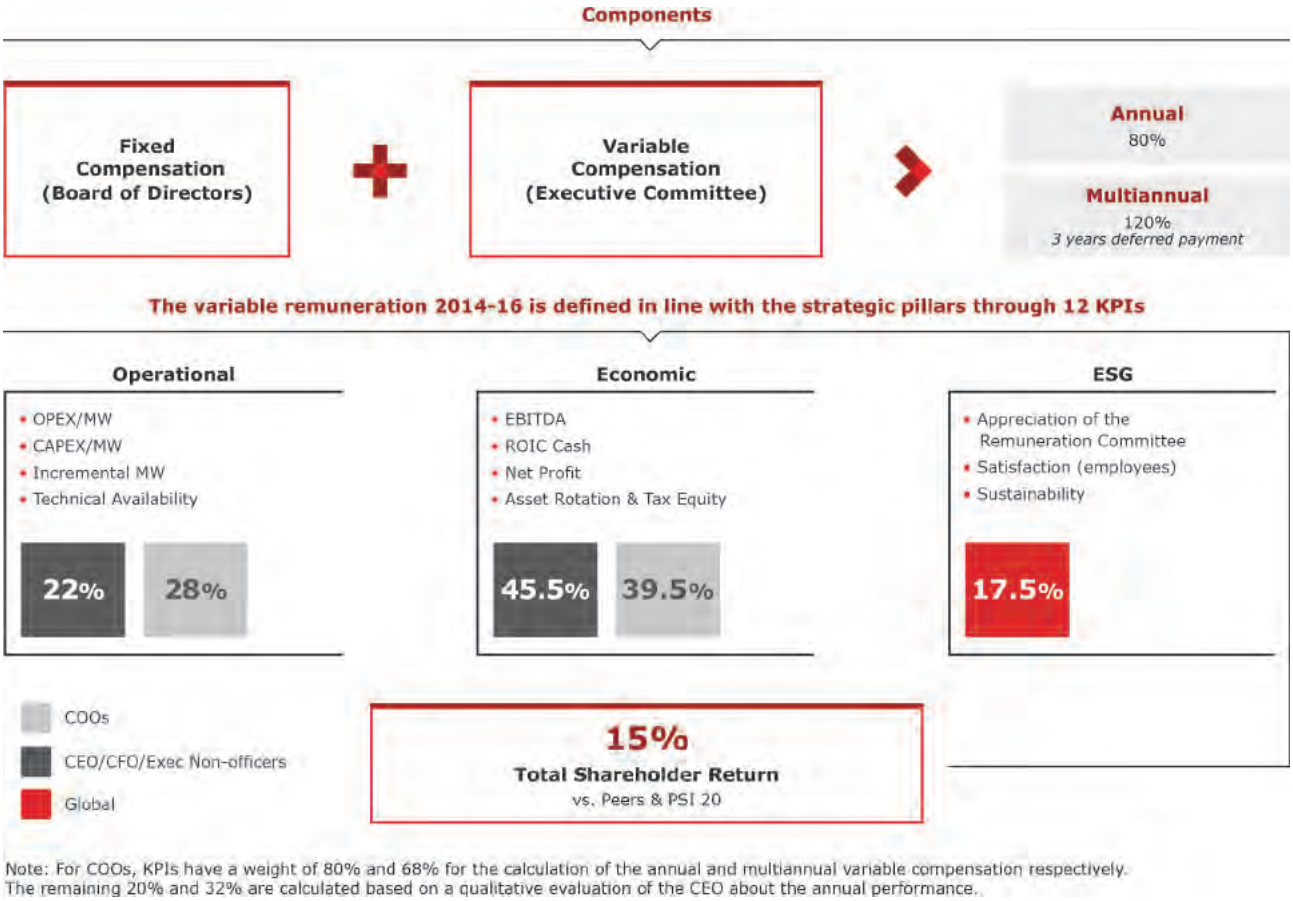
In addition to EC referred above, EDPR governance model contemplates permanent bodies with an informative, advisory and supervisory tasks independently from the BoD, such as:



Remuneration Policy

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

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



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

For further detailed information regarding the responsibilities and roles of the different social bodies, as well as 2016 activity, please refer to the Corporate Governance section, at the end of this report. The company also posts its up-to-date articles of association and regulations at www.edpr.com.

1.3.3 ORGANIZATION STRUCTURE

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

EDPR is organized around three main elements: a corporate Holding and two platforms that group all the business units where the company has presence.

ORGANIZATIONAL MODEL PRINCIPLES

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

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

EDPR HOLDING ROLE

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

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

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

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

INTEGRITY AND ETHICS

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

GOVERNANCE MODEL FOR ETHICS

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

HOW DO WE APPLY OUR CODE OF ETHICS?

EDPR's Code of Ethics applies to all company employees, regardless of their position in the organization and working location, and they all must comply with. Our suppliers should be aligned with the spirit of our Code of Ethics, and this is reflected in our procurement policies.

The Ethics Ombudsman plays an essential role in the ethics process. He guarantees impartiality and objectivity in registering and documenting all complaints of ethical nature submitted to him. He monitors their progress and ensures that the identity of the complainants remains confidential, while entering into contact with them whenever appropriate, until the case is closed.

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

In 2016 there was one communication to the Ethics Ombudsmen through the Ethics Channel. However, it was not considered as an issue related to the Ethics Code and it will be suggested to be rejected during the next Committee Ethics. The issue has been submitted to the responsible area in order to be analyzed and take the corresponding measures.

ETHICS PROGRAM

EDPR is strongly committed with the dissemination and promotion of compliance with the Code of Ethics , which includes a Human Rights section, available to all employees through training, questionnaires, and open discussions of the findings. To this extent, from March to December 2016, EDP offered an online Ethics training ("Ética EDP") available to all employess of both Europe/Brazil and North America. This course achieved a major participation of around 900 EDPR employees.

ANTI-CORRUPTION REGULATION

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

This Anti-Corruption Policy involves a series of new procedures regarding the relationships of EDPR employees with external parties, namely the approval of certain actions regarding hospitality to and from external parties, charitable donations, and sponsorships.

EMPLOYEE RELATIONS

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

At EDPR, from 1,083 employees, 21% were covered by collective bargaining agreements. Collective bargaining agreements apply to all employees working under an employment relationship with some companies of EDPR group, regardless of the type of contract, the professional group into which they are classified, their occupation or job. However, matters relating to the corporate organization itself, the laws of each country or even usage and custom in each country result in certain groups being expressly excluded from the scope of collective bargaining agreements.

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

Despite not taking an active part in the negotiations, EDPR wants to facilitate the broadcast of any update in those agreements. EDPR organized training sessions for its employees to inform about the results of those negotiations.

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.

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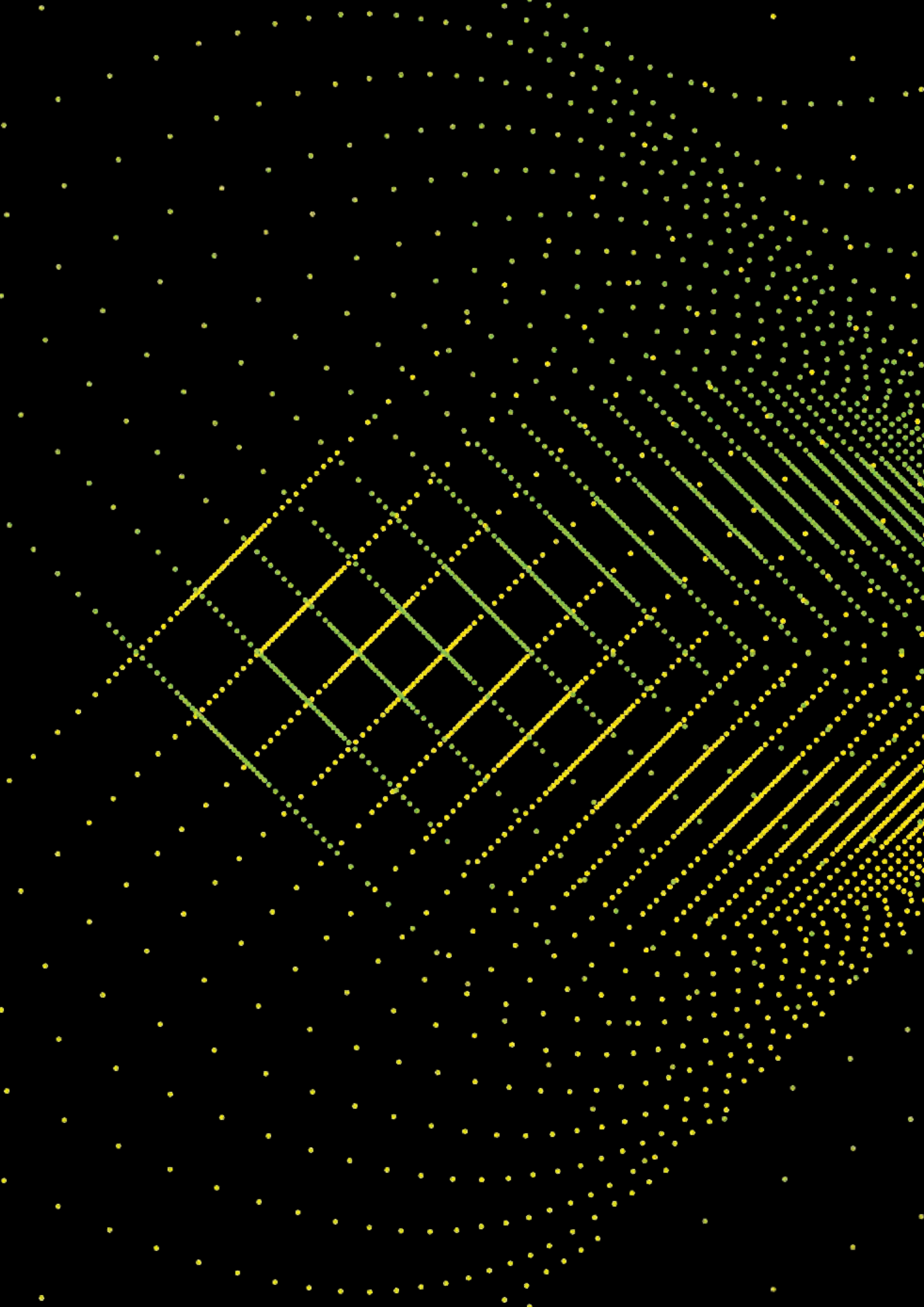
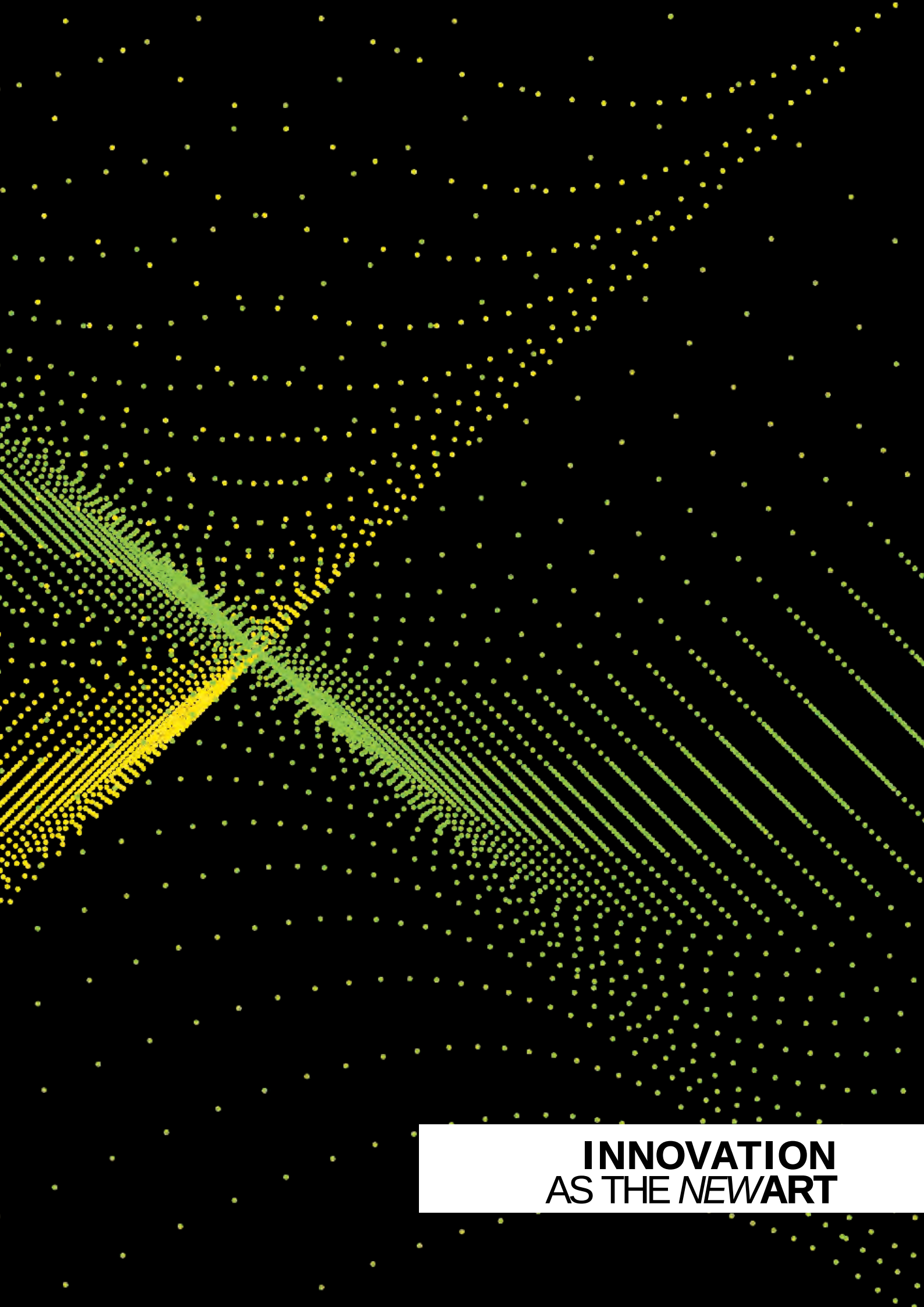




INNOVATION AS THE *NEW* ART

ENERGY AS THE *NEW* ART

2
Strategy

2.1. Business environment

2.1.1. THE IMPORTANCE OF RENEWABLES

Renewable energy is a fundamental part of the world's ongoing energy transformation. On the one hand, it is a critical part of reducing global emissions and keeping global temperature increase below 2°C, as agreed in Paris. On the other hand, renewables are increasingly competitive with conventional technologies while they achieve a myriad of socioeconomic benefits. Hence, renewable energies fuel economic growth, increase energy security, create new employment opportunities, enhance human welfare and contribute to achieve development goals, among other benefits.

Necessary to stop climate change and comply with international agreements

Human activities are releasing critical amounts of carbon dioxide and other greenhouse gases (GHG), which trap heat and steadily drive up our planet's temperature, eventually compromising our climate. Climate scientists agree that human-caused climate change is happening based on massive scientific record and climate change effects are easily observed and are evidenced by data as global temperatures increase of 0.9°C (compared to 1880's levels), rising sea levels (around 17 cm in the last century) or, noticeable Greenland and Antarctic ice sheets melting. There has been a "step change" in momentum on climate change in the past decade, with large developing countries led by China aiming at reducing their emissions alongside accelerated action by the U.S. under President Barack Obama.

The Paris Agreement, ratified in November 2016, aims at avoiding the worst effects of climate change and opens up a path towards a decarbonized economy.

As anthropogenic GHG result primarily from the combustion of fossil fuels, effective action in the energy sector is, consequentially, essential to tackle climate change issues. According to the International Renewable Energy Agency (IRENA), reaching a 30% renewables share by 2030, coupled with higher energy efficiency, would be enough to prevent global temperatures from rising more than 2°C above preindustrial levels. It is becoming increasingly clear that the investments required to reduce emissions will be modest in comparison with the benefits from avoided climate change damages.

According to IRENA, the cost of doubling the renewable energy share by 2030 would be US$ 290 billion per year which is expected to be at least 4 and up to 15 times less than the external costs avoided.

Therefore, renewable energy is a cornerstone for achieving climate targets and onshore wind, because of its maturity and competitiveness, is expected to be at the forefront of the required transformation of our energy sector.

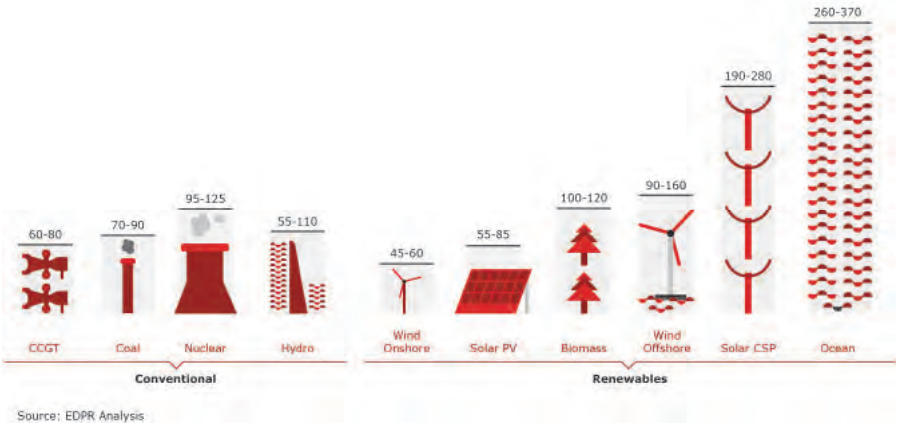
Renewables are the cheapest option in many parts of the world

Nowadays, some renewable's technologies (wind and solar PV in particular) are competitive with conventional technologies. According to the levelised cost of energy (LCOE), onshore wind already generates the cheapest source of electricity in some regions while solar PV is also becoming increasingly competitive as stated by many experts and prestigious analysts, including Bloomberg Energy Finance, IRENA or Lazard. Despite the substantial cost reduction of onshore wind since the early 1980s, there is still significant further potential for the next decade as costs are expected to keep falling due to improved turbine designs, the use of larger and more reliable turbines, increased hub heights and rotor diameters capable to unlock higher capacity factors at the same wind resource. According to IRENA, by 2025, the LCOE of onshore and offshore wind could see declines of

In Spain, according to the Spanish Wind Energy Association, 2016's average wholesale electricity price would have been 15.3€/MWh higher (28%) if the 23 GW wind fleet had not been producing energy.

26% and 35% respectively, while solar PV's could fall by as much of 59%. Additionally, since renewables energies do not use fossil fuels, they are not exposed to their inherent price volatility, being their LCOE foreseeable and stable.

Levelized Revenue Requirements (€16/MWh):



The increased competitiveness of wind was highlighted in the latest energy auctions held all over the world: in 2016, the price of wind energy, not only reached historical minimums (below 40US$/MWh), but was often lower than any other technology. On the other hand, increasing the supply of renewable energy tends to lower the average price per unit of electricity because they have very low marginal costs as they do not have to pay for fuel, therefore reducing wholesale prices and ultimately, the cost for consumers.

Fundamental pillar of sustainability and energy independence

The limitless nature of wind resource contributes to its sustainability: the use of wind resource allows to slow down the pace of fossil fuel depletion and to maintain the balance between the existing natural resources and their consumption, besides having a reduced environmental impact as they do not pollute or generate waste, contributes to air quality and does not require water or fuels. Another advantage is that wind resource is also endogenous, improving countries' energy supply security by decreasing the vulnerability of many countries due to interruption or alteration of the energy supply and enhances the energy independence, bringing significant cost savings by reducing gas and oil imports. This is very relevant for most of the countries, particularly in Europe, as the largest share of fossil fuel reserves is concentrated in a small number of countries (mainly in the Middle East).

A driver for growth and regional development

Renewable energy generates wealth, support the creation of new jobs and strengthen industrial network. Compared with fossil fuel technologies, which are typically mechanized and capital intensive, the renewable energy industry is more labour-intensive as on average, more jobs are created for each unit of electricity generated from renewable sources than from fossil fuels. According to IRENA, the renewable sector employs, directly and indirectly, over 8 million of people around the word, of which, the wind sector represents more than 1 million jobs. Since most of the facilities are in rural areas, wind energy creates local wealth: the largest share of the jobs created are local and local taxes, in particular, land taxes, often represent a large share of the income of the municipalities in which wind farms are built. In developing countries, renewables are becoming increasingly important: an estimated 1.2 billion people still do not have access to electricity according to IEA, which severely jeopardizes their well-being and economic development, presenting a strong case for increased deployment of renewables, since off-grid renewable solutions offer the most cost-effective way to extend energy access to all.

Improved public health and environmental quality

Building wind and solar facilities helps to improve public health mainly by displacing noxious emissions from coal-fired power plants. Air pollution is becoming a severe problem in many regions of the world, in particular in big cities, due to smog, which is highly toxic for the health, reduce visibility and contribute to acid rain, which can damage vegetation and crops. Air pollution has emerged as the deadliest form of pollution and the fourth leading risk factor for premature deaths worldwide, according to the World Bank. Those deaths cost the global economy about US$225 billion, the World Bank study finds, pointing toward the economic burden of air pollution.

PARIS AGREEMENT ALREADY RATIFIED BY COUNTRIES THAT REPRESENT AROUND 89% OF THE WORLDWIDE EMISSIONS

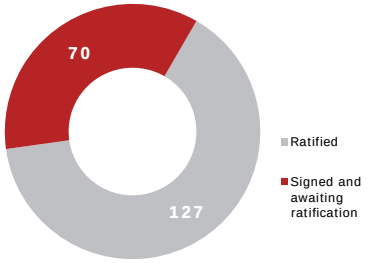
The global low-carbon transition is already underway and gaining momentum, following the adoption of the first universal climate change agreement and its ratification in November 2016.

The Paris Climate Change Agreement, the result of the most intricate, far-reaching and critical international climate negotiation ever attempted, came into force the 4th November 2016, much earlier than expected thanks to the early ratification of a large number of countries.

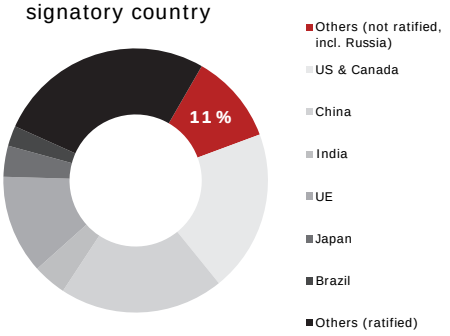
The Agreement is undoubtedly a turning point in the history, cementing the combined political, economic and social will of governments, cities, regions, corporations and citizens to avoid the worst effects of climate change.

The Paris Agreement sparked an unprecedented wave of action and pledges to boost renewable energy industry all around the world. But even if undoubtedly the Paris Agreement gave hope, 2016 was also marked by unprecedented climate concerns. On the one side, 2016 was the hottest year on record and a new high for the third year in a row, according to the UN. Additionally, the World Meteorological Organization has now confirmed that the average global concentration in the atmosphere of the main greenhouse gas, carbon dioxide, reached the symbolic and significant milestone of 400 parts per million for the first time in 2015 and broke new records in 2016.

Countries that already signed the COP21 agreement



Weight of emissions by signatory country



Against this backdrop, non-State actors are increasingly aware of the need to address climate change. The preparation of the Paris Agreement has shown that fighting against climate change is no longer an issue for governments to solve alone and that companies have a key role to play. Spurred by rising expectations of society and corporate targets, an increasing number of companies have grasped the challenges and opportunities of moving towards a low-carbon economy and addressing climate change is becoming a key part of their corporate strategy. In the US, for example, corporate buyers (including Google, Facebook, Amazon, Apple and many others), contracted for almost 2.5 GW of new renewable energy PPA capacity in 2016.

The electricity sector will play a central role in the transition towards a low-carbon economy. It can almost totally eliminate CO_2 emissions by producing electricity from renewable sources, and offers the prospect of partially replacing fossil fuels in transport and heating. Indeed, according to “Climate Action Tracker”, which provides independent scientific analysis, all 1.5°C pathways foresee a fully decarbonized power system by 2050, which implies a power system consisting entirely of renewables and other zero or low carbon sources.

What is the Paris Agreement?

It is a climate accord reached by nearly 200 countries in December 2015. The Agreement commits world leaders to keeping global warming below 2°C seen as the threshold to avoid the worst effects of climate change, and endeavor to pursue a safer target of 1.5°C. Each country submitted national pledges to achieve the goals and the agreement includes a mechanism for periodical revisions of those targets. The agreement also include a long-term goal for a net zero emissions, which could effectively phase out fossil fuels. The accord also places a legal obligation to provide climate finance to developing countries.

YES TO WIND POWER

In the wake of the of success of the Yes to Wind Power campaign launched in 2015 in Spain, it grew in 2016 by expanding into the markets of Italy, Romania, Poland and France.

In order to demonstrate the benefits of renewable energy, especially wind power, the campaign aims above all to show that renewable energy is the most effective way to mitigate climate change in the short term and fulfill commitments made at COP21. In addition, it highlights the competitiveness of this type of energy. To inform society about these issues, this social media campaign centered on the Energy Hipster character who, in 2016, began answering questions and sharing the answers with the entire community on Facebook and Twitter. Through the Energy Hipster and the campaign webpage, journalists, opinion leaders and the general public across these four countries had access, in their language, to up-to-date scientific information in a format easy to read and understand.

Campaign publications in Poland, Spain, Italy and Romania:

Total number of campaign impacts: **2,580,769** (doubled compared to the previous year).

Twitter: **4,462,785 hashtag impacts l** Generation of a community of **1,280 fans**

Facebook: **73% increase in community size** YOY **l Publication reach of 1,569,001**

2.1.2. THE EVOLUTION OF RENEWABLES AROUND THE WORLD

Wind

According to Global Wind Energy Council (GWEC), 54.7 GW of wind capacity were grid-connected in 2016, bringing total global installed capacity to nearly 487 GW.

Once again, **China** led wind power installations with 23.3 GW of new capacity, below 2015's spectacular results (30 GW) though, raising its total wind installed capacity to 169 GW. With 0.7 GW offshore capacity installed in 2016, China overcame Denmark and achieved third place in global offshore rankings, after UK and Germany.

The **US** was the second largest wind market with an additional 8.2 GW, bringing the US cumulative capacity to 82.2 GW, surpassing hydropower capacity to become the largest source of renewable capacity and the fourth largest overall. By state, Texas connected 2.6 GW in 2016, followed by Oklahoma (1.5 GW) and Iowa (0.7 GW). With these additions Texas remains the largest wind State, outstripping the 20 GW landmark, followed by Iowa (6.9 GW) and California (5.7 GW). US also commissioned its first offshore wind project, the 30 MW Block Island project off the coast of Rhode Island.

In **Europe**, renewable energy sources made up nearly 90% of capacity additions, a sign of the continent's rapid shift away from fossil fuels. For the first time, wind overtook coal and became the second largest source of power generation capacity only behind natural gas, which is particularly impressive as ten years ago it was only the sixth technology. In 2016, wind facilities made up more than half of Europe's new power capacity and met 10.4% of total electricity demand. According to Wind Europe, 12.5 GW of wind were installed during 2016 in EU, of which 1.6 GW were offshore, representing together 51% of all new capacity. These results make cumulative installed capacity in Europe amounting to 153.7 GW of wind, of which 12.6 GW are offshore, cementing the European leadership. Germany was again the largest market with 5.4 GW of new capacity (of which 0.8 GW were offshore) and France came second with a record year of 1.6 GW, followed by Turkey (1.4 GW) and Netherlands (0.9 GW, of which 0.7 GW offshore). In terms of cumulative capacity, Germany maintains its leadership with 50.0 GW, followed by Spain (23.1 GW), UK (14.5 GW), France (12.1 GW) and Italy (9.3 GW).

Almost 90% of new power in Europe from renewable sources in 2016

In **Latin America**, 2016 was a remarkable year for Brazil that installed 2.0 GW and surpassed 10 GW of wind installed capacity. Chile added 0.5 GW reaching 1.4 GW of capacity while Mexico connected 0.5 GW closing the year with 3.5 GW.

Other emerging economies that achieved very good results were India, setting a new national record of 3.6 GW and consolidating its position as fourth largest wind market, South Africa (0.4 GW) and Pakistan (0.3 GW).

Solar

2016 was an outstanding year for solar PV with 76.1 GW of capacity additions which compares with 51.2 GW in 2015. The largest market was China, which added 34.2 GW, an 125% increase versus 2015. US ranked second with estimated additions of 14 GW, up from 7.3 GW in the previous year and Japan and India were the following markets adding, respectively 8.6 and 4.5 GW. European countries installed around 6.9 GW of solar power in 2016, a 20% decrease compared to the 8.6 GW that was installed in the previous year, according to Solar Power Europe. The growth was mainly driven by the UK, Germany, Turkey and France.

"2016 will be remembered as the year that the first solar PPAs were signed at levels that have made solar the lowest-cost power in many regions of the world", James Watson (Solar Power Europe CEO)

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 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 offtakers obliged to fulfil a quota obligation (a share of energy that must be sourced from renewable sources), therefore providing additional income to the generators.

- **TENDERS AND AUCTIONS:** are becoming increasingly popular, they do not represent a support category *per se* as they are used to allocate financial support to different renewables technologies and to determine the support level of other types of support schemes, such as feed-in systems, in a competitive bidding procedure.

- **OTHER:** includes investment grants, low interest loans and tax exemptions to support renewables.

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

Country	Short Description
US	• Sales can be agreed under PPAs (up to 20 years), Hedges or Merchant prices • Renewable Energy Credits (REC) subject to each state regulation • PTC (wind-projects): collected for 10-years since COD ($23/MWh in 2016). Phase out for projects that start construction post 2016 (no PTC post 2019 projects). Projects have 4 years to be placed in service in order to qualify. • ITC: 30% ITC for solar projects and new wind-projects can opt for ITC instead of PTC. Phase out for wind projects follows a similar scheme of the PTC. Phase out for solar projects (projects put in place after 2023 will qualify for just 10% ITC)
Canada	• Feed-in Tariff (Ontario) • Duration: 20-years
Spain	• Wind energy receives pool price and a premium per MW, if necessary, in order to achieve a target return established as the Spanish 10-year Bond yields plus 300bps • Premium calculation is based on standard assets (standard load factor, production and costs) • New assets are remunerated by a premium awarded through competitive auctions
Portugal	• Old regime (before 2006): feed-in Tariff inversely correlated with load factor throughout the year. Duration: 15 years (Feed-in tariff updated monthly with inflation) and possibility to obtain an extension in exchange of upfront payments or discounts on existing tariffs • New regime (after 2006): price defined through competitive tenders
France	• Feed-in tariff for 15 years: ▪ First 10 years: receive €82/MWh; inflation type indexation ▪ Years 11-15: depending on load factor receive €82/MWh @2,400 hours decreasing to €28/MWh @3,600 hours; inflation type indexation ▪ New assets will be remunerated through a Contract-for-Difference scheme
United Kingdom	• Market price plus Green Certificate ("Renewable Obligation Certificate") system in place since 2002 • The GC system will be closed in 2017 and is being gradually replaced by a Contract-for-difference scheme awarded through competitive tenders

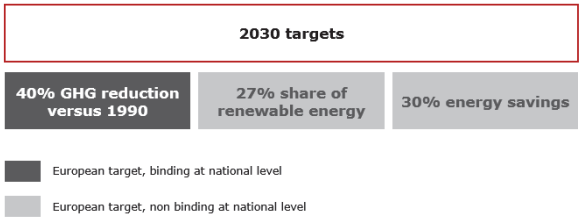
Country	Short Description
Belgium	• Market price plus green certificate (GC) system • Separate GC prices with cap and floor for Wallonia (€65/MWh-100/MWh) • System to adjust the number of GC per MWh according to a predefined profitability level • Option to negotiate long-term PPAs
Poland	• Electricity price can be established through bilateral contracts or selling to distributor at regulated price (PLN 171.14/MWh in 4Q 2016) • Wind receive 1 GC/MWh which can be traded in the market. Electric suppliers have a substitution fee for non compliance with GC obligation. In 2016, the substitution fee was set at PLN300/MWh • New assets will be remunerated by a Contract-for-Difference awarded through competitive auctions
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-2020. Solar assets receive 6 GC/MWh for 15 years. 2 out of the 6 GC earned until Mar-2017 can only be sold after Apr-2017 and until Dec-2020. GC are tradable on market under a cap and floor system • Wind assets (installed after 2013) receive 1.5 GC/MWh until 2017 and after 0.75 GC/MWh until completing 15 years.
Italy	• Wind farms in operation prior to the end of 2012 are remunerated under a pool + premium scheme applicable for the first 15 years of operation • Wind farms commissioned from 2013 onwards: competitive tenders with a 20-year PPA
Brazil	• Old installed capacity under a feed-in tariff program ("PROINFA") • Since 2008, competitive auctions awarding 20-years PPAs

EUROPE: REDESIGNING POWER MARKETS FOR DECARBONISATION

On the 30th November 2016, The European Commission (EC) presented the Clean Energy legislative package, the so-called "Winter Package", unveiling the post-2020 EU regulatory framework. The proposals represent a key piece of the EC's pledge to create an EU-wide Energy Union and includes five main areas: Renewable Energy Directive, Market Design review, Governance, Efficiency and Security of Supply.

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

All the legislative proposals still need the approval of the European Parliament and the Council of the European Union, which could materialize at the end of 2018.



The "Renewable Energy Directive" seeks to cement commitments made in the Paris Agreement, where the EU pledged to cut GHG (greenhouse gases) by 40% on 1990 levels by 2030 and increase by 27% its share of renewables. Proposals also include plans to increase energy efficiency levels by 30% by 2030.

The EC, as part of the new governance framework, will monitor the completion of the climate and energy 2030 targets. In view to fulfil the targets, Member States (MS) will be required to develop "2030 National Energy and climate plans" in which each MS will set the pathway to deliver their objectives. If those plans do not add up to the EU's binding target, the EC will be able to trigger measures at EU level to fill the gap.

"We are on the brink of a clean energy revolution" (Miguel Arias Cañete, EU Commissioner for Climate Action and Energy)

The new Renewable Energy Directive proposal also advocates for 3 years of visibility for renewable energy support, as it requires MS to define at least a 3-year schedule for the allocation of support, including timing, capacity and budget. It also requires MS to ensure that any modification of their support scheme does not negatively affect the economics of renewable energy projects.

The 2030 targets imply that almost half of electricity in Europe will be generated by renewables in 2030. The EC acknowledges this fact and seeks to integrate renewables into power markets, enhancing their flexibility while making them fit for an increasingly share of variable generation.

The most relevant recent regulatory developments in the European countries where EDPR is present are below described (for additional information, please refer to Note 01 of EDPR Consolidated Annual Accounts).

SPAIN

On January 2016, the first auction of renewables' capacity was held, designed to provide a similar remuneration scheme to the one that applies to current installations (ruled by RD 413/2014). Following this framework, tender participants were requested to bid discounts on the "initial investment" parameter that determines the "investment premium" that would eventually be awarded. The auction was very competitive, around 5 times oversubscribed for onshore wind. EDP Renováveis was awarded 93 MW of wind energy.

The Spanish Government announced a new renewables' capacity auction for the first months of 2017 requiring projects to be completed by December 2019.

PORTUGAL

On October 2016, the Portaria 268-B/2016 on the clawback of non-refundable subsidies received from public development programs was published.

FRANCE

On April 2016, the government enacted the “Programmation Pluriannuelle des Investissements” which set renewables’ capacity targets by technology, including a provisional timetable of the renewable tenders to be launched until 2019.

A new Contract-for-difference (CfD) scheme was released in December 2016 for wind farms having requested a PPA in 2016. The strike price will be equal to the value of the current feed-in-tariff (similar tenure, indexation and adjustment after year 10), plus a management fee to compensate balancing costs (2.8€/MWh). The market reference price will be the production weighted average Day Ahead Market price, using a representative production profile for wind industry.

It was also disclosed the draft decree for the 2017 CfD for wind farms with less than six wind turbines, where the CfD tenure extended from 15 to 20 years, being the strike price of 72€/MWh plus the management fee.

ITALY

Final approval of the new Decree envisaging tenders for 2016 in June. This decree follows the provisions of 2011 Italian RES (Renewable Energy Sources) Law and as such, although with some small adjustments, is very similar to the one approved in 2012 which set the framework for the first three onshore wind tenders. The new decree envisaged one sole 800 MW onshore wind tender.

The Energy Agency of Italy, Gestore dei Servizi Energetici (GSE) released in December 2016 a list of projects that won offtake contracts in 2016 tender. EDP Renováveis won PPAs for 6 wind farms totaling 127 MW with an awarded price of 66€/MWh and in case the realized market price is lower than the awarded price, the difference will be paid by GSE.

POLAND

On June 2016 the so-called “Wind Turbine Investment Act” was approved, introducing, among other measures, new minimum distance restrictions for new wind farms and increased real estate burden.

Also on June 2016, some amendments of the RES Act Chapter 4 were approved. Although the core of the new auction system remained unchanged, some modifications were introduced, namely technology baskets for future tenders, improving the treatment of biomass, biogas and cofiring technologies.

On November 2016, the Polish government disclosed a draft ordinance detailing the amount and value of energy planned to be auctioned in 2017. The draft states that baseload renewables (dedicated biomass and biogas) will have a share of around 50% of the total 2017’s auction budget but new onshore wind could also compete for an amount up to 150 MW.

ROMANIA

The Romanian government approved the draft ordinance setting a quota of 8.3% for 2017.

On October 2016, the Ministry of Energy published for consultation a draft amendment to the current RES Law and released a new draft in November, incorporating some improvements over the previous version. Among other amendments, an extension of the GC scheme until 2031, a removal of the indexation of the GC parameters and the extension of the GC recovery for wind energy from 2018 to 2025. Regarding PV projects, the draft amendments propose an extension of the GC postponement until end of 2024, fixing the recovery from 2025 to 2030.

UNITED KINGDOM

In November 2016, the Department for Business, Energy and Industrial Strategy (BEIS) released details on the next CfD round. The second allocation round is expected to begin in April 2017 with projects to compete for GBP 290 million of annual support for the delivery years 2021/22 and 2022/23 (although offshore projects might be phased up to two years subsequent to 2022/23). It will only include less established technologies, as offshore wind. The administrative strike price for offshore wind is set at 105 GBP/MWh for projects deploying in 2021/2022 and 100 GBP/MWh for projects deploying in 2022/2023.

NORTH AMERICA TO CONTINUE LEADING THE WAY

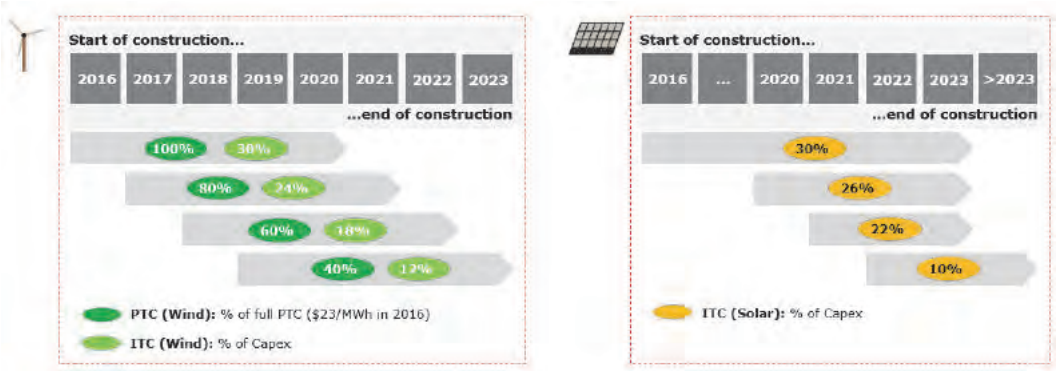
Historically, the typical framework of wind development in the US has been decentralized, with no national feed-in tariff, involving the combination of three key drivers of the top line:

- **PTCs:** production tax credits are the dominant form of wind incentives in the US, and represent an extra source of revenue per unit of electricity ($23/MWh in 2016), over the first 10 years of the asset's life.
- **ITCs:** investment tax credits equal to 30% of the initial capex are the primary incentive for solar.
- **PPAs:** long-term, bilateral power purchase agreements by which a wind developer can sell its output at a fixed price, usually adjusted for a negotiated escalator.

In addition, 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, setting penalties to those that do not comply. Utilities can invest directly in renewable generation assets, purchase electricity from other renewable generators or purchase RECs. As a result, many utilities setup auction systems to seek long-term power purchase agreements with renewable energy generators. The relevant recent regulatory developments in North America are below described (for additional information on, please refer to Note 01 of EDPR Consolidated Annual Accounts).

UNITED STATES

On December 2015, the US Congress approved the "Consolidated Appropriations Act, 2016" that included an extension of the PTC for wind and the possibility of a 30% ITC instead of PTC and the extension of the ITC for solar. The Congress introduced a phase out of the credits. Wind projects that start construction in 2020 or late will not have PTC or ITC and solar projects placed in service after 2023 will qualify to just 10% ITC. The graphic below depicts the phase-out calendar:



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 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 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 as of year-end 2016, the review process is ongoing with the DC Circuit Court. A ruling is widely expected by mid-2017, however it is expected to be appealed to the Supreme Court regardless of outcome.

Regarding RPS, some states have upgraded their targets in 2015 and 2016: California and New York targeted 50% renewables by 2030, Oregon upgraded their RPS to 50% by 2040, Vermont enacted an RPS of 75% by 2032 and Michigan upgraded their RPS to 15% by 2021. In 2016, both New Jersey and Massachusetts proposed (but as of year-end 2016

had not yet adopted) to upgrade their RPS standards to 80% by 2050. Illinois supplemented its existing RPS standard by passing an energy bill to require utilities to source at least 4TWh of new wind and 4TWh of new solar by 2030.

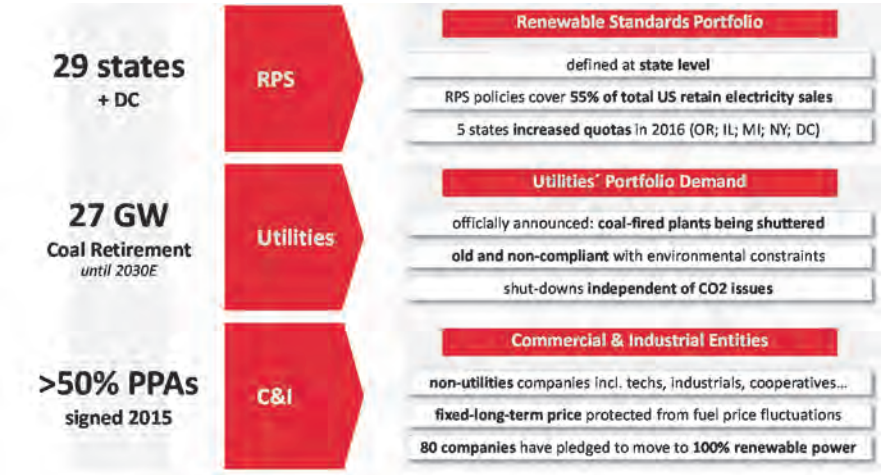
RPS obligations as a percent of state retail consumption is shown in the table below.

RPS objective	2016	2025
Arizona	5.7%	14.2%
California	24.4%	40.5%
Colorado	14.1%	21.7%
Connecticut	19.9%	25.6%
Delaware	11.9%	22.8%
District of Columbia	13.9%	26.0%
Hawaii	14.8%	24.7%
Illinois	8.2%	19.2%
Indiana	3.2%	8.0%
Maine	36.6%	37.5%
Maryland	14.5%	21.4%
Massachusetts	13.7%	21.1%
Michigan	10.2%	10.2%
Minnesota	20.7%	28.4%
Missouri	3.6%	10.9%

RPS objective	2016	2025
Montana	7.1%	7.1%
Nevada	16.6%	20.8%
New Hampshire	15.3%	22.7%
New Jersey	14.4%	23.4%
New Mexico	11.5%	15.8%
New York	28.4%	30.6%
North Carolina	5.7%	11.3%
Ohio	2.0%	9.1%
Oregon	11.5%	22.2%
Pennsylvania	13.0%	17.1%
Rhode Island	9.4%	22.1%
Texas	5.0%	8.6%
Vermont	0.0%	79.5%
Washington	4.5%	7.7%
Wisconsin	9.6%	9.6%

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.



CANADA

New Canadian renewable supply through 2020 is backed by new targets in Alberta and Saskatchewan along with existing IESO contracts in Ontario.

MEXICO

Mexico is redesigning its energy sector beginning with the constitutional amendment in 2013 and ending with implementation by end of 2018. The reforms bring about the end of state-owned vertically-integrated monopolies and open the door to significant opportunities for private sector participation across the supply chains for oil and gas and for electricity. Mexico's energy reforms advanced significantly in 2016 to implement changes that provide remuneration for all forms of generation including wind and solar. The key mechanisms of interest to renewable developers are the implementation of the wholesale electricity market, long-term supply auctions for supply, and financial transmission rights. Two long-term supply auctions have been conducted to date with a third planned for April 2017.

THE AGE OF AUCTIONS HAS ARRIVED

In recent years, the renewable energy sector has undergone a profound transformation, as the sector has witnessed a rapid decline of wind and solar PV costs, a high penetration of renewable sources, a greater competition among players and technologies, a massive adoption of renewable targets and more stringent state-aid rules, among other changes. To adjust to these trends, support mechanisms have adapted so that they ensure greater deployment of renewables in a cost-effective manner.

In this context, auctions, alone or in combination with other support schemes have often become the preferred option. Indeed, these schemes allow to control renewables' volume deployment (in particular to avoid uncontrolled surge of new facilities) while decreasing the chances of governments over-subsidizing the sector because of a lack of information.

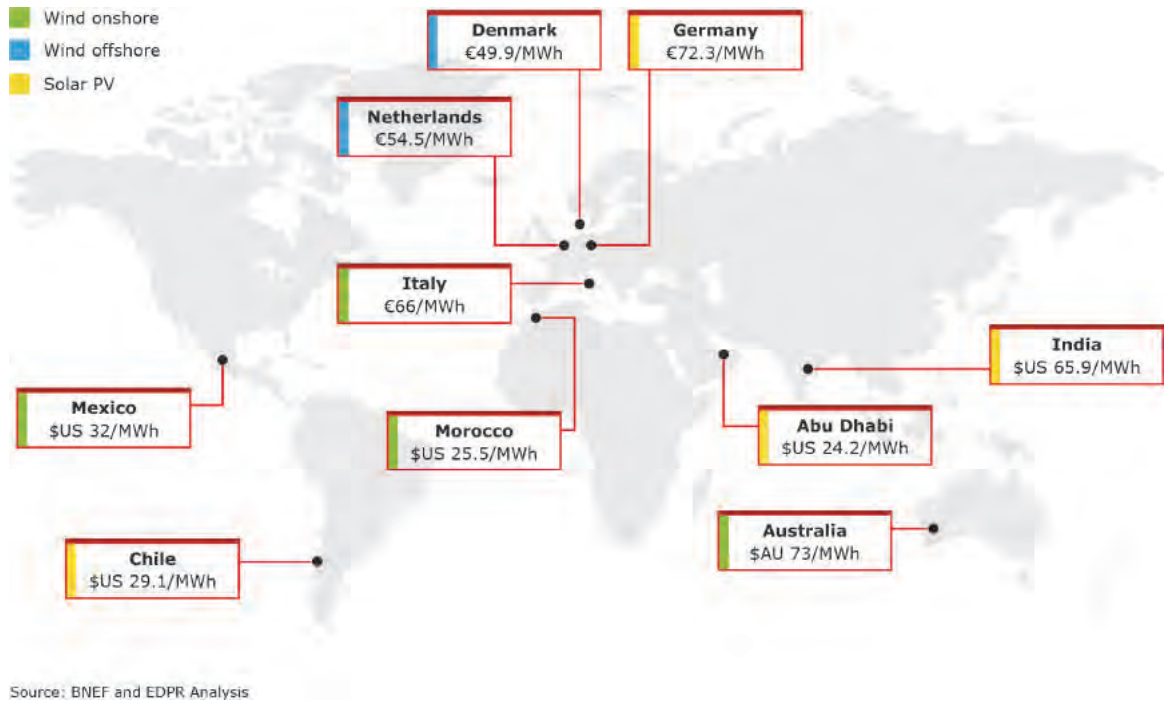
Latin America is probably the region with the larger experience of auctions for renewable energy. Brazil alone has contracted more than 20 GW. Other countries, most notably Peru, Chile, Mexico, Argentina and Uruguay have also held renewable auctions in the last years.

In Europe, there has been an increasingly interest in auctions, reinforced by regulation. Indeed, the "European Commission State Aid Guidelines for Environmental Protection and Energy 2014-2020" obliges all Member States to set up competitive bidding processes to grant support to all new facilities by January 2017, with only few exceptions.

Renewable developers are embracing auctions as a way to secure predictable cash flows and therefore, mitigate price volatility and regulatory risk.

2016 was a year of record for low price auctions all around the world: for instance, in wind technology Morocco (below 30 US$/MWh) and Peru (below 40 US$/MWh) are good examples, or in solar PV, prices fell to historic lows in Chile. However, the most unexpected low figures probably came from offshore projects, which have witnessed astonishing low prices like the ones in the latest offshore tender in Denmark, although the price is not directly comparable to those awarded in the UK, as the former exclude grid connections costs and are located at shallower depths, but are nevertheless substantially lower. Another example was the 700 MW of offshore wind capacity awarded by the Dutch Government in December 2016, which resulted in a 25% reduction compared to the previous auction (only a few months earlier) of neighboring projects.

Overview of 2016 selected tenders



Source: BNEF and EDPR Analysis

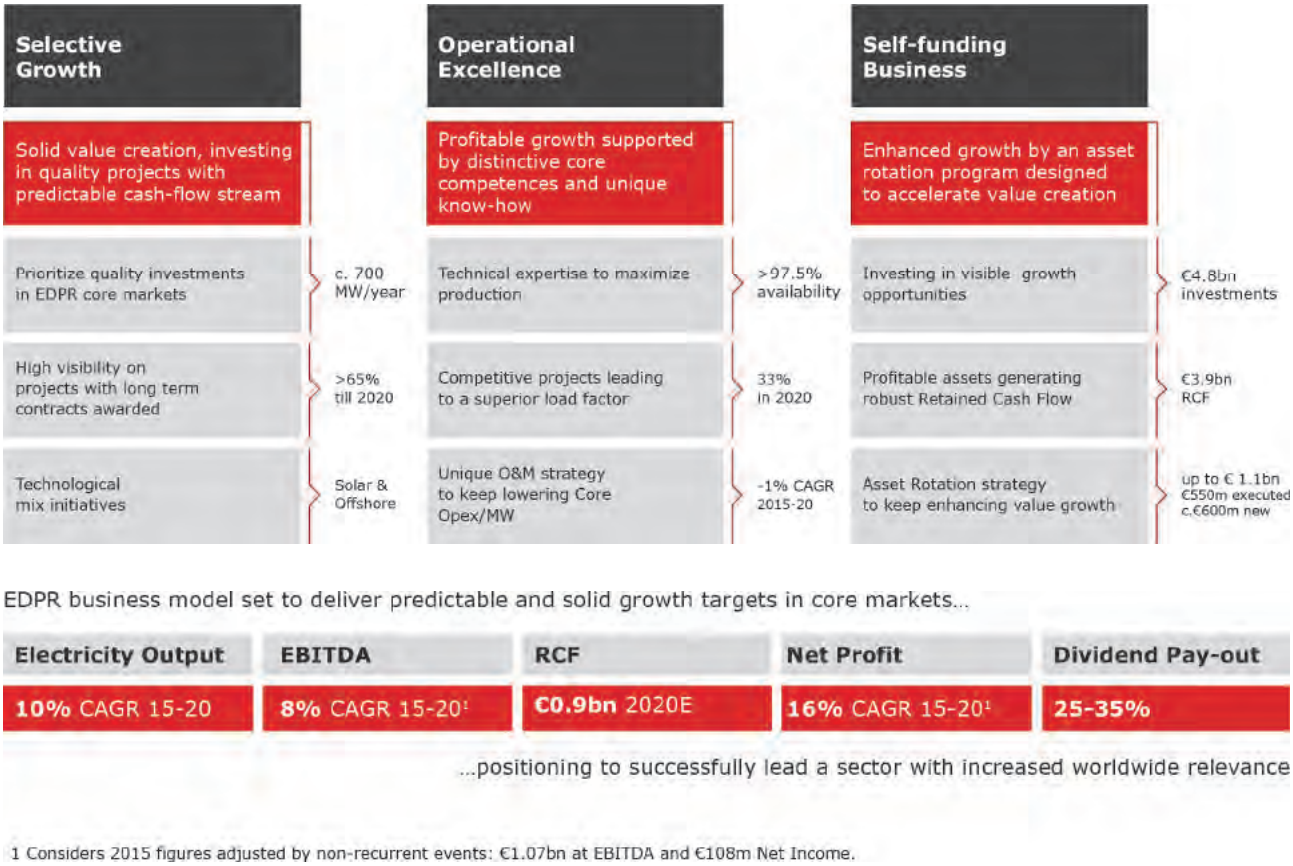
2.2. Business Plan

EDPR's value creation strategic plan through 2020 remains in line with previous architecture, supported by three pillars with defined goals: Selective Growth, Operational Excellence and Self-funding Model.

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

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

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



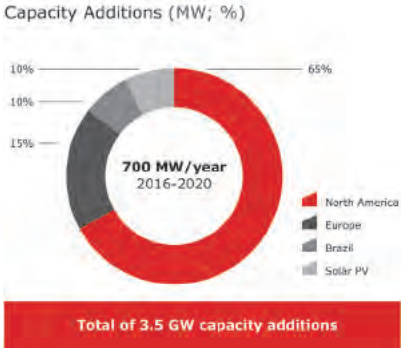
1 Considers 2015 figures adjusted by non-recurrent events: €1.07bn at EBITDA and €108m Net Income.

2.2.1. SELECTIVE GROWTH

The selective growth strategic pillar is the key principle behind EDPR's investment selection process, it ensures that the projects that are finally built have the best fit with the Company's low risk profile at superior profitability. This strategy is part of the 2016-20 Business Plan growth options, as projects have been selected according to two key guidelines:

1) Low risk profile - New capacity benefits from long-term PPAs already secured or long-term contracts awarded under stable regulatory frameworks. This guarantees high visibility of the project's future cash-flows, reducing risk and locking-in project profitability.

2) High operational performance – The projects selected exhibit strong operating metrics, namely above portfolio average load factor which improves project competitiveness and drives higher profitability.



EDPR is well on track to deliver on its business plan target growth of +3.5 GW cumulative from 2016 to 2020 (700 MW/year) – with 65% of the cumulative capacity additions target already secured and 820 MW installed in 2016. EDPR's extensive pipeline has been an important contributing factor to the successful execution of this strategy as the availability of multiple projects coupled with strong development expertise guarantees that only the best, fully optimized projects are finally selected for investment.

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

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

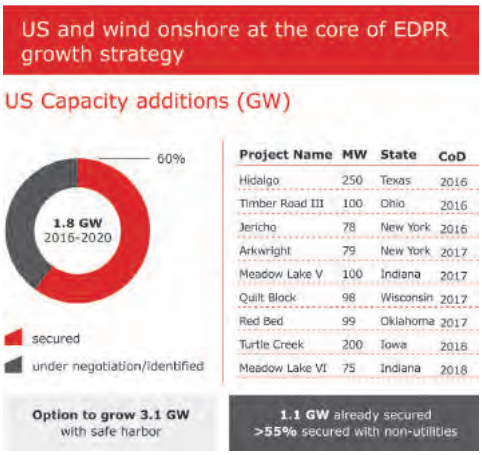
The December 2015 extension of the PTC, that includes a gradual phase out of the PTC value for projects that start construction before 2020, provides long-term visibility to US growth beyond 2016-20 for new wind energy projects, reinforces the strong fundamentals of the US wind market and supports EDPR's choice to shift growth to the US.

The Business Plan for 2016-20 targets 1.8 GW of wind onshore additions in the US, of which 1.1 GW were already secured as of December 2016 and are entitled to receive 100% PTC value. More than 55% of these projects were signed with non-utilities companies, another key driver of the US market. Previously the demand for PPAs came only from traditional utilities, however, recently the direct procurement from corporations has increased substantially, adding new demand for EDPR's US wind and solar projects.

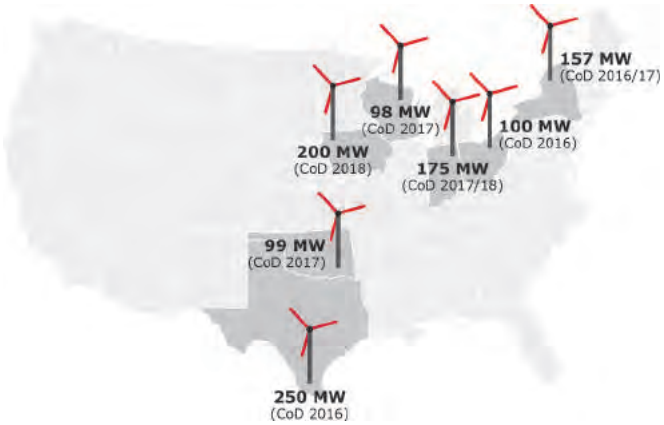
In addition, it is worth mentioning that EDPR secured turbine components in 2016 in order to have the option to further increase its capacity and install up to 3.1 GW of wind projects until 2020, benefitting from 100% of the PTC value.

In 2014 EDPR entered the Mexican market by signing a bilateral long-term supply agreement, for the energy produced by a 200 MW wind farm which was completed in 2016, representing a sizeable entry in an attractive market. Mexico is a country with great potential for wind energy and this achievement can provide a solid platform for further growth.

In 2016 EDPR was also awarded a 20-year PPA in Ontario, Canada, which is already under development and expected to be commissioned by 2019.



Project Name	MW	State	CoD
Hidalgo	250	Texas	2016
Timber Road III	100	Ohio	2016
Jericho	78	New York	2016
Arkwright	79	New York	2017
Meadow Lake V	100	Indiana	2017
Quilt Block	98	Wisconsin	2017
Red Bed	99	Oklahoma	2017
Turtle Creek	200	Iowa	2018
Meadow Lake VI	75	Indiana	2018



15% GROWTH FROM EUROPE, FOCUSING ON LOW RISK FRAMEWORKS

Certain European markets continue to provide good growth opportunities supported by regulatory frameworks that provide low risk environment.

For the 2016-20 Business Plan, EDPR growth in Europe represents c.15% of the planned capacity additions, a growth supported by identified short-term opportunities and medium-term pipeline options. In terms of additions by country, EDPR has very focused targets. Firstly, in Portugal, 216 MW will be added with a 20-year feed-in tariff. Then Italy with c.200 MW target additions, of which 44 MW installed in 2016 and 127 MW awarded as a 20-year contracts in December 2016 to be installed in 2018. In France, existing feed-in tariff regime provides a stable growth opportunity, driving EDPR targeted additions to c.100 MW through pipeline development, of which 24 MW were already installed by December 2016. Finally, in Spain, EDPR was awarded in January 2016, rights for the pre-registry of 93 MW of wind energy capacity in the renewable energy auction.

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

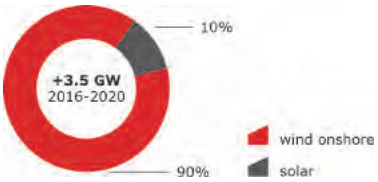
In Brazil, EDPR already installed 120 MW related to Baixa do Feijão project, which was completed on the first quarter of 2016. On the top of that, EDPR is developing 267 MW, awarded in 2013-15, to be installed in 2017-18. These are projects with load factors above 45% and with PPAs linked to inflation, representing a mid/high double digit project IRR.

Additionally, EDPR is to remain actively prospecting opportunities in Brazil, namely auction opportunities, given the strong fundamentals of the country, with high growth of electricity demand, robust renewable resources and availability of long-term energy supply agreements through an auction system.

TECHNOLOGICAL MIX

10% GROWTH IN SOLAR, GIVEN ITS INCREASING COMPETITIVENESS

In order to take advantage of every profitable renewable technology and considering its increasing competitiveness, EDPR included in its 2016-20 Business Plan a 10% of growth in PV solar technology. The US is the core market for this growth, where the technology is boosted by the Investment Tax Credit (ITC) scheme, while in Europe, Brazil and Mexico developing options are based on projects' fundamentals.



ALREADY INVESTING IN OFFSHORE WIND TECHNOLOGY

Offshore projects are being developed by EDPR, to support growth options and to capture this new wave of industry development and industry leadership. These projects, located in the UK and France, are expected to start operations beyond the 2016-20 Business Plan, but are already being developed through partnerships, from which the company is also able to further develop technological expertise in a sector with such huge future prospects.

2.2.2. OPERATIONAL EXCELLENCE

One of the strategic pillars that has always been a keystone of the company, setting it apart in the industry, is the drive to maximize the operational performance of its wind and solar plants. In this area, EDPR's teams, namely in operations and maintenance (O&M), have established a strong track record that supports challenging targets set in the 2016-20 Business Plan. For this period, EDPR has set targets for three key metrics: Load Factor and Technical Availability, along with optimization of Core Opex[1] 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.

MAINTAINING HIGH LEVELS OF AVAILABILITY >97.5%

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

The company always maintained high levels of availability and has registered availability of above 97.5% in 2016, in line with its 2016-20 Business Plan target. EDPR will continue to improve availability through new predictive maintenance optimization measures supported by the 24/7 control and dispatch centre, in reducing damages most common during extreme weather and improving the scheduling of planned stops. Also a new spare parts warehousing strategy will be key in reducing downtime during unexpected repairs.

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

Load factor (or net capacity factor) is a measure of the quality of the renewable resource that reflects the percentage of maximum theoretical energy output with an equipment working at full capacity, in a given period.

Ensuring the assets generate the maximum amount of energy possible is a key success factor. With regards to the operating portfolio, optimizing load factor is linked to improving availability as above described and, if possible, introducing productivity enhancement retrofits that boost production by setting older equipment models with the most up-to-date technological improvements available to increase efficiency in the utilization of renewable resources available. With regards to wind farms and solar plants under development, maximizing load factor is mostly the expert work of energy assessment and engineering teams, which implies designing an optimal layout of the plant by fitting the positioning and choice among different equipment models with the characteristics of the site, specially the terrain, from the collected resource measurements and their estimated energy outputs.

The company has consistently maintained levels of load factor in the range of 29-30%, having registered 30% in 2016, which is slightly below the P50 (mean probability) assessment for the current fleet, given the lower wind resource in the period when compared with an average year. For 2020 EDPR has a target to reach 33% load factor, mainly on the back of the increase competitiveness of new capacity additions.

[1] Supplies and Services + Personnel Costs

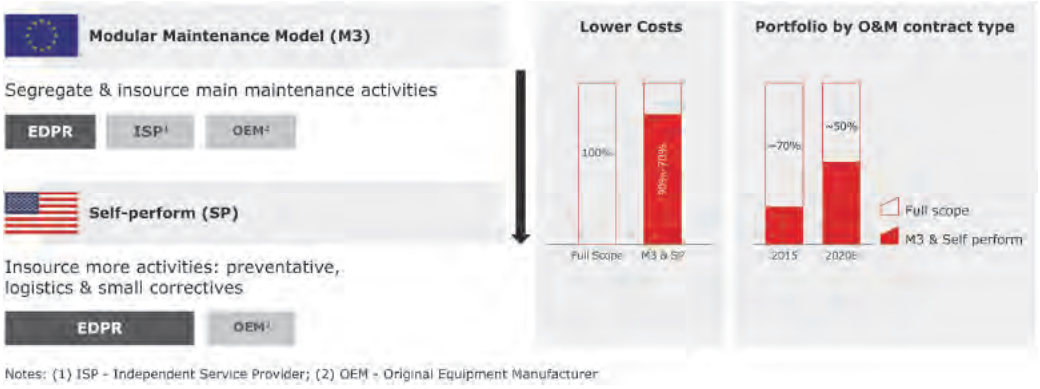
INCREASING EFFICIENCY, REDUCING CORE OPEX/MW -1%

In addition to all company initiatives to boost production, EDPR also focuses on strict cost control efforts to improve efficiency and gain additional profitability. Leveraging on the experience accumulated over time, EDPR set a target in the 2016-20 Business Plan to reduce Core Opex/MW by -1% CAGR 2015-20. Core Opex refers the costs of Supplies & Service along with Personnel Costs, which are the ones controllable by the company. The target of reducing the manageable company costs structure, also benefits from the economies of scale of a growing company. With regards to O&M, representing c. 30% of total Opex, EDPR has already delivered results from the implementation of its M3 (Modular Maintenance Model) system and self-perform program to some of the wind farms that are no longer subject to initial warranty contracts.

M3 PROGRAM AND SELF-PERFORMANCE

As EDPR's fleet becomes more mature the initial O&M contracts signed with the turbine suppliers expire. When that happens the company needs to decide between renewing the maintenance service with the OEM[2] or insourcing activities to operate the wind farm on its own, whilst maintaining high levels of availability.

Based on EDPR's expertise, under the **M3 program** O&M teams will decide on the optimal balance between external contractors and in-house maintenance. Usually, EDPR keeps control of high value-added activities such as maintenance planning, logistics and remote operations while outsourcing, under direct supervision, labor-intensive tasks. This new program immediately showed savings in operational expenses and increased control over quality. During 2016 **self-perform** maintenance was implemented in additional facilities whose maintenance contracts were up for renewal. The self-perform program is a step further in EDPR integration of maintenance tasks and activities, which is being implemented in the US, and consequently minimizing third-parties dependency. EDPR targets to increase the share of its fleet under the M3 and Self-Perform program up to c.50% by 2020, from c.30% levels in 2015.



Notes: (1) ISP - Independent Service Provider; (2) OEM - Original Equipment Manufacturer

INCREASING PRODUCTION

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

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

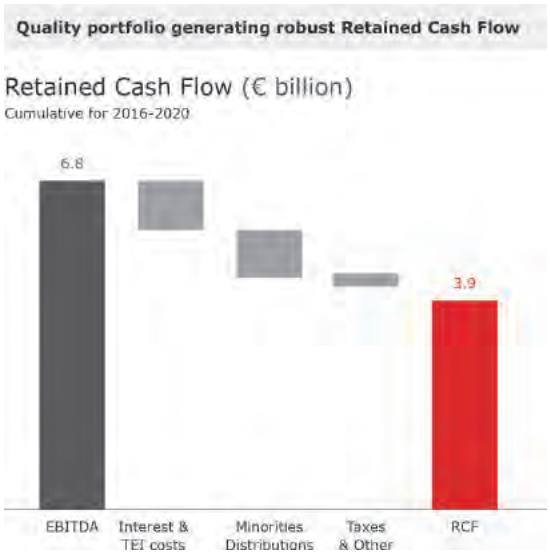
By monitoring real-time conditions, the rotational speed of the generator can be increased while staying within the existing loads, thus increasing the power output and the wind farm revenues, without major investments. This technology has successfully being applied on many turbines and will keep being developed in the coming years.

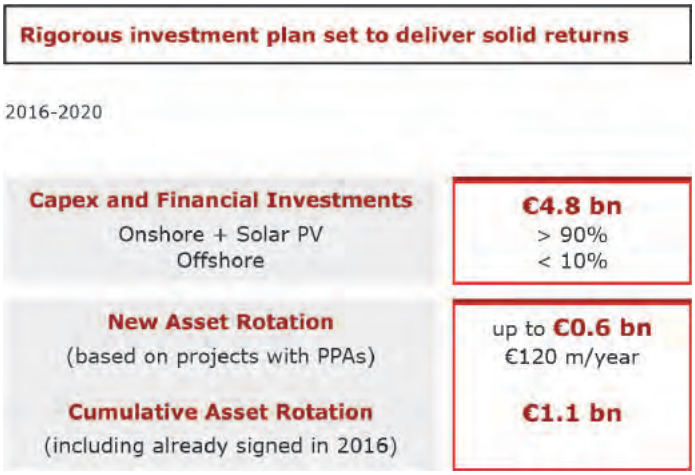
[2] Original Equipment Manufacturer

2.2.3. SELF-FUNDING MODEL

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

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





RETAINED CASH FLOW

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

A strong Retained Cash Flow generation of c.€3.9 billion is expected for the period 2016-20, which is cash available after taxes, interests and tax equity costs and distribution to minorities.

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

ASSET ROTATION

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

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

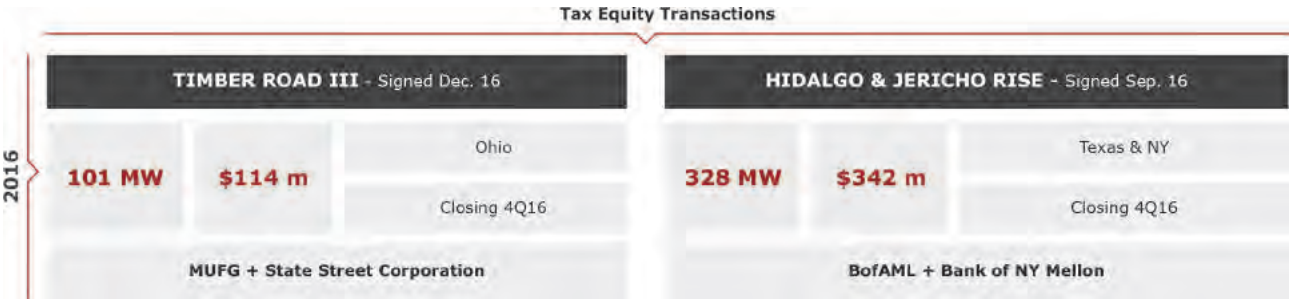
The execution of those €550 million took place in April 2016, with EDPR entering into an agreement with Vortex, a fund led by EFG Hermes which includes investments from the Gulf Cooperation Council (GCC) countries, to sell a 49% equity shareholding and outstanding shareholders loans in a portfolio of fully-owned wind onshore assets in Spain, Portugal, Belgium and France. The portfolio totalled 664 MW with 4-year average life, of which more than half located in Spain. This transaction was highly valued by the market due to the above market multiple at which EDPR was able to close the deal, €1.73 million/MW, a clear indicator of the quality of the company's installed asset base that has attracted the interest of many institutional investors.

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

US TAX EQUITY

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

In 2016 EDPR signed two tax equity transactions, a total funding of $457 million comprising 429 MW, related to all projects that started operations in 2016.



2.3. Risk Management

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

RISK MANAGEMENT PROCESS

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

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

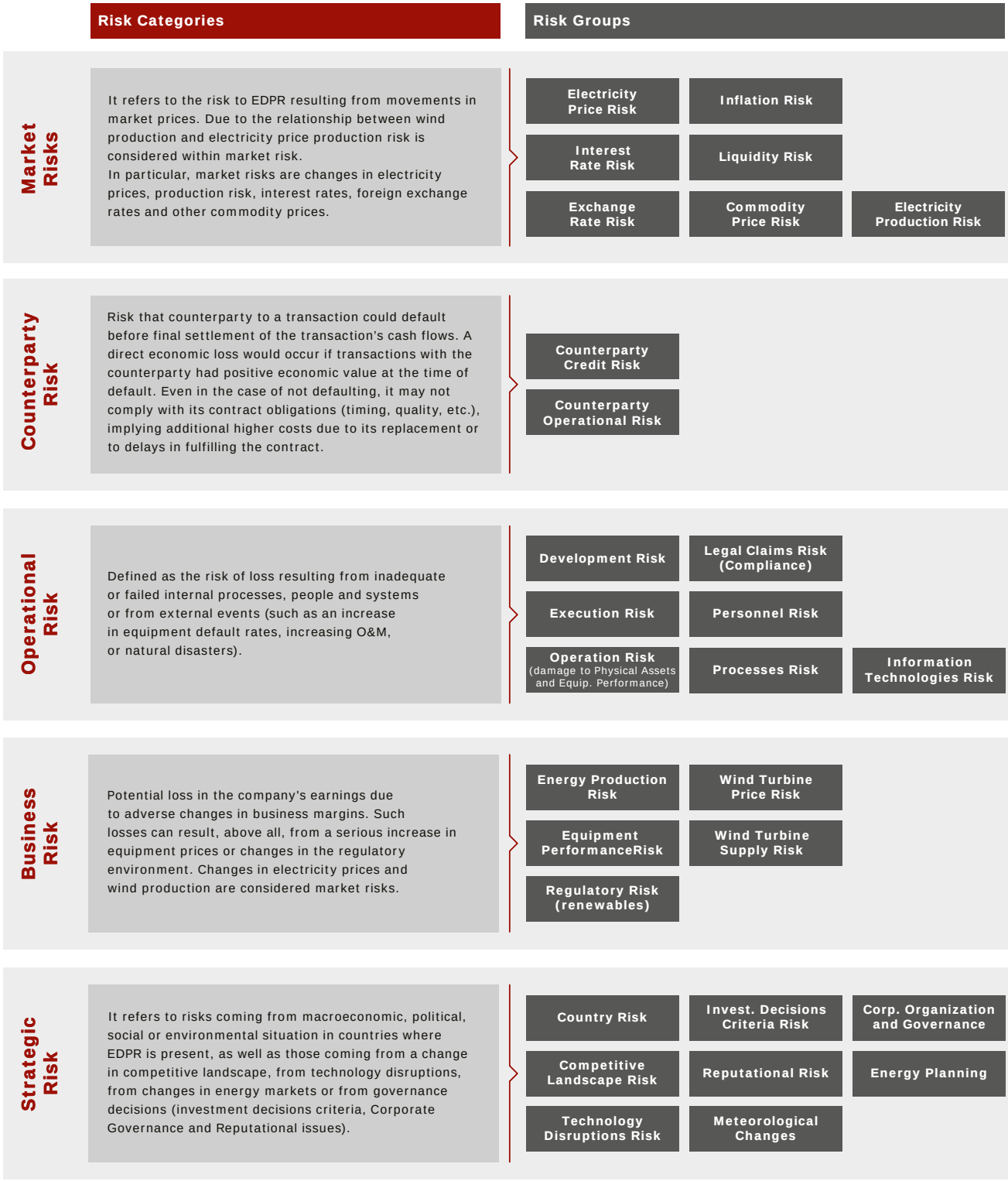
Risk management is endorsed by the Executive Committee, supported by the Risk Committee and implemented in day-to-day decisions by all managers of the company.

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

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

RISK MAP AT EDPR

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



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

Mitigation Strategies
• Hedge of market exposure through long term power purchase agreements (PPA) or short-term financial hedges • Natural FX hedging, with debt and revenues in same currency • Execution of FX hedging for net investment (after deducting local debt) • Execution of FX hedging to eliminate FX transaction risk, mainly in Capex • Fixed interest rates • Alternative funding sources such as Tax equity structures and Multilateral/ Project Finance agreements
• Counterparty exposure limits by counterparty and at EDPR level • Collateral requirement if limits are exceeded • Monitoring of compliance with internal policy
• Supervision of suppliers by EDPR's engineering team • Flexible CODs in PPAs to avoid penalties • Partnerships with strong local teams • Monitor recurrent operational risks during construction and development • Close Follow-up of O&M costs, turbine availability and failure rates • Insurance against physical damage and business interruption • Strict compliance with legal requirements and zero tolerance for unethical behavior or fraud • Attractive remuneration packages and training for personnel • Revision of all regulations that affects EDPR activity (environmental, taxes…) • Control of internal procedures • Redundancy of servers and control centres of wind farms
• Careful selection of energy markets based on country risk and energy market fundamentals • Diversification in markets and remuneration schemes • Active involvement in all major wind associations in all markets where EDPR is present • Signing of medium term agreements with turbine manufacturers to ensure visibility of turbine prices and supply • Relying on a large base of turbine suppliers to ensure supply
• Careful selection of countries • Worst case profitability analysis of every new investment considering all risks factors • Risk-return metrics at project and equity level • Consideration of stress case scenarios in the evolution of energy markets for new investment decisions • Follow-up of cost effectiveness of renewables technologies and potential market disruptions

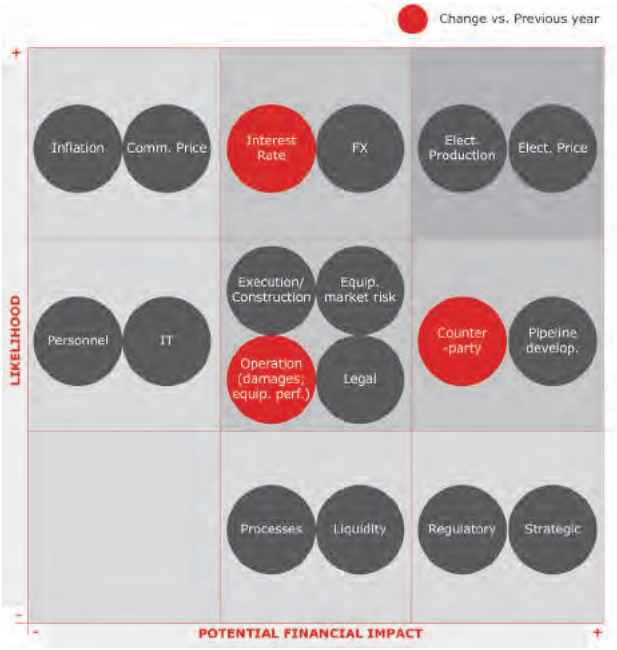
During 2016, EDPR redefined the Enterprise Risk Management Framework for the company, framing all existing risk policies/procedures under each Risk Category:

- Market Risk: Energy Price Hedging Policy, FTR participation procedure, US Active Scheduling Procedure.
- Counterparty Risk: Counterparty Risk Policy.
- Operational Risk: Operational Risk Policy.
- Strategic Risk: Country Risk Policy.

Additionally, in 2016 EDPR reassessed Operational Risk for the company, executing a bottom-up analysis across all departments, as stated in EDPR's Operational Risk Policy. The new assessment replaces the one executed in 2014 and it will be used when evaluating Net Income@risk, the structural risk measure that considers all risk factors and is recurrently monitored by the Risk Committee.

EDPR RISK MATRIX BY RISK CATEGORY

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



FOCUS ON ERM FRAMEWORK AT EDPR

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.

Enterprise risk management (ERM) is the process of planning, organizing, leading and controlling the activities of an organization in order to minimize the effects of risk on an organization's capital and earnings. Enterprise risk management expands the process to include not just risks associated with accidental losses, but also financial, strategic and other risks.

Contents of an ERM Framework are defined similarly by different sources (Basel Committee, International Organization for Standardization and academic literature). In the case of EDPR, it was decided to follow Basel guidelines for ERM, adapted to the specificities of the renewable electricity generation business.

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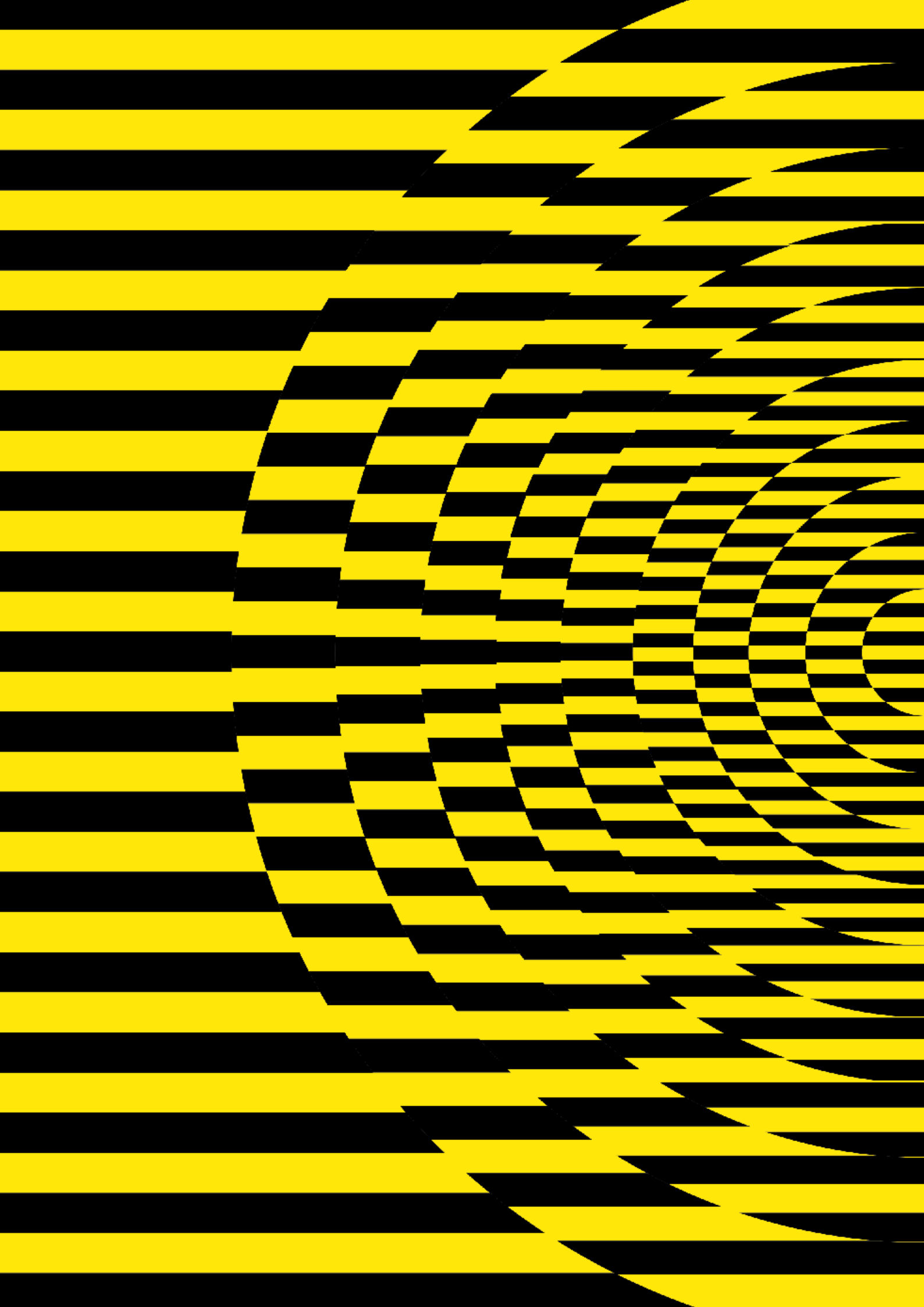
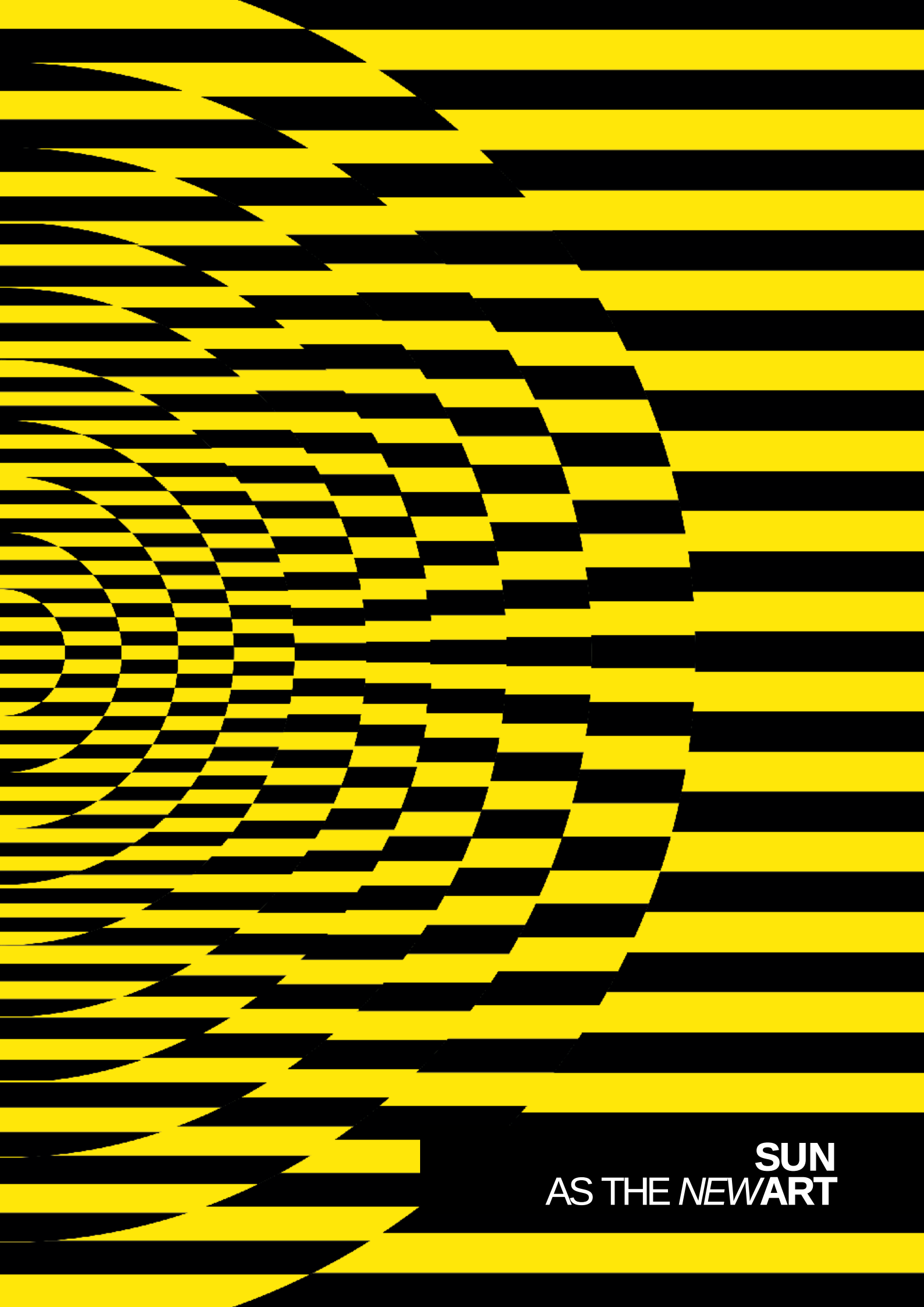



SUN
AS THE NEW ART

ENERGY AS THE *NEW* ART

3
Execution

3.1 Economic

3.1.1 OPERATIONAL PERFORMANCE

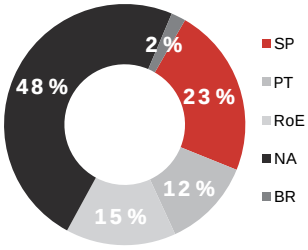
Installed capacity increased 770 MW including 200 MW in a new country: Mexico.

	MW			NCF			GWh		
	YE16	YE15	Var.	YE16	YE15	Var.	YE16	YE15	Var.
Spain	2,194	2,194	-	26%	26%	+0pp	4,926	4,847	+2%
Portugal	1,251	1,247	+4	28%	27%	+1pp	3,047	1,991	+53%
Rest of Europe	1,541	1,523	+18	25%	27%	-2pp	3,257	3,225	+1%
France	388	364	+24	23%	26%	-3pp	777	785	-1%
Belgium	71	71	-	21%	25%	-4pp	128	152	-16%
Italy	144	100	+44	28%	28%	-0pp	258	210	+23%
Poland	418	468	-50	25%	28%	-3pp	951	951	-0%
Romania	521	521	-	25%	26%	-1pp	1,143	1,127	+1%
Europe	4,986	4,965	+22	26%	26%	-0pp	11,230	10,062	+12%
US	4,631	4,203	+429	33%	32%	+1pp	12,501	11,031	+13%
Canada	30	30	-	28%	27%	+1pp	75	72	+4%
Mexico	200		+200						
North America	4,861	4,233	+629	33%	32%	+1pp	12,576	11,103	+13%
Brazil	204	84	+120	35%	30%	+4pp	666	222	+200%
EBITDA	**10,052**	**9,281**	**+770**	**30%**	**29%**	**+0pp**	**24,473**	**21,388**	**+14%**
Other equity consolidated	356	356							
Spain	177	177							
United States	179	179							
EBITDA + Equity consol.	**10,408**	**9,637**	**+770**						

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 10.4 GW is not only young, on average 6 years, it is also mostly certified in terms of environmental and health and safety standards. Since 2008, EDPR has more than doubled its installed capacity by adding 6 GW, resulting in a total installed capacity of 10,408 MW (EBITDA + Net Equity). As of year-end 2016, EDPR had installed 5,163 MW in Europe, 5,041 MW in North America and 204 MW in Brazil.

10.4 GW EBITDA + Net Equity

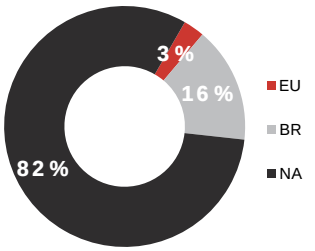


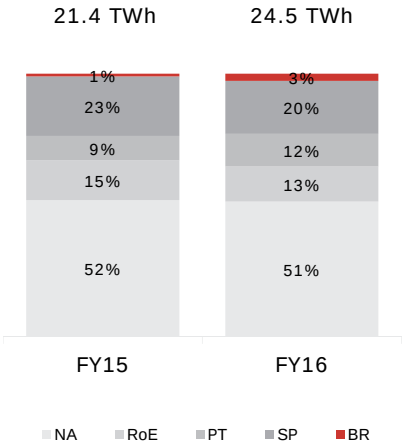
2016 installations concentrated in North America

The largest growth in installed capacity occurred due to the completion of 629 MW in North America. This includes EDPR's first 200 MW in Mexico. All of the MW had previously secured PPA contracts, thus providing long-term stability and visibility on the revenue stream.

In Europe 72 MW were installed, 44 MW in Italy, 24 MW in France and 4 MW in Portugal. The 22 net MW added in Europe includes the deconsolidation (in the 1Q16) of 50 MW, following the completion of the cross sale of two wind farms in Poland, by which EDPR sold its 60% share in a 50 MW wind farm and bought the remaining 35% share in a 54 MW wind farm (already fully accounted as EBITDA MW). Finally, 2016 saw the completion of EDPR's largest to date project in Brazil, Baixa do Feijão wind farm (120 MW).

+770 MW in 2016





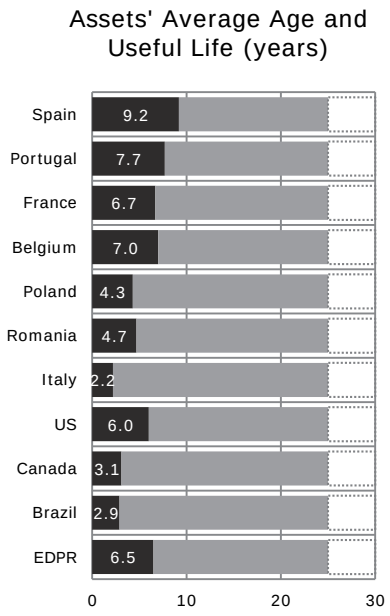
14% Increase in YoY generation

EDPR generated 24.5 TWh during 2016. When adding the over 2 TWh produced from our equity projects, enough clean energy to serve 53% of the electricity demand of Portugal.

The 14% year-on-year increase in the electricity output benefited from the capacity additions over the last 12 months and ENEOP consolidation.

EDPR achieved a 30% load factor during 2016 (vs 29% in 2015) reflecting the benefits of a balanced portfolio across different geographies.

EDPR also achieved a stellar 98% availability. The company continues to leverage on its competitive advantages to maximize wind farm output and on its diversified portfolio to minimize the wind volatility risk.



Premium performance and diversified portfolio delivers balanced output

EDPR's operations in North America were the main driver for the electricity production growth in 2016, increasing by +13% YoY to 12.6 TWh and represented 51% of the total output. This performance was driven by EDPR's unique ability to capture the wind resource available along with the contribution from new additions. EDPR achieved a 33% load factor in North America, +1pp vs. 2015.

Production growth in Europe increased 12% vs 2015 to 11.2 TWh mainly supported by ENEOP consolidation (+1.0 TWh vs 2015) and by 2% output increase in Spain and 1% in rest of Europe with lower wind resource being offset by the higher installed capacity.

EDPR achieved a 28% load factor in Portugal (+1pp) reflecting an above average wind resource. In the period, EDPR delivered a load factor of 26% in Spain, once again a solid premium over the Spanish market average load factor (+2pp).

The Rest of Europe operations delivered a 25% load factor (27% in 2015) and posted higher year on year generation (+1%). Higher production in Italy (+49 GWh) and Romania (+16 GWh) was partially offset by weaker performances in Belgium (-24 GWh) and France (-8 GWh), with weaker wind resource offsetting capacity additions. Poland remained stable year on year with the new capacity offsetting lower load factor.

248 MW of 2017 additions already under construction consolidating a young fleet in continuous growth

By the end of 2016, EDPR had 248 MW under construction all related to projects to be delivered in 2017 with long term secured remuneration.

In US, EDPR started the works of the 100 MW Meadow Lake V project in Indiana. In Brazil EDPR has 127 MW under construction related to the JAU&Aventura projects after successfully bidding in the A5 auction for 20 year PPAs.

Finally in Europe, 21 MW were under construction, of which 18 MW in France and 3 MW in Portugal.

As a result of continuous growth effort, EDPR also has a young portfolio with an average operating age of 7 years, with an estimate of over 18 years of useful life remaining to be captured.

In Europe, EDPR's portfolio had an average age of 7 years, in North America 6 years, and in Brazil 3 years.

3.1.2. FINANCIAL PERFORMANCE

Revenues increased 7% YoY to 1.7 billion euros and EBITDA summed 1.2 billion euros.

In 2016, EDPR revenues totalled 1,651 million euros, an increase of 104 million euros when compared with 2015 mainly from capacity additions with an above portfolio average wind resource and with YoY comparison negatively impacted by an update, in 2015, of TEI's post-flip residual interest accretion. Despite the lower than long-term average wind resource, EDPR's output in the period increased 14%. The average selling price decreased by 5% mainly as a result of capacity additions mix (product vs price).

Reported EBITDA increased 3% year on year to 1,171 million euros, with 29 million euros negative impact lower than average wind resource, leading to an EBITDA margin of 71%. If adjusted by non-recurring items, 2016 EBITDA increased 12% and EBITDA per MW in operation increased 1% to 128 thousand euros. Net Operating Costs totalled 480 million euros, with higher capacity in operation. Core opex (defined as Supplies and Services along with Personnel Costs) per average MW in operation decreased 5% YoY as a consequence of EDPR's strict control over costs and O&M programs in place.

Financial Highlights (€m)	2016	2015	▲% / €
Income Statement			
Revenues	1,651	1,547	+7%
EBITDA	1,171	1,142	+3%
Net Profit (attributable to EDPR equity holders)	56	167	(66%)
Cash-Flow			
Operating Cash-Flow	869	701	+24%
Retained Cash-Flow	698	616	+13%
Net investments	96	719	(87%)
Balance Sheet			
Assets	16,734	15,736	+998
Equity	7,573	6,834	+739
Liabilities	9,161	8,902	+259
Liabilities			
Net Debt	2,755	3,707	-952
Institutional Partnerships	1,520	1,165	+355

Net profit reached 56 million euros

All in all, Net Profit totalled 56 million euros and Adjusted Net Profit 104 million euros, if adjusted for non-recurring events (one-offs: 2015 +59 million euros; 2016 -47 million euros).

Retained cash flow incresed 13% yoy to 698 million euros, capturing assets' cash generation capabilities.

Despite the challenging year EDPR was able to deliver a robust cash-flow generation. Following EBITDA cash-generation, income tax of the period, interests, banking and derivatives expenses and minority dividends/interest payments, 2016 Retained Cash-Flow increased 13% to €698m.

Capital expenditures (Capex) totalled 1,029 million euros reflecting the capacity added in the period, the capacity under construction and enhancements in capacity already in operation. Pursuing its asset roation strategy, in 2016, EDPR received proceeds of 1,189 million euros from the sale of non-controlling interests. On the back of its Asset Rotation strategy was completed the settlement of Axium transaction, signed in November 2015, EFG Hermes deal, signed in April 2016, and was completed the closing of European transactions with CTG, signed in December 2015.

In the period, Net Debt totaled 2,755 milion euros, lower YoY by 952 million euros.

INCOME STATEMENT

Solid top line performance

EDPR revenues increased 7% year on year to 1,651 million euros, despite the lower than long-term average wind resource and propelled by capacity additions with an above portfolio average wind resource and with YoY comparison negatively impacted by 2015 update of TEI´s post-flip residual interest accretion.

Other operating income amounted 54 million euros, benefitting from a capital gain related to Polish wind farm cross-sale and with year on year comparison impacted by the gain subsequent to the control acquisition of certain assets of ENEOP (2015). Operating Costs (Opex) totalled 534 million euros, with higher capacity in operation. In detail, Core Opex totalled 399 million euros, with Core Opex per Avg. MW and per MWh decreasing by 5% and 8% respectively, reflecting strict control over costs and EDPR's asset management strategy. Other operating costs decreased by 54 million euros to 135 million euros, mainly explained by lower write-offs in the period.

In 2016, EBITDA increased 3% year on year to 1,171 million euros, leading to an EBITDA margin of 71%. If adjusted by one-offs, 2016 EBITDA increased 12% and EBITDA per MW in operation increased 1% to 128 thousand euros.

Operating income (EBIT) decreased 2% YoY to 564 million euros, on the back of 8% increase in depreciation and amortization costs (including provisions, impairments and net of government grants), due to capacity additions. In 2016 EDPR's provisions totalled 5 million euros related to Portuguese subsidies' clawback from public development programs.

At the financing level, Net Financial Expenses increased 23%. Net interest costs decreased 6%, benefitting from the lower cost of debt in the period after debt renegotiations with EDP and others. Institutional Partnership costs were 11 million euros higher year on year, reflecting mainly new tax equity deals, while capitalized expenses remained flat. Forex differences and derivatives had a positive impact of 10 million euros in the period. Other financial expenses increased by 77 million euros, including one-offs mainly from debt repayment/restructuring and 14 million euros from discontinue hedge accounting related to Spanish operations, while year on year comparison is also impacted by ENEOP consolidation in September 2015.

Pre-Tax Profit increased to 214 million euros, with income taxes totaling 38 million euros. Non-controlling interests increased to 120 million euros mainly due to EDPR settlement of asset rotation and CTG deals. All in all, Net Profit totalled 56 million euros and Adjusted Net Profit 104 million euros if adjusted for non-recurring events.

Consolidated Income Statement (€m)	2016	2015	▲% / €
Revenues	**1,651**	**1,547**	**+7%**
Other operating Income	54	162	(67%)
Supplies and services	(305)	(293)	+4%
Personnel costs	(94)	(84)	+11%
Other operating costs	(135)	(189)	(29%)
Operating Costs (net)	(480)	(405)	+19%
EBITDA	**1,171**	**1,142**	**+3%**
EBITDA/Net Revenues	*71%*	*74%*	(3pp)
Provisions	(4.7)	0.2	-
Depreciation and amortisation	(624)	(587)	+6%
Amortization of government grants	22	23	(3%)
EBIT	**564**	**578**	**(2%)**
Financial Income / (expenses)	(350)	(285)	+23%
Share of profits of associates	(0.2)	(2)	(88%)
Pre-tax profit	**214**	**291**	**(27%)**
Income taxes	(38)	(45)	(17%)
Profit of the period	176	245	(28%)
Net Profit Equity holders of EDPR	**56**	**167**	**(66%)**
Non-controlling interest	120	79	+52%

BALANCE SHEET

Total equity increases by 739 million euros

Total Equity of 7.6 billion euros increased by 739 million euros in 2016, of which 585 million euros attributable to non-controlling interests. The increased equity attributable to the shareholders of EDPR by 154 million euros is due to mainly the 56 million euros of Net Profit and 160 million euros of Asset Rotation transactions, reduced by the 44 million euros in dividend payments.

Total liabilities increased 3% by +259 million euros, mainly in accounts payable (+488 million euros) and institutional partnerships (+355 million euros), offset by a reduction in financial debt (-814 million euros).

With total liabilities of 9.2 billion euros, the debt-to-equity ratio of EDPR stood at 121% by the end of 2016, which is a decrease from the 130% in 2015. Liabilities were mainly composed of financial debt (37%), liabilities related to institutional partnerships in the US (17%) and accounts payable (30%).

Liabilities to tax equity partnerships in the US stood at 1,520 million euros, and including +628 million dollars of new tax equity proceeds received in the 2016. 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 totalled 16.7 billion euros in 2016, the equity ratio of EDPR reached 45%, versus 43% in 2015. Assets were 80% composed of net PP&E - property, plant and equipment, reflecting the cumulative net invested capital in renewable energy generation assets.

Total net PP&E of 13.4 billion euros changed to reflect 1,156 million euros of new additions during the year and 256 million euros from forex translation (mainly as the result of a US Dollar appreciation), reduced by 620 million euros for depreciation charges, impairment losses and write-offs.

Net intangible assets of 1.6 billion euros mainly include 1.4 billion euros from goodwill registered in the books, for the most part related to acquisitions in the US and Spain, while accounts receivable are mainly related to loans to related parties, trade receivables, guarantees and tax receivables.

Statement of Financial Position (€m)

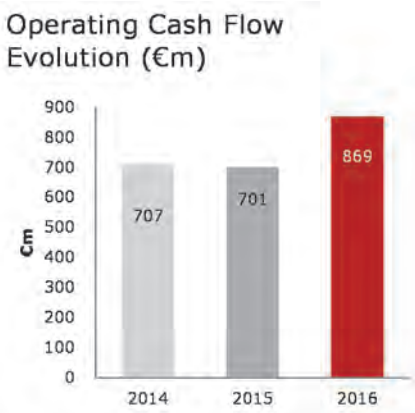
	2016	2015	▲% / €
Assets			
Property, plant and equipment, net	13,437	12,612	+825
Intangible assets and goodwill, net	1,596	1,534	+62
Financial investments, net	348	340	+8
Deferred tax assets	76	47	+29
Inventories	24	23	+1
Accounts receivable – trade, net	266	222	+44
Accounts receivable – other, net	338	338	(0)
Collateral deposits	0	110	(110)
Cash and cash equivalents	46	73	(27)
Assets held for sale	603	437	+166
Total Assets	**16,734**	**15,736**	**+998**

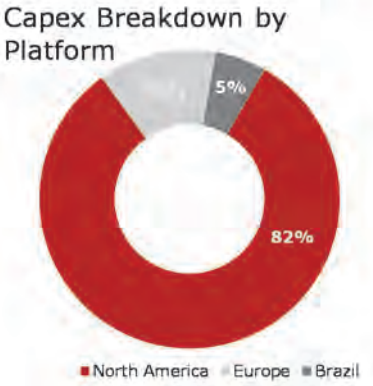
	2016	2015	▲% / €
Equity			
Share capital + share premium	4,914	4,914	-
Reserves and retained earnings	1,155	891	+264
Net profit (equity holders of EDPR)	56	167	(110)
Non-controlling interests	1,448	863	+585
Total Equity	**7,573**	**6,834**	**+739**
Liabilities			
Financial debt	3,406	4,220	(814)
Institutional partnerships	1,520	1,165	+355
Provisions	275	121	+154
Deferred tax liabilities	365	316	+49
Deferred revenues from institutional partnerships	819	791	+28
Accounts payable – net	2,776	2,288	+488
Total Liabilities	**9,161**	**8,902**	**+259**
Total Equity and Liabilities	**16,734**	**15,736**	**+998**

CASH FLOW STATEMENT

Strong operating cash-flow

In 2016, EDPR generated Operating Cash-Flow of 869 million euros, an increase of 24% year on year, reflecting EBITDA performance and reinforcing the generation capabilities of its assets in operation.





The key items that explain 2016 cash-flow evolution are the following:

- Operating Cash-Flow, which is the EBITDA net of income tax and adjusted by non-cash items (namely income from US institutional partnerships) and net of changes in working capital, increased 24% to 869 million euros.
- Capital expenditures with capacity additions, ongoing construction and development works totalled 1,029 million euros. Other net investing activities amounted 20 million euros, mostly reflecting EDPR investments in projects developed in partnership and equipment suppliers invoices already booked but not yet paid.
- Pursuing its Asset Rotation strategy, in 2016 occurred the settlement of Axium transaction, EFG Hermes deal and the settlement of European transactions with CTG, for a combined amount of 1,189 million euros.
- Proceeds from new institutional tax equity financing structure totalled 624 million euros, related to the 199 MW Waverly wind farm tax equity signed in the 4Q15 along with 2016 projects of 429 MW. Payments to institutional partnerships totalled 172 million euros contributing to the reduction of Institutional Partnership liability. Total net dividends and other capital distributions paid to minorities amounted to 146 million euros (including 44 million euros to EDPR shareholders). In the period, Forex & Other had a negative impact increasing Net Debt by 207 million euros.
- In terms of Retained Cash Flow, which captures the cash generated by operations to re-invest, distribute dividends and amortize debt, it increased 13% to 698 million euros. In December 2016, Net Debt & Institutional Partnership Liability decreased by 597 million euros.

Cash Flow (€m)	2016	2015	▲% / €
EBITDA	1,171	1,142	+3%
Current Income Tax	(50)	(51)	(3%)
Net interest costs	(179)	(188)	(5%)
Share of profits of associates	(0.2)	(2)	(88%)
FFO (Funds from operations)	**942**	**901**	**+5%**
Net interest costs	179	188	(5%)
Income from associated companies	0.2	2	(88%)
Non-cash items adjustments	(209)	(263)	(20%)
Changes in working capital	(43)	(127)	(66%)
Operating Cash Flow	**869**	**701**	**+24%**
Capex	(1,029)	(903)	+14%
Financial Investments	(31)	(157)	(80%)
Changes in working capital related to PP&E suppliers	10	26	(61%)
Government Grants	0.8	15	(44%)
Net Operating Cash Flow	**(181)**	**(330)**	**(45%)**
Sale of non-controlling interests and shareholders' loans	1,189	395	-
Proceeds/(Payments) related to Institutional partnerships	452	68	-
Net interest costs (post capitalisation)	(156)	(165)	(6%)
Dividends net and other capital distributions	(146)	(115)	+26%
Forex & Other	(207)	(277)	(25%)
Decrease / (Increase) in Net Debt	**952**	**(425)**	**(324%)**

FINANCIAL DEBT

Long-term and stable debt profile

EDPR's total Financial Debt decreased by 952 million euros to 2.8 billion euros, reflecting the settlement of Asset Rotation transactions, the cash flow generated by the assets and the investments done in the period.

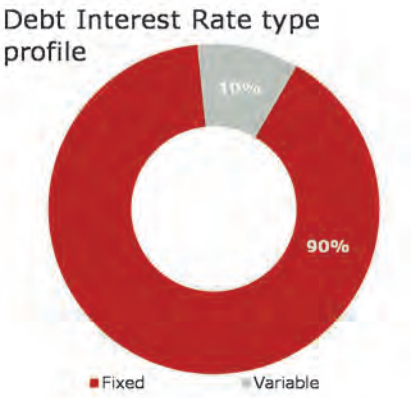
Loans with EDP group, EDPR's principal shareholder, accounted for 77% of the debt, while loans with financial institutions represented 23%.

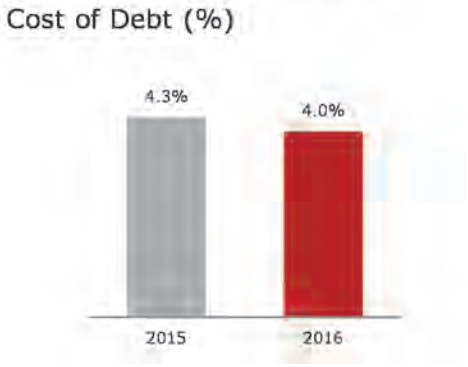
To continue to diversify its funding sources EDPR keeps on executing top quality projects enabling the company to secure local project finance at competitive costs. In 2016, EDPR signed a project finance transaction for its first wind farm in Mexico. The long-term contracted debt facility amounts to 278 million US Dollars.

As of December 2016, 49% of EDPR's financial debt was Euro denominated, 41% was funded in US Dollars, related to the company's investment in the US, and the remaining 10% was mostly related with debt in Polish Zloty and Brazilian Real.

EDPR continues to follow a long-term fixed rate funding strategy, matching the operating cash-flow profile with its financial costs and therefore mitigating interest rate risk. Accordingly, as of December 2016, 90% of EDPR's financial debt had a fixed interest rate and only 3% had maturity schedule for 2017. In December 2016, 54% of EDPR's financial debt had maturity in 2018 (reflecting a set of 10-year loans granted by EDP in 2008), 13% in 2019 and 30% in 2020 and beyond.

As of December 2016 the average interest rate was 4.0%, lower versus December 2015, reflecting debt restructuring and early debt amortized in the period. In December 2016, EDPR early amortized 364 million US Dollars with maturity scheduled for 2018/19, which was contracted in 2009 with EDP.





Institutional partnerships

Liabilities referred to Institutional Partnerships increased to 1,520 million euros from 1,165 million euros in 2015, reflecting the benefits captured by the tax equity partners during the period and the establishment of a new institutional Tax Equity financing structure.

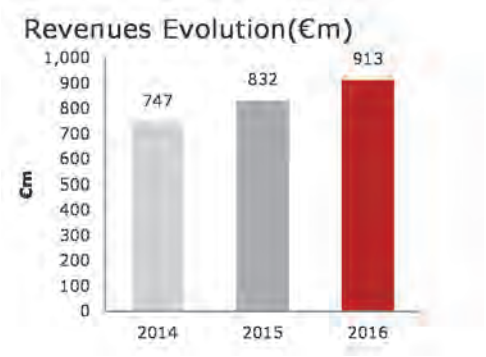
Financial Debt (€m)	2016	2015	▲ €
Nominal Financial Debt + Accrued interests	3,406	4,220	-814
Collateral deposits associated with Debt	46	73	-27
Total Financial Debt	**3,360**	**4,147**	**-787**
Cash and Equivalents	603	437	+166
Loans to EDP Group related companies and cash pooling	1	3	-1
Financial assets held for trading	0	0	0
Cash & Equivalents	**605**	**439**	**+165**
Net Debt	**2,755**	**3,707**	**-952**

EUROPE

Revenues

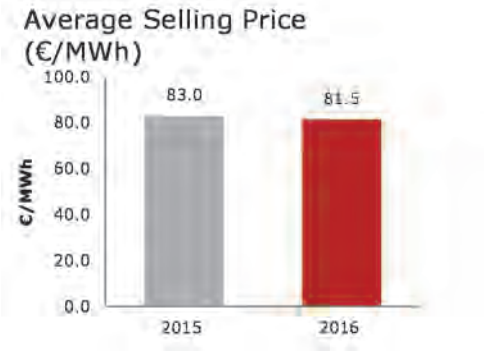
In Europe, EDPR delivered revenues of 913 million euros, an increase of 81 million euros versus 2015, reflecting the impact from higher electricity output that increased 12% versus 2015 to 11.2 TWh, and despite lower average selling price. European output benefited from capacity additions over the period along with a stable 26% load factor. In 2016, European generation accounted for 46% of EDPR total output.

In detail, the increase in revenues was mainly the result of higher revenues in Portugal, with an increase of 78 million euros versus 2015 propelled by ENEOP consolidation.



Average selling price

In the period, EDPR average selling price in Europe decreased 2% to 81 euros per MWh, mainly driven by a 7% lower average selling price in Portugal, due to a different mix of wind farms in operation following the consolidation of 613 MW from ENEOP in September 2015, and the 15% lower average selling price in Poland on the back of green certificates price evolution and forex translation.



Net operating costs

Net Operating costs increased 106 million euros, to 247 million euros, mainly explained by the decreased in Other operating income impacted by a capital gain subsequent to the sale of EDPR 60% share in a 50 MW wind farm in Poland and with year on year comparison affected by the gain subsequent to the control acquisition of certain assets of ENEOP accounted in 2015. Supplies and Services and Personnel costs increased year on year on the back of higher capacity in operation and Other operating costs decreased 15 million euros, reflecting EDPR´s strict control over costs.

In 2016, Supplies & Services and Personnel Costs per average MW in operation decreased 3% year on year to 39 thousand euros, supported by EDPR's asset management strategy and higher capacity in operation. Supplies & Services and Personnel Costs per MWh decreased 3% year on year to 17.1 euros benefited from the higher output in the period.

All in all, EBITDA in Europe totalled 666 million euros, leading to an EBITDA margin of 73%, while EBIT reached 360 million euros. In the period, impairments and provisions for contingencies amounted to 9 million euros.

Europe Income Statement (€m)	2016	2015	▲% / €
Revenues	913	832	+10%
Other operating income	35	140	(75%)
Supplies and services	(162)	(151)	+7%
Personnel costs	(30)	(27)	+14%
Other operating costs	(89)	(104)	(15%)
Operating Costs (net)	**(247)**	**(141)**	**+74%**
EBITDA	666	690	(3%)
EBITDA/Net Revenues	73%	83%	(10pp)
Provisions	(5)	(0)	-
Depreciation and amortisation	(303)	(291)	+4%
Amortization of government grants	1	2	(36%)
EBIT	360	401	(10%)

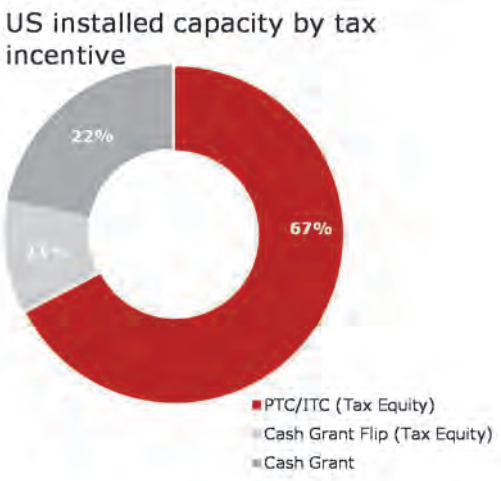
NORTH AMERICA

Revenues

In 2016, Revenues increased 1% to 781 million US Dollars, on the back of the 13% increase in electricity output, offsetting the lower average selling price in the period.

Average selling price

Average selling price in the region decreased 9% versus 2015, at $46 per MWh. In the US wholesale prices plus hedges were stable year on year but average realized merchant price was negatively impacted by a 200 MW PPA expiration in the first quarter of 2016 and with 2015 benefiting from the sale of 2014 REC stock. In Canada, the average selling price was $109 per MWh, 3% lower than previous year in US Dollars, penalized by forex translation (stable versus 2015 in local currency).



Net operating costs

Net Operating costs summed 225 million US Dollars, 34 million US Dollars lower than in 2015, mainly explained by the decrease in Other operating costs, with year on year comparison affected by the 46 million US Dollars write-offs recognized in 2015. Personnel costs and Supplies and Services, justified by the higher capacity in operation and the Operational and Maintenance strategy, increased 9 million US Dollars. Supplies and Services and Personnel costs per average MW in operation decreased by 4% versus 2015 to 48 thousand US Dollars, reflecting EDPR focus on efficiency and control over costs along with an increase in average MW in operation. Core Opex per MWh decreased by 7% to $16, also benefitting by the higher wind resource in the period.

Institutional partnerships and government grants

Income from institutional partnerships stood stable at 219 million US Dollars, reflecting new tax equity partnerships, the output of the projects generating PTCs and with year on year comparison impacted by 2015 one-off event (33 million Dollars), from an update of tax equity investors' post-flip residual interest accretion.

North America Income Statement (US$	2016	2015	▲% / €
Electricity Sales & Other	562	553	+2%
Income from Institutional Partnerships	219	219	(0%)
Revenues	781	772	+1%
Other operating income	26	22	+18%
Supplies and services	(154)	(149)	+4%
Personnel costs	(49)	(45)	+9%
Other operating costs	(48)	(88)	(45%)
Operating Costs (net)	**(225)**	**(259)**	**(13%)**
EBITDA	555	513	+8%
EBITDA/Net Revenues	71%	66%	+5pp
Provisions	0	0	(53%)
Depreciation and amortisation	(343)	(320)	+7%
Amortization of government grants	23	23	-
EBIT	235	216	+9%

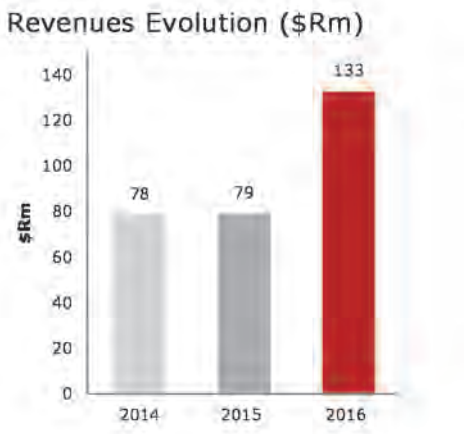
In 2016, EDPR received 308 million US Dollars as part of an asset rotation transaction signed in 2015. It also received 238 million US Dollars from an institutional partnership structure signed in October 2015. In addition, EDPR completed 457 million US Dollars of tax equity financing in exchange for an interest in the 250 MW Hidalgo, the 78 MW Jericho Rise and in the 101 MW Amazon Wind Farm US Central project (Timber Road III).

All in all, EBITDA went up 8% to 555 million US Dollars, leading the EBITDA margin to increase to 71%.

BRAZIL

Revenues

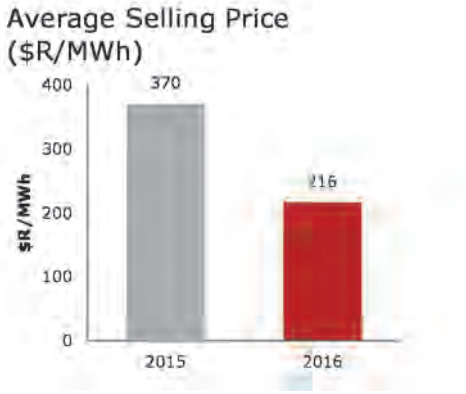
In Brazil, EDPR reached revenues of 133 million reais, representing a year on year increase of 68%, explained by an increased in electricity generation on the back of higher generation capacity and a stronger load factor.



Average selling price

The average selling price in Brazil decreased 42% to R$216 per MWh, reflecting mainly the different mix of a new wind farm in operation (production versus price).

In December 2016, EDPR had 204 MW of wind-installed capacity in Brazil, of which 84 MW under incentive programs for renewable energy development (PROINFA) and 120 MW awarded according with an auction system. Under these programs the projects were awarded with long-term contracts to sell the electricity produced for 20 years, providing long-term visibility over cash-flow generation throughout the projects' life.



Net operating costs

Net Operating costs totalled 36 million reais, an increase of 2 million reais versus 2015 mainly due to lower Other operating costs, that decreased 42% reflecting EDPR´s strict control over costs and increased efficiency, and to Core Opex, that totalled 36 million reais impacted by the higher capacity in operation. Core Opex per average MW and per MWh decreased year on year by 25% and 54% respectively.

Following the outstanding top line performance, in 2016, EBITDA reached 97 million reais, an increase of 113% versus previous year, leading to a 15pp increased of the EBITDA margin.

Brazil Income Statement (R$m)	2016	2015	▲% / €
Revenues	133	79	+68%
Other operating income	6	2	-
Supplies and services	(28)	(21)	+38%
Personnel costs	(8)	(6)	+38%
Other operating costs	(6)	(10)	(42%)
Operating Costs (net)	**(36)**	**(34)**	**+7%**
EBITDA	97	45	+113%
EBITDA/Net Revenues	73%	58%	+15pp
Provisions	0	0	-
Depreciation and amortisation	(31)	(19)	+65%
Amortization of government grants	0	0	+80%
EBIT	66	27	+147%

Other reporting topics

RELEVANT AND SUBSEQUENT EVENTS

The following are the most relevant events from 2016 that have an impact in 2017 and subsequent events from the first months of 2017 until the publication of this report.

- EDPR announces the sale of a minority stake in Portuguese assets to CTG
- Ordinances 268-B/2016 and 69/2017
- EDPR awarded long term contracts for 127 MW at the Italian wind auction
- EDPR concludes the sale of minority stakes in Poland and Italy
- EDPR established new institutional partnership structure for 328 MW and 101 MW in the US
- EDPR secures PPA for new 200 MW and 75 MW wind farms in the United States
- EDPR closed an asset rotation transaction in Europe, for a total consideration of €550 million

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

INFORMATION ON AVERAGE PAYMENT TERMS TO SUPPLIERS

In 2016 total payments made from Spanish companies to suppliers, amounted to €123,520 thousand with a weighted average payment period of 52 days, below the payment period stipulated by law of 60 days.

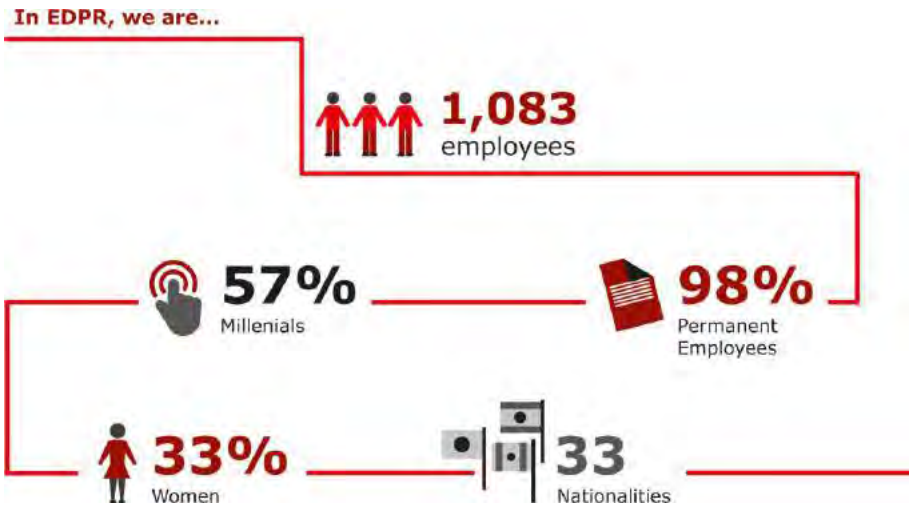
3.2 Stakeholders

3.2.1 EMPLOYEES

EDPR's growth in recent years has created a new labor environment that is home to three different generations, a landscape in which it is vital for the company to be able to adapt to the changing business realities in the markets where we operate. We offer a **customized employee value proposition** based on **development, transparency and flexibility**, which allows us to attract and retain talent, as well as ensure the ongoing growth and development of our employees in order to have team-oriented people capable of adjusting to the ever-changing working environment.

At EDPR:

- We foster the talent of our people.
- We are sustainable and efficient.
- We are committed to excellence and innovation.



This commitment and execution was recognized by Great Place to Work as EDPR was once again been ranked among the 50 best companies to work in 2016 in Spain and Poland. We are sure that a motivated workforce aligned with the company's strategy is one of the key drivers behind our ability to deliver on results.

DEVELOPMENT

EDPR is committed to the development of its employees, offering them an attractive professional career and aligning their capabilities and skills with the current and future needs of the company.

The growth and development of the Group's business has led EDPR to invest in people with potential, who can contribute to the creation of value.

Our objective is to attract talented people and to create opportunities for current employees through mobility and development actions in order to boost the potential of our employees. The HR strategy supports different initiatives to give them visibility and foster their professional development inside the company. Vacant positions are advertised internally and as a consequence, 100% of new Directors have been hired internally in 2016.

The cornerstones of development at EDPR are as follows:

- Mobility
- Training and Development Programs
- Renewable Energy School

MOBILITY

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

2016 Internal Mobility

- Functional: 59
- Geographical: 5
- Functional & Geographical: 11

TRAINING AND DEVELOPMENT PROGRAMS

The development of our employees is a strategic target for EDPR. That is why we offer job-specific ongoing training opportunities to contribute towards enhancing knowledge and skills, as well as specific development programs aligned with the company's strategy.

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

During 2016, EDPR carried out the following Programs:

LEAD NOW PROGRAM: an advanced program aimed at EDPR middle management to support them in their new roles. During the program, participants have the opportunity to self-assess their management style, go further into the skills needed to develop an efficient management approach and learn their new role in what regards the HR processes within their teams.

EXECUTIVE DEVELOPMENT PROGRAM: an advanced development program carried out in collaboration with a leading Business School designed to enhance the management and leadership skills of top-performing employees from across the business. Participants learn to take management decisions in a fast-paced and competitive environment, among other aspects. During the program, participants learn in-depth knowledge about our core business areas, working in teams on a practical EDPR Business Case to analyze new strategic opportunities for the company. This translates into the creation of several proposals capable of being implemented once the program is concluded.

COACHING PROGRAM: program aimed at middle management, who receive coaching sessions delivered by company executives. The coaches are given the opportunity to detect their strong points and identify areas for improvement as a way to fine-tune their skills, always with the support of a guide who is always present at these sessions.

In addition to these specific development programs, each year, a customized Training Plan is created for all our employees based on the results of a skills assessement between manager and the subordinate to define the specific training needs of each employee.

These steps allow us to aligns the organization's current and futures needs with our employees' skill sets and expertise. In 2016, we delivered a total of 44,350 training hours, equivalent to 41 hours of training per employee. 100% of employees received training in 2016.

RENEWABLE ENERGY SCHOOL

To achieve our training and new employees' integration strategy, the Renewable Energy School plays a fundamental role. Established in 2011 within the framework of the Corporate EDP University, the Energy School aims to promote the development of individuals, facilitate learning and share knowledge generated within the Group as well as to acquire the skills needed to ensure the sustainability of EDPR's businesses across all the markets where the company is present. The objective of the School goes beyond mere training since it emerged also as a platform for sharing knowledge, expertise and best practices across the company.

During 2016, 39 training sessions were delivered in Europe, the United States and Brazil, representing a total of 8,398 training hours and 1,027 attendances. A total of 735 employees took part in the School's courses, equivalent to 68% of the total headcount. The School engaged 116 experts within the organization to deliver the training sessions, 40% of whom were directors and heads of departments, which helped the transfer of knowledge to employees.

TRANSPARENCY

ATTRACTING TALENT

At EDPR, we strive to attract and retain professionals who seek to excel in their work in order to position the company as the "the first choice for employees" in the labor market. In this sense, EDPR launches initiatives on an ongoing basis to strengthen its image as a leading employer by participating at numerous job fairs and visiting prestigious universities and business schools.

EDPR invests in the development of young people to help them becoming excellent professionals within the EDPR Group.

To this end, EDPR offers an internship program in order to provide young professionals with work experience and to identify future employees who can contribute to the future development of the business.

During 2016, EDPR offered 65 long-term internships and 30 summer internships, of which 12% translated into new hires. Moreover, in 2016 EDPR hired 158 employees, 31% of whom were women.

Non-discrimination and equal opportunities are enshrined in our 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.

INTEGRATION

Among our initiatives to integrate new staff we include our Welcome Day, a three-day event for new hires, which allows them to gain basic knowledge about the company and our business. Depending on the employee's profile, we offer them a visit to one of the wind farms or the remote dispatch center.

Visit to a Wind Farm on EDPR Welcome Day

PERSONAL DEVELOPMENT PLANS

The EDP Group uses a 70.20.10 development model in which not only the theoretical training but also initiatives related to on-the-job experience and teamwork are crucial for the development.

The Personal Development Plans are a very effective tool that enable us to structure training actions for the candidate aimed at widening their abilities and expertise since it requires a reflection upon the results of their skills assessement and identify the individual's strong points and areas where he can improve, taking into account the employee's development level, as well as the teamwork and organizational strategy.

The Personal Development Plans (PDIs) launched in 2015 were reviewed in 2016, testament to our culture of continuous feedback and ongoing improvement. These are voluntary plans, agreed between manager and employee.

FLEXIBILITY

As part of our value proposition at EDPR, we offer a competitive remuneration package, aligned with the best practices in the market.

The general remuneration policy incorporates particular features of each geography and is sufficiently flexible so that it can be adapted to the specific needs of each region. The fixed remuneration is supplemented by a variable bonus that depends on an evaluation that measures individual, area and company KPIs.

In addition, we understand the importance of maintaining a work-life balance. This has led to an increase in employee's satisfaction while bolstering productivity and morale. At EDPR, the Work-Life Balance (WLB) is not just aimed at employees with children, it is a set of initiatives to promote a positive working environment in which employees can advance in their professional career and give their best. We believe that WLB must be a shared responsibility. We seek to constantly improve our WLB measures and provide the most suitable benefits to employees. In fact, we often design WLB benefits that are tailored to the countries where EDPR operates.

EDPR's WLB practices have been awarded for five years now the Responsible Family Employer Certification (EFR - Empresa Familiarmente Responsable) by Spain's MásFamilia Foundation. In this regard, EDPR has been promoted into the "Proactive Company" category, which reflects our commitment to promoting a healthy work-life balance for our employees.

CLIMATE ACTION PLAN 2016

A hallmark of EDPR is its ongoing commitment to seek new initiatives, programs and measures to make our company a great place to work. This commitment to improve our HR management, making sure that employees consider the company a challenging place, where they are willing to give their best by combining high standards of excellence with efficiency, a company in which listening to employees' helps us stand out from the competition, in short, making EDPR a special place to work.

In November 2015, EDP launched a new edition of its Climate Survey, which constituted another communication channel to learn the opinions and viewpoints of our employees. Participation rates were very high as 93% of EDPR employees have taken part in the survey, making the results representative of the general climate, as well as providing insight on an individual level.

The results reflect high overall levels of commitment (72%), in line with those of EDP (75%) and other leading companies employing the best practices in this area (73%). Of particular note, the most highly valued aspects by employees include job stability, working conditions and working environment.

However, closer examination reveals improvement opportunities in certain areas, which today represent the foundations of our Climate Action Plan 2016, which comprises 13 specific actions. These measures have been conveyed to all employees via various platforms.

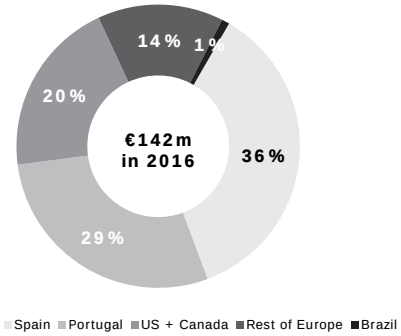
3.2.2 COMMUNITIES

EDPR provides long-lasting economic benefits to surrounding areas throughout the entire lifecycle of its wind farms. These benefits include, but are not limited to, infrastructure investments, tax payments, landowners' royalty payments, job creation and direct contributions to community projects.

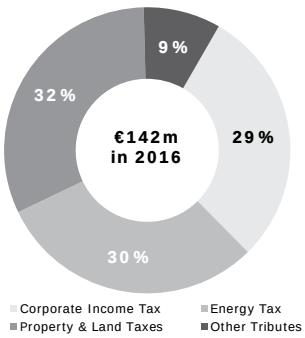
Tax reporting

It is an ethical and civic duty to contribute to the financing of the general functions of the States where the Group is present through the payment of taxes and contributions due in accordance with the applicable Constitution and remaining laws of those States, contributing to the welfare of citizens, to a sustainable development of the Group's local businesses and to the value creation for shareholders. The total tax contribution of EDPR Group to the public finances amounts to €142m in year 2016. Moreover, EDPR's Social Security contribution amounts to €12m.

Distribution of EDPR Group's tax payments by country



Distribution of EDPR Group's tax payments by tax type



INFRASTRUCTURE INVESTMENTS

ROADS

The construction of a wind farm comprises the construction of new roads and the rehabilitation of existing ones in order to transport heavy equipment (i.e. wind turbines) to the site during construction works. The local communities benefit from these roads, as they provide an improved connection for local inhabitants to perform their agricultural activities. In 2016, we invested 4.7 million Euros to develop community roads.

UTILITY INFRASTRUCTURES

The integration of our generation capacity may require upgrades in the distribution and transmission grids that belong to the distribution system or transmission system operators. Most of the times, these upgrades are financially and technically supported by EDPR, indirectly benefitting the quality of electric service in the surrounding areas. This is particularly important in countries where wind energy is in its early stages. In 2016, we invested 11.4 million Euros to improve public electric facilities.

LEASES, TAXES, AND REVENUE SHARING

EDPR also provides direct economic returns to the local and regional communities by means of land leases, local taxes and property taxes. For example, in the US, property tax is paid to state and local entities in the states where the assets are held, which benefits the local communities. This revenue sharing is a large contribution to the yearly budget of rural municipalities where wind farms are located. Furthermore, during the construction of our wind farms, the local community can see an influx of temporary construction workers that provide a positive impact on the local economy through local spending and increased sales tax revenue.

HIDALGO WINDFARM

Hidalgo Wind Farm contributes with significant economic benefits to the surrounding community in the form of payments to land owners, local spending and annual community investment. Along with the recurring payments to over 70 landowners within the 33,000-acre project, Hidalgo also brings approximately US$200 million in taxable assets to the counties in which the project was built. The construction of the project brought

more than 400 workers to the rural south Texas town of McCook and the continued operations of the project will ensure that a number of long-term jobs will remain in the community for the life of the project. Along with the economic benefit to the county and community, there is a significant environmental benefit as well. Now that the project is up and running it will be providing enough energy to power approximately 55,000 average Texan homes every year.

LOCAL HIRING AND PROCUREMENT PRACTICES

Although there are no in-house procedures explicitly requiring local recruitment, a high percentage of our employees and 99% of the purchases come from the locations in which the company operates. As a result, we contribute to the local economic development.

For operational activities, we usually hire members of the local community for the operation and maintenance services of the wind farms, such as wind farm management, wind turbines operation and maintenance, electrical and civil works maintenance, environmental surveillance and other support services. These practices let us benefit from local workers specific knowledge.

COMMUNITY PROJECTS

EDPR voluntarily promotes and supports social, cultural, environmental and educational initiatives with the purpose of contributing to the sustainable development of its business and in order to uphold its strategic vision.

The goal is to make a positive impact on the communities where we operate, and to maintain and enhance our reputation as a responsible company working for the common good. EDPR plans for the results it intends to achieve, and evaluates projects in which is involved in, according to international standards for corporate social investments (London Benchmarking Group).

EDPR in 2016:

- 1.1 million euros invested
- More than 150 initiatives with the community

EDP FOUNDATION IN SPAIN

The mission of the EDP Foundation is to strengthen the commitment of the EDP Group in the geographical spheres in which the group operates, with special emphasis on environmental, social, cultural and educational areas within a perspective of global sustainable development, where the efficient and responsible use and generation of energy plays a decisive role. In 2016, the EDP Foundation in Spain supported a series of initiatives financed by EDPR.

Energía Solidaria

The Energía Solidaria program aims to increase the safety, well-being and energy efficiency of the most disadvantaged families.

With the collaboration of Caritas and through different actions of energy improvement, in 2016 the number of direct beneficiaries has been 431 and 104 indirect beneficiaries.

The program has included several actions focused to cover the energy needs of families and Caritas centers (technical centers, welfare flat and rehabilitation centers). For example, energy audits were carried out in 10 families identified by Caritas, as well as the implementation of the recommended measures.

ROMANIA: CLOSER2YOU

We are investing in relationships and the development of communities located near our operations, as well as in the legacy we want to leave for future generations. For that reason we have created the Closer2You initiative, whose first edition was held in Constanta County, Romania.

In order to help a family with three children living in poor conditions with no electricity, no water supply and without incomes for the parents due to the inability to work, this initiative addressed thermal rehabilitation of the house, replacing windows, doors and water supply. Collaboration agreements were reached with local authorities and suppliers in order to provide the family with water and more dignified conditions. The home was remodeled, making it safer and improving the family's level of comfort.

The initiative works as a way of enriching our relationship with stakeholders and is focused on developing sustainable communities. In 2017, Closer2You will reach other countries around the world, such as Brazil, Spain, Portugal and Poland.

Before and after rehabilitation

EUROPE: GENERATION EDPR

Generation EDPR is a set of Corporate Social Responsibility (CSR) initiatives implemented by the company, namely Your Energy, University Challenge, Windexperts and Green Education.

University Challenge aims to foster the spirit of innovation and creativity within the academic community, which in turn will promote a greater bond between universities and the business world. The program reached two important milestones in 2016: in its eighth edition in Spain, one of the winning groups created a business with the objective of implementing their project (use of drones for maintenance operations in wind farms); also, the program became international with its first Polish edition.

Your Energy is an international program that helps children discovering the world of renewable energies and Green Education supports the education of children and teenagers of families with limited resources.

YOUR ENERGY

4,700 students in Spain, Italy and Poland

UNIVERSITY CHALLENGE

44 universities in Spain and Poland

GREEN EDUCATION

119 students in Spain and Portugal

Because we believe there is no better way to add value to society than to support these types of projects, we will continue to invest fostering creativity and knowledge among young people.

Know more in generationedpr.edpr.com

WIND EXPERTS IN SPAIN

Wind Experts is a competition launched only in 2016 intended to educate children from 10 to 13 years about renewable energies while developing their creativity. Through a partnership with the Portuguese toy company, Science4you, nine schools responded to the challenge and more than 60 children received a model wind turbine, which they had to use to create a new structure using only recyclable materials. The goal for the future is to expand the number of schools participating in the initiative and make it international.

UNITED STATES: EMPLOYEES DONATE BOOKS TO DESERVING ORGANIZATIONS

EDPR North America supports the local community with many initiatives. One of them was a book drive coordinated by EDPR NA Volunteer Committee, which asked employees to donate new and gently used books to be given to three local organizations: the Texas Children's Hospital, Reading Aces and the Houston Center for Literacy. A total of 416 books were donated. Of those, 46 new books went to the Texas Children's Hospital, 204 gently-used children's books went to Reading Aces, and 166 gently-used books went to the Houston Center for Literacy.

In Spain, EDPR we held a similar initiative and 307 books were donated by employees.

3.2.3. SUPPLIERS

EDPR's value creation capacity, leadership in its business areas and relationship with its stakeholders is significantly influenced by the performance of its suppliers.

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

EDPR SUPPLY CHAIN

During 2016 an extensive characterization study of EDPR's purchases was developed, aiming a deeper knowledge about the economic, social and environmental impacts of EDPR's supply chain. EDPR expects from now on to use these results for better definition of the priorities concerning sustainability management.

A supplier is considered critical through an added critical awareness score that accounts multiple criteria: annual value spend; supply frequency; access to customers; access to technical equipment or sensitive data; supplier substitutability; component substitutability; supply failure consequence; supplier segmentation; safety risks and environmental risks. and obligations, e.g. through supply or service failure consequences, are the concerns of the identification process.

From the point of view of criticality for the business, EDPR's suppliers segments are:

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

A new Sustainable Procurement Policy was defined and improvements were introduced in the suppliers' management process. EDPR is reinforcing out audit procedures and will implement a significantly higher number of audits to suppliers.

Over **5,060** (1) Suppliers contribute to EDPR success	**52** (2) suppliers are considered as critical	Critical suppliers represent **55 %** (3) of the invoiced volume in Europe and **67 %** (4) in North America	**99 %** (1) Local Purchases (Purchases in countries of operation of EDPR)

SUSTAINABLE MANAGEMENT OF THE SUPPLY CHAIN

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

EDP Group has defined a Sustainable Procurement Policy, which is the framework for the procurement process. The policy includes aspects of law compliance, environmental policy, respect for communities, communication with stakeholders, ethics, confidentiality, conflicts of interest, human rights and health and safety.

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

1 Based on # of purchase orders placed in 2016
2 Critical suppliers as defined as per EDP formal corporate standard methodology
3 & 4 Based on the total invoiced volume in 2016

Policies, Procedures and Standards		
Procurement Policy	• During 2016, an extensive characterization study of EDPR's purchases was developed, aiming a deeper knowledge about the economic, social and environmental impacts of EDPR's supply chain. • EDPR takes into account the 10 principles of the UN Global Compact and Ethical Code acceptance, the Health & Safety and Quality certificates, as well as technical quality and economical/financial solvency of suppliers.	
Procurement Manual	• EDPR has a Procurement Manual, which includes sustainability principles to be taken into account when contracting products or services. • These principles summarize the most relevant aspects for EDPR in terms of sustainability in the supply chain: health and safety, respect for the environment, ethics, local development and innovation.	
EDPR's Code of Ethics	• EDPR is governed under a strong sense of ethics and requires its suppliers to have no conflicts with the company's ethical standards. • EDPR´s suppliers must know and accept by written the principles established in the Code of Ethics. EDPR's Code of Ethics is available in www.edpr.com	**100% of the EDPR critical suppliers are aligned with Global Compact criteria and EDPR's Code of Ethics**
UN Global Compact	• EDPR is a signatory of the UN Global Compact for Sustainable Development and is committed to implement these principles as well as to promote the adoption of these principles on its area of influence. • EDPR´s suppliers must accept to comply with the UN Global Compact's ten principles, on human rights, labor, environment and anti-corruption and provide the confirmation as signatories of the UN Global Compact directives or a written declaration of their acceptance.	
Health & Safety System and OH&S Policy	• Health & Safety System, based on the OSHAS 18001:2007 specifications require EDPR's employees and all other individuals working on behalf of EDPR to follow best practices in those areas, as required in EDPR's OH&S Policy. • The health and safety management system is supported by different manuals, control procedures, instructions and specifications which ensure the effective execution of EDPR's OH&S Policy. EDPR´s Health & Safety Policy are available in www.edpr.com	
EDPR´s Environment and Biodiversity Policies	• EDPR is committed to integrate the respect for the environment and environmental management into all phases of the business through the value chain and ensure that all stakeholders, including suppliers, have the necessary skills to do so. • EDPR´s suppliers shall adopt all necessary measures to ensure strict compliance with all applicable environmental regulations as well as EDPR´s Environment and Biodiversity Policies, internal norms, procedures and systems in place as regards to environmental management. • EDPR has implemented an Environmental Management System (EMS) developed and certified according to the international standard ISO 14001:2004. EDPR´s suppliers shall know and understand the EMS and ensure the full compliance with the procedures set. • Suppliers shall make the EMS available to its employees and subcontractors. EDPR´s Environment and Biodiversity Policies are available in www.edpr.com	

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

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

MANAGEMENT AND MITIGATION OF ENVIRONMENTAL, SOCIAL OR ETHICAL RISKS

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

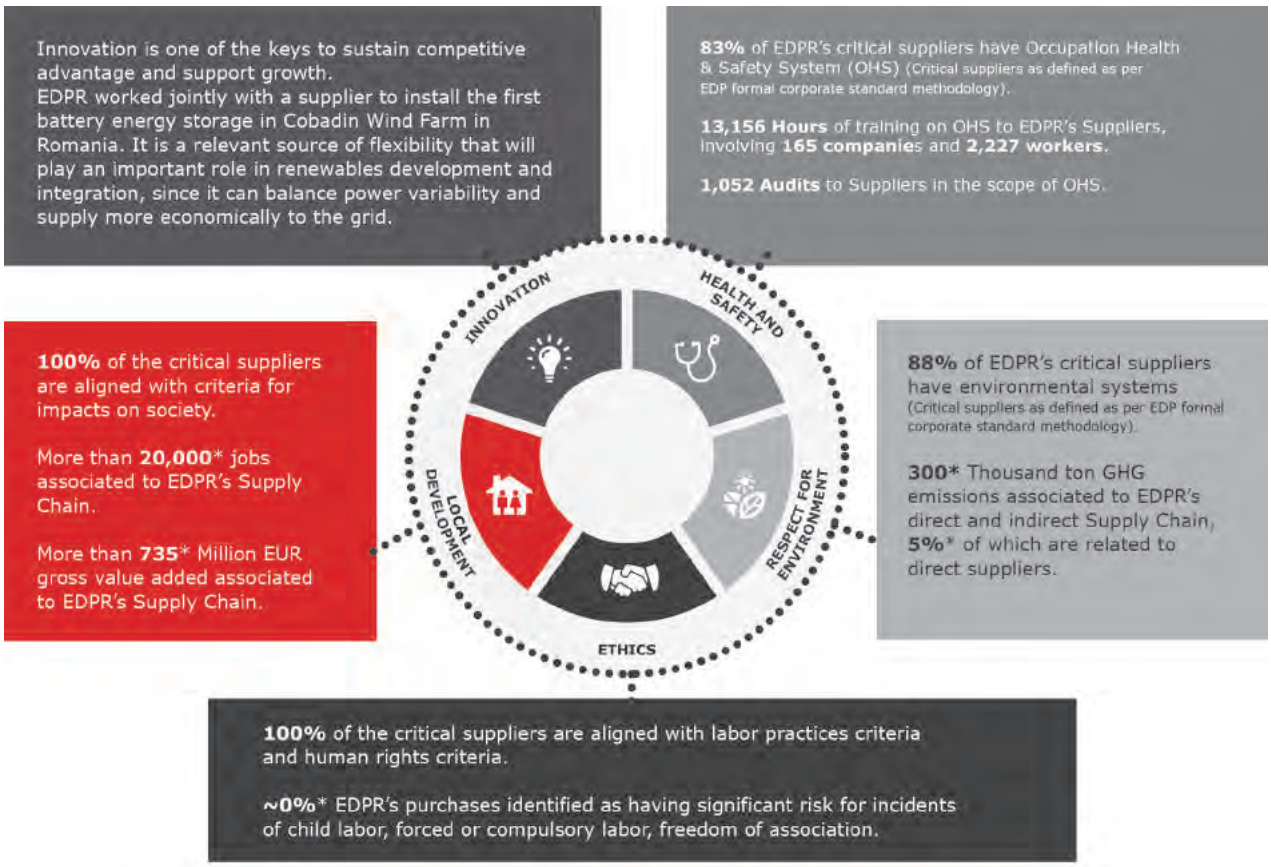
A) During the execution phase, the construction manager works closely with a health supervisor, a safety and environmental supervisor and holds weekly meetings with suppliers (BOP contractor and, where applicable, the turbine supplier).
Contractors receive feedback and improvement plans are established in the areas of quality, health, safety and environment through performance reports. In addition, the company also has external supervision in these areas.

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

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

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

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



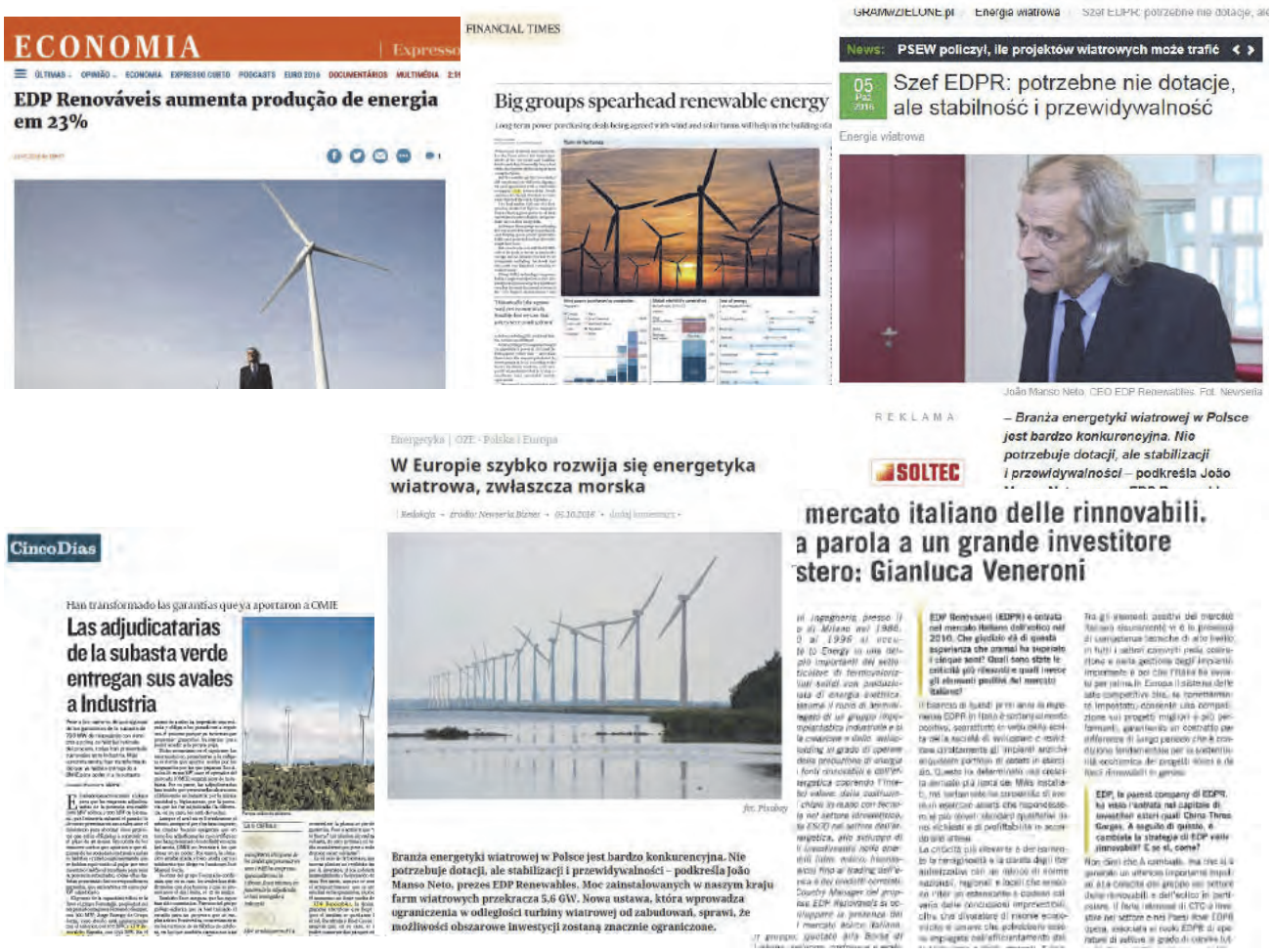
*Data resulting from characterization of the supply chain performed by PwC using ESCHER (Efficient Supply Chain Economic and Environmental Reporting) tool, based on 2014 purchasing data

3.3.4. MEDIA

Mass media organizations around the world represent a very important stakeholder group to EDPR. EDPR's corporate reputation and brand visibility depends on media organizations, which is why we take great care in each interaction we have with them. We keep all media organizations informed about the initiatives that the company carries out, whether these are related to financial issues, company performance, corporate social responsibility or any other relevant happenings.

For that purpose, the Department of Communication and Stakeholders Management has developed a series of communication channels to make the transmission of information as dynamic and fluid as possible. One of the main channels is the corporate website (www.edpr.com), which includes three large sections dedicated to media: news, where all the company's official communications are publicized; media center, a content repository where the media can obtain photographs, videos and other materials; and finally, contact information. Other media communication channels are press conferences, interviews with company managers and conference calls.

In 2016, interactions with the media generated news primarily in the markets of Portugal, Spain, North America, Poland and Italy, but generally, in all markets where we operate. These news reflect the company's strategy for each of these markets. Portugal was the largest source of the news items, with notable positive coverage of EDPR's image, including information about the company's share price, financial performance, our partnership with China Three Gorges (CTG), education initiatives, plans for expansion and investment (especially foreign investment), new contracts and energy production data. In Spain, the company's expansion plans were especially noteworthy, while in the United States and Canada, news tended to focus mostly on Power Purchase Agreements (PPA).



3.3. Safety first

Zero accidents mindset

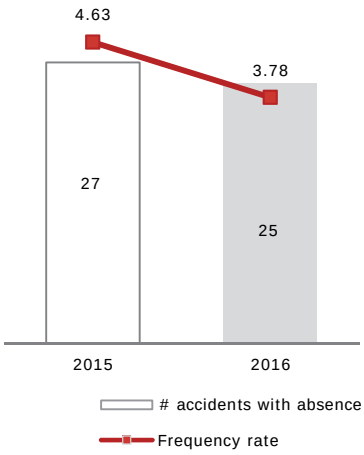
Guaranteeing the health, safety and well-being of our employees and contractors is a top priority at EDPR and this commitment is supported by our Health and Safety policy.

At EDPR, we are conscious that we work in a sector that is particularly sensitive to the occupational risk, therefore we place special emphasis on prevention by training, communicating and certifying our facilities.

As an integral part of our health and safety strategy, employees participate in training courses and risk assessment activities based on the potential risks associated with their position. Our employees follow the guidelines rigorously and strive to achieve a safe workplace for all those who provide services in our facilities.

Health & Safety committees and subcommittees throughout EDPR support the implementation of health and safety measures by means of collecting information from different operational levels and involving employees with the establishment and communication of a preventative plan.

In order to achieve our zero accidents target, EDPR has implemented health and safety management systems based on the OSHAS 18001:2007 specifications. The standards and procedures of these systems are adapted to the specificities of each geography where they are implemented and are developed based on the country's regulation and industry's best practices. Our commitment to the health and safety of our employees and contractors is further supported through the OHSAS 18001 certification and we are working actively to have all installed capacity certified by 2020.



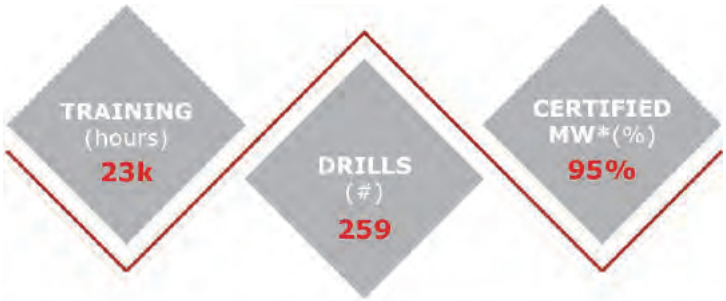
Indicators:

The implementation of our health and safety management systems allows us to manage and prevent future accidents with the objective of reaching our zero accident goal. During 2016, EDPR registered 25 accidents. The trend is decreasing in Europe, US and Brazil but it is partially offset by higher short-term absence accidents in Mexico, impacted by higher construction activity in the country. Additionally, the severity rate increased, due to one long-term absence coming from 2015 and nine during 2016, which have led to 83% of the total days lost.

Overall, the trend is improving despite the increase in the number of accidents in Mexico. A greater focus on communication of our policies plus the realization of the benefits from OHSAS certification that will occur in 2018 in Mexico will help to improve these statistics.

Europe, US and Brazil have lower H&S indicators due to more training hours and emergency plans both for staff and contractors.

Training & emergency plans:



*OHSAS 18001 certification. Calculation based on 2016YE installed capacity. In 2015, calculation was based on 2014YE installed capacity.

Note: Includes staff and contractors data.

3.4. Environment

Life cycle approach in the environmental management

Wind power is one of the most environmentally friendly ways of producing energy. Its contribution to global warming is significantly lower than the one from fossil fuel based energy sources. The impact of our business on the environment is small but nevertheless EDPR works on a daily basis to hold itself to a higher standard.

1 Raw Materials Extraction and Components Manufacturing Stages

Incorporate respect for the environment and management of environmental aspects in all phases of business processes throughout the value chain is one of the pillars of our environmental strategy.

Life cycle assessments revealed that most wind farm and solar plant environmental impacts are concentrated in the raw materials' extraction and components' manufacturing stages.[2]

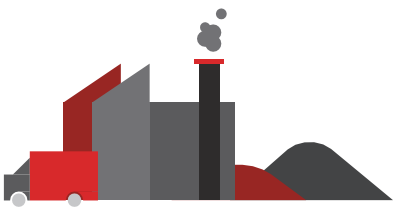
EDPR is not directly involved in those **upstream processes** but is committed to promote sustainable practices in the supply chain according to EDP Sustainable Procurement Policy to better respond to the increasing needs of sustainability and the development of our supply chain.

2 Wind Farm Set Up

Wind farm set up, including construction and installation works, is concentrated in a short period of time and has a very limited impact compared with upstream processes. Nevertheless it is closely followed by our highly qualified teams to minimize potential disturbances.

A thorough process based on our in-house expertise ensures the location of EDPR facilities in the best sites, assuring top-class construction standards and respect for the environment and local communities.

During the construction process, we work to minimize impacts and disturbances and return the land to its initial integrity. In 2016, more than 63 ha were restored. In most cases, wind turbines and access roads occupy less than one percent of the land in the entire project area and the remaining land is still available for traditional activities.



Climate change is already having an impact on biodiversity, and is projected to become a more significant threat in the coming decades. Wind and solar energy provides a major contribution to protecting biodiversity from climate change since its contribution to global warming is significantly less than fossil fuel based energy sources.

3 Operation Stage

The **operation stage** is the core of our business. As an owner and operator, EDPR is committed to maintaining long-term operations of our projects for the benefit of our stakeholders while always keeping our environmental impact to a minimum. The proper management of the environmental aspects during operation is achieved through the Environmental Management System (EMS), developed in accordance with the ISO 14001 international standard and certified by an independent certifying organization. 89% of EDPR's installed capacity is covered by ISO 14001 certification[1].
The operating phase can be extended beyond the useful life by repowering the windfarms, replacing old equipment by new one with greater capacity and performance, producing clean energy for a few years more.

EDPR is renewing its entire fleet and hybrids will make up 70% of its new fleet of vehicles. In line with its core business, EDPR has chosen hybrid vehicles based on their low fuel consumption and reduced emissions All vehicles will be incorporated into the EDPR fleet gradually over 2017 in Spain, France, Italy, Poland and Romania, as well as Brazil.

4 End of Useful Life

At the **end of their useful life** wind turbines are dismantled to return the environment to its original state. Although EDPR has not yet dismantled any facility, from the environmental point of view there are two main aspects to consider: land restoration and proper treatment of the wastes generated. Properly managing wind turbines at the end of its life from a sustainable point of view, is crucial to maximize the environmental positive impacts of wind energy from a life cycle approach. Wind turbines' recycling at the end of their service life avoids impacts associated to raw materials' extraction, providing significant environmental benefits and contributing to create a circular economy.

The average recyclability of wind turbines has been calculated as 80-90%.[2] The components contributing to recyclability are metal parts manufactured from iron, steel, aluminum and copper. But the industry faces a challenge regarding wind turbine blades since landfills are currently the main destination for composites in Europe. EDPR supports R3FIBER project, an innovative solution that provides a green technology to recycle wind blades to obtain high quality fibers that can be reused in various sectors, contributing to circular economy.

EDPR wind farms, with a projected life span of 25 years, will pay back its life cycle energy costs in less than a year[2], which means more than 24 years of a wind farm's life just producing clean energy.

1 Calculation based on 2016YE installed capacity. In 2015, calculation was based on 2014YE installed capacity.
2 According to the Life Cycle Assessments of our main turbine suppliers.

3.5. Innovation

EDPR, as a global renewable energy leading company, is proactively and consistently looking for new research and innovative initiatives and solutions focused on the reduction of the cost of energy through-out the life cycle of its assets. Also, EDPR is addressing the challenges related with the required capabilities to fit in the near future power and market systems, ensuring adequate technological skills and preserving our competitive advantage in the sector.

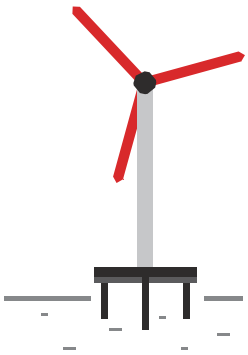
Currently research and innovation actions and efforts at EDPR are mainly focused on addressing challenges related with investigation of the main trends in offshore and onshore wind and solar energy, energy storage and flexible grid integration solutions, new O&M procedures and strategies.

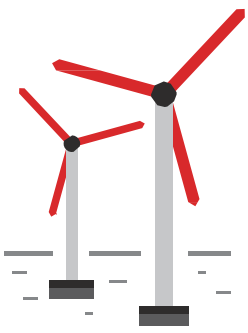
Offshore Technology

Key priority for offshore wind is to continue to follow a cost decrease path, achieving a sustainable and as fast as possible LCOE and reducing technology risks in the coming years mainly by economies of scale, technology innovation and higher capacity turbines (>6 MW).

The most capital intensive areas of offshore wind industry are the turbines, foundations and installation. Since the offshore wind market is evolving moving further from shore into deep waters and with increased average turbine capacity, innovation in foundations and in installation that address the deeper waters challenge are key drivers for LCOE reduction and increased competitiveness.

EDPR is developing a portfolio of solutions, namely creating technology innovative options for intermediate and deep water markets. Knowledge and experience acquired with WindFloat and DemoGravi3 technologies places EDPR as a front runner in the offshore wind business innovation paving the way to achieve competitiveness in future commercial projects by challenging the offshore wind supply chain.





Windfloat Project

The WindFloat 1 showed the physical survivability of the platform on a harsh environment and set the tone for the pre-commercial phase, in order to prove economic viability.

After 5 consistent years of operation with more than 17 GW of electricity produced demonstration period is over. This milestone represents EDPR successful innovation approach to the offshore market by addressing the real problem of lack of solutions for deep waters.

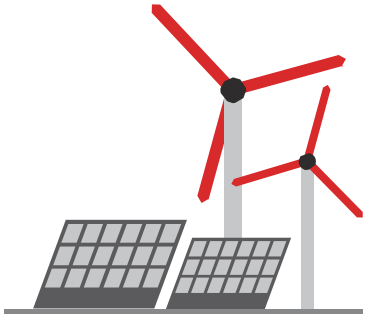
After successfully reaching the end of the lifetime of the first phase of the project, the next step in the development of WindFloat technology will be the pre-commercial phase, named 'WindFloat Atlantic' (WFA), the first worldwide full scale floating wind power plant.

With a total capacity of 25 MW in a 100 meters depth area in the Portuguese coast of Viana do Castelo, each of the 3 platforms will be equipped with a 8 MW commercial turbine. Under NER300 funding programme, this project has attracted renowned world players, such as Repsol, Trust Wind, Mitsubishi Corporaton and Chyioda Corporation. COD is expected in the summer of 2019.

Demogravi3 Project

Funded by the EU Horizon 2020 Program aims to demonstrate and validate an innovative hybrid concrete-steel, self-buoyant bottom standing foundation technology for offshore wind power plants located in intermediate water depths between 35 and 60m. The complete unit (turbine and foundation) will be built and fully assembled inshore, transported to the site, water ballasted to be installed in the seabed, and decommissioned without the need of using heavy lift vessels.

The European consortium developing this project is leaded by EDPR and is composed by a highly complementary and fit for purpose mix of commercial companies and non-profit entities: TYPSA, ASM Energia, Univ. Politécnica de Madrid, WavEC, Acciona Infraestructuras, Fraunhofer Gesellschaft IWES, Gavin & Doherty Geo Solutions and Global Maritime AS.
The project will have a duration of 4 years. Installation will take place in summer 2017, at the consented and grid connected site of Aguçadoura (Portugal).



Solar Technology

Hybrid Wind And PV Pilot Project

EDPR is developing a demonstration pilot project in Spain of an hybrid technology (wind+photovoltaic) power plant sharing the same BoP infrastructure. The objective is to validate this concept both technical and commercially, to allow the definition of the business case for a real size project based on wind and solar resources complementarity.

CPV-LAB Project

A test platform embedded in a commercial photovoltaic power plant under construction in Portugal, to evaluate the performance of new photovoltaic technologies such as CPV, glass-glass and bifacial, with the objective of gaining experience and creating solid knowledge in order to maximize profitability in future investments.

Energy Storage

Battery energy storage is a relevant source of flexibility that will play an important role in renewables development and integration, since it can balance power variability and supply more economically to the grid. In addition, the rapidly falling cost of batteries provides particular interest for EDPR's future investments in energy storage.

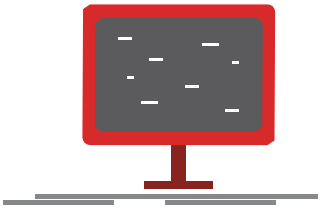
The 'Stocare' demonstration project, embedded in Cobadin wind power plant, is the first one to use Lithium ion batteries for electricity storage in Romania and also marks the beginning of using combined energy storage solutions and renewable power generation in EDPR, since the end of 2016.

Cobadin's 1MW/1MWh energy storage system supplied by Siemens works as a proof of concept, aiming to evaluate its potential to enhance renewables power plants economics and integration in the electrical system. The innovative energy management and control platform now being developed aims to provide solutions that respond to output fluctuations in energy production and test new forms of power control under real conditions to maximize yield, besides obtaining operational experience and knowledge from testing different use cases, allowing EDPR to evaluate the future business case by calculating the overall costs, revenues and savings, alongside with risks and opportunities identification.

Benefits from this project will result from the reduction of forecast errors from the active power schedule submitted day-ahead to reduce balancing costs and an advanced curtailment management to minimize energy losses. In addition, as remuneration schemes for ancillary services become increasingly available in certain markets, it also aims to test applications such as frequency regulation and voltage support, through the development of algorithms and optimization of control schemes that could later be used in other projects and markets.

Operation and Maintenance

The maturity of the wind onshore market, with a growing amount of operating capacity and with turbines becoming increasingly complex, highlights to EDPR the need to devote more efforts to advanced O&M solutions and strategies aimed at achieving cost reduction and increase energy yield due to enhanced data analysis and O&M procedures. With so many sources, volumes and variety of data available, significant innovation efforts are required to properly treat and analyze such wealth of information to create added value knowledge in asset operations.



EDPR is starting to incorporate big data technologies using advanced analytics predictive models for wind turbines lifetime optimization and to build reliable and streamlined end-of-life strategies.

EDPR is also involved in several initiatives to enable predictive maintenance, related with the use of new enhanced sensors, condition monitoring systems and airborne drones for inspection to open new possibilities for data collection.

ENERGY AS THE *NEW* ART

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SUSTAINABILITY AS THE *NEW* ART

ENERGY AS THE *NEW* ART

4
Sustainability

4.1. Materiality assessment (G4-18, G4-20, G4-21, G4-26, G4-27)

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

4.1.1 BACKGROUND AND OBJECTIVES

EDPR's material issues were identified and the results achieved supported the preparation of this Management 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 information is collected corporately and in business units.

Materiality is obtained by the interception of the issues identified by stakeholders with the importance given internally by the business.

The topics identified by the company are prioritized according to the frequency with which they appear in different categories analysed.

RELEVANCE FOR SOCIETY

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

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

RELEVANCE FOR BUSINESS

The vision of the business is obtained through the evaluation of the importance/impact of a specific theme from a perspective internal 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 reflects the future vision of the business.

RESULTS (G4-18, G4-19, G4-20, G4-21, G4-26, G4-27)
The materiality matrix describes visually and promptly the most sensitive and impacting themes by comparing the relevance to society with the relevance to the business. The critical and sensitive themes for the business, obtained from the analysis of the materiality matrix, allows the company to drive the strategy and support the decision making process as well as to focus the report of information based on shared interests between company and stakeholder, thus facilitating the relationship among them.

Materiality Matrix

4.2. Economic Performance

G4 DISCLOSURE ON MANAGEMENT APPROACH

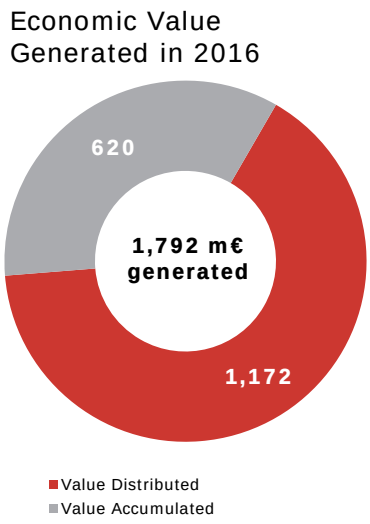
Renewable energies have a strong influence in the local communities. Assets are usually constructed in remote locations, bringing positive economic benefits to the local communities, while contributing to the world fight against climate change.

Additionally, we believe that innovation is key to sustain competitive advantage and support growth. For us, innovation is about new technologies for more renewable energy - such as offshore wind - but that is not all: it is also about attitude, looking for ongoing improvement every day at what we do. A detailed disclosure of different projects lead by EDPR can be found at Innovation section.

Assets are usually constructed in remote locations, bringing positive economic benefits to the local communities.

G4 EC1 - DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED

€m	2016	2015
Economic value generated and distributed		
Turnover	1,485	1,372
Other income	251	359
Gains/(losses) on the sale of financial assets	2	0
Share of profit in associates	0	-2
Financial income	54	61
Economic value generated	1,792	1,790
Cost of raw material and consumables used	31	22
Supplies and services	305	293
Other costs	135	189
Personnel costs	94	84
Financial expenses	404	347
Current tax	50	51
Dividends	153	129
Economic value distributed	**1,172**	**1,115**
Economic value accumulated	**620**	**675**



G4 EC2 - FINANCIAL IMPLICATIONS AND OTHER RISKS AND OPPORTUNITIES FOR THE ORGANIZATION'S ACTIVITIES DUE TO CLIMATE CHANGE

The cost of doubling the renewable energy share by 2030 would be US$ 290 billion per year which is expected to be at least 4 and up to 15 times less than the external costs avoided.
Source: IRENA

Human activities are releasing critical amounts of carbon dioxide and other greenhouse gases (GHG), which trap heat and steadily drive up our planet's temperature, eventually compromising our climate. As anthropogenic GHG result primarily from the combustion of fossil fuels, effective action in the energy sector is, consequentially, essential to tackle climate change issues. According to IRENA reaching a 30% renewables share by 2030, coupled with higher energy efficiency, would be enough to prevent global temperatures from rising more than 2°C above preindustrial levels. It is becoming increasingly clear that the investments required to reduce emissions will be modest in comparison with the benefits from avoided climate change damages. Therefore, renewable energy is a cornerstone for achieving climate targets and onshore wind, because of its maturity and competitiveness, is expected to be at the forefront of the required transformation of our energy sector.

- For additional information refer to the Business Environment Section.

Reducing electricty price

When wind production is available, the market price goes down, for the same level of electricity demand and up to 15 times.

G4 EC3 - COVERAGE OF THE ORGANIZATION'S DEFINED BENEFIT PLAN OBLIGATIONS

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

G4 EC4 - FINANCIAL ASSISTANCE RECEIVED FROM GOVERNMENT

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

G4 EC5 - RANGE OF RATIOS OF STANDARD ENTRY LEVEL WAGE COMPARED TO LOCAL MINIMUM WAGE AT SIGNIFICANT LOCATIONS OF OPERATION

The values presented in the table above shows the average standard entry-level wage compared to the local minimum wage for each one of the countries where we have presence. To protect the privacy of employees' wages in those countries where our headcount is smaller, we do not disclose the information by country and gender.

%	2016	2015
Standard entry level wage vs local minimum wage		
Europe	253%	259%
North America	234%	224%
Brazil	337%	270%

Note: 2015 Europe % restated. Belgium information was removed to protect the privacy of employees in the country due to the small headcount.

G4 EC6 - PROPORTION OF SENIOR MANAGEMENT HIRED FROM THE LOCAL COMMUNITY AT SIGNIFICANT LOCATIONS OF OPERATION

Our 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 our procedures for hiring people via a non-discriminatory selection processes. A potential employee's race, gender, sexual orientation, religion, marital status, disability, political orientation or opinions of any other nature, ethnic or social origin, place of birth or trade union membership are not considered.

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

100%

of the new Directors have been hired internally.

%	2016
% of local recruitment	Directors
Europe	83%
North America	79%
Brazil	100%
Corporate	74%

G4 EC7 - DEVELOPMENT AND IMPACT OF 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.

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

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 our wind farms, these roads are maintained and further opportunities may be identified to increase the positive impact in the community.

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

EDPR invested 4.7 million Euros to develop community roads and 11.4 million Euros to improve public electric facilities.

In 2016, EDPR invested 4.7 million Euros to develop community roads and 11.4 million Euros to improve public electric facilities.

G4 EC8 - UNDERSTANDING AND DESCRIBING SIGNIFICANT INDIRECT ECONOMIC IMPACTS, INCLUDING THE EXTENT OF IMPACTS

Renewable energy technologies are viewed not only as tools for mitigating climate change, but are also increasingly recognized as investments that can provide direct and indirect economic advantages by reducing dependence on imported

fuels (and hence, improving trade balances), enhancing local air quality and safety, advancing energy access and security, propelling economic development, and, creating jobs.

- For additional information on indirect economic impacts of our energy, please refer to the Business Environment Section.

G4 EC9 - PROPORTION OF SPENDING ON LOCAL SUPPLIERS AT SIGNIFICANT LOCATIONS OF OPERATION

99%*

of the purchases were sourced from local suppliers.

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

However, under equal commercial terms, we choose local suppliers in order to enhance the socio-economic sustainability of the 12 countries across Europe and the Americas where we are present. In this way, around 99%* of the purchases were sourced from local suppliers (purchases in countries of operation of EDPR).

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

Note: * is based on # of purchase orders placed in 2016.

- For additional information, please refer to Suppliers Section

4.3. Environmental performance

G4 DISCLOUSURE ON MANAGEMENT APPROACH

EDPR business consists of developing, building and operating wind and solar power plants, but without losing sight of other wind farm and solar plant life cycle stages.

Life cycle assessments revealed that most wind farm and solar plants environmental impacts are concentrated in the raw materials' extraction and components' manufacturing stages*. EDPR is not directly involved in those upstream processes but is committed to promote sustainable practices in the supply chain according to EDP Sustainable Procurement Policy to better respond to the increasing needs of sustainability and the development of our supply chain.

Wind farm and solar plant set up stage is concentrated in a short period of time and has a very limited impact compared with upstream process. Nevertheless it is closely followed by our highly qualified teams to minimize potential disturbances.

The operation stage is the core of our business. As an owner and operator, EDPR is committed to maintaining long-term operations of our projects for the benefit of our stakeholders while always keeping our environmental impact to a minimum. The proper management of the environmental aspects during operation is achieved through the Environmental Management System (EMS), developed in accordance with the ISO 14001 international standard and certified by an independent certifying organization. 89%** of EDPR's installed capacity is covered by ISO 14001 certification.

At the end of their useful life wind turbines are dismantled to return the environment to its original state. From the environmental point of view there are two main aspects to consider: the land restoration and the proper treatment of the wastes generated. Properly managing wind turbines at the end of its life from a sustainable point of view, is crucial to maximize the environmental positive impacts of wind energy from a life cycle approach. Wind turbines' recycling at the end of their service life avoid impacts associated to raw materials' extraction providing significant environmental benefits and contributing to create a circular economy.

Taking into account that the operation stage of wind farms, with a useful life of 25 years, stands as the core of our business, EDPR Annual Report's information included in the Sustainability Chapter is based on the operational phase.

Note: *According to the Life Cycle Assessments of our main turbine suppliers.

Note: **Calculation based on 2016YE installed capacity. In 2015, calculation was based on 2014YE installed capacity.

- For additional information on indirect economic impacts of our energy, please refer to the Business Environment Section and Environment Section.

ENVIRONMENTAL POLICY

edp renewables

We consider that proactive environmental management generates value and constitutes the duty of any socially responsible company.

Our ambition in the international setting in which we operate is to be leaders and a benchmark in environmental management of business and in stakeholder involvement in the promotion and implementation of good practices in this field.

We foster a corporate culture in which the initiatives and activities making up our business are consistent with environmental responsibility and we encourage innovation and continuous improvement in products, services and environmental performance.

As a result, our organizational culture embraces the following values and guidelines:

- Incorporate respect for the environment and management of environmental aspects in all phases of business processes throughout the value chain and ensure that everyone involved, including suppliers, has the necessary, adequate skills for the purpose.
- Base relations with the authorities and other stakeholders on ethical principles of transparency, honesty and integrity.
- Constantly improve environmental performance, especially in the prevention of pollution and minimization of its impacts.
- Comply with the requirements of applicable environmental legislation as well as other voluntarily commitments.
- Manage environmental risks in order to eliminate or minimize the negative impacts of our activities both in normal circumstances and in the event of emergencies, incidents or disasters.
- Manage the impact on biodiversity of our business activities and seek an overall positive balance in this field.
- Foster the use of renewable energy sources and the best technologies in order to preserve natural resources and reduce and prevent pollution.
- Promote energy efficiency and the rational use of energy as one of the main options compatible with the sustainable use of resources.
- Consider stakeholders' expectations in environmentally relevant processes and their communication.
- Promote knowledge and the dissemination of good practices in the environmental field.

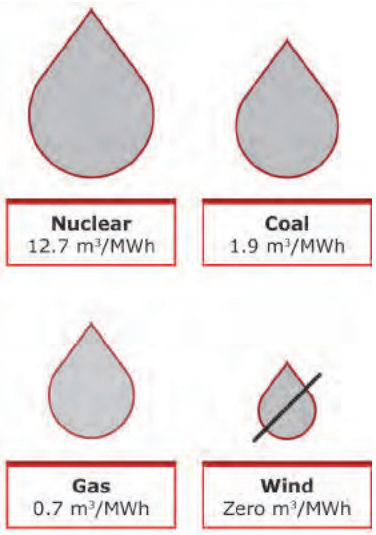
Approved by the Executive Committee, January 2011

EDPR Environmental Policy, available at www.edpr.com.

c.350x

EDPR produces about c. 350 times the electricity consumed.

WATER CONSUMPTION PER TECHNOLOGY



Source: 2014 EWEA,
Saving water with wind energy

G4 EN3 - ENERGY CONSUMPTION WITHIN THE ORGANIZATION

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

MWh	2016	2015	%
Energy consumption			
Wind farms:			
Electricity consumption (MWh)	67,423	66,602	1%
Offices:			
Electricity consumption (MWh)	3,776	3,666	3%
Gas (MWh)	1,009	996	1%

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

Note: 2015 Gas data and offices Electricty consumption restated.

G4 EN6 - REDUCTION OF ENERGY CONSUMPTION

Our activity is based on clean energy generation, and we produce about 350 times the electricity we consume. However, we are conscious about promoting a culture of rational use of resources and we promote many internal campaigns to promote sustainable behaviors as is explained in our website www.edpr.com.

G4 EN8 - TOTAL WATER WITHDRAWAL BY SOURCE

Generation from wind energy does not consume water in its operational processes. The water is consumed mainly for human use. The consumption of water per electricity generated accounts for 0.76 litres/MWh. Even so, the company actively seeks to adopt more eco-efficient practices. An example of this is that in 2016 38 substations had rainwater collection and treatment systems installed to cover their own water supply needs.

- For additional information about what sets EDPR apart in terms of environmental management, please refer to Sustainability section at www.edpr.com.

G4 EN11 - OPERATIONAL SITES OWNED, LEASED, MANAGED IN, OR ADJACENT TO, PROTECTED AREAS AND AREAS OF HIGH BIODIVERSITY VALUE OUTSIDE PROTECTED AREAS

Country	Facility Name	Type of Operation	Position In Relation With Protected Area	Facility Area In Protected Natural Area (Ha)	% Facility Area In Protected Natural Area (%)	Attribute of the Protected Area	Status of the Protected Area
Belgium	Cerfontaine	Wind farm	Adjacent	0.0	0%	Terrestrial	Natura 2000
	Chimay II	Wind farm	Adjacent	0.0	0%	Terrestrial-Fresh-water	Natura 2000
	Chimay II	Wind farm	Adjacent	0.0	0%	Terrestrial-Fresh-water	Natura 2000
France	Patay	Wind farm	Inside	41.6	100%	Terrestrial	Natura 2000
	Ségur	Wind farm	Inside	1.3	100%	Terrestrial	National protected area
	Ayssènes - Le Truel	Wind farm	Inside	1.3	100%	Terrestrial	National protected area
	Marcellois	Wind farm	Inside	1.1	100%	Terrestrial	Natura 2000
	Massingy	Wind farm	Inside	0.9	100%	Terrestrial	Natura 2000
	Tarzy	Wind farm	Inside	39.9	100%	Terrestrial	Regional park
	Francourville	Wind farm	Inside	41.2	100%	Terrestrial	ZICO
Poland	Ilza	Wind farm	Inside	30.2	91%	Terrestrial	Regional park
	Tomaszow	Wind farm	Adjacent	0.0	0%	Terrestrial-Fresh-water	Natura 2000
Portugal	Pena Suar	Wind farm	Inside	6.3	100%	Terrestrial	Natura 2000
	Açor	Wind farm	Partially Within	0.1	1%	Terrestrial	Natura 2000
	Açor II	Wind farm	Partially Within	6.0	88%	Terrestrial	Natura 2000
	Cinfaes	Wind farm	Inside	4.9	100%	Terrestrial	Natura 2000
	Bustelo	Wind farm	Inside	8.9	100%	Terrestrial	Natura 2000
	Vila Cova	Wind farm	Inside	14.6	100%	Terrestrial	Natura 2000
	Falperra-Rechãzinha	Wind farm	Partially Within	30.3	91%	Terrestrial	Natura 2000
	Fonte da Quelha	Wind farm	Inside	8.1	100%	Terrestrial	Natura 2000
	Alto do Talefe	Wind farm	Inside	9.2	100%	Terrestrial-Fresh-water	Natura 2000
	Fonte da Mesa	Wind farm	Partially Within	8.2	83%	Terrestrial	Natura 2000
	Malanhito	Wind farm	Partially Within	1.5	3%	Terrestrial	Natura 2000
	Madrinha	Wind farm	Inside	4.1	60%	Terrestrial	Natura 2000
	Safra-Coentral	Wind farm	Inside	19.7	100%	Terrestrial	Natura 2000
	Negrelo e Guilhado	Wind farm	Inside	9.6	100%	Terrestrial	Natura 2000
	Testos	Wind farm	Partially Within	2.9	22%	Terrestrial	Natura 2000
	Serra Alvoaça	Wind farm	Partially Within	7.8	61%	Terrestrial	Natura 2000 National protected area
	Tocha	Wind farm	Inside	6.8	100%	Terrestrial	Natura 2000
	Padrela/Soutelo	Wind farm	Partially Within	1.0	41%	Terrestrial	Natura 2000
	Guerreiros	Wind farm	Partially Within	0.1	0%	Terrestrial	Natura 2000
	Vila Nova	Wind farm	Partially Within	7.1	42%	Terrestrial	Natura 2000
	Vila Nova II	Wind farm	Partially Within	9.1	34%	Terrestrial	Natura 2000
	Balocas	Wind farm	Partially Within	0.4	1%	Terrestrial	Natura 2000
	Ortiga	Wind farm	Adjacent	0.0	0%	Terrestrial	Natura 2000
	S. João	Wind farm	Adjacent	0.0	0%	Terrestrial	Natura 2000
	Alto Arganil	Wind farm	Adjacent	0.0	0%	Terrestrial	Natura 2000
	Salgueiros-Guilhado	Wind farm	Adjacent	0.0	0%	Terrestrial	Natura 2000
	Serra do Mú	Wind farm	Adjacent	0.0	0%	Terrestrial	Natura 2000
Romania	Pestera	Wind farm	Adjacent	0.0	0%	Terrestrial	Natura 2000
	Sarichioi	Wind farm	Partially Within	0.1	0%	Terrestrial	Natura 2000
	Burila Mica	Solar plant	Inside	22.7	100%	Terrestrial-Fresh-water	Natura 2000
Spain	Sierra de Boquerón	Wind farm	Inside	10.4	100%	Terrestrial	Natura 2000
	SET Parralejos	Wind farm	Inside	0.9	100%	Terrestrial	Natura 2000
	La Cabaña	Wind farm	Partially Within	8.2	53%	Terrestrial	Natura 2000
	Corme	Wind farm	Partially Within	2.6	17%	Terrestrial-Marine	Natura 2000
	Hoya Gonzalo	Wind farm	Partially Within	0.7	4%	Terrestrial	Natura 2000
	Tahivilla	Wind farm	Adjacent	0.0	0%	Terrestrial	Natura 2000 National protected area
	Coll de la Garganta	Wind farm	Partially Within	0.0	0%	Terrestrial-Fresh-water	Natura 2000
	Puntaza de Remolinos	Wind farm	Partially Within	1.8	57%	Terrestrial	Natura 2000
	Planas de Pola	Wind farm	Partially Within	6.2	55%	Terrestrial	Natura 2000
	Avila	Wind farm	Adjacent	0.0	0%	Terrestrial-Fresh-water	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-Fresh-water	Natura 2000
	Villamiel	Wind farm	Partially Within	4.9	75%	Terrestrial-Fresh-water	Natura 2000
	La Mallada	Wind farm	Partially Within	1.4	8%	Terrestrial-Fresh-water	Natura 2000
	Las Monjas	Wind farm	Partially Within	0.01	0%	Terrestrial-Fresh-water	Natura 2000
	Coll de la Garganta	Wind farm	Partially Within	0.00	0%	Terrestrial-Fresh-water	Natura 2000
	Tejonero (a)	Wind farm	Partially Within	0.04	0%	Terrestrial	Natura 2000
	Tejonero (b)	Wind farm	Partially Within	0.03	0%	Terrestrial	Natura 2000
	Ávila	Wind farm	Adjacent	0.0	0%	Terrestrial-Fresh-water	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-Fresh-water	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-Fresh-water	Natura 2000
	La Celaya	Wind farm	Partially Within	9.1	70%	Terrestrial-Fresh-water	Natura 2000
	Cerro del Conilete	Wind farm	Partially Within	0.01	0%	Terrestrial	Natura 2000
		Wind farm	Adjacent	0.0	0%	Terrestrial	Natura 2000

According to GRI requirements

BIODIVERSITY POLICY

edp renewables

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

In particular, EDPR:

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

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

To that end, EDPR is committed to:

1. Integrate the biodiversity impact assessment in all phases of its activities: project design, construction, operation and dismantlement of its energy generation and distribution infrastructures;
2. Minimize any negative impact on biodiversity arising from its activities, and promote positive impacts. When significant negative impacts cannot be prevented, EDPR will pursue consensual compensation measures, which allows the achievement of a globally positive biodiversity balance sheet;
3. Contribute to broadening scientific knowledge on the different aspects of biodiversity, in particular by supporting institutions selected in a transparent manner and in accordance with superior technical capability criteria;
4. Strengthen dialogue and partnerships on biodiversity issues with public or private entities;
5. Regularly and transparently report on its performance in relation to biodiversity, under the revision of independent bodies, and promote regular consultation to the different stakeholders on this issue.

Approved by the Executive Committee, January 2011

EDPR Biodiversity Policy, available at www.edpr.com.

G4 EN12 - DESCRIPTION OF SIGNIFICANT IMPACTS OF ACTIVITIES, PRODUCTS, AND SERVICES ON BIODIVERSITY IN PROTECTED AREAS AND AREAS OF HIGH BIODIVERSITY VALUE OUTSIDE PROTECTED AREAS

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

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

- For additional information, visit our environmental information on the sustainability section our website, www.edpr.com.

G4 EU13 - BIODIVERSITY OF OFFSET HABITATS COMPARED TO THE BIODIVERSITY OF THE AFFECTED AREAS

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

- For additional information, visit our environmental information on the sustainability section our website, www.edpr.com.

G4 EN13 - HABITATS PROTECTED OR RESTORED

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

After the construction period, it is our duty to return the site to its initial state. Therefore, we perform morphological restoration and reseeding works. In 2016, almost 63 ha of affected land were restored.

The Castilla y León Natural Heritage Foundation is linked to the Castilla y León Regional Government and seeks to promote, maintain and manage the natural heritage of the region of Castilla y León.

EDPR, the EDP Foundation and the Castilla y León Natural Heritage Foundation signed a cooperation agreement in December 2014 to work together on a series of environmental initiatives aimed at protecting the red kite.

The agreement finalized in December 2016 following a total investment of €204,600, which allowed for a series of measures to be put in place:

- Measures aimed at enhancing knowledge of red kite biology, including radio-collaring birds of different ages, installing a video camera in a red kite nest and tracking red kite populations in low-density areas.
- Measures to improve food sources for the red kite, including advice to formers in low-density areas on the placement of carrion to improve trophic resources, the creation of specific feeding points with photo-trap monitoring and improvements to the dunghill at the Las Batuecas – Sierra de Francia national park.
- Measures designed to reduce unnatural red kite deaths, analysing poisonings and incidences with wind farms and electrical infrastructure.

The company plans to continue to work with the Castilla y León Natural Heritage Foundation in 2017 through a new cooperative agreement.

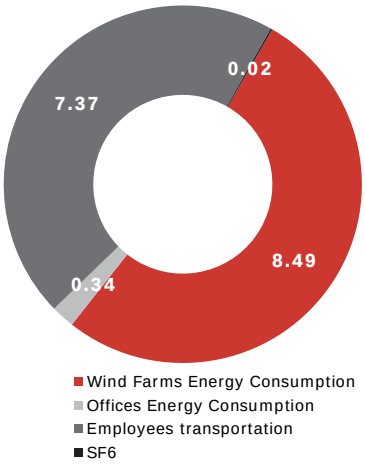
G4 EN15 - DIRECT GREENHOUSE GAS (GHG) EMISSIONS (SCOPE 1)

EDPR's Scope 1 emissions represent 2,108 tons of CO_2 equivalent. 1,904 tones are emitted by transportation related to our windfarms operation, 179 tones by gas consumption in our 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 2016 we registered emissions of 1 kg of this gas, which is equivalent almost to 25t CO_2 eq.

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

CO_2 eq emitted in 2016 (k tons)



G4 EN16 - ENERGY INDIRECT GREENHOUSE GAS (GHG) EMISSIONS (SCOPE 2)

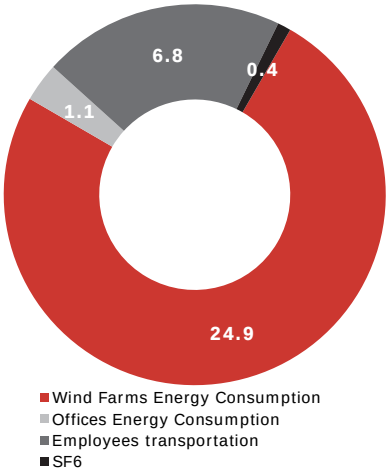
EDPR's CO_2 indirect emissions represent 8,655 tons, 8,489 tons driven by electricity consumption by the wind farms and solar plants and 166 tons electricity consumption by the offices.

In 2016, 100% of the emissions related to electricity consumption in windfarms and offices in Spain and US have been compensated by the certifications of origin and RECs obtained from our renewable energy generation. As a result, there is a reduction in the reported emissions year on year.

Note 1: The emission factors used are based on the following sources: Portugal - EDP, Turbogás, Pego, 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 - CERA, Global Insight.

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

CO_2 eq emitted in 2015 (k tons)



G4 EN17 – OTHER INDIRECT GREENHOUSE GAS (GHG) EMISSIONS (SCOPE 3)

Our work requires our employees to travel and commute. Based on our estimates, the transportation used by our employees accounted for a total of 5,470 tons of CO_2 emissions.

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

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

G4 EN19 - REDUCTION OF GREENHOUSE GAS (GHG) EMISSIONS

Our 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. We estimated that our activities avoided the emission of 20,078 thousand tons of CO_2.

Our emissions represent 0.1% of the total amount of emissions avoided and 53% of our total emissions are from the necessary electricity consumption by the wind farms. Even though our activity is based on the clean energy generation, we are conscious about promoting a culture of rational use of resources. During 2016, we continued promoting initiatives that foster environmental best practices in our offices.

In 2016, 100% of the emissions related to electricity consumption in windfarms and offices in Spain and US have been compensated by the certifications of origin and RECs obtained from our renewable energy generation. As a result, there is a reduction in the reported emissions year on year.

Note: 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. We considered the emission factor of just fossil fuel energy, as we considered that by increasing the generation of renewable energy, we are displacing these technologies, while other renewable technologies and nuclear plants will continue with its quota of generation.

G4 EN23 - TOTAL WEIGHT OF WASTE BY TYPE AND DISPOSAL METHOD

The main contribution to the hazardous waste produced by wind farms is related to oil and oil-related wastes such as oil filters or oil containers, used mainly for lubrication of the turbines. The consumption of this oil is based on certain pre-defined replacement time frequencies (between 2 and 5 years, based on the component, oil type and manufacturer). During 2016, the recovery rate was 87% impacted by a significant spill with a volume of 65 metric tons of soil contaminated. Excluding this fact the recovery rate would have been 97% which certifies that the company has been actively working to improve the recycling rate of its hazardous wastes, through authorized waste haulers.

As a reminder, the increase in hazardous wastes in 2015 was mainly due to the contamined soil driven by a significant spill. This soil was removed and fully restored. The increase in non-hazardous wastes in 2015 was driven by metals and glassfiber from 2 nacelles burned. These metals where fully recovered. On the basis of these pick values during the previous year, both hazardous and non-hazardous wastes in 2016 have decreased.

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

	2016	2015	(%)
Waste generated by EDPR [1]			
Total waste (kg/GWh)	48.8	72.8	-33%
Total hazardous waste (kg/GWh)	26.4	32.7	-19%
%of hazardous waste recovered	87%	73%	18%

	2016	2015	(%)
Waste generated by EDPR [1]			
Total waste (t)	**1,195**	**1,556**	**-23%**
Total hazardous wastes (t)	647	700	-7%
Total hazardous waste disposed (t)	84	186	-55%
Total hazardous waste recovered (t)	563	514	10%
Total non-hazardous wastes (t)	547	856	-36%
Total non-hazardous waste disposed (t)	227	608	-63%
Total non-hazardous waste recovered (t)	320	248	29%

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

Note 1: In Europe, the method of disposal has been indicated by the waste hauler, while in the US the disposal method has been determined by the organizational standards of the waste hauler.

Note 2: 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 our operations generate small quantities of substances which fall into additionally-regulated categories such as used oils and universal wastes–we follow strict standards for handling and disposal of these waste types to ensure we remain compliant with all applicable laws.

G4 EN24 - TOTAL NUMBER AND VOLUME OF SIGNIFICANT SPILLS

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

Given our activity and our 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 in case they happen, the system covers the identification and management of these, including the near-miss situations.

EDPR defines as significant spill the ones above 0.16 m3 that reached the ground. Additionally, EDPR registers near miss situations, when registered incident does not reach the category of significant spill. In 2016, we had 3 significant spills with a total volume of 0.61 m^3 of oil spilled, and 1 incipient fire and 6 fires without environmental impact. All cases were properly managed: oil spills were confined early and contaminated soil was collected and managed. Additionally, 52 near miss were registered driven by small oil leaks that did not reach bare soil.

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

G4 EN29 - MONETARY VALUE OF SIGNIFICANT FINES AND TOTAL NUMBER OF NON-MONETARY SANCTIONS FOR NON-COMPLIANCE WITH ENVIRONMENTAL LAWS AND REGULATIONS

During 2016, the company did not receive any penalty for non-compliance with environmental laws and regulations.

G4 EN30 - SIGNIFICANT ENVIRONMENTAL IMPACTS OF TRANSPORTING PRODUCTS AND OTHER GOODS AND MATERIALS USED FOR THE ORGANIZATION'S OPERATIONS, AND TRANSPORTING MEMBERS OF THE WORKFORCE

The main environmental impact was from employees traveling and commuting for business activities.

- For additional information about our emissions registered due to employees' transportation, please refer to the EN15 Indicator.

G4 EN31 - TOTAL ENVIRONMENTAL PROTECTION EXPENDITURES AND INVESTMENTS BY TYPE

3.3 million euros were invested and 5.7 million euros expended in environmental related activities.

In 2016, 3.3 million euros were invested and 5.7 million euros were expended in environmental related activities (includes personnel costs).

- For additional information about environmental protection expenditures and investments, please refer to Note 40 in our Financial Statements.

G4 EN32 - PERCENTAGE OF NEW SUPPLIERS THAT WERE SCREENED USING ENVIRONMENTAL CRITERIA

EDPR´s Environment and Biodiversity Policies reflect a responsible management of the environment along the whole value chain. According to these policies, EDPR

is committed to ensure that everyone involved, including suppliers, has the necessary, adequate skills for the purpose.

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

EDPR has implemented, for all its wind farms in operation, an Environmental Management System (EMS) developed according to the international standard ISO 14001:2004. EDPR´s suppliers shall know and understand the EMS and ensure the full compliance with the procedures set. Supplier shall make the EMS available to its employees and subcontractors.

EDPR's critical suppliers (defined as per EDP formal corporate standard methodology) in Corporate, Europe and Brazil and in North America that had environmental systems: 88% of EDPR's critical suppliers had environmental systems.

- For further information please refer to Suppliers Section.

G4 EN33 - SIGNIFICANT ACTUAL AND POTENTIAL NEGATIVE ENVIRONMENTAL IMPACTS IN THE SUPPLY CHAIN AND ACTIONS TAKEN

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

The study allowed EDPR to determine the following results:

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

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

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

- For further information please refer to Suppliers Section.

G4 EN34 - NUMBER OF GRIEVANCES ABOUT ENVIRONMENTAL IMPACTS FILED, ADDRESSED, AND RESOLVED THROUGH FORMAL GRIEVANCE MECHANISMS

EDPR has no knowledge of any environmental formal grievance recorded during 2016 in any of its grievance channels.

4.4. Social performance

4.4.1. LABOR PRACTICES AND DECENT WORK

1,083
employees from
33
nationalities.

G4 DISCLOUSURE ON MANAGEMENT APPROACH

EDPR's growth in recent years has created a new labor environment that is home to three different generations, a landscape in which it is vital for the company to be able to adapt to the changing business realities in the markets where we operate. We offer a **customized employee value proposition** based on **development, transparency and flexibility**, which allows us to attract and retain talent, as well as ensure the ongoing growth and development of our employees in order to have team-oriented people capable of adjusting to the ever-changing working environment.

Development: EDPR is committed to the development of its employees, offering them an attractive professional career and aligning their capabilities and skills with the current and future needs of the company. The growth and development of the Group's business has led EDPR to invest in people with potential, who can contribute to the creation of value. Our objective is to attract talented people and to create opportunities for current employees through mobility and development actions in order to boost the potential of our employees. The HR strategy supports different initiatives to give them visibility and foster their professional development inside the company. The cornerstones of development at EDPR are mobility, training and Development Programs and Renewable Energy School.

Transparency: At EDPR, we strive to attract, integrate and develop our professionals who seek to excel in their work in order to position the company as the "the first choice for employees" in the labor market.

Flexibility: As part of our value proposition at EDPR, we offer a competitive remuneration package, aligned with the best practices in the market. In addition, we understand the importance of maintaining a work-life balance. It is a set of initiatives to promote a positive working environment in which employees can advance in their professional career and give their best. We believe that WLB must be a shared responsibility. We seek to constantly improve our WLB measures and provide the most suitable benefits to employees. In order to improve company's people management performance, EDP launches every two years the Organizational Climate Study. This study is a strategic Human Resources tool and one of the widest channels we have for collecting our employees' feedback on the company's people management performance

In addition to these three pillars, guaranteeing the health, safety and well-being of our employees is top priority at EDPR. This stern commitment is supported by our Health and Safety policies and initiatives, as well as, a strong track record. EDPR has a zero accidents goal stated in our Health & Safety policy.

Note: WLB (Work Life Balance)

- For additional information on our Human Resources strategy, please refer to the Employees Section.

G4 10 - TOTAL WORKFORCE BY EMPLOYMENT TYPE, EMPLOYMENT CONTRACT, AND REGION.

In 2016, EDPR had 1,083 employees. 20% worked at EDPR holding, 41% in the European Platform, 36% in the North American Platform and 3% in Brazil.

Workforce Breakdown	2016	% Female	2015	% Female
Total	**1,083**	**33%**	**1,018**	**32%**
By Employment type:				
Full time	1,050	31%	996	30%
Part time	33	94%	22	100%
By Employment Contract:				
Permanent	1,066	33%	1,001	32%
Temporary	17	24%	17	35%
By Country:				
Spain	373	34%	359	33%
Portugal	72	10%	62	10%
France	53	38%	48	31%
Belgium	2	0%	2	0%
Poland	38	37%	40	30%
Romania	32	38%	33	36%
Italy	23	35%	22	36%
UK	34	47%	37	43%
USA	410	33%	373	33%
Canada	5	0%	5	0%
Brazil	34	29%	32	25%
Mexico	7	29%	5	20%

The average number of contractors' workers during the period has been 806 in Europe, 1,441 in North America and 98 in Brazil.

G4 LA1 - TOTAL NUMBER AND RATE OF EMPLOYEE TURNOVER BY AGE GROUP, GENDER, AND REGION

Throughout the year, EDPR hired 158 employees while 93 are no longer with the company, resulting in a turnover ratio of 12%, which is slightly lower than the previous year.

Employee Turnover	New Hires	Departures	Turnover
Total	**158**	**93**	**12%**
By Age Group:			
Less than 30 years old	73	26	23%
Between 30 and 39 years old	65	37	10%
Over 40 years old	20	30	7%
By Gender:			
Female	49	21	10%
Male	109	72	12%
By Country:			
Spain	23	10	4%
Portugal	11	2	9%
France	12	7	18%
Belgium	0	0	0%
Poland	4	6	13%
Romania	3	3	9%
Italy	2	0	4%
UK	1	3	6%
USA	92	58	18%
Canada	1	0	10%
Brazil	5	2	10%
Mexico	4	0	29%

G4 EU17 - DAYS WORKED BY CONTRACTOR AND SUBCONTRACTOR EMPLOYEES INVOLVED IN CONSTRUCTION, OPERATION AND MAINTENANCE ACTIVITIES

Contractors involved in construction, operation and maintenance activities worked 575,403 days during 2016.

G4 EU18 - PERCENTAGE OF CONTRACTOR AND SUBCONTRACTOR EMPLOYEES THAT HAVE UNDERGONE RELEVANT HEALTH AND SAFETY TRAINING

2,345 contractors involved in construction and operation and maintenance activities during 2016.

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

We are equally concerned with the health and safety standard of our employees and contractors. To this extent our contractors are subject to a health and safety screening when they bid to work for our company. Once the contractor is selected, they are required to present proof of having completed the required training. 95% of contractors have undergone relevant health and safety training during 2016 given by EDPR. Nevertheless, is mandatory for the companies that work with EDPR to assure that all the contractors have undergone health and safety courses.

G4 LA2 - BENEFITS PROVIDED TO FULL-TIME EMPLOYEES THAT ARE NOT PROVIDED TO TEMPORARY OR PART-TIME EMPLOYEES, BY MAJOR OPERATIONS

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

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

G4 LA3 - RETURN TO WORK AND RETENTION RATES AFTER PARENTAL LEAVE, BY GENDER

Parental leave	Maternal	Paternal	Return to work
Spain	15	15	30
Portugal	1	3	4
France	1	3	4
Belgium	0	1	1
Poland	3	2	5
Romania	0	2	2
Italy	0	1	1
UK	1	1	2
USA	6	13	19
Canada	0	0	0
Brazil	0	2	2
Mexico	0	0	0
Total	**27**	**43**	**70**

In 2016, 70 employees enjoyed a maternal or paternal leave. All returned but after that four of them extended their leave.

38yr

EDPR employees' average age.

G4 EU15 - PERCENTAGE OF EMPLOYEES ELIGIBLE TO RETIRE IN THE NEXT 5 AND 10 YEARS BROKEN DOWN BY JOB CATEGORY AND BY REGION

Employees eligible to retire	in 10 years	in 5 years
By employment category:	104	44
Directors	30	14
Specialist	52	18
Managers	8	5
Technicians	14	7
By Country:	104	44
Spain	28	10
Portugal	18	8
Poland	2	2
Italy	1	0
France	2	0
UK	1	0
Romania	2	0
USA	49	23
Brazil	1	1

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

G4 11 - PERCENTAGE OF EMPLOYEES COVERED BY COLLECTIVE BARGAINING AGREEMENTS

From EDPR's 1,083 employees, 21% were covered by collective bargaining agreements.

Employees covered by collective bargaining agreements	2016	%
Spain	48	13%
Portugal	72	100%
France	45	85%
Belgium	1	50%
Poland	0	0%
Romania	0	0%
Italy	23	100%
UK	0	0%
USA	1	0%
Canada	0	0%
Brazil	34	100%
Mexico	0	0%
Total	**224**	**21%**

Collective bargaining agreements apply to all employees working under an employment relationship with and for the account of the some companies of EDPR group, regardless of the type of contract, the professional group into which they

are classified, their occupation or job. However, matters relating to the corporate organization itself, the laws of each country or even usage and custom in each country result in certain groups being expressly excluded from the scope of collective bargaining agreements.

- For further information please refer to the Employee relations Section.

G4 LA4 - MINIMUM NOTICE PERIOD(S) REGARDING SIGNIFICANT OPERATIONAL CHANGES, INCLUDING WHETHER IT IS SPECIFIED IN COLLECTIVE AGREEMENTS

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

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

G4 LA5 - PERCENTAGE OF TOTAL WORKFORCE REPRESENTED IN FORMAL JOINT MANAGEMENT-WORKER HEALTH AND SAFETY COMMITTEES THAT HELP MONITOR AND ADVISE ON OCCUPATIONAL HEALTH AND SAFETY PROGRAMS

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

During 2016, 4.0% of our employees attended health and safety committee meetings, representing 62% of our workforce. All EDPR geographies have active health and safety committees in place.

G4 LA6 - RATES OF INJURY, OCCUPATIONAL DISEASES, LOST DAYS, AND ABSENTEEISM, AND NUMBER OF WORK-RELATED FATALITIES BY REGION

EDPR did not record any fatal accidents during 2015 and 2016.

H&S Indicators (EDPR and contractors personnel)[3]	2016	2015
Number of industrial accidents	25	27
Europe	13	15
North America	12	3
Brazil	0	9
Number of industrial fatal accidents	0	0
Europe	0	0
North America	0	0
Brazil	0	0
Working days lost by accidents caused	1,124	881
Europe	820	735
North America	304	57
Brazil	0	89
Injury Rate (IR)[1]:	4	5
Europe	5	5
North America	3	1
Brazil	0	13
Lost work day rate (LDR)[2]:	170	151
Europe	309	269
North America	83	24
Brazil	0	125

Europe and US have lower H&S indicators due to more training hours and emergency plans both for staff and contractors.

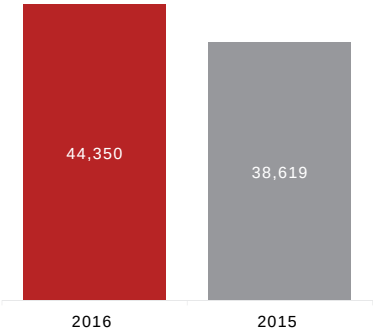
1 Injury Rate calculated as [# of accidents/Hours worked * 1,000,000]

2 Lost Work Day Rate calculated as [# of working days lost/Hours worked * 1,000,000]

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

There have been only an accident with a woman involved, which took place in Italy, with a 10 days absence.

Number of Training Hours (#)



G4 LA9 - AVERAGE HOURS OF TRAINING PER YEAR PER EMPLOYEE BY EMPLOYEE CATEGORY

Training Metrics	2016	2015
Number of Training Hours (#)	44,350	38,619
Training Investment (k€)	1,492	1,607
Number of Attendances (#)	9,024	6,459

- For a complete description of our Training and Human Resources strategy, please refer to the Employees Section.

G4 LA10 - PROGRAMS FOR SKILLS MANAGEMENT AND LIFELONG LEARNING THAT SUPPORT THE CONTINUED EMPLOYABILITY OF EMPLOYEES AND ASSIST THEM IN MANAGING CAREER ENDINGS

We strive to offer our total workforce with 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.

- For a complete description of our Training and Human Resources strategy, please refer to the Employees Section.

G4 LA11 - PERCENTAGE OF EMPLOYEES RECEIVING REGULAR PERFORMANCE AND CAREER DEVELOPMENT REVIEWS, BY GENDER

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

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

The Personal Development Plans (PDIs) launched in 2015 were reviewed in 2016, testament to our culture of continuous feedback and ongoing improvement. These are voluntary plans, agreed between manager and employee.

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

G4 LA12 - COMPOSITION OF GOVERNANCE BODIES AND BREAKDOWN OF EMPLOYEES PER EMPLOYEE CATEGORY ACCORDING TO GENDER, AGE GROUP, MINORITY GROUP MEMBERSHIP, AND OTHER INDICATORS OF DIVERSITY

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

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

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

Principles of Action – Code of Ethics

G4 LA13 - RATIO OF BASIC SALARY OF MEN TO WOMEN BY EMPLOYEE CATEGORY

M/F Salary Ratio	M/F Salary
Board Directors (non executive)	n/a
Directors	111%
Specialist	108%
Managers	106%
Technicians	97%

n/a: no women in these categories.

G4 LA14 - PERCENTAGE OF NEW SUPPLIERS THAT WERE SCREENED USING LABOR PRACTICES CRITERIA

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

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

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

- For further information please refer to Suppliers Section.

G4 LA15 - SIGNIFICANT ACTUAL AND POTENTIAL NEGATIVE IMPACTS FOR LABOR PRACTICES IN THE SUPPLY CHAIN AND ACTIONS TAKEN

In 2016, 83% of EDPR's critical suppliers (as defined as per EDP formal corporate standard methodology) had an Occupation Health & Safety System (OHS) in place.

EDPR completed 13,156 hours of training on OHS to its suppliers, involving 165 companies and 2,227 workers. Additionally, EDPR carried out 1,052 audits to suppliers in the scope of OHS.

- For further information please refer to Suppliers Section.

G4 LA16 - NUMBER OF GRIEVANCES ABOUT LABOR PRACTICES FILED, ADDRESSED, AND RESOLVED THROUGH FORMAL GRIEVANCE MECHANISMS

In 2016, EDPR did not record any contingencies related to labor practices.

EDPR did not record any incident related to labor practices or discrimination.

4.4.2. HUMAN RIGHTS

G4 DISCLOUSURE ON MANAGEMENT APPROACH

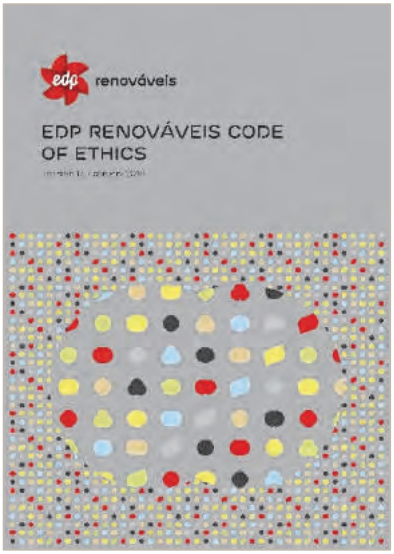
EDPR became a signatory to the UN Global Compact, an initiative of the United Nations launched in 2000 that defines guideline directives for businesses that opt to contribute to sustainable development.

EDPR also has a Code of Ethics that contains specific clauses for the respect for human rights. In compliance with the Code, EDPR expresses its total opposition to forced or compulsory labor and recognizes that human rights should be considered fundamental and universal, based on conventions, treaties and international initiatives like the United Nations

Universal Declaration of Human Rights, the International Labor Organization and the UN Global Compact.

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

Additionally, the EDP Group Sustainable Procurement Policy includes a reference to the promotion of respect for dignity and human rights and rejection of any form of forced labor or child labor, harassment, discrimination, abuse or other types of physical or psychological violence. Moreover, EDPR's suppliers must know and accept by written the principles stablishes in EDPR's Code Of Ethics and the UN Global Compact principles.



- For further information about the Code of Ethics and the Ethics Channel please visit the Section 5 Corporate Governance, C.II. Reporting Of Irregularities or visit our ethics information on the corporate governance section, in our website, www.edpr.com. Moreover, additional information is detailed in the Integrity and ethics section.
- For further information regarding Suppliers please refer to Suppliers Section.

EDPR Code of Ethics , available at www.edpr.com.

G4 HR1 - TOTAL NUMBER AND PERCENTAGE OF SIGNIFICANT INVESTMENT AGREEMENTS AND CONTRACTS THAT INCLUDE HUMAN RIGHTS CLAUSES OR THAT UNDERWENT HUMAN RIGHTS SCREENING

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

G4 HR2 - TOTAL HOURS OF EMPLOYEE TRAINING ON POLICIES AND PROCEDURES CONCERNING ASPECTS OF HUMAN RIGHTS THAT ARE RELEVANT TO OPERATIONS, INCLUDING THE PERCENTAGE OF EMPLOYEES TRAINED

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

G4 HR3 - TOTAL NUMBER OF INCIDENTS OF DISCRIMINATION AND CORRECTIVE ACTIONS TAKEN

In 2016, EDPR did not record any incidents of discrimination.

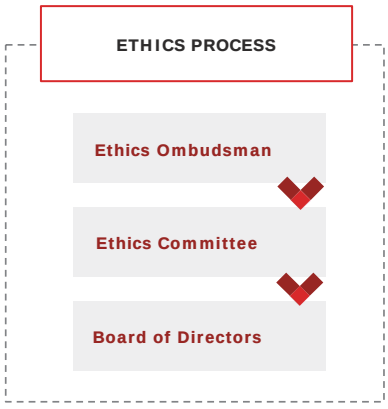
G4 HR4 - OPERATIONS IDENTIFIED IN WHICH THE RIGHT TO EXERCISE FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING MAY BE AT SIGNIFICANT RISK, AND ACTIONS TAKEN TO SUPPORT THESE RIGHTS

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

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

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

- For further information regarding Suppliers please refer to Suppliers Section.



EDPR Ethical Process guarantees transparency and confidentiality.

G4 HR5 - OPERATIONS AND SUPPLIERS IDENTIFIED AS HAVING SIGNIFICANT RISK FOR INCIDENTS OF CHILD LABOR, AND MEASURES TAKEN TO CONTRIBUTE TO THE EFFECTIVE ABOLITION OF CHILD LABOR

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

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

The study allowed EDPR to determine the following results:

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

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

- For further information about the Code of Ethics and the Ethics Channel please visit the Section 5 Corporate Governance, C.II. Reporting Of Irregularities or visit our ethics information on the corporate governance section, in our website, www.edpr.com. Moreover, additional information is detailed in the Integrity and ethics section.
- For further information please refer to Suppliers Section.

G4 HR6 - OPERATIONS AND SUPPLIERS IDENTIFIED AS HAVING SIGNIFICANT RISK FOR INCIDENTS OF FORCED OR COMPULSORY LABOR, AND MEASURES TO CONTRIBUTE TO THE ELIMINATION OF ALL FORMS OF FORCED OR COMPULSORY LABOR

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

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

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

The study allowed EDPR to determine the following results:

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

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

- For further information about the Code of Ethics and the Ethics Channel please visit the Section 5 Corporate Governance, C.II. Reporting Of Irregularities or visit our ethics information on the corporate governance section, in our website, www.edpr.com. Moreover, additional information is detailed in the Integrity and ethics section.
- For further information please refer to Suppliers Section.

G4 HR8 - TOTAL NUMBER OF INCIDENTS OF VIOLATIONS INVOLVING RIGHTS OF INDIGENOUS PEOPLES AND ACTIONS TAKEN

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

G4 HR9 - TOTAL NUMBER AND PERCENTAGE OF OPERATIONS THAT HAVE BEEN SUBJECT TO HUMAN RIGHTS REVIEWS OR IMPACT ASSESSMENTS

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

G4 HR10 - PERCENTAGE OF NEW SUPPLIERS THAT WERE SCREENED USING HUMAN RIGHTS CRITERIA

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

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

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

- For further information please refer to Suppliers Section.

G4 HR11 - SIGNIFICANT ACTUAL AND POTENTIAL NEGATIVE HUMAN RIGHTS IMPACTS IN THE SUPPLY CHAIN AND ACTIONS TAKEN

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

The study allowed EDPR to determine the following results:

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

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

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

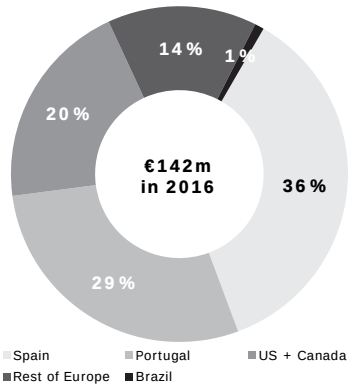
- For further information please refer to Suppliers Section.

G4 HR12 - NUMBER OF GRIEVANCES RELATED TO HUMAN RIGHTS FILED, ADDRESSED, AND RESOLVED THROUGH FORMAL GRIEVANCE MECHANISMS

In 2016, EDPR did not record any incidents related to human rights practices in any of its grievance channels.

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

Distribution of EDPR Group's tax payments by country



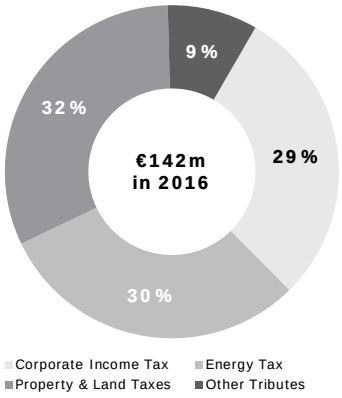
4.4.3. SOCIETY

G4 DISCLOUSURE ON MANAGEMENT APPROACH

Renewable energy technologies are viewed not only as tools for mitigating climate change, but are also increasingly recognized as investments that can provide direct and indirect economic advantages by reducing dependence on imported fuels (and hence, improving trade balances), enhancing local air quality and safety, advancing energy access and security, propelling economic development, Land leases and taxes are a large contribution to the yearly budget for the municipalities where it is present. In addition, EDPR devoted 1.1 million Euros in social projects to support education and community related activities and total tax contribution to the public finances amounts to €142m in year 2016.

- Additional information on the Communities Section of this report and in our website www.edpr.com.

Distribution of EDPR Group's tax payments by tax type



G4 SO1 - PERCENTAGE OF OPERATIONS WITH IMPLEMENTED LOCAL COMMUNITY ENGAGEMENT, IMPACT ASSESSMENTS, AND DEVELOPMENT PROGRAMS

We are well aware of the impact that our activity has in the local communities where we develop our wind farms and how we can maximize those potential benefits for the company and the inhabitants of the surrounding areas through an open communication with our stakeholders. Therefore, we establish a relationship of trust and collaboration with the communities where we have presence from the very initial stages of our projects, organizing informative sessions, we hold open dialogs with these communities, to explain the benefits of wind energy. We also organize volunteering and sport activities to promote a sustainable development of the society. Our business generates further indirect positive impacts in the areas where we are present, through local hiring and procurement and the development of infrastructures and the payment of taxes and rents.

- Additional information on the Communities Section of this report and in our website www.edpr.com.

G4 SO2 - OPERATIONS WITH SIGNIFICANT ACTUAL OR POTENTIAL NEGATIVE IMPACTS ON LOCAL COMMUNITIES

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

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

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

- Additional information on the Communities Section of this report and in our website www.edpr.com.

G4 SO3 - TOTAL NUMBER AND PERCENTAGE OF OPERATIONS ASSESSED FOR RISKS RELATED TO CORRUPTION AND THE SIGNIFICANT RISKS IDENTIFIED

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

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

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

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

G4 SO4 - COMMUNICATION AND TRAINING ON ANTI-CORRUPTION POLICIES AND PROCEDURES

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

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

G4 SO5 - CONFIRMED INCIDENTS OF CORRUPTION AND ACTIONS TAKEN

EDPR has no knowledge of any corruption-related incidents recorded during 2016.

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

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

G4 SO6 -TOTAL VALUE OF FINANCIAL AND IN-KIND CONTRIBUTIONS TO POLITICAL PARTIES, POLITICIANS, AND RELATED INSTITUTIONS BY COUNTRY

EDPR made no contributions to political parties in 2016.

G4 SO7 - TOTAL NUMBER OF LEGAL ACTIONS FOR ANTI-COMPETITIVE BEHAVIOUR, ANTI-TRUST, AND MONOPOLY PRACTICES AND THEIR OUTCOMES

EDPR has no knowledge of any legal actions for anti-competitive behavior, anti-trust or monopoly practices recorded during 2016.

G4 SO8 - MONETARY VALUE OF SIGNIFICANT FINES AND TOTAL NUMBER OF NON-MONETARY SANCTIONS FOR NON-COMPLIANCE WITH LAWS AND REGULATIONS

During 2016, the company received a total penalty of 382,115 euros. More than half of the amount related to a legislation change that created an overlap of an area designated to public use with the layout of one of our wind farms. The rest is mainly tax- related.

G4 SO9 - PERCENTAGE OF NEW SUPPLIERS THAT WERE SCREENED USING CRITERIA FOR IMPACTS ON SOCIETY

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

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

Additionally, the EDP Group and EDPR, has a Procurement Manual, which includes a chapter that guides each Purchasing Department to put sustainability principles into practice. Therefore when procuring and contracting goods and services EDPR appeals to all reasonable endeavors so that selected suppliers accept to comply

with the UN Global Compact's ten principles in the areas of human rights, labor, the environment and anti-corruption. Procedures to guarantee this accomplishment are defined.

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

- For further information please refer to Suppliers Section.

G4 SO10 - SIGNIFICANT ACTUAL AND POTENTIAL NEGATIVE IMPACTS ON SOCIETY IN THE SUPPLY CHAIN AND ACTIONS TAKEN

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

The study allowed EDPR to determine the following results:

More than 20 000* employment associated to EDPR's Supply Chain
More than 735* Million EUR gross value added associated to EDPR's Supply Chain

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

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

- Additional information on Suppliers Section.

G4 SO11 - NUMBER OF GRIEVANCES ABOUT IMPACTS ON SOCIETY FILED, ADDRESSED, AND RESOLVED THROUGH FORMAL GRIEVANCE MECHANISMS (G4-27)

EDPR has registered 83 complains during 2016 regarding society impacts. 59 in France related to possible interferences with TV signal and 10 to noise. All of them with related cost corrective actions valuated in EUR 22,276.

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

4.4.4. PRODUCT RESPONSIBILITY

G4 DISCLOUSURE ON MANAGEMENT APPROACH

Our core business and health & safety initiatives are focused on the electricity generation and not in its final consumption.

G4 EU25 - NUMBER OF INJURIES AND FATALITIES TO THE PUBLIC INVOLVING COMPANY ASSETS, INCLUDING LEGAL JUDGMENTS, SETTLEMENTS AND PENDING LEGAL CASES OF DISEASES

During 2016, EDPR did not identify injuries or fatalities to the public involving company assets.

4.5. Reporting principles

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

Information is presented according to G4 guidelines of the Global Reporting Initiative (GRI) for Sustainability Reporting and provides also information on the additional electricity sector supplement indicators directly related to the company business, which is the power generation from renewable sources, basically wind. A full GRI G4 Content Index for the report can be found in our website www.edpr.com.

UNITED NATIONS GLOBAL COMPACT

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

In addition, the company has a Code of Ethics that contains specific clauses on the respect for human rights. In compliance with the Code, EDPR expresses its total opposition to forced or compulsory labor and recognizes that human rights should be considered fundamental and universal, based on conventions, treaties and international initiatives like the United Nations Universal Declaration of Human Rights, the International Labor Organization and the Global Compact.

Our Procurement Manual also includes a chapter that guides each Purchasing Department to put these principles into practice, therefore when procuring and contracting goods and services EDPR appeals to all reasonable endeavors so that selected suppliers accept to comply with the UN Global Compact's ten principles in the areas of human rights, labor, the environment and anti-corruption.

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

GLOBAL REPORTING INITIATIVE

The GRI guidelines define a set of indicators and recommendations to create a global standard for disclosing information concerning the three sustainability pillars: economic, environmental and social performance. A company's adherence to these guidelines means that it concurs with the concept and practices of sustainability.

The GRI framework defines a list of principles to help organizations ensure that the content of the report is balanced and accurate. EDPR applied these principles as the basis for the 2016 Management Report.

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

GRI COVERAGE

This Management Report follows G4 Guidelines in its accordance with Core Option.

MATERIALITY

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

SUSTAINABILITY CONTEXT

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

ACCURACY, CLARITY, COMPARABILITY AND RELIABILITY

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

STAKEHOLDER INCLUSIVENESS

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

COMPLETENESS AND 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 FY2016. EDPR is committed to report sustainability information at least once a year. Additionally, sustainability information is reported in market reports.

ENERGY AS THE *NEW* ART

edp renováveis

edp renováveis

ENERGY AS THE NEW ART

CORPORATE GOVERNANCE REPORT
2016

ENERGY AS THE NEW ART

5
Corporate Governance

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HUMANITY
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ENERGY AS THE *NEW* ART

5
Corporate Governance

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

A. Shareholder Structure

I. CAPITAL STRUCTURE

1. CAPITAL STRUCTURE

EDP Renováveis, S.A. (hereinafter referred to as EDP Renováveis, EDPR or the Company) total share capital is, since its initial public offering (IPO) in June 2008, EUR 4,361,540,810 consisting of issued and fully paid 872,308,162 shares with nominal value of EUR 5.00 each. All the shares are part of a single class and series and are admitted to trading on the NYSE Euronext Lisbon regulated market.

Codes and tickers of EDP Renováveis SA share:
ISIN: ES0127797019
LEI:.....529900MUFAH07Q1TAX06

Bloomberg Ticker (NYSE 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 77.5% of share capital and voting rights. Excluding EDP Group, EDPR shareholders comprise more than 65,000 institutional and private investors spread across 23 countries with main focus in the United States and United Kingdom.

Institutional Investors represent 92% of Company shareholders (ex-EDP Group), mainly investment funds and socially responsible investors ("SRI"), while Private Investors, mostly Portuguese, stand for 8%.

For further information about EDPR shareholder structure please see chapter 1.3 Organization.

2. RESTRICTIONS TO THE TRANSFERABILITY OF SHARES

EDPR's Articles of Association have no restrictions on the transferability of shares.

3. OWN SHARES

EDPR does not hold own shares.

4. CHANGE OF CONTROL

EDPR has not adopted any measures designed to prevent successful takeover bids.

The Company has taken no defensive measures for cases of a change in control in its shareholder structure.

EDPR has not entered into any agreements subject to the condition of a change in control of the Company, other than in accordance with normal practice. In the case of financing of certain wind farm projects, lenders have the right to approve change in control at the borrower if the later ceased to be controlled, directly or indirectly, by EDPR. In the case of guarantees provided by EDP Group companies, if EDP, directly or indirectly ceases to have the majority of EDPR then EDP is no longer obliged to provide such services or guarantees. The relevant subsidiaries will be obliged to provide for the cancellation or replacement of all outstanding guarantees within 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 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. Even if the share capital of EDP or its voting rights are below 50%, the contract is maintained as long as more than half of the Members of the Board or of EDPR's Executive Committee are elected through an EDP proposal.

5. SPECIAL AGREEMENTS REGIME

EDPR does not have a system for the renewal or withdrawal of counter measures particularly to provide for the restriction on the number of votes capable of being held or exercised by only one shareholder individually or together with other shareholders.

6. SHAREHOLDERS AGREEMENTS

The Company is not aware of any shareholders' agreement that may result in restrictions on the transfer of securities or voting rights.

II. SHAREHOLDINGS AND BONDS HELD

7. QUALIFIED HOLDINGS

Qualifying holdings in EDPR are subject to the Spanish Law, which regulates the criteria and thresholds of the shareholder's holdings. Pursuant to the Article 125, of the Spanish Securities Market Law ("Ley de Mercado de Valores") EDPR is providing the following information on qualifying holdings and their voting rights as of December 31st 2016.

As of December 31st 2016, the following qualified holdings were identified:

Shareholder	# Shares	% Capital	% Voting Rights
EDP – Energias de Portugal, S.A. – Sucursal en España	676,283,856	77.5%	77.5%
EDP detains 77.5% of EDPR capital and voting rights, through EDP – Energias de Portugal, S.A. – Sucursal en España.			
MFS Investment Management	27,149,038	3.1%	3.1%
MFS Investment Management is an American based active and global asset manager. In September 24th 2013, MFS Investment Management reported to Comisión Nacional del Mercado de Valores (CNMV) its indirect qualified position as collective investment institution.			
Total Qualified Holdings	**703,432,894**	**80.6%**	**80.6%**

As of December 31st 2016, EDPR's shareholder structure consisted of a total qualified shareholding of 80.6%, with EDP and MFS Investment Management detaining 77.5% and 3.1% of EDPR capital respectively.

8. SHARES HELD BY THE MEMBERS OF THE MANAGEMENT AND SUPERVISORY BOARDS

The table below reflects the number of EDPR shares owned, directly or indirectly, by the Board Members, as of December 31st 2016. The transactions of shares by EDPR's Board Members are reported to the regulatory and supervisory entities (CMVM – Comissão de Mercado de Valores Mobiliários – in Portugal and CNMV – Comisión Nacional del Mercado de Valores – in Spain).

Board Member	Transactions in 2016				# Shares as of Dec. 31st 2016		
	Type	Date	#Shares	Price	Direct	Indirect	Total
António Mexia	-	-	-	-	4.200	-	4,200
João Manso Neto	-	-	-	-	-	-	-
Nuno Alves	-	-	-	-	5,000	-	5,000
Miguel Dias Amaro	-	-	-	-	25	-	25
João Paulo Costeira	-	-	-	-	3,000	-	3,000
Gabriel Alonso	-	-	-	-	26,503	-	26,503
João Manuel de Mello Franco	-	-	-	-	380	-	380
Jorge Santos	-	-	-	-	200	-	200
João Lopes Raimundo	-	-	-	-	170	670	840
António Nogueira Leite	-	-	-	-	100	-	100
Manuel Menéndez Menéndez	-	-	-	-	-	-	-
Gilles August	-	-	-	-	-	-	-
José Ferreira Machado	-	-	-	-	630	-	630
Acácio Piloto	-	-	-	-	300	-	300
Francisca Guedes de Oliveira	-	-	-	-	-	-	-
Allan J. Katz	-	-	-	-	-	-	-
Francisco Seixas da Costa	-	-	-	-	-	-	-

9. POWERS OF THE BOARD OF DIRECTORS

The Board of Directors is vested with the broadest powers to manage, supervise and govern the Company, with no other limitations besides the powers expressly granted to the exclusive jurisdiction of General Meetings in Article 13 of the Company's Articles of Association or in the applicable law. Within this context, the Board is empowered to:

- Acquire on a 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 as it may deem appropriate;
- Enter and formalize all sorts of acts or contracts with public entities or private persons;
- Exercise 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 ("Juzgados de lo Social y Salas de lo Social") of the Supreme Court 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 and terminate, through all procedures and instances, the processes, court sections or proceedings; to accept decisions, to file any kind of appeal, including the cassation 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 sorts of notices and requirements and to grant a Power of Attorney to Court Representatives and other representatives, with the 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 dividends;
- Call and convene General Meetings and submit to them the proposals that it deem appropriate;
- Direct the Company and 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 their 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 businesses and joint property agreements and agreeing their alteration, transformation and termination;
- All further powers expressly granted to the Board in these Articles or in the applicable law. This list is without limitations and has a mere indicative nature.

As of April 9th 2015, the General Shareholders' Meeting approved the delegation to the Board of Directors of the power to issue in one or more occasions any:

- Fixed income securities or other debt instruments of analogous nature, as well as
- Fixed income securities or other type of securities (warrants included) convertible or exchangeable into EDP Renováveis, S.A. shares, or that recognize, at the Board of Directors' discretion, the right of subscription or acquisition of shares of EDP Renováveis, S.A., or of other companies, up to a maximum amount of three hundred million Euros (EUR 300,000,000) or its equivalent in other currency.

As part of such delegation, the General Shareholder's Meeting delegated into the Board of Directors the power to increase the share capital up to the necessary amount to execute the power above. Additionally, it was also approved to authorize the Board of Directors for the acquisition of own shares by the Company and/or the affiliate companies. These delegations may be exercised by the Board of Directors within a period of five (5) years since the proposal was approved, and within the limits provided under the law and the By-Laws.

Additionally, 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 have not been 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 consideration of the conditions of the Company, the market, or any particularly relevant events or circumstances that justify said decision, of which the General Shareholders' Meeting must be informed at the end of the time limit or limits for performing it.

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 MEETING

A. COMPOSITION OF THE PRESIDING BOARD OF THE GENERAL MEETING

11. BOARD OF THE GENERAL SHAREHOLDERS' MEETING

The Members of the Board of the General Shareholders' Meeting are its Chairman, the Chairman of the Board of Directors or his substitute, the other Directors and the Secretary of the Board of Directors.

The Chairman of the General Shareholders' Meeting is José António de Melo Pinto Ribeiro, who was elected on the General Meeting of April 8th, 2014 for a three-year term.

The Chairman of the Board of Directors is António Mexia, who was re-elected on the General Shareholders' Meeting of April 9th 2015 for a three-year term.

The Secretary of the Board of Directors is Emilio García-Conde Noriega who is also the Secretary of the General Shareholder's Meeting, and was appointed as Secretary of the Board of Directors on December 4th 2007. The Secretary of the Board of Directors' mandate does not have an end of term date according to the Spanish Companies Law since he is a non-Member of the Board.

The Chairman of the General Shareholders' Meeting of EDPR has at his disposal, the appropriate human and logistical resources required for the performance of his duties. Therefore, in addition to the resources provided by the Company's Secretary, the Company hires a specialized entity to collect, process and count the votes submitted by the shareholders on each General Shareholders' Meeting.

B. EXERCISING THE RIGHT TO VOTE

12. VOTING RIGHTS RESTRICTIONS

Each share entitles its holder to one vote. EDPR's Articles of Association have no restrictions regarding voting rights.

13. VOTING RIGHTS

EDPR's Articles of Association have no reference to a maximum percentage of voting rights that may be exercised by a single shareholder or by shareholders that are in any relationship. All shareholders, regardless the number of shares owned, may attend to the General Shareholders' Meeting and take part in its deliberations with right to speak and vote.

In order to exercise their right to attend, the Company informs in the related Summon and Shareholders' Guide of each General Shareholders' Meeting, that the shareholders must have the ownership of their shares duly registered in the Book Entry Account at least five (5) days prior to the date of the General Shareholders' Meeting.

Any shareholder may be represented at the General Shareholders' Meeting by a third party, even if this person is not a shareholder, by means of a revocable Power of Attorney. The Board of Directors may require shareholders' Power of Attorney to be in the Company's possession at least two (2) days in advance, indicating the name of the representative.

Said powers of attorney shall be specific to each General Shareholders' Meeting and can be evidenced, in writing or by remote means of communication, such as mail or post.

Shareholders may vote on the topics included on Meeting's Agenda, relating to any matters of their competence, by ordinary mail or electronic communication.

Remote votes can be revoked subsequently by the same means used to cast them within the time limit established for that purpose or by personal attendance at the General Shareholders' Meeting by the shareholder who casted the vote to his/her representative.

The Board of Directors approves a Shareholder's Guide for the General Shareholders' Meeting, detailing mail and electronic communication voting forms among other matters. This Guide is available at www.edprenovaveis.com.

Votes by mail shall be sent in writing to the place indicated on the Summon of the meeting, accompanied by the documentation indicated in the Shareholder's Guide. In order to vote by electronic communication, the shareholders who requested it will receive a password within the time limit and in the form established in the Summon of the General Shareholders' Meeting.

Pursuant to the terms of article 15 of the Articles of Association, both electronic and mail-in votes must be received by the Company before midnight (24.00 hours) of the day before the scheduled meeting date of first call.

14. DECISIONS THAT CAN ONLY BE ADOPTED BY A QUALIFIED QUORUM

According to EDPR's Articles of Association and as established on the law, both ordinary and extraordinary General Shareholders' Meetings are validly constituted when first called if the shareholders, either present or represented by proxy, represent at least twenty-five percent (25%) of the subscribed voting capital. On second call, the General Shareholders' Meeting will be validly constituted regardless of the amount of the capital present or represented.

To validly approve the issuance of bonds, the increase or reduction of capital, the transformation, global assignment of assets and liabilities, merger or spin-off of the Company, the transfer of the Registered Office abroad, the elimination of preemptive 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 by proxy, represent at least fifty percent (50%) 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 two-thirds (2/3) of the present or represented capital in the General Shareholders' Meeting will be required in order 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. EDP Renováveis' corporate organization is subject to its personal law and to the extent possible, to the recommendations contained in the Portuguese Corporate Governance Code, ("Código de Governo das Sociedades") approved by the Comissão do Mercado de Valores Mobiliários (CMVM - Portuguese Securities Market Commission) in July 2013. This governance code is available to the public at CMVM website (www.cmvm.pt).

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

EDPR has adopted the governance structure currently in effect in Spain. It comprises a General Shareholders' Meeting and a Board of Directors that represents and manages the Company.

As required by law and the Articles of Association, the Company's Board of Directors has set up four committees. These are the Executive Committee, the Audit and Control Committee, the Nominations and Remunerations Committee and the Related-Party Transactions Committee.

In order to ensure a better understanding of EDPR corporate governance by its shareholders, the Company publishes its updated Articles of Association as well as its Committees Regulations at www.edprenovaveis.com.

The governance model of EDPR was designed to ensure the transparent and meticulous separation of duties and the specialization of supervision. EDPR' bodies for the management and supervision model are the following:

- General Shareholders' Meeting
- Board of Directors
- Executive Committee
- Audit and Control Committee
- External auditor

The purpose of the choice of this model is to adapt, to the extent possible, the Company's corporate governance structure to the Portuguese legislation. The governance model adopted by EDPR therefore seeks, as far as it is compatible with its personal law, to correspond to the so-called "Anglo-Saxon" model set forth in the Portuguese Commercial Companies Code, in which the management body is the Board of Directors, and the supervision and control duties are of the responsibility of an Audit and Control Committee.

The experience of institutional operating indicates that the governance model approved by EDPR shareholders, and adopted in EDPR, is appropriate to the corporate organization of its activity, especially because it affords transparency and a healthy balance between the management functions of the Executive Committee, the supervisory functions of the Audit and Control Committee and oversight by different Board of Directors special committees.

The institutional and functional relationship between the Executive Committee, the Audit and Control Committee and the other Non-Executive members of the Board of Directors has been of internal harmony conductive to the development of the Company's business.

16. RULES FOR THE NOMINATION AND REPLACEMENT OF DIRECTORS

According to Article 29.5 of the Company's Articles of Association, the Nominations and Remunerations Committee is empowered by the Board of Directors to advise and inform the Board regarding the appointments (including by co-option), re-elections, dismissals and remuneration of Board Members and of its duties, as well as regarding the composition of the several Committees of the Board. The Committee also advises on the appointment, remuneration and dismissal of top management officers. The Committee proposes the appointment and re-election of the Directors and of the members of the various Committees by presenting a proposal with the names of the candidates that considers have the best qualities to fulfil the role of Board Member.

Following the best Corporate Governance practices, during 2016 EDPR considered and discussed about the possible criteria applicable in the selection of the new members of its Governing Bodies. As a conclusion, within others, it was considered appropriate to take into account for this purpose the following: the education, experience in the energy sector, integrity and independence, having a proven expertise and the diversity that such candidate may provide to the related body. Based on this, the Board of Directors submits a proposal to the General Shareholders' Meeting, which should be approved by majority for an initial period of three (3) years and may re-elect these members once or more times for further periods of three (3) years.

Pursuant to Articles 23 of the Articles of Association and 243 of the Spanish Companies Law, shareholders may group their shares until constituting an amount of capital equal or higher than the result of dividing the company's capital by

the number of Members of the Board, and in such case said shareholders are entitled to appoint a number of Directors equal to the result of the fraction using only whole amounts. Those shareholders making use of this power, cannot intervene in the nomination of the other members of the Board of Directors.

In case of a vacancy, pursuant to Articles 23 of the Articles of Association and 244 of the Spanish Companies Law, the Board of Directors may co-opt a shareholder, who will occupy the position until the next General Shareholders' Meeting, to which a proposal will be submitted for the ratification of said co-option. Pursuant to Article 248 of the Spanish Companies Law, the co-option of Directors must be approved by absolute majority of the Directors at the meeting.

17. COMPOSITION OF THE BOARD OF DIRECTORS

Pursuant to Articles 20 and 21 of the Company's Articles of Association, the Board of Directors shall consist of no less than five (5) and no more than seventeen (17) Directors. The term of office shall be of three (3) years, and may be re-elected once or more times for equal periods.

The number of Board Members was established in seventeen (17) members according to the decision of the General Shareholders' Meeting held on June 21st 2011. The current members of the Board of Directors are:

Board Member	Position	Date of first appointment	Date of re-election	End of term
António Mexia	Chairman	18/03/2008	09/04/2015	09/04/2018
João Manso Neto	Vice-Chairman, CEO	18/03/2008	09/04/2015	09/04/2018
Nuno Alves	Director	18/03/2008	09/04/2015	09/04/2018
Miguel Dias Amaro	Director	05/05/2015	-	09/04/2018
Gabriel Alonso	Director	21/06/2011	09/04/2015	09/04/2018
João Paulo Costeira	Director	21/06/2011	09/04/2015	09/04/2018
João Lopes Raimundo	Director	04/06/2008	09/04/2015	09/04/2018
João Manuel de Mello Franco	Director	04/06/2008	09/04/2015	09/04/2018
Jorge Santos	Director	04/06/2008	09/04/2015	09/04/2018
Manuel Menéndez Menéndez	Director	04/06/2008	09/04/2015	09/04/2018
Gilles August	Director	14/04/2009	09/04/2015	09/04/2018
Acácio Piloto	Director	26/02/2013	09/04/2015	09/04/2018
António Nogueira Leite	Director	26/02/2013	09/04/2015	09/04/2018
José Ferreira Machado	Director	26/02/2013	09/04/2015	09/04/2018
Allan J. Katz	Director	09/04/2015	-	09/04/2018
Francisca Guedes De Oliveira	Director	09/04/2015	-	09/04/2018
Francisco Seixas da Costa	Director	14/04/2016	-	14/04/2019

At the last General Shareholders' Meeting, which took place on April 14th 2016, Francisco Seixas da Costa was appointed as member of the Board of Directors for a three-year term (3).

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

EDPR's Articles of Association, which are available for consultation on the Company's website (www.edprenovaveis.com), contain the rules on independence for the fulfilment of duties in any body of the Company. The independence of the Directors is evaluated according to the Company's personal law, the Spanish law.

Despite the current CMVM recommendations do not specifically require a minimum of independent members within the Board of Directors, and only recommends to take into account some criteria as the adopted governance model, the size

of the Company, its shareholder structure and the relevant free float; Article 12 of EDPR's Board of Directors regulations requires that at least twenty-five percent (25%) of the Members of the Board shall be independent. Article 20.2 of EDPR's Articles of Association defines independent members of the Board of Directors as those who are able to perform their duties without being limited by relations with the Company, its significant Shareholders, or its management officers and comply with the other legal requirements.

In addition, pursuant to Article 23 of the Articles of Association, the following may not be Directors:

- People who are directors of or are associated with any competitor of EDPR, as well as those persons that have family relations with those directors. A Company shall be considered to be 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 and also those that have interests opposed to those of EDPR, a competitor or any of the companies in its group, and 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;
- People who are in any other situation of incompatibility or prohibition under the law or EDPR's Articles of Association. Under Spanish law, people, who are i) aged under eighteen (18) years, (ii) disqualified, iii) competitors, (iv) convicted of certain offences, or (v) hold certain management positions, among others, are not allowed to be Directors.

The Chairman of EDPR's Board of Directors does not have executive duties.

In accordance with the law and pursuant the last amendment of Articles of Association, it has been established that the Non-Executive Directors can only be represented in the Board meetings by other Non-Executive Director. The following table includes the executive, non-executive and independent members of the Board of Directors. The independent members mentioned below meet the independence and compatibility criteria required by the law and the Articles of Association.

Board Member	Position	Independent
António Mexia	Chairman and Non-Executive Director	-
João Manso Neto	Executive Vice-Chairman and Executive Director	-
Nuno Alves	Non-Executive Director*	-
Miguel Dias Amaro	Executive Director	-
Gabriel Alonso	Executive Director	-
João Paulo Costeira	Executive Director	-
João Lopes Raimundo	Non-Executive Director	Yes
João Manuel de Mello Franco	Non-Executive Director	Yes
Jorge Santos	Non-Executive Director	Yes
Manuel Menéndez Menéndez	Non-Executive Director	-
Gilles August	Non-Executive Director	Yes
Acácio Piloto	Non-Executive Director	Yes
António Nogueira Leite	Non-Executive Director	Yes
José Ferreira Machado	Non-Executive Director	Yes
Allan J. Katz	Non-Executive Director	Yes
Francisca Guedes de Oliveira	Non-Executive Director	Yes
Francisco Seixas da Costa	Non- Executive Director	Yes

* In 2016, Nuno Alves resigned from his position as member of the Executive Committee, being such resignation acknowledged by the Board of Directors on its meeting held on December 14th 2016. Regardless this resignation, Nuno Alves keeps his position as Non-Executive Member of the Board of Directors of EDPR.

19. PROFESSIONAL QUALIFICATIONS AND BIOGRAPHIES OF THE MEMBERS OF THE BOARD OF DIRECTORS

The 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 is available in the Annex of this Report.

20. FAMILY, PROFESSIONAL AND BUSINESS RELATIONSHIPS OF THE MEMBERS OF THE BOARD OF DIRECTORS WITH QUALIFYING SHAREHOLDERS

Qualifying Shareholders in EDPR are subject to the Spanish Law, which regulates the criteria and thresholds of the shareholder's holdings. As of December 31st 2016, and as far as the Company was informed, there are no family or business relationships of Members of the Board of Directors with qualifying shareholders but only professional relationships due to the fact that some of the Members of EDPR's Board of Directors are currently Members of the Board of Directors in other companies belonging to the same group as EDP Energias de Portugal S.A., which are the following:

- António Mexia;
- João Manso Neto;
- Nuno Alves;
- Manuel Menéndez Menéndez;

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

- Miguel Dias Amaro;
- João Paulo Costeira.

21. MANAGEMENT STRUCTURE

According to the Spanish Law and Spanish companies' practices, the daily management of the business is guaranteed by a Chief Executive Officer who is empowered to ensure the day-to-day management of the Company. This type of organization is different from what occurs on the Portuguese companies in which a "Conselho de Administração Executivo" takes the assignment of areas of business and each Executive Director is responsible to and for an area of business.

B. FUNCTIONING

22. BOARD OF DIRECTORS REGULATIONS

EDPR's Board of Directors Regulations is available to the public on the Company's website at www.edprenovaveis.com and at the Company's headquarters at Plaza de la Gesta, 2, Oviedo, Spain.

23. NUMBER OF MEETINGS HELD BY THE BOARD OF DIRECTORS

According to the Law and its Articles of Association, EDPR's Board of Directors meeting take place at least once every quarter. During the year ending on December 31st 2016, the Board of Directors held six (6) meetings. Minutes of all meetings were drawn. The table below expresses the attendance percentage of the participation of the Directors to the meetings held during 2016:

Board Member	Position	Attendance*
António Mexia	Chairman and Non-Executive	33.33%
João Manso Neto	Executive Vice-Chairman and CEO	100%
Nuno Alves	Non-Executive**	83.33%
Miguel Dias Amaro	Executive	100%
Gabriel Alonso	Executive	100%
João Paulo Costeira	Executive	66.66%
João Lopes Raimundo	Non-Executive and Independent	100%
João Manuel de Mello Franco	Non-Executive and Independent	100%
Jorge Santos	Non-Executive and Independent	100%
Manuel Menéndez Menéndez	Non-Executive	66.66%
Gilles August	Non-Executive and Independent	50%
Acácio Piloto	Non-Executive and Independent	100%
António Nogueira Leite	Non-Executive and Independent	83.33%
José Ferreira Machado	Non-Executive and Independent	83.33%
Allan J. Katz	Non-Executive and Independent	83.33%
Francisca Guedes de Oliveira	Non-Executive and Independent	83.33%
Francisco Seixas da Costa	Non- Executive and Independent	100%

*The percentage reflects the meetings attended by the Members of the Board, provided that Francisco Seixas da Costa joined the Board on April 14th 2016, and therefore, the percentage expressed is calculated over the meetings celebrated since then.

** In 2016, Nuno Alves resigned from his position as member of the Executive Committee, being such resignation acknowledged by the Board of Directors on its meeting held on December 14th 2016. Regardless this resignation, Nuno Alves keeps his position as Non-Executive Member of the Board of Directors of EDPR.

24. COMPETENT BODY FOR THE PERFORMANCE APPRAISAL OF EXECUTIVE DIRECTORS

The Nominations and Remunerations Committee is the body responsible for the evaluation of the performance of the Executive Directors. According to Article 249 bis of the Spanish Companies Law, the Board of Directors supervises the effective functioning of its Committees as well as the performance of the delegated bodies and Directors designated.

25. PERFORMANCE EVALUATION CRITERIA

The criteria for assessing the Executive Directors' performance are described on topics 70, 71 and 72 of this Report.

26. AVAILABILITY OF THE MEMBERS OF THE BOARD OF DIRECTORS

EDPR's members of the Board of Directors are fully available for the performance of their duties having no constraints for the execution of this function simultaneously with other positions. The positions held at the same time in other companies within and outside the group, and other relevant activities undertaken by members of the Board of Directors throughout the financial year are listed in the Annex of this report.

C. COMMITTEES WITHIN THE BOARD OF DIRECTORS OR SUPERVISORY BOARD AND BOARD DELEGATES

27. BOARD OF DIRECTORS' COMMITTEES

Pursuant to Article 10 of the Company's Articles of Association, the Board of Directors may have delegated bodies. The Board of Directors has created four Committees:

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

With the exception of the Executive Committee, all Committees are composed of independent members. The Board of Directors' Committees regulations are available to the public at the Company's website, www.edprenovaveis.com.

28. EXECUTIVE COMMITTEE COMPOSITION

Pursuant to Article 27 of the Company's Articles of Association, the Executive Committee shall consist of no less than four (4) and no more than seven (7) Directors.

Its constitution, the nomination of its members and the extension of the powers delegated must be approved by two-thirds (2/3) of the members of the Board of Directors.

On its meeting held on December 14th 2016, the Board of Directors acknowledged the resignation of Nuno Alves from his position as member of the Executive Committee, and therefore, the Board of Directors established the number of members of the Executive Committee in four (4), plus the Secretary. As of December 31st 2016, the members of this Committee are:

- João Manso Neto, who is the Chairman and CEO
- Miguel Dias Amaro
- Gabriel Alonso
- João Paulo Costeira

Additionally, Emilio García-Conde Noriega is the Secretary of the Executive Committee.

29. COMMITTEES COMPETENCES

EXECUTIVE COMMITTEE

FUNCTIONING

In addition to the Articles of Association, this committee is also governed by its regulations approved on June 4th 2008 and last amended on November 2nd 2016. The committee regulations are available to the public at www.edprenovaveis.com.

In order to adopt the best practices of Corporate Governance and with the aim of promoting the transparency in the management of the company, in the last modification of the regulations of this committee was included within the list of indelegable matters of the Board of Directors a clarification on the definition of the matters that should be considered as strategic matters based on economical, risk or special features criteria.

The Executive Committee shall meet at least once a month and whenever is deemed appropriate by its Chairman, who may also suspend or postpone meetings when he sees fit. The Executive Committee shall also meet when requested by at least two (2) of its members.

The Chairman of the Executive Committee, who is currently also the Vice-Chairman of the Board of Directors, submits to the Chairman of the of the Audit and Control Committee and to the rest of the members of the Board, the convening notices and minutes of the meetings of this Committee.

Meetings of the Executive Committee are valid if half of its members plus one are present or represented. Decisions shall be adopted by majority. In the event of a tie, the Chairman shall have the casting vote.

Executive Directors shall provide any clarifications needed by the other Directors or corporate bodies whenever requested to do so.

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

The Executive Committee is a permanent body to which all the competences of the Board of Directors that are delegable under the law and the Articles of Association can be delegated, with the exception of the following:

- Election of the Chairman of the Board of Directors;
- Appointment of Directors by co-option;
- Request to convene or convening of General Shareholders' Meetings and the preparation of the agenda and proposals of resolutions;
- Preparation of the Annual Report and Management Reports and their presentation to the General Shareholders' Meeting;
- Change of registered office;
- Preparation and approval of mergers, spin-off, or transformation projects of the Company;
- Monitoring the effective functioning of the Board of Directors committees and the performance of delegated bodies and appointed directors;
- Definition of the Company´s general policies and strategies and in any case, being the following transactions, individually considered, subject of prior approval of the Board of Directors, or its ratification in cases of justified urgency:
- Acquisition or sale of assets, rights or participations with an economic value higher than seventy-five million Euros (EUR 75,000,000) and not included in the budget approved by the Board of Directors;
    - Opening or closing of establishments/branches or relevant parts of establishments /branches, as well as the extension or reduction of its activity;
    - Other business activity or transactions, including expansion investments, with a significant strategic relevance or with an economic value higher than seventy-five million Euros (EUR 75,000,000) and not included in the budget approved by the Board of Directors; or Creation or termination of strategic alliances or partnerships or other forms of long-term cooperation;
- Authorization or waiver of the obligations arising from duty of loyalty;

- Organization and functioning of the Board of Directors;
- Preparation of any report required by the law to the management body, provided that the operation referred in the report cannot be delegated;
- Appointment and dismissal of Chief Executive Officer, top management directly depending from the Board of Directors or any of its members, as well as 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 subdelegate them.

2016 ACTIVITY

In 2016 the Executive Committee held 50 meetings. The Executive Committee's main activity is the daily management of the Company.

AUDIT AND CONTROL COMMITTEE

COMPOSITION

Pursuant to Article 28 of the Company's Articles of Association and Articles 8 and 9 of the Committee's Regulations, the Audit and Control Committee consists of no less than three (3) and no more than five (5) members.

According to Article 28.5 of the Articles of Association the term of office of the Chairman of the Audit and Control Committee is three (3) years after which he may be re-elected for another term of three (3) years. Jorge dos Santos was first elected on April 8th, 2014 for the position of Chairman of the Audit and Control Committee, following the opinion presented by the Nominations and Remuneration Committee.

The Audit and Control Committee consists of three (3) independent members, plus the Secretary. As of December 31st 2016, the members of the Audit and Control Committee are:

- Jorge Santos, who is the Chairman
- João Manuel de Mello Franco
- João Lopes Raimundo

Additionally, Mr. Emilio García-Conde Noriega is the Secretary of the Audit and Control Committee.

COMPETENCES

The competences of the Audit and Control Committee are as follows:

- Reporting, through the Chairman, to the General Shareholders' Meetings on questions falling under its jurisdiction;
- Proposing the appointment of the Company's auditors to the Board of Directors for subsequent approval by the General Shareholders' Meeting, as well as the contractual conditions, scope of the work – specially concerning audit services, "audit related" and "non-audit" – annual activity evaluation and revocation or renovation of the auditor appointments;
- Supervising the finance reporting and the functioning of the internal risk management and control systems, as well as, evaluating those systems and proposing the adequate adjustments according to the Company necessities;
- Supervising internal audits and compliance;

- Establishing a permanent contact with the external auditors to assure the conditions of independence, the adequate provision of services, acting as the Company speaker for these subjects related to the auditing process, and receiving and maintaining information on any other questions regarding accounting subjects;
- Preparing an annual report on its supervisory activities, including eventual constraints, and expressing an opinion on the Management Report, the accounts and the proposals presented by the Board of Directors;
- Receiving notices of financial and accounting irregularities presented by the Company's employees, shareholders, or entities that have a direct interest and judicially protected, related with the Company's social activity;
- Engaging the services of experts to collaborate with Committee members in the performance of their functions. When engaging the services of such experts and determining their remuneration, it must be taken into account the importance of the matters entrusted to them and the economic situation of the Company;
- Drafting reports at the request of the Board and its committees;
- Any other powers entrusted to it by the Board of Directors or the Articles of Association.

FUNCTIONING

In addition to the Articles of Association and the law, this committee is governed by its regulations approved on June 4th 2008 and amended on May 4th 2010 available to the public at www.edprenovaveis.com.

The committee shall meet at least once a quarter and additionally whenever its Chairman sees fit. This committee shall draft minutes of every meeting held and inform the Board of Directors of its decisions at the first Board meeting after each committee meeting.

Decisions shall be adopted by majority. The Chairman shall have the casting vote in the event of a tie.

2016 ACTIVITY

In 2016 the Audit and Control Committee's activities included the following:

- Monitor the closure of quarterly accounts, first half-year and year-end accounts, to familiarize itself with the preparation and disclosure of financial information, internal audit, internal control and risk management activities;
- Analysis of relevant rules to which the committee is subject in Portugal and Spain;
- Information about the rules of the appointment of the External Auditor and its independence;
- Assessment of the external auditor's work, especially concerning the scope of work in 2016, approval of all "audit related" and "non-audit" services and analysis of external auditor's remuneration;
- Supervision of the quality and integrity of the financial information in the financial statements and participation in the Executive Committee meeting at which these documents were analyzed and discussed;
- Drafting of an opinion in the individual and consolidated annual reports and accounts, in a quarterly, half year and yearly basis;
- Monitoring of the 2016 Internal Audit Action Plan AND Pre-approval of the 2017 Internal Audit Action Plan;
- Supervision of the quality, integrity and efficiency of the internal control system, risk management and internal auditing;
- Evaluation of the Governance structure of the Company;
- Information about Whistle-Blowing;
- Information about the contingencies affecting to the Group;
- Information about the proposal of application of results for the fiscal year ended on December 31st and the distribution of dividends;
- Quarterly and annual report of its activities.

The Audit and Control Committee found no constraints during its control and supervision activities.

The information regarding the meetings celebrated by this Committee and the attendance of its related members during the year 2016 is described at topic 35.

NOMINATIONS AND REMUNERATIONS COMMITTEE

COMPOSITION

Pursuant to Article 29 of the Company's Articles of Association and Articles 8 and 9 of its Regulations, the Nominations and Remunerations Committee shall consist of no less than three (3) and no more than six (6) members. At least one of its members must be independent and shall be the Chairman of the committee.

In accordance with Recommendation 52 of the Spanish Unified Code of Good Governance (Código Unificado de Buen Gobierno) approved by the Board of CNMV on February 18th 2015, the Nominations and Remunerations Committee must be entirely constituted by Non-Executive Directors and being the majority of them independent. In compliance with this Recommendation, and to the extent possible with the recommendation indicated in chapter II.3.1 of the Portuguese Code of Corporate Governance (as in Spain this committee may only be comprised of Directors), EDPR's Nominations and Remunerations Committee is entirely constituted by Non-Executive and independent members of its Board of Directors.

Pursuant the proposal of the Nominations and Remunerations Committee, on the Board of Directors meeting held on Abril 14th 2016 was approved to increase the number of members of this committee from three (3) to four (4) and appoint the new Director Francisco Seixas da Costa as member of this Committee.

Considering this new appointment, as of December 31st 2016, the Nominations and Remunerations Committee consists of four (4) independent members, plus the Secretary.

The current members are:

- João Manuel de Mello Franco, who is the Chairman
- António Nogueira Leite
- Acácio Jaime Liberado Mota Piloto
- Francisco Seixas da Costa

Additionally, Emilio García-Conde Noriega is the Secretary of the Nominations and Remunerations Committee.

None of the committee members are spouses or up to third degree relatives in direct line of the other members of the Board of Directors.

The committee members shall maintain their positions for as long as they are Company Directors. Nonetheless, the Board may decide to discharge members of the committee at any time and the members may resign said positions while remaining Company Directors.

COMPETENCES

The Nominations and Remunerations Committee is a permanent body belonging to the Board of Directors with an informative and consultative nature and its recommendations and reports are not binding.

The Nominations and Remunerations Committee has no executive functions. The main functions of the Nominations and Remunerations Committee are to assist and report to the Board of Directors about appointments (including by co-option), re-elections, dismissals, and the remuneration of the Board Members and its position about the composition of the Board of Directors, as well as the appointment, remuneration, and dismissal of executive staff. The Nominations and Remunerations Committee shall also inform the Board of Directors on general remuneration 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 by co-option and in other cases for the submission to the General Shareholders' Meeting by the Board of Directors;
- Proposing to the Board of Directors the candidates for the different committees;

- Proposing to the Board, within the limits established in the Articles of Association, the remuneration system, distribution method, and amounts payable to the Directors;
- Making proposals to the Board of Directors on the conditions of the contracts signed with Directors;
- Informing and making proposals to the Board of Directors regarding the appointment and/or removal of executives and the conditions of their contracts and generally defining the hiring and remuneration policies of executive staff;
- Reviewing and reporting on incentive plans, pension plans, and compensation packages;
- Reflecting on the governance system adopted by EDPR in order to identify areas for improvement;
- Any other functions assigned to it in the Articles of Association or by the Board of Directors.

FUNCTIONING

In addition to the Articles of Association, the Nominations and Remunerations Committee is governed by its Regulations approved on June 4th 2008. The committee's regulations are available at www.edprenovaveis.com.

This committee shall meet at least once every quarter and also whenever its Chairman sees fit. This committee shall draft minutes of every meeting held and inform the Board of Directors of its decisions at the first Board meeting after each committee meeting. Decisions shall be adopted by majority. The Chairman shall have the deciding vote in the event of a tie.

2016 ACTIVITY

In 2016 the Nominations and Remunerations Committee activities were:

- Proposing to the Board of Directors the submission of the ratification by the Shareholder's Meeting of the appointment by co-option of Miguel Dias Amaro, approved by the Board of Directors on its meeting celebrated on May 9, 2015;
- Proposing the names of the candidates for the election of new members of the Board of Directors due to the vacancy position, to be submitted to the Board and approved by the General Shareholders' Meeting;
- Performance evaluation of the Board of Directors and the Executive Committee;
- Drafting update and consequent approval of the Performance Evaluation and Remuneration Model for 2014-2016 as well as making a preliminary analysis of the Performance Evaluation and Evaluation model for 2017-2019;
- Drafting of the Remuneration Policy to propose to the Board of Directors and to be approved at the General Shareholders' Meeting;
- Report of the activities performed during the year 2015;
- Proposing to the Board of Directors to increase by one (1) member the composition of the Nominations and Remunerations Committee, and so proposing the names of the candidates to occupy this new vacancy;
- Proposing to the Board of Directors the appointment of EDPR's Compliance Officer;
- Following the best Corporate Governance practices:
  - Proposing to the Board of Directors the establishment of the composition of the Executive Committee in four (4) members in charge of the daily management of the Company;
  - Proposing to the Board of Directors the Related Party Transactions Committee to be formed exclusively by independent members, and therefore proposing the names of the candidates to enter as members of this committee in compliance with this measure;
  - Proposing the implementation of a plan regarding the criteria to apply for the identification of new Governing Bodies candidates as described in topic 16 of this report.
- Reflection on the Corporate Governance system adopted by EDPR.

RELATED-PARTY TRANSACTIONS COMMITTEE

COMPOSITION

Pursuant to Article 30 of the Articles of Association, the Board of Directors may set up other committees, such as the Related-Party Transactions Committee. This committee shall consist of no fewer than three (3) members the majority of whom must be independent. Currently, the Related-Party Transactions committee consists of three (3) independent members plus the Secretary.

Members of the Related Party Transactions Committee shall be considered independent if they can perform their duties without being conditioned by relations with EDPR, its majority shareholders or its Directors and where appropriate, meet the other requirements of the applicable legislation.

At the Board of Directors meeting held on December 14th 2016, in accordance with the best practices and the policy of rotation of the committees' members and the entrance of new ones, the Board acknowledged the resignation of Nuno Alves from his position as member of the Related Party Transactions Committee and pursuant to the proposal of the Nomination and Remuneration Committee, Acácio Piloto was appointed as new member of the Related Party Transactions Committee to fill this vacancy. As of this date and currently, the members of this Committee are:

- José Ferreira Machado, who is the Chairman
- Acácio Jaime Liberado Mota Piloto
- Francisca Guedes de Oliveira

Additionally, Emilio García-Conde Noriega is the Secretary of the Related Party Transactions Committee.

The committee members shall maintain their positions for as long as they are Company Directors. Nevertheless, the Board may decide to discharge members of the committee at any time and the members may resign said positions while still remaining Company Directors.

COMPETENCES

The Related Party Transactions Committee is a permanent body belonging to the Board of Directors that performs the following duties, without prejudice, to others that the Board may assign to it:

- Periodically reporting to the Board of Directors on the commercial and legal relations between EDPR or related entities and EDP or related entities;
- In connection with the approval of the Company's annual results, reporting on the commercial and legal relations between the EDPR Group and the EDP Group and the transactions between related entities during the fiscal year in question;
- Ratifying transactions between EDPR and/or related entities with EDP and/or related entities by the stipulated deadline in each case, provided that the value of the transaction exceeds EUR 5,000,000 or represents 0.3% of the consolidated annual income of the EDPR Group for the previous fiscal year;
- Ratifying any modification of the Framework Agreement signed by EDPR and EDP on May 7th 2008;
- Making recommendations to the Board of Directors of the Company or its Executive Committee regarding the transactions between EDPR and related entities with EDP and related entities;
- Asking EDP for access to the information needed to perform its duties;
- Ratifying, in the correspondent term according to the necessities of each specific case, the transactions between Qualifying Holdings other than EDP with entities from the EDP Renováveis Group whose annual value is superior to EUR 1,000,000;
- Ratifying, in the corresponding terms according to the necessities of each specific case, the transactions between Board Members, "Key Employees" and/or Family Members with entities from EDP Renováveis Group whose annual value is superior to EUR 75,000.

In case the Related Party Transactions Committee does not ratify the commercial or legal relations between EDP or its related entities and EDP Renováveis and its related entities, as well as those related with Qualifying Holders other than EDP, Board Members, "Key Employees" and/or their relatives, such relations must be approved by 2/3 of the members of the Board of Directors as long as half of the members proposed by entities different from EDP, including independent Directors, vote favorably, except when a majority of members expresses its approval prior to submitting the matter to the Related Party Transactions Committee for its approval.

The terms of the bullet points above shall not apply to transactions between EDP or its related entities and EDP Renováveis or its related entities carried out under standardized conditions, and are applied equally to different related entities of EDP and EDPR, even standardized price conditions.

FUNCTIONING

In addition to the Articles of Association, the Related-Party Transactions Committee is governed by its regulations approved on June 4th 2008 and amended on February 28th 2012. The committee's regulations are available at www.edprenovaveis.com.

This committee shall draft minutes of every meeting held and inform the Board of Directors of decisions that it makes at the first Board meeting held after each committee meeting.

Decisions shall be adopted by majority. The Chairman shall have the casting vote in the event of a tie.

2016 ACTIVITY

In 2016, the Related Party Transactions Committee revised, approved and proposed to the Board of Directors the approval of all agreements and contracts between related parties submitted to its consideration.

Chapter E – I, topic 90, of this report includes a description of the fundamental aspects of the agreements and contracts between related parties.

III. SUPERVISION

A. COMPOSITION

30. SUPERVISORY BOARD MODEL ADOPTED

EDPR's governance model, as long as it is compatible with its personal law, the Spanish law, corresponds to the so-called "Anglo-Saxon" model set forth in the Portuguese Commercial Companies Code, in which the management body is a Board of Directors, and the supervision and control duties are of the responsibility of an Audit and Control Committee.

31. COMPOSITION OF THE AUDIT AND CONTROL COMMITTEE

Composition of Audit and Control Committee is reflected on topic 29. The term of office and the dates of first appointment of the members of the Audit and Control Committee are the following:

Member	Position	First appointment date
Jorge Santos	Chairman	03/05/2011
João Manuel de Mello Franco	Vocal	04/06/2008
João Lopes Raimundo	Vocal	11/04/2011

32. INDEPENDENCE OF THE MEMBERS OF THE AUDIT AND CONTROL COMMITTEE

Information concerning the independence of the members of the Audit and Control Committee is available on the chart of topic 18 of the report. As mentioned on the first paragraph of topic 18, the independence of the members of the Board and of its Committees is evaluated according to the Company's personal law, the Spanish law.

33. PROFESSIONAL QUALIFICATIONS AND BIOGRAPHIES OF THE MEMBERS OF THE AUDIT AND CONTROL COMMITTEE

Professional qualifications of each member of the Audit and Control Committee and other important curricular information, are available in the Annex of this report.

B. FUNCTIONING

34. AUDIT AND CONTROL COMMITTEE REGULATIONS

The Audit and Control Committee regulations are available to the public at the Company's website, www.edprenovaveis.com and at the Company's Headquarters at Plaza de la Gesta, 2, Oviedo, Spain.

35. NUMBER OF MEETINGS HELD BY THE AUDIT AND CONTROL COMMITTEE

In 2016, the Audit and Control Committee held sixteen (16) meetings, seven (7) of those meetings were formal and the other nine (9) were informal.

From April 4th to 6th, the CFO of EDPR Miguel Dias Amaro and vocal of the Auditing and Control Committee, João de Mello Franco, visited EDPR NA in Houston, where they met EDPR NA CEO Gabriel Alonso and EDPR NA CFO Bernardo Goarmon and the local teams to analyze the activity of the Company during 2015 and 2016 and the perspective of energy market evolution during the next years.

The Audit and Control Committee also attended the meetings organized by EDP's General Supervisory Board and participated in September on the Annual Meeting of the Audit and Control Committees of EDP's Group.

The table below shows the attendance percentage to the meetings of the Audit and Control Committee by its members. During the year 2016 none of the members delegated their votes in other member.

Member	Position	Attendance
Jorge Santos	Chairman	100%
João Manuel de Mello Franco	Vocal	100%
João Lopes Raimundo	Vocal	83.33%

36. AVAILABILITY OF THE MEMBERS OF THE AUDIT AND CONTROL COMMITTEE

The members of the Audit and Control Committee are fully available for the performance of their duties having no constraints for the execution of this function simultaneously with positions in other companies. The positions held simultaneously in other companies inside and outside the Group and other relevant activities undertaken by members of this Committee throughout the financial year are listed in the Annex of this report.

C. POWERS AND DUTIES

37. PROCEDURES FOR HIRING ADDITIONAL SERVICES TO THE EXTERNAL AUDITOR

In EDPR there is a policy of pre-approval by the Audit and Control Committee for the selection of the External Auditor and any related entity for non-audit services, according to Recommendation IV.2 of the Portuguese Corporate Governance Code. This policy was strictly followed during 2016.

The services, other than auditing services, provided by the External Auditor and entities in a holding relationship with or incorporated in the same network as the External Auditor were previously approved by the Audit and Control Committee according to Article 8.2, b) of its Regulations and upon review of each specific service, which considered the following aspects: (i) such services having no effect on the independence of the External Auditor and any safeguards used; and (ii) the position of the External Auditor in the provision of such services, notably the External Auditor's experience and knowledge of the Company.

Furthermore, although hiring services other than auditing services to the External Auditor is admissible, it is envisaged as an exception. In 2016 such services reached only around 2.2% of the total amount of services provided to the Company.

38. OTHER DUTIES OF THE AUDIT AND CONTROL COMMITTEE

Apart from the competences expressly delegated on the Audit and Control Committee according to Article 8 of its Regulations and in order to safeguard the independence of the External Auditor, the following powers of the Audit and Control Committee were exercised during the 2016 financial year and should be highlighted:

- Appoint and hire the External Auditor and responsibility for establishing their remuneration as well as pre-approval of any services to be hired from the External Auditor and perform its direct and exclusive supervision;
- Assessment of the qualifications, independence, and performance of the External Auditors, and obtaining, yearly and directly from the External Auditors, written information on all relations existing between the Company and the Auditors or associated persons, including all services rendered and all services in progress. In order to evaluate independence, the Audit Committee, obtained the information regarding External Auditors' independence in light of the Spanish Royal-Decree no. 1/2011 of July 1st 2011;
- Review of the transparency report, signed by the Auditor and disclosed at its website. This report covers the matters provided for under Spanish Royal-Decree no. 1/2011 of July 1st 2011, including those regarding the quality control internal system of the audit firm and the quality control procedures carried out by the competent authorities;
- Definition of the Company's hiring policy concerning persons who have worked or currently work with the External Auditors;
- Review, with the External Auditors, of the scope, planning, and resources to be used in their services;
- Responsibility for the settlement of any differences between the Executive Committee and the External Auditors concerning financial information;
- Contracts signed between EDPR and its Qualified Shareholders that were analyzed by the Audit and Control Committee. This information is included on the annual report of the Audit and Control Committee regarding those cases that needed a previous opinion from the committee.

Within this context, it should be particularly stressed that the External Auditor's independence was safeguarded by the implementation of the Company's policy for the pre-approval of the services to be hired to External Auditors (or any entity in a holding relationship with or incorporating the same network as the External Auditors), which results from the application of the rules issued by the European Union on this matter. According to such policy, the Audit and Control Committee makes an overall pre-approval of the services proposal made by the External Auditors and a specific pre-approval of other services that will eventually be provided by the External Auditors, particularly, tax consultancy services and services other than "audit and audit related" services.

IV-V. STATUTORY AND EXTERNAL AUDITORS

39-41.

According to the Spanish law, the External Auditor ("Auditor de Cuentas") is appointed by the General Shareholders' Meeting and corresponds to the statutory auditor body ("Revisor Oficial de Contas") described on the Portuguese Law. Consequently, the information regarding points 39 to 41 is available on chapter V of the report, points 42 to 47.

42. EXTERNAL AUDITOR IDENTIFICATION

EDPR's External Auditor is, since 2007, KPMG Auditores S.L., a Spanish Company whose partner in charge of accounts auditing is, currently and since January 2014, Estibaliz Bilbao. KPMG Auditores S.L. is registered at the Spanish Official Register of Auditors under number S0702 and with Tax Identification Number B-78510153.

43. NUMBER OF YEARS OF THE EXTERNAL AUDITOR

KPMG Auditores S.L. is in charge of EDPR's accounts auditing having carried these duties during nine consecutive years from the date EDPR became Public Interest Entity.

44. ROTATION POLICY

According to CMVM's Recommendation IV.3 of its 2013 Corporate Governance Code, the companies shall rotate the auditor after two or three terms whether they are of four or three years, respectively, being the maximum nine years. On the other hand, according to the personal Law of EDPR -the Spanish Law-, recently amended in October 2015, the maximum term for an auditing firm is established in a 10-year term, from the date the company is declared as a "Public Interest Entity".

In the case of EDPR, this date is when the IPO was launched in 2008. On December 31st 2016, KPMG Auditores S.L. has ended its ninth (9th) consecutive year as EDPR's External Auditor from the date that it became Public Interest Entity.

The Company is compliant with Recommendation IV.3 of the Portuguese Corporate Governance Code and also with its personal Law.

45. EXTERNAL AUDITOR EVALUATION

The Audit and Control Committee is responsible for the evaluation of the External Auditor according to the competences granted by its Regulations. The evaluation of the Audit and Control Committee is made once a year. The Audit and Control Committee acts as the company speaker for the relevant matters with the External Auditor and establishes a permanent contact throughout the year to assure the conditions, including the independence, adequate to the services provided by them related to the auditing process, and receiving and maintaining information on any other questions regarding accounting subjects. In 2016, according to the Audit and Control Committee's competences and in line with Recommendation II.2.2, it was the first and direct recipient and the corporate body in charge of the permanent contact with the external auditor on matters that may pose a risk to their independence and any other matters related to the auditing of accounts. It also receives and stores information on any other matters provided for in legislation on audits and in auditing standards in effect at any time. The External Auditor within the scope of its duties, verified the implementation of the remuneration policies and systems of the corporate bodies as well as the efficiency and effectiveness of the internal control mechanisms and report any shortcomings to the supervisory body of the Company.

46. NON-AUDIT SERVICES CARRIED OUT BY THE EXTERNAL AUDITOR

According to the rules described on topic 29 of this Report, in EDPR there is a policy of pre-approval by the Audit and Control Committee for the selection non-audit services according to Article 8.2, b) of the Audit and Control Committee Regulations.

During 2016 the non-audit services provided by the External Auditor for EDPR's business units consisted mostly on KPMG's compliance statement in the context of contractual agreements.

KPMG was engaged to provide the above-mentioned services due to its in-depth knowledge of the Group's activities and tax related matters. These engagements did not risk the independence of the External Auditor and were pre-approved by the Audit and Control Committee prior to rendering the services.

47. EXTERNAL AUDITOR REMUNERATION IN 2016

Type of services (€)	Portugal	Spain	Brazil	US	Other	Total	%
Audit and statutory audit	221,347	584,070	125,635	1,023,002	809,546	2,763,700	90.4%
Other audit services	4,000	199,430	-	6,776	10,240	200,057	6.6%
Total audit related services	225,347	783,500	125,635	1,029,778	773,886	2,938,146	97.0%
Tax consultancy services	-	-	-	-	-	-	0.0%
Other services un related to statutory auditing	10,900	41,418	-	-	35,291	87,609	2.9%
Total non-audit related services	10,900	41,418	-	-	35,291	87,609	2.9%
Total	**236,247**	**804,529**	**125,635**	**1,029,778**	**855,178**	**3,051,366**	**100%**

C. INTERNAL ORGANIZATION

I. ARTICLES OF ASSOCIATION

48. AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Amendments to the Articles of Association of the Company are of the responsibility of the General Shareholders' Meeting who has the power to decide on this matter. According to Article 17 of the Company's Articles of Association ("Constitution of the General Shareholders' Meeting, Adoption of resolutions"), to validly approve any necessary amendment to the Articles of Association, the Ordinary or Extraordinary Shareholders' Meeting will need:

- On first call, that the Shareholders either present or represented by proxy, represent at least fifty percent (50%) of the subscribed voting capital.
- On second call, that the Shareholders either present or represented by proxy, represent at least twenty-five percent (25%) of the subscribed voting capital.

In the event that the shareholders attending represent more than fifty percent (50%) of the subscribed voting capital, the resolutions referred to in the present paragraph will only 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.

EDPR provides the Group workers with a channel enabling them to report directly and confidentially to the Audit and Control Committee any practice presumed illicit or any alleged accounting and/or financial irregularity in their Company, in compliance with the provisions of CMVM Regulation no. 4/2013.

With this channel for reporting irregular accounting and financial practices, EDPR aims to:

- Guarantee conditions that allow workers to freely report any concerns they may have in these areas to the Audit and Control Committee;
- Facilitate the early detection of irregular situations, which, if practiced, might cause serious damage to the EDPR Group, its workers, customers and shareholders.

Contact with the Company's Audit and Control Committee is only possible by email and post, and access to information received is restricted.

Any complaint addressed to the Audit and Control Committee will be kept strictly confidential and the whistle-blower will remain anonymous, provided that this does not prevent the investigation of the complaint. He/she will be assured that

the Company will not take any retaliatory or disciplinary action as a result of exercising his/her right to blow the whistle on irregularities, provide information, or assist in an investigation.

The Secretary of the Audit and Control Committee receives all the communications and presents a quarterly report to the members of the Committee.

In 2016 there were no communications regarding any irregularity at EDPR.

ETHICS CHANNEL AND CODE OF ETHICS

EDPR has a Code of Ethics published on its intranet and its website, which includes principles like transparency, honesty, integrity, non-discrimination, equal opportunity, and sustainability.

The Code of Ethics has been widely circulated among employees of the Group through internal communications mechanisms, individual shipments, delivery to new employees, and intranet publishing. On February 2014, the Board of Directors approved an updated version of the Code of Ethics.

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

There is also an Ethics Channel and Ethics Regulation to articulate any specific claims of the Code of Ethics and to resolve doubts on all matters relating to the Code of Ethics.

Communications regarding possible breaches of the Code of Ethics are sent to the Ethics Ombudsman, who performs a first analysis, forwarding its conclusions to the Ethics Committee of EDPR, which receives, records, processes, and reports it to the Board of Directors.

In 2016 there was one (1) communication to the Ethics Ombudsmen through the Ethics Channel. However, it was not considered as an issue related to the Ethics Code and it will be suggested to be rejected during the next Committee Ethics. The issue has been submitted to the responsible area in order to be analyzed and take the corresponding measures.

The Ethics Code is available at our website www.edprenovaveis.com

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. This Anti-Corruption Policy implies a series of new procedures regarding the relationships of EDPR employees with external parties, namely the approval of certain actions regarding hospitality to and from external parties, charitable donations, and sponsorships. This Policy was implemented in the Group in 2015, through the introduction of several approval systems in the corporate's employee channels in order to ensure transparency and prevent any corrupt business practice, and was communicated to all EDPR employees. Once this implementation was finished, the corresponding training sessions were organized for part of our employees, and made available in the intranet, in order to ensure appropriate knowledge and understanding of the Policy.

The Anti-Corruption Policy is available at our website www.edprenovaveis.com.

III. INTERNAL CONTROL AND RISK MANAGEMENT

50. INTERNAL AUDIT

EDPR's Internal Audit Department is composed by seven (7) members. The function of EDPR's Internal Audit is to carry out an objective and independent assessment of the Group's activities and of its internal control situation, in order to make recommendations to improve the internal control mechanisms over systems and management processes in accordance with the Group's objectives.

Additionally, EDPR has a Responsibilities Model and a SCIRF Manual (Internal Control System over Financial Reporting), in which individuals, governing bodies and committees responsible for implementing and managing the internal control system are indicated.

The Responsibilities Model includes the functions and main activities in the management and maintenance of the system at all levels of the organization including monitoring activities related to the annual cycle, the implementation of controls and documentation of evidence and supervision activities.

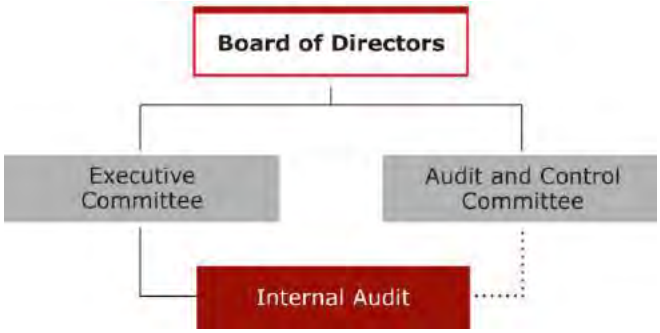
The SCIRF Manual incorporates the general principles of the Internal Control System over Financial Reporting as well as the methodology used, the procedures for ensuring the effectiveness of internal control and design of models, documentation, evaluation and reporting.

In line with the general principles of the model adopted by EDPR for the management of the SCIRF, the COSO Internal Control Integrated Framework 2013 (Committee of Sponsoring Organizations of the Treadway Commission), the responsibility for supervising the Internal Control System lies in the Board of Directors and the Audit and Control Committee. The CEO is accountable before the Board and must ensure the proper functioning and effectiveness of the SCIRF, promoting its design, implementation and maintenance. The Executive Committee must support the CEO in this task, guiding the development of the Entity Level Controls of the Company and the controls in their areas of responsibility, relying when necessary on other levels of the organization. Also, the Senior Managers are responsible for evaluating any deficiencies and implementing appropriate improvement opportunities.

To fulfil these responsibilities, EDPR's Internal Audit offers support and advice for the management and development of the SCIRF.

51. ORGANIZATIONAL STRUCTURE OF INTERNAL AUDIT

The Internal Audit function in EDPR Group is a corporate function carried out by the Internal Audit Department, that reports both to the Chairman of EDPR's Executive Committee and to EDPR's Audit and Control Committee.



52. RISK MANAGEMENT

EDPR's Enterprise Risk Management Process is an integrated and transversal management model that ensures the minimization of the effects of risk on EDPR's capital and earnings, as well as the implementation of best practices of Corporate Governance and transparency. The process aligns EDPR's risk exposure with the company's desired risk profile.

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

Market, counterparty, operational, business and strategic risks are identified and assessed and, following the result of the assessment, Risk Policies are defined and implemented across the company. These policies are aimed to mitigate risks without compromising potential opportunities, thus, optimizing return versus risk exposure.

During 2016, EDPR defined the Enterprise Risk Management Framework of the Group and reassessed Operational Risk for the company, executing a bottom-up analysis across all departments, as stated in EDPR's Operational Risk Policy.

53. RISK MAP

Risk Management at EDPR is focused on covering all risks of the company. In order to have a holistic view of risks, they are grouped in Risk Categories, which are Market, Counterparty, Operational, Business and Strategic. The definition of Risk Categories at EDPR is as follows:

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

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

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

4. Business Risk - Potential loss in the company's earnings due to adverse changes in business margins. Such losses can result above all from a serious increase in equipment prices or changes in the regulatory environment. Changes in electricity prices and production are considered market risks;

5. Strategic Risk - It refers to risks coming from macroeconomic, political, social or environmental situation in countries where EDPR is present, as well as those coming from a change in competitive landscape, from technology disruptions, from changes in energy markets or from governance decisions (investment decisions criteria, Corporate Governance and Reputational issues).

Within each Risk Category, risks are classified in Risk Groups.

1. Market Risk

1. i) Electricity price risk

EDPR faces limited electricity price risk as it pursues a strategy of being present in countries or regions with long-term visibility on revenues. In most countries where EDPR is present, prices are determined through regulated framework mechanisms. In those countries with no regulated tariffs, power purchase agreements are negotiated with different offtakers to eliminate electricity and Green Certificate or Renewable Energy Credit (REC) price risks.

Despite EDPR's strategy of eliminating market price risk, EDPR still has some plants with merchant exposure.

In Europe, EDPR operates in countries where the selling price is defined by a feed-in-tariff (Portugal, France and Italy) or in markets where, on top of the electricity price, EDPR receives either a pre-defined regulated premium or a green certificate, whose price is achieved on a regulated market (Spain, Belgium, Poland and Romania). EDPR is also developing investment activity in the UK, where current incentive system is based on green certificates but will change to a feed in tariff.

In countries with a pre-defined regulated premium or a green certificate scheme, EDPR is exposed to electricity price fluctuations. Considering current Power Purchase Agreements (PPAs) in place, EDPR is exposed to electricity price risk in Romania, in Poland and partially in Spain. Additionally, in European countries with a green certificate scheme (Romania and Poland), EDPR is exposed to fluctuation on the price of green certificates.

The US market does not provide a regulated framework system for the electricity price. Nevertheless, renewable generation is incentivized through PTCs (Production Tax Credits) and regional Renewable Portfolio Standard (RPS) programs that allow receiving RECs for each MWh of renewable generation. REC prices are very volatile and depend on the regional supply/demand equilibrium in the relevant market.

Most of EDPR's capacity in the US has predefined prices determined by bundled (electricity + REC) long-term contracts with local utilities in line with the Company's policy of avoiding electricity price risk. Despite existing long term contracts, some EDPR's plants in the US do not have PPA and are selling merchant with exposure to electricity and REC prices. Additionally, some plants with existing PPAs do not sell their energy where it is produced and are therefore exposed to basis risk (difference in price between the location where energy is produced and that where energy is sold).

In Ontario (Canada), the selling price is defined by a long-term feed-in-tariff, thus, there is no electricity price exposure.

In Brazilian operations, the selling price is defined through a public auction which is later translated into a long-term contract. Electricity price exposure is almost null, with little exposure for the production above or below the contracted production.

Under EDPR's global approach to minimize the exposure to market electricity prices, the Company evaluates on a permanent basis, if there are any deviations to the pre-defined limits (measured through EBITDA at risk, Net Income at risk and total merchant exposure).

EDPR intends to eliminate Green Certificates and REC price risk with the signing of bundled PPAs with private offtakers, which include the sale of the electricity and the Green Certificate or REC. In some cases, the offtaker may be interested in contracting only the Green Certificate or the REC, thus a GCPA (Green Certificate Purchase Agreement) or a RECPA (REC Purchase Agreement) is signed. During 2016, EDPR signed new long-term PPAs in the US for 540 MW.

In those geographies with remaining merchant exposure, EDPR uses various commodity-hedging instruments in order to minimize the exposure to fluctuating market prices. In some cases, due to the lack of liquidity of financial derivatives, it may not be possible to successfully hedge all existing merchant exposure, after considering PPAs in place.

In 2016 EDPR financially hedged most of its remaining merchant exposure in Poland, Romania, Spain and the US. These hedges protected EDPR's result from low electricity prices, notable in Spain during the first semester of the year and in US.

As aforementioned, some US plants have exposure to REC price risk and/or basis risk (difference in electricity price between locations). EDPR hedges REC prices through forward sales and basis exposures through financial swaps or FTR (Financial Transmission Rights).

1. ii) Energy Production Risk

The amount of electricity generated by EDPR's renewable plants is dependent on weather conditions, which vary across locations, from season to season and from year to year. Variation on the amount of electricity that is generated affects EDPR's operating results and efficiency.

Not only the total wind or solar production in a specific location is relevant, but also the profile of production. Wind usually blows more at night than at daytime, when energy prices are lower and the opposite for solar. Generation profile will affect the discount or add-on in price of a plant versus a baseload generation.

Finally, curtailment of a plant will also affect its production. Curtailment occurs when the production of a plant is stopped by the TSO (Transmission System Operators) for external reasons to the Company. Examples of cases of curtailment are upgrades in transmission lines or exceptional congestion (high level of electricity generation for available transmission capacity).

EDPR mitigates wind and solar resource volatility and seasonality through geographical diversification of its asset base in different countries and regions.

EDPR acknowledges the correlation between different plants in its portfolio that allows for this geographical diversification, which enables EDPR to partially offset production variations in each region and to keep the total energy generation relatively steady. Currently, EDPR is present in 12 countries: Spain, Portugal, France, Belgium, Poland, Romania, UK (no generation), Italy, US, Canada, Brazil and Mexico.

EDPR has analysed 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 denominated in different currencies. Consequently, exchange rate fluctuations may have a material adverse effect on financial results or on the value of the foreign investment.

1. iii) a) Interest rate risk

Given the policies adopted by EDPR Group, current exposure to variable interest rate is not significant and financial cash flows are substantially independent from the fluctuation of interest rates.

The purpose of interest rate risk management policies is to reduce the exposure of long-term debt cash flows to market fluctuations, mainly by contracting long term debt with a fixed rate.

- When long-term debt is issued with floating rates, EDPR settles derivative financial instruments to swap from floating to fixed rate.
- EDPR has a portfolio of interest-rate derivatives with maturities of up to 13 years. Sensitivity analyses of the fair value of financial instruments to interest-rate fluctuations are periodically performed.

With most of interest rate being fixed, main exposure to interest rates arises at refinancing. To protect against this risk, EDPR intends to maintain a balanced maturity profile for its corporate fixed debt, thus, diversifying the risk of bad timing when refinancing occurs.

Repricing calendar of debt is continuously monitored together with interest rates in order to detect good timing for restructuring debt.

Taking into account risk management policy and approved exposure limits, Global Risk Area supports the Finance team in interest rate hedging decisions and the Finance team submits the financial strategy appropriate to each project/location for Executive Committee's approval.

1. iii) b) Exchange rate risk

EDPR has international operations and is exposed to the exchange-rate risk resulting from investments in foreign subsidiaries. Currency exposure in operating plants is to U.S. dollar, Romanian leu, Polish zloty, Brazilian real, British pound and Canadian dollar.

EDPR hedges risk against currency fluctuations by financing in the same currency as the revenues of the project. When local financing is not available, EDPR hedges debt cash flows though cross currency interest rate swaps.

EDPR also hedges net investment (investment after deducting local debt) in foreign currency through cross currency interest rate swaps.

Finally, EDPR contracts foreign exchange forwards to hedge the risk in specific transactions, mainly in payments to suppliers which may be denominated in different currencies.

EDPR's hedging efforts minimize exchange rate volatility, but do not eliminate completely this risk due to high costs associated to hedging FX in certain situations.

1. iii) c) Inflation risk

In specific projects, regulated remuneration is linked to inflation. Additionally, O&M costs are considered to be linked to inflation in most cases.

Exposure to inflation in revenues may be naturally hedged with exposure to interest rates and EDPR regularly analyses inflation exposure and its relationship with interest rates to adjust level of interest rate coverage in project finance structures.

Exposure to inflation in O&M costs is managed at the moment of the investment decisions, by executing sensitivity analyses.

1. iii) d) Liquidity risk

Liquidity risk is the risk of EDPR not meeting its financial obligations. Liquidity risk is mainly related to extreme market movements in electricity prices, interest or exchange rates, which may change the expected cash flow generation.

EDPR tracks liquidity risk in the short term (margin calls, etc) and in the long term (financing sources) in order to meet strategic targets previously set (EBITDA, debt ratio and others).

EDPR's strategy to manage liquidity risk is to ensure that its liquidity is sufficient to meet financial liabilities when due, under both normal and stressed conditions, and without incurring unacceptable losses or risking damage to EDPR's reputation.

Different funding sources are used such as Tax Equity investors, multilateral organizations, project finance, corporate debt and asset rotation in order to ensure long-term liquidity to finance planned projects and working capital.

1. iv) Commodity price risk (other than electricity)

In projects in which there is a significant number of years between investment decision and start of construction, EDPR may be exposed to the price of the materials used in turbine manufacturing, foundations and interconnection through escalation formulae included in the contracts with suppliers.

In order to manage this risk, EDPR may hedge the market exposure in OTC/future commodity markets, considering the risks (potential losses) and the cost of the hedge.

2. Counterparty Risk

Counterparty credit risk is the risk that the counterparty to a transaction could default before the final settlement of the transaction's cash flows. An economic loss could occur, either a direct economic loss if the transaction has a positive value at the moment of default (counterparty credit risk) or a replacement cost due to change of the counterparty (counterparty operational risk).

2. i) Counterparty Credit Risk

If the transactions or portfolio of transactions with the counterparty has a positive economic value at the time of default, an economic loss would occur.

To control credit risk at EDPR, thresholds of Expected Loss and Unexpected Loss are established at company level as defined under Basel Standards and re-evaluated monthly. If the threshold is surpassed by the company as a whole, mitigation measures are implemented in order to remain within the pre-established limit.

Additionally, Expected Loss limits are established for each individual counterparty or Group of counterparties (parent and subsidiaries).

2. ii) Counterparty Operational Risk

If the transactions or portfolio of transactions with the counterparty does not have a positive economic value at the time of default, it will impact operations. Despite no direct loss at the time of default, the replacement of the counterparty could imply a cost to EDPR due to potential delays, higher contract value with a new counterparty (replacement costs), etc.

Construction and O&M subcontractors are counterparties to which EDPR is exposed from an operational point of view.

To minimize the probability of incurring in potential replacement costs with counterparties, EDPR´s policy concerning counterparty operational risk is managed by an analysis of the technical capacity, competitiveness, credit quality and replacement cost of the counterparty.

3. Operational Risk

3. i) Development Risk

Renewable plants are subject to strict regulations at different authority levels (international, national, state, regional and local) relating to the development, construction, grid interconnection and operation of power plants. Among other things, these laws regulate landscape and environmental aspects, building licenses, land use and land securing and access to the grid issues.

While level of exigency might be different depending on the geographies, EDPR acknowledges a trend for legislations to align towards concentrating the most restrictive rules and development risks on the consenting (environmental and urban permissions) and interconnection (electricity connection of the plant to the national grid).

In this context, EDPR's experience gathered in different countries is useful to anticipate and deal with similar situations in other countries.

During the development and design phase, EDPR focuses on the optimization of its projects. By mastering the variables, such as choice of locations, layout, etc, the objective is to make our projects more resilient to permitting risks.

Additionally, EDPR mitigates development risk by generating optionality, with development activities in 12 different countries (Spain, Portugal, France, Belgium, Poland, Romania, UK, Italy, US, Canada, Brazil and Mexico) and a portfolio of projects in several stages of maturity. EDPR has a large pipeline of projects that provide a "buffer" to overcome potential delays in the development of prioritized projects, ensuring growth targets and being able to compensate permitting delays in some geographies.

3. ii) Execution Risk

During the construction of the foundations, interconnection and substation of a plant, and the installation of the equipments, different events (bad weather, accidents, etc) might occur that could imply an over cost or a delay in the commercial operation date of the plant:

- The delay implies a postponement of cash flows, affecting profitability of the investment.
- When a plant has a PPA, a delay of the commercial operation date might imply the payment of LDs, with the consequent loss of revenues and the impact on annual financial results.

During the design phase, EDPR engineering teams supervise the engineering and the installation method. Construction is subcontracted to technically capable construction companies.

In both cases, a critical path analysis is performed to assess the reliability of construction and installation plan. Also, collaterals may be required to the counterparty following EDPR's Counterparty Risk Policy.

3. iii) Operation Risk

Damage to Physical Assets

Renewable plants in construction and in operation are exposed to weather hazards, natural disasters, etc. These risks depend on the location.

All plants are insured the physical damage during construction and operation. During operation, any natural disaster, weather hazard or accident will be partially insured to revenue losses due to the event.

Equipment Performance Risk (O&M costs)

Output from renewable plants depends upon the operating availability of the equipment.

EDPR mitigates this risk by using a mix of suppliers which minimizes technological risk, avoiding exposure to a unique manufacturer.

EDPR also engages suppliers through medium-term full-scope maintenance agreements during the first years of operation to ensure alignment with supplier in minimizing technology risk.

Finally, for older plants, EDPR has created an Operation and Maintenance (O&M) program with an adequate preventive and scheduled maintenance program. EDPR externalizes non-core technical O&M activities of its renewable plants, while primary and value added activities continue to be controlled by EDPR.

3. iv) Information Technology

IT (Information Technologies) risk may occur in the technical network (information network for plants operation) or in the office network (information network of corporate services: ERP, accounting…)

EDPR mitigates this risk creating redundancy of servers and control centers of renewable plants. Redundancy is created in a different location to anticipate potential natural disasters, etc.

3. v) Legal claims (compliance)

EDPR faces potential claims of third parties and fraud of its employees.

DPR aims strict compliance with existing regulation and has zero tolerance to fraud. EDPR revises periodically its compliance with all the regulations that affects its activity (environmental, taxes…)

3. vi) Personnel

EDPR identifies two main risk factors regarding personnel: turnover and health and safety.

- Turnover: Cost of replacing an employee. A high turnover implies direct costs of replacement and indirect costs of knowledge loss.
- Health and safety: Likelihood that a person may be harmed or suffers adverse health effects if exposed to a hazard.

EDPR mitigates turnover through constant reassessment and benchmarking of remuneration schemes in different geographies. Additionally, EDPR offers flexibility to its employees to improve work life balance. In 2016, EDPR was elected as "Great Place to Work" in Spain and Poland.

EDPR aims zero-accidents at work by constantly training in health and safety issues and certifying its facilities according to the OHSAS 18001 standard.

3. vii) Processes

Internal processes are subject to potential human errors that may negatively affect the outcome.

Internal Audit Department regularly reviews internal processes and recommends the establishment of new controls or the improvement in the implementation of existing procedures.

4. Business Risk

4. i) Regulatory Risk (renewables)

The development and profitability of renewable energy projects are subject to policies and regulatory frameworks. The jurisdictions in which EDPR operates provide different types of incentives supporting energy generated from renewable sources.

Remuneration schemes have become less competitive in some countries due to the financial crisis and it cannot be guaranteed that current support will be maintained in all EDPR's geographies or that future renewable energy projects will benefit from current support measures. Regulation promoting green energy has been revised or is under revision in some of the countries where EDPR is present.

In the US, renewable generation from wind will be incentivized through Production Tax Credits (PTC) at a Federal level for all projects beginning of construction up to 2019. Level of incentives will be progressively fading out. Additionally, wind and solar production is also incentivized through State RPS Programs that allow receiving RECs (Renewable Energy Credit) for each MWh of renewable generation.

EDPR is managing its exposure to regulatory risks through diversification, by being present in several countries and through participation as an active member in several wind and solar associations.

Regulatory Risk in each of EDPR's countries is monitored continuously, considering current regulation, potential drafts of new laws, feedback from associations, evolution of installed renewable generation capacity and other inputs. EDPR has developed an internal quantitative assessment of Regulatory Risk that serves as an indicator for changes in supporting schemes. This measure is updated annually in all EDPR´s geographies.

Regulatory Risk is also considered ex-ante, at the moment of the investment, through sensitivity analyses that are performed to evaluate its impact in project profitability under different scenarios.

4. ii) Equipment Market Risk

Equipment Price Risk

Price of equipment is affected, not only by market fluctuations of the materials used, but also by the demand of this equipment.

For every new project, EDPR secures the demand risk by engaging in advance with manufacturers, elected through a competitive process.

Equipment Supply Risk

The demand for new plants may offset the offer of equipment. Currently, the local component requirement in some geographies (Ex: Brazil) may create this shortfall situation.

EDPR faces limited risk to the availability and price increase of equipment due to existing framework agreements with major global suppliers. The Company uses a large mix of suppliers in order to diversify equipment supply risk.

For geographies with specific requirements of local component, EDPR does not engage in a project before securing the supply of the equipment.

5. Strategic Risk

5. i) Country Risk

Country Risk is defined as the probability of occurrence of a financial loss in a given country due to macroeconomics, political or natural disasters. EDPR has defined a Country Risk Policy that assesses country risk through an internal scoring based on publicly available data. This internal scoring is compared with external assessments from renowned organizations. Each risk factor affecting country risk is evaluated independently to decide on potential mitigating actions:

- Macroeconomic Risk: Risks from the country's economic evolution, affecting revenue or cost time of the investments
- Political Risk: All possible damaging actions or factors for the business of foreign companies that emanate from any political authority, governmental body or social group in the host country
- Natural disaster risk: Natural phenomena (seismicity, weather) that may impact negatively in the business conditions

Before approving a project in a new geography, EDPR analyses the risk of the new country and compares it to our existing portfolio. Mitigation measures may be decided when this risk is above a certain threshold.

5. ii) Competitive landscape

In the renewable business, size can be an advantage or disadvantage in specific situations. For example, in development of renewable plants, small and dynamic companies are usually more competitive than larger companies. On the other hand, when participating in tender processes for offshore wind farms, the size of the investment benefits larger companies.

Additionally, the consequences of a change in the competitive landscape due to mergers and acquisitions may also be a risk.

To mitigate the risks, EDPR has a clear knowledge of its competitive advantages and tries to leverage on them. When EDPR has no advantage versus its competitors, alternatives are considered in order to become competitive. For example, for offshore wind farms, EDPR has partnered with large companies with previous experience in large electricity generation projects, in order to become a more competitive consortium.

5. iii) Technology disruptions

Most renewables are relatively recent technologies, which are continuously evolving and improving efficiency. As such, some initially expensive technologies can become competitive in a relatively short time.

EDPR growth focuses in the most competitive renewable technologies at the moment, which are onshore wind, offshore wind and PV solar, but also participates in other innovative projects such as floating offshore wind.

5. iv) Meteorological changes

Future estimations of wind and solar production are based on analysis of historical measurements for more than 20 years, and they are considered to be representative of the future. Relevant unexpected meteorological changes could lead to a lower production than the one expected from historical data.

When evaluating a new investment, EDPR considers potential changes in the production forecasted, however, the size of the potential deviation in the case of relevant meteorological changes is uncertain.

5. v) Investment decisions criteria

Not all projects have the same risk profile. This will depend on merchant exposure of remuneration, construction risk, etc.

In order to take proper business decisions, EDPR uses Risk Adjusted Metrics for investment decisions, which take into consideration the different risks inherent of each project.

5. vi) Energy Planning

Assumptions in future evolution of energy markets affect the profitability of the investments for the period after the fixed remuneration (regulated tariff or PPAs). Structure of electricity markets in most of EDPR geographies (marginal setting price) were not designed to consider a great share of generation from renewable sources with zero marginal price. Thus, the increase in renewable generation could lead to lower pool prices in medium term if reforms of electricity markets are not properly undertaken.

When investing, EDPR performs sensitivity analyses to stress pool price scenarios for the period without fixed remuneration to understand the robustness of the profitability of the investment.

5. vii) Corporate Organization and Governance

Corporate governance systems should ensure that a company is managed in the interests of its shareholders.

In particular, EDPR has an organization in place with a special focus on transparency, where the management body (Board of Directors) is separated from the supervision and control duties (Audit and Control Committee). Members of the Audit Committee are invited to the General Risk Committee of EDPR.

5. viii) Reputational risk

Companies are exposed to public opinion and today's social networks are a rapid mean to express particular opinions. A bad reputation could eventually harm financial results of a company in the short and in the long term.

Sustainability makes part of the essence of EDPR. EDPR is not only committed in building a better future for our children, but also in doing it well, in an ethical and sustainable manner, consequently limiting reputational risk.

54. RISK FUNCTIONS AND FRAMEWORK

A corporation can manage risks in two different ways, one risk at a time on a largely and compartmentalized basis, or all risks together within a coordinated and strategic framework. The latter approach is called *"Enterprise Risk Management"* and is the approach used at EDPR.

Risk Management at EDPR is supported by three distinct organizational functions, each one with a different role: Strategy (Risk Profiler), Management (Risk Manager) and Controlling (Risk Controller).

Risk functions	Description
Strategy – General risk strategy & policy	• Global Risk Department provides analytically supported proposals to general strategic issues • Responsible for proposing guidelines and policies for risk management within the company
Management – Risk management & risk business decisions	• Implement defined policies by Global Risk • Responsible for day-to-day operational decisions and for related risk taking and risk mitigating positions
Controlling – Risk control	• Responsible for follow-up of the results of risk taking decisions and for contrasting alignment of operations with general risk policy approved by the board

The Risk Committee is the forum where the different Risk Functions discuss the policies to be implemented and control the risk exposure of the company. EDPR's Risk Committee integrates and coordinates all Risk Functions and assures the link between corporate's risk appetite and defined strategy and the operations of the company.

EDPR created three distinct meetings of the Risk Committee in order to separate discussions on execution of mitigation strategies from those on the definition of new policies:

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

55. DETAILS ON THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS IMPLEMENTED IN THE COMPANY REGARDING THE PROCEDURE FOR REPORTING FINANCIAL INFORMATION

With the purpose of not only controlling risks, but also managing them ex-ante, EDPR has created Global Risk policies that are enforceable at a Global Level. These policies are proposed and discussed in the Risk Committee and approved by the Executive Committee.

Compliance with Global Risk policies is verified every month in the Restricted Risk Committee.

During 2016, EDPR redefined the Enterprise Risk Management Framework for the company, framing all existing risk policies/prodedures under each Risk Category:

- Market Risk: Energy Price Hedging Policy, FTR participation procedure, US Active Scheduling Procedure.
- Counterparty Risk: Counterparty Risk Policy.
- Operational Risk: Operational Risk Policy.
- Strategic Risk: Country Risk Policy.

INTERNAL CONTROL SYSTEM OVER FINANCIAL REPORTING

EDPR has an Internal Control System over Financial Reporting (SCIRF) updated and monitored in line with international standards of Internal Control.

This system covers the main aspects of the COSO framework: maintaining a control environment for the preparation of qualified financial information, assessment of the risks of financial reporting, existence of control activities to mitigate risks of error, information and communication and evaluation mechanisms.

SCOPE REVISION AND UPDATE

The SCIRF Manual includes the annual update of the scope that aims to identify companies, areas and processes that must be included in the scope of SCIRF, according to criteria of materiality and risk, including the risk of error or fraud.

The risk analysis included in the scoping process for SCIRF, includes both the different types of risk (operational, economic, financial, technological or legal) and the control objectives of financial reporting (existence and occurrence, completeness, measurement, presentation, disclosure and comparability, and rights and obligations in terms of their potential impact on the financial statements).

The results of the updated scope with the methodology outlined are communicated at all levels of the organization involved in the SCIRF and supervised by the Audit and Control Committee.

CONTROL ACTIVITIES

In documented SCIRF processes and controls, information capture mechanisms are established (including identification of the scope of consolidation) and steps and checks that are carried out for the preparation of the financial information that will be part of consolidated financial statements are specified.

The procedures for review and approval of financial information are provided by the areas of Planning and Control, and Administration, Consolidation and Tax. Financial information is supervised in the scope of its competences by the Audit Control Committee, prior to the formulation of the accounts by the Board of Directors.

The SCIRF includes control activities related to these processes, embodied in Entity Level Controls, Process Controls and General Computer Controls. These processes include review and approval activities of the financial information which are described in the processes of elaboration of individual accounts, preparation of consolidated accounts and processing of consolidated financial statements.

EDPR has descriptions of Competency Profiles for the Positions to be carried out in the exercise of the main features of each position that includes a description of the main responsibilities. These include the descriptions of the key positions of those involved in the preparation of financial information. These descriptions include responsibilities in the preparation of financial information and compliance with internal control procedures.

The documentation of processes and associated controls designed include among others, the completion of closure activities by completing monthly closing checklists by entity, setting time limits for the closures, the identification of the relevance of the operations in order to be reviewed at the appropriate level, conducting analytical reviews of financial information, the existence of limitations in systems to prevent erroneous records or access by unauthorized persons, analysis of deviations from the budget, the analysis in Executive Committees of relevant and significant facts that could cause a significant impact on the accounts, or the allocation of responsibilities for calculating amounts to be provisioned for them to be carried out by authorized personnel with the right skills.

In addition to the mentioned processes, major transactional processes resulting from the scope are documented. The description of the activities and controls are designed with the aim of ensuring the registration, evaluation, appropriate presentation and disclosure of transactions in financial reporting.

Control activities of EDPR's SCIRF also include those relating to systems and information technology (Computer General Controls) following an international reference, the COBIT framework (Control Objectives for Information and related Technologies). The importance of this area is that information systems are the tools with which financial information is prepared, and is therefore relevant for transactions conducted with them.

These control activities include those related to access control to applications and systems, segregation of duties, management of corrective and preventive maintenance, new projects implementation, administration and management of the systems, facilities and operations (back-ups, security incidents) and their proper monitoring and planning. These activities are developed taking into account the requirements of control and supervision.

Among the activities of SCIRF's scope update, there is a periodic analysis of the existence of service suppliers that perform relevant activities in relation to the processes of preparing financial information.

SCIRF SUPERVISION

The Audit and Control Committee supervises the SCIRF in the scope of the exercise of their activities through the monitoring and supervision of the developed mechanisms for SCIRF's implementation, evolution and evaluation, and the results of the scope analysis and the extent of the situation in terms of coverage. To this extent, the Internal Audit Department assists the Audit and Control Committee.

EDPR has an Internal Audit Department under the Chairman of the Executive Committee. The Audit and Control Committee supervise the Internal Audit Department as establishes the Basic Internal Audit Act.

The main functions of the Internal Audit Department are set out in the Basic Internal Audit Act, which includes, among others, the evaluation of the activities of internal control systems, including the internal control system over financial reporting.

The annual work plans of the Internal Audit Department obtain the opinion of the Audit and Control Committee. The Internal Audit Department reports to the Audit and Control Committee about the status and the performance of the audit works.

Among these activities, Internal Audit supports the Audit and Control Committee in supervising the implementation and maintenance of SCIRF and reports the results of the evaluation, improvement actions identified and their evolution.

The entity has action plans for improvement actions identified in SCIRF's assessment processes, which are accompanied and supervised by the Internal Audit Department, considering their impact on the financial information.

Also in the year 2016, as in previous years, a process of self-certification was made by the heads of the various process owners regarding proper documentation update on SCIRF controls and processes in their area of responsibility and the implementation of controls with corresponding evidence.

SCIRF EVALUATION

Besides the monitoring and evaluation activities described in the preceding paragraph, in case the auditors identified internal control weaknesses in the scope of their financial audit work, they are expected to communicate these circumstances to the Audit and Control Committee, which regularly monitors the results of the audit work.

Additionally, in 2016 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).

IV. INVESTOR ASSISTANCE

56. INVESTOR RELATIONS DEPARTMENT

EDPR seeks to provide to shareholders, investors, and stakeholders all the relevant information about the Company and its business environment, on a regular basis. The promotion of transparent, consistent, rigorous, easily accessible, and high-quality information is of fundamental importance to an accurate perception of the Company's strategy, financial situation, accounts, assets, prospects, risks, and significant events.

EDPR, therefore, looks to provide investors with accurate information that can support them in making informed, clear and concrete investment decisions.

The Investor Relations Department was created to ensure a direct and permanent contact with all market related agents and stakeholders, to guarantee effective communication, equality between shareholders and to prevent imbalances in the information access.

The EDPR Investor Relations Department (IR) is the intermediary between EDPR and its actual and potential shareholders, the financial analysts that follow Company's activity, all investors and other members of the financial

community. The main purpose of the department is to guarantee the principle of equality among shareholders, by preventing asymmetries in the access of the information and reducing the gap between market perception and Company's strategy and intrinsic value. The department responsibility comprises developing and implementing EDPR's communication strategy and preserving an appropriate institutional and informative relationship with the financial market, the stock exchange at which EDPR shares trade and the regulatory and supervisory entities (CMVM – Comissão de Mercado de Valores Mobiliários – in Portugal and CNMV – Comisíon 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 NYSE 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 2016, EDPR made 30 press releases, including quarterly, semi-annual and annual results presentations and handouts elaborated by the IR Department. In addition, the IR Department also elaborates key data files and interim presentations which are available on the website investors' section.

On each earnings announcement, EDPR promotes a conference call and webcast, at which the Company's management updates the market on EDPR's activities. On each of these events, shareholders, investors and analysts had the opportunity to directly submit their questions and to discuss EDPR's results as well as the Company's outlook and strategy.

EDPR IR Department is coordinated by Rui Antunes and is located at the Company's head offices in Madrid, Spain. The department structure and contacts are as follows:

IR Contacts:
Rui Antunes, Head of Planning & Control, Investor Relations and Sustainability
Calle Serrano Galvache, 56
Centro Empresarial Parque Norte
Edificio Olmo – 7th floor
28033 – Madrid – España
Website: www.edprenovaveis.com/investors
E-Mail: ir@edpr.com
Phone: +34 902 830 700 / Fax: +34 914 238 42

In 2016, EDPR promoted and participated in several events, namely roadshows, conferences, presentations to investors and analysts, meetings and conference calls. During the year, EDPR management and the IR team attended to 16 broker conferences, held 29 roadshows and reverse roadshows, along with conference calls and meetings, totaling more than 380 interactions with institutional investors in more than 15 of the major financial cities across Europe and US.

EDPR IR Department was in permanent contact with capital markets agents, namely financial analysts who evaluate the Company. In 2016, as far as the Company is aware, sell-side analysts issued more than 150 reports evaluating EDPR's business and performance.

At the end of the 2016, as far as the Company is aware of, there were 24 institutions elaborating research reports and following actively EDPR activity. As of December 31st 2016, the average price target of those analysts was of Euro 7.3 per share with the majority reporting "Buy" recommendations on EDPR's share: 14 Buys, 8 Neutrals and 2 Sell.

Company	Analyst	Price Target	Date	Recommendation
Axia	Maria Almaça	€ 8.30	24-Aug-16	Buy
Bank of America Merrill Lynch	Pinaki Das	€ 8.00	03-May-16	Buy
BBVA	Daniel Ortea	€ 7.25	15-Dec-16	Outperform
Berenberg	Lawson Steele	€ 6.60	10-Feb-16	Hold
BPI	Gonzalo Sanchez-Bordoña	€ 7.80	21-Nov-16	Buy
Bryan, Garnier & Co	Xavier Caroen	€ 7.50	06-Apr-16	Neutral
Caixa BI	Helena Barbosa	€ 7.70	26-Jul-16	Buy
Citigroup	Akhil Bhattar	€ 6.50	12-Dec-16	Neutral
Deutsche Bank	Virginia Sanz de Madrid	€ 7.60	14-Dec-16	Buy
Exane BNP	Manuel Palomo	€ 6.20	03-Nov-16	Underperform
Fidentiis	Daniel Rodríguez	€ 5.78	18-Dec-14	Hold
Goldman Sachs	Manuel Losa	€ 6.80	30-Nov-16	Neutral
Grupo CIMD	António Seladas	€ 6.30	26-Jul-16	Reduce
Haitong	Jorge Guimarães	€ 8.20	27-Jul-16	Buy
HSBC	Pablo Cuadrado	€ 7.70	27-May-16	Buy
JP Morgan	Javier Garrido	€ 6.70	20-Dec-16	Overweight
Kepler Cheuvreux	Jose Porta	€ 8.30	27-Jul-16	Buy
Macquarie	Jose Ruiz	€ 5.90	14-Dec-16	Neutral
Morgan Stanley	Carolina Dores	€ 8.00	4-Nov-16	Overweight
Natixis	Philippe Ourpatian	€ 6.90	27-Jul-16	Neutral
Sabadell	Felipe Echevarría	€ 8.20	10-Oct-16	Buy
Santander	Bosco Mugiro	€ 7.80	26-May-16	Buy
Société Générale	Jorge Alonso	€ 7.00	4-Nov-16	Hold
UBS	Hugo Liebaert	€ 9.00	18-Oct-16	Buy

57. MARKET RELATIONS REPRESENTATIVE

EDPR representative for relations with the market is Rui Antunes, Head of Planning & Control, Investor Relations and Sustainability Department.

58. INFORMATION REQUESTS

In 2016, EDPR was present in several events with analysts and investors, such as roadshows, conferences, meetings, conference calls and other presentations, communicating EDPR's business plan, strategy and its operational and financial performance.

During the year, IR Department received more than 550 information requests and interacted more than 380 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 2016 there was no pending information request.

V. WEBSITE – ONLINE INFORMATION

59-65.

EDPR considers online information a powerful tool in the dissemination of material information, updating its website with all the relevant documents. Apart from all the required information by CMVM and CNMV regulations, EDPR website also carries financial and operational updates of Company's activities ensuring an easy access to the information.

EDPR website: www.edprenovaveis.com

Information:	Link:
Company information	www.edprenovaveis.com/investors/corporate-governance/companys-name www.edprenovaveis.com/our-company/who-we-are
Corporate by-laws and bodies/committees regulations	www.edprenovaveis.com/investors/corporate-governance
Members of the corporate bodies	www.edprenovaveis.com/investors/corporate-governance/directors
Market relations representative, IR department	www.edprenovaveis.com/investors/contact-ir-team
Means of access	www.edprenovaveis.com/our-company/contacts/contact-us
Financial statements documents	www.edprenovaveis.com/investors/reports-and-results
Corporate events Agenda	www.edprenovaveis.com/investors/calendar
General Shareholders' Meeting information	www.edprenovaveis.com/investors/shareholders-meeting-2

D. REMUNERATION

I. POWER TO ESTABLISH

66. COMPETENCES TO DETERMINE THE REMUNERATION OF THE CORPORATE BODIES

The Nominations and Remunerations Committee is a permanent body belonging to the Board of Directors with an informative and advisory nature. Its recommendations and reports are non-binding.

As such, the Nominations and Remunerations Committee has no executive functions. The main functions of the Nominations and Remunerations Committee are to assist and inform the Board of Directors regarding the nominations (including by co-option), re-elections, dismissals, and the remuneration of the Board Members and its position about the composition of the Board of Directors, as well as the nominations, remuneration, and dismissal 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 concerning the Declaration on the Remuneration Policy.

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. REMUNERATION COMMITTEE

67. NOMINATIONS AND REMUNERATIONS COMMITTEE

The Composition of the Nominations and Remunerations Committee is reflected on topic 29 of the report.

The Nominations and Remunerations Committee did not hire any external consultancy services corresponding to 2016.

68. KNOWLEDGE AND EXPERIENCE REGARDING REMUNERATION POLICY

The Chairman of the Nominations and Remunerations Committee has knowledge and experience regarding Remuneration Policy as member of the Remuneration Committee of a Portuguese listed company as mentioned on his biography available in the Annex of this report, together with the biographies of all other members of the Nominations and Remunerations Committee.

III. REMUNERATION STRUCTURE

69. REMUNERATION POLICY

Pursuant to Article 26.1 of the Company's Articles of Association the Directors shall be entitled to a remuneration which consists of (i) a fixed amount to be determined annually by the General Shareholders' Meeting for the whole Board of Directors and of (ii) attendance fees regarding the Board Meetings.

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

The total amount of the remunerations that the Company will pay to its Directors under the terms provided in the previous paragraphs shall not exceed the amount determined for that effect by the General Shareholders' Meeting. The maximum remuneration approved by the General Shareholders' Meeting, for all the members of the Board of Directors was EUR 2,500,000 per year.

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

The maximum annual remuneration approved by the General Shareholders' Meeting for the variable remuneration for all the executive members of the Board of Directors was EUR 1,000,000 per year.

EDPR, in line with EDP Group corporate governance practice, has signed an Executive Management Services Agreement with EDP, under which the Company bears the cost for such services to some of the members of the Board of Directors to the extent their services are devoted to EDPR.

The Non-Executive Directors only receive a fixed remuneration, which is calculated on the basis of their work exclusively as Directors or with their membership on the Nominations and Remunerations Committee, Related Party Transactions Committee, and the Audit and Control Committee. Those members who are seated in two different Committees do not accumulate two remunerations. In these cases, the remuneration to be received is the one that corresponds to the highest value.

EDPR has not incorporated any share remuneration or share purchase options plans as components of the remuneration of its Directors.

No Director has entered into any contract with the Company or third parties that have the effect of mitigating the risk inherent in the variability of the remuneration established by the Company.

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

The remuneration policy for the Directors of the Company is submitted each year to the General Shareholders' Meeting for approval.

70. REMUNERATION STRUCTURE

The remuneration policy applicable for 2014-2016 as proposed by the Nominations and Remuneration Committee and approved by the General Shareholders' Meeting on April 8th, 2014 (the Remuneration Policy), defines a structure with a fixed remuneration for all members of the Board of Directors and a variable remuneration, with an annual component and a multi-annual component for the members of the Executive Committee.

The Remuneration Policy, including the minor amendments approved by the General Shareholders' Meeting held on April 14th 2016, remained unaltered through 2016. On the topic below can be found a reminder of the KPIs (Key Performance Indicators) stated in the Remuneration Policy for variable annual and multi-annual variable components.

71. VARIABLE REMUNERATION

Variable annual and multi-annual remuneration applies to the members of the Executive Committee.

The variable annual remuneration may range from 0 to 68% of the annual fixed remuneration and the multi-annual remuneration from 0 to 120% of the annual fixed remuneration.

For Executive Committee Members that are also Officers, there will be a qualitative evaluation of the CEO about the annual performance. This evaluation will have a weight of 20% for the final calculation in the annual variable remuneration and 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. For the year 2016 and in order to align the indicators with the company objectives, some minor amendments were applied to some KPIs. The indicators are as follows:

Target Group	Key performance Indicator	CEO/CFO/Non-Officers Executives			COOs*		
		Weight 2016	Group	Platform	Weight 2016	Group	Platform
Growth	Incremental MW (EBITDA+ENEOP)	10%	30%	70%	10%	30%	70%
Self-Funding Strategy	Asset Rotation + Tax Equity	10%	100%	0%	7.5%	100%	0%
Risk - Return	ROIC Cash %	8%	50%	50%	8%	50%	50%
	TSR vs. Wind peers & PSI 20	15%	100%	0%	15%	100%	0%
	EBITDA (in €)	15%	50%	50%	12%	50%	50%
	Net Profit (excl. Minorities)	12.5%	100%	0%	12%	100%	0%
Efficiency	Technical Availability	6%	40%	60%	6%	40%	60%
	Opex /Av. EBITDA MW (in €k)	0%	0%	0%	6%	0%	100%
	Capex /MW (in €k)	6%	50%	50%	6%	50%	50%
Additional KPIs	Sustainability	7.5%	100%	0%	7.5%	100%	0%
	Employee Satisfaction	5%	100%	0%	5%	100%	0%
	Appreciation of the Remuneration Committee	5%	100%	0%	5%	100%	0%
		100.0%			**100.0%**		

* For the COO´s regarding these KPIs the annual and multiannual are both 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%.

72. MULTI-ANNUAL REMUNERATION

The Remuneration Policy incorporates the deferral for a period of three years of the multi-annual variable remuneration, being the relevant payment conditioned to the lack of any willful illicit action, known after the appraisal and which endangers the sustainable performance of the company, in line with CMVM corporate governance practices.

73. VARIABLE REMUNERATION BASED ON SHARES

EDPR has not allocated variable remuneration on shares and does not maintain Company shares that the Executive Directors have had access to.

74. VARIABLE REMUNERATION BASED ON OPTIONS

EDPR has not allocated variable remuneration on options.

75. ANNUAL BONUS AND NON-MONETARY BENEFITS

The key factors and grounds for any annual bonus scheme are described on topics 71 and 72. Additionally, the Officers, with the exception of the CEO received the following non-monetary benefits: company car and Health Insurance. In 2016, the non-monetary benefits amounted to EUR 117,159.

The Non-Executive Directors do not receive any relevant non-monetary benefits as remuneration.

76. RETIREMENT SAVINGS PLAN

The retirement savings plan for the members of the Executive Committee that are also Officers, acts as an effective retirement supplement with a range between 3% to 6% of their annual salary. The percentage is defined according with the retirement savings plan applicable in their home country. The retirement savings plan has been approved by the General Shareholders' Meeting on April 14th 2016 (the Remuneration Policy included the retirement plan).

IV. REMUNERATION DISCLOSURE

77. BOARD OF DIRECTORS REMUNERATION

The remuneration paid by EDPR to the members of the Board of Directors for the year ended on December 31st 2016 was as follows:

Remuneration	Fixed (€)	Annual (€)	Multi-annual (€)	Total (€)
Executive Directors				
João Manso Neto*	0	0	0	0
João Paulo Costeira**	61,804.00	0	0	61,804.00
Miguel Amaro**	61,804.00	0	0	61,804.00
Gabriel Alonso**	0	0	0	0
Non-Executive Directors				
António Mexia*	0	0	0	0
Nuno Alves*	0	0	0	0
João Lopes Raimundo	60,000.00	0	0	60,000.00
António Nogueira Leite	55,000.00	0	0	55,000.00
João Manuel de Mello Franco	60,000.00	0	0	60,000.00
Jorge Henriques dos Santos	80,000.00	0	0	80,000.00
Gilles August	45,000.00	0	0	45,000.00
Manuel Menéndez Menéndez	45,000.00	0	0	45,000.00
Acácio Jaime Liberado Mota Piloto	55,000.00	0	0	55,000.00
José A. Ferreira Machado	60,000.00	0	0	60,000.00
Francisca Guedes de Oliveira	55,000.00	0	0	55,000.00
Allan J.Katz	45,000.00	0	0	45,000.00
Francisco Seixas da Costa***	39,263.89	0	0	39,264.89
Total	**722,871.89**	**0**	**0**	**722,871.89**

* António Mexia, João Manso Neto and Nuno Alves do not receive any remuneration from EDPR. EDPR and EDP signed an Executive Management Services Agreement according to which EDPR pays to EDP a fee for the services rendered by these Board Members.

** Gabriel Alonso, Miguel Amaro and João Paulo Costeira, as Officers and members of the Executive Committee receive their remuneration as Directors as described on the table above and as other Group companies' employees, as described on the table below.

*** Francisco Seixas da Costa amounts reflect the ones corresponding to the 2016 period since his appointment.

According to the Executive Management Services Agreement signed with EDP, EDPR is due to pay an amount to EDP, for the services rendered by the Executive Managers and the Non-Executive Managers. The amount due under said Agreement for the management services rendered by EDP in 2016 is EUR 1,132,017.60, of which EUR 1,087,017 refers to the management services rendered by the Executive Members and EUR 45,000 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, ex-CEO, was the following:

Remuneration	Fixed	Variable Annual	Variable Multi-annual	Total
João Paulo Costeira	€ 228,196	€ 95,000	-	€ 323,196
Miguel Amaro	€ 228.196	€ 90,000	-	€ 318,196
Gabriel Alonso	US$ 366,544.62	US$ 116,550	-	US$ 483,094.62

All the amounts are in EUR, except Gabriel Alonso ones, which are in USD.

79. REMUNERATION PAID IN FORM OF PROFIT SHARING AND/OR BONUS PAYMENTS

In EDPR there is no payment of remuneration in the form of profit sharing and/or bonus payments and the reasons for said bonuses or profit sharing being awarded.

80. COMPENSATION FOR RESIGNED BOARD MEMBERS

In EDPR there is no compensation paid or owed to former executive Directors concerning contract termination during the financial year.

81. AUDIT AND CONTROL COMMITTEE REMUNERATION

Member	Position	Remuneration (€)*
Jorge Santos	Chairman	80,000
João Manuel de Mello Franco	Vocal	60,000
João Lopes Raimundo	Vocal	60,000

* The Non-Executive Directors receive only a fixed remuneration, which is calculated based on their work exclusively as Directors or with their membership on the Nominations and Remunerations Committee, Related-Party Transactions Committee, and/or the Audit and Control Committee.

82. REMUNERATION OF THE CHAIRPERSON OF THE GENERAL SHAREHOLDERS' MEETING

In 2016, the remuneration of the Chairman of the General Shareholders' Meeting of EDPR was EUR 15,000.

V. AGREEMENTS WITH REMUNERATION IMPLICATION

83-84.

EDPR has no agreements with remuneration implication.

VI. SHARE-ALLOCATION AND/OR STOCK OPTION PLANS

85-88.

EDPR does not have any Share-Allocation and/or Stock Option Plans.

E. RELATED-PARTY TRANSACTIONS

I. CONTROL MECHANISMS AND PROCEDURES

89. RELATED-PARTY TRANSACTIONS CONTROLLING MECHANISMS

In order to supervise the transactions between the Group Companies and its qualified shareholders, the Board of Directors has created the Related-Party Transactions Committee, a permanent body with delegated functions. The Related-Party Transactions Committee duties are described on topic 29 of the Report. The Audit and Control Committee also supervises the transactions with qualified shareholders when requested by the Board of Directors according to Article 8.2, i) of its Regulations. This information is included on the annual report of the Audit and Control Committee. The mechanisms established on both committees' regulations and also the fact that one of the members of the Related-Party Transactions Committee is member of the Audit and Control Committee constitutes a relevant element for an adequate evaluation of the relations established between EDPR and third entities.

90. TRANSACTIONS SUBJECT TO CONTROL DURING 2016

During 2016, 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 2016 incurred with or charged by the EDP Group was EUR 18.64 million, corresponding to 6.1% of the total value of Supplies & Services for the year (EUR 304.74 million).

The most significant contracts in force during 2016 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 was renewed on May 4th 2011 and effective from March 18th 2011 and renewed again on May 10th 2012.

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) two Executive Managers which are members of the EDPR Executive Committee, including the CEO, and (ii) two Non-Executive Managers, for which EDP Renováveis pays EDP an amount defined by the Related Party Committee, and approved by the Board of Directors and the Shareholders Meeting. Under this contract, EDPR incurred an amount of EUR 1,132,017.60 for the management services rendered in 2016.

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 2016, such loan agreements totalled USD 1,472,783,052 and EUR 1,209,000,000.

CURRENT ACCOUNT AGREEMENT

EDPR Servicios Financieros (EDPR SFE) and EDP Servicios Financieros España (EDP SFE) signed an agreement through which EDP SFE manages EDPR SFE's cash accounts. The agreement also regulates the current account (cc) scheme on arm's length basis. As of December 31st 2016, there are two different current accounts with the following balance and counterparties:

- in USD, for a total amount of USD 205,910,661 in favor of EDPR SFE;
- in EUR, for a total amount of EUR 10,867,725 in favor 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 2016, such counter-guarantee agreements totalled EUR 14,001,170 and USD 165,060,000.

The counter-guarantee agreement signed, under which EDP Energias do Brasil, SA or EDPR were undertaking on behalf of EDPR Brasil, to provide corporate guarantees or request the issue of any guarantees, on the terms and conditions requested by the subsidiaries, is no longer applicable and only the guarantees issued beforehand still in place until their expiring date. As of December 31st 2016, such counter-guarantee agreements totalled BRL 342,225,047.

CROSS CURRENCY INTEREST RATE SWAPS

Due to the net investment in EDPR NA, EDPR Canada, EDPR Brazil, 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 2016, the total amount of CIRS by geography and currency are as following:

- in USD/EUR, with EDP Sucursal for a total amount of USD 2,619,281,096;
- in CAD/EUR, with EDP Energias de Portugal SA for a total amount of CAD 27,550,000 (NDF);
- in BRL/EUR, with EDP Energias de Portugal SA for a total amount of BRL 118,000,000 (NDF);
- in PLN/EUR, with EDP Energias de Portugal SA for a total amount of PLN 835,212,469.

HEDGE AGREEMENTS – EXCHANGE RATE

EDPR Group companies entered into several hedge agreements with EDP Energias de Portugal S.A., with the purpose of managing the transaction exposure related to the short term or transitory positions in Polish subsidiaries, fixing the exchange rate for PLN/EUR and EUR/PLN in accordance to the prices in the forward market in each contract date. As of December 31st 2016, the total amount of Forwards and Non Delivery Forwards by geography and currency are as following:

- Polish operations, for EUR/PLN, a total amount of PLN 206,379,992 (FWDs);
- Polish operations, for PLN/EUR, a total amount of EUR 454,443 (FWDs).

HEDGE AGREEMENTS – COMMODITIES

EDP and EDPR EU entered into hedge agreements for 2016 for a total volume of 3,663,080 MWh (sell position) and 131,280 MWh (buy position) at the forward market price at the time of execution related with the expected sales of energy in the Spanish market.

CONSULTANCY SERVICE AGREEMENT

On June 4th 2008, EDP and EDPR signed a consultancy service agreement. Through this agreement, and upon request by EDPR, EDP (or through EDP Sucursal) shall provide consultancy services in the areas of legal services, internal control systems, financial reporting, taxation, sustainability, regulation and competition, risk management, human resources, information technology, brand and communication, energy planning, accounting and consolidation, corporate marketing, and organizational development.

The price of the agreement is calculated as the cost incurred by EDP plus a margin. For the first year, it was fixed at 8% based on an independent expert on the basis of market research. For 2016 the estimated cost of these services is EUR 5,486,410.27. 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 2016 is EUR 734,115.29.

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 paid to EDP Valor by EDPR Promoção e Operação S.A. and its subsidiaries for the services provided in 2016 totaled EUR 935,530. 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 2016 totaled EUR 670,244.98.

The initial duration of the agreement is one (1) year from date of signing and it is tacitly renewed for a new period of one (1) year.

Either party may renounce the contract with one (1) month notice.

CONSULTANCY AGREEMENT BETWEEN EDP RENOVÁVEIS BRASIL S.A., AND EDP ENERGIAS DO BRASIL S.A.

The object of the agreement is to provide to EDP Renováveis Brasil S.A. (hereinafter EDPR Brasil) the consultancy services described on the contract and its attachments by EDP – Energias do Brasil S.A. (hereinafter EDP Brasil). Through this agreement, and upon request by EDPR Brasil, EDP Brasil shall provide consultancy services in the areas of legal services, internal control systems, financial reporting, taxation, sustainability, regulation and competition, risk management, human resources, information technology, brand and communication, energy planning, accounting and consolidation, corporate marketing, and organizational development.

The amount incurred by EDP Brasil for the services provided in 2016 totaled BRL 134,746.

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 Related-Party Transactions Committee according to its competences, as mentioned on topic 89 of the report and by the Audit and Control Committee when requested.

According to Article 9.1 g) of the Related-Party Transactions Committee Regulations, the Committee analyses and supervises, according to the necessities of each specific case, the transactions between Qualifying Holdings other than EDP with entities from the EDP Renováveis Group whose annual value is superior to EUR 1,000,000. This information is included on the annual report of the Audit and Control Committee regarding those cases whose previous opinion was requested. The mechanisms established on both committees regulations and also the fact that one of the members of the Related-Party Transactions Committee is a member of the Audit and Control Committee constitutes a relevant element for an adequate evaluation of the relations established between EDPR and third entities.

II. DATA ON BUSINESS DEALS

92. DETAILS OF THE PLACE WHERE THE FINANCIAL STATEMENTS INCLUDING INFORMATION ON BUSINESS DEALINGS WITH RELATED PARTIES ARE AVAILABLE, IN ACCORDANCE WITH IAS 24, OR ALTERNATIVELY A COPY OF SAID DATA.

The information on business dealings with related parties is available on Note 37 of the Financial Statements.

PART II – CORPORATE GOVERNANCE ASSESSMENT

1. DETAILS OF THE CORPORATE GOVERNANCE CODE IMPLEMENTED

According to article 2 of CMVM Regulation 4/2013, EDPR informs that the present Report has been drafted under the Recommendations of CMVM's Corporate Governance Code published on July 2013. The CMVM Corporate Governance Code and its Regulations are available at CMVM website, www.cmvm.pt.

2. ANALYSIS OF COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE IMPLEMENTED

The following table shows the CMVM recommendations set forth in the code and indicates EDPR's compliance with it and the place in this report in which they are described in more detail.

During 2016 EDPR continued its consolidation task as to the Company's governance principles and practices. The high level of compliance with the best governance practices by EDPR was once again recognized by an initiative of Deloitte, the UK-based financial services firm, that rewards the best investor relations performance among companies listed on Euronext Lisbon: the annual IRG Awards Gala. The criteria for this awards included knowledge of the business and industry, implementation of best practices, display of communication skills and strategic vision, and contribution to the overall performance of the market.

EDPR once again, has been awarded for the Best Annual Report in the non-financial sector at the Investor Relations & Governance Awards, which took place July 5th in Lisbon, for excellence in accuracy, transparency, thoroughness and clarity.

Also in order to comply with the Recommendation II.2.5 of the Portuguese Corporate Governance Code, and according to the results of the reflection made by the Nominations and Remunerations Committee, the governance model that was adopted has been ensuring an effective performance and articulation of EDPR Social Bodies and proved to be adequate to the Company's governance structure without any constraints to the performance of its checks and balances system adopted to justify the changes made in the governance practices of EDPR.

The explanation of CMVM's recommendations that EDPR does not adopt or that the Company deems not applicable, reasoning and other relevant comments as well as reference to the part of the report where the description may be found, are in the table below.

In this context, EDPR states that it has adopted the CMVM recommendations on the governance of listed companies provided in the Portuguese Corporate Governance Code, with the exceptions indicated below.

#.#.	CMVM RECOMMENDATIONS
Statement of compliance	
I.	VOTING AND CORPORATE CONTROL
I.1.	Companies shall encourage shareholders to attend and vote at general meetings and shall not set an excessively large number of shares required for the entitlement of one vote, and implement the means necessary to exercise the right to vote by mail and electronically.
Adopted	
Chapter B – I, b), topic 12 and 13	
I.2.	Companies shall not adopt mechanisms that hinder the passing of resolutions by shareholders, including fixing a quorum for resolutions greater than that provided for by law.
Adopted	
Chapter B – I, b), topic 14	
I.3.	Companies shall not establish mechanisms intended to cause mismatching between the right to receive dividends or the subscription of new securities and the voting right of each common share, unless duly justified in terms of long-term interests of shareholders.
Adopted	
Chapter B – I, b) topic 14	

#.#. CMVM RECOMMENDATIONS

Statement of compliance

I.4. The Company's articles of association that provide for the restriction of the number of votes that may be held or exercised by a sole shareholder, either individually or in concert with other shareholders, shall also foresee for a resolution by the General Assembly (5 year intervals), on whether that statutory provision is to be amended or prevails – without super quorum requirements as to the one legally in force – and that in said resolution, all votes issued be counted, without applying said restriction.

Not Applicable

Chapter A – I, topic 5

I.5. Measures that require payment or assumption of fees by the Company in the event of change of control or change in the composition of the Board and that which appear likely to impair the free transfer of shares and free assessment by shareholders of the performance of Board Members, shall not be adopted.

Adopted

Chapter A – I, Topic 2 and 4

II. SUPERVISION, MANAGEMENT AND OVERSIGHT

II.1. SUPERVISION AND MANAGEMENT

II.1.1. Within the limits established by law, and except for the small size of the Company, the board of Directors shall delegate the daily management of the Company and said delegated powers shall be identified in the Annual Report on Corporate Governance.

Adopted

Chapter B – II, Topic 21, 28 and 29

II.1.2. The Board of Directors shall ensure that the Company acts in accordance with its objectives and shall not delegate its responsibilities as regards the following: i) define the strategy and general policies of the Company, ii) define business structure of the group, iii) decisions considered strategic due to the amount, risk and particular characteristics involved.

Adopted

Chapter B- II, Topic 29

II.1.3. The General and Supervisory Board, in addition to its supervisory duties , shall take full responsibility at corporate governance level, whereby through the statutory provision or by equivalent means, shall enshrine the requirement for this body to decide on the strategy and major policies of the Company, the definition of the corporate structure of the group and the decisions that shall be considered strategic due to the amount or risk involved. This body shall also assess compliance with the strategic plan and the implementation of key policies of the Company.

Not Applicable

(The governance model adopted by EDPR, as it is compatible with its personal law, corresponds to the so-called "Anglo-Saxon" model set forth in the Portuguese Commercial Companies Code, in which the management body is a Board of Directors, and the supervision and control duties are of the responsibility an Audit and Control Committee.)

II.1.4. Except for small-sized companies, the Board of Directors and the General and Supervisory Board, depending on the model adopted, shall create the necessary committees in order to:

a) Ensure a competent and independent assessment of the performance of the executive Directors and its own overall performance, as well as of other committees;

Adopted

b) Reflect on the system structure and governance practices adopted, verify its efficiency and propose to the competent bodies, measures to be implemented with a view to their improvement.

Chapter B – II, C), Topic 27, 28 and 29

II.1.5. The Board of Directors or the General and Supervisory Board, depending on the applicable model, should set goals in terms of risk-taking and create systems for their control to ensure that the risks effectively incurred are consistent with those goals.

Adopted

Chapter B – III, C), III – Topic 52, 53, 54 and 55

II.1.6. The Board of Directors shall include a number of Non-Executive members ensuring effective monitoring, supervision and assessment of the activity of the remaining members of the board.

Adopted

Chapter B – II, Topic 18 and Topic 29

#.#.	CMVM RECOMMENDATIONS
Statement of compliance	
II.1.7.	Non-Executive members shall include an appropriate number of independent members, taking into account the adopted governance model, the size of the Company, its shareholder structure and the relevant free float. The independence of the members of the General and Supervisory Board and members of the Audit Committee shall be assessed as per the law in force. The other members of the Board of Directors are considered independent if the member is not associated with any specific group of interests in the Company nor is under any circumstance likely to affect an exempt analysis or decision, particularly due to: a. Having been an employee at the Company or at a Company holding a controlling or group relationship within the last three years; b. Having, in the past three years, provided services or established commercial relationship with the Company or Company with which it is in a control or group relationship, either directly or as a partner, board member, manager or Director of a legal person; c. Being paid by the Company or by a Company with which it is in a control or group relationship besides the remuneration arising from the exercise of the functions of a board member; d. Living with a partner or a spouse, relative or any first degree next of kin and up to and including the third degree of collateral affinity of Board Members or natural persons that are direct and indirectly holders of qualifying holdings; e. Being a qualifying shareholder or representative of a qualifying shareholder.
Adopted	
Chapter B – II, Topic 18	
II.1.8.	When Board Members that carry out executive duties are requested by other Board Members, said shall provide the information requested, in a timely and appropriate manner to the request.
Adopted	
Chapter B – II, C) - Topic 29	
II.1.9.	The Chair of the Executive Board or of the Executive Committee shall submit, as applicable, to the Chair of the Board of Directors, the Chair of the Supervisory Board, the Chair of the Audit Committee, the Chair of the General and Supervisory Board and the Chairperson of the Financial Matters Board, the convening notices and minutes of the relevant meetings.
Adopted	
Chapter B – II, C) - Topic 29	
II.1.10.	If the chair of the board of Directors carries out executive duties, said body shall appoint, from among its members, an independent member to ensure the coordination of the work of other Non-Executive members and the conditions so that said can make independent and informed decisions or to ensure the existence of an equivalent mechanism for such coordination.
Not applicable	
(The Chairperson of EDPR's Board of Directors does not have executive duties) Chapter B – II, A) – Topic 18	
II.2	SUPERVISION
II.2.1.	Depending on the applicable model, the Chair of the Supervisory Board, the Audit Committee or the Financial Matters Committee shall be independent in accordance with the applicable legal standard, and have the necessary skills to carry out their relevant duties.
Adopted	
Chapter B – II – Topic 18; Chapter B – II, C) - Topic 29; and Chapter B – III, A) – Topic 32	
II.2.2.	The supervisory body shall be the main representative of the external auditor and the first recipient of the relevant reports, and is responsible, inter alia, for proposing the relevant remuneration and ensuring that the proper conditions for the provision of services are provided within the Company
Adopted	
Chapter B – C), Topic 29; and Chapter B – V, Topic 45	
II.2.3.	The supervisory board shall assess the external auditor on an annual basis and propose to the competent body its dismissal or termination of the contract as to the provision of their services when there is a valid basis for said dismissal.
Adopted	
Chapter B – II, Topic 29; Chapter B – III, C) – Topic 38; and Chapter B – III – V, Topic 45	
II.2.4.	The supervisory board shall assess the functioning of the internal control systems and risk management and propose adjustments as may be deemed necessary.
Adopted	
Chapter B – II, Topic 29; and Chapter B – III, C) – III	
II.2.5.	The Audit Committee, the General and Supervisory Board and the Supervisory Board shall decide on the work plans and resources concerning the internal audit services and services that ensure compliance with the rules applicable to the Company (compliance services), and should be recipients of reports made by these services at least when it concerns matters related to accountability, identification or resolution of conflicts of interest and detection of potential improprieties.
Adopted	
Chapter B – II, Topic 29	

#.#.	CMVM RECOMMENDATIONS
Statement of compliance	
II.3.	REMUNERATION SETTING
II.3.1.	All members of the Remuneration Committee or equivalent should be independent from the Executive Board Members and include at least one member with knowledge and experience in matters of remuneration policy.
Adopted	
Chapter D – II – Topic 29, 67 and 68	
II.3.2.	Any natural or legal person that provides or has provided services in the past three years, to any structure under the Board of Directors, the Board of Directors of the Company itself or who has a current relationship with the Company or consultant of the Company, shall not be hired to assist the Remuneration Committee in the performance of their duties. This recommendation also applies to any natural or legal person that is related by employment contract or provision of services with the above.
Adopted	
Chapter D – II – Topic 67	
II.3.3.	A statement on the remuneration policy of the management and supervisory bodies referred to in Article 2 of Law No. 28/2009 of 19 June, shall also contain the following: a) Identification and details of the criteria for determining the remuneration paid to the members of the governing bodies; b) Information regarding the maximum potential, in individual terms, and the maximum potential, in aggregate form, incurred to members of corporate bodies, and identify the circumstances whereby these maximum amounts may be payable; c) Information regarding the enforceability or unenforceability of payments for the dismissal or termination of appointment of Board Members.
Adopted	
Chapter D – III – Topic 69	
II.3.4.	Approval of plans for the allotment of shares and/or options to acquire shares or based on share price variation to Board Members shall be submitted to the General Meeting. The proposal shall contain all the necessary information in order to correctly assess said plan.
Not Applicable	
Chapter V – III, Topic 73 and 85-88	
II.3.5.	Approval of any retirement benefit scheme established for members of corporate members shall be submitted to the General Meeting. The proposal shall contain all the necessary information in order to correctly assess said system.
Adopted	
Chapter D – III, Topic 76	
III.	REMUNERATION
III.1.	The remuneration of the executive members of the board shall be based on actual performance and shall discourage taking on excessive risk-taking.
Adopted	
Chapter D – III, Topic 69, 70, 71 and 72	
III.2.	The remuneration of Non-Executive Board Members and the remuneration of the members of the supervisory board shall not include any component whose value depends on the performance of the Company or of its value.
Adopted	
Chapter D – III, Topic 69; and Chapter D – IV, Topic 77	
III.3.	The variable component of remuneration shall be reasonable overall in relation to the fixed component of the remuneration and maximum limits should be set for all components.
Adopted	
Chapter D – III, Topic 71 and 72	
III.4.	A significant part of the variable remuneration should be deferred for a period not less than three years, and the right of way payment shall depend on the continued positive performance of the Company during that period.
Adopted	
Chapter D – III, Topic 72	
III.5.	Members of the Board of Directors shall not enter into contracts with the Company or with third parties which intend to mitigate the risk inherent to remuneration variability set by the Company.
Adopted	
Chapter D – III, Topic 69	

#.#.	CMVM RECOMMENDATIONS
Statement of compliance	
III.6.	Executive Board Members shall maintain the Company's shares that were allotted by virtue of variable remuneration schemes, up to twice the value of the total annual remuneration, except for those that need to be sold for paying taxes on the gains of said shares, until the end of their mandate.
Not Applicable	
Chapter D – III, Topic 73	
III.7.	When the variable remuneration includes the allocation of options, the beginning of the exercise period shall be deferred for a period not less than three years.
Not Applicable	
Chapter D – III, Topic 74	
III.8.	When the removal of board member is not due to serious breach of their duties nor to their unfitness for the normal exercise of their functions but is yet due on inadequate performance, the Company shall be endowed with the adequate and necessary legal instruments so that any damages or compensation, beyond that which is legally due, is unenforceable.
Adopted	
Chapter D – III, Topic 69 and 72	
IV.	AUDITING
IV.1.	The external auditor shall, within the scope of its duties, verify the implementation of remuneration policies and systems of the corporate bodies as well as the efficiency and effectiveness of the internal control mechanisms and report any shortcomings to the supervisory body of the Company.
Adopted	
Chapter B – III – V, Topic 45	
IV.2.	The Company or any entity with which it maintains a control relationship shall not engage the external auditor or any entity with which it finds itself in a group relationship or that incorporates the same network, for services other than audit services. If there are reasons for hiring such services - which must be approved by the supervisory board and explained in its Annual Report on Corporate Governance - said should not exceed more than 30% of the total value of services rendered to the Company.
Adopted	
Chapter B – III – V, Topics 37 and 46	
IV.3.	Companies shall support auditor rotation after two or three terms whether four or three years, respectively. Its continuance beyond this period must be based on a specific opinion of the supervisory board that explicitly considers the conditions of auditor's independence and the benefits and costs of its replacement.
Adopted	
Chapter B – III – V, Topic 44	
V.	CONFLICTS OF INTEREST AND RELATED PARTY TRANSACTIONS
V.1.	The Company's business with holders of qualifying holdings or entities, with which they are in any type of relationship pursuant to article 20 of the Portuguese Securities Code, shall be conducted during normal market conditions.
Adopted	
Chapter B – C), Topic 90	
V.2.	The supervisory or oversight board shall establish procedures and criteria that are required to define the relevant level of significance of business with holders of qualifying holdings - or entities with which they are in any of the relationships described in article 20/1 of the Portuguese Securities Code – thus significant relevant business is dependent upon prior opinion of that body.
Adopted	
Chapter B – C), Topic 89 and 91	
VI.	INFORMATION
VI.1.	Companies shall provide, via their websites in both the Portuguese and English languages, access to information on their progress as regards the economic, financial and governance state of play.
Adopted	
Chapter B – C) – V, Topics 59-65	
VI.2.	Companies shall ensure the existence of an investor support and market liaison office, which responds to requests from investors in a timely fashion and a record of the submitted requests and their processing, shall be kept.
Adopted	
Chapter B – C) – IV, Topic 56	

ANNEX

Professional Qualifications and Biographies of the Members of the Board of Directors

António Mexia
Born: 1957

Current positions in EDPR or EDP group of companies:
- Chairman of the Board of Directors of EDP Renováveis SA
- Chairman and CEO of the Executive Board of Directors of EDP - Energias de Portugal, SA
- Permanent Representative of EDP Energias de Portugal SA, Sucursal en España, and Representative of EDP Finance BV
- Chairman of the Board of Directors of EDP Energias do Brasil, SA
- Member of the Board of Directors of Fundação EDP

Current positions in companies outside EDPR and EDP group of companies:
- Member of the Board of Directors of Banco Comercial Português (BCP)
- President of the Board of Directors of Union de l'Industrie Electrique - EURELECTRIC

Other previous positions:
- Minister of Public Works, Transport and Communication for Portugal's 16th Constitutional Government
- Chairman of the Portuguese Energy Association (APE)
- Executive Chairman of Galp Energia
- Chairman of the Board of Directors of Petrogal, Gás de Portugal, Transgás and Transgás-Atlântico
- Vice-Chairman of the Board of Directors of Galp Energia
- Director of Banco Espírito Santo de Investimentos
- Vice-Chairman of the Board of Directors of ICEP (Portuguese Institute for Foreign Trade)
- Assistant to the Secretary of State for Foreign Trade
- Assistant Lecturer in the Department of Economics at Université de Genève (Switzerland)

Education:
- BSc in Economics from Université de Genève (Switzerland)
- Postgraduate lecturer in European Studies at Universidade Católica

João Manso Neto
Born: 1958

Current positions in EDPR or EDP group of companies:
- Executive Vice-Chairman of the Board of Directors and Chairman of the Executive Committee (CEO) of EDP Renováveis SA
- Chairman of the Board of Directors of EDP Renewables Europe SLU, EDP Renováveis Brasil SA and EDP Renováveis Servicios Financieros SA
- Executive Director of EDP Energias de Portugal SA
- Director of EDP Energía Gás SL
- Member of the Board of Directors of EDP Energia Ibérica SA, Hidroeléctrica del Cantábrico SA, Naturgás Energia Grupo SA
- Permanent Representative of EDP Energias de Portugal SA Sucursal en España, and Representative of EDP Finance BV
- Chairman of the Board of Directors of EDP Gás.com Comércio de Gás Natural SA

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, SA
- 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 SA
- Chairman of EDP Gestão da Produção de Energia SA
- CEO and Vice-Chairman of Hidroeléctrica del Cantábrico SA
- Vice-Chairman of Naturgás Energia Grupo SA
- 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 SA

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
- Professional education course through the American Bankers Association (1982), the academic component of the Master's Degree program in Economics at the Faculty of Economics, Universidade Nova de Lisboa
- Advanced Management Program for Overseas Bankers at the Wharton School in Philadelphia

NUNO ALVES
Born: 1958

Current positions in EDPR or EDP group of companies:
- Member of the Board of Directors of EDP Renóvaveis SA
- Member and CFO of the Executive Board of Directors of EDP - Energias de Portugal, SA
- Chairman of the Board of Directors of EDP Imobiliária e Participações SA, Energia RE SA, Sãvida Medicina Apoiada SA, SCS Serviços Complementares de Saúde, SA
- Member of the Board of Directors of EDP - Energias do Brasil, S.A. and member of the Board of Directors of Hidroeléctrica del Cantábrico SA
- Permanent Representative and Member of the Executive Committee of EDP Energias de Portugal SA Sucursal en España
- Manager of EDP IS – Investimentos e Serviços, SU Lda
- Representative of relations with the Market and CMVM of EDP - Energias de Portugal, SA

Main positions in the last five years:
- Member of the Executive Board of Directors and CFO of EDP - Energias de Portugal, SA
- Representative of EDP Finance BV

Other previous positions:
- In 1988, he joined the Planning and Strategy Department of Millennium BCP
- Associate Director of the Millennium BCP bank's Financial Investments Division
- Investor Relations Officer for the Millennium BCP Group
- Coordinating Manager of Millennium BCP Retail network
- Head of the Capital Markets Division of Millennium BCP Investimento
- Co-Head of Millennium BCP Investment Banking Division
- Chairman and CEO of CISF Dealer, the brokerage arm of Millennium BCP Investimento
- General Manager of Millennium BCP
- Executive Board Member of Millennium BCP Investimento, responsible for BCP Group Treasury and Capital Markets

Education:
- Degree in Naval Architecture and Marine Engineering
- Master in Business Administration by the University of Michigan

GABRIEL ALONSO
Born: 1973

Current positions in EDPR or EDP group of companies:
- Member of the Board of Directors, Member of the Executive Committee and Chief Operating Officer for North America of EDP Renováveis SA
- CEO of EDP Renewables North America LLC
- Chief Executive Officer and Sole Manager of the EDPR NA subsidiaries
- Chief Executive Officer and Director of the Canadian entities
- President of Vientos de Coahuila, S.A. de CV

Current positions in companies outside EDPR and EDP group of companies:
- Member of the Board of Directors and of the Executive Committee of the American Wind Energy Association (AWEA)

Main positions in the last five years:
- (none)

Other previous positions:
- He joined EDP in early 2007 as Managing Director for North America
- Chief Development Officer (CDO) and Chief Operating Officer (COO) of EDPR NA

Education:
- Law Degree and a Master of Science Degree in Economics, each from the University of Deusto in Spain
- Advanced Management Program at The University of Chicago Booth School of Business

JOÃO PAULO COSTEIRA
Born: 1965

Current positions in EDPR or EDP group of companies:
- Member of the Board of Directors, Member of the Executive Committee and Chief Operating Officer for Europe & Brazil of EDP Renováveis SA
- Chairman of the Board of Directors of EDP Renewables Italia SRL, EDP Renewables France Holding SA, EDP Renewables SGPS SA, EDP Renewables South Africa Ltd, EDP Renováveis Portugal SA, EDPR PT-Parques Eólicos SA, EDPR PT Promoção e Operação SA, ENEOP 2 SA, Greenwind SA and South Africa Wind & Solar Power SLU
- Director of EDP Renewables Europe SL, EDP Renewables Polska SP zoo, EDP Renewables Romania SRL, EDP Renewables UK Ltd, EDP Renováveis Brasil SA and EDP Renováveis Servicios Financieros SL

Current positions in companies outside EDPR and EDP group of companies:
- (none)

Main positions in the last five years:
- (none)

Other previous positions:
- Commercial Director of Portgás
- General Manager of Lisboagás (Lisbon's Natural Gás LDC), Managing Director of Transgás Industria (Liberalized wholesale customers), and Managing Director of Lusitaniagás (Natural gas LDC) at Galpenergia Group (Portugal's National Oil & Gas Company)
- Member of the Management Team of GalpEmpresas and Galpgás
- Executive Board Member for Natural Gas Distribution and Marketing (Portugal and Spain)

Education:
- Degree in Electrical Engineering by the Faculdade Engenharia da Universidade do Porto
- Master in Business Administration by IEP/ESADE (Oporto and Barcelona)
- Executive Development Program at École des HEC (Université de Lausanne)
- Strategic Leadership Development Program at INSEAD (Fontainebleau)
- Advanced Management Program of IESE (Barcelona)

MIGUEL DIAS AMARO
Born: 1967

Current positions in EDPR or EDP group of companies:
- CFO, Member of the Board of Directors and Member of the Executive Committee of EDP Renováveis SA
- Member of the Board of Directors of EDP Renewables Canada, Ltd., EDP Renováveis Servicios Financieros, S.L., EDP Renewables Polska SP. Z O.O, EDP Renewables UK Ltd, EDP Renewables, SGPS, SA, EDP Renováveis Portugal, SA, EDP Renewables Europe, SL , EDPR PT – Parques Eólicos SA, and EDPR PT – Promoção e Operação, SA

Current positions in companies outside EDPR and EDP group of companies:
- (none)

Main positions in the last five years:
- Board Member, CFO and COO Distribution of EDP – Energias do Brasil

Other previous positions:
- Head of Corporate Internal Audit at Portugal Telecom
- Assistant to the CEO at Portugal Telecom
- Senior Financial Analyst at Telecommunications Sector at Espírito Santo BM
- Assistant to the Secretary of State for Treasury and Finance
- Financial Analyst – Retail and Pulp and Paper Sectors at Espírito Santo Dealer

Education:
- MBA at Universidade Nova de Lisboa
- Mechanical Engineering degree, by the Instituto Superior de Engenharia de Lisboa (ISEL)
- Bachelor in Mechanical Engineering by the Instituto Superior de Engenharia de Lisboa (ISEL)

JOÃO LOPES RAIMUNDO
Born: 1960

Current positions in EDPR or EDP group of companies:
- Member of the Board of Directors of EDP Renováveis SA
- Member of the Audit and Control Committee of EDP Renováveis SA

Current positions in companies outside EDPR and EDP group of companies:
- Member of the CAE of Montepio Holding SA
- Member of the CAE of Caixa Económica Montepio Geral ("CEMG")
- Chairman of Montepio Investimento SA

Main positions in the last five years:
- Member of the Board of Directors of CIMPOR - Cimentos de Portugal, SGPS SA
- Managing Director of Millennium BCP's Investment Banking Division
- CEO and Board Member of Millennium BCP Capital SA
- Chairman of the Board of BCP Holdings (USA), Inc.
- General Manager of Banco Comercial Português
- Member of the Board of OMIP – Operador do Mercado Ibérico (Portugal), SGPS SA
- Member of the Investment Committees of the Fundo Revitalizar Norte, FCR (managed by Explorer Investments, SCR SA), Fundo Revitalizar Centro, FCR (Managed by Oxy Capital, SCR, SA) and Fundo Revitalizar Sul, FCR (Managed by Capital Criativo, SCR SA)
- Member of the CAE of Montepio Recuperação de Crédito ACE

Other previous positions:
- Senior auditor of BDO—Binder Dijker Otte Co.
- Director of Banco Manufactures Hanover (Portugal) SA
- Member of the Boards of TOTTAFactor SA (Grupo Banco Totta e Açores) and Valores Ibéricos, SGPS SA In 1993, held positions with Nacional Factoring, da CISF - Imóveis and CISF Equipamentos
- Director of CISF - Banco de Investimento
- Member of the Board of Directors of Leasing Atlântico, Comercial Leasing, Factoring Atlântico, Nacional Leasing and Nacional Factoring
- Member of the Board of Directors of BCP Leasing, BCP Factoring and Leasefactor SGPS
- Chairman of the Board of Directors of Banque BCP (Luxemburg)
- Chairman of the Executive Committee of Banque BCP (France)
- Member of the Board of Banque Privée BCP (Switzerland)
- General Manager of BCP's Private Banking Division
- Member of the Board of Directors of Banco Millennium BCP de Investimento SA
- General Manager of Banco Comercial Português SA
- Vice-Chairman of the General Assembly Board of Millennium Angola
- Vice-Chairman and CEO of Millennium BCP Bank NA (USA)

Education:
- BSc in Business Administration from Universidade Católica Portuguesa
- Master in Business Administration from INSEAD

JOÃO MANUEL DE MELLO FRANCO
Born: 1946

Current positions in EDPR or EDP group of companies:
- Member of the Board of Directors of EDP Renováveis SA
- Chairman of the Nominations and Remunerations Committee of EDP Renováveis SA
- Member of the Audit and Control Committee of EDP Renováveis SA

Current positions in companies outside EDPR and EDP group of companies:
- Member of the Board of Villas Boas ACP – Corretores de Seguros, SA
- Member of the Board of ACP-Mediaçao de Seguros, SA

Main positions in the last five years:
- Chairman of the Audit Committee of Sporting Clube de Portugal-Futebol SAD
- Chairman of the Board of Directors of Portugal Telecom SGPS, SA
- Chairman of the Audit Committee, Member of the Corporate Governance Committee, Member of the Evaluation Committee and Member of the Remuneration Committee of Portugal Telecom SGPS SA

Other previous positions:
- Member of the Board of Directors of Tecnologia das Comunicações, Lda
- Chairman of the Board of Directors of Telefones de Lisboa e Porto SA
- Chairman of Associação Portuguesa para o Desenvolvimento das Comunicações
- Chairman of the Board of Directors of Companhia Portuguesa Rádio Marconi
- Chairman of the Board of Directors of Companhia Santomense de Telecomunicações e da Guiné Telecom
- Vice-Chairman of the Board of Directors and CEO of Lisnave (Estaleiros Navais) SA
- CEO and Chairman of the Board of Directors of Soponata
- Director and Member of the Audit Committee of International Shipowners Reinsurance Co SA
- Vice-Chairman of José de Mello Imobiliária SGPS SA

Education:
- BSc in Mechanical Engineering from Instituto Superior Técnico de Lisboa
- Certificate in strategic management and company boards
- Holder of a grant of Junta de Energia Nuclear

JORGE SANTOS
Born: 1951

Current positions in EDPR or EDP group of companies:
- Member of the Board of Directors of EDP Renováveis SA
- Chairman of the Audit and Control Committee of EDP Renováveis SA

Current positions in companies outside EDPR and EDP group of companies:
- Full Professor of ISEG, University of Lisbon
- Director at "Fundação Económicas"
- Member of the "Conselho Diretivo" of the "Fundação do Centro Cultural de Belém"
- Coordinator of the Master Program in Economics of ISEG

Main positions in the last five years:
- President of the Economics Department of Instituto Superior de Economia e Gestão of the Universidade de Lisboa (ISEG)
- President of the General Assembly of IDEFE

Other previous positions:
- Coordinator of the committee for evaluation of the EC Support Framework II
- Member of the committee for the elaboration of the ex-ante evaluation of the EC Support Framework III. From 1998 to 2000
- Chairman of the research unit "Unidade de Estudos sobre a Complexidade na Economia (UECE)"
- Chairman of the scientific council of Instituto Superior de Economia e Gestão (ISEG) of the Universidade de Lisboa
- Coordinator of the committee for the elaboration of the Strategic Programme of Economic and Social Development for the Peninsula of Setúbal

Education:
- Degree in Economics from Instituto Superior de Economia e Gestão
- Master degree (MSc) in Economics from the University of Bristol
- Ph.D. in economics from the University of Kent
- Doctorate Degree in Economics from the Instituto Superior de Economia e Gestão of Universidade de Lisboa

MANUEL MENÉNDEZ MENÉNDEZ
Born: 1960

Current positions in EDPR or EDP group of companies:
- Member of the Board of Directors of EDP Renováveis SA
- Chairman of the Board of Directors of Hidroeléctrica del Cantábrico SA

Current positions in companies outside EDPR and EDP group of companies:
- CEO of Liberbank SA

Main positions in the last five years:
- Chairman and CEO of Liberbank SA
- Chairman of Banco de Castilla-La Mancha
- Chairman of Cajastur
- Chairman of Hidroeléctrica del Cantábrico SA
- Chairman of Naturgás Energía Grupo SA
- Member of the Board of Directors of EDP Renewables Europe SLU
- Representative of Peña Rueda, SL in the Board of Directors of Enagas SA
- Member of the Board of Confederación Española de Cajas de Ahorro (CECA)
- Member of the Board of UNESA

Other previous positions:
- University Professor in the Department of Business Administration and Accounting at the University of Oviedo

Education:
- BSc in Economics and Business Administration from the University of Oviedo
- PhD in Economic Sciences from the University of Oviedo

GILLES AUGUST
Born: 1957

Current positions in EDPR or EDP group of companies:
- Member of the Board of Directors of EDP Renováveis SA

Current positions in companies outside EDPR and EDP group of companies:
- Member of the Board of Fondation Chirac
- Lawyer and founder of August Debouzy Law Firm
- Lecturer at École Supérieure des Sciences Economiques et Commerciales, at Collège de Polytechnique and at CNAM (Conservatoire National des Arts et Métiers)

Main positions in the last five years:
- Lawyer and founder of August Debouzy Law Firm

Other previous positions:
- Lawyer at Finley, Kumble, Wagner, Heine, Underberg, Manley & Casey Law Office in Washington DC
- Associate and later became Partner at Baudel, Salés, Vincent & Georges Law Firm in Paris
- Partner at Salés Vincent Georges
- Knight of thé Légion d'Honneur and Officer in thé Ordre National du Mérite

Education:
- Master in Laws from Georgetown University Law Center in Washington DC (1986)
- Post-graduate degree in Corporate Law from University of Paris II Phantéon, DEA (1984)
- Master in Private Law from the same University (1981)
- Graduated from the École Supérieure des Sciences Economiques et Commerciales (ESSEC)

ACÁCIO PILOTO
Born: 1957

Current positions in EDPR or EDP group of companies:
- Member of the Board of Directors of EDP Renováveis SA
- Member of the Nominations and Remunerations Committee of EDP Renováveis SA
- Member of the Related-Party Transactions Committee of EDP Renováveis SA

Current positions in companies outside EDPR and EDP group of companies:
- Member of the Supervisory Board and Chairman of the Risk Committee of Caixa Económica Montepio Geral

Main positions in the last five years:
- Member of the Board of Directors and Member of the Audit Committee of INAPA IPG SA
- Millennium BCP General Manager responsible for the Asset Management business
- CEO of Millennium Gestão de Activos SGFIM
- Chairman of Millennium SICAV
- Chairman of BII International

Other previous positions:
- International Division of Banco Pinto e Sotto Mayor
- International and Treasury Division of Banco Comercial Português
- Head of International Corporate Banking
- Head of Treasury and Capital Markets Division at CISF- Banco de Investimento (BCP investment bank)
- Seconded to the Groups Subsidiary in charge of Asset Management, AF Investimentos, joining its Executive Committee and acting as Chairman of the following group companies: AF Investimentos, Fundos Mobiliários; AF Investimentos, Fundos Imobiliários; BPA Gestão de Patrimónios; BCP Investimentos International; AF Investimentos International and Prime International and member of the Executive Committee
- Executive Board Member of BCP - Banco de Investimento, in charge of Investment Banking
- Head of Treasury and Capital Markets of BCP – Banco de Investimento

Education:
- Law degree by the Law School of Lisbon University
- During 1984 and 1985 he was a scholar from the Hanns Seidel Foundation, Munich were he obtained a Post- Graduation in Economic Law by Ludwig Maximilian University
- Post- Graduation in European Community Competition Law by Max Planck Institut
- Trainee at the International Division of Bayerische Hypoteken und Wechsel Bank
- Professional education courses, mostly in banking and financial management, namely the International Banking School (Dublin, 1989), the Asset and Liability Management Seminar (Merrill Lynch International) and the INSEAD Executive Program (Fontainebleau)

ANTÓNIO NOGUEIRA LEITE
Born: 1962

Current positions in EDPR or EDP group of companies:
- Member of the Board of Directors of EDP Renováveis SA
- Member of the Nominations and Remunerations Committee of EDP Renováveis SA

Current positions in companies outside EDPR and EDP group of companies:
- Member of the Board at HipogesIberia--Advisory, SA
- Director of Sagasta, STC, SA
- Member of the Advisory Committee at Incus Capital Advisors
- Vice-President of "Fórum para a Competitividade"
- Chairman of the Board at Forum Oceano

Main positions in the last five years:
- Group Caixa Geral de Depósitos (Portugal's largest banking group)
- Vice-Chairman of the Executive Committee of Caixa Geral de Depósitos SA
- Chairman of the Board at Caixa Banco de Investimento SA, Caixa Capital SCR SGPS SA, Caixa Leasing e Factoring SA, Partang SGPS SA

- Group José de Mello (one of Portugal's leading private groups)
- Director of José de Mello Investimentos and General Manager of José de Mello SGPS SA
- Director of Companhia União Fabril CUF SGPS SA, Quimigal SA (2002-2006), CUF - Químicos Industriais SA, ADP SA – CUF – Adubos, SEC SA, Brisa SA, Efacec Capital SGPS SA, Comitur SGPS SA, Comitur Imobiliária SA, José de Mello Saúde SGPS SA
- Chairman of the Board of OPEX SA (2003 -2011)
- Member of the Advisory Council of IGCP, Portugal's National Debt Agency, (2002-2011)

Other previous positions:
- Director of Soporcel SA (1997-1999)
- Director of Papercel SGPS SA (1998-1999)
- Director of MC Corretagem SA (1998-1999)
- Chairman of the Board, Lisbon Stock Exchange (1998-9)
- Secretary of State for Treasury and Finance and Alternate Governor (IMF, EBRD, EIB, WB)
- Member of the Economic and Financial Committee of the European Union

Education:
- Degree, Universidade Católica Portuguesa, 1983
- Masters of Science in Economics, University of Illinois at Urbana-Champaign
- Ph.D. in Economics, University of Illinois at Urbana-Champaign

JOSÉ FERREIRA MACHADO
Born: 1957

Current positions in EDPR or EDP group of companies:
- Member of the Board of Directors of EDP Renováveis SA
- Chairman of the Related-Party Transactions Committee of EDP Renováveis SA

Current positions in companies outside EDPR and EDP group of companies:
- Pro Vice Chancellor and Dean of the Faculty of Business and Management of Regent's University London

Main positions in the last five years:
- Professor of Economics, Associate Professor, Assistant Professor and Teaching Assistant at Nova SBE
- Visiting Assisting Professor at University of Illinois at Urbana Champaign
- Consultant at GANEC
- Op-ed columnist at O So
- Dean of Nova School of Business and Economics (Nova SBE), Universidade Nova de Lisboa

Other previous positions:
- Associate Dean at Nova SBE
- Consultant for the Research Department at Banco de Portugal
- Member of the Advisory Board of Instituto de Gestão de Crédito Público

Education:
- Degree in Economics by Universidade Técnica de Lisboa
- Agregacão (Habilitation) in Statistics and Econometrics by Universidade Nova de Lisboa
- PhD in Economics by the University of Illinois at Urbana-Champaign

ALLAN J. KATZ
Born: 1947

Current positions in EDPR or EDP group of companies:
- Member of the Board of EDP Renováveis S.A.

Current positions in companies outside EDPR and EDP group of companies:
- Founder of the American Public Square
- Executive Committee Chair of the Academic and Corporate Board to ISCTE Business School in Lisbon Portugal
- Board member of the International Relation Council of Kansas City
- Board Member of the WW1 Commission Diplomatic Advisory Board
- Distinguished Professor, University of Missouri at Kansas City
- Creator of Katz, Jacobs and Associates, LLC (KJA)
- Frequent speaker and moderator on developments in Europe and on American Politics

Main positions in the last five years:
- Ambassador of the United States of America to the Republic of Portugal

Other previous positions:
- National Director of the Public Policy practice group at the firm of Akerman Senterfitt
- Assistant Insurance Commissioner and Assistant State Treasurer for the State of Florida
- Legislative counsel to Congressman Bill Gunter and David Obey

- General Counsel to the Commission on Administrative Review of the US House of Representatives
- Member of the Board of the Florida Municipal Energy Association
- President of the Brogan Museum of Art & Science in Tallahassee, Florida
- Board member of the Junior Museum of Natural History in Tallahassee, Florida
- First Chair of the State Neurological Injury Compensation Association
- Member of the State Taxation and Budget Commission
- City of Tallahassee Commissioner

Education:
- BA from UMKC in 1969
- JD from Washington College of Law at American University in Washington DC in 1974

FRANCISCA GUEDES DE OLIVEIRA
Born: 1973

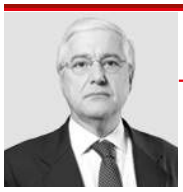
Current positions in EDPR or EDP group of companies:
- Member of the Board of EDP Renováveis SA
- Member of the Related-Party Transactions Committee of EDP Renováveis SA

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

Main positions in the last five years:
- Coordinator of the MSc programme in Business Economics at Católica Porto Business School
- Coordinator of the seminars in economics at the Master of Public Administration at Católica Porto Business School
- Coordinator of the PHD in Economics at the Universidade Católica de Moçambique

Other previous positions:
- Assistant Professor at Católica Porto Business School
- Researcher at the National Statistics Institute

Education:
- PHD in Economics at Nova School of Business and Economics
- Master in Economics at Faculdade de Economia da Universidade do Porto
- Undergraduate degree in Economics at Faculdade de Economia da Universidade do Porto
- PHD scholarship from Fundação para a Ciência e Tecnologia



FRANCISCO SEIXAS DA COSTA
Born: 1948

Current positions in EDPR or EDP group of companies:
- Member of the Board of EDP Renováveis SA
- Member of the the Nominations and Remunerations Committee of EDP Renováveis SA

Current positions in companies outside EDPR and EDP group of companies:
- Member of the Consultative Council of the School of Economics, University of Coimbra
- Member of the Consultative Council of Janus - Journal of International Relations
- Member of the General Council of FCSH, Universidade Nova de Lisboa
- Chairman of the Consultative Council of the Calouste Gulbenkian Foundation, Delegation in Paris
- Independent Non-Executive Director of Jeronimo Martins SGPS SA
- Member of the Committee on Corporate Governance and Corporate Responsibility of Jerónimo Martins SGPS SA
- Member of the Strategic Council, Mota-Engil SGPS SA
- Independent Non-Executive Director, Chairman of the Nomination and Remuneration Committee and Member of the Audit Committee of Mota-Engil Africa SA
- University professor, Universidade Autónoma, Lisbon, Portugal

Main positions in the last five years:
- Ambassador to France and to Monaco (non-resident)
- Permanent Representative to UNESCO, Paris
- Executive Director of the North-South Centre, Council of Europe
- President of the General Council of Trás-os-Montes e Alto Douro University (UTAD)

Other previous positions:
- Career diplomat, Portuguese Ministry of Foreign Affairs. Embassies in Oslo, Luanda and London
- Director, Planning and Programming Office, Institute for Economic Co-operation, Secretary of State for Development Co-operation, Lisbon
- Portuguese chief negotiator of Lomé IV convention
- Deputy Director-General for European Affairs, Ministry of Foreign Affairs, Lisbon

- Secretary of State for European Affairs (1995/2001), Portuguese government, Lisbon
- Head of Portuguese ministerial delegations to the Council of Europe, the Organisation for Economic and Development Co-operation (OECD), the Western European Union (WEU), the Schengen Agreement and the World Trade Organisation (WTO) (since 1996)
- Portuguese chief negotiator of the EU Amsterdam Treaty
- President of the Committee of Ministers of the Schengen Agreement
- President of the Council of Ministers of the EU Internal Market
- Portuguese chief negotiator of the EU Nice Treaty
- Permanent Representative to the United Nations, New York, vice-president of ECOSOC, chairman of the Economic and Financial Committee of the General Assembly, vice-president of the General Assembly
- Permanent Representative to the Organization for Security and Co-operation in Europe, Vienna, chairman of the OSCE Permanent Council
- Ambassador to Brazil, Brasília

Education:
- Degree in Political and Social Sciences, Lisbon University

SECRETARY OF THE BOARD OF DIRECTORS

EMILIO GARCÍA-CONDE NORIEGA
Born: 1955

Current positions in EDPR or EDP group of companies:
- General Secretary and General Counsel of EDP Renováveis SA
- Member and/or Secretary of several Board of Directors of EDPR's subsidiaries in Europe
- Compliance Officer of EDP Renováveis SA

Current positions in companies outside EDPR and EDP group of companies:
- (none)

Main positions in the last five years:
- General Counsel of Hidrocantábrico and member of the management committee
- General Secretary and General Counsel of EDP Renováveis SA
- Member and/or Secretary of several Board of Directors of EDPR's subsidiaries in Europe

Other previous positions:
- Legal Counsel of Soto de Ribera Power Plant (consortium comprising Electra de Viesgo, Iberdrola and Hidrocantábrico)
- General Counsel of Soto de Ribera Power Plant
- Chief of administration and human resources of the consortium
- Legal Counsel of Hidrocantábrico

Education:
- Law Degree from the University of Oviedo

edp renováveis

KPMG Auditores, S.L.
Ventura Rodríguez, 2
33004 Oviedo

Audit report on the system of internal control over financial reporting

To the Shareholders of
EDP Renováveis, S.A.

Further to your request, and in accordance with our engagement letter dated 23 December 2016, we have examined the System of Internal Control over Financial Reporting of EDP Renováveis, S.A. (the Parent) and subsidiaries (the Group).This system is based on the criteria established in the Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission. The Board of Directors of the Company and Senior Management of the Group are responsible for adopting appropriate measures to reasonably ensure the implementation, maintenance and oversight of an adequate system of internal control over financial reporting, evaluating its effectiveness and developing improvements to that system, and defining the content of and preparing the accompanying information concerning the System of Internal Control over Financial Reporting. Our responsibility is to express an opinion on the effectiveness of the Group's System of Internal Control over Financial Reporting based on our examination.

An entity's internal control over financial reporting is designed to provide reasonable assurance that its annual financial reporting complies with the applicable financial reporting framework. It includes policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and assets of the Group; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of the Group's consolidated annual accounts in accordance with the applicable financial reporting framework; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use or disposal of the Group's assets that could have a material effect on the consolidated annual accounts. In this respect it should be borne in mind that, irrespective of the quality of the design and operation of the internal control system adopted in relation to annual financial reporting, the system may only provide reasonable, but not absolute assurance in relation to the objectives pursued, due to the limitations inherent in any internal control system.

We conducted our examination in accordance with ISAE 3000 (International Standard on Assurance Engagements 3000: Assurance Engagements other than Audits or Reviews of Historical Financial Information), issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) for the issue of reasonable assurance reports. This standard requires that we plan and perform our work to obtain reasonable assurance about whether the Group maintains, in all material respects, effective internal control over financial reporting. Our work included obtaining an understanding of the Group's System of Internal Control over Financial Reporting, testing and evaluating the design and operating effectiveness of that system, and performing such other procedures as were considered necessary in the circumstances. We consider that our examination provides a reasonable basis for our opinion.

KPMG Auditores S.L., a limited liability Spanish company and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity

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N.I.F. B-78510153

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

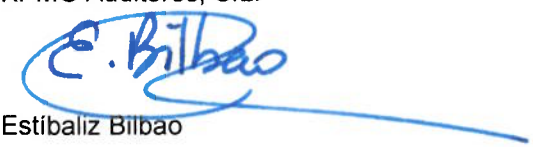
We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality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

Due to the limitations inherent in any internal control system, there is always a possibility that the System of Internal Control over Financial Reporting may not prevent or detect misstatements or irregularities that may arise as a result of errors of judgement, human error, fraud or misconduct. Moreover, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Group maintained, in all material respects, effective internal control over financial reporting at 31 December 2016, in accordance with the criteria established in the Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission.

Our examination did not constitute an audit of accounts and is not subject to the legislation regulating the audit of accounts in Spain. As such, in this report we do not express an audit opinion on the accounts under the terms provided in the above-mentioned legislation. However, on 28 February 2017 we issued our unqualified audit report on the consolidated annual accounts of the Group for 2016, in accordance with the legislation regulating the audit of accounts in Spain.

KPMG Auditores, S.L.



Estíbaliz Bilbao

28 February 2017

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 31 December 2016 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 31 December 2016 EDP Renováveis Group had an effective system of internal control over financial reporting.

The SCIRF of EDP Renováveis Group at 31 December 2016 has been audited by the independent auditors KPMG Auditores, S.L., as indicated in their report included in the Annual Corporate Governance Report.

João Manso Neto
Chief Executive Officer

Miguel Dias Amaro
Chief Financial Officer

27 February 2017

Members of the Board of Directors of the Company EDP Renováveis, S.A.

DECLARE

To the extent of our knowledge, the information referred to in sub-paragraph a) of paragraph 1 of Article 245 of Decree-Law no. 357-A/2007 of October 31st and other documents relating to the submission of accounts required by current regulations have been prepared in accordance with applicable accounting standards, reflecting a true and fair view of the assets, liabilities, financial position and results of EDP Renováveis, S.A. and the companies included in its scope of consolidation and the management report fairly presents the evolution of business performance and position of EDP Renováveis, S.A. and the companies included in its scope of consolidation, containing a description of the principal risks and uncertainties that they face.

Lisbon, February 27th, 2017.

António Luís Guerra Nunes Mexia

João Manuel Manso Neto

Nuno Maria Pestana de Almeida Alves

Miguel Dias Amaro

João Paulo Nogueira da Sousa Costeira

Gabriel Alonso Imaz

Acácio Jaime Liberado Mota Piloto

António do Pranto Nogueira Leite

João Manuel de Mello Franco

João José Belard da Fonseca Lopes Raimundo

Jorge Manuel Azevedo Henriques dos Santos

José António Ferreira Machado

Gilles August

Manuel Menéndez Menéndez

Allan J. Katz

Francisca Guedes de Oliveira

Francisco Seixas da Costa

EDP Renováveis, S.A.

Annual Accounts

31 December 2016

Directors' Report

2016

(With Independent Auditor's Report Thereon)

KPMG Auditores, S.L.
Ventura Rodríguez, 2
33004 Oviedo

Auditors' Report on the Annual Accounts

To the Shareholders of
EDP Renováveis, S.A.

Report on the annual accounts

We have audited the annual accounts of EDP Renováveis, S.A. (the "Company"), which comprise the balance sheet at 31 December 2016, the income statement, statement of changes in equity and statement of cash flows for the year then ended, and notes.

Directors' responsibility for the annual accounts

The Directors are responsible for the preparation of the accompanying annual accounts in such a way that they present fairly the equity, financial position and financial performance of EDP Renováveis, S.A. in accordance with the financial reporting framework applicable to the entity in Spain, specified in note 2 to the accompanying annual accounts, and for such internal control as they determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these annual accounts based on our audit. We conducted our audit in accordance with prevailing legislation regulating the audit of accounts in Spain. This legislation requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the annual accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the annual accounts. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the annual accounts, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the annual accounts 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the annual accounts taken as a whole.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

KPMG Auditores S.L., a limited liability Spanish company and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity.

Reg. Mer. Madrid, T. 11.961, F. 90, Sec. 8, H. M. 188.007, Inscrip. 9
N.I.F. B-78510153

Opinion

In our opinion, the accompanying annual accounts present fairly, in all material respects, the equity and financial position of EDP Renováveis, S.A. at 31 December 2016, its financial performance and its cash flows for the year then ended in accordance with the applicable financial reporting framework and, in particular, with the accounting principles and criteria set forth therein.

Report on other legal and regulatory requirements

The accompanying directors' report for 2016 contains such explanations as the Directors consider relevant to the situation of EDP Renováveis, S.A., its business performance and other matters, and is not an integral part of the annual accounts. We have verified that the accounting information contained therein is consistent with that disclosed in the annual accounts for 2016. Our work as auditors is limited to the verification of the directors' report within the scope described in this paragraph and does not include a review of information other than that obtained from the accounting records of the Company.

KPMG Auditores, S.L.

Estíbaliz Bilbao

28 February 2017

edp renováveis

ENERGY AS THE NEW ART

EDP RENOVÁVEIS, S.A. ANNUAL ACCOUNTS
2016

ENERGY AS THE NEW ART

2016 EDP Renováveis, S.A. Annual Accounts

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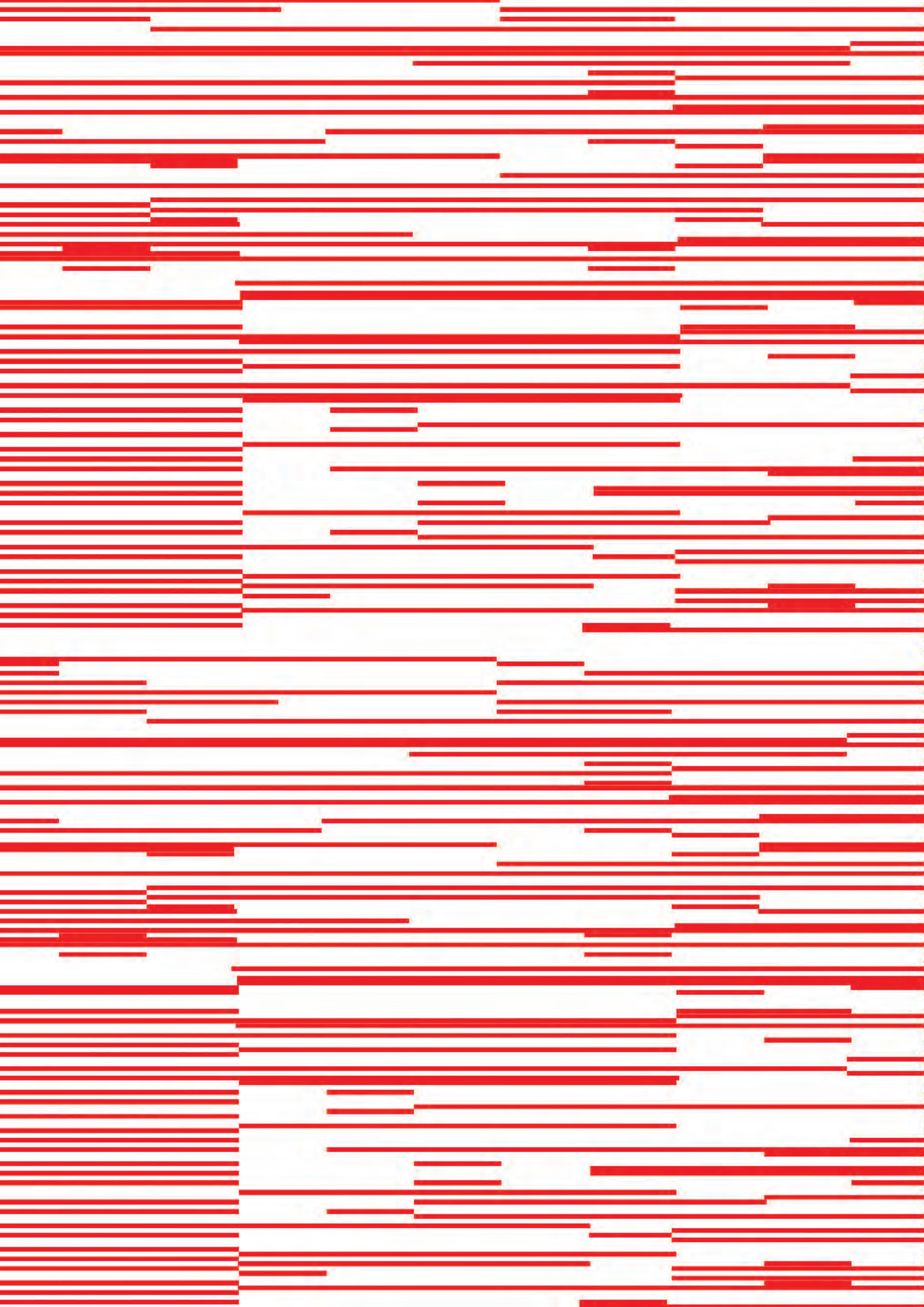
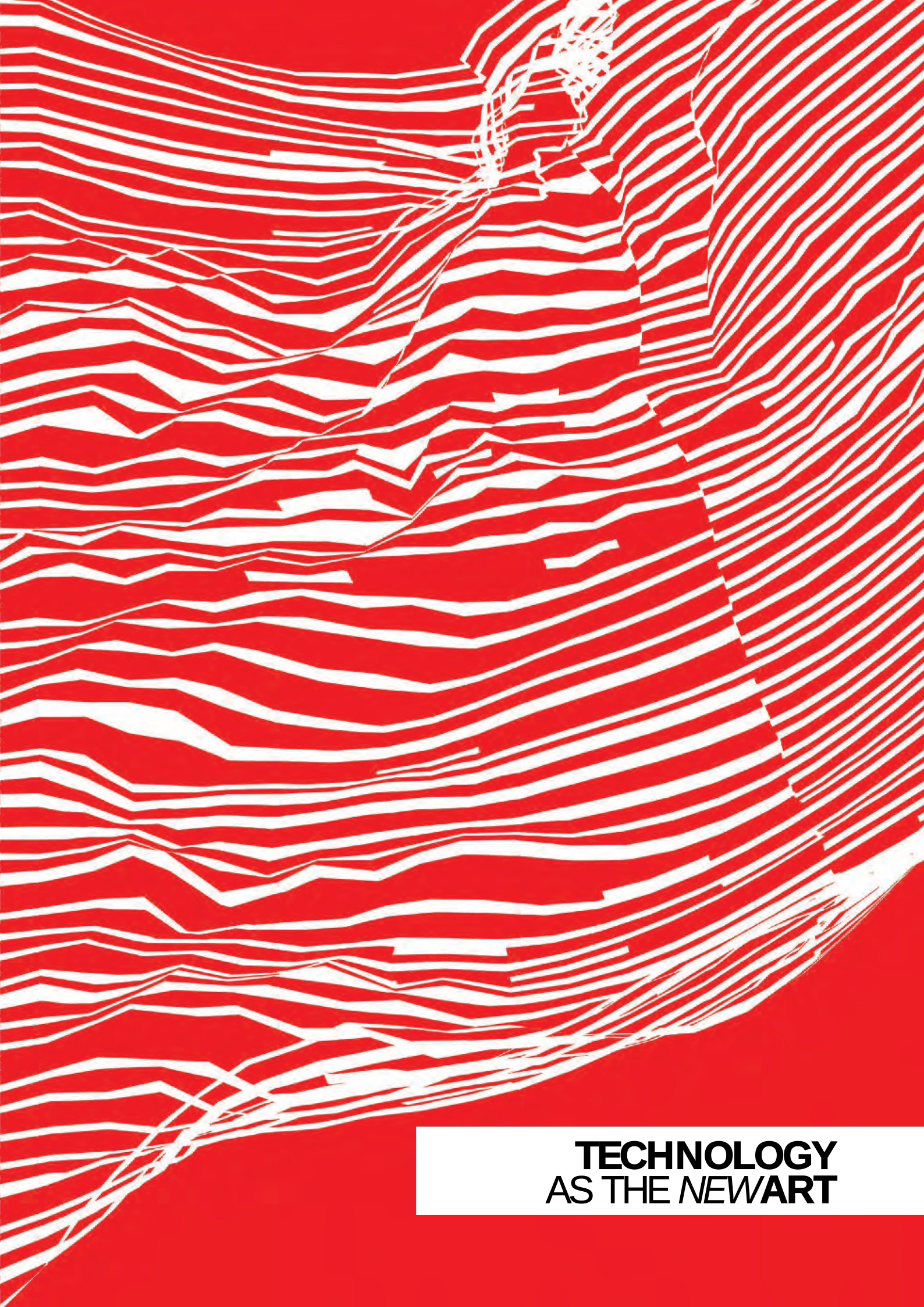
(Free translation from the original in Spanish. In the event of discrepancy, the Spanish-language version prevails.)

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ENERGY AS THE *NEW* ART

Balance Sheets at 31 December 2016 and 2015

Thousands of Euros	Note	2016	2015
Assets			
Intangible assets	5	499	934
Property, plant and equipment	6	655	816
Non-current investments in Group companies and associates:		7,207,378	7,216,863
Equity instruments	8	7,207,378	7,202,187
Derivatives	11	-	14,676
Non-current investments		394	412
Deferred tax assets	19	23,226	23,108
Total non-current assets		**7,232,152**	**7,242,133**
Trade and other receivables:		52,986	37,252
Trade receivables from Group companies and associates – current	9	24,126	22,718
Other receivables	9	28,859	14,531
Personnel	9	1	3
Current investments in Group companies and associates:	10 (a)	10,143	635
Loans to companies		15	-
Derivatives	11	10,036	554
Other investments		92	81
Prepayments for current assets		117	78
Cash and cash equivalents	12	225,453	100,431
Cash		225,453	100,431
Total current assets		**288,699**	**138,396**
Total assets		**7,520,851**	**7,380,529**

Balance Sheets at 31 December 2016 and 2015

Thousands of Euros	Note	2016	2015
Equity and Liabilities			
Capital and reserves:			
Capital	13 (a)	4,361,541	4,361,541
Share premium		1,228,451	1,228,451
Reserves		415,234	427,252
Profit for the year		19,015	31,597
Grants	14	831	0
Total equity		**6,025,072**	**6,048,841**
Non-current provisions:		788	570
Long-term employee benefits	15	788	570
Non-current payables:		707,408	674,970
Derivatives arranged with Group companies	11	707,408	674,970
Group companies and associates, non-current	17 (a)	424,441	410,952
Deferred tax liabilities	19	36,831	29,263
Total non-current liabilities		**1,169,468**	**1,115,755**
Current payables:		161,863	146,601
Derivatives arranged with Group companies	11	161,863	146,001
Other financial liabilities	17 (d)	-	600
Group companies and associates, current	17 (a)	146,563	49,123
Trade and other payables:		17,885	20,209
Suppliers, Group companies and associates, current	17 (c)	10,414	9,412
Other payables	17 (c)	2,994	7,431
Personnel (salaries payable)	17 (c)	4,073	2,993
Public entities, other	19	404	373
Total current liabilities		**326,311**	**215,933**
Total equity and liabilities		**7,520,851**	**7,380,529**

The accompanying notes form an integral part of the annual accounts for 2016.

Income Statements for the years ended 31 December 2016 and 2015

Thousands of Euros	Note	2016	2015
Continuing operations			
Revenues	21 (a)	110,451	107,050
Other operating income:		752	1,128
Non-trading and other operating income		390	1,128
Operating grants taken to income	14	362	-
Personnel expenses:		(16,288)	(14,482)
Salaries and wages		(13,617)	(11,792)
Employee benefits expense	22 (c)	(2,671)	(2,690)
Other operating expenses		(17,496)	(23,563)
External services	22 (d)	(16,745)	(20,015)
Taxes		(421)	(204)
Other operating expenses		(330)	(3,344)
Amortisation and depreciation	5 and 6	(673)	(779)
Non-financial and other capital grants	14	362	0
Results from operating activities		**76,746**	**69,354**
Finance income:	9	3,770	1,452
Marketable securities and other financial instruments:		3,770	1,452
Group companies and associates		3,768	1,449
Other		2	3
Finance costs:	16	(78,273)	(55,501)
Group companies and associates		(77,044)	(55,459)
Other		(1,229)	(42)
Change in fair value of financial instruments	9 and 16	-	32,784
Exchange losses	10 (d) and 17 (f)	(15,460)	(32,153)
Impairment and gains/(losses) on disposal of financial instruments	8 and 21 (b)	19,790	(2,782)
Net finance cost		**(70,173)**	**(56,200)**
Profit before income tax		**6,573**	**13,154**
Income tax	19	12,442	18,443
Profit from continuing operations		**19,015**	**31,597**
Discontinued operations		**-**	-
Profit for the year		**19,015**	**31,597**

Statements of Changes in Equity for the years ended 31 December 2016 and 2015

a) Statements of Recognised Income and Expense for the years ended 31 December 2016 and 2015

Thousands of Euros	Note	2016	2015
Profit for the year		19,015	31,597
Total income and expense recognised directly in equity	**14**	1,102	**-**
Grants		1,470	-
Tax effect		(368)	-
Total amounts transferred to the income statement	**14**	(271)	**-**
Grants		(362)	-
Tax effect		91	-
Total adjustments to non-financial assets and non-financial liabilities		-	**-**
Total recognised income and expense		**19,846**	**31,597**

b) Statements of Total Changes in Equity for the years ended 31 December 2016 and 2015

Thousands of Euros Entity	Capital	Share premium	Reserves	Capital increase costs	Profit for the year	Grants-	Total
Balance at 31 December 2015	4,361,541	1,228,451	461,822	(34,570)	31,597	-	6,048,841
Recognised income and expense	-	-	-	-	19,015	831	19,846
Distribution of profit (note 3):							
Reserves	-	-	3,160	-	(3,160)	-	-
Dividends	-	-	(15,178)	-	(28,437)	-	(43,615)
Balance at 31 December 2016	**4,361,541**	**1,228,451**	**449,804**	**(34,570)**	**19,015**	**831**	**6,025,072**

Thousands of Euros Entity	Capital	Share premium	Reserves	Capital increase costs	Profit for the year	Total
Balance at 31 December 2014	4,361,541	1,228,451	284,011	(34,570)	212,704	6,052,137
Recognised income and expense	-	-	-	-	31,597	31,597
Distribution of profit (note 3):						
Reserves	-	-	177,811	-	(177,811)	-
Dividends	-	-	-	-	(34,893)	(34,893)
Balance at 31 December 2015	**4,361,541**	**1,228,451**	**461,822**	**(34,570)**	**31,597**	**6,048,841**

The accompanying notes form an integral part of the annual accounts for 2016.

Statements of Cash Flows for the years ended 31 December 2016 and 2015

Thousands of Euros	Note	2016	2015
Cash flows from operating activities:			
Profit for the year before tax		6,573	13,154
Adjustments for:		70,702	57,099
Amortisation and depreciation (+)	5 and 6	673	779
Change in provisions (+/-)	14	218	120
Grants recognised in the income statement (-)		(362)	-
Financial incomes (-)		(3,770)	(1,452)
Financial expenses (+)		78,273	55,501
Exchange losses (+/-)	10 (d) and 16 (f)	15,460	32,153
Change in fair value of financial instruments (+/-)	15	-	(32,784)
Impairment and proceeds from disposal of financial instruments (+/-)		(19,790)	2,782
Changes in operating assets and liabilities:		(3,423)	(2,665)
Trade and other receivables (+/-)		(1,020)	(5,911)
Other current assets		(39)	35
Trade and other payables (+/-)		(2,364)	4,259
Other current liabilities (+/-)		-	(1,048)
Other cash flows from operating activities:		(125,150)	(34,439)
Interest paid (-)		(77,926)	(55,389)
Interest received (+)		3,176	1,376
Derivatives financial instruments received (paid) (+/-)		(55,836)	-
Income tax received (paid) (+/-)	19	5,436	19,574
Cash flows from operating activities		(51,298)	33,149
Cash flows from investing activities:			
Payments for investments: (-)		(670,121)	(558,067)
Group companies and associates		(670,044)	(558,041)
Intangible assets		(62)	(3)
Property, plant and equipment		(15)	(23)
Proceeds from sale of investments: (+)		809,094	629,314
Group companies and associates		809,076	583,560
Other financial assets		18	45,754
Cash flows from investing activities		138,973	71,247
Cash flows from financing activities:			
Proceeds from and payments for financial liability instruments		90,847	27,192
Debt issues, Group companies (+)		118,715	29,703
Redemption and repayment of payables to Group companies (-)		(27,868)	(2,511)
Dividends and interest on other equity instruments paid:		(42,145)	(34,893)
Dividends (-)		(43,615)	(34,893)
Grants (+)		1,470	-
Cash flows from (used in) financing activities		48,702	(7,701)
Effect of exchange rate fluctuations		(11,355)	3,250
Net increase in cash and cash equivalents		125,022	99,945
Cash and cash equivalents at beginning of year	12	**100,431**	**486**
Cash and cash equivalents at year end	12	**225,453**	**100,431**

Notes to the Annual Accounts
for the years ended 31 December 2016 and 2015

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01. Nature and Activities of the Company

EDP Renováveis, S.A. (hereinafter, "the Company") was incorporated by public deed under Spanish law on 4 December 2007 and commenced operations on the same date. Its registered office is at Plaza de la Gesta, 2, Oviedo.

On 18 March 2008, the shareholders agreed to change the corporate status of the Company from EDP Renováveis, S.L. to EDP Renováveis, S.A.

According to the Company's articles of association, the statutory activity of EDP Renováveis, S.A. comprises activities related to the electricity sector, specifically the planning, construction, maintenance and management of electricity production facilities, in particular those eligible for the special regime for electricity generation. The Company promotes and develops projects relating to energy resources and electricity production activities as well as managing and administering other companies' equity securities.

The Company can engage in its statutory activities directly or indirectly through ownership of shares or investments in companies or entities with identical or similar statutory activities.

On 28 January 2008, EDP-Energías de Portugal, S.A. informed the market and the general public that its directors had decided to launch a public share offering in EDP Renováveis, S.L. The Company completed its initial flotation in June 2008, with 22.5% of its shares quoted on the Lisbon stock exchange.

As explained in note 8 the Company holds investments in subsidiaries. Consequently, in accordance with prevailing legislation, the Company is the parent of a group of companies. In accordance with generally accepted accounting principles in Spain, consolidated annual accounts must be prepared to give a true and fair view of the financial position of the Group, the results of operations and changes in its equity and cash flows. Details of investments in Group companies are provided in Appendix I.

The operating activity of the Group headed by the Company is carried out in Europe, the USA and Brazil through three subgroups headed by EDP Renewables Europe, S.L.U. (EDPR EU) in Europe, EDP Renewables North America, LLC (EDPR NA) in the USA and EDP Renováveis Brasil in Brazil. In 2010 the Group incorporated the subsidiary EDP Renewables Canada, Ltd. to provide a base for carrying out projects in Canada.

The Company belongs to the EDP Group, of which the parent is EDP Energías de Portugal, S.A., with registered office at Avenida 24 de Julho, n.º 12, Lisbon.

In 2012, China Three Gorges Corporation (CTG) acquired 780,633,782 ordinary shares in EDP from Parpública – Participaçoes Públicas (S.G.P.S.), S.A., representing 21.35% of the share capital and voting rights of EDP Energías de Portugal S.A., the majority shareholder of the Company.

Under the agreements for its entry into the share capital of the EDP Group, CTG undertook to make minority investments totalling Euros 2,000 million in EDP Renováveis Group assets representing an installed capacity of 1.5 GW (900 MW in service and 600 MW under construction). A part of these investments was completed in 2013 through the sale to CTG of 49% of the shares of EDP Renováveis Portugal, S.A. for an amount of Euros 257.9 million.

Additional investments were completed in 2015 through the sale to CTG of non-controlling interests in wind farms in Brazil. To attain a 49% interest in the Brazilian wind farms, CTG carried out investments totalling Brazilian Reais 385 million, including contributions of capital and other contributions amounting to Brazilian Reais 86.8 million for projects under construction. This transaction, carried out in the framework of the agreement entered into between CTG and EDP, encompassed a total of 84 MW in operation and 237 MW under construction.

In 2016, CTG also purchased 49% stakes of wind farms in Poland and Italy for Euros 363 million, encompassing a total of 600 MW. As a result of this acquisition, Euros 1,400 million of the Euros 2,000 million agreed with CTG has been invested.

On 27 February 2017 the directors authorised for issue the consolidated annual accounts of EDP Renováveis, S.A. and subsidiaries for 2016 under International Financial Reporting Standards (IFRS), which show consolidated profit of Euros 176,112 thousand and consolidated equity of Euros 7,573,014 thousand (Euros 245,491 thousand and Euros 6,834,110 thousand in 2015). The consolidated annual accounts will be filed at the Asturias Mercantile Registry.

02. Basis of Presentation

a) True and fair view

The annual accounts for 2016 have been prepared on the basis of the accounting records of EDP Renováveis, S.A., in accordance with prevailing legislation and the Spanish General Chart of Accounts to give a true and fair view of the equity and financial position at 31 December 2016 and results of operations, changes in equity, and cash flows for the year then ended.

The directors consider that the accompanying individual annual accounts for 2016, authorised for issue on 27 February 2017, will be approved with no changes by the shareholders at their annual general meeting.

b) Comparative information

The balance sheet, income statement, statement of changes in equity, statement of cash flows and the notes thereto for 2016 include comparative figures for 2015, which formed part of the annual accounts approved by shareholders at the annual general meeting held on 14 April 2016.

c) Functional and presentation currency

The figures disclosed in the annual accounts are expressed in thousands of Euros, the Company's functional and presentation currency.

d) Critical issues regarding the valuation and estimation of relevant uncertainties and judgements used when applying accounting principles

Relevant accounting estimates and judgements and other estimates and assumptions have to be made when applying the Company's accounting principles to prepare the annual accounts. A summary of the items requiring a greater degree of judgement or which are more complex, or where the assumptions and estimates made are significant to the preparation of the annual accounts, is as follows:

Relevant accounting estimates and assumptions

The Company tests investments in Group companies for impairment on an annual basis. Impairment is calculated by comparing the carrying amount of the investment with its recoverable amount. The recoverable amount is the higher of value in use and fair value less costs to sell. The Company generally uses cash flow discounting methods to calculate these values. Discounted cash flow calculations are based on projections in the budgets approved by management. The cash flows take into consideration past experience and represent management's best estimate of future market performance. The key assumptions employed when determining fair value less costs to sell and value in use include growth rates in accordance with best estimates of rises in electricity prices in each country, the weighted average cost of capital and tax rates. The estimates, including the methodology used, could have a significant impact on values and impairment.

The fair value of financial instruments is based on market quotations when available. Otherwise, fair value is based on prices applied in recent, similar transactions in market conditions or on evaluation methodologies using discounted future cash flow techniques, considering market conditions, time value, the profitability curve and volatility factors. These methods may require assumptions or judgements in estimating fair value.

Changes in accounting estimates

Although estimates are calculated by the Company's directors based on the best information available at 31 December 2016, future events may require changes to these estimates in subsequent years. Any effect on the annual accounts of adjustments to be made in subsequent years would be recognised prospectively.

03. Distribution of Profit

The proposed distribution of 2016 profit to be submitted to the shareholders for approval at their annual general meeting is as follows:

	Euros
Basis of allocation:	
Profit for the year	19,015,007.22
Voluntary reserves	26,501,901.60
Distribution:	
Legal reserve	1,901,500.72
Dividends	43,615,408.10
Total	**45,516,908.82**

The distribution of profit and reserves of the Company for the year ended 31 December 2015, approved by the shareholders at their annual general meeting held on 14 April 2016, is as follows:

	Euros
Basis of allocation:	
Profit for the year	31,596,861.64
Voluntary reserves	15,178,232.62
Distribution:	
Legal reserve	3,159,686.16
Dividends	43,615,408.10
Total	**46,775,094.26**

At 31 December non-distributable reserves are as follows:

Thousands of Euros	2016	2015
Non-distributable reserves:		
Legal reserve	59,805	56,646
	59,805	**56,646**

Profit recognised directly in equity cannot be distributed, either directly or indirectly.

04. Significant Accounting Policies

a) Foreign currency transactions, balances and cash flows

Foreign currency transactions have been translated into Euros using the spot exchange rate prevailing at the transaction date.

Monetary assets and liabilities denominated in foreign currencies have been translated into Euros at the closing rate, while non-monetary assets and liabilities measured at historical cost have been translated at the exchange rate prevailing at the transaction date.

In the statement of cash flows, cash flows from foreign currency transactions have been translated into Euros at the exchange rates at the dates the cash flows occur.

The effect of exchange rate fluctuations on cash and cash equivalents denominated in foreign currencies is recognised separately in the statement of cash flows as effect of exchange rate fluctuations.

Exchange gains and losses arising on the settlement of foreign currency transactions and the translation into Euros of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

b) Intangible assets

Computer software is measured at purchase price and carried at cost, less any accumulated amortisation and impairment. Computer software is amortised by allocating the depreciable amount on a systematic basis over its useful life, which has been estimated at five years from the asset entering normal use.

Capitalised personnel expenses of employees who install computer software are recognised as self-constructed assets in the income statement.

Computer software acquired and produced by the Company, including website costs, is recognised when it meets the following conditions:

- Payments attributable to the performance of the project can be measured reliably.
- The allocation, assignment and timing of costs for each project are clearly defined.
- There is evidence of the project's technical success, in terms of direct operation or sale to a third party of the results thereof once completed and if a market exists.
- The economic and commercial feasibility of the project is reasonably assured.
- Financing to develop the project, the availability of adequate technical and other resources to complete the development and to use or sell the resulting intangible asset are reasonably assured.
- There is an intention to complete the intangible asset for its use or sale.

Computer software maintenance costs are charged as expenses when incurred.

c) Property, plant and equipment

Property, plant and equipment are measured at cost of acquisition. Property, plant and equipment are carried at cost less any accumulated depreciation and impairment.

Property, plant and equipment are depreciated by allocating the depreciable amount of the asset on a systematic basis over its useful life. The depreciable amount is the cost of an asset, less its residual value. The Company determines the depreciation charge separately for each component of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the asset and with a useful life that differs from the remainder of the asset.

Property, plant and equipment are depreciated using the following criteria:

	Depreciation	Estimated years
Other installations	Straight-line	10
Furniture	Straight-line	10
Information technology equipment	Straight-line	4

d) Financial instruments

Financial assets and financial liabilities at fair value through profit or loss

This category includes the derivative financial instruments described in note 11, which are initially recognised at fair value. Transaction costs directly attributable to the acquisition or issue are recognised as an expense when incurred.

After initial recognition, they are recognised at fair value through profit or loss. Fair value is reduced by transaction costs incurred on sale or disposal. Accrual interest and dividends are recognised separately.

Loans and receivables

Loans and receivables comprise trade and non-trade receivables with fixed or determinable payments that are not quoted in an active market other than those classified in other financial asset categories. These assets are initially recognised at fair value, including transaction costs, and are subsequently measured at amortised cost using the effective interest method.

Investments in Group companies

Investments in Group companies are initially recognised at cost, which is equivalent to the fair value of the consideration given, excluding transaction costs, and are subsequently measured at cost net of any accumulated impairment. The cost of investments in Group companies acquired before 1 January 2010 includes any transaction costs incurred.

Investments in Group companies denominated in foreign currencies covered by hedges of net investments in foreign operations are updated to reflect exchange rate fluctuations (see note 4 (l)).

Investments in Group companies acquired through a non-monetary contribution from another Group company are measured at the pre-transaction value in the individual annual accounts of the contributing company.

Non-monetary contributions in exchange for investments in the equity of other companies

In non-monetary contributions of businesses (including investments in Group companies) to other Group companies, equity investments received are measured at the transaction date at the higher of the carrying amount of the assets and liabilities transferred in the individual annual accounts of the contributing company and the amount representative of the percentage of interest in the equity of the business contributed. Gains or losses deferred in recognised income and expense associated with the assets and liabilities conveyed continue to be recognised in equity but are linked to the investment received.

Interest and dividends

Interest is recognised using the effective interest method.

Dividends from investments in equity instruments are recognised when the Company is entitled to receive them. If the dividends are clearly derived from profits generated prior to the acquisition date because amounts higher than the profits generated by the investment since acquisition have been distributed, the carrying amount of the investment is reduced.

Pursuant to requested ruling number 2 issued by the Spanish Accounting and Auditing Institute, published in its Official Gazette number 78, for entities whose ordinary activity is the holding of shares in group companies and the financing of investees, the dividends and other income – coupons, interest – earned on financing extended to investees, as well as gains obtained from the disposal of investments, except those deriving from the disposal of subsidiaries, jointly controlled entities and associates, constitute revenue in the income statement.

Derecognition of financial assets

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Impairment of financial assets

- Impairment of financial assets carried at amortised cost

The amount of the impairment loss of financial assets carried at amortised cost is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate.

The impairment loss is recognised in profit and loss and may be reversed in subsequent periods if the decrease can be objectively related to an event occurring after the impairment has been recognised. The loss can only be reversed to the limit of the amortised cost of the assets had the impairment loss not been recognised.

- Investments in Group companies

Impairment is calculated by comparing the carrying amount of the investment with its recoverable amount. The recoverable amount is the higher of value in use and fair value less costs to sell.

Value in use is calculated based on the Company's share of the present value of future cash flows expected to be derived from ordinary activities and from the final disposal of the asset.

The carrying amount of the investment includes any monetary item that is receivable or payable for which settlement is neither planned nor likely to occur in the foreseeable future, excluding trade receivables or trade payables.

In subsequent years, reversals of impairment losses in the form of increases in the recoverable amount are recognised, up to the limit of the carrying amount that would have been determined for the investment if no impairment loss had been recognised.

The recognition or reversal of an impairment loss is recorded in the income statement.

Impairment of an investment is limited to the amount of the investment, except when contractual, legal or constructive obligations have been assumed by the Company or payments have been made on behalf of the companies.

Financial liabilities

Financial liabilities, including trade and other payables, that are not classified as held for trading or as financial liabilities at fair value through profit or loss are initially recognised at fair value less any transaction costs directly attributable to the issue of the financial liability. After initial recognition, liabilities classified under this category are measured at amortised cost using the effective interest method.

Derecognition of financial liabilities

The Company derecognises all or part of a financial liability when it either discharges the liability by paying the creditor, or is legally released from primary responsibility for the liability either by process of law or by the creditor.

Fair value

The fair value is the amount for which an asset can be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. If available, quoted prices in an active market are used to determine fair value. Otherwise, the Company calculates fair value using recent transaction prices or, if insufficient information is available, generally accepted valuation techniques such as discounting expected cash flows.

e) Cash and cash equivalents

Cash and cash equivalents include cash on hand and demand deposits in financial institutions. They also include other short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. An investment normally qualifies as a cash equivalent when it has a maturity of less than three months from the date of acquisition.

The Company classifies cash pooling current accounts with Group companies under this heading.

The Company recognises cash payments and receipts for financial assets and financial liabilities in which turnover is quick on a net basis in the statement of cash flows. Turnover is considered to be quick when the period between the date of acquisition and maturity does not exceed six months.

f) Provisions

Provisions are recognised when the Company has a present obligation (legal, contractual, constructive or tacit) as a result of a past event; it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period, taking into account all risks and uncertainties surrounding the amount to be recognised as a provision and, where the time value of money is material, the financial effect of discounting provided that the expenditure to be made each period can be reliably estimated. The discount rate is a pre-tax rate that reflects the time value of money and the specific risks for which future cash flows associated with the provision have not been adjusted at each reporting date.

The financial effect of provisions is recognised as a finance cost in the income statement.

If it is not probable that an outflow of resources will be required to settle an obligation, the provision is reversed.

g) Income tax

The income tax expense or tax income for the year comprises current tax and deferred tax.

Current tax assets or liabilities are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and tax laws that have been enacted or substantially enacted at the reporting date.

Current and deferred tax are recognised as income or an expense and included in profit or loss for the year, except to the extent that the tax arises from a transaction or event which is recognised, in the same or a different year, directly in equity, or from a business combination.

The Company files consolidated tax returns as part of the 385/08 group headed by EDP Energías de Portugal, S.A. Sucursal en España.

In addition to the factors to be considered for individual taxation, set out previously, the following factors are taken into account when determining the accrued income tax expense for the companies forming the consolidated tax group:

- Temporary and permanent differences arising from the elimination of profits and losses on transactions between Group companies, derived from the process of determining consolidated taxable income.
- Deductions and credits corresponding to each company forming the consolidated tax group. For these purposes, deductions and credits are allocated to the company that carried out the activity or obtained the profit necessary to obtain the right to the deduction or tax credit.

Temporary differences arising from the elimination of profits and losses on transactions between tax group companies are allocated to the company which recognised the profit/loss and are valued using the tax rate of that company.

A reciprocal credit and debit arises between the companies that contribute tax losses to the consolidated Group and the rest of the companies that offset those losses. Where a tax loss cannot be offset by the other consolidated Group companies, these tax credits for loss carryforwards are recognised as deferred tax assets using the applicable recognition criteria, considering the tax group as a taxable entity.

The Parent of the Group records the total consolidated income tax payable (recoverable) with a debit (credit) to receivables (payables) from/to Group companies and associates.

The amount of the debt (credit) relating to the subsidiaries is recognised with a credit (debit) to payables (receivables) to/from Group companies and associates (see notes 10 and 17 (c)).

Taxable temporary differences

Taxable temporary differences are recognised in all cases except where they arise from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable income.

Deductible temporary differences

Deductible temporary differences are recognised provided that it is probable that sufficient taxable income will be available against which the deductible temporary difference can be utilised, or when tax legislation envisages the possibility of converting deferred tax assets into a receivable from public entities in the future.

The Company recognises the conversion of a deferred tax asset into a receivable from public entities when it becomes enforceable in accordance with prevailing tax legislation. For this purpose, the deferred tax asset is derecognised with a charge to the deferred tax expense and the receivable is recognised with a credit to current tax. Likewise, the Company recognises the exchange of a deferred tax asset for government debt securities when it acquires ownership thereof.

The Company recognises the payment obligation deriving from financial contributions as an operating expense with a credit to payables to public entities when it is accrued in accordance with the Spanish Income Tax Law.

Nonetheless, assets arising from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither accounting profit nor taxable income, are not recognised.

In the absence of evidence to the contrary, it is not considered probable that the Company will have future taxable profit when the deferred tax assets are expected to be recovered in a period of more than ten years from the end of the reporting period, irrespective of the nature of the deferred tax asset; or, in the case of tax credits for deductions and other tax relief that are unused due to an insufficient amount of total tax, when there is reasonable doubt – after the activity or the income giving rise to entitlement to the deduction or tax credit has been rendered or received, respectively – as to whether the requirements for their offset will be met.

The Company only recognises deferred tax assets arising from tax loss carryforwards when it is probable that future taxable profit will be generated against which they may be offset within the period stipulated in applicable tax legislation, up to a maximum period of ten years, unless there is evidence that their recovery in a longer period of time is probable and tax legislation provides for their utilisation in a longer period or stipulates no time limit for their utilisation.

Conversely, it is considered probable that the Company will generate sufficient taxable profit to recover deferred tax assets when there are sufficient taxable temporary differences relating to the same taxation authority and the same taxable entity, which are expected to reverse in the same tax period as the expected reversal of the deductible temporary differences or in periods into which a tax loss arising from a deductible temporary difference can be carried back or forward.

The Company recognises deferred tax assets not previously recognised because they were not expected to be utilised within the ten-year recovery period, inasmuch as the future reversal period does not exceed ten years from the end of the reporting period or when there are sufficient taxable temporary differences.

Tax planning opportunities are only considered when assessing the recoverability of deferred tax assets and if the Company intends to use these opportunities or it is probable that they will be utilised.

Measurement

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the years when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantially enacted. The tax consequences that would follow from the manner in which the Company expects to recover or settle the carrying amount of its assets or liabilities are also reflected in the measurement of deferred tax assets and liabilities. For these purposes, the Company has considered the deduction for reversal of the temporary measures provided in transitional provision thirty-seven of Income Tax Law 27/2014 of 27 November 2014 as an adjustment to the tax rate applicable to the deductible temporary difference associated with the non-deductibility of amortisation and depreciation charges in 2013 and 2014.

Offset and classification

Deferred tax assets and liabilities are recognised in the balance sheet under non-current assets or liabilities, irrespective of the expected date of recovery or settlement.

h) Classification of assets and liabilities as current and non-current

The Company classifies assets and liabilities in the balance sheet 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 Company's normal operating cycle, they are held primarily for the purpose of trading, they are expected to be realised within 12 months after the reporting date or are cash or a cash equivalent, unless the assets may not be exchanged or used to settle a liability for at least 12 months after the reporting date.

- Liabilities are classified as current when they are expected to be settled in the Company's normal operating cycle, they are held primarily for the purpose of trading, they are due to be settled within 12 months after the reporting date or the Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

- Financial liabilities are classified as current when they are due to be settled within 12 months after the reporting date, even if the original term was for a period longer than 12 months, and an agreement to refinance or to reschedule payments on a long-term basis is completed after the reporting date and before the annual accounts are authorised for issue.

i) Environmental issues

Environmental assets

Non-current assets acquired by the Company to minimise the environmental impact of its activity and to protect and improve the environment, including the reduction and elimination of future pollution from the Company's activities, are recognised as property, plant and equipment in the balance sheet at purchase price or cost of production and depreciated over their estimated useful lives.

Environmental expenses

Environmental expenses are the costs derived from managing the environmental effects of the Company's operations and existing environmental commitments. These include expenses relating to the prevention of pollution caused by ordinary activities, waste treatment and disposal, decontamination, restoration, environmental management or environmental audit.

Expenses derived from environmental activities are recognised as operating expenses in the period in which they are incurred.

Environmental provisions

The Company makes an environmental provision when expenses are probable or certain to arise but the amount or timing is unknown. Where necessary, provision is also made for environmental actions arising from any legal or contractual commitments and for those commitments acquired for the prevention and repair of environmental damage.

j) Related party transactions

Transactions between Group companies are recognised at the fair value of the consideration given or received. The difference between this value and the amount agreed is recognised in line with the underlying economic substance of the transaction.

k) Hedge accounting

Derivative financial instruments which qualify for hedge accounting are initially measured at fair value, plus any transaction costs that are directly attributable to the acquisition, or less any transaction costs directly attributable to the issue of the financial instruments.

The Company undertakes fair value hedges and hedges of net investments in foreign operations.

At the inception of the hedge the Company formally designates and documents the hedging relationships and the objective and strategy for undertaking the hedges. Hedge accounting is only applicable when the hedge is expected to be highly effective at the inception of the hedge and in subsequent years in achieving offsetting changes in fair value or cash flows attributable to the hedged risk, throughout the period for which the hedge was designated (prospective analysis), and the actual effectiveness is within a range of 80%-125% (retrospective analysis) and can be reliably measured.

The Company hedges net investments in foreign operations in relation to its investment in the Group companies EDP Renewables North America, LLC., EDP Renováveis Brasil S.A. and EDP Renewables Canada, Ltd.

l) Hedges of a net investment in a foreign operation

The Company hedges the foreign currency risk arising from investments in Group companies denominated in foreign currency. The portion of gains or losses on the hedging instrument or on the exchange rate of the monetary item used as the hedging instrument is recognised as exchange gains or losses in the income statement. Gains or losses on investments related to the foreign currency amount of the underlying in the annual accounts are recognised as exchange gains or losses in profit and loss with a valuation adjustment for the effective part of the hedge.

m) Grants, donations and bequests

Grants, donations and bequests are recorded in recognised income and expense when, where applicable, they have been officially awarded, the conditions attached to them have been met or there is reasonable assurance that they will be received.

Monetary grants, donations and bequests are measured at the fair value of the sum received, whilst non-monetary grants, donations and bequests received are accounted for at fair value.

In subsequent years, grants, donations and bequests are recognised as income as they are applied.

n) Long- and short-term employee benefits

The Company recognises the expected cost of profit-sharing and bonus plans when it has a present legal or constructive obligation to make such payments as a result of past events and a reliable estimate of the obligation can be made.

05. Intangible Assets

Details of intangible assets and movement are as follows:

Thousands of Euros	Balance at 31.12.2014	Additions	Balance at 31.12.2015	Additions	Balance at 31.12.2016
Cost:					
Computer software	5,182	3	5,185	-	5,185
Computer software under development	-	-	-	62	62
	5,182	3	5,185	62	5,247
Amortisation:					
Computer software	(3,754)	(497)	(4,251)	(497)	(4,748)
	(3,754)	(497)	(4,251)	(497)	(4,748)
Carrying amount	**1,428**	**(494)**	**934**	**(435)**	**499**

Additions in 2016 and 2015 reflect accounting management applications purchased or developed during the year.

At the 2016 reporting date, the Company had fully amortised intangible assets in use amounting to Euros 3,887 thousand (Euros 2,709 thousand in 2015).

At 31 December 2016 and 2015 the Company has no commitments to purchase intangible assets.

06. Property, Plant and Equipment

Details of property, plant and equipment and movement are as follows:

Thousands of Euros	Balance at 31.12.2014	Additions	Balance at 31.12.2015	Additions	Balance at 31.12.2016
Cost:					
Other installations	1,652	-	1,652	-	1,652
Furniture	78	2	80	15	95
Information technology equipment	596		596	-	596
Vehicles	-	21	21	-	21
	2,326	23	2,349	15	2,364
Depreciation:					
Other installations	(745)	(165)	(910)	(165)	(1,075)
Furniture	(18)	(8)	(26)	(10)	(36)
Information technology equipment	(488)	(108)	(596)	-	(596)
Vehicles	-	(1)	(1)	(1)	(2)
	(1,251)	(282)	(1,533)	(176)	(1,709)
Carrying amount	**1,075**	**(259)**	**816**	**(161)**	**655**

The Company has taken out insurance policies to cover the risk of damage to its property, plant and equipment. The coverage of these policies is considered sufficient.

Fully depreciated property, plant and equipment amount to Euros 596 thousand at the 2016 and 2015 reporting dates and comprise information technology equipment.

At 31 December 2016 and 2015 the Company has no commitments to purchase property, plant and equipment.

07. Risk Management Policy

a) Financial risk factors

The Company's activities are exposed to various financial risks: market risk (including currency risk and fair value interest rate risk), credit risk, liquidity risk, and cash flow interest rate risk. The Company's global risk management programme focuses on uncertainty in the financial markets and aims to minimise potential adverse effects on the Company's profits. The Company uses derivatives to mitigate certain risks.

The directors of the Company are responsible for defining general risk management principles and establishing exposure limits. The Company's financial risk management is subcontracted to the Finance Department of EDP-Energías de Portugal, S.A. in accordance with the policies approved by the board of directors. The subcontracted service includes the identification and evaluation of hedging instruments.

All operations involving derivative financial instruments are subject to prior approval from the board of directors, which sets the parameters of each operation and approves the formal documents describing the objectives of the operation.

Currency risk

The Company operates internationally and is therefore exposed to currency risk when operating with foreign currencies, especially with regard to the US Dollar, the Brazilian Real, the Canadian Dollar and the Polish Zloty. Currency risk is associated with recognised assets and liabilities, and net investments in foreign operations.

The Company holds investments in Group companies denominated in a foreign currency, which are exposed to currency risk. Currency risk affecting these investments is mitigated primarily through derivative financial instruments and borrowings in the corresponding foreign currencies.

Details of hedged financial assets and the derivative financial instruments obtained to hedge them are provided in notes 8 and 11.

Details of financial assets and liabilities in foreign currencies and transactions in foreign currencies are provided in notes 8, 10, 16 and 21.

Credit risk

The Company is not significantly exposed to credit risk as the majority of its balances and transactions are with Group companies. As the counterparties of derivative financial instruments are Group companies, and the counterparties of their derivative financial instruments are highly solvent banks, the Company is not subject to significant counterparty default risk. Guarantees or other derivatives are therefore not requested in this type of operation.

The Company has documented its financial operations in accordance with international standards. The majority of its operations with derivative financial instruments are therefore contracted under "ISDA Master Agreements", which facilitate the transfer of instruments in the market.

Details of financial assets exposed to credit risk are provided in note 10.

Liquidity risk

Liquidity risk is the risk that the Company will be unable to comply with its financial commitments on maturity. The Company's approach in managing liquidity risk is to guarantee as far as possible that liquidity will always be available to pay its debts before they mature, in normal conditions and during financial difficulties, without incurring unacceptable losses or compromising the Company's reputation.

Compliance with the liquidity policy ensures that contracted commitments are paid, maintaining sufficient credit facilities. The EDP Renováveis Group manages liquidity risk by arranging and maintaining credit facilities with its majority shareholder, or directly with domestic and international entities in the market, under optimal conditions, to ensure access to the financing required to continue its activities.

Details of financial assets and financial liabilities by contractual maturity date are provided in notes 10 and 16.

Cash flow and fair value interest rate risks

In light of the non-monetary contribution mentioned in note 8 (a), in 2016 and 2015 the Company does not have a considerable amount of interest-bearing assets and as a result, income and cash flows from operating activities are not significantly affected by fluctuations in market interest rates.

Interest rate risk arises from non-current borrowings, which are extended by Group companies. The loans have fixed interest rates, exposing the Company to fair value risks.

Details of hedged financial assets and the derivative financial instruments obtained to hedge them are provided in notes 8 and 11.

08. Investments in Equity Instruments of Group Companies

Details of direct investments in equity instruments of Group companies are as follows:

Thousands of Euros	2016	2015
EDP Renováveis Brasil S.A.	115,272	113,301
EDP Renewables Europe, S.L.U.	3,079,340	3,079,340
EDP Renewables North America, LLC	3,715,471	3,714,906
EDP Renewables Canada, Ltd.	21,646	18,670
EDP Renováveis Servicios Financieros S.A.	274,892	274,892
EDPR PRO V S.L.R.	25	25
South Africa Wind & Solar Power S.L.	725	1,046
Greenwind S.A.	7	7
	7,207,378 (note 10 (a))	**7,202,187 (note 10 (a))**

Movement in Group equity instruments during 2016 and 2015 was as follows:

Thousands of Euros	31.12.2015	Additions	Disposals	Changes in exchange rates	Impairment	2016 31.12.2016
EDP Renováveis Brasil S.A.	113,301	23,826	(28,976)	7,121	-	115,272
EDP Renewables Europe, S.L	3,079,340	-	-	-	-	3,079,340
EDP Renewables North America, LLC	3,714,906	644,537	(780,100)	136,138	-	3,715,471
EDP Renewables Canada, Ltd	18,670	1,731	-	1,245	-	21,646
EDP Renováveis Servicios Financieros S.A	274,892	-	-	-	-	274,892
EDPR PRO V S.L.R	25	-	-	-	-	25
South Africa Wind & Solar Power S.L	1,046	-	-	-	(321)	725
Greenwind S.A	7	-	-	-	-	7
Total equity instruments	**7,202,187**	**25,557**	**(164,549)**	**144,504**	**(321)**	**7,207,378**

Thousands of Euros	31.12.2014	Additions	Disposals	Changes in exchange rates	Impairment	2015 31.12.2015
EDP Renováveis Brasil S.A.	40,586	86,905	-	(14,190)	-	113,301
EDP Renewables Europe, S.L	3,079,340	-	-	-	-	3,079,340
EDP Renewables North America, LLC	3,389,682	467,517	(538,212)	395,919	-	3,714,906
EDP Renewables Canada, Ltd	16,445	3,032	-	(807)	-	18,670
EDP Renováveis Servicios Financieros S.A	274,892	-	-	-	-	274,892
EDPR PRO V S.L.R	11	14	-	-	-	25
South Africa Wind & Solar Power S.L	3,828	-	-	-	(2,782)	1,046
Greenwind S.A	7	-	-	-	-	7
Total equity instruments	**6,804,791**	**85,151**	**(70,695)**	**385,722**	**(2,782)**	**7,202,187**

a) Investments in Group companies

Details of direct and indirect investments in Group companies are provided in Appendix I.

In 2016 and 2015 the Company financed its subsidiary EDP Renewables North America, LLC (EDPR NA) by subscribing successive capital increases/reductions representing net capital reductions of Euros 135,573 thousand and Euros 70,695 thousand (US Dollars 127,500 thousand and US Dollars 69,400 thousand) in 2016 and 2015.

During 2016 the Company carried out a capital reduction in EDP Renováveis Brasil S.A. amounting to Euros 28,976 thousand (Brazilian Reais 111,000 thousand) and three capital increases totalling Euros 23,826 thousand (Brazilian Reais 85,377 thousand). During 2015 the Company subscribed a capital increase of Euros 41,382 thousand (Brazilian Reais 132,519 thousand). In addition to this capital increase, in 2015 the Company acquired EDP Energías do Brasil, S.A.'s investment in EDP Renováveis Brasil S.A. for Euros 40,722 thousand (Brazilian Reais 176,000 thousand), thereby raising its interest to 100%.

In 2016 EDP Renewables Canada increased its capital by Euros 1,731 thousand (Canadian Dollars 2,450 thousand). In 2015 this company increased capital by Euros 3,032 thousand (Canadian Dollars 4,600 thousand).

In 2016 the Company recognised impairment of Euros 231 thousand as a result of the impairment test performed on the investment in South Africa Wind & Solar Power S.L. (Euros 2,782 thousand in 2015). No impairment has been recognised as a result of the tests performed on the remaining investments.

Foreign currency

The functional currencies of foreign operations are the currencies of the countries in which they are domiciled. The net investment in these operations coincides with the carrying amount of the investment.

Hedged investments

Details of investments, the fair value of which is hedged against currency risk, at 31 December 2016 and 2015 are as follows:

Thousands of Euros	2016	2015
EDP Renováveis Brasil S.A.	34,841	27,720
EDP Renewables North America, LLC. (EDPR NA)	3,658,047	3,714,906
EDP Renewables Canada, Ltd	19,418	15,638
	3,712,306	**3,758,264**

Management hedges foreign currency risk arising from the Company's investments in EDP Renewables North America, LLC., denominated in foreign currency.

The changes in value due to exchange rate fluctuations of equity instruments and the changes in fair value of hedging instruments are recognised in exchange gains/losses in the income statement. Details for 2016 and 2015 are as follows:

Thousands of Euros	EDPR NA	EDPR BR	EDPR CA	Gains/(losses) 2016 Total
Investments in Group companies (note 11)	136,138	7,121	1,245	144,504
Hedging instruments				
Foreign currency derivatives (note 11)	(123,998)	(6,686)	(1,295)	(131,979)
Fixed rate debt in foreign currency (note 11)	(6,370)	-	-	(6,370)
	5,770	**435**	**(50)**	**6,155**

Thousands of Euros		EDPR NA	EDPR BR	EDPR CA	Gains/(losses) 2015 Total
Investments in Group companies (note 11)	395,919	(9,390)		(807)	385,722
Hedging instruments					
Foreign currency derivatives (note 11)	(381,491)	8,701		554	(372,236)
Fixed rate debt in foreign currency (note 11)	(2,086)	-		-	(2,086)
	12,342	**(689)**		**(253)**	**11,400**

The hedging instruments used by the Company to hedge foreign currency risk arising from the investments in EDP Renewables North America, LLC. comprise:

- Hedging instruments consisting of three EUR/USD swaps arranged with EDP Sucursal en España, S.A. for a notional amount of US Dollars 2,619,281 thousand (US Dollars 2,619,281 thousand in 2015). The fair value of the hedging instrument at 31 December 2016 totals Euros 667,924 thousand (Euros 588,953 thousand at 31 December 2015), which has been recognised in non-current payables under non-current liabilities and current payables under current liabilities in the accompanying balance sheet (see note 11). At 31 December 2016 the net finance cost incurred on hedging instruments on net investments totalled Euros 33,095 thousand (net cost of Euros 21,382 thousand at 31 December 2015) and has been recognised under finance costs on payables to Group companies in the accompanying income statement.
- A hedging instrument comprising a EUR/USD cross interest rate swap arranged with EDPR Servicios Financieros, S.L. for a notional amount of US Dollars 1,025,380 thousand (three cross interest rate swaps with a notional amount of US Dollars 1,389,297 thousand in 2015). Two of the three cross interest rate swaps were settled for Euros 72,559 thousand on 28 December 2016. The fair value of the hedging instrument amounts to Euros 195,598 thousand at 31 December 2016 (Euros 223,130 thousand at 31 December 2015) and has been recognised in non-current payables under non-current liabilities. At 31 December 2016 the net finance cost incurred on hedging instruments on net investments totalled Euros 17,633 thousand (net cost of Euros 9,724 thousand in 2015) and has been recognised under finance costs on payables to Group companies in the accompanying income statement.

- A US Dollar-denominated loan extended by EDP Finance BV for a notional amount of US Dollars 447,403 thousand, of which US Dollars 211,287 has been used to hedge the investment in EDPR North America, LLC. at 31 December 2016 (US Dollars 21,988 thousand at 31 December 2015).This loan incurred exchange losses of Euros 13,489 thousand in 2016 (losses of Euros 42,446 thousand in 2015), of which Euros 6,370 thousand reflects those incurred in connection with the portion of the loan used as a hedging instrument (Euros 2,086 thousand in 2015).

To hedge the currency risk arising from the exposure of the investment in EDP Renováveis Brasil S.A., denominated in Brazilian Reais, the Company has arranged a hedging instrument comprising two swaps for a total notional amount of Brazilian Reais 118,000 thousand, equivalent to Euros 45,403 thousand using the exchange rate at the contract date. The net fair value of the hedging instrument amounts to Euros 5,856 thousand at 31 December 2016 (Euros 12,542 thousand at 31 December 2015) and has been recognised in non-current investments in Group companies and associates (Euros 6,092 thousand) and current payables (Euros 236 thousand) (see note 11). This hedging instrument incurred a net finance cost of Euros 3,741 thousand, which has been recognised under finance costs on payables to Group companies in the income statement.

The instrument arranged in 2015, comprising a future arranged for a notional amount of Euros 15,812 thousand (Canadian Dollars 22,950 thousand), to cover the currency risk associated with the Canadian Dollar-denominated investment in EDP Renewables Canada, Ltd. expired in 2016. In 2016 Company management arranged a new hedging instrument consisting of two EUR/CAD swaps for a notional amount of Canadian Dollars 27,750 thousand. At 31 December 2016 the fair value of the hedging instrument amounts to Euros 1,569 thousand and has been recognised under non-current payables. This hedging instrument incurred a net finance cost of Euros 268 thousand, which has been recognised under finance costs on payables to Group companies in the income statement.

09. Financial Assets by Category

The classification of financial assets by category and class, as well as a comparison of the fair value and the carrying amount is as follows:

Thousands of Euros								2016
	Non-current				Current			
	At amortised cost or cost				At amortised cost or cost			
	Carrying amount	Fair value	At fair value	Total	Carrying amount	Fair value	At fair value	Total
Assets held for trading								
Derivative financial instruments	-	-	-	-	-	-	3,944	3,944
Total	-	-	-	-	-	-	3,944	3,944
Loans and receivables								
Loans	-	-	-	-	15	15	-	15
Other financial assets	394	394	-	394	92	92	-	92
Trade and other receivables	-	-	-		52,986	52,986	-	52,986
Total	394	394	-	394	53,093	53,093	-	53,093
Hedging derivatives								
Traded on OTC markets	-	-	-	-	-	-	6,092	6,092
Total	-	-	-	-	-	-	6,092	6,092
Total financial assets	**394**	**394**	**-**	**394**	**53,093**	**53,093**	**10,036**	**63,129**

Thousands of Euros	Non-current				Current			2015
	Carrying amount	Fair value	At amortised cost or cost At fair value	Total	Carrying amount	Fair value	At amortised cost or cost At fair value	Total
Assets held for trading								
Derivative financial instruments	-	-	2,134	2,134	-	-	-	-
Total	**-**	**-**	**2,134**	**2,134**	**-**	**-**	**-**	**-**
Loans and receivables								
Deposits and guarantees	4	4	-	4	-	-	-	-
Other financial assets	408	408	-	408	81	81	-	81
Trade and other receivables	-	-	-	-	37,252	37,252	-	37,252
Total	**412**	**412**	**-**	**412**	**37,333**	**37,333**	**-**	**37,333**
Hedging derivatives								
Traded on OTC markets	-	-	12,542	12,542	-	-	554	554
Total	**-**	**-**	**12,542**	**12,542**	**-**	**-**	**554**	**554**
Total financial assets	**412**	**412**	**14,676**	**15,088**	**37,333**	**37,333**	**554**	**37,887**

Net losses and gains by category of financial asset are as follows:

Thousands of Euros	Loans and receivables, Group companies	Loans and receivables, third parties	Assets held for trading	2016 Total
Finance income	3,768	2	-	3,770
Dividends	91,923	-	-	91,923
Changes in fair value		-	1,810	1,810
Gains on sales	-	-	33,975	33,975
Net gains/(losses) in profit and loss	**95,691**	**2**	**35,785**	**131,478**

Thousands of Euros	Loans and receivables, Group companies	Loans and receivables, third parties	Assets held for trading	2015 Total
Finance income	2,659	3	-	2,662
Dividends	89,091	-	-	89,091
Changes in fair value	-	-	32,784	32,784
Net gains/(losses) in profit and loss	**91,750**	**3**	**32,784**	**124,537**

10. Investments and Trade Receivables

a) Investments in Group companies

Details of investments in Group companies are as follows:

Thousands of Euros	2016		2015	
	Non-current	Current	Non-current	Current
Group				
Equity instruments (note 8)	7,207,378	-	7,202,187	-
Derivative financial instruments (note 11)	-	10,036	14,676	554
Loans to companies (note 9)	-	15	-	-
Other financial assets		92	-	81
Total	**7,207,378**	**10,143**	**7,216,863**	**635**

b) Classification by maturity

The classification of financial assets by maturity is as follows:

Thousands of Euros	2017	2018	2019	2020	2021	Subsequent years	Less current portion	2016 Total non-current
Loans to companies	15	-	-	-	-	-	(15)	-
Other financial assets	92	-	-	-	-	394	(92)	394
Derivative financial instruments	10,036	-	-	-	-	-	(10,036)	-
Trade receivables from Group companies and associates	24,126	-	-	-	-	-	(24,126)	-
Other receivables	28,860	-	-	-	-	-	(28,860)	-
Total	**63,129**	**-**	**-**	**-**	**-**	**394**	**(63,129)**	**394**

Thousands of Euros	2016	2017	2018	2019	2020	Subsequent years	Less current portion	2015 Total non-current
Deposits and guarantees	-	-	-	-	-	4	-	4
Other financial assets	81	-	-	-	-	408	(81)	408
Derivative financial instruments	554	12,467	2,209	-	-	-	(554)	14,676
Trade receivables from Group companies and associates	22,718	-	-	-	-	-	(22,718)	-
Other receivables	14,534	-	-	-	-	-	(14,534)	-
Total	**37,887**	**12,467**	**2,209**	**-**	**-**	**412**	**(37,887)**	**15,088**

c) Trade and other receivables

Details of trade and other receivables are as follows:

Thousands of Euros	2016	Current 2015
Group:	52,875	37,142
Trade receivables	24,126	22,718
Other receivables	28,749	14,424
Unrelated parties:	111	110
Other receivables	111	110
Total	**52,986**	**37,252**

Trade receivables from Group companies in 2016 and 2015 essentially reflect the balance receivable under management support service contracts arranged with EDP Renewables Europe S.L.U and EDP Renewables North America, LLC during 2013 (see note 21 (b)).

Other receivables from Group companies include balances receivable from the Parent, EDP Energias de Portugal, S.A., Sucursal en España, for income tax amounting to Euros 28,604 thousand (Euros 14,424 thousand in 2015), as the Company files consolidated tax returns (see note 19).

d) Exchange differences recognised in profit or loss in relation to financial assets

Details of exchange differences recognised in profit or loss in relation to financial instruments, distinguishing between settled and outstanding transactions, are as follows:

Thousands of Euros	2016		2015	
	Settled	Outstanding	Settled	Outstanding
Hedged investments in Group companies	(291)	144,795	(4,800)	385,722
Hedging derivatives of net investments in foreign operations	274	(4,240)	1,043	8,213
Other financial assets	26	-	(329)	(3,228)
Trade and other receivables	(35)	16	(67)	(47)
Cash and cash equivalents	-	(11,355)	-	(21)
Total financial assets	**(26)**	**129,216**	**(4,153)**	**390,637**

11. Derivative Financial Instruments

Details of derivative financial instruments are as follows:

Thousands of Euros	2016			
	Assets		Liabilities	
	Non-current	Current	Non-current	Current
Hedging derivatives				
a) Fair value hedges				
Net investment hedging swaps (note 8)	-	6,092	707,408	157,919
Total	-	6,092	707,408	157,919
Derivatives held for trading and at fair value through profit or loss				
b) Foreign currency derivatives				
Forward exchange contracts	-	3,944	-	3,944
Total	-	3,944	-	3,944
Total derivatives	**-**	**10,036**	**707,408**	**161,863**

Thousands of Euros	2015			
	Assets		Liabilities	
	Non-current	Current	Non-current	Current
Hedging derivatives				
a) Fair value hedges				
Net investment hedging swaps (note 8)	12,542	554	672,836	139,247
Total	**12,542**	**554**	**672,836**	**139,247**
Derivatives held for trading and at fair value through profit or loss				
b) Foreign currency derivatives				
Forward exchange contracts	2,134	-	2,134	6,754
Total	**2,134**	**-**	**2,134**	**6,754**
Total derivatives	**14,676**	**554**	**674,970**	**146,001**

a) Fair value hedges

The total amount of gains and losses on hedging instruments and on items hedged under fair value hedges of net investments in Group companies is as follows:

Thousands of Euros	Gains/(losses)	
	2016	2015
Forward exchange contracts:		
Net investment hedging swaps (note 8)	(131,979)	(372,236)
Fixed rate debt (note 8)	(6,370)	(2,086)
Investments in Group companies (note 8)	144,504	385,722
	6,155	**11,400**

b) Forward exchange contracts and swaps

In 2016 and 2015, the Company had three mirror cross interest rate swaps for a total notional amount of Polish Zloty 235,069 thousand, equivalent to Euros 57,000 thousand. The fair value of these instruments is recognised as an asset under current investments in Group companies and associates for an amount of Euros 3,944 thousand (Euros 2,134 thousand in 2015), and as a liability under current payables for an amount of Euros 3,944 thousand (Euros 2,134 thousand in 2015), as presented in notes 10 (a) and 17 (a). Two of the C.I.R.S. registered in liabilities were formalized in 2015 with Polish Group companies. In December 2016 they have been transferred to EDP Renewables Europe, S.L.U.

In 2016 the Company has futures contracts on the US Dollar exchange rate for a notional amount of US Dollars 316,000 thousand (US Dollars 329,000 thousand in 2015), equivalent to Euros 295,300 thousand (Euros 308,949 thousand in 2015). The futures contract expired in December 2016. At 31 December 2015 the fair value of this instrument, which amounted to Euros 6,754 thousand, was recognised as a liability under current payables, as presented in note 17 (a).

12. Cash and Cash Equivalents

Details of cash and cash equivalents are as follows:

Thousands of Euros	2016	2015
Cash in hand and at banks	1,455	660
Cash equivalents	223,998	99,771
	225,453	**100,431**

In accordance with the terms of the contract signed by the parties on 1 June 2015, cash and cash equivalents at 31 December 2016 and 2015 include the balance of the US Dollar current account with EDPR Servicios Financieros S.A. of Euros 223,998 thousand and Euros 99,771 thousand, respectively.

13. Equity

Details of equity and movement during 2016 and 2015 are shown in the statement of changes in equity.

a) Subscribed capital

At 31 December 2016 and 2015, the share capital of the Company is represented by 872,308,162 ordinary bearer shares of Euros 5 par value each, all fully paid. These shares have the same voting and profit-sharing rights. These shares are freely transferable.

Companies that hold a direct or indirect interest of at least 10% in the share capital of the Company at 31 December 2016 and 2015 are as follows:

2016 and 2015 Company	Number of shares	Percentage ownership
EDP - Energías de Portugal, S.A. Sucursal en España	676,283,856	77.53%
Other (shares quoted on the Lisbon stock exchange)	196,024,306	22.47%
	872,308,162	**100.00%**

In 2007 and 2008 the Company carried out several capital increases that were subscribed through non-monetary contributions comprising 100% of the shares in EDPR NA and EDP Renewables Europe, S.L.U.

The special tax treatment for mergers, spin-offs, transfers of assets and exchanges of securities provided for in Section VII, Chapter VIII of Royal Legislative Decree 4/2004 of 5 March 2004 which approved the Revised Spanish Income Tax Law was applied to these contributions. The disclosures required by prevailing legislation were included in the annual accounts for 2007 and 2008.

In 2015 Hidroeléctrica del Cantábrico S.A. sold its shares in the Company (135,256,700 ordinary shares amounting to 15.51% of total shares), to EDP – Energías de Portugal S.A., Sucursal en España.

b) Share premium

This reserve is freely distributable.

c) Reserves

Details of reserves and movement during the year reflect the proposed distribution of profit approved by the shareholders at their annual general meeting (see note 3).

Legal reserve

Pursuant to the Revised Spanish Companies Act, in force since 1 September 2010, companies are required to transfer 10% of profits for the year to a legal reserve until this reserve reaches an amount equal to 20% of share capital. The legal reserve may be used to increase capital. Except for this purpose, until the reserve exceeds 20% of share capital it may only be used to offset losses if no other reserves are available. At 31 December 2016 and 2015, the Company has not appropriated to this reserve the minimum amount required by law.

Voluntary reserve

These reserves are freely distributable.

Negative reserve for costs of the public share offering

As a result of the public share offering, the Company has incurred a number of expenses associated with the capital increase, which have been recognised in this item net of the tax effect.

14. Grants, Donations and Bequests

During 2016 EDP Renewables Europe, S.L.U. transferred a grant of Euros 1,470 thousand to the Company. This grant was awarded to EDP Renewables Europe, S.L.U. by the European Commission on 31 December 2015 in connection with project “Demogravi3” to develop innovative foundations for offshore wind farms. This grant is taken to income as the project expenses are incurred. At 31 December 2016, Euros 362 thousand has been taken to income.

15. Provisions

Movement in provisions in 2016 and 2015 reflect allowances of Euros 218 and 120 thousand, respectively, made with a charge to personnel expenses.

In 2016 and 2015, the amount recognised as a provision is the best estimate at the reporting date of the expenditure required to settle the present obligation.

16. Financial Liabilities by Category

The classification of financial liabilities by category and class and a comparison of the fair value with the carrying amount are as follows:

Thousands of Euros								2016
	Non-current				Current			
	At amortised cost or cost				At amortised cost or cost			
	Carrying amount	Fair value	At fair value	Total	Carrying amount	Fair value	At fair value	Total
Liabilities held for trading:								
Derivative financial instruments	-	-	-	-	-	-	3,944	3,944
Total	**-**	**-**	**-**	**-**	**-**	**-**	**3,944**	**3,944**
Debts and payables:								
Group companies:								
Fixed rate	424,441	406,905	-	424,441	-	-	-	-
Variable rate	-	-	-	-	145,253	145,253	-	145,253
Other financial liabilities	-	-	-	-	1,310	1,310	-	1310
Trade and other payables	-	-	-	-	17,481	17,481	-	17,481
Total	**424,441**	**406,905**	**-**	**424,441**	**164,044**	**164,044**		**164,044**
Hedging derivatives:								
Traded on OTC markets	-	-	707,408	707,408	-	-	157,919	157,919
Total	**-**	**-**	**707,408**	**707,408**	**-**	**-**	**157,919**	**157,919**
Total financial liabilities	**424,441**	**406,905**	**707,408**	**1,131,849**	**164,044**	**164,044**	**161,863**	**325,907**

In 2015 the Company obtained two loans from EDP Renováveis Brasil S.A. for a total amount of Brazilian Reais 106,756 thousand, equivalent to Euros 24,760 thousand at 31 December 2015. These loans were repaid in 2016 (see note 17 (c)).

Thousands of Euros								2015
	Non-current				Current			
	At amortised cost or cost				At amortised cost or cost			
	Carrying amount	Fair value	At fair value	Total	Carrying amount	Fair value	At fair value	Total
Liabilities held for trading:								
Derivative financial instruments	-	-	2,134	2,134	-	-	6,754	6,754
Total	**-**	**-**	**2,134**	**2,134**	**-**	**-**	**6,754**	**6,754**
Debts and payables:								
Group companies:								
Fixed rate	410,952	417,499	-	410,952	-	-	-	-
Variable rate	-	-	-	-	49,123	49,123	-	49,123
Other financial liabilities	-	-	-	-	600	600	-	600
Trade and other payables	-	-		-	19,836	19,836	-	19,836
Total	**410,952**	**417,499**	**-**	**410,952**	**69,559**	**69,559**	**-**	**69,559**
Hedging derivatives:								
Traded on OTC markets	-	-	672,836	672,836	-	-	139,247	139,247
Total	**-**	**-**	**672,836**	**672,836**	**-**	**-**	**139,247**	**139,247**
Total financial liabilities	**410,952**	**417,499**	**674,970**	**1,085,922**	**69,559**	**69,559**	**146,001**	**215,560**

Net losses and gains by financial liability category are as follows:

Thousands of Euros	Debts and payables, Group companies	Debts and payables, third parties	Liabilities held for trading	2016 Total
Finance costs	77,044	1,229	-	78,273
Change in fair value	-	-	1,810	1,810
Losses of sales	-	-	13,864	13,864
Total	**77,044**	**1,229**	**15,674**	**93,947**

Thousands of Euros	Debts and payables	Debts and payables, third parties	Liabilities held for trading	2015 Total
Finance costs	55,459	42	-	55,501
Change in fair value	-	-	428	428
Total	**55,459**	**42**	**428**	**55,929**

17. Payables and Trade Payables

a) Group companies

Details of payables to Group companies are as follows:

Thousands of Euros	2016		2015	
	Non-current	Current	Non-current	Current
Group				
Group companies	424,441	2,538	410,952	24,760
Interest	-	108	-	471
Derivative financial instruments (note 11)	707,408	161,863	674,970	146,001
Current account with Group companies	-	143,917	-	23,892
Total	**1,131,849**	**308,426**	**1,085,922**	**195,124**

Other financial liabilities comprise current accounts with the Group, which accrue daily interest that is settled on a monthly basis. The rate applicable to interest receivable ranges from one-month Euribor to six-month Euribor, plus a spread of between 0.1% and 0.35%, whilst the rate applicable to interest payable is one-month Euribor, plus a spread of between 1.4% and 1.8%.

At 31 December 2016, non-current payables included in Group companies reflect fixed-interest loans obtained from EDP Finance BV amounting to US Dollars 424,441 thousand (US Dollars 447,403 thousand at 31 December 2015) (see note 8).

Current payables to Group companies at 31 December 2016 reflect the balances payable to two Polish Group companies following the transfer of two cross interest rate swaps to the Group company EDP Renewables Europe, S.L.U. Current payables to Group companies at 31 December 2015 reflected two floating-rate loans from EDP Renováveis Brasil, S.A. amounting to Brazilian Reais 106,756 thousand.

b) Main characteristics of payables

The terms and conditions of loans and payables are as follows:

Thousands of Euros						2016	
						Carrying amount	
Type	Currency	Effective rate	Nominal rate	Maturity	Nominal amount	Current	Non-current
Group	US Dollars	4.57%	4.57%	2018	424,441	-	424,441
Total					**424,441**	**0**	**424,441**

Thousands of Euros							2015
						Carrying amount	
Type	Currency	Effective rate	Nominal rate	Maturity	Nominal amount	Current	Non-current
Group	Brazilian Real	6m Libor +3%	6m Libor +3%	2016	24,760	24,760	-
Group	US Dollars	4.57%	4.57%	2018	410,952	-	410,952
Total					**435,712**	**24,760**	**410,952**

c) Trade and other payables

Details of trade and other payables are as follows:

Thousands of Euros		Current
Group	2016	2015
Suppliers	10,414	9,412
Payables	1,954	1,663
Total	12,368	11,075
Unrelated parties		
Trade payables	1,040	5,768
Salaries payable	4,073	2,993
Public entities, other (note 18)	404	373
Total	5,517	9,134
Total	**17,885**	**20,209**

Suppliers, Group companies in 2016 and 2015 mainly comprise expenses invoiced by EDP Energías de Portugal, S.A. and EDP Energías de Portugal, S.A. (Sucursal en España), primarily for management services.

Payables, Group companies include balances payable to the Parent, EDP Energías de Portugal S.A., Sucursal en España, for consolidated value added tax amounting to Euros 1,954 thousand in 2016 (Euros 1,663 thousand in 2015) (see note 19).

d) Classification by maturity

The classification of financial liabilities by maturity is as follows:

Thousands of Euros								2016
	2017	2018	2019	2020	2021	Subsequent years	Less current portion	Total non-current
Derivative financial instruments	161,863	705,839	266	-	1,303	-	(161,863)	707,408
Group companies and associates	1,310	424,441	-	-	-	-	(1,310)	424,441
Other financial liabilities	1,310	-	-	-	-	-	(1,310)	-
Total financial liabilities	**180,654**	**1,130,280**	**266**	**-**	**1,303**	**-**	**(180,654)**	**1,131,849**

Thousands of Euros								2015
	2016	2017	2018	2019	2020	Subsequent years	Less current portion	Total non-current
Derivative financial instruments	139,247	2,134	614,389	58,447	-	-	(139,247)	674,970
Group companies and associates	49,123	-	410,952	-	-	-	(49,123)	410,952
Other financial liabilities	600	-	-	-	-	-	(600)	-
Trade and other payables	19,836	-	-	-	-	-	(19,836)	-
Total financial liabilities	**208,806**	**2,134**	**1,025,341**	**58,447**	**-**	**-**	**(208,806)**	**1,085,922**

e) Exchange differences recognised in profit or loss in relation to financial liabilities

Details of exchange differences recognised in profit or loss in relation to financial instruments, distinguishing between settled and outstanding transactions, are as follows:

Thousands of Euros	2016		2015	
	Settled	Outstanding	Settled	Outstanding
Group companies and associates, non-current	(3,108)	(13,489)	-	(37,503)
Hedging derivatives of net investments in foreign operations	(14,112)	(113,901)	(2,925)	(378,566)
Trade and other payables	(40)	-	357	-
Total financial liabilities	**(17,260)**	**(127,390)**	**(2,568)**	**(416,069)**

18. Late Payments to Suppliers.

Final provision two of Law 31/2014 of 3 December 2014, amending the Spanish Companies Act to introduce improvements to corporate governance, amends additional provision three of Law 15/2010 of 5 July 2010, amending Law 3/2004 of 29 December 2004 establishing measures to combat late payment, to require that all commercial companies expressly disclose average supplier payment periods in the notes to the annual accounts. The following table shows the average supplier payment period, transactions paid ratio, transactions payable ratio, total payments made and total payments outstanding at the reporting date:

	2016	2015
	Days	Days
Average supplier payment period	22	47
Transactions paid ratio	30	65
Transactions payable ratio	2	12
	Amount	Amount
Total payments made	**25.676**	**18,108**
Total payments outstanding	**10.159**	**9,467**

19. Taxation

Details of balances with public entities are as follows:

Thousands of Euros	2016		2015	
	Non-current	Current	Non-current	Current
Assets				
Deferred tax assets	23,226	-	23,108	-
Total	23,226	-	23,108	-
Liabilities				
Deferred tax liabilities	36,831	-	29,263	-
Social Security	-	206	-	185
Withholdings	-	198	-	188
Total	**36,831**	**404**	**29,263**	**373**

The Company files consolidated income tax and value added tax returns. The parent of this consolidated tax group is EDP-Energías de Portugal, S.A. Sucursal en España. At 31 December 2016 the Company has recognised income tax receivable of Euros 28,604 thousand (Euros 14,424 thousand in 2015) and VAT payable of Euros 1,954 thousand (Euros 1,663 thousand receivable in 2015). These amounts have been recognised under other receivables and other payables in the balance sheet (see notes 10 (d) and 17 (d)).

In 2016, the taxation authorities concluded the inspection of the consolidated tax group's income taxes for 2009 to 2011 and its VAT returns from June 2010 to December 2011, without having had a significant impact in 2016

In accordance with prevailing legislation, taxes cannot be considered definitive until they have been inspected by the taxation authorities or the inspection period has elapsed. Taking into account the aforementioned inspection period, at 31 December 2016 the Company has the following main applicable taxes open to inspection:

Tax	Years open to inspection
Income tax	2012-2015
Value added tax	2012-2016
Personal income tax	2013-2016
Capital gains tax	2013-2016
Tax on Economic Activities	2013-2016
Social Security	2013-2016
Non-residents	2013-2016

Due to different possible interpretations of prevailing tax legislation, additional tax liabilities could arise in the event of inspection. In any case, the Parent's directors do not consider that any such liabilities that could arise would have a significant effect on the annual accounts.

a) Income tax

The Company files consolidated tax returns as part of the group headed by EDP Energías de Portugal, S.A. Sucursal en España.

A reconciliation of net income and expenses for the year with the tax loss is as follows:

Thousands of Euros	Income statement			Income and expense recognised in equity			2016 Total
	Increases	Decreases	Net	Increases	Decreases	Net	
Profit for the year			19,015			831	19,846
Income tax			(12,442)			277	(12,165)
Profit before income tax			6,573			1,108	7,681
Permanent differences							
Individual company	31	(182)	(151)	-	-	-	(151)
Consolidation adjustments	321	(91,923)	(91,602)	-	-	-	(91,602)
Temporary differences:							
originating in current year	-	-	-		(1,108)	(1,108)	(1,108)
originating in prior years	-	(29,232)	(29,232)		-	-	(29,232)
Tax loss	**-**	**-**	**(114,412)**		**(1,108)**	**-**	**(114,412)**

Thousands of Euros	Increases	Decreases	2015 Income statement Net
Profit for the year	-	-	31,597
Income tax	-	-	(18,443)
Profit before income tax	-	-	13,154
Permanent differences			
Individual company	5,840	(16,730)	(10,890)
Consolidation adjustments	-	(72,361)	(72,361)
Temporary differences:			
originating in current year	-	-	-
originating in prior years	-	(5,902)	(5,902)
Tax loss			**(75,999)**

Decreases in permanent differences in 2016 mainly reflect dividends of Euros 79,745 thousand (Euros 21,884 thousand in 2015) received from EDP Renewables Europe S.L.U., and Euros 12,178 thousand from EDP Renováveis Servicios Financieros S.A. (Euros 50,477 thousand in 2015). In 2015, decreases in permanent differences also reflected dividends of Euros 16,730 thousand from EDP Renováveis Brasil S.A. Increases in permanent differences in 2015 reflect impairment of the investment held in South Africa Wind & Solar Power S.L. and other provisions.

Decreases due to temporary differences in 2016 and 2015 mainly reflect the tax amortisation of the financial goodwill of EDPR NA.

The relationship between tax income and accounting profit for the year is as follows:

Thousands of Euros	Gains and losses	Equity	2016 Total
Profit for the year before tax	6,573	-	6,573
Tax at 25%	1,643	-	1,643
Non-deductible expenses			
Provisions	43	-	43
Non-taxable income			
Dividends	(22,981)	-	(22,981)
Prior years' adjustments	1,972	-	1,972
Tax payable following inspection	6,881	-	6,881
Income tax income	(12,442)	-	(12,442)

Thousands of Euros	Profit and loss	Equity	2015 Total
Profit for the year before tax	13,154	-	13,154
Tax at 28%	3,683	-	3,683
Non-deductible expenses			
Provisions	1,635	-	1,635
Non-taxable income			
Dividends	(24,945)	-	(24,945)
Withholdings at source (dividends in Brazil)	620		620
Prior years' adjustments	5		5
Effect of tax rate reduction under Law 27/2014	559	-	559
Income tax income	(18,443)	-	(18,443)

Details of income tax income are as follows:

Thousands of Euros	2016	2015
Current income tax		
Present year	(28,603)	(21,280)
Prior year adjustments	1,972	5
Withholdings at source (dividends in Brazil)	-	620
Others	6,881	-
Total	**(19,750)**	**(20,655)**
Deferred tax		
Source and reversal of temporary differences	-	-
Tax amortisation of EDPR NA goodwill	7,308	1,633
Salaries payable and other items	-	20
Effect of tax rate reduction under Law 27/2014	-	559
Total	**7,308**	**2,212**
Total	**(12,442)**	**(18,443)**

Details of deferred tax assets and liabilities by type of asset and liability are as follows:

Thousands of Euros	Assets		Liabilities		Net	
	2016	2015	2016	2015	2016	2015
Tax loss carryforwards	6,256	6,121	-	-	6,256	6,121
Tax amortisation of EDPR NA goodwill	-	-	(36,554)	(29,263)	(36,554)	(29,263)
Grants	-	-	(277)	-	(277)	-
Salaries payable and other items	171	188	-	-	171	188
Limited deductibility of finance costs under RD 12/2012	16,799	16,799	-	-	16,799	16,799
Total assets/liabilities	**23-226**	**23,108**	**(36,831)**	**(29,263)**	**(13,605)**	**(6,155)**

Details of deferred tax assets and liabilities that are expected to be realised or reversed in periods exceeding 12 months are as follows:

Thousands of Euros	2016	2015
Tax loss carryforwards	6,256	6,121
Tax amortisation of EDPR NA goodwill	(36,554)	(29,263)
Grants	(277)	-
Limited deductibility of finance costs under RD 12/2012	16,799	16,799
Net	**(13,776)**	**(6,343)**

20. Environmental Information

Given that the Company's activities to develop, construct and operate energy production facilities are carried out through Group companies rather than directly, the Company does not consider it necessary to make investments to prevent or correct any impact on the environment or make any environmental provisions.

However, on behalf of Group companies, the Company has invested in a number of environmental studies required by prevailing legislation during the development of new facilities and taken the appropriate preventative, corrective and supplementary measures, which have been recognised as an increase in property, plant and equipment under construction.

These annual accounts do not include any environmental costs.

The directors consider that no significant environmental contingencies exist.

21. Related Party Balances and Transactions

a) Related party balances

Balances receivable from and payable to Group companies and related parties, including key management personnel and directors, and the main details of these balances, are disclosed in notes 10 and 17 (a).

Details of balances by category are as follows:

Thousands of Euros	Parent	Group companies	Total
Non-current investments in Group companies	-	7,207,378	7,207,378
Total non-current assets	**-**	**7,208,378**	**7,208,378**
Trade and other receivables	28,793	24,082	52,875
Current investments	-	92	92
Derivatives	10,036	-	10,036
Cash	-	223,998	223,998
Total current assets	**38,829**	**248,172**	**287,001**
Total assets	**38,829**	**7,455,550**	**7,494,379**
Non-current payables (derivatives)	511,810	195,598	707,408
Group companies, non-current	-	424,441	424,441
Total non-current liabilities	**511,810**	**620,039**	**1,131,849**
Current accounts with Group companies	-	142,607	142,607
Current payables to Group companies	-	2,646	2,646
Current payables	159,134	4,039	163,173
Trade and other payables	8,735	1,679	10,414
Other payables	1,954	-	1,954
Total current liabilities	**169,823**	**150,971**	**320,794**
Total liabilities	**681,633**	**771,010**	**1,452,643**

Thousands of Euros	Parent	Group companies	2015 Total
Non-current investments in Group companies	-	7,202,187	7,202,187
Derivatives	14,676	-	14,676
Total non-current assets	**14,676**	**7,202,187**	**7,216,863**
Trade and other receivables	14,424	22,718	37,142
Current investments	-	81	81
Derivatives	554	-	554
Cash	-	99,771	99,771
Total current assets	**14,978**	**122,570**	**137,548**
Total assets	**29,654**	**7,324,757**	**7,354,411**
Non-current payables (derivatives)	451,840	223,130	674,970
Group companies, non-current	-	410,952	410,952
Total non-current liabilities	**451,840**	**634,082**	**1,085,922**
Current accounts with Group companies	-	49,123	49,123
Current payables	146,083	518	146,601
Trade and other payables	7,978	1,434	9,412
Total current liabilities	**154,061**	**51,075**	**205,136**
Total liabilities	**605,901**	**685,157**	**1,291,058**

At 31 December 2016 and 2015 all derivative financial instruments held by the Company have been arranged with Group companies.

b) Related party transactions

The Company's transactions with related parties are as follows:

Thousands of Euros	Parent	Group companies	Directors	2016 Total
Income				
Other services rendered	72	18,456	-	18,528
Other income	156	150	-	306
Finance income (notes 9 and 21 (a))	-	3,768	-	3,768
Dividends (notes 9 and 21 (a))	-	91,923	-	91,923
Change in fair value of financial instruments	1,810	-	-	1,810
Gains on disposal of financial instruments	-	33,975	-	33,975
Total	**2,038**	**148,272**	**-**	**150,310**
Expenses				
Operating lease expenses and royalties	(671)	-	-	(671)
Other services received	(8,334)	(1,718)	-	(10,052)
Personnel expenses				
Salaries	-	-	(1,364)	(1,364)
Finance costs (note 15)	(38,972)	(38,072)	-	(77,044)
Change in fair value of financial instruments	-	(1,810)	-	(1,810)
Losses on disposal of financial instruments	-	(13,864)	-	(13,864)
Total	**(47,977)**	**(55,464)**	**(1,364)**	**(104,805)**

Thousands of Euros	Parent	Group companies	Directors	2015 Total
Income				
Other services rendered	-	16,747	-	16,747
Finance income (notes 9 and 21 (a))	-	1,212	-	1,212
Dividends (notes 9 and 21 (a))	-	89,091	-	89,091
Change in fair value of financial instruments	-	62,227	-	62,227
Total		**169,277**	**-**	**169,277**
Expenses				
Operating lease expenses and royalties		(638)	-	(638)
Other services received		(8,800)	-	(8,800)
Personnel expenses				
Salaries		-	(1,300)	(1,300)
Finance costs (note 15)		(55,459)	-	(55,459)
Change in fair value of financial instruments	(541)	(28,902)	-	(29,443)
Total		**(93,799)**	**(1,300)**	**(95,640)**

Other services rendered basically derive from two management support service contracts arranged with EDP Renewables Europe S.L.U and EDP Renewables North America, LLC in 2013.

Dividends reflect dividends distributed by EDP Renewables Europe S.L.U., EDP Renováveis Servicios Financieros, S.L. and EDP Renováveis Brasil S.A.

Operating lease expenses and royalties essentially reflect the lease payments for the Company's offices.

Other services received comprise various management services, specifically for loan of personnel and other items.

The change in fair value of financial instruments reflects the change in the value of three cross interest rate swaps for a total notional amount of Polish Zloty 235,069 thousand, equivalent to Euros 57,000 thousand (see note 11).

Gains and losses on disposal of financial instruments amounting to a net gain of Euros 20,111 thousand reflect monthly settlements of EUR/USD forward exchange contracts with a nominal value of USD 316,000 thousand (see note 11).

c) Information on the Company's directors and key management personnel

In 2016 the directors of the Company have accrued remuneration of Euros 723 thousand (Euros 689 thousand in 2015) in respect of their position as directors.

On 4 May 2011 an executive management services contract was entered into between EDP Energías de Portugal, S.A. and the Company, effective from 18 March 2011. This contract stipulates the conditions under which EDP Energías de Portugal, S.A. renders executive management services to the Company, including matters relating to its day-to-day administration. By virtue of this contract, EDP Energías de Portugal, S.A. appoints three members of the Company's executive committee, for which the Company pays an amount determined by the remuneration committee.

Pursuant to this contract, the Company has recognised payments for management services provided totalling Euros 1,132 thousand in 2016 and Euros 1,089 thousand in 2015 (fixed and variable remuneration) as other services, under external services in the accompanying income statement.

The members of the executive committee who are also directors (Miguel Amaro, Finance Director and João Paulo Costeira, Director of Operations for the EU, Brazil and South Africa) signed employment contracts with EDP Energias de Portugal SA Sucursal en España. In 2016 the monetary remuneration received under these contracts was Euros 641 thousand (Euros 610 thousand in 2015), for which the Company was invoiced by EDP Energías de Portugal, S.A. Sucursal en España for executive duties carried out at the Company. No significant non-monetary remuneration was paid in 2016 or 2015. Pension plan contributions made on behalf of members of the executive committee (except for the managing director) range from 3% to 6% of their annual salary.

The directors and key management personnel have not received any loans or advances nor has the Company extended any guarantees on their behalf. The Company has no pension or life insurance obligations with its former or current directors in 2016 or 2015.

d) Transactions other than ordinary business or under terms differing from market conditions carried out by the directors of the Company

In 2016 and 2015 the directors of the Company have not carried out any transactions other than ordinary business with the Company or applied terms that differ from market conditions.

e) Investments and positions held by directors

The directors of the Company and their related parties have had no conflicts of interest requiring disclosure in accordance with article 229 of the Revised Spanish Companies Act.

22. Income and Expenses

a) Revenues

Details of revenues by category of activity and geographical market are as follows:

Thousands of Euros	Domestic		Rest of Europe		USA		Brazil		Total	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Other services	15,025	13,153	-	-	3,503	3,594	-	-	18,528	16,747
Finance income	91,923	72,737	-	836	-	-	-	16,730	91,923	90,303
Total	**106,948**	**85,890**	**-**	**836**	**3,503**	**3,594**	**-**	**16,730**	**110,451**	**107,050**

b) Foreign currency transactions

Details of income and expenses denominated in foreign currencies are as follows:

Thousands of Euros	2016	2015
Finance costs	(19,770)	(18,770)
Net	**(19,770)**	**(18,770)**

The Company's main foreign currency transactions are carried out in US Dollars.

c) Employee benefits expense

Details of employee benefits expense are as follows:

Thousands of Euros	2016	2015
Employee benefits expense		
Social Security payable by the Company	1,952	1,835
Other employee benefits expenses	719	855
Total	**2,671**	**2,690**

d) External services

Details of external services are as follows:

Thousands of Euros	2016	2015
Leases	820	815
Independent professional services	2,482	6,421
Advertising and publicity	738	1,313
Other services	12,705	11,466
Total	**16,745**	**20,015**

Leases mainly reflect the rental of the Company's offices. There are no non-cancellable payments at 31 December 2016 and 2015.

Other services primarily comprise management support, communications and maintenance expenses, as well as travel costs.

At 31 December 2016 the Company has commitments to purchase external services amounting to Euros 1,611 thousand within one year (Euros 1,351 thousand in 2015). It has no commitments to purchase any external services within two years in 2016 or 2015.

23. Employee Information

The average headcount of the Company in 2016 and 2015, distributed by category, is as follows:

Number	2016	2015
Management	26	20
Senior technicians	108	104
Technicians	13	10
Administrative staff	6	10
Total	**153**	**144**

At year end the distribution by gender of Company personnel is as follows:

Number	Male	Female	Male	Female
Management	18	8	14	8
Senior technicians	65	48	64	38
Technicians	9	4	9	2
Administrative staff	4	2	5	5
Total	**96**	**62**	**92**	**53**

In 2016 and 2015 the board of directors had 16 male members and one female.

24. Audit Fees

KPMG Auditores, S.L., the auditor of the Company's individual and consolidated annual accounts, have invoiced the following fees and expenses for professional services during the years ended 31 December 2016 and 2015:

Thousands of Euros	2016	2015
Audit services, individual and consolidated annual accounts	64	64
Audit-related services	97	787
Assurance services	7	3
Review services for internal control over financial reporting	153	157
Other services	41	338
Total	362	**1,349**

The amounts detailed in the above table include the total fees for services rendered in 2016 and 2015.

Audit-related services include quarterly limited reviews and other services related to the incorporation of a YieldCo in 2015, which was ultimately not listed on the Spanish stock exchange.

Other companies related to KPMG International have invoiced the Company as follows:

Thousands of Euros	2016	2015
Audit services, consolidated annual accounts	-	-
Other services	-	10
Total		**10**

25. Commitments

At 31 December 2016 the Company has deposited guarantees with financial institutions on behalf of Group companies amounting to Euros 506 million (Euros 552 million in 2015), including guarantees of US Dollars 267 million (US Dollars 198 million in 2015).

The Company's directors do not expect any significant liabilities to arise from these guarantees.

26. Events after the Reporting Period

No economic or financial events have taken place since the reporting date that have affected the financial statements or position of the Company.

Appendix I

EDP Renovaveis, S.A.

Information on investments in group companies 31 December 2016

Thousands of Euros

Group companies	Registered office	% direct interest	% indirect interest	Auditor	Activity	Capital	Reserves	Other equity items	Net profit Continuing operations	Net profit Total	Total equity
EDP RENEWABLES EUROPE, S.L.U	Oviedo, Spain	100%	-	KPMG	Holding company	249,499	2,115,772	-	194,382	194,382	2,559,653
EDP Renovables España, S.L.	Spain	-	100%	KPMG	Holding company, construction and wind energy production	32,628	503,610	-	(12,119)	(12,119)	524,119
EDPR Polska, Sp.z.o.o.	Poland	-	100%	KPMG	Holding company and wind energy production	121,256	65,389	-	(2,534)	(2,534)	184,111
Tarcan, B.V	Netherlands	-	100%	KPMG	Holding company	20	19,735	-	3,277	3,277	23,032
Greenwind, S.A.	Belgium	0.02%	51%	KPMG	Wind energy production	24,924	16,062	(497)	3,170	3,170	43,659
EDPR France Holding SAS	France	-	100%	KPMG	Holding company	8,500	(10,749)	-	19,325	19,325	17,076
EDP Renewables SGPS,Sa	Portugal	-	100%	KPMG	Holding company	50	138,871	-	74,322	74,322	213,243
EDP Renewables Belgium,S.A	Belgium	-	100%	KPMG	Holding company	62	(828)	-	(78)	(78)	(844)
EDPR Portugal , S.A.	Portugal	-	51%	KPMG	Holding company and wind energy production	7,500	29,192	5,489	59,775	59,775	101,957
EDPR PT-Promocao e Operacao,S.A	Portugal	-	100%	KPMG	Wind power: Wind farm development	50	179	-	(784)	(784)	555
EDP Renowables France, SAS	France	-	51%	KPMG	Holding company	151,704	(34,382)	-	2,342	2,342	119,664
EDPR Ro Pv,S.r.l	Romania	0.05%	99.95%	n/a	Wind energy production	55,935	(2,443)	-	(134)	(134)	53,358
Cernavoda Power,S.A	Romania	-	85%	KPMG	Wind energy production	83,454	(19,707)	-	(6,754)	(6,754)	56,993
VS Wind Farm S.A.	Romania	-	85%	KPMG	Wind energy production	53,740	(13,061)	-	1,681	1,681	42,360
Pestera Wind Farm, S.A.	Romania	-	85%	KPMG	Wind energy production	67,111	(25,284)	-	(3,823)	(3,823)	38,006
Ialomita Power S.r.l	Romania	0.01%	99.99%	KPMG	Wind energy production	208,827	(21,935)	-	6,604	6,604	193,496
Sibioara Wind Farm,S.r.L	Romania	-	85%	KPMG	Wind energy production	20,361	(12,722)	-	101	101	7,740
Vanju Mare Solar,S.r.l	Romania	-	100%	KPMG	Photovoltaic energy production	9,611	1,051	-	547	547	11,209
Studina Solar,S.r.l	Romania	-	100%	KPMG	Photovoltaic energy production	7,988	2,248	-	593	593	10,829
Cujmir Solar, S.r.l	Romania	-	100%	KPMG	Photovoltaic energy production	10,393	2,434	-	789	789	13,616
Potelu Solar,S.r.l	Romania	-	100%	KPMG	Photovoltaic energy production	7,574	1,943	-	433	433	9,950
Foton Delta,S.r.l	Romania	-	100%	KPMG	Photovoltaic	3,556	1,067	-	127	127	4,750

Group companies	Registered office	% direct interest	% indirect interest	Auditor	Activity	Capital	Reserves	Other equity items	Net profit Continuing operations	Net profit Total	Total equity
											Thousands of Euros
					energy production						
Foton Epsilon,S.r.l	Romania	-	100%	KPMG	Photovoltaic energy production	4,302	2,832	-	460	460	7,594
Gravitangle-Fotovoltaica Unipessoal,Lda	Portugal	-	100%	KPMG	Photovoltaic energy production	5	1,550	-	445	445	2,000
EDP Renowables Italia,S.r.l	Italy	-	51%	KPMG	Holding company and wind energy production	34,439	(2,728)	-	11,069	11,069	42,780
EDPR UK Limited	United Kingdom	-	100%	KPMG	Holding company	10,785	87,495	-	(1,340)	(1,340)	96,940
EDP Renovaveis Servicios Financieros.S.A	Spain	70.01%	29.99%	KPMG	Other economic activities	84,691	317,713	-	8,221	8,221	410,625
Desarrollos Eólicos de Galicia, S.A.	Coruña, Spain	-	100%	KPMG	Wind energy production	6,130	6,090	378	(970)	(970)	11,628
Desarrollos Eólicos de Tarifa, S.A.U	Cadiz, Spain	-	100%	KPMG	Wind energy production	5,800	6,261	-	(210)	(210)	11,851
Desarrollos Eólicos de Corme, S.A.	Seville, Spain	-	100%	KPMG	Wind energy production	3,666	5,745	-	(812)	(812)	8,599
Desarrollos Eólicos Buenavista, S.A.U	Cadiz, Spain	-	100%	KPMG	Wind energy production	1,712	3,642	428	2	2	5,784
Desarrollos Eólicos de Lugo, S.A.U.	Lugo, Spain	-	100%	KPMG	Wind energy production	7,761	17,948	-	971	971	26,680
Desarrollos Eólicos de Rabosera, S.A.	Zaragoza, Spain	-	100%	KPMG	Wind energy production	7,561	10,213	-	669	669	18,443
Desarrollos Eólicos Almarchal S.A.U.	Seville, Spain	-	100%	KPMG	Wind energy production	2,061	4,174	-	302	302	6,537
Desarrollos Eólicos Dumbría S.A.U.	Coruña, Spain	-	100%	KPMG	Wind energy production	61	14,205	-	1,501	1,501	15,767
Parque Eólico Santa Quiteria, S.L.	Zaragoza, Spain	-	58.33%	KPMG	Wind energy production	63	19,237	-	(218)	(218)	19,082
Eólica La Janda, SL	Madrid, Spain	-	100%	KPMG	Wind energy production	4,525	10,802	-	11,587	11,587	26,914
Eólica Guadalteba, S.L.	Seville, Spain	-	100%	KPMG	Wind energy production	1,460	6,091	-	11,360	11,360	18,911
Eólica Muxia, S.L.	La Coruña, Spain	-	100%	Unaudited	Wind energy production	23,480	49	-	20	20	23,549
Eólica Fontesilva, S.L.	La Coruña, Spain	-	100%	KPMG	Wind energy production	6,860	5,692	-	413	413	12,965
EDPR Yield S.A.U	Seville, Spain	-	100%	KPMG	Wind energy production	112,905	470,279	-	67,713	67,713	650,897
Eólica Curiscao Pumar, S.A.	Madrid, Spain	-	100%	KPMG	Wind energy production	60	113	-	2,732	2,732	2,905
Parque Eólico Altos del Voltoya S.A.	Madrid, Spain	-	92.50%	KPMG	Wind energy production	6,434	15,472	67	(831)	(831)	21,142
Eólica La Brújula, S.A	Madrid, Spain	-	100%	KPMG	Wind energy production	3,294	15,159	-	936	936	19,389
Eólica Arlanzón S.A.	Madrid, Spain	-	77.50%	KPMG	Wind energy production	4,509	8,624	(17)	42	42	13,158
Eolica Campollano S.A.	Madrid, Spain	-	75%	KPMG	Wind energy production	6,560	18,130	(131)	(39)	(39)	24,520
Parque Eólico Belchite S.L.	Zaragoza, Spain	-	100%	KPMG	Wind energy production	3,600	3,676	-	(69)	(69)	7,207
Parque Eólico La Sotonera S.L.	Zaragoza, Spain	-	69.84%	KPMG	Wind energy production	2,000	5,997	-	341	341	8,338
Korsze Wind Farm,SP.z.o.o	Poland	-	51%	KPMG	Wind energy production	10,832	4,706	-	5,714	5,714	21,252
Eólica Don Quijote, S.L.	Madrid, Spain	-	51%	KPMG	Wind energy production	3	(399)	-	953	953	557
Eólica Dulcinea, S.L.	Madrid, Spain	-	51%	KPMG	Wind energy production	10	(349)	-	689	689	350
Eólica Sierra de Avila, S.L.	Madrid, Spain	-	100%	KPMG	Wind energy production	12,977	20,088	-	86	86	33,151
Eólica de Radona, S.L.	Madrid, Spain	-	51%	KPMG	Wind energy production	22,088	(23)	-	676	676	22,741

Thousands of Euros

Group companies	Registered office	% direct interest	% indirect interest	Auditor	Activity	Capital	Reserves	Other equity items	Net profit Continuing operations	Net profit Total	Total equity
Eolica Alfoz, S.L.	Madrid, Spain	-	51%	KPMG	Wind energy production	8,480	17,535	-	6,172	6,172	32,187
Eólica La Navica, SL	Madrid, Spain	-	51%	KPMG	Wind energy production	10	650	-	1,037	1,037	1,697
Investigación y desarrollo de Energía Renovables (Ider), S.L.	León, Spain	-	100%	KPMG	Wind energy production	29,451	(945)	-	2,502	2,502	31,008
Radzeijów wind farm SP.z.o.o	Poland	-	51%	KPMG	Wind energy production	7,696	(2,057)	-	(987)	(987)	4,652
MFW Neptun Sp.zo.o	Poland	-	100%	Unaudited	Wind energy production	61	(47)	-	(1)	(1)	13
MFW Gryf sp.zo.o	Poland	-	100%	Unaudited	Wind energy production	17	(3)	-	(1)	(1)	13
MFW Pomorze Sp.zo.o	Poland	-	100%	Unaudited	Wind energy production	17	(3)	-	(1)	(1)	13
Parques Eólicos del Cantábrico, S.A.	Oviedo, Spain	-	100%	KPMG	Wind energy production	9,080	26,362	-	(2,813)	(2,813)	32,629
Wincap S.R.L	Italy	-	100%	KPMG	Wind energy production	2,550	1,197	-	(22)	(22)	3,725
Renovables Castilla La Mancha, S.A.	Madrid, Spain	-	90%	KPMG	Wind energy production	60	995	-	822	822	1,877
Eólica La Manchuela, S.l.U	Albacete, Spain	-	100%	KPMG	Wind energy production	1,142	1,255	-	(164)	(164)	2,233
Monts de la Madeleine Energie, S.A.S,	France	-	100%	KPMG	Wind energy production	37	(9)	-	(5)	(5)	23
Monts du Forez Energie,SAS	France	-	100%	KPMG	Wind energy production	37	(15)	-	(11)	(11)	11
Pietragalla Eólico,S.R.L	Italy	-	51%	KPMG	Wind energy production	15	562	-	2,496	2,496	3,073
Bourbriac II SAS	France	-	100%	KPMG	Wind energy production	1	(3)	-	(3)	(3)	(5)
Parc Eolien de Montagne Fayel S.A.S	France	-	51%	KPMG	Wind energy production	37	311	-	622	622	970
Molen Wind II sp.Z.o.o	Poland	-	51%	KPMG	Wind energy production	4	9,120	1,476	(365)	(365)	10,235
Laterza Wind, SRL	Italy	-	100%	Unaudited	Wind energy production	17	(17)	-	(1)	(1)	(1)
Acampo Arias, SL	Spain	-	100%	KPMG	Wind energy production	3,314	226	-	223	223	3,763
SOCPE Sauvageons, SARL	France	-	75.99%	KPMG	Wind energy production	1	453	-	26	26	480
SOCPE Le Mee, SARL	France	-	75.99%	KPMG	Wind energy production	1	795	-	(15)	(15)	781
SOCPE Petite Piece, SARL	France	-	75.99%	KPMG	Wind energy production	1	189	-	17	17	207
NEO Plouvien,.S.A.S	France	-	51%	KPMG	Wind energy production	5,040	(2,878)	-	44	44	2,206
CE Patay, SAS	France	-	26.01%	KPMG	Wind energy production	131	6,467	-	542	542	7,140
Relax Wind Park III, Sp.z.o.o.	Poland	-	51%	KPMG	Wind energy production	16,616	23,416	-	(6,706)	(6,706)	33,326
Relax Wind Park I, Sp.z.o.o.	Poland	-	51%	KPMG	Wind energy production	12,975	3,824	(5,867)	3,584	3,584	14,516
Relax Wind Park IV, Sp.z.o.o.	Poland	-	100%	Unaudited	Wind energy production	1,252	(1,145)	-	(2)	(2)	105
Relax Wind Park II, Sp.z.o.o.	Poland	-	100%	Unaudited	Wind energy production	189	(35)	-	(2)	(2)	152
Edpr Renovaveis Cantabria,S.L	Madrid, Spain	-	100%	Unaudited	Wind energy production	490	296	-	(132)	(132)	654
Neo Energia Aragon, S.L	Spain	-	100%	Unaudited	Wind energy production	10	(4)	-	-	-	6
Eolica.Garcimuñoz SL	Spain	-	100%	KPMG	Wind energy production	4,060	9,883	-	(630)	(630)	13,313
Compañía Eólica Campo de Borja, SA	Spain	-	100%	KPMG	Wind energy production	858	305	-	2	2	1,165
Desarrollos Catalanes del Viento, SL	Spain	-	100%	KPMG	Wind energy production	10,993	19,364	-	(117)	(117)	30,240
Parque Eólico Los	Spain	-	100%	KPMG	Wind energy	1,963	1,363	-	810	810	4,136

Thousands of Euros

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Cantales, SLU					production						
Casellaneta Wind,srl	Italy	-	100%	Unaudited	Wind energy production	16	(17)	-	(1)	(1)	(2)
Parques de Generación Eólica, SL	Spain	-	100%	KPMG	Wind energy production	1,924	2,099	-	(2,188)	(2,188)	1,835
CE Saint Barnabé, SAS	France	-	26.01%	KPMG	Wind energy production	96	5,045	-	682	682	5,823
E Segur, SAS	France	-	26.01%	KPMG	Wind energy production	113	5,571	-	996	996	6,680
Eolienne D´Etalondes, SARL	France	-	100%	Unaudited	Wind energy production	1	(44)	-	(4)	(4)	(47)
Eolienne de Saugueuse, SARL	France	-	26.01%	KPMG	Wind energy production	1	1,169	-	411	411	1,581
Parc Eolien Dammarie, SARL	France	-	51%	KPMG	Wind energy production	1	(217)	-	(108)	(108)	(324)
Parc Éoline de Tarzy, S.A.R.L	France	-	51%	KPMG	Wind energy production	1,505	903	-	(1,389)	(1,389)	1,019
Parc Eolien des Longs Champs, SARL	France	-	100%	Unaudited	Wind energy production	1	(83)	-	(7)	(7)	(89)
Parc Eolien de Mancheville, SARL	France	-	100%	Unaudited	Wind energy production	1	(54)	-	(28)	(28)	(81)
Parc Eolien de Roman, SARL	France	-	51%	KPMG	Wind energy production	1	2,539	-	436	436	2,976
Parc Eolien des Vatines, SAS	France	-	26.01%	KPMG	Wind energy production	841	205	-	105	105	1,151
Parc Eolien de La Hetroye, SAS	France	-	100%	KPMG	Wind energy production	37	(42)	-	(2)	(2)	(7)
Eolienne de Callengeville, SAS	France	-	100%	KPMG	Wind energy production	37	(37)	-	(2)	(2)	(2)
Parc Eolien de Varimpre, SAS	France	-	26.01%	KPMG	Wind energy production	37	1,606	-	126	126	1,769
Parc Eolien du Clos Bataille, SAS	France	-	26.01%	KPMG	Wind energy production	410	425	-	(88)	(88)	747
Eólica de Serra das Alturas,S.A	Portugal	-	25.55%	KPMG	Wind energy production	50	4,468	-	1,177	1,177	5,695
Malhadizes- Energia Eólica, SA	Portugal	-	51%	KPMG	Wind energy production	50	2,255	-	3,751	3,751	6,056
Eólica de Montenegrelo, LDA	Portugal	-	25.55%	KPMG	Wind energy production	50	6,978	-	2,434	2,434	9,462
Eólica da Alagoa,SA	Portugal	-	30.60%	KPMG	Wind energy production	50	2,520	726	1,406	1,406	4,702
Aplica.Indust de Energias limpias S.L	Spain	-	61.50%	Unaudited	Wind energy production	131	990	-	245	245	1,366
Aprofitament D´Energies Renovables de la Tierra Alta S.A	Spain	-	48.09%	Unaudited	Wind energy production	1,994	(1,846)	-	(67)	(67)	81
Bon Vent de L´Ebre S.L.U	Spain	-	51%	KPMG	Wind energy production	12,600	1,085	-	2,037	2,037	15,722
Parc Eólic Coll de la Garganta S.L	Spain	-	100%	KPMG	Wind energy production	6,018	9,628	-	(323)	(323)	15,323
Parc Eólic Serra Voltorera S.l	Spain	-	100%	KPMG	Wind energy production	3,458	6,483	-	250	250	10,191
Elektrownia Wiatrowa Kresy I sp zoo	Poland	-	51%	KPMG	Wind energy production	20	69,762	808	23	23	70,613
Moray Offshore Windfarm (East)Ltd	United Kingdom	-	100%	KPMG	Wind energy production	9,931	(4,894)	1,338	(1,988)	(1,988)	4,387
Centrale Eolienne Canet –Pont de Salaras S.A.S	France	-	25.98%	KPMG	Wind energy production	125	2,812	-	775	775	3,712
Centrale Eolienne de Gueltas Noyal – Pontiv y S.A.S	France	-	26.01%	KPMG	Wind energy production	761	4,507	-	138	138	5,406
Villa Castelli Wind srl	Verbania, Italy	-	100%	KPMG	Wind energy production	100	8,114	-	1,994	1,994	10,208
Centrale Eolienne Neo Truc de L´Homme ,S.A.S	France	-	51%	KPMG	Wind energy production	3,831	(253)	-	(508)	(508)	3,070
Vallee de Moulin	France	-	51%	KPMG	Wind energy	8,001	942	-	389	389	9,332

Thousands of Euros

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SARL					production						
Mardelle SARL	France	-	51%	KPMG	Wind energy production	3,001	267	-	224	224	3,492
Quinze Mines SARL	France	-	75.99%	KPMG	Wind energy production	1	(1,540)	-	(315)	(315)	(1,854)
Desarrollos Eólicos de Teruel SL	Spain	-	51%	Unaudited	Wind energy production	60	-	-	-	-	60
Par Eólic de Coll de Moro S.L.	Spain	-	100%	KPMG	Wind energy production	7,809	2,454	(4,288)	694	694	6,669
Par Eólic de Torre Madrina S.L.	Spain	-	100%	KPMG	Wind energy production	7,755	6,418	(3,999)	1,661	1,661	11,835
Parc Eolic de Vilalba dels Arcs S.L.	Spain	-	100%	KPMG	Wind energy production	3,066	5,049	(1,861)	1,222	1,222	7,476
Bon Vent de Vilalba, SL	Spain	-	51%	KPMG	Wind energy production	3,600	(389)	-	1,279	1,279	4,490
Bon Vent de Corbera, SL	Spain	-	100%	KPMG	Wind energy production	7,255	12,063	-	1,478	1,478	20,796
Masovia Wind Farm I s.p. zo.o.	Poland	-	100%	KPMG	Wind energy production	351	13,812	-	(74)	(74)	14,089
Farma wiaStarozbery Sp.z.o.o	Poland	-	100%	Unaudited	Wind energy production	130	3,905	-	(29)	(29)	4,006
Karpacka mala Energetyka,sp,z.o.o	Poland	-	85%	Unaudited	Wind energy production	(297)	56	-	(51)	(51)	(292)
Edpr Italia holding,S.r.l	Italy	-	100%	KPMG	Wind energy production	347	9,997	-	(7,217)	(7,217)	3,127
Re plus – Societa ´a Responsabilita ´limitada	Italy	-	100%	Unaudited	Wind energy production	100	(313)	-	(72)	(72)	(285)
Telford Offshore Windfarm Limited	United Kingdom	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Maccoll Offshore Windfarm Limited	United Kingdom	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Stevenson Offshore Windfarm Limited	United Kingdom	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Parc Eolien de Preuseville S.A.R.L	France	-	51%	KPMG	Wind energy production	1	369	-	348	348	718
Iberia Aprovechamientos Eólicos, SAU	Spain	-	94%	KPMG	Wind energy production	1,919	535	-	74	74	2,528
Parc Éolien de boqueho-Pouagat SAS	France	-	100%	KPMG	Wind energy production	1	(2)	-	(8)	(8)	(9)
Parc Éolien de Francourville SAS	France	-	51%	KPMG	Wind energy production	1	(41)	-	105	105	65
Parc Eolien d´Escardes SAS	France	-	51%	KPMG	Wind energy production	1	(48)	-	631	631	584
Molino de Caragüeyes, S.L.	Spain	-	100%	KPMG	Wind energy production	180	53	-	33	33	266
Stirlingpower, Unipessoal Lda.	Portugal	-	100%	KPMG	Photovoltaic energy production	3	248	-	(21)	(21)	230
EDPR PT - Parques Eólicos, S.A.	Portugal	-	100%	KPMG	Holding company and wind energy production	50	(64,900)	-	144,070	144,070	79,220
Eólica do Alto da Lagoa, S.A.	Portugal	-	100%	KPMG	Wind energy production	50	5,184	(1,087)	2,010	2,010	6,157
Eólica das Serras das Beiras, S.A.	Portugal	-	100%	KPMG	Wind energy production	50	15,315	(6,429)	6,015	6,015	14,951
Eólica do Cachopo, S.A.	Portugal	-	51%	KPMG	Wind energy production	50	3,388	-	3,152	3,152	6,590
Eólica do Castelo, S.A.	Portugal	-	51%	KPMG	Wind energy production	50	613	-	1,015	1,015	1,678
Eólica da Coutada, S.A.	Portugal	-	100%	KPMG	Wind energy production	50	22,559	(6,810)	7,361	7,361	23,160
Eólica do Espigão, S.A.	Portugal	-	100%	KPMG	Wind energy production	50	8,432	(1,423)	2,532	2,532	9,591
Eólica da Lajeira, S.A.	Portugal	-	51%	KPMG	Wind energy production	50	503	-	2,378	2,378	2,931

Thousands of Euros

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Eólica do Alto do Mourisco, S.A.	Portugal	-	100%	KPMG	Wind energy production	50	3,302	(1,007)	1,053	1,053	3,398
Eólica dos Altos dos Salgueiros-Guilhado, S.A.	Portugal	-	100%	KPMG	Wind energy production	50	1,268	(413)	565	565	1,470
Eólica do Alto da Teixosa, S.A.	Portugal	-	100%	KPMG	Wind energy production	50	3,814	(1,624)	1,432	1,432	3,672
Eólica da Terra do Mato, S.A.	Portugal	-	100%	KPMG	Wind energy production	50	3,921	(2,127)	2,207	2,207	4,051
Eólica do Velão, S.A.	Portugal	-	100%	KPMG	Wind energy production	50	675	-	1,551	1,551	2,276
EDPR Yield Portugal Services, Unipessoal Lda.	Portugal	-	100%	KPMG	Rendering of services	5	34	-	(12)	(12)	27
TACA Wind, S.r.l.	Italy	-	100%	KPMG	Wind energy production	1,160	1,767	-	(27)	(27)	2,900
Vientos de Coahuila, S.A. de C.V.	Mexico	0.01	99.99%	Unaudited	Wind energy production	2	9	-	(3)	(3)	8
EDPR Yield Spain Services, S.L.U.	Spain	-	100%	Unaudited	Rendering of services	3	(55)	-	(2)	(2)	(54)
EDPR Yield France Services, S.A.S.	France	-	100%	KPMG	Rendering of services	-	-	-	(1)	(1)	(1)
Parc Éolien de Flavin,S.A.S	France	-	100%	KPMG	Wind energy production	1	-	-	-	-	1
Parc Éolien de Citernes,S.A.S	France	-	100%	KPMG	Wind energy production	1	-	-	-	-	1
Parc Éolien de Prouville,S.A.S	France	-	100%	KPMG	Wind energy production	1	-	-	-	-	1
Parc Éolien de Louviéres,S.A.S	France	-	100%	KPMG	Wind energy production	1	-	-	-	-	1
Parc Éolien de la Champagne Berrichonne,S.A.R.L	France	-	100%	n/a	Wind energy production	4	1	-	-	-	5
Parque Eólico do Planato,S.A	Portugal	-	100%	KPMG	Wind energy production	50	1,396	-	(1,104)	(1,104)	342
Parque Eólico da Serra do Oeste,S.A	Portugal	-	100%	KPMG	Wind energy production	50	3,004	-	(1,557)	(1,557)	1,497
Parque Eólico do Cabeco Norte S.A	Portugal	-	100%	KPMG	Wind energy production	50	2,874	-	(521)	(521)	2,403
Parque Eólico de Torrinheiras.S.A	Portugal	-	100%	KPMG	Wind energy production	50	1,026	-	(721)	(721)	355
Parque Eólico do Pinhal do Oeste,S.A	Portugal	-	100%	KPMG	Wind energy production	50	(594)	-	(1,039)	(1,039)	(1,583)
Parco Eolico Banzi,S.R.L	Italy	-	51%	KPMG	Wind energy production	36,177	10,113	-	1,051	1,051	47,341
Tivano,S.R.L	Italy	-	75%	KPMG	Wind energy production	100	181	-	(25)	(25)	256
San Mauro, S.R.L	Italy	-	75%	KPMG	Wind energy production	70	1,666	-	(21)	(21)	1,715
Conza Energia,S.R.L	Italy	-	100%	KPMG	Wind energy production	456	3,771	-	(26)	(26)	4,201
AW 2,S.r.l	Italy	-	75%	KPMG	Wind energy production	100	1,897	-	(22)	(22)	1,975
Lucus Power,S.r.l	Italy	-	51%	KPMG	Wind energy production	10	2,416	-	(16)	(16)	2,410
Sarve,S.r.l	Italy	-	51%	n/a	Wind energy production	10	4,276	-	(12)	(12)	4,274
VRG Wind 149,S.r.l	Italy	-	100%	n/a	Wind energy production	222	1,960	-	(184)	(184)	1,998
T Power,S.p.A	Italy	-	100%	Baker Tilly Revisa	Wind energy production	1,000	2,559	-	(490)	(490)	3,069
VRG Wind 127,S.r.l	Italy	-	100%	n/a	Wind energy production	10	4,410	-	(7)	(7)	4,413
Miramit Investments,Sp.z.o.o.	Poland	-	100%	n/a	Wind energy production	15	176	-	2	2	193
EDP Renowables Polska Opco,S.A.	Poland	-	100%	VGD Audyt	-	28	(5)	-	(6)	(6)	17
Edp Renewables Polska HOLDCO,S.A	Poland	-	51%	n/a	Holding company	28	258,076	-	(2,752)	(2,752)	255,352

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EDPR Participaciones,S.L.U	Spain	-	51%	KPMG	Holding company	7,969	317,775	-	19,014	19,014	344,758
Moray Offshore Windfarm (West) Limited	UK	-	100%	n/a	Wind energy production	-	12	-	(281)	(281)	(269)
Moray Offshore Renewable Power limited	UK	-	100%	n/a	Wind energy production	25,929	-	-	-	-	25,929
EDP RENEWABLES NORTH AMERICA, LLC	USA	100%	-	KPMG	Holding company	3.703	79	2	(66)	(66)	3.719
Eólica de Coahuila, S.A. de C.V.	Mexico	-	51%	Unaudited	Wind energy production	-	-	-	-	-	-
Vientos de Coahuila, S.A. de C.V.	Mexico	0%	100%	Unaudited	Wind energy production	-	-	-	-	-	-
EDPR Servicios de México, S. de R.L. de C.V.	Mexico	1%	99%	Unaudited	Wind energy production	1.437	(386)	0	(591)	(591)	461
Franklin Wind Farm LLC	USA	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Paulding Wind Farm IV LLC	USA	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Rush County Wind Farm LLC	USA	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
EDPR South Table LLC	USA	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Paulding Wind Farm V LLC	USA	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Headwaters Wind Farm II LLC	USA	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Meadow Lake Wind Farm VI LLC	USA	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Moran Wind Farm LLC	USA	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Waverly Wind Farm II LLC	USA	-	100%	KPMG	Wind energy production	-	-	-	-	-	-
Spruce Ridge Wind Farm LLC	USA	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Reloj del Sol Wind Farm LLC	USA	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Redbed Plains Wind Farm LLC	USA	-	100%	Unaudited	Wind energy production	6.596	-	-	(3)	(3)	6.593
2016 Vento XV LLC	USA	-	100%	KPMG	Wind energy production	325.641	-	-	-	-	325.641
2016 Vento XVI LLC	USA	-	100%	KPMG	Wind energy production	101.064	-	-	-	-	101.064
EDPR Wind Ventures XV LLC	USA	-	100%	Unaudited	Wind energy production	1.994	-	-	209	209	2.203
EDPR Wind Ventures XVI LLC	USA	-	100%	Unaudited	Wind energy production	-	-	-	150	150	150
Meadow Lake Wind Farm VII LLC	USA	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Blue Marmot I LLC	USA	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Blue Marmot II LLC	USA	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Blue Marmot III LLC	USA	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Blue Marmot IV LLC	USA	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Blue Marmot V LLC	USA	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Blue Marmot VI LLC	USA	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Blue Marmot VII LLC	USA	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Blue Marmot VIII LLC	USA	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Blue Marmot IX LLC	USA	-	100%	Unaudited	Wind energy	-	-	-	-	-	-

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Blue Marmot X LLC	USA	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Blue Marmot XI LLC	USA	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Horse Mountain Wind Farm LLC	USA	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Riverstart Solar Park LLC	USA	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Riverstart Solar Park II LLC	USA	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Hidalgo Wind Farm II LLC	USA	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Wind Turbine Prometheus LP	USA	-	100%	Unaudited	Wind energy production	6	(6)	-	-	-	-
Lost Lakes Wind Farm LLC	USA	-	100%	KPMG	Wind energy production	147.501	(10.427)	-	782	782	137.856
Quilt Block Wind Farm LLC	USA	-	100%	Unaudited	Wind energy production	10.382	(18)	-	(5)	(5)	10.359
Whitestone Wind Purchasing LLC	USA	-	100%	Unaudited	Wind energy production	2.714	(1.110)	-	(31)	(31)	1.573
Blue Canyon Windpower V LLC	USA	-	51%	KPMG	Wind energy production	81.361	46.139	-	6.223	6.223	133.723
Sagebrush Power Partners LLC	USA	-	100%	KPMG	Wind energy production	163.685	(28.917)	-	2.976	2.976	137.745
Marble River LLC	USA	-	100%	Unaudited	Wind energy production	251.691	21.957	-	554	554	274.202
Blackstone Wind Farm LLC	USA	-	100%	Unaudited	Wind energy production	109.684	(3.126)	-	1.466	1.466	108.024
Aroostook Wind Energy LLC	USA	-	100%	Unaudited	Wind energy production	39.089	(347)	-	(4.762)	(4.762)	33.980
Jericho Rise Wind Farm LLC	USA	-	100%	KPMG	Wind energy production	55.682	(44)	-	140	140	55.778
Martinsdale Wind Farm LLC	USA	-	100%	Unaudited	Wind energy production	4.103	(30)	-	-	-	4.073
Signal Hill Wind Power Project LLC	USA	-	100%	Unaudited	Wind energy production	4	(4)	-	-	-	-
Tumbleweed Wind Power Project LLC	USA	-	100%	Unaudited	Wind energy production	4	(4)	-	-	-	-
Stinson Mills Wind Farm LLC	USA	-	100%	Unaudited	Wind energy production	3.773	(94)	-	-	-	3.679
OPQ Property LLC	USA	-	100%	Unaudited	Wind energy production	0	165	-	-	-	165
Meadow Lake Wind Farm LLC	USA	-	100%	Unaudited	Wind energy production	219.025	(13.057)	-	(215)	(215)	205.753
Wheat Field Wind Power Project LLC	USA	-	51%	KPMG	Wind energy production	34.722	39.272	-	6.000	6.000	79.993
High Trail Wind Farm LLC	USA	-	100%	KPMG	Wind energy production	206.100	43.377	-	7.371	7.371	256.848
Madison Windpower LLC	USA	-	100%	KPMG	Wind energy production	13.610	(7.928)	-	(1.294)	(1.294)	4.388
Mesquite Wind LLC	USA	-	100%	KPMG	Wind energy production	146.022	58.413	-	3.026	3.026	207.461
BC2 Maple Ridge Wind LLC	USA	-	100%	KPMG	Wind energy production	266.298	63	-	(12.019)	(12.019)	254.341
Blue Canyon Windpower II LLC	USA	-	100%	KPMG	Wind energy production	109.793	25.491	-	(3.622)	(3.622)	131.662
Telocaset Wind Power Partners LLC	USA	-	51%	KPMG	Wind energy production	63.777	43.763	317	6.922	6.922	114.779
Post Oak Wind LLC	USA	-	51%	KPMG	Wind energy production	175.410	63.926	-	1.893	1.893	241.229
High Prairie Wind Farm II LLC	USA	-	51%	KPMG	Wind energy production	90.144	11.092	390	3.198	3.198	104.824
Old Trail Wind Farm LLC	USA	-	51%	KPMG	Wind energy production	239.911	28.443	2.503	9.214	9.214	280.071
Cloud County Wind Farm LLC	USA	-	51%	KPMG	Wind energy production	211.498	14.994	-	2.504	2.504	228.996
Pioneer Prairie Wind Farm I LLC	USA	-	51%	KPMG	Wind energy production	344.994	44.038	7.832	13.651	13.651	410.516
Arlington Wind Power	USA	-	51%	KPMG	Wind energy	109.343	11.654	-	1.902	1.902	122.900

Group companies	Registered office	% direct interest	% indirect interest	Auditor	Activity	Capital	Reserves	Other equity items	Net profit Continuing operations	Net profit Total	Total equity
											Thousands of Euros
Project LLC					production						
Rail Splitter Wind Farm LLC	USA	-	100%	KPMG	Wind energy production	200.953	(35.795)	-	(5.981)	(5.981)	159.177
Meadow Lake Wind Farm II LLC	USA	-	100%	KPMG	Wind energy production	158.697	(14.023)	-	261	261	144.935
Black Prairie Wind Farm LLC	USA	-	100%	Unaudited	Wind energy production	6.080	(2)	-	-	-	6.077
Meadow Lake Wind Farm IV LLC	USA	-	100%	Unaudited	Wind energy production	103.042	(6.424)	-	766	766	97.384
Blackstone Wind Farm II LLC	USA	-	100%	Unaudited	Wind energy production	237.468	(8.715)	-	1.990	1.990	230.744
Saddleback Wind Power Project LLC	USA	-	100%	Unaudited	Wind energy production	2.336	(407)	-	-	-	1.928
Meadow Lake Wind Farm III LLC	USA	-	100%	Unaudited	Wind energy production	113.932	(2.741)	-	3.104	3.104	114.295
2007 Vento I LLC	USA	-	100%	KPMG	Wind energy production	690.285	16.721	-	12.586	12.586	719.592
2007 Vento II LLC	USA	-	51%	KPMG	Wind energy production	581.868	(4.401)	-	(188)	(188)	577.280
2008 Vento III LLC	USA	-	51%	KPMG	Wind energy production	679.028	(5.003)	-	(580)	(580)	673.444
2009 Vento IV LLC	USA	-	100%	KPMG	Wind energy production	202.443	(813)	-	(134)	(134)	201.497
2009 Vento V LLC	USA	-	51%	KPMG	Wind energy production	83.581	(807)	-	(133)	(133)	82.641
2009 Vento VI LLC	USA	-	100%	KPMG	Wind energy production	149.686	(658)	-	(120)	(120)	148.908
Horizon Wind Ventures I LLC	USA	-	100%	Unaudited	Wind energy production	103.529	434.246	-	18.337	18.337	556.112
Horizon Wind Ventures IB LLC	USA	-	51%	Unaudited	Wind energy production	39.296	190.283	-	32.180	32.180	261.760
Horizon Wind Ventures IC LLC	USA	-	51%	Unaudited	Wind energy production	356.870	98.004	-	26.081	26.081	480.956
Horizon Wind Ventures II LLC	USA	-	100%	Unaudited	Wind energy production	132.022	10.060	-	1.947	1.947	144.029
Horizon Wind Ventures III LLC	USA	-	51%	Unaudited	Wind energy production	35.583	21.841	-	7.390	7.390	64.813
Horizon Wind Ventures VI LLC	USA	-	100%	Unaudited	Wind energy production	95.209	6.516	-	2.539	2.539	104.265
Clinton County Wind Farm LLC	USA	-	100%	Unaudited	Wind energy production	251.698	(7)	-	-	-	251.691
Antelope Ridge Wind Power Project LLC	USA	-	100%	Unaudited	Wind energy production	12.170	(12.161)	-	(11)	(11)	(1)
Lexington Chenoa Wind Farm II LLC	USA	-	100%	Unaudited	Wind energy production	569	(569)	-	-	-	-
Blackstone Wind Farm III LLC	USA	-	100%	Unaudited	Wind energy production	5.945	(5.940)	-	(14)	(14)	(8)
Lexington Chenoa Wind Farm LLC	USA	-	100%	Unaudited	Wind energy production	11.761	(39)	-	(4)	(4)	11.718
Paulding Wind Farm LLC	USA	-	100%	Unaudited	Wind energy production	13	(6)	-	(9)	(9)	(2)
Paulding Wind Farm II LLC	USA	-	51%	KPMG	Wind energy production	124.412	24.261	-	4.596	4.596	153.269
Meadow Lake Wind Farm V LLC	USA	-	100%	Unaudited	Wind energy production	6.945	(10)	-	(0)	(0)	6.935
Waverly Wind Farm LLC	USA	-	51%	Unaudited	Wind energy production	293.205	291	-	4.424	4.424	297.920
Blue Canyon Windpower VI LLC	USA	-	100%	KPMG	Wind energy production	118.288	6.082	-	1.700	1.700	126.070
Paulding Wind Farm III LLC	USA	-	100%	KPMG	Wind energy production	101.064	(302)	-	476	476	101.239
2010 Vento VII LLC	USA	-	100%	KPMG	Wind energy production	161.873	(579)	-	(123)	(123)	161.171
2010 Vento VIII LLC	USA	-	100%	KPMG	Wind energy production	165.301	(750)	-	(118)	(118)	164.433
2011 Vento IX LLC	USA	-	51%	KPMG	Wind energy production	127.022	(497)	-	(118)	(118)	126.407
Horizon Wind Ventures VII LLC	USA	-	100%	Unaudited	Wind energy production	102.383	6.453	-	2.002	2.002	110.838
Horizon Wind	USA	-	100%	Unaudited	Wind energy	107.066	2.307	-	1.265	1.265	110.639

Thousands of Euros

Group companies	Registered office	% direct interest	% indirect interest	Auditor	Activity	Capital	Reserves	Other equity items	Net profit Continuing operations	Net profit Total	Total equity
Ventures VIII LLC					production						
Horizon Wind Ventures IX LLC	USA	-	51%	Unaudited	Wind energy production	49.757	(5.691)	-	11	11	44.077
EDPR Vento IV Holding LLC	USA	-	100%	KPMG	Wind energy production	65.454	-	-	-	-	65.454
Headwaters Wind Farm LLC	USA	-	51%	Unaudited	Wind energy production	308.401	9.832	-	8.904	8.904	327.137
Lone Valley Solar Park I LLC	USA	-	51%	Unaudited	Wind energy production	27.378	826	-	(266)	(266)	27.938
Lone Valley Solar Park II LLC	USA	-	51%	Unaudited	Wind energy production	50.021	2.262	-	(308)	(308)	51.974
Rising Tree Wind Farm LLC	USA	-	51%	KPMG	Wind energy production	149.306	3.297	-	4.881	4.881	157.484
Arbuckle Mountain Wind Farm LLC	USA	-	51%	KPMG	Wind energy production	156.968	318	-	(1.154)	(1.154)	156.132
Hidalgo Wind Farm LLC	USA	-	100%	KPMG	Wind energy production	191.415	(15)	-	740	740	192.140
Rising Tree Wind Farm III LLC	USA	-	51%	KPMG	Wind energy production	183.489	3.086	-	5.770	5.770	192.346
Rising Tree Wind Farm II LLC	USA	-	51%	KPMG	Wind energy production	32.983	10	-	1.494	1.494	34.487
Wheat Field Holding LLC	USA	-	51%	KPMG	Wind energy production	34.765	(29)	-	(14)	(14)	34.722
EDPR WF LLC	USA	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Sustaining Power Solutions LLC	USA	-	100%	Unaudited	Wind energy production	24.592	(4.696)	-	(22.824)	(22.824)	(2.928)
Green Power Offsets LLC	USA	-	100%	Unaudited	Wind energy production	10	(12)	-	2	2	0
Arkwright Summit Wind Farm LLC	USA	-	100%	Unaudited	Wind energy production	16.255	(9)	-	(1)	(1)	16.245
EDPR Vento I Holding LLC	USA	-	100%	Unaudited	Wind energy production	345.142	-	-	-	-	345.142
Turtle Creek Wind Farm LLC	USA	-	100%	Unaudited	Wind energy production	4.791	-	-	(9)	(9)	4.782
Rio Blanco Wind Farm LLC	USA	-	100%	Unaudited	Wind energy production	2.301	-	-	-	-	2.301
BC2 Maple Ridge Holdings LLC	USA	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Cloud West Wind Project LLC	USA	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Five-Spot LLC	USA	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wind Chocolate Bayou I LLC	USA	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Alabama Ledge Wind Farm LLC	USA	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Ashford Wind Farm LLC	USA	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Athena-Weston Wind Power Project LLC	USA	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Lexington Chenoa Wind Farm III LLC	USA	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Blackstone Wind Farm IV LLC	USA	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
WTP Management Company LLC	USA	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Blackstone Wind Farm V LLC	USA	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Blue Canyon Windpower III LLC	USA	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Blue Canyon Windpower IV LLC	USA	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Broadlands Wind Farm II LLC	USA	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Broadlands Wind Farm III LLC	USA	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Broadlands Wind Farm LLC	USA	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-

Thousands of Euros

Group companies	Registered office	% direct interest	% indirect interest	Auditor	Activity	Capital	Reserves	Other equity items	Net profit Continuing operations	Net profit Total	Total equity
Chateaugay River Wind Farm LLC	USA	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Cropsey Ridge Wind Farm LLC	USA	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
EDPR Wind Ventures X LLC	USA	-	100%	Unaudited	Wind energy production	62.531	21.386	-	7.476	7.476	91.394
EDPR Wind Ventures XI LLC	USA	-	51%	Unaudited	Wind energy production	129.956	3.563	-	6.307	6.307	139.827
EDPR Wind Ventures XII LLC	USA	-	51%	Unaudited	Wind energy production	82.271	(1.649)	-	171	171	80.793
EDPR Wind Ventures XIII LLC	USA	-	51%	Unaudited	Wind energy production	126.961	(63)	-	2.580	2.580	129.478
EDPR Wind Ventures XIV LLC	USA	-	51%	Unaudited	Wind energy production	76.107	-	-	2.576	2.576	78.683
Crossing Trails Wind Power Project LLC	USA	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Dairy Hills Wind Farm LLC	USA	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Diamond Power Partners LLC	USA	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
East Klickitat Wind Power Project LLC	USA	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Ford Wind Farm LLC	USA	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Gulf Coast Windpower Management Company LLC	USA	-	75%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wind Energy Northwest IV LLC	USA	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wind Energy Northwest VII LLC	USA	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wind Energy Northwest X LLC	USA	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wind Energy Northwest XI LLC	USA	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wind Energy Panhandle I LLC	USA	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wind Energy Southwest I LLC	USA	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wind Energy Southwest II LLC	USA	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wind Energy Southwest III LLC	USA	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wind Energy Southwest IV LLC	USA	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wind Energy Valley I LLC	USA	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wind MREC Iowa Partners LLC	USA	-	75%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wind Freeport Windpower I LLC	USA	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Juniper Wind Power Partners LLC	USA	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Machias Wind Farm LLC	USA	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Blue Canyon Windpower VII LLC	USA	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
New Trail Wind Farm LLC	USA	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
North Slope Wind Farm LLC	USA	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Number Nine Wind Farm LLC	USA	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Pacific Southwest Wind Farm LLC	USA	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wyoming Transmission LLC	USA	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Buffalo Bluff Wind	USA	-	100%	Unaudited	Wind energy	-	-	-	-	-	-

Group companies	Registered office	% direct interest	% indirect interest	Auditor	Activity	Capital	Reserves	Other equity items	Net profit Continuing operations	Net profit Total	Total equity
											Thousands of Euros
Farm LLC					production						
Sardinia Windpower LLC	USA	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Western Trail Wind Project I LLC	USA	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Whistling Wind WI Energy Center LLC	USA	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Simpson Ridge Wind Farm LLC	USA	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Coos Curry Wind Power Project LLC	USA	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wind Energy Midwest IX LLC	USA	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Horizon Wind Energy Northwest I LLC	USA	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
AZ Solar LLC	USA	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Peterson Power Partners LLC	USA	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Big River Wind Power Project LLC	USA	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Tug Hill Windpower LLC	USA	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Whiskey Ridge Power Partners LLC	USA	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Wilson Creek Power Partners LLC	USA	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Black Prairie Wind Farm II LLC	USA	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Black Prairie Wind Farm III LLC	USA	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
2015 Vento XIV LLC	USA	-	51%	KPMG	Wind energy production	299.491	-	-	(106)	(106)	299.384
2011 Vento X LLC	USA	-	100%	KPMG	Wind energy production	119.909	(456)	-	(117)	(117)	119.336
Simpson Ridge Wind Farm II LLC	USA	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Simpson Ridge Wind Farm III LLC	USA	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Simpson Ridge Wind Farm IV LLC	USA	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Simpson Ridge Wind Farm V LLC	USA	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Athena-Weston Wind Power Project II LLC	USA	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
17th Star Wind Farm LLC	USA	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Green Country Wind Farm LLC	USA	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
2014 Vento XI LLC	USA	-	51%	KPMG	Wind energy production	311.081	(14)	-	(14)	(14)	311.053
EDPR Solar Ventures I LLC	USA	-	51%	Unaudited	Wind energy production	48.889	359	-	1.266	1.266	50.515
2014 Sol I LLC	USA	-	51%	KPMG	Wind energy production	77.576	(103)	-	(79)	(79)	77.395
2014 Vento XII LLC	USA	-	51%	KPMG	Wind energy production	184.825	(15)	-	(15)	(15)	184.795
Rolling Upland Wind Farm LLC	USA	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
2015 Vento XIII LLC	USA	-	51%	KPMG	Wind energy production	344.051	(237)	-	(109)	(109)	343.705
EDP RENEWABLES CANADA LTD.	Canada	100%		Unaudited	Holding company	21.145	(4.917)	100	(670)	(670)	15.658
EDP Renewables Sharp Hills Project LP	Canada	-	100%	Unaudited	Wind energy production	-	(11)	-	(30)	(30)	(41)
EDP Renewables Canada LP Holdings Ltd.	Canada	-	100%	Unaudited	Wind energy production	7.180	15.562	-	224	224	22.965
SBWF GP Inc.	Canada	-	51%	Unaudited	Wind energy	1	1	-	(0)	(0)	2

Thousands of Euros

Group companies	Registered office	% direct interest	% indirect interest	Auditor	Activity	Capital	Reserves	Other equity items	Net profit Continuing operations	Net profit Total	Total equity
					production						
South Dundas Wind Farm LP	Canada	-	51%	KPMG	Wind energy production	20.781	5.355	(742)	2.398	2.398	27.792
Nation Rise Wind Farm GP Inc.	Canada	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
Nation Rise Wind Farm LP	Canada	-	100%	Unaudited	Wind energy production	-	(1)	-	(15)	(15)	(16)
South Branch Wind Farm II GP Inc.	Canada	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
South Branch Wind Farm II LP	Canada	-	100%	Unaudited	Wind energy production	-	(2)	-	(0)	(0)	(2)
EDP Renewables Sharp Hills Project GP Ltd.	Canada	-	100%	Unaudited	Wind energy production	-	-	-	-	-	-
EDP RENOVÁVEIS BRASIL, S.A.	Brasil	100%	-	KPMG	Holding company	102.216	1.345	(7.870)	3.378	3.378	99.070
Central Nacional de Energia Eólica, S.A.	Brasil	-	51%	KPMG	Wind energy production	3.613	367	-	942	942	4.922
Elebrás Projetos, S.A.	Brasil	-	51%	KPMG	Wind energy production	30.252	601	-	8.764	8.764	39.616
Central Eólica Baixa do Feijão I, S.A.	Brasil	-	51%	KPMG	Wind energy production	10.003	(169)	-	476	476	10.310
Central Eólica Baixa do Feijão II, S.A.	Brasil	-	51%	KPMG	Wind energy production	11.092	109	-	463	463	11.664
Central Eólica Baixa do Feijão III, S.A.	Brasil	-	51%	KPMG	Wind energy production	19.390	145	-	68	68	19.602
Central Eólica Baixa do Feijão IV, S.A.	Brasil	-	51%	KPMG	Wind energy production	11.874	8	-	635	635	12.517
Central Eólica JAU, S.A.	Brasil	-	51%	KPMG	Wind energy production	9.140	223	-	175	175	9.538
Central Eólica Aventura I, S.A.	Brasil	-	51%	Unaudited	Wind energy production	0	4.026	-	16	16	4.042
Central Eólica Aventura II, S.A.	Brasil	-	100%	Unaudited	Wind energy production	35	(7)	-	(7)	(7)	21
Central Eólica Babilônia I, S.A.	Brasil	-	100%	Unaudited	Wind energy production	8	(8)	(1.574)	(6)	(6)	(1.580)
Central Eólica Babilônia II, S.A.	Brasil	-	100%	Unaudited	Wind energy production	9	(8)	(1.574)	(1)	(1)	(1.575)
Central Eólica Babilônia III, S.A.	Brasil	-	100%	Unaudited	Wind energy production	9	(9)	(1.574)	(36)	(36)	(1.609)
Central Eólica Babilônia IV, S.A.	Brasil	-	100%	Unaudited	Wind energy production	8	(8)	(1.574)	(6)	(6)	(1.579)
Central Eólica Babilônia V, S.A.	Brasil	-	100%	Unaudited	Wind energy production	8	(8)	(1.574)	(1)	(1)	(1.575)
SOUTH ÁFRICA WIND & SOLAR POWER, S.L.U.	España	100%	-	Unaudited	Other economic activities	386	661	-	(321)	(321)	726
EDP Renewables South Africa, Pty. Ltd.	South Africa	-	100%	Mazars Inc.	Wind energy production	3.916	(658)	-	(2.611)	(2.611)	647
Dejann Trading and Investments, Pty. Ltd.	South Africa	-	100%	Mazars Inc.	Wind energy production	1.279	(960)	-	(318)	(318)	0
Jouren Trading and Investments, Pty. Ltd.	South Africa	-	100%	Mazars Inc.	Wind energy production	1.660	(1.478)	-	(181)	(181)	0

Thousands of Euros

Associates	Registered office	% direct interest	% indirect interest	Auditor	Activity	Capital	Reserves	Other equity items	Net profit Continuing operations	Net profit Total	Total equity
Aprofitament D´Energies Renovables de l´Ebre S.l	Spain	-	13.29%	PWC	Infrastructure management	3,869	(3,914)	-	(1,130)	(1,130)	(1,175)
Biomasas del Pirineo, S.A.	Huesca, Spain	-	30%	Unaudited	Biomass: electricity production	455	(217)	-	-	-	238
Parque Eólico Sierra del Madero, S.A.	Soria, Spain	-	42%	Ernst&Young	Wind energy production	7,194	16,337	-	475	475	24,006
Desarrollos Eólicos de Canarios, S.A.	Las Palmas de Gran Canaria, Spain	-	44.75%	KPMG	Wind power: Wind farm development	2,392	638	-	661	661	3,691
Solar Siglo XXI, S.A.	Ciudad Real, Spain	-	25%	Unaudited	Photovoltaic energy production	80	(18)	-	-	-	62
Parque Eólico Belmonte, S.A.	Madrid, Spain	-	29.90%	Ernst & Young	Wind energy production	120	4,373	-	97	97	4,590
Eoliennes en Mer Dieppe - Le Tréport, S.A.S.	France	-	43%	Ernst & Young	Wind energy production	14,471	(1,048)	-	(678)	(678)	12,745
Les Eoliennes en Mer de Vendee, SAS	France	-	43%	Ernst & Young	Wind energy production	17,187	(1,062)	-	(687)	(687)	15,438
Ceprastur, A.I.E.	Oviedo, Spain	-	56.76%	Unaudited	Mini-hydroelectric electricity production	361	35	-	(7)	(7)	389
Eólica de Coahuila, S. de R.L. de C.V.	Mexico City	-	51%	Unaudited	Wind energy production	6,821	(168)	1,872	212	212	8,737
Tebar Eólica, S.A	Spain	-	50%	Abante Audit Auditors, SL	Wind energy production	4,720	1,978	-	-	-	6,698
Windplus,S.A	Portugal	-	19.4%	PWC	Wind energy production	1,250	1,049	-	320	320	2,619
Evolución 2000,S.L	Spain	-	49.15%	KPMG	Wind energy production	118	13,650	-	1,422	1,422	15,190
Desarrollos energéticos Canarias, S.A	Spain	-	49.90%	Unaudited	Wind power: Wind farm development	60	(25)	-	-	-	35
Compañía Eólica Aragonesa	Spain	-	50%	Deloitte	Wind energy production	6,701	59,059	-	(1,483)	(1,483)	64,277
Flat Rock Windpower II LLC	USA	-	50%	E&Y	Wind energy production	-	-	-	-	-	-
Flat Rock Windpower LLC	USA	-	50%	E&Y	Wind energy production	-	-	-	-	-	-
Blue Canyon Windpower LLC	USA	-	0%	PWC	Wind energy production	-	-	-	-	-	-

EDP Renovaveis, S.A.

Information on investments in group companies 31 December 2015

Thousands of Euros

Group companies	Registered office	% direct interest	% indirect interest	Auditor	Activity	Capital	Reserves	Other equity items	Net profit		Total equity
									Continuing operations	Total	
EDP RENEWABLES EUROPE, S.L.U	Oviedo, Spain	100%	-	KPMG	Holding company	249,499	2,106,911	1,47	85,856	85,856	2,443,736
EDP Renovables España, S.L.	Spain	-	100%	KPMG	Holding company, construction and wind energy production	36,861	640,387	-	13,351	13,351	690,599
EDPR Polska, Sp.z.o.o.	Poland	-	100%	KPMG	Holding company and wind energy production	215,499	-6,152	-	-14,645	-14,645	194,702
Tarcan, B.V	Netherlands	-	100%	KPMG	Holding company	20	14,647	-	5,088	5,088	19,755
Greenwind, S.A.	Belgium	0.02%	99.98%	KPMG	Wind energy production	24,924	12,079	-498	6,182	6,182	42,687
EDPR France Holding SAS	France	-	100%	KPMG	Holding company	8,5	-5,495	-	-5,254	-5,254	-2,249
EDP Renewables SGPS,Sa	Portugal	-	100%	KPMG	Holding company	50	30,363	-	123,9	123,9	154,313
EDP Renewables Belgium,S.A	Belgium	-	100%	KPMG	Holding company	62	-723	-	-105	-105	-766
EDPR Portugal , S.A.	Portugal	-	51%	KPMG	Holding company and wind energy production	7,5	29,192	6,116	50,593	50,593	93,401
EDPR PT-Promocao e Operacao,S.A	Portugal	-	100%	KPMG	Wind power: Wind farm development	50	157	-	-540	-540	-333
EDP Renowables France, SAS	France	-	51%	KPMG	Holding company	151,704	-30,106	-	2,317	2,317	123,915
EDPR Romania S.R.L	Romania	-	85%	KPMG	Wind energy production	-	-3,702	-	-5,216	-5,216	-8,918
EDPR Ro Pv,SRL	Romania	0.03%	99.97%	KPMG	Wind energy production	55,935	-1,905	-	-549	-549	53,481
Cernavoda Power,SRL	Romania	-	85%	KPMG	Wind energy production	83,454	-19,494	-6,876	688	688	57,772
VS Wind Farm S.A.	Romania	-	85%	KPMG	Wind energy production	4,998	-2,308	-	-5,197	-5,197	-2,507
Pestera Wind Farm, S.A.	Romania	-	85%	KPMG	Wind energy production	67,111	-24,568	-4,438	-126	-126	37,979
S. C. Ialomita Power SRL	Romania	-	99.99%	KPMG	Wind energy production	191,219	-23,738	-	-1,647	-1,647	165,834
Sibioara Wind Farm	Romania	-	85%	KPMG	Wind energy production	20,361	-4,969	-	-7,726	-7,726	7,666
Vanju Mare Solar,SRL	Romania	-	100%	KPMG	Photovoltaic energy production	9,611	235	-	857	857	10,703
Studina Solar,SRL	Romania	-	100%	KPMG	Photovoltaic energy production	7,988	1,384	-	904	904	10,276
Cujmir Solar, SRL.	Romania	-	100%	KPMG	Photovoltaic energy production	10,393	1,27	-	1,215	1,215	12,878
Potelu Solar,SRL	Romania	-	100%	KPMG	Photovoltaic energy	7,574	1,153	-	827	827	9,554

Thousands of Euros

Group companies	Registered office	% direct interest	% indirect interest	Auditor	Activity	Capital	Reserves	Other equity items	Net profit		Total equity
									Continuing operations	Total	
					production						
Foton Delta,SRL	Romania	-	100%	KPMG	Wind energy production	3,556	823	-	261	261	4,64
Foton Epsilon,SRL	Romania	-	100%	KPMG	Photovoltaic energy production	4,302	2,165	-	696	696	7,163
Gravitangle-Fotovoltaica Unipessoal,Lda	Portugal	-	100%	KPMG	Photovoltaic energy production	5	1,55	-	453	453	2,008
EDP Renowables Italia,S.r.l	Italy	-	100%	KPMG	Holding company and wind energy production	34,439	968	-	-4,631	-4,631	30,776
EDPR UK Limited	United Kingdom	-	100%	KPMG	Holding company	6,394	54,372	-	-2,479	-2,479	58,287
EDP Renovaveis Servicios Financieros.S.A	Spain	70.01%	29.99%	KPMG	Other economic activities	84,691	315,78	-	19,327	19,327	419,798
Desarrollos Eólicos de Galicia, S.A.	Coruña, Spain	-	100%	KPMG	Wind energy production	6,13	6,202	433	-113	-113	12,652
Desarrollos Eólicos de Tarifa, S.A.U	Cadiz, Spain	-	100%	KPMG	Wind energy production	5,8	6,12	-	140	140	12,06
Desarrollos Eólicos de Corme, S.A.	Seville, Spain	-	100%	KPMG	Wind energy production	3,666	5,651	-	94	94	9,411
Desarrollos Eólicos Buenavista, S.A.U	Cadiz, Spain	-	100%	KPMG	Wind energy production	1,712	3,613	471	29	29	5,825
Desarrollos Eólicos de Lugo, S.A.U.	Lugo, Spain	-	100%	KPMG	Wind energy production	7,761	15,186	-	2,762	2,762	25,709
Desarrollos Eólicos de Rabosera, S.A.	Zaragoza, Spain	-	100%	KPMG	Wind energy production	7,561	9,029	-	1,184	1,184	17,774
Desarrollos Eólicos Almarchal S.A.U.	Seville, Spain	-	100%	KPMG	Wind energy production	2,061	3,96	-86	214	214	6,149
Desarrollos Eólicos Dumbría S.A.U.	Coruña, Spain	-	100%	KPMG	Wind energy production	61	14,205	-	2,814	2,814	17,08
Parque Eólico Santa Quiteria, S.L.	Zaragoza, Spain	-	83.96%	KPMG	Wind energy production	63	19,237	-	590	590	19,89
Eólica La Janda, SL	Madrid, Spain	-	100%	KPMG	Wind energy production	4,525	10,802	-	8,046	8,046	23,373
Eólica Guadalteba, S.L.	Seville, Spain	-	100%	KPMG	Wind energy production	1,46	6,091	-	9,165	9,165	16,716
Eólica Muxia, S.L.	La Coruña, Spain	-	100%	Unaudited	Wind energy production	23,48	11	-	39	39	23,53
Eólica Fontesilva, S.L.	La Coruña, Spain	-	100%	KPMG	Wind energy production	6,86	4,579	-	1,114	1,114	12,553
EDPR Yield S.A	Seville, Spain	-	100%	Unaudited	Wind energy production	116,641	1,047,043	-	-35,72	-35,72	1,127,964
Eólica Curiscao Pumar, S.A.	Madrid, Spain	-	100%	KPMG	Wind energy production	60	113	-	2,875	2,875	3,048
Parque Eólico Altos del Voltoya S.A.	Madrid, Spain	-	92.50%	KPMG	Wind energy production	6,434	16,027	83	45	45	22,589
Eólica La Brújula, S.A	Madrid, Spain	-	84.90%	KPMG	Wind energy production	3,294	13,468	-	1,691	1,691	18,453
Eólica Arlanzón S.A.	Madrid, Spain	-	77.50%	KPMG	Wind energy	4,509	8,365	-6	260	260	13,128

Thousands of Euros

Group companies	Registered office	% direct interest	% indirect interest	Auditor	Activity	Capital	Reserves	Other equity items	Net profit		Total equity
									Continuing operations	Total	
					production						
Eolica Campollano S.A.	Madrid, Spain	-	75%	KPMG	Wind energy production	6,56	18,13	-52	372	372	25,01
Parque Eólico Belchite S.L.	Zaragoza, Spain	-	100%	KPMG	Wind energy production	3,6	3,409	-	267	267	7,276
Parque Eólico La Sotonera S.L.	Zaragoza, Spain	-	69.84%	KPMG	Wind energy production	2	5,705	-	292	292	7,997
Korsze Wind Farm,SP.zo.o	Poland	-	100%	KPMG	Wind energy production	10,832	-1,711	-	7,014	7,014	16,135
Eólica Don Quijote, S.L.	Madrid, Spain	-	100%	KPMG	Wind energy production	3	259	-	1,318	1,318	1,58
Eólica Dulcinea, S.L.	Madrid, Spain	-	100%	KPMG	Wind energy production	10	171	-	938	938	1,119
Eólica Sierra de Avila, S.L.	Madrid, Spain	-	100%	KPMG	Wind energy production	12,977	20,272	-	-184	-184	33,065
Eólica de Radona, S.L.	Madrid, Spain	-	100%	KPMG	Wind energy production	22,088	17	-	960	960	23,065
Eolica Alfoz, S.L.	Madrid, Spain	-	100%	KPMG	Wind energy production	8,48	17,002	-	5,638	5,638	31,12
Eólica La Navica, SL	Madrid, Spain	-	100%	KPMG	Wind energy production	10	1,419	-	1,46	1,46	2,889
Investigación y desarrollo de Energías Renovables (Ider), S.L.	León, Spain	-	100%	KPMG	Wind energy production	29,451	-3,635	-	2,69	2,69	28,506
Radzeijów wind farm SP.z.o.o	Poland	-	100%	KPMG	Wind energy production	7,696	-1,354	-	-520	-520	5,822
MFW Neptun Sp.zo.o	Poland	-	100%	Unaudited	Wind energy production	61	-43	-	-3	-3	15
MFW Gryf sp.zo.o	Poland	-	100%	Unaudited	Wind energy production	61	-43	-	-3	-3	15
MFW Pomorze Sp.zo.o	Poland	-	100%	Unaudited	Wind energy production	61	-43	-	-3	-3	15
J&Z Wind Farms Sp.zo.o	Poland	-	60%	KPMG	Wind energy production	4,048	5,748	18,554	542	542	28,892
Parques Eólicos del Cantábrico, S.A.	Oviedo, Spain	-	100%	KPMG	Wind energy production	9,08	27,966	-	-1,604	-1,604	35,442
Wincap Wincap S.R.L	Italy	-	100%	KPMG	Wind energy production	2,55	1,234	-	-38	-38	3,746
Renovables Castilla La Mancha, S.A.	Madrid, Spain	-	90%	KPMG	Wind energy production	60	995	-	741	741	1,796
Eólica La Manchuela, S.l.U	Albacete, Spain	-	100%	KPMG	Wind energy production	1,142	1,369	-	-114	-114	2,397
Monts de la Madeleine Energie,SA.S	France	-	100%	KPMG	Wind energy production	37	-5	-	-4	-4	28
Monts du Forez Energie,SAS	France	-	100%	KPMG	Wind energy production	37	-9	-	-5	-5	23
Pietragalla Eólico,S.R.L	Italy	-	100%	KPMG	Wind energy production	15	4,205	-	1,899	1,899	6,119
Bourbriac II SAS	France	-	100%	KPMG	Wind energy production	1	-	-	-3	-3	-2

Thousands of Euros

Group companies	Registered office	% direct interest	% indirect interest	Auditor	Activity	Capital	Reserves	Other equity items	Net profit		Total equity
									Continuing operations	Total	
Parc Eolien de Montagne Fayel S.A.S	France	-	100%	KPMG	Wind energy production	37	-98	-	367	367	306
Molen Wind II sp.Z.o.o	Poland	-	65.07%	KPMG	Wind energy production	4	9,463	1,081	46	46	10,594
Laterza Wind, SRL	Italy	-	100%	Unaudited	Wind energy production	17	-13	-	-4	-4	-
Acampo Arias, SL	Spain	-	100%	KPMG	Wind energy production	3,314	152	-	740	740	4,206
SOCPE Sauvageons, SARL	France	-	75.99%	KPMG	Wind energy production	1	-149	-	175	175	27
SOCPE Le Mee, SARL	France	-	75.99%	KPMG	Wind energy production	1	7	-	165	165	173
SOCPE Petite Piece, SARL	France	-	75.99%	KPMG	Wind energy production	1	83	-	42	42	126
NEO Plouvien,.S.A.S	France	-	51%	KPMG	Wind energy production	5,04	-3,069	-	190	190	2,161
CE Patay, SAS	France	-	26.01%	KPMG	Wind energy production	140	4,799	-267	1,107	1,107	5,779
Relax Wind Park III, Sp.z.o.o.	Poland	-	100%	KPMG	Wind energy production	16,616	-9,566	-	-3,242	-3,242	3,808
Relax Wind Park I, Sp.z.o.o.	Poland	-	100%	KPMG	Wind energy production	12,975	-1,795	-4,51	5,738	5,738	12,408
Relax Wind Park IV, Sp.z.o.o.	Poland	-	100%	Unaudited	Wind energy production	1,252	-1,142	-	1	1	111
Relax Wind Park II, Sp.z.o.o.	Poland	-	100%	Unaudited	Wind energy production	973	-797	-	-16	-16	160
Edpr Renovaveis Cantabria,S.L	Madrid, Spain	-	100%	Unaudited	Wind energy production	300	-54	-	-1,36	-1,36	-1,114
Neo Energia Aragon, S.L	Spain	-	100%	Unaudited	Wind energy production	10	-3	-	-1	-1	6
Eolica.Garcimuñoz SL	Spain	-	100%	KPMG	Wind energy production	4,06	10,565	-	-682	-682	13,943
Compañía Eólica Campo de Borja, SA	Spain	-	100%	KPMG	Wind energy production	858	305	-	46	46	1,209
Desarrollos Catalanes del Viento, SL	Spain	-	100%	KPMG	Wind energy production	10,993	19,725	-	-360	-360	30,358
Parque Eólico Los Cantales, SLU	Spain	-	100%	KPMG	Wind energy production	1,963	1,352	-	1,066	1,066	4,381
Casellaneta Wind,srl	Italy	-	100%	Unaudited	Wind energy production	16	-13	-	-4	-4	-1
Parques de Generación Eólica, SL	Spain	-	100%	KPMG	Wind energy production	1,924	1,815	-2,595	804	804	1,948
CE Saint Barnabé, SAS	France	-	26.01%	KPMG	Wind energy production	100	2,757	-306	759	759	3,31
E Segur, SAS	France	-	26.01%	KPMG	Wind energy production	115	3,136	-311	689	689	3,629
Eolienne D´Etalondes, SARL	France	-	100%	Unaudited	Wind energy production	1	-41	-	-3	-3	-43
Eolienne de Saugueuse, SARL	France	-	26.01%	KPMG	Wind energy production	1	492	-	492	492	985

Thousands of Euros

Group companies	Registered office	% direct interest	% indirect interest	Auditor	Activity	Capital	Reserves	Other equity items	Net profit		Total equity
									Continuing operations	Total	
Parc Eolien Dammarie, SARL	France	-	100%	KPMG	Wind energy production	1	-165	-	-53	-53	-217
Parc Éoline de Tarzy, S.A.R.L	France	-	51%	KPMG	Wind energy production	1,505	229	-	360	360	2,094
Parc Eolien des Longs Champs, SARL	France	-	100%	Unaudited	Wind energy production	1	-79	-	-4	-4	-82
Parc Eolien de Mancheville, SARL	France	-	100%	Unaudited	Wind energy production	1	-51	-	-3	-3	-53
Parc Eolien de Roman, SARL	France	-	51%	KPMG	Wind energy production	1	-594	-	808	808	215
Parc Eolien des Vatines, SAS	France	-	26.01%	KPMG	Wind energy production	841	-2,197	-571	526	526	-1,401
Parc Eolien de La Hetroye, SAS	France	-	100%	KPMG	Wind energy production	37	-40	-	-3	-3	-6
Eolienne de Callengeville, SAS	France	-	100%	KPMG	Wind energy production	37	-35	-	-2	-2	-
Parc Eolien de Varimpre, SAS	France	-	26.01%	KPMG	Wind energy production	37	-993	-645	573	573	-1,028
Parc Eolien du Clos Bataille, SAS	France	-	26.01%	KPMG	Wind energy production	410	-1,531	-501	300	300	-1,322
Eólica de Serra das Alturas,S.A	Portugal	-	25.55%	KPMG	Wind energy production	50	3,893	-	1,126	1,126	5,069
Malhadizes-Energia Eólica, SA	Portugal	-	51%	KPMG	Wind energy production	50	1,134	-	1,622	1,622	2,806
Eólica de Montenegrelo, LDA	Portugal	-	25.55%	KPMG	Wind energy production	50	6,978	-	2,134	2,134	9,162
Eólica da Alagoa,SA	Portugal	-	30.60%	KPMG	Wind energy production	50	2,52	782	1,934	1,934	5,286
Aplica.Indust de Energias limpias S.L	Spain	-	61.50%	Unaudited	Wind energy production	131	1,235	-	-	-	1,366
Aprofitament D´Energies Renovables de la Tierra Alta S.A	Spain	-	60.63%	Unaudited	Wind energy production	1,994	-1,092	-	3	3	905
Bon Vent de L´Ebre S.L.U	Spain	-	100%	KPMG	Wind energy production	12,6	2,298	-	2,188	2,188	17,086
Parc Eólic Coll de la Garganta S.L	Spain	-	100%	KPMG	Wind energy production	6,018	10,856	-	-1,228	-1,228	15,646
Parc Eólic Serra Voltorera S.l	Spain	-	100%	KPMG	Wind energy production	3,458	6,481	-	2	2	9,941
Elektrownia Wiatrowa Kresy I sp zoo	Poland	-	100%	Unaudited	Wind energy production	20	17,678	-	-763	-763	16,935
Moray Offshore renewables limited	United Kingdom	-	66.64%	KPMG	Wind energy production	9,931	1,305	1,561	-5,46	-5,46	7,337
Centrale Eolienne Canet –Pont de Salaras S.A.S	France	-	25.98%	KPMG	Wind energy production	125	1,237	-512	469	469	1,319
Centrale Eolienne de Gueltas Noyal – Pontiv y S.A.S	France	-	26.01%	KPMG	Wind energy production	761	2,844	-	557	557	4,162
Villa Castelli Wind srl	Verbania, Italy	-	100%	KPMG	Wind energy production	100	10,295	-	2,406	2,406	12,801

Thousands of Euros

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									Continuing operations	Total	
Centrale Eolienne Neo Truc de L´Homme ,S.A.S	France	-	51%	KPMG	Wind energy production	3,831	-203	-	-369	-369	3,259
Vallee de Moulin SARL	France	-	51%	KPMG	Wind energy production	8,001	-419	-	465	465	8,047
Mardelle SARL	France	-	51%	KPMG	Wind energy production	3,001	-412	-	203	203	2,792
Quinze Mines SARL	France	-	24.99%	KPMG	Wind energy production	1	-2,123	-	-369	-369	-2,491
Desarrollos Eólicos de Teruel SL	Spain	-	51%	Unaudited	Wind energy production	60	-	-	-	-	60
Par Eólic de Coll de Moro S.L.	Spain	-	100%	KPMG	Wind energy production	7,809	3,23	-4,239	-507	-507	6,293
Par Eólic de Torre Madrina S.L.	Spain	-	100%	KPMG	Wind energy production	7,755	6,671	-3,906	17	17	10,537
Parc Eolic de Vilalba dels Arcs S.L.	Spain	-	100%	KPMG	Wind energy production	3,066	4,703	-1,807	464	464	6,426
Bon Vent de Vilalba, SL	Spain	-	100%	KPMG	Wind energy production	3,6	341	-	1,479	1,479	5,42
Bon Vent de Corbera, SL	Spain	-	100%	KPMG	Wind energy production	7,255	11,903	-	1,803	1,803	20,961
Masovia Wind Farm I s.p. zo.o.	Poland	-	100%	KPMG	Wind energy production	351	14,102	-	18	18	14,471
Farma wiaStarozbery Sp.z.o.o	Poland	-	100%	Unaudited	Wind energy production	130	4,057	-	-15	-15	4,172
Rowy-Karpacka mala Energetyka,sp, z.o.o	Poland	-	85%	Unaudited	Wind energy production	14	-262	-	-27	-27	-275
Edpr Italia holding	Italy	-	100%	KPMG	Wind energy production	347	101	-	-4,104	-4,104	-3,656
Re plus – Societa ´a Responsabilita ´limitada	Italy	-	80%	Unaudited	Wind energy production	100	-236	-	-2,97	-2,97	-3,106
Edpr RO Trading SRL	Romania	0.01%	99.99%	Unaudited	Commercialisation of electricity	1,678	-191	-	-20	-20	1,467
Telford Offshore Windfarm Limited	United Kingdom	-	66.64%	Unaudited	Wind energy production	-	-	-	-	-	-
Maccoll Offshore Windfarm Limited	United Kingdom	-	66.64%	Unaudited	Wind energy production	-	-	-	-	-	-
Stevenson Offshore Windfarm Limited	United Kingdom	-	66.64%	Unaudited	Wind energy production	-	-	-	-	-	-
Parc Eolien de Preuseville S.A.R.L	France	-	100%	KPMG	Wind energy production	1	-194	-	439	439	246
Iberia Aprovechamientos Eólicos, SAU	Spain	-	94%	KPMG	Wind energy production	1,919	359	-	420	420	2,698
Parc Éolien de boqueho-Pouagat SAS	France	-	100%	KPMG	Wind energy production	1	-	-	-1	-1	-

Thousands of Euros

Group companies	Registered office	% direct interest	% indirect interest	Auditor	Activity	Capital	Reserves	Other equity items	Net profit		Total equity
									Continuing operations	Total	
Parc Éolien de Francourville SAS	France	-	100%	KPMG	Wind energy production	1	-1	-	-40	-40	-40
Parc Eolien d´Escardes SAS	France	-	100%	KPMG	Wind energy production	1	-	-	-47	-47	-46
Molino de Caragüeyes, S.L.	Spain	-	100%	KPMG	Wind energy production	180	49	-	38	38	267
Stirlingpower, Unipessoal Lda.	Portugal	-	100%	Unaudited	Photovoltaic energy production	-	-	-	-	-	-
EDPR PT - Parques Eólicos, S.A.	Portugal	-	100%	KPMG	Holding company and wind energy production	9,079	48,497	-28,366	-2	-2	29,208
Eólica do Alto da Lagoa, S.A.	Portugal	-	100%	Mazars	Wind energy production	50	4,249	-1,246	935	935	3,988
Eólica das Serras das Beiras, S.A.	Portugal	-	100%	Mazars	Wind energy production	50	12,889	-7,3	2,426	2,426	8,065
Eólica do Cachopo, S.A.	Portugal	-	100%	Mazars	Wind energy production	50	3,388	-	969	969	4,407
Eólica do Castelo, S.A.	Portugal	-	100%	Mazars	Wind energy production	50	1,17	-	174	174	1,394
Eólica da Coutada, S.A.	Portugal	-	100%	Mazars	Wind energy production	50	19,276	-7,767	3,283	3,283	14,842
Eólica do Espigão, S.A.	Portugal	-	100%	Mazars	Wind energy production	50	7,391	-1,701	1,448	1,448	7,188
Eólica da Lajeira, S.A.	Portugal	-	100%	Mazars	Wind energy production	50	583	-	752	752	1,385
Eólica do Alto do Mourisco, S.A.	Portugal	-	100%	Mazars	Wind energy production	50	2,794	-1,113	508	508	2,239
Eólica dos Altos dos Salgueiros-Guilhado, S.A.	Portugal	-	100	Mazars	Wind energy production	50	1,174	-466	94	94	852
Eólica do Alto da Teixosa, S.A.	Portugal	-	100	Mazars	Wind energy production	50	3,563	-1,764	251	251	2,1
Eólica da Terra do Mato, S.A.	Portugal	-	100	Mazars	Wind energy production	50	3,621	-2,44	301	301	1,532
Eólica do Velão, S.A.	Portugal	-	100	Mazars	Wind energy production	50	1,135	-	733	733	1,918
EDPR Yield Portugal Services, Unipessoal Lda.	Portugal	-	100	KPMG	Rendering of services	5	-	-	-5	-5	-
TACA Wind, S.r.l.	Italy	-	100	KPMG	Wind energy production	1,16	-	-	-13	-13	1,147
Vientos de Coahuila, S.A. de C.V.	Mexico	0.01	99.99	Unaudited	Wind energy production	-	-	-	8	8	8
EDPR Yield Spain Services, S.L.U.	Spain	-	100	Unaudited	Rendering of services	3	-	-	-55	-55	-52
EDPR Yield France Services, S.A.S.	France	-	100	KPMG	Rendering of services	-	-	-	-	-	-
						-	-	-	-	-	-
EDP Renewables North America, LLC	Texas	100%			Holding company	3,702,190	-85,519	5,79	-85,228	3,537,233	3,537,233

Thousands of Euros

Group companies	Registered office	% direct interest	% indirect interest	Auditor	Activity	Capital	Reserves	Other equity items	Net profit		Total equity
									Continuing operations	Total	
Wind Turbine Prometheus, LP	California	-	100%	Unaudited	Wind energy production	6	-6	-	-	-	-
Lost Lakes Wind Farm LLC	Minnesota	-	100%	KPMG	Wind energy production	150,38	-10,177	-	81	140,284	140,284
Quilt Block Wind Farm, LLC	Minnesota	-	100%	Unaudited	Wind energy production	6,604	-18	-	-	6,586	6,586
Whitestone Wind Purchasing, LLC	Texas	-	100%	Unaudited	Wind energy production	2,513	-1,116	-	41	1,438	1,438
Blue Canyon Windpower V, LLC	Oklahoma	-	100%	KPMG	Wind energy production	90,647	40,824	-	3,849	135,32	135,32
Sagebrush Power Partners, LLC	Washington	-	100%	KPMG	Wind energy production	168,482	-29,551	-	1,553	140,484	140,484
Marble River, LLC	New York	-	100%	Unaudited	Wind energy production	253,292	16,145	-	5,115	274,552	274,552
Blackstone Wind Farm, LLC	Illinois	-	100%	Unaudited	Wind energy production	112,425	-3,45	-	424	109,399	109,399
Aroostook Wind Energy LLC	Maine	-	100%	Unaudited	Wind energy production	28,964	-139	-	-4,789	24,036	24,036
Jericho Rise Wind Farm LLC	New York	-	100%	Unaudited	Wind energy production	8,632	-42	-	-1	8,589	8,589
Martinsdale Wind Farm LLC	Colorado	-	100%	Unaudited	Wind energy production	3,193	-29	-	-	3,164	3,164
Signal Hill Wind Power Project LLC	Colorado	-	100%	Unaudited	Wind energy production	4	-4	-	-	-	-
Tumbleweed Wind Power Project LLC	Colorado	-	100%	Unaudited	Wind energy production	4	-4	-	-	-	-
Stinson Mills Wind Farm, LLC	Colorado	-	100%	Unaudited	Wind energy production	3,633	-91	-	-	3,542	3,542
OPQ Property LLC	Illinois	-	100%	Unaudited	Wind energy production	-	160	-	-	160	160
Meadow Lake Wind Farm, LLC	Indiana	-	100%	Unaudited	Wind energy production	225,18	-13,107	-	465	212,538	212,538
Wheatfield Wind Power Project, LLC	Oregon	-	100%	KPMG	Wind energy production	43,932	34,077	-	3,947	81,956	81,956
High Trail Wind Farm, LLC	Illinois	-	100%	KPMG	Wind energy production	237,412	32,877	-	9,121	279,41	279,41
Madison Windpower LLC	New York	-	100%	KPMG	Wind energy production	12,616	-6,664	-	-1,012	4,94	4,94
Mesquite Wind, LLC	Texas	-	100%	KPMG	Wind energy production	156,875	53,514	-	3,042	213,431	213,431
BC2 Maple Ridge Wind LLC	Texas	-	100%	KPMG	Wind energy production	260,366	4,564	-	-4,503	260,427	260,427
Blue Canyon Windpower II LLC	Oklahoma	-	100%	KPMG	Wind energy production	109,663	23,751	-	930	134,344	134,344
Telocaset Wind Power Partners, LLC	Oregon	-	100%	KPMG	Wind energy production	74,42	38,386	326	3,986	117,118	117,118
Post Oak Wind, LLC	Texas	-	100%	KPMG	Wind energy production	186,825	56,84	-	5,054	248,719	248,719
High Prairie Wind Farm II, LLC	Minnesota	-	100%	KPMG	Wind energy production	95,814	7,272	412	3,467	106,965	106,965
Old Trail Wind Farm, LLC	Illinois	-	100%	KPMG	Wind energy production	258,652	17,285	2,575	10,253	288,765	288,765

Thousands of Euros

Group companies	Registered office	% direct interest	% indirect interest	Auditor	Activity	Capital	Reserves	Other equity items	Net profit		Total equity
									Continuing operations	Total	
Cloud County Wind Farm, LLC	Kansas	-	100%	KPMG	Wind energy production	220,363	12,287	-	2,23	234,88	234,88
Pioneer Prairie Wind Farm I, LLC	Iowa	-	100%	KPMG	Wind energy production	368,323	27,256	8,032	15,382	418,993	418,993
Arlington Wind Power Project LLC	Oregon	-	100%	KPMG	Wind energy production	114,623	11,725	-	-441	125,907	125,907
Rail Splitter	Illinois	-	100%	KPMG	Wind energy production	197,481	-29,534	-	-5,123	162,824	162,824
Meadow Lake Wind Farm II LLC	Texas	-	100%	KPMG	Wind energy production	161,049	-11,612	-	-1,966	147,471	147,471
Meadow Lake Wind Farm IV LLC	Indiana	-	100%	Unaudited	Wind energy production	105,615	-4,78	-	-1,44	99,395	99,395
Lexington Chenoa Wind Farm III LLC	Illinois	-	100%	Unaudited	Wind energy production	242,993	-11,993	-	3,555	234,555	234,555
Saddleback Wind Power Project LLC	Texas	-	100%	Unaudited	Wind energy production	2,182	-394	-	-1	1,787	1,787
Meadow Lake Windfarm III LLC	Indiana	-	100%	Unaudited	Wind energy production	119,409	-3,326	-	672	116,755	116,755
Lexington Chenoa Wind Farm LLC	Illinois	-	100%	Unaudited	Wind energy production	10,916	-38	-	-	10,878	10,878
Lexington Chenoa Wind Farm II LLC	Illinois	-	100%	Unaudited	Wind energy production	551	-551	-	-	-	-
Paulding Wind Farm LLC	Ohio	-	100%	Unaudited	Wind energy production	3	-6	-	-	-3	-3
Paulding Wind Farm II LLC	Ohio	-	100%	KPMG	Wind energy production	132,524	19,185	-	4,305	156,014	156,014
Antelope Ridge Wind Power Project LLC	Texas	-	100%	Unaudited	Wind energy production	11,773	-106	-	-11,669	-2	-2
Blackstone Wind Farm III LLC	Texas	-	100%	Unaudited	Wind energy production	5,725	-116	-	-5,634	-25	-25
Meadow Lake Wind Farm V, LLC	Indiana	-	100%	Unaudited	Wind energy production	3,777	-10	-	-	3,767	3,767
Waverly Wind Farm LLC	Kansas	-	100%	Unaudited	Wind energy production	78,432	-49	-	330	78,713	78,713
Blue Canyon Windpower VI LLC	Texas	-	100%	KPMG	Wind energy production	123,617	5,286	-	602	129,505	129,505
Paulding Wind Farm III LLC	Ohio	-	100%	Unaudited	Wind energy production	19,351	-222	-	-70	19,059	19,059
Sustaining Power Solutions, L.L.C.	Texas	-	100%	Unaudited	Wind energy production	3,997	-1,151	-	-3,396	-550	-550
Headwaters Wind Farm LLC	Indiana	-	100%	Unaudited	Wind energy production	307,017	1,247	-	8,272	316,536	316,536
Green Power Offsets, L.L.C.	Texas	-	100%	Unaudited	Wind energy production	12	-9	-	-2	1	1
Rising Tree Wind Farm, L.L.C.	California	-	100%	KPMG	Wind energy production	133,031	-26	-	3,218	136,223	136,223
Arbuckle Mountain, L.L.C.	Oklahoma	-	100%	KPMG	Wind energy production	64,484	-10	-	318	64,792	64,792
Hidalgo Wind Farm LLC	Texas	-	100%	Unaudited	Wind energy production	9,32	-14	-	-	9,306	9,306
Rising Tree Wind Farm II, L.L.C.	Texas	-	100%	KPMG	Wind energy production	31,825	-8	-	17	31,834	31,834

Thousands of Euros

Group companies	Registered office	% direct interest	% indirect interest	Auditor	Activity	Capital	Reserves	Other equity items	Net profit		Total equity
									Continuing operations	Total	
Rising Tree Wind Farm III, L.L.C.	California	-	100%	KPMG	Wind energy production	143,678	-19	-	3,007	146,666	146,666
Wheatfield Wind Power Project, LLC	Oregon	-	51%	KPMG	Wind energy production	43,96	-14	-	-14	43,932	43,932
Arkwright Summit Wind Farm LLC	Texas	-	100%	Unaudited	Wind energy production	12,315	-	-	-9	12,306	12,306
Lone Valley Sollar Park I, L.L.C.	California	-	100%	Unaudited	Wind energy production	27,381	282	-	518	28,181	28,181
Lone Valley Sollar Park II, L.L.C.	California	-	100%	Unaudited	Wind energy production	49,996	639	-	1,551	52,186	52,186
2007 Vento I, LLC	Texas	-	100%	KPMG	Wind energy production	721,535	12,524	-	3,666	737,725	737,725
2007 Vento II, LLC	Texas	-	100%	KPMG	Wind energy production	629,777	-4,091	-	-170	625,516	625,516
2008 Vento III, LLC	Texas	-	100%	KPMG	Wind energy production	719,964	-4,286	-	-558	715,12	715,12
2009 Vento IV, LLC	Texas	-	100%	KPMG	Wind energy production	199,334	-659	-	-128	198,547	198,547
2009 Vento V, LLC	Texas	-	100%	KPMG	Wind energy production	93,318	-654	-	-128	92,536	92,536
2009 Vento VI, LLC	Texas	-	100%	KPMG	Wind energy production	151,291	-523	-	-114	150,654	150,654
2010 Vento VII, LLC	Texas	-	100%	KPMG	Wind energy production	162,736	-448	-	-113	162,175	162,175
2010 Vento VIII, LLC	Texas	-	100%	KPMG	Wind energy production	169,787	-613	-	-113	169,061	169,061
2011 Vento IX, LLC	Texas	-	100%	KPMG	Wind energy production	135,265	-369	-	-112	134,784	134,784
2011 Vento X, LLC	Texas	-	100%	KPMG	Wind energy production	125,144	-330	-	-112	124,702	124,702
2014 Vento XI, LLC	Texas	-	100%	KPMG	Wind energy production	310,47	-	-	-14	310,456	310,456
2014 Vento XII, LLC	Texas	-	100%	KPMG	Wind energy production	167,69	-	-	-15	167,675	167,675
2014 Sol I, LLC	Texas	-	100%	KPMG	Wind energy production	77,729	-25	-	-74	77,63	77,63
2015 Vento XIII, LLC	Texas	-	100%	KPMG	Wind energy production	210,192	-	-	-230	209,962	209,962
Horizon Wind Ventures I LLC	Texas	-	100%	Unaudited	Wind energy production	461,967	369,547	-	48,011	879,525	879,525
Horizon Wind Ventures IB, LLC	Texas	-	51%	Unaudited	Wind energy production	93,613	139,026	-	26,976	259,615	259,615
Horizon Wind Ventures IC, LLC	Texas	-	75%	Unaudited	Wind energy production	345,528	57,337	-	30,688	433,553	433,553
Horizon Wind Ventures II, LLC	Texas	-	100%	Unaudited	Wind energy production	127,827	6,697	-	2,499	137,023	137,023
Horizon Wind Ventures III, LLC	Texas	-	51%	Unaudited	Wind energy production	39,409	13,846	-	3,494	56,749	56,749
Horizon Wind Ventures VI, LLC	Texas	-	100%	Unaudited	Wind energy production	99,008	-687	-	1,211	99,532	99,532
Horizon Wind Ventures VII, LLC	Texas	-	100%	Unaudited	Wind energy production	97,937	1,865	-	726	100,528	100,528
Horizon Wind Ventures VIII,	Texas	-	100%	Unaudited	Wind energy	103,666	159	-	1,437	105,262	105,262

Thousands of Euros

Group companies	Registered office	% direct interest	% indirect interest	Auditor	Activity	Capital	Reserves	Other equity items	Net profit		Total equity
									Continuing operations	Total	
LLC					production						
Horizon Wind Ventures IX, LLC	Texas	-	51%	Unaudited	Wind energy production	48,142	-7,014	-	-1,004	40,124	40,124
EDPR Wind Ventures X	Texas	-	100%	Unaudited	Wind energy production	60,544	13,975	-	2,269	76,788	76,788
EDPR Wind Ventures XI	Texas	-	51%	Unaudited	Wind energy production	135,056	68	-	2,22	137,344	137,344
EDPR Wind Ventures XII	Texas	-	51%	Unaudited	Wind energy production	68,367	-1	-	-2,201	66,165	66,165
EDPR Solar Ventures I	Texas	-	51%	Unaudited	Wind energy production	49,32	-45	-	77	49,352	49,352
EDPR Wind Ventures XIV	Texas	-	100%	Unaudited	Wind energy production	1,864	-	-	-	1,864	1,864
EDPR Wind Ventures XIII	Texas	-	100%	Unaudited	Wind energy production	-	-	-	-287	-287	-287
Clinton County Wind Farm, LLC	New York	-	100%	Unaudited	Wind energy production	253,299	-7	-	-	253,292	253,292
EDPR Servicios de México, S. de R.L. de C.V.	Mexico City	-	100%	Unaudited	Wind energy production	477	-	-	-444	33	33
EDP RENEWABLES CANADA, LTD		100%	-	Unaudited	Holding company	18,226	-3,617	137	-998	13,748	13,748
EDP Renewables Canada LP Ltd.	Canada	-	100%	Unaudited	Wind energy production	7,681	15,24	-	-634	22,287	22,287
SBWFI GP Inc	Canada	-	51%	Unaudited	Wind energy production	1	1	-	-	2	2
South Dundas Wind Farm LP	Canada	-	51%	KPMG	Wind energy production	21,351	2,442	-1,015	2,583	25,361	25,361
Nation Rise Wind Farm LP	Canada	-	100%	Unaudited	Wind energy production	-	-	-	-1	-1	-1
South Branch Wind Farm II GP LP	Canada	-	100%	Unaudited	Wind energy production	-	-	-	-2	-2	-2
EDP Renewables Sharp Hills Project LP	Canada	-	100%	Unaudited	Wind energy production	-	-	-	-10	-10	-10
EDP RENOVÁVEIS BRASIL, S.A.	Sao Paulo	100%	-	KPMG	Wind energy production	85,877	-3,866	-	6,327	88,338	88,338
Central Eólica Aventura, S. A.	Natal	-	51%	Unaudited	Wind energy production	-	-	-	-44	-44	-44
Central Eólica Aventura II, S.A.	Natal	-	100%	Unaudited	Wind energy production	28	-5	-	-	23	23
Central Nacional de Energia Eólica, S.A. (Cenaeel)	Santa Catarina	-	51%	KPMG	Wind energy production	2,875	263	-	585	3,723	3,723
Elebrás Projectos, Ltda	Rio Grande do Sul	-	51%	KPMG	Wind energy production	24,069	2,482	-	7,815	34,366	34,366
Central Eólica Feijao I, S.A.	Natal	-	51%	KPMG	Wind energy production	6,915	-158	-	24	6,781	6,781
Central Eólica Feijao II, S.A.	Natal	-	51%	KPMG	Wind energy production	8,825	-116	-	202	8,911	8,911
Central Eólica Feijao III, S.A.	Natal	-	51%	KPMG	Wind energy	12,644	-126	-	241	12,759	12,759

Thousands of Euros

Group companies	Registered office	% direct interest	% indirect interest	Auditor	Activity	Capital	Reserves	Other equity items	Net profit		Total equity
									Continuing operations	Total	
					production						
Central Eólica Feijao IV, S.A.	Natal	-	51%	KPMG	Wind energy production	8,983	-127	-	133	8,989	8,989
Central Eólica Jau, S.A.	Natal	-	51%	KPMG	Wind energy production	7,272	76	-	101	7,449	7,449
SOUTH AFRICA WIND & SOLAR POWER, S.L.U	Oviedo, Spain	100%	-	Unaudited	Other economic activities	386	4,479	-	-3,819	-3,819	1,046
Dejann Trading and Investments Proprietary, Ltd	Cape Town	-	100%	Mazars Inc.	Wind energy production	-	-798	-	-21	-819	-
EDP Renewables South Africa, Proprietary, Ltd	Cape Town	-	100%	Mazars Inc.	Wind energy production	3,34	-173	-	-388	2,779	-1
Jouren Trading and Investments Pty, Ltd	Cape Town	-	100%	Mazars Inc.	Wind energy production	-	-1,25	-	-11	-1,261	-
South África Wind & Solar Power, S.L.U.	Oviedo, Spain	-	100%	Unaudited	Wind energy production	386	4,479	-	-3,818	1,047	-1

EDP Renovaveis, S.A.

Information on investments in group companies 31 December 2015

Associates	Registered office	% direct interest	% indirect interest	Auditor	Activity	Capital	Reserves	Other equity items	Net profit Continuing operations	Net profit Total	Total equity
											Thousands of Euros
Aprofitament D´Energies Renovables de l´Ebre S.l	Spain	-	23.62%	PWC	Infrastructure management	3,869	(2,918)	-	(996)	(996)	(45)
Biomasas del Pirineo, S.A.	Huesca, Spain	-	30%	Unaudited	Biomass: electricity production	455	(217)	-	-	-	238
Cultivos Energéticos de Castilla, S.A.	Burgos, Spain	-	30%	Unaudited	Biomass: electricity production	300	(48)	-	-	-	252
Parque Eólico Sierra del Madero, S.A.	Soria, Spain	-	42%	Ernst & Young	Wind energy production	7,194	14,714	-	1,623	1,623	23,531
Desarrollos Eólicos de Canarios, S.A.	Las Palmas de Gran Canaria, Spain	-	44.75%	KPMG	Wind power: Wind farm development	2,392	639	23	824	824	3,878
Solar Siglo XXI, S.A.	Ciudad Real, Spain	-	25%	Unaudited	Photovoltaic energy production	80	(12)	-	-	-	62
Parque Eólico Belmonte, S.A.	Madrid, Spain	-	29.90%	Centium	Wind energy production	120	4,099	-	275	275	4,494
Inch Cape Offshore Limited	Edinburgh	-	49%	Deloitte	Wind energy production						
Eoliennes en Mer Dieppe - Le Tréport, S.A.S.	France	-	43%	Ernst & Young	Wind energy production	14,471	(14,471)	-	13,423	13,423	13,423
Les Eoliennes en Mer de Vendee, SAS	France	-	43%	Ernst & Young	Wind energy production	17,187	(437)	-	(625)	(625)	16,125
Ceprastur, A.I.E.	Oviedo, Spain	-	56.76%	Unaudited	Mini-hydroelectric electricity production	361	35	-	(7)	(7)	389
Eólica de Coahuila, S. de R.L. de C.V.	Mexico City	0.03%	99.97%	Unaudited	Wind energy production	105	(107)	-	(53)	(53)	(55)
Tebar Eólica, S.A	Spain	-	50%	Abante Audit Auditors, SL	Wind energy production	4,720	1,978	-	-	-	6,698
Evolución 2000,S.L	Spain	-	49.15%	KPMG	Wind energy production	118	12,501	(475)	1,149	1,149	13,293
Desarrollos energéticos Canarias, S.A	Spain	-	49.90%	Unaudited	Wind power: Wind farm development	60	(25)	-	-	-	35
Compañía Eólica Aragonesa	Spain	-	50%	Deloitte	Wind energy production	6,701	59,059	-	6,905	6,905	72,665
Flat Rock Windpower LLC	New York	-	50%	Ernst & Young	Wind energy production	-	-	-	-	-	-
Flat Rock Windpower II LLC	New York	-	50%	Ernst & Young	Wind energy production	-	-	-	-	-	-
Modderfontein Wind Energy Project	Cape Town	-	43%	Mazars Inc.	Wind energy production		-	-	-	-	-

edp renováveis

ENERGY AS THE NEW ART

MANAGEMENT REPORT
2016

edp renováveis

ENERGY AS THE NEW ART

ENERGY AS THE *NEW* ART

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RENEWABLE ENERGY AS THE *NEW* ART

ENERGY AS THE NEW ART

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WIND
AS THE NEW ART

ENERGY AS THE *NEW* ART

1
The Company

1.1 EDP Renováveis in brief

1.1.1 VISION, MISSION, VALUES AND COMMITMENTS

Vision

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

Mission

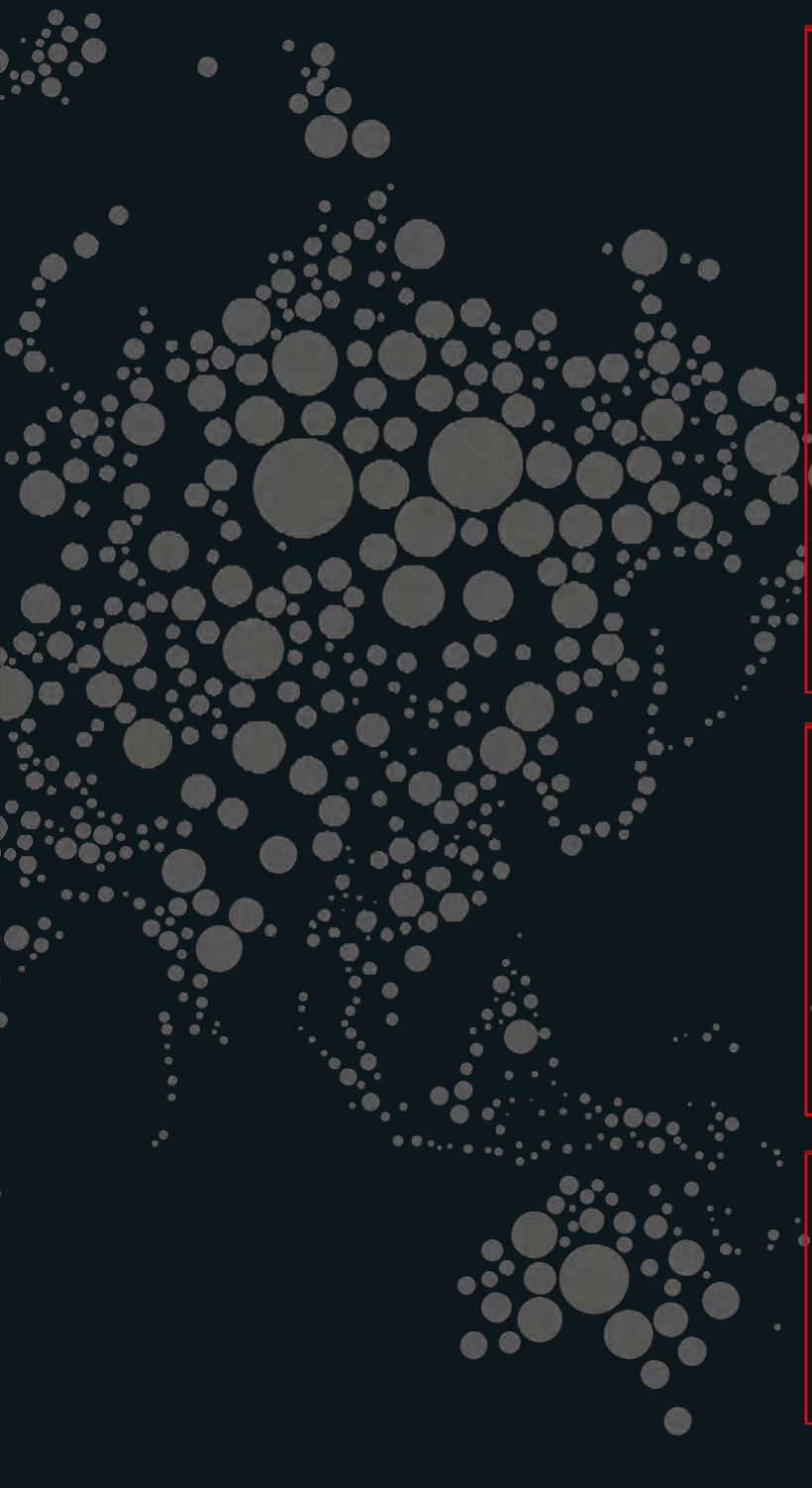
Aim to be a long-term market leader in the renewable energy sector, pursuing credibility through safety, value creation, social responsibility, innovation, and respect for the environment.

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

1.1.2. WORLD PRESENCE

During 2016 EDP Renováveis generated 24.5 TWh avoiding the emissions of 20.1 mt of CO_2

EDPR is a market leader with top quality assets in 12 countries, managing a global portfolio of 10.4 GW of installed capacity, 248 MW under construction and much more in pipeline development, employing 1,083 employees.



EUROPE

Spain
373 employees
2,371 MW Operational
4,926 GWh generated

France
53 employees
388 MW Operational
777 GWh generated
+18 MW under construction
+430 MW offshore in pipeline

Poland
38 employees
418 MW Operational
951 GWh generated

Italy
23 employees
144 MW Operational
258 GWh generated
+127 MW in pipeline with PPA

Portugal
72 employees
1,251 MW Operational
3,047 GWh generated
+3 MW under construction

Belgium
2 employees
71 MW Operational
128 GWh generated

Romania
32 employees
521 MW Operational
1,143 GWh generated

United Kingdom
34 employees
1.1 GW (max)
of offshore in pipeline

NORTH AMERICA

United States
410 employees
4,811 MW Operational
12,501 GWh generated
+100 MW under construction
+551 MW in pipeline with PPA

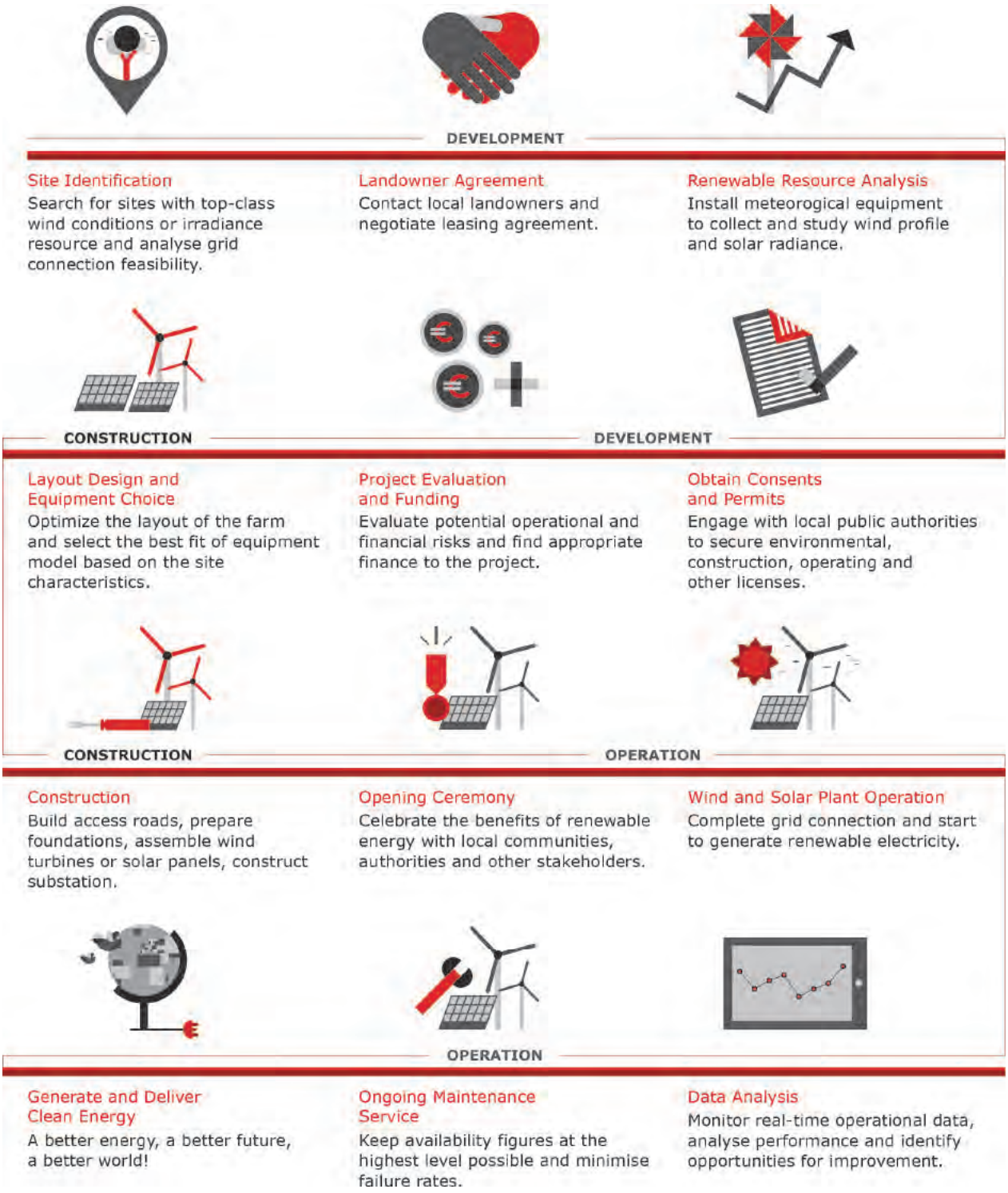
Mexico
7 employees
200 MW Operational

Canada
5 employees
30 MW Operational
75 GWh generated
+100 MW in pipeline with PPA

BRAZIL
34 employees
204 MW Operational
666 GWh generated
+127 MW under construction
+140 MW in pipeline with PPA

1.1.3 BUSINESS DESCRIPTION

Our renewable energy business grossly comprises the development, construction and operation of fully controlled wind farms and solar plants to generate and delier clean electricity.



1.1.4. STAKEHOLDER FOCUS

EDP Renováveis, in line with the policies created by the EDP Group, is an innovative company concerning the way it manages the relations with its stakeholders. One of the company's main objectives is to serve and engage with not only its investors and shareholders, but with the remaining stakeholders as well: employees, suppliers, communities and the media, among others. All of these translates into important relationships that impact the company's performance.

Because of this vision, we aim to maintain and enhance an open and transparent dialogue with our stakeholders to build and strengthen trust, promote information and knowledge sharing, predict future challenges and identify opportunities for cooperation.

We have four main guiding commitments: Comprehend, Communicate, Collaborate and Trust. These are part of a comprehensive plan that involves all business areas and uses cross-functional tools.

Comprehend

Include, Identify, and Prioritize: We have dynamically and systematically identified the Stakeholders that influence by the Company, and we analyse and try to understand their expectations and interests in the decisions that directly impact on them.

Communicate

Inform, Listen, and Respond: We are commited to promoting two-way dialogue with Stakeholders through information and consulting initiatives. We listen, inform and respond to Stakeholders in a consistent, clear, rigorous and transparent manner, with the aim of building strong, durable close relationships.

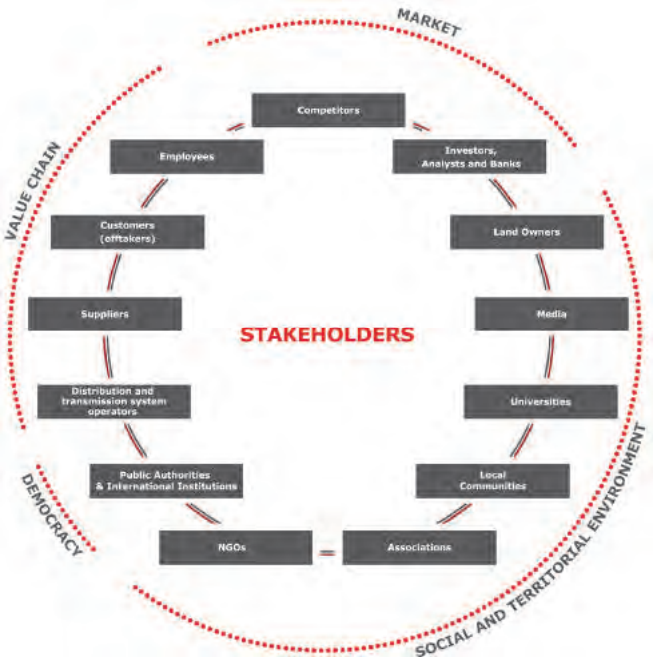
Collaborate

Integrate, Share, Cooperate, Report: We aim to collaborate with Stakeholders to build strategic partnerships that bring together and share knowledge, skills and tools, thereby promoting the creation of shared value in a differentiating manner.

Trust

Transparency, Integrity, Respect, Ethics: We believe that the promotion of a climate of trust with our Stakeholders is crucial to establishing stable, long-term relationships. Our relationship with stakeholders is based on values like transparency, integrity and mutual respect.

We want to communicate cohesively with the various groups of stakeholders, regardless of the department they fall under. The image below lists the different stakeholders groups, using Spain as an example:



After surveying stakeholders' perceptions and expectations, a whole new Stakeholder Management Plan was put in place aiming to satisfy those expectations by generating value, improving performance and minimizing possible risks to the business.

This year we started a series of initiatives aiming to improve performance beyond mere adequacy and to truly engage our different stakeholder groups in a convergent manner and with common practices and messages. For this purpose, it was necessary to change from a vision and management centered on departments or business units to a corporate, cross-functional, convergent model that offers coherence and synergy, secure alignment and promote the efficient use of resources.

Furthermore, a **Stakeholder Steering Committee** was created to establish the Stakeholders Management Plan, monitor progress and evaluate results. In addition, a **Stakeholder Working Group**, made up of members from different departments and units is in charge of enacting the committee's plans, made the ideas operational and impactful.

Following the first major stakeholder survey conducted in Spain, working groups were set up to put in action plan into practice across the company.

In addition to soft indicators such as satisfaction, relations, credibility, important issues for each stakeholder, delivery and transparency, the Stakeholders Management Plan also includes new indicators, such as the degree of influence on business-related decision-making processes, as well as the relevance of issues for EDPR's business. Therefore, the Stakeholders Management Plans for 2016 and beyond aim not only to improve perception, but also make an impact on the business. Technological tools, such as CRM (Customer Relations Management), will be used in stakeholders' management in order to re-shape the way information is handled.

HOW CAN WE IMPACT EDPR'S BUSINESS ON A GLOBAL SCALE?

Following this pilot project for stakeholders management in the Spanish market, in the future we will conduct similar practices across all EDPR markets around the world. The goal is developing a global vision of the company's relationships with stakeholders across its different locations in a transversal way.

Main communication channels

Media and all communication channels play a key role in managing the relations with the stakeholders. EDPR uses diverse channels to communicate with our stakeholders. In addition, to ensure continuous dialogue and a close relationship with them, EDPR aims to use the most effective channels to identify and manage expectations, minimizing and ensuring better control of the risks associated with each stakeholder group.

Stakeholders Group	Means of engagement
Employees	• Internal communications and surveys • Intranet, Magazine, Newsletter, HR App and Corporate TV • Annual Meeting, Training and Evaluation
Customers (mostly offtakers)	• Meetings, Reports and Updates
Transmission / distribution system operators (DSO/TSO)	• Institutional Interactions (from the initial request to connect into their grid until the start of power production)
Suppliers	• Meetings, Emails, • Evaluation and Inquiries
Investors, Analysts and Banks	• Website, Quarterly and annual reports and presentations • Meetings, Investor Day and Roadshows • Inquiries
National and local public authorities	• Local Interactions, Events and Meetings (with Regulators, Tax authorities, City halls)
Landowners	• Regular meetings, Wind farms inauguration
Local community	• Local presence, Meetings, Sponsorships • Events and Corporate social responsibility programmes • Visits to the wind-farms
Associations	• Website, Meetings • Sponsorship and Conferences
Media	• Meetings and Events • Website, Conferences
NGO's	• Meetings and Events • Website, Conferences
Universities	• Corporate social responsibility programmes • Meetings and Events
Competitors	• Website, Events, Conferences • Emails

Through the Stakeholders Global Survey, EDPR works to identify areas of improvement with each particular group by analyzing which communication channels are mostly used with each stakeholder and which ones are the most effective.

In addition, data is collected to understand how much each media channel influence decisions, recommendations and business-related behaviors in a way that helps us managing them in order to generate value for the company in the future. Since communication channels will remain at the center of stakeholder management, all stakeholder's leaders and managers are working together to produce coherent messages, align the strategy and constant monitoring.

1.1.5. SUSTAINABILITY ROADMAP

EDPR, as a renewable energy company, creates great expectations in its stakeholders about Sustainability. Responding to these expectations the company keeps committed to excel in all three pillars of sustainability - namely the economic, the environmental and the social - defining a strategy of best practices. Following a culture of continuous improvement, 10 Sustainability goals were defined within the 2016-2020 Business Plan.

United Nations Sustainable Development Goals (SDGs)	Sustainability Roadmap Strategic Lines (2016-20)
Affordable and Clean Energy; Climate Action	Maintain leadership position in RENEWABLE ENERGY PRODUCTION
Decent Work and Economic Growth	CREATE VALUE while maintaining a LOW RISK profile
Clean Water and Sanitation; Life Below Water; Life on Land	Optimize ENVIRONMENTAL MANAGEMENT
Responsible Consumption and Production	Maintain CIRCULAR ECONOMY in the internal management of the operations
Good Health and Well-being	Ensure high SAFETY STANDARDS for employees and contractors
Peace, Justice and Strong Institutions; Gender Equality	Ensure a high standard ETHICAL PROCESS
Sustainable Cities and Communities	Broaden and harmonize the mechanisms of periodic consultation of STAKEHOLDERS
Industry, Innovation and Infrastructure	Promote INNOVATION in operation and construction phases
No Poverty; Zero Hunger; Quality Education; Reduced Inequalities	Invest in employees DEVELOPMENT and ensure continued compromise with society through VOLUNTEERING
	Support SOCIAL AND EDUCATIONAL INITIATIVES through Fundación EDP

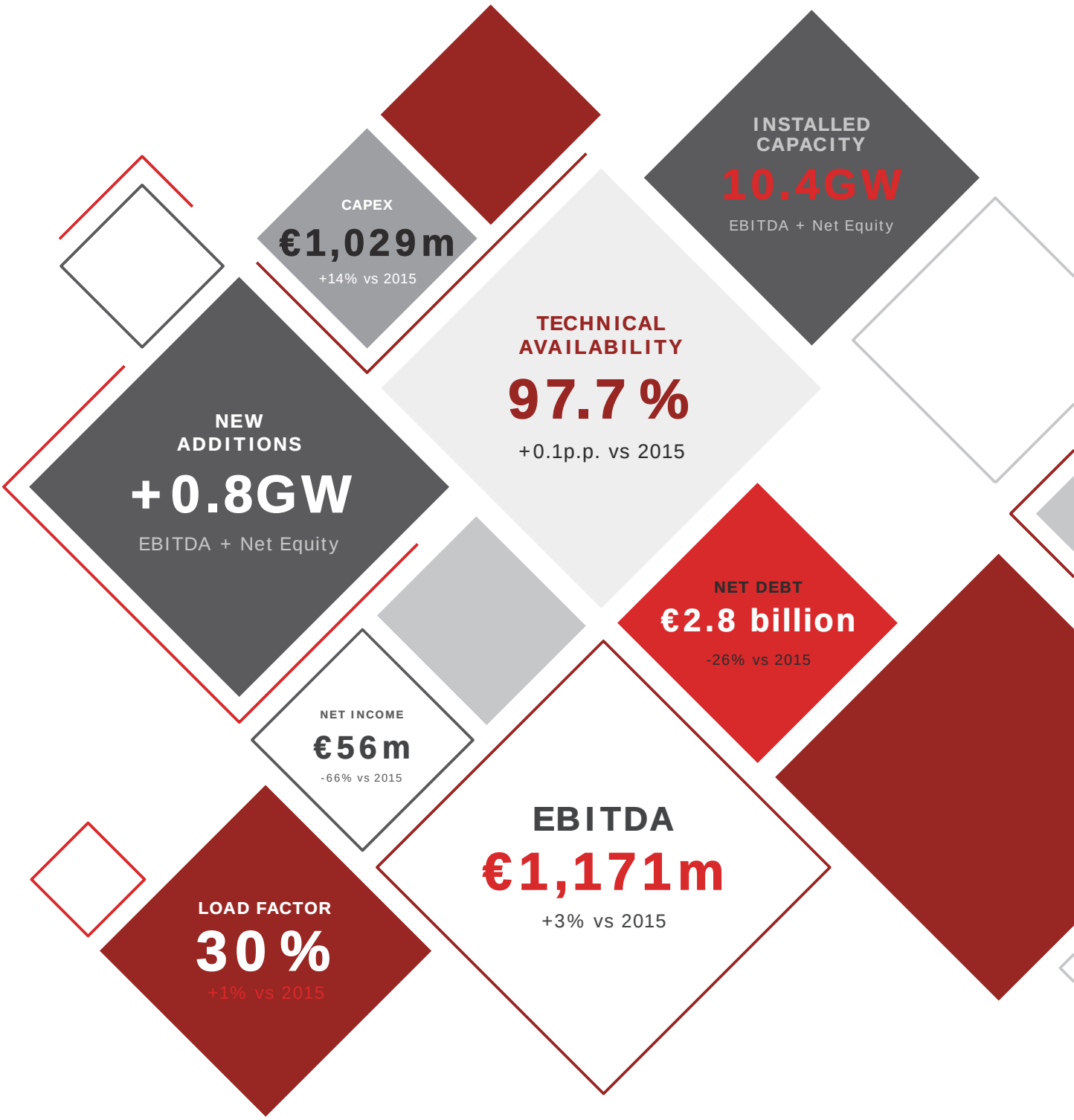
This roadmap brings together the three sustainability pillars and is laid down in 10 different areas: Operational growth, Risk controlling, Economic value creation, Environment, Value circle, People, Governance, Stakeholder Engagement, Innovation and Society. Defined goals make performance measurable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

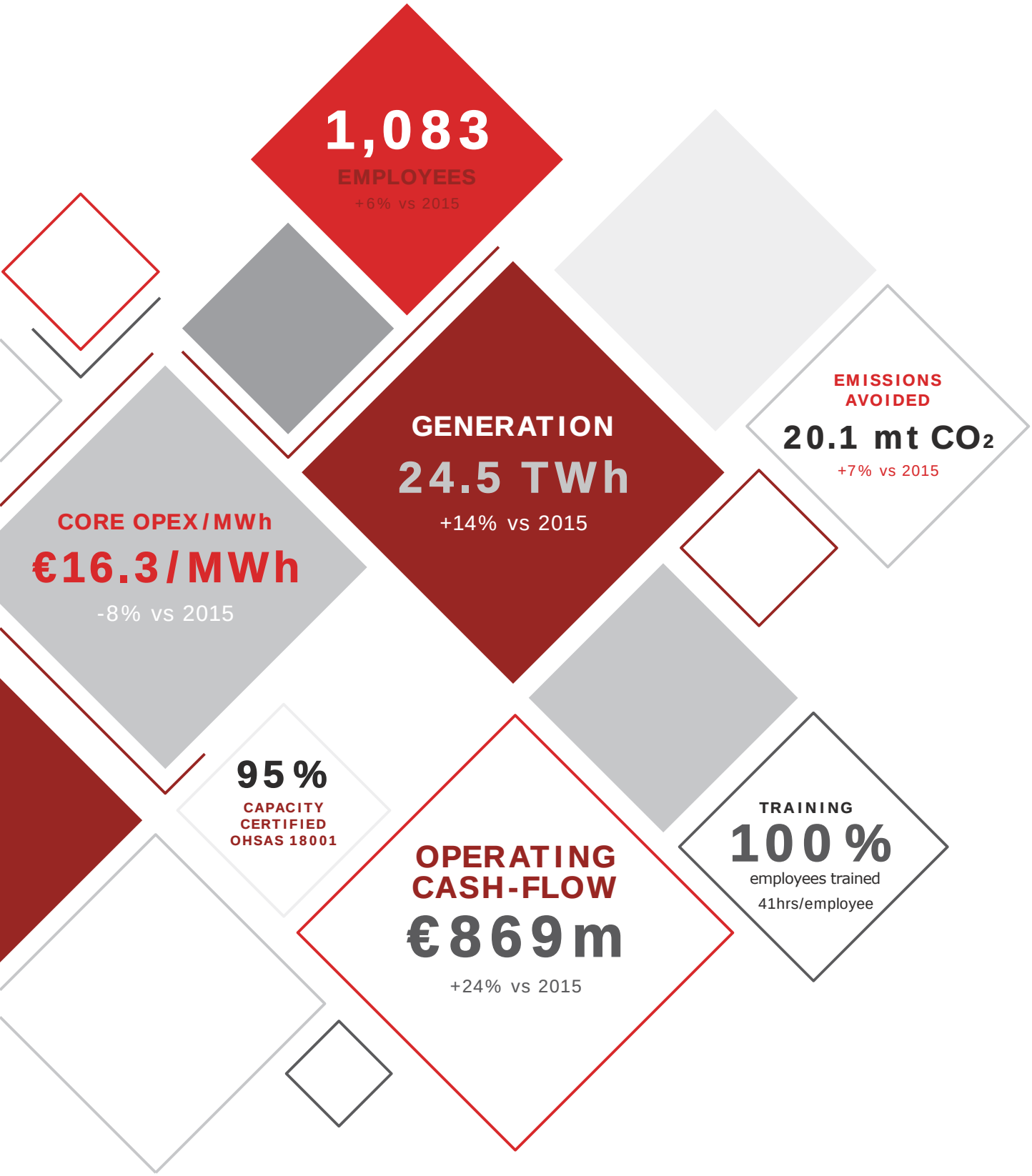
Sustainability Roadmap Indicators (2016-20)	Execution 2016
• Installed capacity: 700 MW /year • Avoided CO_2: +10% (CAGR vs. 2015-20) • < 1% emitted / avoided CO_2	• Increased 770 MW in 2016 • Avoided CO_2: +7% in 2016 • 0.1% emitted / avoided CO_2
• EBITDA: +8% (CAGR vs. 2015-20) • Net Profit: +16% (CAGR vs. 2015-20) • Core OPEX/MW: -1% (CAGR vs. 2015-20)	• Adj. EBITDA: +12%[1] in 2016 • Adj. Net Profit: -4%[1] in 2016 • -5% Core OPEX/MW in 2016
• 100% Certified MWs (ISO 14001) • 100% of critical suppliers with environmental management system (EMS)	• 89% Certified MWs (ISO 14001) based on 2016 Installed Capacity • 88% critical suppliers with EMS
• Maintain hazardous wastes and used water per GWh ratios aligned with previous years • > 90% Hazardous wastes recovered	• 26 Kg./GWh and 0.76 l/MWh • 87% Hazardous wastes recovered
• 100% Certified MWs (OHSAS 18001) • 100% of critical suppliers with H&S management system • Zero accidents mind-set	• 95% Certified MWs (OHSAS 18001) based on 2016 Installed Capacity • 83% critical suppliers with H&S management system
• Zero tolerance for unethical behaviors	• One communication to the Ethics Ombudsman[2]
• Stakeholders Plan development in all geographies	• Stakeholders execution plan in Spain
• c. €10m investments (incl. energy storage and offshore structures)	• c. €2m investment
• >80% of employees in training activities • >40% of employees in volunteering activities	• 100% of employees received training • 20% of employees participated in volunteering activities
• c. €2.5m investment	• €602k investment in 2016

1 Excluding non-recurrent items.
2 In 2016 there was one communication to the Ethics Ombudsmen through the Ethics Channel. However, it was not considered as an issue related to the Ethics Code and it will be suggested to be rejected during the next Committee Ethics. The issue has been submitted to the responsible area in order to be analyzed and take the corresponding measures.

1.2. 2016 in Review

1.2.1. KEY METRICS SUMMARY



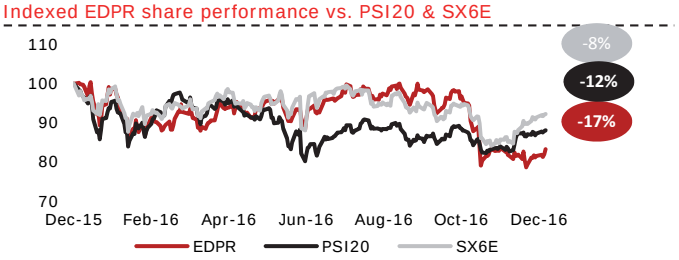

1,083
EMPLOYEES
+6% vs 2015
GENERATION
24.5 TWh
+14% vs 2015
EMISSIONS AVOIDED
20.1 mt CO2
+7% vs 2015
CORE OPEX/MWh
€16.3/MWh
-8% vs 2015
95%
CAPACITY CERTIFIED OHSAS 18001
OPERATING CASH-FLOW
€869m
+24% vs 2015
TRAINING
100%
employees trained
41hrs/employee

1.2.2 SHARE PERFORMANCE

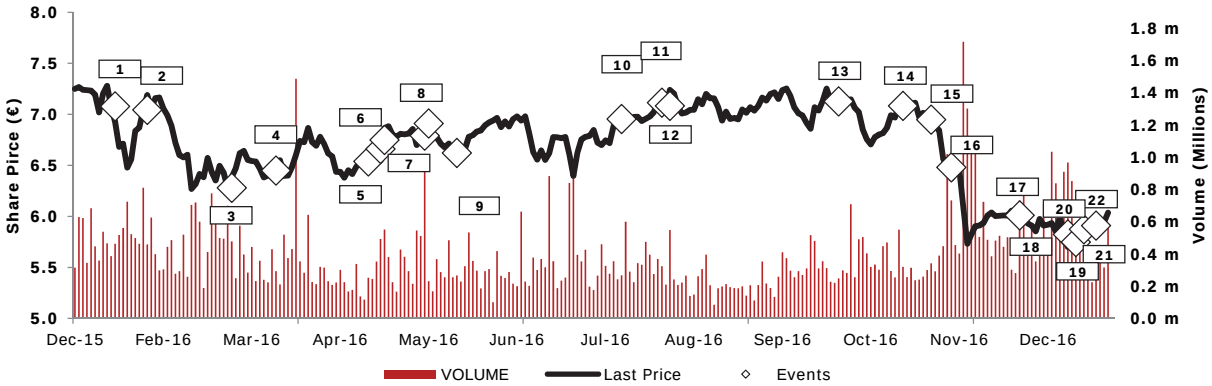
In 2016, EDPR share price closed at €6.04 with and average daily volume of 1.13 million shares.

EDPR has 872.3 million of shares listed and admitted to trading in NYSE Euronext Lisbon. On December 30th 2016 EDPR had a market capitalization of 5.3 billion euro, below than 6.3 billion euro at previous year-end, and equivalent to €6.04 per share. In 2016 total shareholder return was -16%, considering the dividend paid on May 16th of € 0.05 per share.

Indexed EDPR share performance vs. PSI20 & SX6E



EDPR in Capital Markets	2016	2015	2014	2013	2012
Opening price (€)	7.25	5.404	3.86	3.99	4.73
Minimum price (€)	5.70	5.3	3.87	3.58	2.31
Maximum price (€)	7.28	7.25	5.7	4.36	4.86
Closing price (€)	**6.04**	**7.25**	**5.4**	**3.86**	**3.99**
Market capitalization (€ million)	**5,265**	**6,324**	**4,714**	**3,368**	**3,484**
Total traded volume: Listed & OTC (million)	291.07	289.22	396.84	448.15	446.02
...of which in NYSE Euronext Lisbon (million)	103.50	109.67	149.48	200.29	207.49
Average daily volume (million)	1.13	1.13	1.56	1.76	1.74
Turnover (€ million)	1,828.34	1,824.08	1,976.41	1,759.20	1,525.56
Average daily turnover (€ million)	7.11	7.13	7.75	6.9	5.96
Rotation of capital (% of total shares)	32%	33%	46%	51%	51%
Rotation of capital (% of floating shares)	141%	148%	205%	229%	228%
Share price performance	-17%	34%	40%	-3%	-16%
Total shareholder return	**-16%**	**35%**	**41%**	**-2%**	**-16%**
PSI 20	**-12%**	**+11%**	**-27%**	**+16%**	**+3%**
Dow Jones Eurostoxx Utilities	**-8%**	**-5%**	**+12%**	**+9%**	**-9%**



1 EDPR informs about the Spanish renewable energy auction, 14-Jan
2 EDPR FY15 Volumes & Capacity Statement release, 26-Jan
3 EDPR FY15 Annual Results release, 24-Feb
4 EDPR secures a new long term contract for 100 MW in Canada, 10-Mar
5 EDPR Annual Shareholders' Meeting, 14-Apr
6 EDPR executes an asset rotation transaction in Europe, 19-Apr
7 EDPR 1Q16 Volumes & Capacity Statement release, 20-Apr
8 EDPR 1Q16 Results release, 04-May
9 EDP Group Capital Markets Day, 05-May
10 EDPR Payment of Dividends (€0.05 per share), 16-May
11 EDPR 1H16 Volumes & Capacity Statement release, 12-Jul
12 EDPR 1H16 Results release, 26-Jul
13 EDPR secures PPA for new 200 MW wind farm in the US, 28-Jul
14 EDPR established new institutional partnership structure for 328 MW in the US, 26-Sep
15 EDPR 9M16 Volumes & Capacity Statement release, 18-Oct
16 EDPR concludes the sale of minority stakes in Poland and Italy, 27-Oct
17 EDPR 9M Results Release, 03-Nov
18 EDPR secures a 75 MW PPA for a new wind farm in the United States, 28-Nov
19 EDPR established new institutional partnership structure for 101 MW in the US, 14-Dec
20 Changes on EDPR´s corporate bodies, 16-Dec
21 EDPR completed $343m funding of tax equity in the US, 20-Dec
22 EDPR was awarded long term contracts for 127 MW at the Italian wind auction, 23-Dec

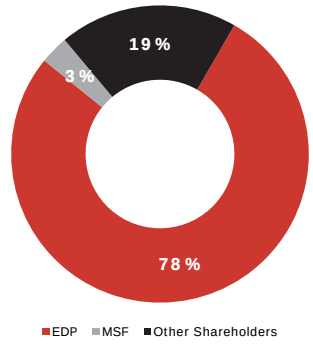
1.3 Organization

1.3.1 SHAREHOLDERS

EDPR shareholders are spread across 23 countries. EDP ("Energias de Portugal") is the major one holding 77.5% of the share capital since launching the company's IPO in June 2008.

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 NYSE Euronext Lisbon regulated market.

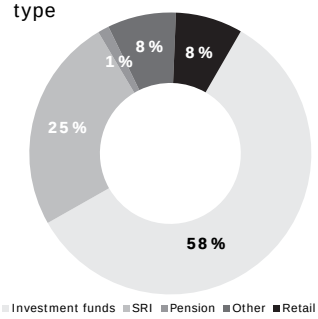
EDPR Shareholders



Major shareholder, the EDP Group

The majority of the company's share capital is owned by EDP Group, holding 77.5% of the share capital and voting rights, since launching the company's IPO in June 2008. EDP Group is a vertically integrated utility company, the largest generator, distributor and supplier of electricity in Portugal, has significant operations in electricity and gas in Spain and is one of the largest private generation group in Brazil through its stake in Energias do Brasil. In the Iberian Peninsula, EDP is the third largest electricity generation company and one of the largest distributors of gas. EDP has a relevant presence in the world energy outlook, being present in 14 countries and close to 12,000 employees around the world. In 2016, EDP had an installed capacity of 25.2 GW, generating 70 TWh, of which 33% come from wind. EDP is part of sustainability indexes (DJSI World and Europe), following its performance in the economic, social and environmental dimensions. Its holding company, EDP SA, is a listed company whose ordinary shares are traded in the NYSE Euronext Lisbon since its privatization in 1997.

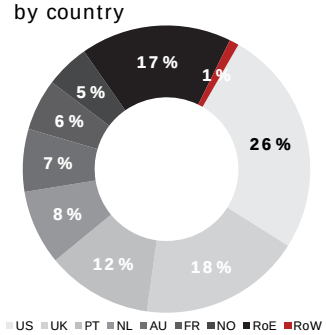
Shareholders (Ex-EDP) by type



Other qualified shareholders

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

Shareholders (Ex-EDP) by country



Broad base of investors

EDPR has a broad base of international investors. Excluding EDP Group, EDPR shareholders comprise more than 65,000 institutional and private investors spread worldwide. Institutional investors represent about 92% of EDPR investor base (ex-EDP Group), while the remaining 8% stand private investors, most of whom are resident in Portugal. Within institutional investors, investment funds are the major type of investor, followed by sustainable and responsible funds (SRI). EDPR is a member of several financial indexes that aggregate top performing companies for sustainability and corporate social responsibility.

Worldwide shareholders

EDPR shareholders are spread across 23 countries, being United States the most representative country, accounting for 26% of EDPR shareholder base (ex-EDP Group), followed by United Kingdom, Portugal, Netherlands, Australia, France and Norway. In Rest of Europe the most representative countries are Switzerland, Spain and Sweden.

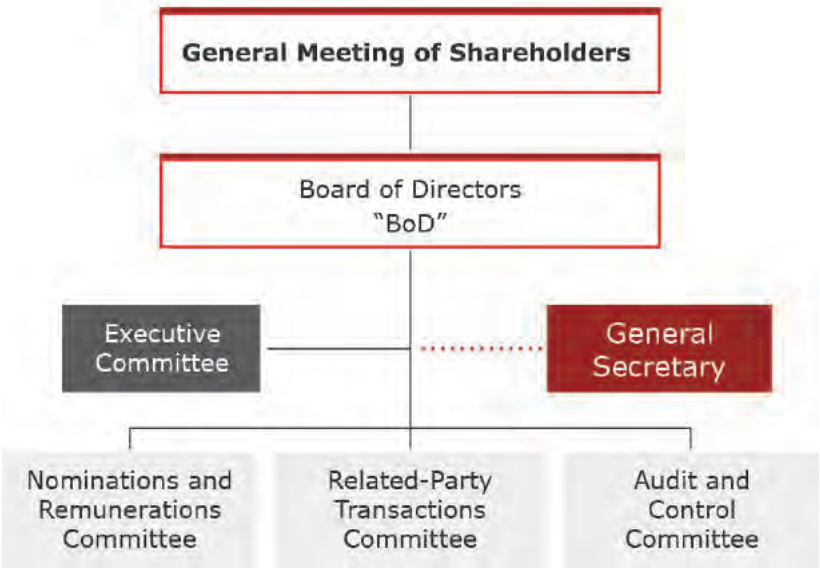
1.3.2 GOVERNANCE MODEL

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

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

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

This governance structure and composition was chosen to adapt the company's corporate governance model also to the Portuguese legislation and it seeks, insofar it is compatible with the Spanish law, to correspond to the so-called "Anglo-Saxon" model set forth in the Portuguese Commercial Companies Code, in which the management body is a Board of Directors, and the supervision and control duties are of the responsibility of a separate body, a Supervisory Board.



General Shareholders' Meeting

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

Board of Directors

António Mexia
Chairman

Emilio García-Conde
General Secretary

João Manso Neto
Vice-Chairman and CEO

Miguel Dias Amaro
CFO

João Paulo Costeira
COO Europe & Brazil

Gabriel Alonso
COO North America

Nuno Alves

João Lopes Raimundo

Jorge Santos
Chairman

João de Mello Franco
Chairman

José Ferreira Machado
Chairman

Manuel Menéndez

Allan J.Katz

António Nogueira Leite

Francisca Guedes de Oliveira

Gilles August

Francisco da Costa

Acácio Piloto

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

Board of Directors

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

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

Executive Committee

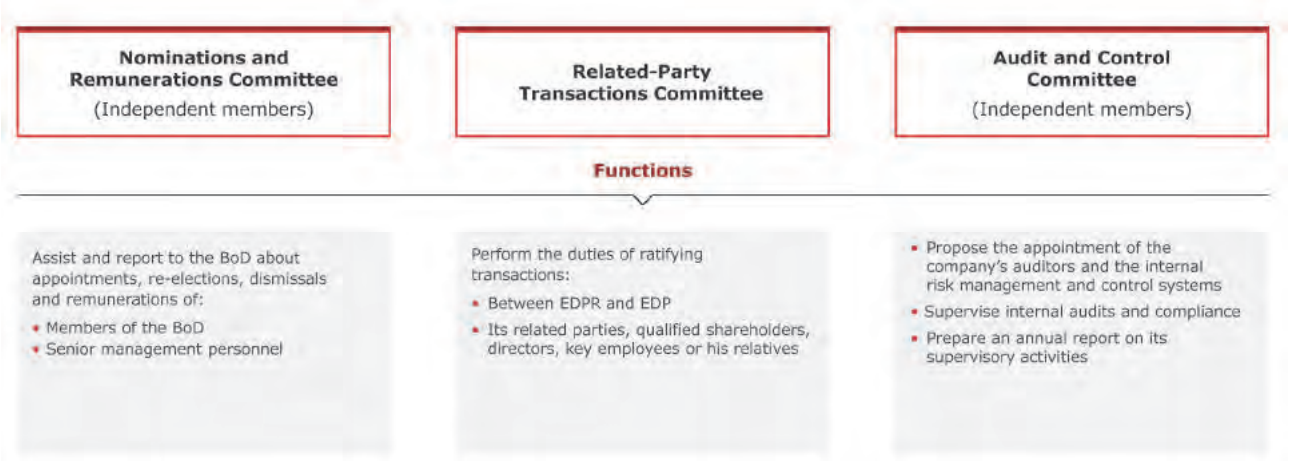
EDPR's Executive Committee (EC) is composed by four members, including a Chief Executive Officer (CEO). The CEO coordinates the implementation of the BOD decisions and the Corporate and General Management functions, partially assigning those to the other executive officers, namely: the Chief Financial Officer (CFO), the Chief Operating Officer for Europe and Brazil (COO EU & BR) and the Chief Operating Officer for North America (COO NA).

The CFO proposes and ensures the implementation of the financial policy and management, including financial negotiation, management and control, cash management optimization and financial risk management policy proposal; he also coordinates and prepares the business plan and the budget, manages the financial statements reporting analyses the operational and financial performance and coordinates procurement function and relations with key suppliers while ensuring the implementation of the procurement strategy and policy.

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

Nominations and Remunerations, Related-Party Transactions and Audit and Control Committees

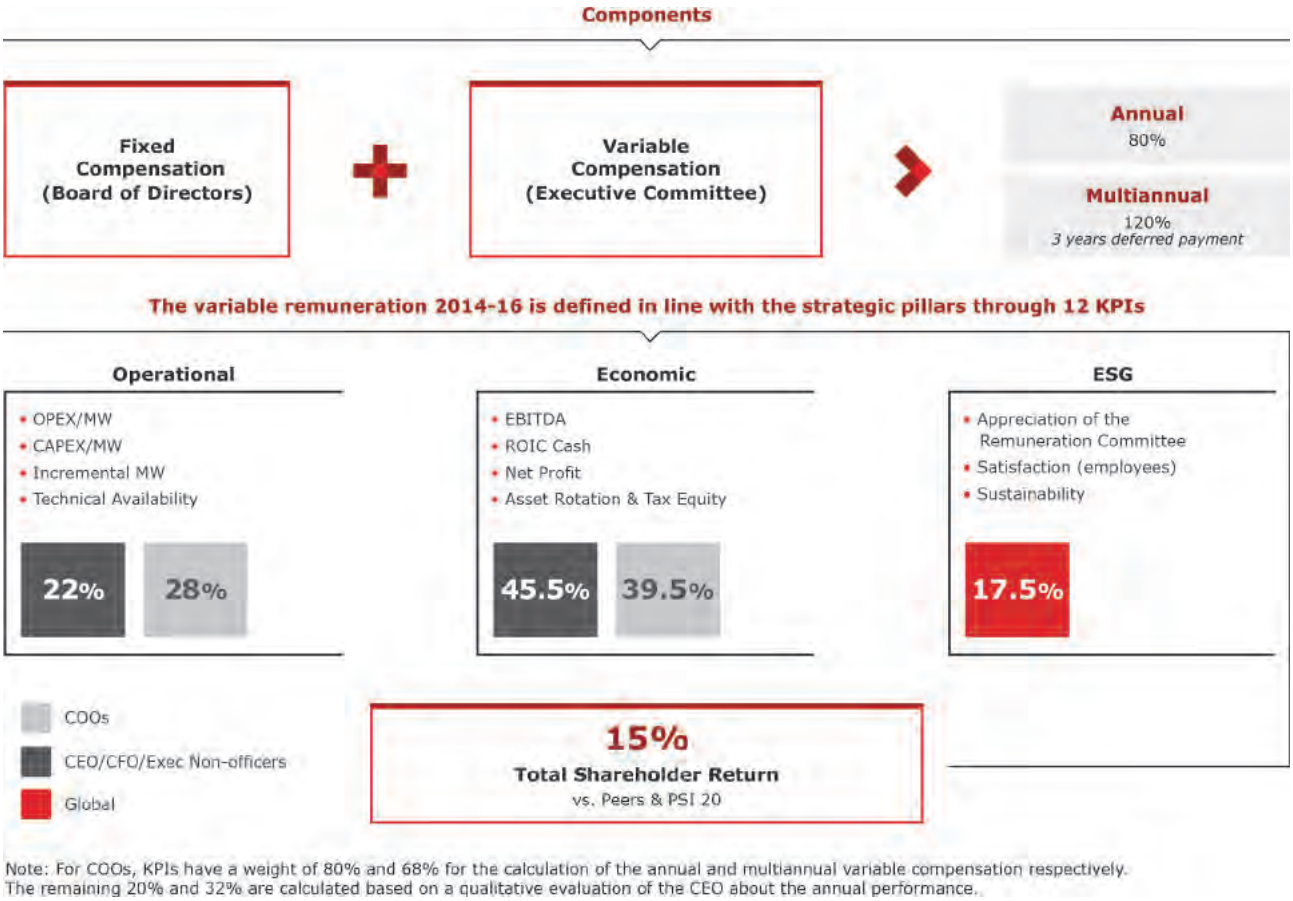
In addition to EC referred above, EDPR governance model contemplates permanent bodies with an informative, advisory and supervisory tasks independently from the BoD, such as:



Remuneration Policy

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

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



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

For further detailed information regarding the responsibilities and roles of the different social bodies, as well as 2016 activity, please refer to the Corporate Governance section, at the end of this report. The company also posts its up-to-date articles of association and regulations at www.edpr.com.

1.3.3 ORGANIZATION STRUCTURE

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

EDPR is organized around three main elements: a corporate Holding and two platforms that group all the business units where the company has presence.

ORGANIZATIONAL MODEL PRINCIPLES

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

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

EDPR HOLDING ROLE

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

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

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

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

INTEGRITY AND ETHICS

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

GOVERNANCE MODEL FOR ETHICS

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

HOW DO WE APPLY OUR CODE OF ETHICS?

EDPR's Code of Ethics applies to all company employees, regardless of their position in the organization and working location, and they all must comply with. Our suppliers should be aligned with the spirit of our Code of Ethics, and this is reflected in our procurement policies.

The Ethics Ombudsman plays an essential role in the ethics process. He guarantees impartiality and objectivity in registering and documenting all complaints of ethical nature submitted to him. He monitors their progress and ensures that the identity of the complainants remains confidential, while entering into contact with them whenever appropriate, until the case is closed.

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

In 2016 there was one communication to the Ethics Ombudsmen through the Ethics Channel. However, it was not considered as an issue related to the Ethics Code and it will be suggested to be rejected during the next Committee Ethics. The issue has been submitted to the responsible area in order to be analyzed and take the corresponding measures.

ETHICS PROGRAM

EDPR is strongly committed with the dissemination and promotion of compliance with the Code of Ethics , which includes a Human Rights section, available to all employees through training, questionnaires, and open discussions of the findings. To this extent, from March to December 2016, EDP offered an online Ethics training ("Ética EDP") available to all employess of both Europe/Brazil and North America. This course achieved a major participation of around 900 EDPR employees.

ANTI-CORRUPTION REGULATION

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

This Anti-Corruption Policy involves a series of new procedures regarding the relationships of EDPR employees with external parties, namely the approval of certain actions regarding hospitality to and from external parties, charitable donations, and sponsorships.

EMPLOYEE RELATIONS

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

At EDPR, from 1,083 employees, 21% were covered by collective bargaining agreements. Collective bargaining agreements apply to all employees working under an employment relationship with some companies of EDPR group, regardless of the type of contract, the professional group into which they are classified, their occupation or job. However, matters relating to the corporate organization itself, the laws of each country or even usage and custom in each country result in certain groups being expressly excluded from the scope of collective bargaining agreements.

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

Despite not taking an active part in the negotiations, EDPR wants to facilitate the broadcast of any update in those agreements. EDPR organized training sessions for its employees to inform about the results of those negotiations.

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.

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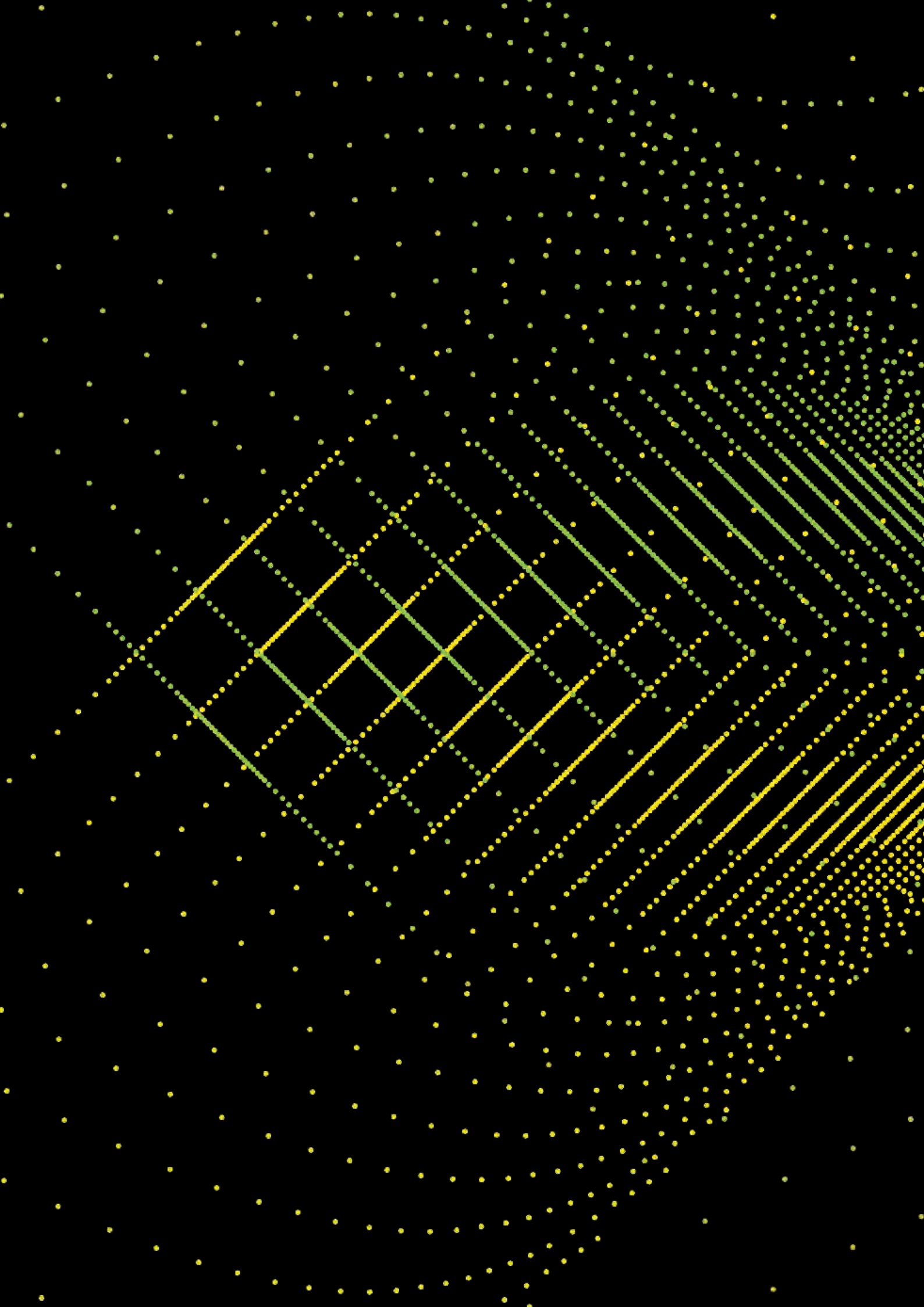
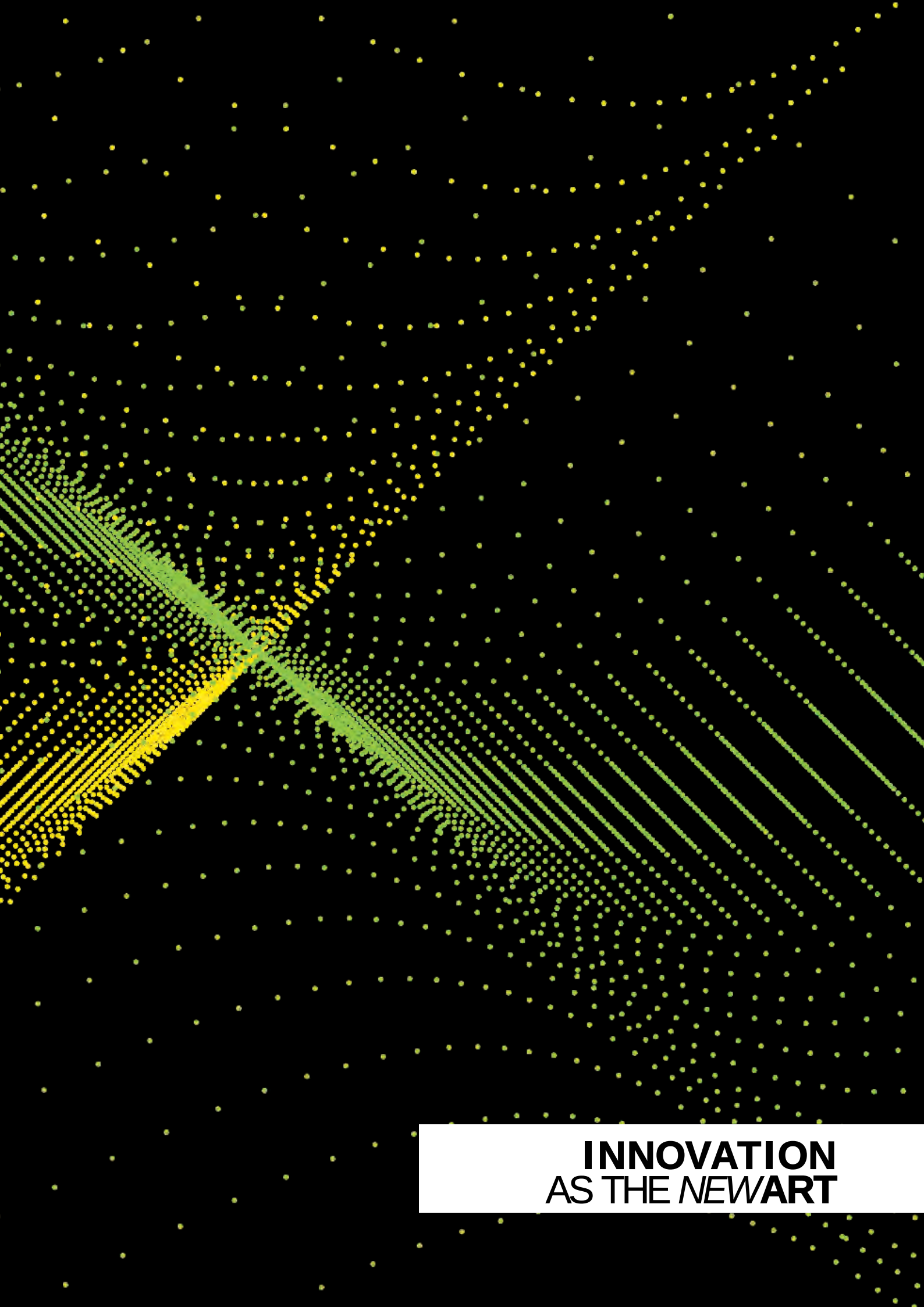




INNOVATION AS THE *NEW* ART

ENERGY AS THE *NEW* ART

2
Strategy

2.1. Business environment

2.1.1. THE IMPORTANCE OF RENEWABLES

Renewable energy is a fundamental part of the world's ongoing energy transformation. On the one hand, it is a critical part of reducing global emissions and keeping global temperature increase below 2°C, as agreed in Paris. On the other hand, renewables are increasingly competitive with conventional technologies while they achieve a myriad of socioeconomic benefits. Hence, renewable energies fuel economic growth, increase energy security, create new employment opportunities, enhance human welfare and contribute to achieve development goals, among other benefits.

Necessary to stop climate change and comply with international agreements

Human activities are releasing critical amounts of carbon dioxide and other greenhouse gases (GHG), which trap heat and steadily drive up our planet's temperature, eventually compromising our climate. Climate scientists agree that human-caused climate change is happening based on massive scientific record and climate change effects are easily observed and are evidenced by data as global temperatures increase of 0.9°C (compared to 1880's levels), rising sea levels (around 17 cm in the last century) or, noticeable Greenland and Antarctic ice sheets melting. There has been a "step change" in momentum on climate change in the past decade, with large developing countries led by China aiming at reducing their emissions alongside accelerated action by the U.S. under President Barack Obama.

The Paris Agreement, ratified in November 2016, aims at avoiding the worst effects of climate change and opens up a path towards a decarbonized economy.

As anthropogenic GHG result primarily from the combustion of fossil fuels, effective action in the energy sector is, consequentially, essential to tackle climate change issues. According to the International Renewable Energy Agency (IRENA), reaching a 30% renewables share by 2030, coupled with higher energy efficiency, would be enough to prevent global temperatures from rising more than 2°C above preindustrial levels. It is becoming increasingly clear that the investments required to reduce emissions will be modest in comparison with the benefits from avoided climate change damages.

According to IRENA, the cost of doubling the renewable energy share by 2030 would be US$ 290 billion per year which is expected to be at least 4 and up to 15 times less than the external costs avoided.

Therefore, renewable energy is a cornerstone for achieving climate targets and onshore wind, because of its maturity and competitiveness, is expected to be at the forefront of the required transformation of our energy sector.

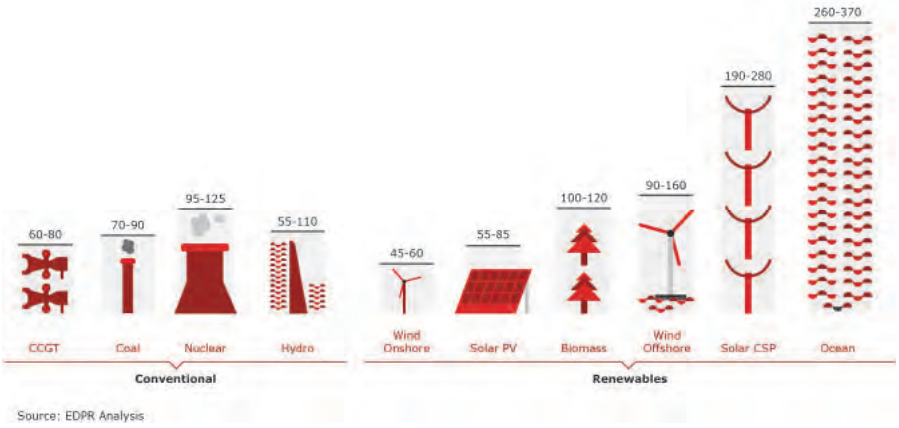
Renewables are the cheapest option in many parts of the world

Nowadays, some renewable's technologies (wind and solar PV in particular) are competitive with conventional technologies. According to the levelised cost of energy (LCOE), onshore wind already generates the cheapest source of electricity in some regions while solar PV is also becoming increasingly competitive as stated by many experts and prestigious analysts, including Bloomberg Energy Finance, IRENA or Lazard. Despite the substantial cost reduction of onshore wind since the early 1980s, there is still significant further potential for the next decade as costs are expected to keep falling due to improved turbine designs, the use of larger and more reliable turbines, increased hub heights and rotor diameters capable to unlock higher capacity factors at the same wind resource. According to IRENA, by 2025, the LCOE of onshore and offshore wind could see declines of

In Spain, according to the Spanish Wind Energy Association, 2016's average wholesale electricity price would have been 15.3€/MWh higher (28%) if the 23 GW wind fleet had not been producing energy.

26% and 35% respectively, while solar PV's could fall by as much of 59%. Additionally, since renewables energies do not use fossil fuels, they are not exposed to their inherent price volatility, being their LCOE foreseeable and stable.

Levelized Revenue Requirements (€16/MWh):



The increased competitiveness of wind was highlighted in the latest energy auctions held all over the world: in 2016, the price of wind energy, not only reached historical minimums (below 40US$/MWh), but was often lower than any other technology. On the other hand, increasing the supply of renewable energy tends to lower the average price per unit of electricity because they have very low marginal costs as they do not have to pay for fuel, therefore reducing wholesale prices and ultimately, the cost for consumers.

Fundamental pillar of sustainability and energy independence

The limitless nature of wind resource contributes to its sustainability: the use of wind resource allows to slow down the pace of fossil fuel depletion and to maintain the balance between the existing natural resources and their consumption, besides having a reduced environmental impact as they do not pollute or generate waste, contributes to air quality and does not require water or fuels. Another advantage is that wind resource is also endogenous, improving countries' energy supply security by decreasing the vulnerability of many countries due to interruption or alteration of the energy supply and enhances the energy independence, bringing significant cost savings by reducing gas and oil imports. This is very relevant for most of the countries, particularly in Europe, as the largest share of fossil fuel reserves is concentrated in a small number of countries (mainly in the Middle East).

A driver for growth and regional development

Renewable energy generates wealth, support the creation of new jobs and strengthen industrial network. Compared with fossil fuel technologies, which are typically mechanized and capital intensive, the renewable energy industry is more labour-intensive as on average, more jobs are created for each unit of electricity generated from renewable sources than from fossil fuels. According to IRENA, the renewable sector employs, directly and indirectly, over 8 million of people around the word, of which, the wind sector represents more than 1 million jobs. Since most of the facilities are in rural areas, wind energy creates local wealth: the largest share of the jobs created are local and local taxes, in particular, land taxes, often represent a large share of the income of the municipalities in which wind farms are built. In developing countries, renewables are becoming increasingly important: an estimated 1.2 billion people still do not have access to electricity according to IEA, which severely jeopardizes their well-being and economic development, presenting a strong case for increased deployment of renewables, since off-grid renewable solutions offer the most cost-effective way to extend energy access to all.

Improved public health and environmental quality

Building wind and solar facilities helps to improve public health mainly by displacing noxious emissions from coal-fired power plants. Air pollution is becoming a severe problem in many regions of the world, in particular in big cities, due to smog, which is highly toxic for the health, reduce visibility and contribute to acid rain, which can damage vegetation and crops. Air pollution has emerged as the deadliest form of pollution and the fourth leading risk factor for premature deaths worldwide, according to the World Bank. Those deaths cost the global economy about US$225 billion, the World Bank study finds, pointing toward the economic burden of air pollution.

PARIS AGREEMENT ALREADY RATIFIED BY COUNTRIES THAT REPRESENT AROUND 89% OF THE WORLDWIDE EMISSIONS

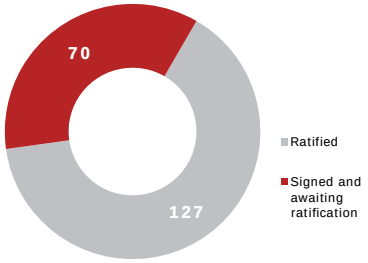
The global low-carbon transition is already underway and gaining momentum, following the adoption of the first universal climate change agreement and its ratification in November 2016.

The Paris Climate Change Agreement, the result of the most intricate, far-reaching and critical international climate negotiation ever attempted, came into force the 4th November 2016, much earlier than expected thanks to the early ratification of a large number of countries.

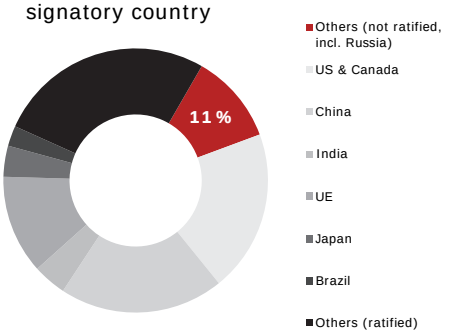
The Agreement is undoubtedly a turning point in the history, cementing the combined political, economic and social will of governments, cities, regions, corporations and citizens to avoid the worst effects of climate change.

The Paris Agreement sparked an unprecedented wave of action and pledges to boost renewable energy industry all around the world. But even if undoubtedly the Paris Agreement gave hope, 2016 was also marked by unprecedented climate concerns. On the one side, 2016 was the hottest year on record and a new high for the third year in a row, according to the UN. Additionally, the World Meteorological Organization has now confirmed that the average global concentration in the atmosphere of the main greenhouse gas, carbon dioxide, reached the symbolic and significant milestone of 400 parts per million for the first time in 2015 and broke new records in 2016.

Countries that already signed the COP21 agreement



Weight of emissions by signatory country



Against this backdrop, non-State actors are increasingly aware of the need to address climate change. The preparation of the Paris Agreement has shown that fighting against climate change is no longer an issue for governments to solve alone and that companies have a key role to play. Spurred by rising expectations of society and corporate targets, an increasing number of companies have grasped the challenges and opportunities of moving towards a low-carbon economy and addressing climate change is becoming a key part of their corporate strategy. In the US, for example, corporate buyers (including Google, Facebook, Amazon, Apple and many others), contracted for almost 2.5 GW of new renewable energy PPA capacity in 2016.

The electricity sector will play a central role in the transition towards a low-carbon economy. It can almost totally eliminate CO_2 emissions by producing electricity from renewable sources, and offers the prospect of partially replacing fossil fuels in transport and heating. Indeed, according to “Climate Action Tracker”, which provides independent scientific analysis, all 1.5°C pathways foresee a fully decarbonized power system by 2050, which implies a power system consisting entirely of renewables and other zero or low carbon sources.

What is the Paris Agreement?

It is a climate accord reached by nearly 200 countries in December 2015. The Agreement commits world leaders to keeping global warming below 2°C seen as the threshold to avoid the worst effects of climate change, and endeavor to pursue a safer target of 1.5°C. Each country submitted national pledges to achieve the goals and the agreement includes a mechanism for periodical revisions of those targets. The agreement also include a long-term goal for a net zero emissions, which could effectively phase out fossil fuels. The accord also places a legal obligation to provide climate finance to developing countries.

YES TO WIND POWER

In the wake of the of success of the Yes to Wind Power campaign launched in 2015 in Spain, it grew in 2016 by expanding into the markets of Italy, Romania, Poland and France.

In order to demonstrate the benefits of renewable energy, especially wind power, the campaign aims above all to show that renewable energy is the most effective way to mitigate climate change in the short term and fulfill commitments made at COP21. In addition, it highlights the competitiveness of this type of energy. To inform society about these issues, this social media campaign centered on the Energy Hipster character who, in 2016, began answering questions and sharing the answers with the entire community on Facebook and Twitter. Through the Energy Hipster and the campaign webpage, journalists, opinion leaders and the general public across these four countries had access, in their language, to up-to-date scientific information in a format easy to read and understand.

Campaign publications in Poland, Spain, Italy and Romania:

Total number of campaign impacts: **2,580,769** (doubled compared to the previous year).

Twitter: **4,462,785 hashtag impacts l** Generation of a community of **1,280 fans**

Facebook: **73% increase in community size** YOY **l Publication reach of 1,569,001**

2.1.2. THE EVOLUTION OF RENEWABLES AROUND THE WORLD

Wind

According to Global Wind Energy Council (GWEC), 54.7 GW of wind capacity were grid-connected in 2016, bringing total global installed capacity to nearly 487 GW.

Once again, **China** led wind power installations with 23.3 GW of new capacity, below 2015's spectacular results (30 GW) though, raising its total wind installed capacity to 169 GW. With 0.7 GW offshore capacity installed in 2016, China overcame Denmark and achieved third place in global offshore rankings, after UK and Germany.

The **US** was the second largest wind market with an additional 8.2 GW, bringing the US cumulative capacity to 82.2 GW, surpassing hydropower capacity to become the largest source of renewable capacity and the fourth largest overall. By state, Texas connected 2.6 GW in 2016, followed by Oklahoma (1.5 GW) and Iowa (0.7 GW). With these additions Texas remains the largest wind State, outstripping the 20 GW landmark, followed by Iowa (6.9 GW) and California (5.7 GW). US also commissioned its first offshore wind project, the 30 MW Block Island project off the coast of Rhode Island.

In **Europe**, renewable energy sources made up nearly 90% of capacity additions, a sign of the continent's rapid shift away from fossil fuels. For the first time, wind overtook coal and became the second largest source of power generation capacity only behind natural gas, which is particularly impressive as ten years ago it was only the sixth technology. In 2016, wind facilities made up more than half of Europe's new power capacity and met 10.4% of total electricity demand. According to Wind Europe, 12.5 GW of wind were installed during 2016 in EU, of which 1.6 GW were offshore, representing together 51% of all new capacity. These results make cumulative installed capacity in Europe amounting to 153.7 GW of wind, of which 12.6 GW are offshore, cementing the European leadership. Germany was again the largest market with 5.4 GW of new capacity (of which 0.8 GW were offshore) and France came second with a record year of 1.6 GW, followed by Turkey (1.4 GW) and Netherlands (0.9 GW, of which 0.7 GW offshore). In terms of cumulative capacity, Germany maintains its leadership with 50.0 GW, followed by Spain (23.1 GW), UK (14.5 GW), France (12.1 GW) and Italy (9.3 GW).

Almost 90% of new power in Europe from renewable sources in 2016

In **Latin America**, 2016 was a remarkable year for Brazil that installed 2.0 GW and surpassed 10 GW of wind installed capacity. Chile added 0.5 GW reaching 1.4 GW of capacity while Mexico connected 0.5 GW closing the year with 3.5 GW.

Other emerging economies that achieved very good results were India, setting a new national record of 3.6 GW and consolidating its position as fourth largest wind market, South Africa (0.4 GW) and Pakistan (0.3 GW).

Solar

2016 was an outstanding year for solar PV with 76.1 GW of capacity additions which compares with 51.2 GW in 2015. The largest market was China, which added 34.2 GW, an 125% increase versus 2015. US ranked second with estimated additions of 14 GW, up from 7.3 GW in the previous year and Japan and India were the following markets adding, respectively 8.6 and 4.5 GW. European countries installed around 6.9 GW of solar power in 2016, a 20% decrease compared to the 8.6 GW that was installed in the previous year, according to Solar Power Europe. The growth was mainly driven by the UK, Germany, Turkey and France.

"2016 will be remembered as the year that the first solar PPAs were signed at levels that have made solar the lowest-cost power in many regions of the world", James Watson (Solar Power Europe CEO)

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 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 offtakers obliged to fulfil a quota obligation (a share of energy that must be sourced from renewable sources), therefore providing additional income to the generators.

- **TENDERS AND AUCTIONS:** are becoming increasingly popular, they do not represent a support category *per se* as they are used to allocate financial support to different renewables technologies and to determine the support level of other types of support schemes, such as feed-in systems, in a competitive bidding procedure.

- **OTHER:** includes investment grants, low interest loans and tax exemptions to support renewables.

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

Country	Short Description
US	• Sales can be agreed under PPAs (up to 20 years), Hedges or Merchant prices • Renewable Energy Credits (REC) subject to each state regulation • PTC (wind-projects): collected for 10-years since COD ($23/MWh in 2016). Phase out for projects that start construction post 2016 (no PTC post 2019 projects). Projects have 4 years to be placed in service in order to qualify. • ITC: 30% ITC for solar projects and new wind-projects can opt for ITC instead of PTC. Phase out for wind projects follows a similar scheme of the PTC. Phase out for solar projects (projects put in place after 2023 will qualify for just 10% ITC)
Canada	• Feed-in Tariff (Ontario) • Duration: 20-years
Spain	• Wind energy receives pool price and a premium per MW, if necessary, in order to achieve a target return established as the Spanish 10-year Bond yields plus 300bps • Premium calculation is based on standard assets (standard load factor, production and costs) • New assets are remunerated by a premium awarded through competitive auctions
Portugal	• Old regime (before 2006): feed-in Tariff inversely correlated with load factor throughout the year. Duration: 15 years (Feed-in tariff updated monthly with inflation) and possibility to obtain an extension in exchange of upfront payments or discounts on existing tariffs • New regime (after 2006): price defined through competitive tenders
France	• Feed-in tariff for 15 years: ▪ First 10 years: receive €82/MWh; inflation type indexation ▪ Years 11-15: depending on load factor receive €82/MWh @2,400 hours decreasing to €28/MWh @3,600 hours; inflation type indexation ▪ New assets will be remunerated through a Contract-for-Difference scheme
United Kingdom	• Market price plus Green Certificate ("Renewable Obligation Certificate") system in place since 2002 • The GC system will be closed in 2017 and is being gradually replaced by a Contract-for-difference scheme awarded through competitive tenders

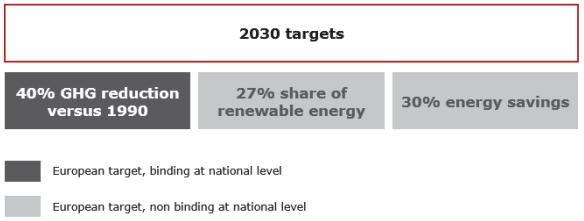
Country	Short Description
Belgium	• Market price plus green certificate (GC) system • Separate GC prices with cap and floor for Wallonia (€65/MWh-100/MWh) • System to adjust the number of GC per MWh according to a predefined profitability level • Option to negotiate long-term PPAs
Poland	• Electricity price can be established through bilateral contracts or selling to distributor at regulated price (PLN 171.14/MWh in 4Q 2016) • Wind receive 1 GC/MWh which can be traded in the market. Electric suppliers have a substitution fee for non compliance with GC obligation. In 2016, the substitution fee was set at PLN300/MWh • New assets will be remunerated by a Contract-for-Difference awarded through competitive auctions
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-2020. Solar assets receive 6 GC/MWh for 15 years. 2 out of the 6 GC earned until Mar-2017 can only be sold after Apr-2017 and until Dec-2020. GC are tradable on market under a cap and floor system • Wind assets (installed after 2013) receive 1.5 GC/MWh until 2017 and after 0.75 GC/MWh until completing 15 years.
Italy	• Wind farms in operation prior to the end of 2012 are remunerated under a pool + premium scheme applicable for the first 15 years of operation • Wind farms commissioned from 2013 onwards: competitive tenders with a 20-year PPA
Brazil	• Old installed capacity under a feed-in tariff program ("PROINFA") • Since 2008, competitive auctions awarding 20-years PPAs

EUROPE: REDESIGNING POWER MARKETS FOR DECARBONISATION

On the 30th November 2016, The European Commission (EC) presented the Clean Energy legislative package, the so-called "Winter Package", unveiling the post-2020 EU regulatory framework. The proposals represent a key piece of the EC's pledge to create an EU-wide Energy Union and includes five main areas: Renewable Energy Directive, Market Design review, Governance, Efficiency and Security of Supply.

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

All the legislative proposals still need the approval of the European Parliament and the Council of the European Union, which could materialize at the end of 2018.



The "Renewable Energy Directive" seeks to cement commitments made in the Paris Agreement, where the EU pledged to cut GHG (greenhouse gases) by 40% on 1990 levels by 2030 and increase by 27% its share of renewables. Proposals also include plans to increase energy efficiency levels by 30% by 2030.

The EC, as part of the new governance framework, will monitor the completion of the climate and energy 2030 targets. In view to fulfil the targets, Member States (MS) will be required to develop "2030 National Energy and climate plans" in which each MS will set the pathway to deliver their objectives. If those plans do not add up to the EU's binding target, the EC will be able to trigger measures at EU level to fill the gap.

"We are on the brink of a clean energy revolution" (Miguel Arias Cañete, EU Commissioner for Climate Action and Energy)

The new Renewable Energy Directive proposal also advocates for 3 years of visibility for renewable energy support, as it requires MS to define at least a 3-year schedule for the allocation of support, including timing, capacity and budget. It also requires MS to ensure that any modification of their support scheme does not negatively affect the economics of renewable energy projects.

The 2030 targets imply that almost half of electricity in Europe will be generated by renewables in 2030. The EC acknowledges this fact and seeks to integrate renewables into power markets, enhancing their flexibility while making them fit for an increasingly share of variable generation.

The most relevant recent regulatory developments in the European countries where EDPR is present are below described (for additional information, please refer to Note 01 of EDPR Consolidated Annual Accounts).

SPAIN

On January 2016, the first auction of renewables' capacity was held, designed to provide a similar remuneration scheme to the one that applies to current installations (ruled by RD 413/2014). Following this framework, tender participants were requested to bid discounts on the "initial investment" parameter that determines the "investment premium" that would eventually be awarded. The auction was very competitive, around 5 times oversubscribed for onshore wind. EDP Renováveis was awarded 93 MW of wind energy.

The Spanish Government announced a new renewables' capacity auction for the first months of 2017 requiring projects to be completed by December 2019.

PORTUGAL

On October 2016, the Portaria 268-B/2016 on the clawback of non-refundable subsidies received from public development programs was published.

FRANCE

On April 2016, the government enacted the “Programmation Pluriannuelle des Investissements” which set renewables’ capacity targets by technology, including a provisional timetable of the renewable tenders to be launched until 2019.

A new Contract-for-difference (CfD) scheme was released in December 2016 for wind farms having requested a PPA in 2016. The strike price will be equal to the value of the current feed-in-tariff (similar tenure, indexation and adjustment after year 10), plus a management fee to compensate balancing costs (2.8€/MWh). The market reference price will be the production weighted average Day Ahead Market price, using a representative production profile for wind industry.

It was also disclosed the draft decree for the 2017 CfD for wind farms with less than six wind turbines, where the CfD tenure extended from 15 to 20 years, being the strike price of 72€/MWh plus the management fee.

ITALY

Final approval of the new Decree envisaging tenders for 2016 in June. This decree follows the provisions of 2011 Italian RES (Renewable Energy Sources) Law and as such, although with some small adjustments, is very similar to the one approved in 2012 which set the framework for the first three onshore wind tenders. The new decree envisaged one sole 800 MW onshore wind tender.

The Energy Agency of Italy, Gestore dei Servizi Energetici (GSE) released in December 2016 a list of projects that won offtake contracts in 2016 tender. EDP Renováveis won PPAs for 6 wind farms totaling 127 MW with an awarded price of 66€/MWh and in case the realized market price is lower than the awarded price, the difference will be paid by GSE.

POLAND

On June 2016 the so-called “Wind Turbine Investment Act” was approved, introducing, among other measures, new minimum distance restrictions for new wind farms and increased real estate burden.

Also on June 2016, some amendments of the RES Act Chapter 4 were approved. Although the core of the new auction system remained unchanged, some modifications were introduced, namely technology baskets for future tenders, improving the treatment of biomass, biogas and cofiring technologies.

On November 2016, the Polish government disclosed a draft ordinance detailing the amount and value of energy planned to be auctioned in 2017. The draft states that baseload renewables (dedicated biomass and biogas) will have a share of around 50% of the total 2017’s auction budget but new onshore wind could also compete for an amount up to 150 MW.

ROMANIA

The Romanian government approved the draft ordinance setting a quota of 8.3% for 2017.

On October 2016, the Ministry of Energy published for consultation a draft amendment to the current RES Law and released a new draft in November, incorporating some improvements over the previous version. Among other amendments, an extension of the GC scheme until 2031, a removal of the indexation of the GC parameters and the extension of the GC recovery for wind energy from 2018 to 2025. Regarding PV projects, the draft amendments propose an extension of the GC postponement until end of 2024, fixing the recovery from 2025 to 2030.

UNITED KINGDOM

In November 2016, the Department for Business, Energy and Industrial Strategy (BEIS) released details on the next CfD round. The second allocation round is expected to begin in April 2017 with projects to compete for GBP 290 million of annual support for the delivery years 2021/22 and 2022/23 (although offshore projects might be phased up to two years subsequent to 2022/23). It will only include less established technologies, as offshore wind. The administrative strike price for offshore wind is set at 105 GBP/MWh for projects deploying in 2021/2022 and 100 GBP/MWh for projects deploying in 2022/2023.

NORTH AMERICA TO CONTINUE LEADING THE WAY

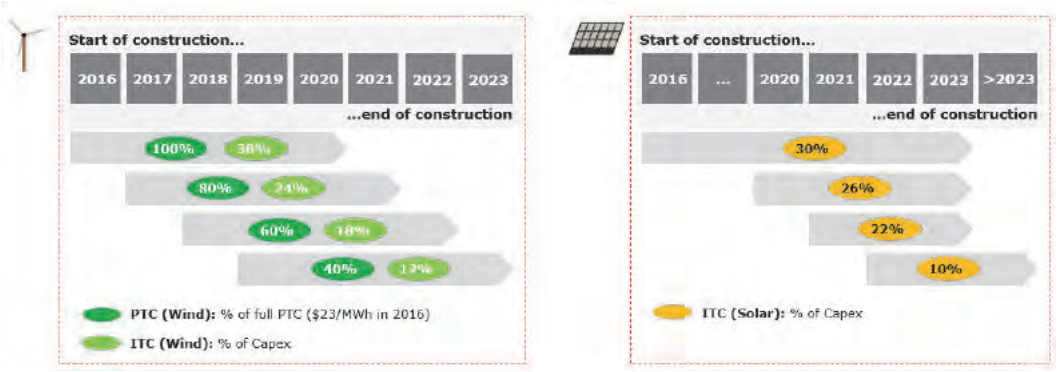
Historically, the typical framework of wind development in the US has been decentralized, with no national feed-in tariff, involving the combination of three key drivers of the top line:

- **PTCs:** production tax credits are the dominant form of wind incentives in the US, and represent an extra source of revenue per unit of electricity ($23/MWh in 2016), over the first 10 years of the asset's life.
- **ITCs:** investment tax credits equal to 30% of the initial capex are the primary incentive for solar.
- **PPAs:** long-term, bilateral power purchase agreements by which a wind developer can sell its output at a fixed price, usually adjusted for a negotiated escalator.

In addition, 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, setting penalties to those that do not comply. Utilities can invest directly in renewable generation assets, purchase electricity from other renewable generators or purchase RECs. As a result, many utilities setup auction systems to seek long-term power purchase agreements with renewable energy generators. The relevant recent regulatory developments in North America are below described (for additional information on, please refer to Note 01 of EDPR Consolidated Annual Accounts).

UNITED STATES

On December 2015, the US Congress approved the "Consolidated Appropriations Act, 2016" that included an extension of the PTC for wind and the possibility of a 30% ITC instead of PTC and the extension of the ITC for solar. The Congress introduced a phase out of the credits. Wind projects that start construction in 2020 or late will not have PTC or ITC and solar projects placed in service after 2023 will qualify to just 10% ITC. The graphic below depicts the phase-out calendar:



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 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 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 as of year-end 2016, the review process is ongoing with the DC Circuit Court. A ruling is widely expected by mid-2017, however it is expected to be appealed to the Supreme Court regardless of outcome.

Regarding RPS, some states have upgraded their targets in 2015 and 2016: California and New York targeted 50% renewables by 2030, Oregon upgraded their RPS to 50% by 2040, Vermont enacted an RPS of 75% by 2032 and Michigan upgraded their RPS to 15% by 2021. In 2016, both New Jersey and Massachusetts proposed (but as of year-end 2016

had not yet adopted) to upgrade their RPS standards to 80% by 2050. Illinois supplemented its existing RPS standard by passing an energy bill to require utilities to source at least 4TWh of new wind and 4TWh of new solar by 2030.

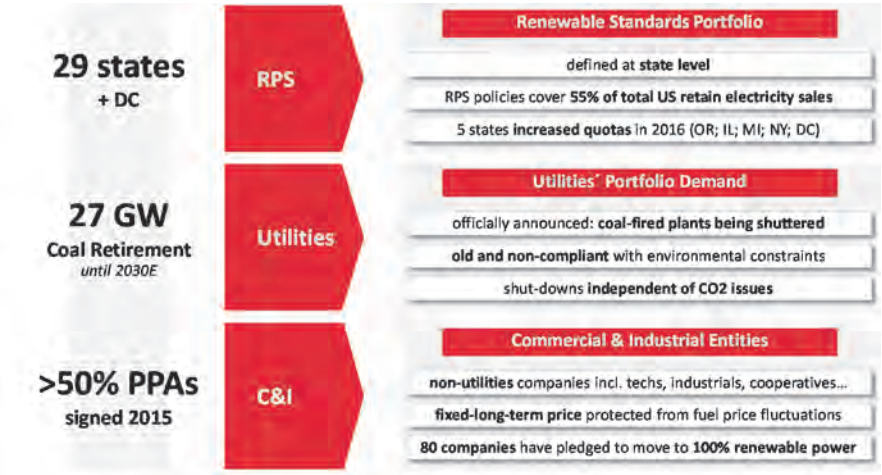
RPS obligations as a percent of state retail consumption is shown in the table below.

RPS objective	2016	2025
Arizona	5.7%	14.2%
California	24.4%	40.5%
Colorado	14.1%	21.7%
Connecticut	19.9%	25.6%
Delaware	11.9%	22.8%
District of Columbia	13.9%	26.0%
Hawaii	14.8%	24.7%
Illinois	8.2%	19.2%
Indiana	3.2%	8.0%
Maine	36.6%	37.5%
Maryland	14.5%	21.4%
Massachusetts	13.7%	21.1%
Michigan	10.2%	10.2%
Minnesota	20.7%	28.4%
Missouri	3.6%	10.9%

RPS objective	2016	2025
Montana	7.1%	7.1%
Nevada	16.6%	20.8%
New Hampshire	15.3%	22.7%
New Jersey	14.4%	23.4%
New Mexico	11.5%	15.8%
New York	28.4%	30.6%
North Carolina	5.7%	11.3%
Ohio	2.0%	9.1%
Oregon	11.5%	22.2%
Pennsylvania	13.0%	17.1%
Rhode Island	9.4%	22.1%
Texas	5.0%	8.6%
Vermont	0.0%	79.5%
Washington	4.5%	7.7%
Wisconsin	9.6%	9.6%

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.



CANADA

New Canadian renewable supply through 2020 is backed by new targets in Alberta and Saskatchewan along with existing IESO contracts in Ontario.

MEXICO

Mexico is redesigning its energy sector beginning with the constitutional amendment in 2013 and ending with implementation by end of 2018. The reforms bring about the end of state-owned vertically-integrated monopolies and open the door to significant opportunities for private sector participation across the supply chains for oil and gas and for electricity. Mexico's energy reforms advanced significantly in 2016 to implement changes that provide remuneration for all forms of generation including wind and solar. The key mechanisms of interest to renewable developers are the implementation of the wholesale electricity market, long-term supply auctions for supply, and financial transmission rights. Two long-term supply auctions have been conducted to date with a third planned for April 2017.

THE AGE OF AUCTIONS HAS ARRIVED

In recent years, the renewable energy sector has undergone a profound transformation, as the sector has witnessed a rapid decline of wind and solar PV costs, a high penetration of renewable sources, a greater competition among players and technologies, a massive adoption of renewable targets and more stringent state-aid rules, among other changes. To adjust to these trends, support mechanisms have adapted so that they ensure greater deployment of renewables in a cost-effective manner.

In this context, auctions, alone or in combination with other support schemes have often become the preferred option. Indeed, these schemes allow to control renewables' volume deployment (in particular to avoid uncontrolled surge of new facilities) while decreasing the chances of governments over-subsidizing the sector because of a lack of information.

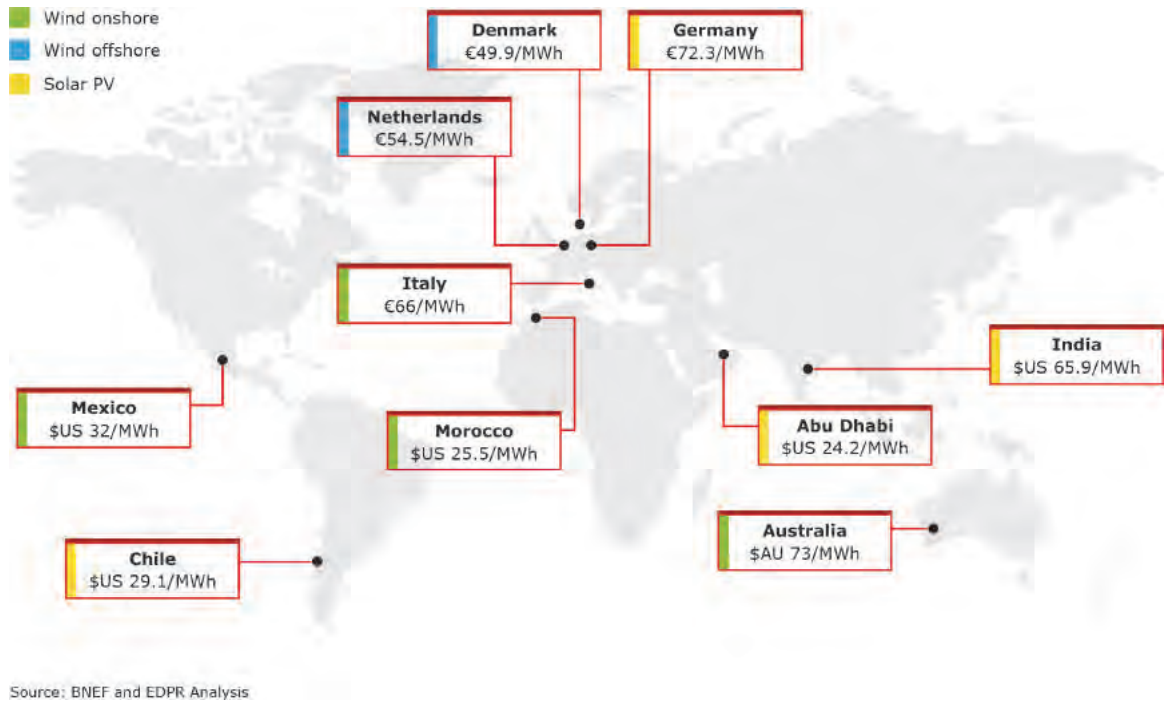
Latin America is probably the region with the larger experience of auctions for renewable energy. Brazil alone has contracted more than 20 GW. Other countries, most notably Peru, Chile, Mexico, Argentina and Uruguay have also held renewable auctions in the last years.

In Europe, there has been an increasingly interest in auctions, reinforced by regulation. Indeed, the "European Commission State Aid Guidelines for Environmental Protection and Energy 2014-2020" obliges all Member States to set up competitive bidding processes to grant support to all new facilities by January 2017, with only few exceptions.

Renewable developers are embracing auctions as a way to secure predictable cash flows and therefore, mitigate price volatility and regulatory risk.

2016 was a year of record for low price auctions all around the world: for instance, in wind technology Morocco (below 30 US$/MWh) and Peru (below 40 US$/MWh) are good examples, or in solar PV, prices fell to historic lows in Chile. However, the most unexpected low figures probably came from offshore projects, which have witnessed astonishing low prices like the ones in the latest offshore tender in Denmark, although the price is not directly comparable to those awarded in the UK, as the former exclude grid connections costs and are located at shallower depths, but are nevertheless substantially lower. Another example was the 700 MW of offshore wind capacity awarded by the Dutch Government in December 2016, which resulted in a 25% reduction compared to the previous auction (only a few months earlier) of neighboring projects.

Overview of 2016 selected tenders



Source: BNEF and EDPR Analysis

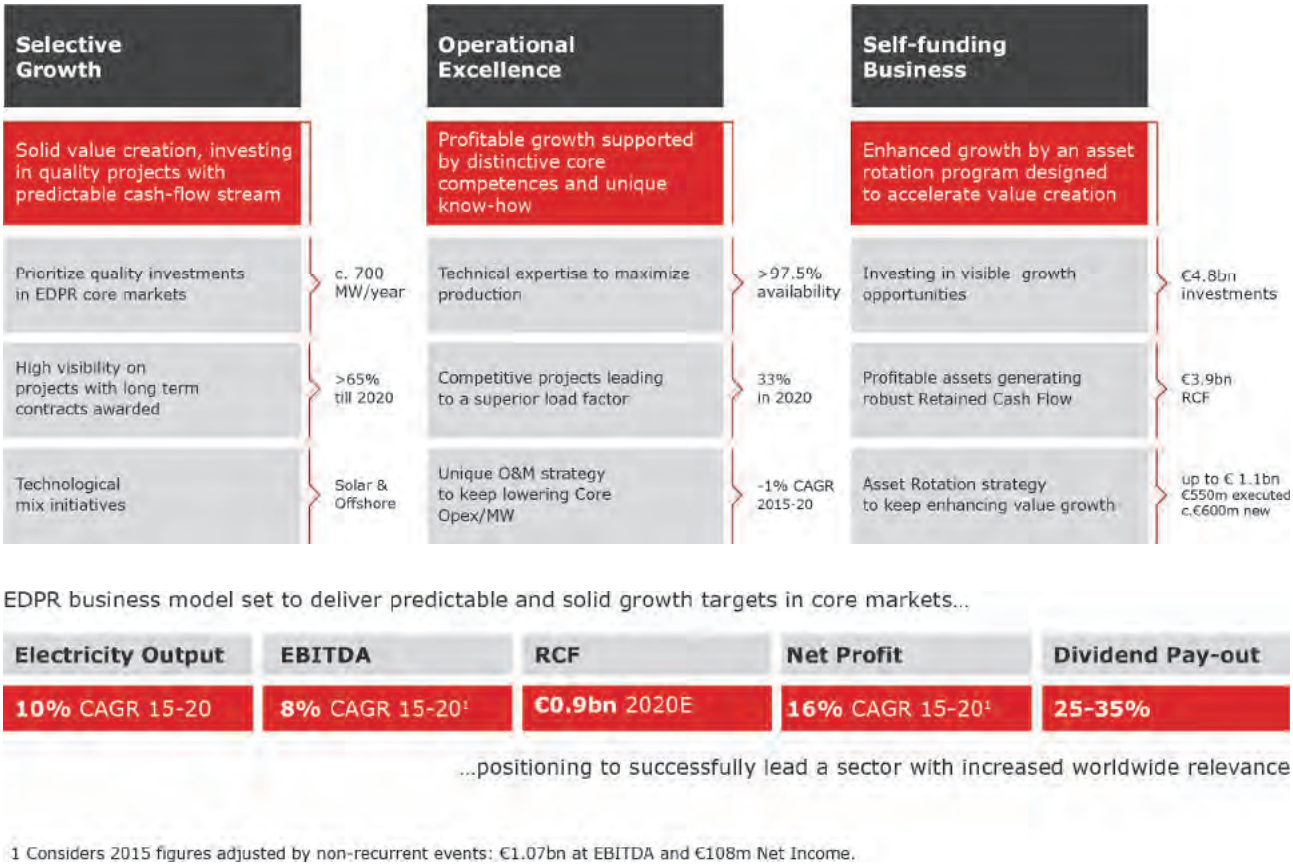
2.2. Business Plan

EDPR's value creation strategic plan through 2020 remains in line with previous architecture, supported by three pillars with defined goals: Selective Growth, Operational Excellence and Self-funding Model.

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

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

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



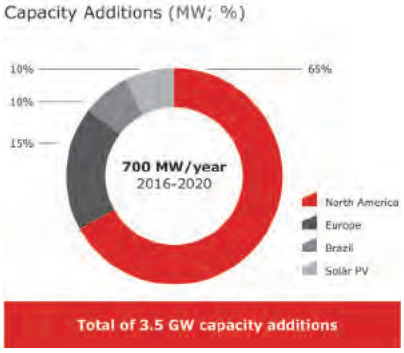
1 Considers 2015 figures adjusted by non-recurrent events: €1.07bn at EBITDA and €108m Net Income.

2.2.1. SELECTIVE GROWTH

The selective growth strategic pillar is the key principle behind EDPR's investment selection process, it ensures that the projects that are finally built have the best fit with the Company's low risk profile at superior profitability. This strategy is part of the 2016-20 Business Plan growth options, as projects have been selected according to two key guidelines:

1) Low risk profile - New capacity benefits from long-term PPAs already secured or long-term contracts awarded under stable regulatory frameworks. This guarantees high visibility of the project's future cash-flows, reducing risk and locking-in project profitability.

2) High operational performance – The projects selected exhibit strong operating metrics, namely above portfolio average load factor which improves project competitiveness and drives higher profitability.



EDPR is well on track to deliver on its business plan target growth of +3.5 GW cumulative from 2016 to 2020 (700 MW/year) – with 65% of the cumulative capacity additions target already secured and 820 MW installed in 2016. EDPR's extensive pipeline has been an important contributing factor to the successful execution of this strategy as the availability of multiple projects coupled with strong development expertise guarantees that only the best, fully optimized projects are finally selected for investment.

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

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

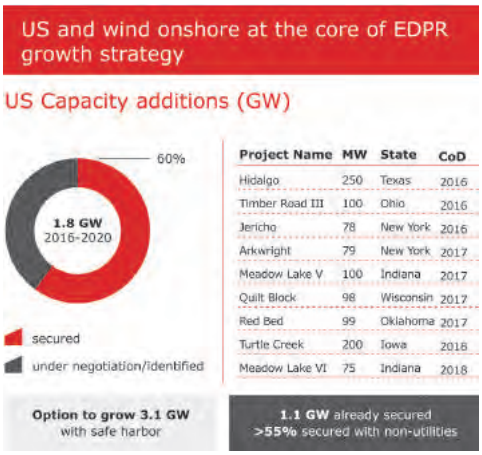
The December 2015 extension of the PTC, that includes a gradual phase out of the PTC value for projects that start construction before 2020, provides long-term visibility to US growth beyond 2016-20 for new wind energy projects, reinforces the strong fundamentals of the US wind market and supports EDPR's choice to shift growth to the US.

The Business Plan for 2016-20 targets 1.8 GW of wind onshore additions in the US, of which 1.1 GW were already secured as of December 2016 and are entitled to receive 100% PTC value. More than 55% of these projects were signed with non-utilities companies, another key driver of the US market. Previously the demand for PPAs came only from traditional utilities, however, recently the direct procurement from corporations has increased substantially, adding new demand for EDPR's US wind and solar projects.

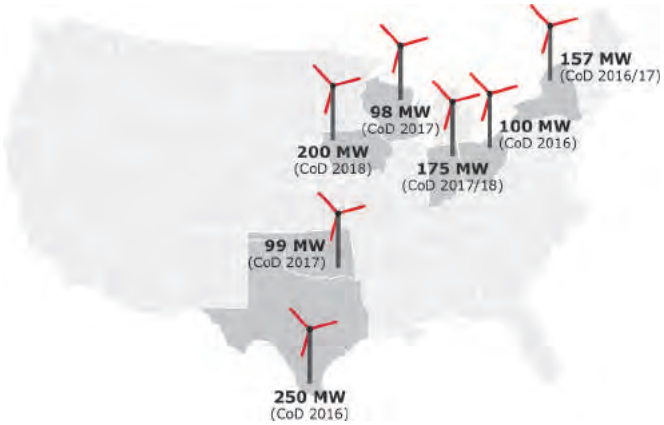
In addition, it is worth mentioning that EDPR secured turbine components in 2016 in order to have the option to further increase its capacity and install up to 3.1 GW of wind projects until 2020, benefitting from 100% of the PTC value.

In 2014 EDPR entered the Mexican market by signing a bilateral long-term supply agreement, for the energy produced by a 200 MW wind farm which was completed in 2016, representing a sizeable entry in an attractive market. Mexico is a country with great potential for wind energy and this achievement can provide a solid platform for further growth.

In 2016 EDPR was also awarded a 20-year PPA in Ontario, Canada, which is already under development and expected to be commissioned by 2019.



Project Name	MW	State	CoD
Hidalgo	250	Texas	2016
Timber Road III	100	Ohio	2016
Jericho	78	New York	2016
Arkwright	79	New York	2017
Meadow Lake V	100	Indiana	2017
Quilt Block	98	Wisconsin	2017
Red Bed	99	Oklahoma	2017
Turtle Creek	200	Iowa	2018
Meadow Lake VI	75	Indiana	2018



15% GROWTH FROM EUROPE, FOCUSING ON LOW RISK FRAMEWORKS

Certain European markets continue to provide good growth opportunities supported by regulatory frameworks that provide low risk environment.

For the 2016-20 Business Plan, EDPR growth in Europe represents c.15% of the planned capacity additions, a growth supported by identified short-term opportunities and medium-term pipeline options. In terms of additions by country, EDPR has very focused targets. Firstly, in Portugal, 216 MW will be added with a 20-year feed-in tariff. Then Italy with c.200 MW target additions, of which 44 MW installed in 2016 and 127 MW awarded as a 20-year contracts in December 2016 to be installed in 2018. In France, existing feed-in tariff regime provides a stable growth opportunity, driving EDPR targeted additions to c.100 MW through pipeline development, of which 24 MW were already installed by December 2016. Finally, in Spain, EDPR was awarded in January 2016, rights for the pre-registry of 93 MW of wind energy capacity in the renewable energy auction.

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

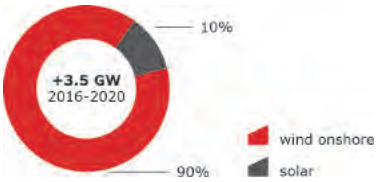
In Brazil, EDPR already installed 120 MW related to Baixa do Feijão project, which was completed on the first quarter of 2016. On the top of that, EDPR is developing 267 MW, awarded in 2013-15, to be installed in 2017-18. These are projects with load factors above 45% and with PPAs linked to inflation, representing a mid/high double digit project IRR.

Additionally, EDPR is to remain actively prospecting opportunities in Brazil, namely auction opportunities, given the strong fundamentals of the country, with high growth of electricity demand, robust renewable resources and availability of long-term energy supply agreements through an auction system.

TECHNOLOGICAL MIX

10% GROWTH IN SOLAR, GIVEN ITS INCREASING COMPETITIVENESS

In order to take advantage of every profitable renewable technology and considering its increasing competitiveness, EDPR included in its 2016-20 Business Plan a 10% of growth in PV solar technology. The US is the core market for this growth, where the technology is boosted by the Investment Tax Credit (ITC) scheme, while in Europe, Brazil and Mexico developing options are based on projects' fundamentals.



ALREADY INVESTING IN OFFSHORE WIND TECHNOLOGY

Offshore projects are being developed by EDPR, to support growth options and to capture this new wave of industry development and industry leadership. These projects, located in the UK and France, are expected to start operations beyond the 2016-20 Business Plan, but are already being developed through partnerships, from which the company is also able to further develop technological expertise in a sector with such huge future prospects.

2.2.2. OPERATIONAL EXCELLENCE

One of the strategic pillars that has always been a keystone of the company, setting it apart in the industry, is the drive to maximize the operational performance of its wind and solar plants. In this area, EDPR's teams, namely in operations and maintenance (O&M), have established a strong track record that supports challenging targets set in the 2016-20 Business Plan. For this period, EDPR has set targets for three key metrics: Load Factor and Technical Availability, along with optimization of Core Opex[1] 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.

MAINTAINING HIGH LEVELS OF AVAILABILITY >97.5%

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

The company always maintained high levels of availability and has registered availability of above 97.5% in 2016, in line with its 2016-20 Business Plan target. EDPR will continue to improve availability through new predictive maintenance optimization measures supported by the 24/7 control and dispatch centre, in reducing damages most common during extreme weather and improving the scheduling of planned stops. Also a new spare parts warehousing strategy will be key in reducing downtime during unexpected repairs.

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

Load factor (or net capacity factor) is a measure of the quality of the renewable resource that reflects the percentage of maximum theoretical energy output with an equipment working at full capacity, in a given period.

Ensuring the assets generate the maximum amount of energy possible is a key success factor. With regards to the operating portfolio, optimizing load factor is linked to improving availability as above described and, if possible, introducing productivity enhancement retrofits that boost production by setting older equipment models with the most up-to-date technological improvements available to increase efficiency in the utilization of renewable resources available. With regards to wind farms and solar plants under development, maximizing load factor is mostly the expert work of energy assessment and engineering teams, which implies designing an optimal layout of the plant by fitting the positioning and choice among different equipment models with the characteristics of the site, specially the terrain, from the collected resource measurements and their estimated energy outputs.

The company has consistently maintained levels of load factor in the range of 29-30%, having registered 30% in 2016, which is slightly below the P50 (mean probability) assessment for the current fleet, given the lower wind resource in the period when compared with an average year. For 2020 EDPR has a target to reach 33% load factor, mainly on the back of the increase competitiveness of new capacity additions.

[1] Supplies and Services + Personnel Costs

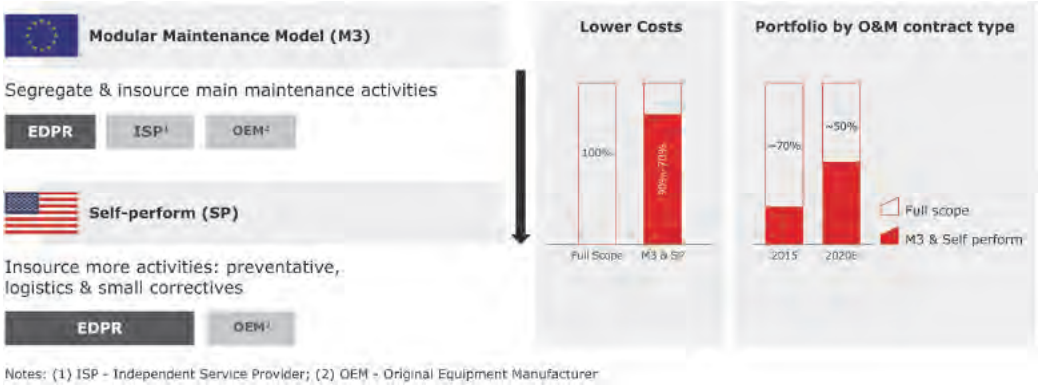
INCREASING EFFICIENCY, REDUCING CORE OPEX/MW -1%

In addition to all company initiatives to boost production, EDPR also focuses on strict cost control efforts to improve efficiency and gain additional profitability. Leveraging on the experience accumulated over time, EDPR set a target in the 2016-20 Business Plan to reduce Core Opex/MW by -1% CAGR 2015-20. Core Opex refers the costs of Supplies & Service along with Personnel Costs, which are the ones controllable by the company. The target of reducing the manageable company costs structure, also benefits from the economies of scale of a growing company. With regards to O&M, representing c. 30% of total Opex, EDPR has already delivered results from the implementation of its M3 (Modular Maintenance Model) system and self-perform program to some of the wind farms that are no longer subject to initial warranty contracts.

M3 PROGRAM AND SELF-PERFORMANCE

As EDPR's fleet becomes more mature the initial O&M contracts signed with the turbine suppliers expire. When that happens the company needs to decide between renewing the maintenance service with the OEM[2] or insourcing activities to operate the wind farm on its own, whilst maintaining high levels of availability.

Based on EDPR's expertise, under the **M3 program** O&M teams will decide on the optimal balance between external contractors and in-house maintenance. Usually, EDPR keeps control of high value-added activities such as maintenance planning, logistics and remote operations while outsourcing, under direct supervision, labor-intensive tasks. This new program immediately showed savings in operational expenses and increased control over quality. During 2016 **self-perform** maintenance was implemented in additional facilities whose maintenance contracts were up for renewal. The self-perform program is a step further in EDPR integration of maintenance tasks and activities, which is being implemented in the US, and consequently minimizing third-parties dependency. EDPR targets to increase the share of its fleet under the M3 and Self-Perform program up to c.50% by 2020, from c.30% levels in 2015.



Notes: (1) ISP - Independent Service Provider; (2) OEM - Original Equipment Manufacturer

INCREASING PRODUCTION

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

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

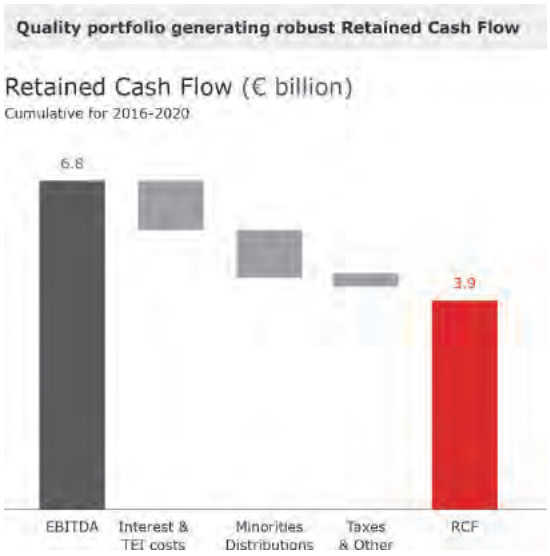
By monitoring real-time conditions, the rotational speed of the generator can be increased while staying within the existing loads, thus increasing the power output and the wind farm revenues, without major investments. This technology has successfully being applied on many turbines and will keep being developed in the coming years.

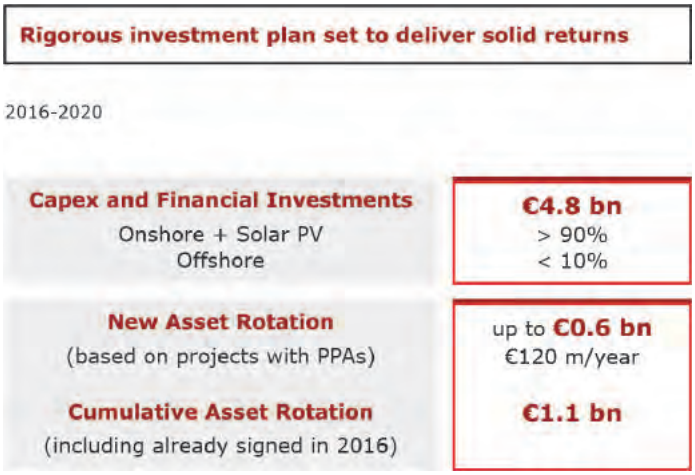
[2] Original Equipment Manufacturer

2.2.3. SELF-FUNDING MODEL

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

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





RETAINED CASH FLOW

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

A strong Retained Cash Flow generation of c.€3.9 billion is expected for the period 2016-20, which is cash available after taxes, interests and tax equity costs and distribution to minorities.

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

ASSET ROTATION

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

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

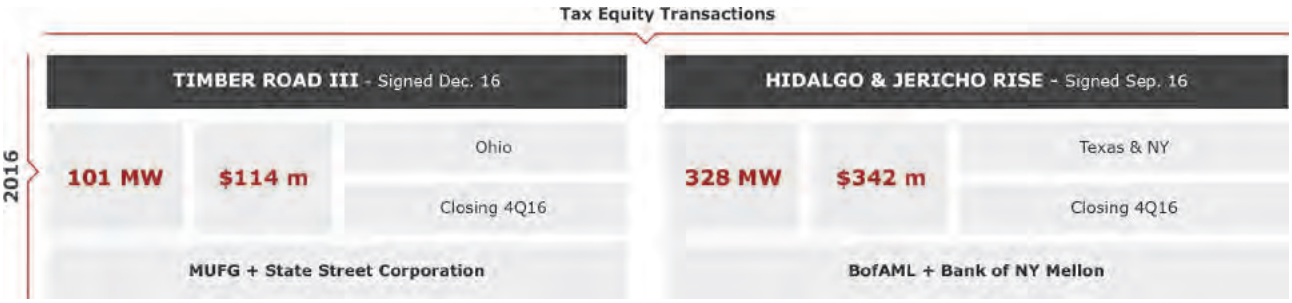
The execution of those €550 million took place in April 2016, with EDPR entering into an agreement with Vortex, a fund led by EFG Hermes which includes investments from the Gulf Cooperation Council (GCC) countries, to sell a 49% equity shareholding and outstanding shareholders loans in a portfolio of fully-owned wind onshore assets in Spain, Portugal, Belgium and France. The portfolio totalled 664 MW with 4-year average life, of which more than half located in Spain. This transaction was highly valued by the market due to the above market multiple at which EDPR was able to close the deal, €1.73 million/MW, a clear indicator of the quality of the company's installed asset base that has attracted the interest of many institutional investors.

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

US TAX EQUITY

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

In 2016 EDPR signed two tax equity transactions, a total funding of $457 million comprising 429 MW, related to all projects that started operations in 2016.



2.3. Risk Management

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

RISK MANAGEMENT PROCESS

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

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

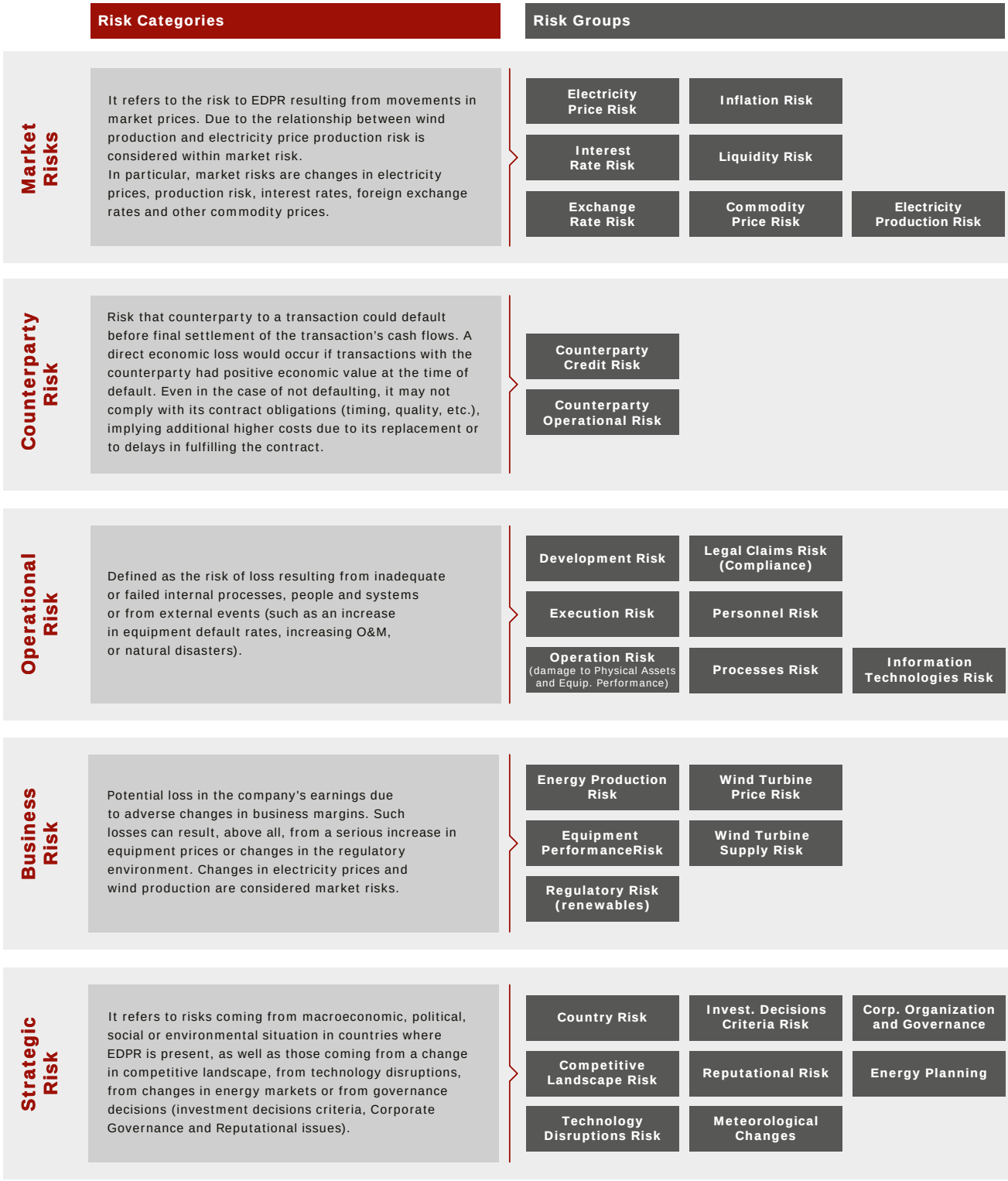
Risk management is endorsed by the Executive Committee, supported by the Risk Committee and implemented in day-to-day decisions by all managers of the company.

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

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

RISK MAP AT EDPR

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



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

Mitigation Strategies
• Hedge of market exposure through long term power purchase agreements (PPA) or short-term financial hedges • Natural FX hedging, with debt and revenues in same currency • Execution of FX hedging for net investment (after deducting local debt) • Execution of FX hedging to eliminate FX transaction risk, mainly in Capex • Fixed interest rates • Alternative funding sources such as Tax equity structures and Multilateral/ Project Finance agreements
• Counterparty exposure limits by counterparty and at EDPR level • Collateral requirement if limits are exceeded • Monitoring of compliance with internal policy
• Supervision of suppliers by EDPR's engineering team • Flexible CODs in PPAs to avoid penalties • Partnerships with strong local teams • Monitor recurrent operational risks during construction and development • Close Follow-up of O&M costs, turbine availability and failure rates • Insurance against physical damage and business interruption • Strict compliance with legal requirements and zero tolerance for unethical behavior or fraud • Attractive remuneration packages and training for personnel • Revision of all regulations that affects EDPR activity (environmental, taxes…) • Control of internal procedures • Redundancy of servers and control centres of wind farms
• Careful selection of energy markets based on country risk and energy market fundamentals • Diversification in markets and remuneration schemes • Active involvement in all major wind associations in all markets where EDPR is present • Signing of medium term agreements with turbine manufacturers to ensure visibility of turbine prices and supply • Relying on a large base of turbine suppliers to ensure supply
• Careful selection of countries • Worst case profitability analysis of every new investment considering all risks factors • Risk-return metrics at project and equity level • Consideration of stress case scenarios in the evolution of energy markets for new investment decisions • Follow-up of cost effectiveness of renewables technologies and potential market disruptions

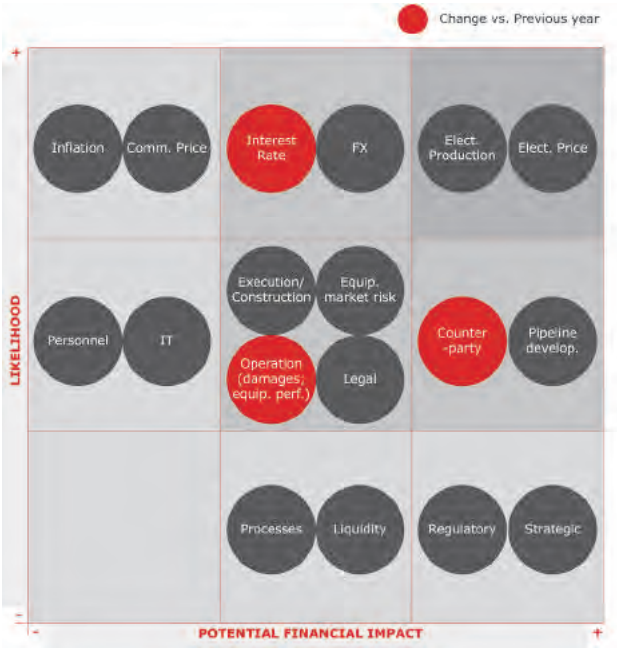
During 2016, EDPR redefined the Enterprise Risk Management Framework for the company, framing all existing risk policies/procedures under each Risk Category:

- Market Risk: Energy Price Hedging Policy, FTR participation procedure, US Active Scheduling Procedure.
- Counterparty Risk: Counterparty Risk Policy.
- Operational Risk: Operational Risk Policy.
- Strategic Risk: Country Risk Policy.

Additionally, in 2016 EDPR reassessed Operational Risk for the company, executing a bottom-up analysis across all departments, as stated in EDPR's Operational Risk Policy. The new assessment replaces the one executed in 2014 and it will be used when evaluating Net Income@risk, the structural risk measure that considers all risk factors and is recurrently monitored by the Risk Committee.

EDPR RISK MATRIX BY RISK CATEGORY

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



FOCUS ON ERM FRAMEWORK AT EDPR

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.

Enterprise risk management (ERM) is the process of planning, organizing, leading and controlling the activities of an organization in order to minimize the effects of risk on an organization's capital and earnings. Enterprise risk management expands the process to include not just risks associated with accidental losses, but also financial, strategic and other risks.

Contents of an ERM Framework are defined similarly by different sources (Basel Committee, International Organization for Standardization and academic literature). In the case of EDPR, it was decided to follow Basel guidelines for ERM, adapted to the specificities of the renewable electricity generation business.

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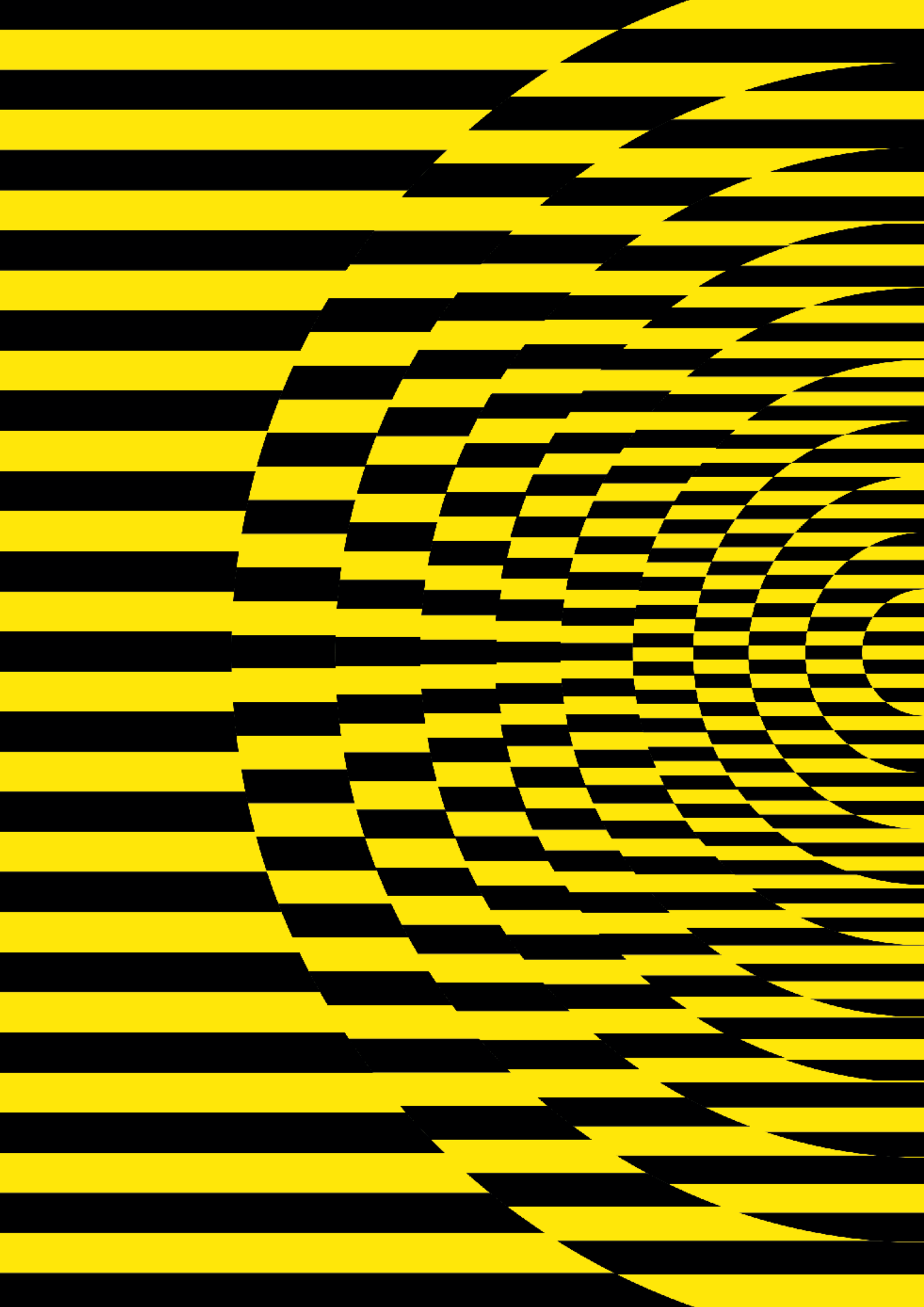

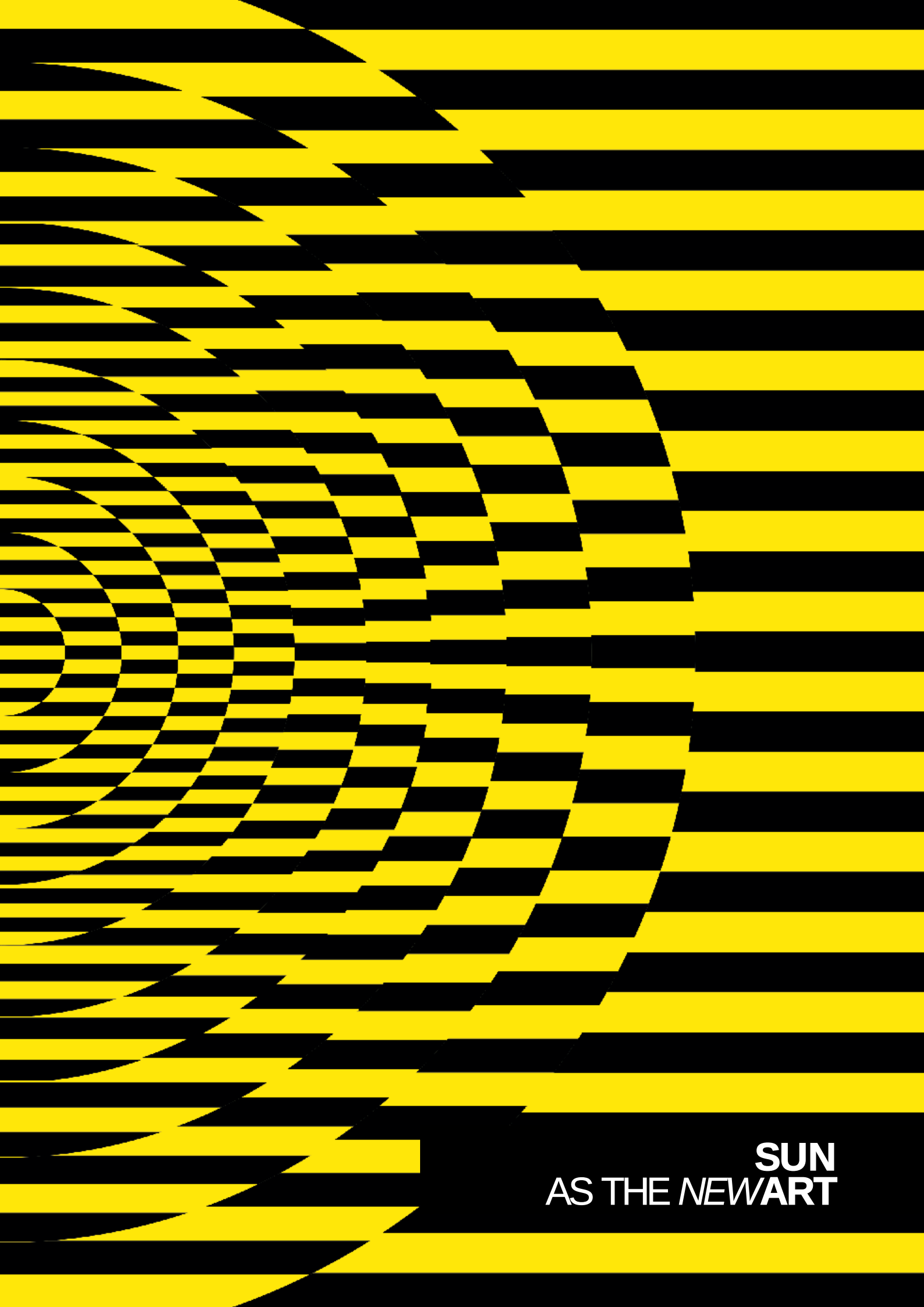
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3
Execution

3.1 Economic

3.1.1 OPERATIONAL PERFORMANCE

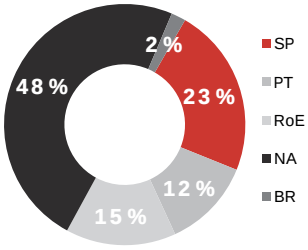
Installed capacity increased 770 MW including 200 MW in a new country: Mexico.

	MW			NCF			GWh		
	YE16	YE15	Var.	YE16	YE15	Var.	YE16	YE15	Var.
Spain	2,194	2,194	-	26%	26%	+0pp	4,926	4,847	+2%
Portugal	1,251	1,247	+4	28%	27%	+1pp	3,047	1,991	+53%
Rest of Europe	1,541	1,523	+18	25%	27%	-2pp	3,257	3,225	+1%
France	388	364	+24	23%	26%	-3pp	777	785	-1%
Belgium	71	71	-	21%	25%	-4pp	128	152	-16%
Italy	144	100	+44	28%	28%	-0pp	258	210	+23%
Poland	418	468	-50	25%	28%	-3pp	951	951	-0%
Romania	521	521	-	25%	26%	-1pp	1,143	1,127	+1%
Europe	4,986	4,965	+22	26%	26%	-0pp	11,230	10,062	+12%
US	4,631	4,203	+429	33%	32%	+1pp	12,501	11,031	+13%
Canada	30	30	-	28%	27%	+1pp	75	72	+4%
Mexico	200		+200						
North America	4,861	4,233	+629	33%	32%	+1pp	12,576	11,103	+13%
Brazil	204	84	+120	35%	30%	+4pp	666	222	+200%
EBITDA	**10,052**	**9,281**	**+770**	**30%**	**29%**	**+0pp**	**24,473**	**21,388**	**+14%**
Other equity consolidated	356	356							
Spain	177	177							
United States	179	179							
EBITDA + Equity consol.	**10,408**	**9,637**	**+770**						

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 10.4 GW is not only young, on average 6 years, it is also mostly certified in terms of environmental and health and safety standards. Since 2008, EDPR has more than doubled its installed capacity by adding 6 GW, resulting in a total installed capacity of 10,408 MW (EBITDA + Net Equity). As of year-end 2016, EDPR had installed 5,163 MW in Europe, 5,041 MW in North America and 204 MW in Brazil.

10.4 GW EBITDA + Net Equity

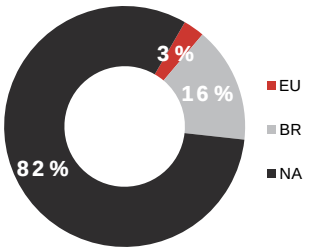


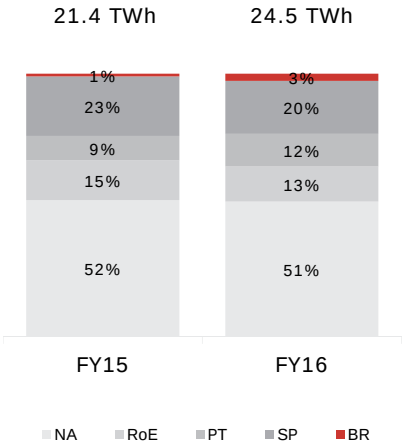
2016 installations concentrated in North America

The largest growth in installed capacity occurred due to the completion of 629 MW in North America. This includes EDPR's first 200 MW in Mexico. All of the MW had previously secured PPA contracts, thus providing long-term stability and visibility on the revenue stream.

In Europe 72 MW were installed, 44 MW in Italy, 24 MW in France and 4 MW in Portugal. The 22 net MW added in Europe includes the deconsolidation (in the 1Q16) of 50 MW, following the completion of the cross sale of two wind farms in Poland, by which EDPR sold its 60% share in a 50 MW wind farm and bought the remaining 35% share in a 54 MW wind farm (already fully accounted as EBITDA MW). Finally, 2016 saw the completion of EDPR's largest to date project in Brazil, Baixa do Feijão wind farm (120 MW).

+770 MW in 2016





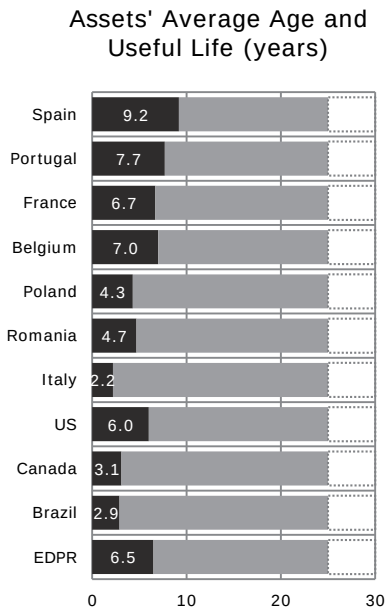
14% Increase in YoY generation

EDPR generated 24.5 TWh during 2016. When adding the over 2 TWh produced from our equity projects, enough clean energy to serve 53% of the electricity demand of Portugal.

The 14% year-on-year increase in the electricity output benefited from the capacity additions over the last 12 months and ENEOP consolidation.

EDPR achieved a 30% load factor during 2016 (vs 29% in 2015) reflecting the benefits of a balanced portfolio across different geographies.

EDPR also achieved a stellar 98% availability. The company continues to leverage on its competitive advantages to maximize wind farm output and on its diversified portfolio to minimize the wind volatility risk.



Premium performance and diversified portfolio delivers balanced output

EDPR's operations in North America were the main driver for the electricity production growth in 2016, increasing by +13% YoY to 12.6 TWh and represented 51% of the total output. This performance was driven by EDPR's unique ability to capture the wind resource available along with the contribution from new additions. EDPR achieved a 33% load factor in North America, +1pp vs. 2015.

Production growth in Europe increased 12% vs 2015 to 11.2 TWh mainly supported by ENEOP consolidation (+1.0 TWh vs 2015) and by 2% output increase in Spain and 1% in rest of Europe with lower wind resource being offset by the higher installed capacity.

EDPR achieved a 28% load factor in Portugal (+1pp) reflecting an above average wind resource. In the period, EDPR delivered a load factor of 26% in Spain, once again a solid premium over the Spanish market average load factor (+2pp).

The Rest of Europe operations delivered a 25% load factor (27% in 2015) and posted higher year on year generation (+1%). Higher production in Italy (+49 GWh) and Romania (+16 GWh) was partially offset by weaker performances in Belgium (-24 GWh) and France (-8 GWh), with weaker wind resource offsetting capacity additions. Poland remained stable year on year with the new capacity offsetting lower load factor.

248 MW of 2017 additions already under construction consolidating a young fleet in continuous growth

By the end of 2016, EDPR had 248 MW under construction all related to projects to be delivered in 2017 with long term secured remuneration.

In US, EDPR started the works of the 100 MW Meadow Lake V project in Indiana. In Brazil EDPR has 127 MW under construction related to the JAU&Aventura projects after successfully bidding in the A5 auction for 20 year PPAs.

Finally in Europe, 21 MW were under construction, of which 18 MW in France and 3 MW in Portugal.

As a result of continuous growth effort, EDPR also has a young portfolio with an average operating age of 7 years, with an estimate of over 18 years of useful life remaining to be captured.

In Europe, EDPR's portfolio had an average age of 7 years, in North America 6 years, and in Brazil 3 years.

3.1.2. FINANCIAL PERFORMANCE

Revenues increased 7% YoY to 1.7 billion euros and EBITDA summed 1.2 billion euros.

In 2016, EDPR revenues totalled 1,651 million euros, an increase of 104 million euros when compared with 2015 mainly from capacity additions with an above portfolio average wind resource and with YoY comparison negatively impacted by an update, in 2015, of TEI's post-flip residual interest accretion. Despite the lower than long-term average wind resource, EDPR's output in the period increased 14%. The average selling price decreased by 5% mainly as a result of capacity additions mix (product vs price).

Reported EBITDA increased 3% year on year to 1,171 million euros, with 29 million euros negative impact lower than average wind resource, leading to an EBITDA margin of 71%. If adjusted by non-recurring items, 2016 EBITDA increased 12% and EBITDA per MW in operation increased 1% to 128 thousand euros. Net Operating Costs totalled 480 million euros, with higher capacity in operation. Core opex (defined as Supplies and Services along with Personnel Costs) per average MW in operation decreased 5% YoY as a consequence of EDPR's strict control over costs and O&M programs in place.

Financial Highlights (€m)	2016	2015	▲% / €
Income Statement			
Revenues	1,651	1,547	+7%
EBITDA	1,171	1,142	+3%
Net Profit (attributable to EDPR equity holders)	56	167	(66%)
Cash-Flow			
Operating Cash-Flow	869	701	+24%
Retained Cash-Flow	698	616	+13%
Net investments	96	719	(87%)
Balance Sheet			
Assets	16,734	15,736	+998
Equity	7,573	6,834	+739
Liabilities	9,161	8,902	+259
Liabilities			
Net Debt	2,755	3,707	-952
Institutional Partnerships	1,520	1,165	+355

Net profit reached 56 million euros

All in all, Net Profit totalled 56 million euros and Adjusted Net Profit 104 million euros, if adjusted for non-recurring events (one-offs: 2015 +59 million euros; 2016 -47 million euros).

Retained cash flow incresed 13% yoy to 698 million euros, capturing assets' cash generation capabilities.

Despite the challenging year EDPR was able to deliver a robust cash-flow generation. Following EBITDA cash-generation, income tax of the period, interests, banking and derivatives expenses and minority dividends/interest payments, 2016 Retained Cash-Flow increased 13% to €698m.

Capital expenditures (Capex) totalled 1,029 million euros reflecting the capacity added in the period, the capacity under construction and enhancements in capacity already in operation. Pursuing its asset roation strategy, in 2016, EDPR received proceeds of 1,189 million euros from the sale of non-controlling interests. On the back of its Asset Rotation strategy was completed the settlement of Axium transaction, signed in November 2015, EFG Hermes deal, signed in April 2016, and was completed the closing of European transactions with CTG, signed in December 2015.

In the period, Net Debt totaled 2,755 milion euros, lower YoY by 952 million euros.

INCOME STATEMENT

Solid top line performance

EDPR revenues increased 7% year on year to 1,651 million euros, despite the lower than long-term average wind resource and propelled by capacity additions with an above portfolio average wind resource and with YoY comparison negatively impacted by 2015 update of TEI´s post-flip residual interest accretion.

Other operating income amounted 54 million euros, benefitting from a capital gain related to Polish wind farm cross-sale and with year on year comparison impacted by the gain subsequent to the control acquisition of certain assets of ENEOP (2015). Operating Costs (Opex) totalled 534 million euros, with higher capacity in operation. In detail, Core Opex totalled 399 million euros, with Core Opex per Avg. MW and per MWh decreasing by 5% and 8% respectively, reflecting strict control over costs and EDPR's asset management strategy. Other operating costs decreased by 54 million euros to 135 million euros, mainly explained by lower write-offs in the period.

In 2016, EBITDA increased 3% year on year to 1,171 million euros, leading to an EBITDA margin of 71%. If adjusted by one-offs, 2016 EBITDA increased 12% and EBITDA per MW in operation increased 1% to 128 thousand euros.

Operating income (EBIT) decreased 2% YoY to 564 million euros, on the back of 8% increase in depreciation and amortization costs (including provisions, impairments and net of government grants), due to capacity additions. In 2016 EDPR's provisions totalled 5 million euros related to Portuguese subsidies' clawback from public development programs.

At the financing level, Net Financial Expenses increased 23%. Net interest costs decreased 6%, benefitting from the lower cost of debt in the period after debt renegotiations with EDP and others. Institutional Partnership costs were 11 million euros higher year on year, reflecting mainly new tax equity deals, while capitalized expenses remained flat. Forex differences and derivatives had a positive impact of 10 million euros in the period. Other financial expenses increased by 77 million euros, including one-offs mainly from debt repayment/restructuring and 14 million euros from discontinue hedge accounting related to Spanish operations, while year on year comparison is also impacted by ENEOP consolidation in September 2015.

Pre-Tax Profit increased to 214 million euros, with income taxes totaling 38 million euros. Non-controlling interests increased to 120 million euros mainly due to EDPR settlement of asset rotation and CTG deals. All in all, Net Profit totalled 56 million euros and Adjusted Net Profit 104 million euros if adjusted for non-recurring events.

Consolidated Income Statement (€m)	2016	2015	▲% / €
Revenues	**1,651**	**1,547**	**+7%**
Other operating Income	54	162	(67%)
Supplies and services	(305)	(293)	+4%
Personnel costs	(94)	(84)	+11%
Other operating costs	(135)	(189)	(29%)
Operating Costs (net)	(480)	(405)	+19%
EBITDA	**1,171**	**1,142**	**+3%**
EBITDA/Net Revenues	*71%*	*74%*	(3pp)
Provisions	(4.7)	0.2	-
Depreciation and amortisation	(624)	(587)	+6%
Amortization of government grants	22	23	(3%)
EBIT	**564**	**578**	**(2%)**
Financial Income / (expenses)	(350)	(285)	+23%
Share of profits of associates	(0.2)	(2)	(88%)
Pre-tax profit	**214**	**291**	**(27%)**
Income taxes	(38)	(45)	(17%)
Profit of the period	176	245	(28%)
Net Profit Equity holders of EDPR	**56**	**167**	**(66%)**
Non-controlling interest	120	79	+52%

BALANCE SHEET

Total equity increases by 739 million euros

Total Equity of 7.6 billion euros increased by 739 million euros in 2016, of which 585 million euros attributable to non-controlling interests. The increased equity attributable to the shareholders of EDPR by 154 million euros is due to mainly the 56 million euros of Net Profit and 160 million euros of Asset Rotation transactions, reduced by the 44 million euros in dividend payments.

Total liabilities increased 3% by +259 million euros, mainly in accounts payable (+488 million euros) and institutional partnerships (+355 million euros), offset by a reduction in financial debt (-814 million euros).

With total liabilities of 9.2 billion euros, the debt-to-equity ratio of EDPR stood at 121% by the end of 2016, which is a decrease from the 130% in 2015. Liabilities were mainly composed of financial debt (37%), liabilities related to institutional partnerships in the US (17%) and accounts payable (30%).

Liabilities to tax equity partnerships in the US stood at 1,520 million euros, and including +628 million dollars of new tax equity proceeds received in the 2016. 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 totalled 16.7 billion euros in 2016, the equity ratio of EDPR reached 45%, versus 43% in 2015. Assets were 80% composed of net PP&E - property, plant and equipment, reflecting the cumulative net invested capital in renewable energy generation assets.

Total net PP&E of 13.4 billion euros changed to reflect 1,156 million euros of new additions during the year and 256 million euros from forex translation (mainly as the result of a US Dollar appreciation), reduced by 620 million euros for depreciation charges, impairment losses and write-offs.

Net intangible assets of 1.6 billion euros mainly include 1.4 billion euros from goodwill registered in the books, for the most part related to acquisitions in the US and Spain, while accounts receivable are mainly related to loans to related parties, trade receivables, guarantees and tax receivables.

Statement of Financial Position (€m)

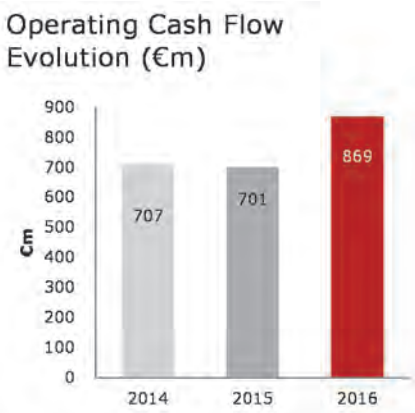
	2016	2015	▲% / €
Assets			
Property, plant and equipment, net	13,437	12,612	+825
Intangible assets and goodwill, net	1,596	1,534	+62
Financial investments, net	348	340	+8
Deferred tax assets	76	47	+29
Inventories	24	23	+1
Accounts receivable – trade, net	266	222	+44
Accounts receivable – other, net	338	338	(0)
Collateral deposits	0	110	(110)
Cash and cash equivalents	46	73	(27)
Assets held for sale	603	437	+166
Total Assets	**16,734**	**15,736**	**+998**

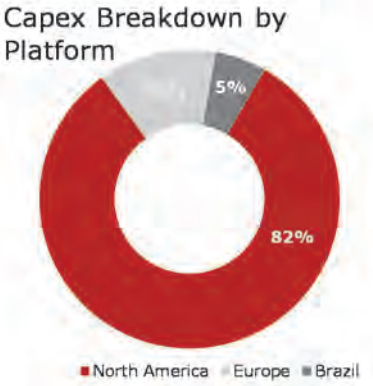
	2016	2015	▲% / €
Equity			
Share capital + share premium	4,914	4,914	-
Reserves and retained earnings	1,155	891	+264
Net profit (equity holders of EDPR)	56	167	(110)
Non-controlling interests	1,448	863	+585
Total Equity	**7,573**	**6,834**	**+739**
Liabilities			
Financial debt	3,406	4,220	(814)
Institutional partnerships	1,520	1,165	+355
Provisions	275	121	+154
Deferred tax liabilities	365	316	+49
Deferred revenues from institutional partnerships	819	791	+28
Accounts payable – net	2,776	2,288	+488
Total Liabilities	**9,161**	**8,902**	**+259**
Total Equity and Liabilities	**16,734**	**15,736**	**+998**

CASH FLOW STATEMENT

Strong operating cash-flow

In 2016, EDPR generated Operating Cash-Flow of 869 million euros, an increase of 24% year on year, reflecting EBITDA performance and reinforcing the generation capabilities of its assets in operation.





The key items that explain 2016 cash-flow evolution are the following:

- Operating Cash-Flow, which is the EBITDA net of income tax and adjusted by non-cash items (namely income from US institutional partnerships) and net of changes in working capital, increased 24% to 869 million euros.
- Capital expenditures with capacity additions, ongoing construction and development works totalled 1,029 million euros. Other net investing activities amounted 20 million euros, mostly reflecting EDPR investments in projects developed in partnership and equipment suppliers invoices already booked but not yet paid.
- Pursuing its Asset Rotation strategy, in 2016 occurred the settlement of Axium transaction, EFG Hermes deal and the settlement of European transactions with CTG, for a combined amount of 1,189 million euros.
- Proceeds from new institutional tax equity financing structure totalled 624 million euros, related to the 199 MW Waverly wind farm tax equity signed in the 4Q15 along with 2016 projects of 429 MW. Payments to institutional partnerships totalled 172 million euros contributing to the reduction of Institutional Partnership liability. Total net dividends and other capital distributions paid to minorities amounted to 146 million euros (including 44 million euros to EDPR shareholders). In the period, Forex & Other had a negative impact increasing Net Debt by 207 million euros.
- In terms of Retained Cash Flow, which captures the cash generated by operations to re-invest, distribute dividends and amortize debt, it increased 13% to 698 million euros. In December 2016, Net Debt & Institutional Partnership Liability decreased by 597 million euros.

Cash Flow (€m)	2016	2015	▲% / €
EBITDA	1,171	1,142	+3%
Current Income Tax	(50)	(51)	(3%)
Net interest costs	(179)	(188)	(5%)
Share of profits of associates	(0.2)	(2)	(88%)
FFO (Funds from operations)	**942**	**901**	**+5%**
Net interest costs	179	188	(5%)
Income from associated companies	0.2	2	(88%)
Non-cash items adjustments	(209)	(263)	(20%)
Changes in working capital	(43)	(127)	(66%)
Operating Cash Flow	**869**	**701**	**+24%**
Capex	(1,029)	(903)	+14%
Financial Investments	(31)	(157)	(80%)
Changes in working capital related to PP&E suppliers	10	26	(61%)
Government Grants	0.8	15	(44%)
Net Operating Cash Flow	**(181)**	**(330)**	**(45%)**
Sale of non-controlling interests and shareholders' loans	1,189	395	-
Proceeds/(Payments) related to Institutional partnerships	452	68	-
Net interest costs (post capitalisation)	(156)	(165)	(6%)
Dividends net and other capital distributions	(146)	(115)	+26%
Forex & Other	(207)	(277)	(25%)
Decrease / (Increase) in Net Debt	**952**	**(425)**	**(324%)**

FINANCIAL DEBT

Long-term and stable debt profile

EDPR's total Financial Debt decreased by 952 million euros to 2.8 billion euros, reflecting the settlement of Asset Rotation transactions, the cash flow generated by the assets and the investments done in the period.

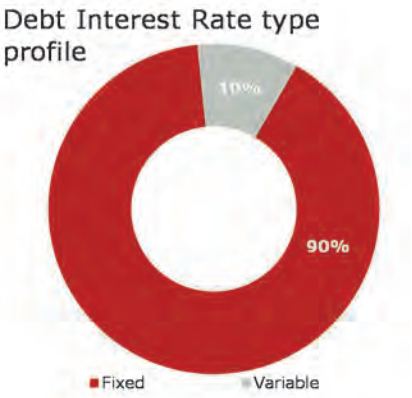
Loans with EDP group, EDPR's principal shareholder, accounted for 77% of the debt, while loans with financial institutions represented 23%.

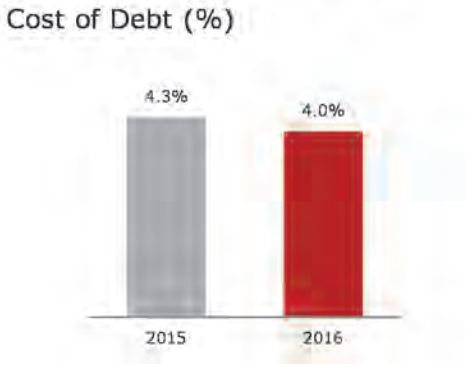
To continue to diversify its funding sources EDPR keeps on executing top quality projects enabling the company to secure local project finance at competitive costs. In 2016, EDPR signed a project finance transaction for its first wind farm in Mexico. The long-term contracted debt facility amounts to 278 million US Dollars.

As of December 2016, 49% of EDPR's financial debt was Euro denominated, 41% was funded in US Dollars, related to the company's investment in the US, and the remaining 10% was mostly related with debt in Polish Zloty and Brazilian Real.

EDPR continues to follow a long-term fixed rate funding strategy, matching the operating cash-flow profile with its financial costs and therefore mitigating interest rate risk. Accordingly, as of December 2016, 90% of EDPR's financial debt had a fixed interest rate and only 3% had maturity schedule for 2017. In December 2016, 54% of EDPR's financial debt had maturity in 2018 (reflecting a set of 10-year loans granted by EDP in 2008), 13% in 2019 and 30% in 2020 and beyond.

As of December 2016 the average interest rate was 4.0%, lower versus December 2015, reflecting debt restructuring and early debt amortized in the period. In December 2016, EDPR early amortized 364 million US Dollars with maturity scheduled for 2018/19, which was contracted in 2009 with EDP.





Institutional partnerships

Liabilities referred to Institutional Partnerships increased to 1,520 million euros from 1,165 million euros in 2015, reflecting the benefits captured by the tax equity partners during the period and the establishment of a new institutional Tax Equity financing structure.

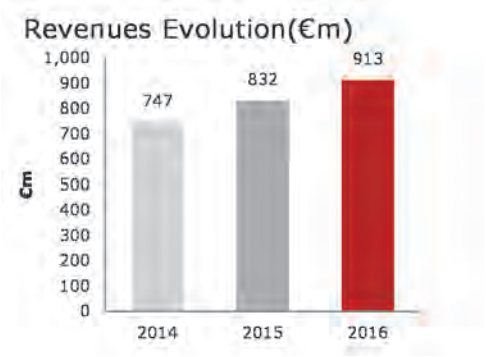
Financial Debt (€m)	2016	2015	▲ €
Nominal Financial Debt + Accrued interests	3,406	4,220	-814
Collateral deposits associated with Debt	46	73	-27
Total Financial Debt	**3,360**	**4,147**	**-787**
Cash and Equivalents	603	437	+166
Loans to EDP Group related companies and cash pooling	1	3	-1
Financial assets held for trading	0	0	0
Cash & Equivalents	**605**	**439**	**+165**
Net Debt	**2,755**	**3,707**	**-952**

EUROPE

Revenues

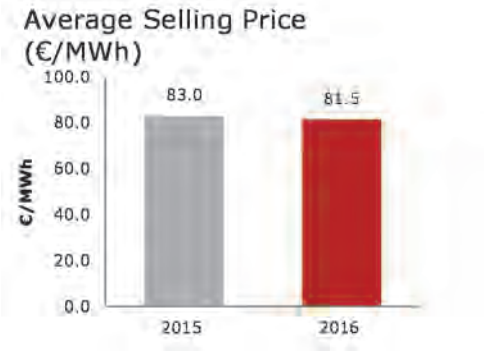
In Europe, EDPR delivered revenues of 913 million euros, an increase of 81 million euros versus 2015, reflecting the impact from higher electricity output that increased 12% versus 2015 to 11.2 TWh, and despite lower average selling price. European output benefited from capacity additions over the period along with a stable 26% load factor. In 2016, European generation accounted for 46% of EDPR total output.

In detail, the increase in revenues was mainly the result of higher revenues in Portugal, with an increase of 78 million euros versus 2015 propelled by ENEOP consolidation.



Average selling price

In the period, EDPR average selling price in Europe decreased 2% to 81 euros per MWh, mainly driven by a 7% lower average selling price in Portugal, due to a different mix of wind farms in operation following the consolidation of 613 MW from ENEOP in September 2015, and the 15% lower average selling price in Poland on the back of green certificates price evolution and forex translation.



Net operating costs

Net Operating costs increased 106 million euros, to 247 million euros, mainly explained by the decreased in Other operating income impacted by a capital gain subsequent to the sale of EDPR 60% share in a 50 MW wind farm in Poland and with year on year comparison affected by the gain subsequent to the control acquisition of certain assets of ENEOP accounted in 2015. Supplies and Services and Personnel costs increased year on year on the back of higher capacity in operation and Other operating costs decreased 15 million euros, reflecting EDPR´s strict control over costs.

In 2016, Supplies & Services and Personnel Costs per average MW in operation decreased 3% year on year to 39 thousand euros, supported by EDPR's asset management strategy and higher capacity in operation. Supplies & Services and Personnel Costs per MWh decreased 3% year on year to 17.1 euros benefited from the higher output in the period.

All in all, EBITDA in Europe totalled 666 million euros, leading to an EBITDA margin of 73%, while EBIT reached 360 million euros. In the period, impairments and provisions for contingencies amounted to 9 million euros.

Europe Income Statement (€m)	2016	2015	▲% / €
Revenues	913	832	+10%
Other operating income	35	140	(75%)
Supplies and services	(162)	(151)	+7%
Personnel costs	(30)	(27)	+14%
Other operating costs	(89)	(104)	(15%)
Operating Costs (net)	**(247)**	**(141)**	**+74%**
EBITDA	666	690	(3%)
EBITDA/Net Revenues	73%	83%	(10pp)
Provisions	(5)	(0)	-
Depreciation and amortisation	(303)	(291)	+4%
Amortization of government grants	1	2	(36%)
EBIT	360	401	(10%)

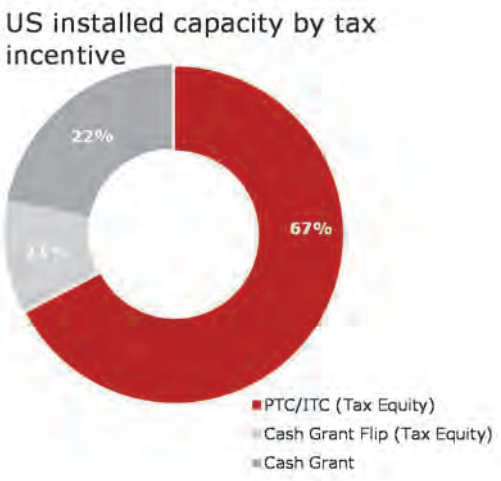
NORTH AMERICA

Revenues

In 2016, Revenues increased 1% to 781 million US Dollars, on the back of the 13% increase in electricity output, offsetting the lower average selling price in the period.

Average selling price

Average selling price in the region decreased 9% versus 2015, at $46 per MWh. In the US wholesale prices plus hedges were stable year on year but average realized merchant price was negatively impacted by a 200 MW PPA expiration in the first quarter of 2016 and with 2015 benefiting from the sale of 2014 REC stock. In Canada, the average selling price was $109 per MWh, 3% lower than previous year in US Dollars, penalized by forex translation (stable versus 2015 in local currency).



Net operating costs

Net Operating costs summed 225 million US Dollars, 34 million US Dollars lower than in 2015, mainly explained by the decrease in Other operating costs, with year on year comparison affected by the 46 million US Dollars write-offs recognized in 2015. Personnel costs and Supplies and Services, justified by the higher capacity in operation and the Operational and Maintenance strategy, increased 9 million US Dollars. Supplies and Services and Personnel costs per average MW in operation decreased by 4% versus 2015 to 48 thousand US Dollars, reflecting EDPR focus on efficiency and control over costs along with an increase in average MW in operation. Core Opex per MWh decreased by 7% to $16, also benefitting by the higher wind resource in the period.

Institutional partnerships and government grants

Income from institutional partnerships stood stable at 219 million US Dollars, reflecting new tax equity partnerships, the output of the projects generating PTCs and with year on year comparison impacted by 2015 one-off event (33 million Dollars), from an update of tax equity investors' post-flip residual interest accretion.

North America Income Statement (US$	2016	2015	▲% / €
Electricity Sales & Other	562	553	+2%
Income from Institutional Partnerships	219	219	(0%)
Revenues	781	772	+1%
Other operating income	26	22	+18%
Supplies and services	(154)	(149)	+4%
Personnel costs	(49)	(45)	+9%
Other operating costs	(48)	(88)	(45%)
Operating Costs (net)	**(225)**	**(259)**	**(13%)**
EBITDA	555	513	+8%
EBITDA/Net Revenues	71%	66%	+5pp
Provisions	0	0	(53%)
Depreciation and amortisation	(343)	(320)	+7%
Amortization of government grants	23	23	-
EBIT	235	216	+9%

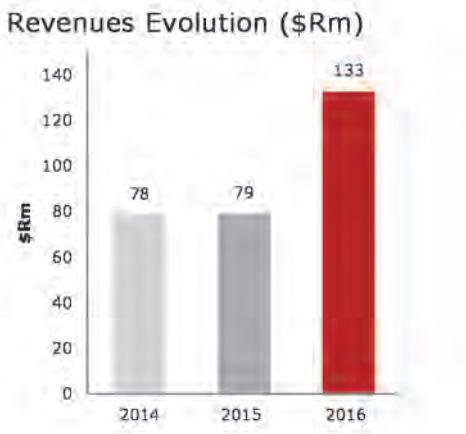
In 2016, EDPR received 308 million US Dollars as part of an asset rotation transaction signed in 2015. It also received 238 million US Dollars from an institutional partnership structure signed in October 2015. In addition, EDPR completed 457 million US Dollars of tax equity financing in exchange for an interest in the 250 MW Hidalgo, the 78 MW Jericho Rise and in the 101 MW Amazon Wind Farm US Central project (Timber Road III).

All in all, EBITDA went up 8% to 555 million US Dollars, leading the EBITDA margin to increase to 71%.

BRAZIL

Revenues

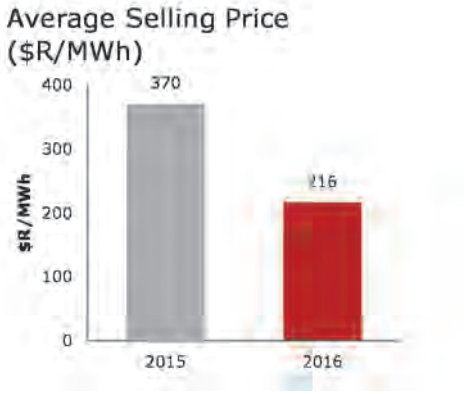
In Brazil, EDPR reached revenues of 133 million reais, representing a year on year increase of 68%, explained by an increased in electricity generation on the back of higher generation capacity and a stronger load factor.



Average selling price

The average selling price in Brazil decreased 42% to R$216 per MWh, reflecting mainly the different mix of a new wind farm in operation (production versus price).

In December 2016, EDPR had 204 MW of wind-installed capacity in Brazil, of which 84 MW under incentive programs for renewable energy development (PROINFA) and 120 MW awarded according with an auction system. Under these programs the projects were awarded with long-term contracts to sell the electricity produced for 20 years, providing long-term visibility over cash-flow generation throughout the projects' life.



Net operating costs

Net Operating costs totalled 36 million reais, an increase of 2 million reais versus 2015 mainly due to lower Other operating costs, that decreased 42% reflecting EDPR´s strict control over costs and increased efficiency, and to Core Opex, that totalled 36 million reais impacted by the higher capacity in operation. Core Opex per average MW and per MWh decreased year on year by 25% and 54% respectively.

Following the outstanding top line performance, in 2016, EBITDA reached 97 million reais, an increase of 113% versus previous year, leading to a 15pp increased of the EBITDA margin.

Brazil Income Statement (R$m)	2016	2015	▲% / €
Revenues	133	79	+68%
Other operating income	6	2	-
Supplies and services	(28)	(21)	+38%
Personnel costs	(8)	(6)	+38%
Other operating costs	(6)	(10)	(42%)
Operating Costs (net)	**(36)**	**(34)**	**+7%**
EBITDA	97	45	+113%
EBITDA/Net Revenues	73%	58%	+15pp
Provisions	0	0	-
Depreciation and amortisation	(31)	(19)	+65%
Amortization of government grants	0	0	+80%
EBIT	66	27	+147%

Other reporting topics

RELEVANT AND SUBSEQUENT EVENTS

The following are the most relevant events from 2016 that have an impact in 2017 and subsequent events from the first months of 2017 until the publication of this report.

- EDPR announces the sale of a minority stake in Portuguese assets to CTG
- Ordinances 268-B/2016 and 69/2017
- EDPR awarded long term contracts for 127 MW at the Italian wind auction
- EDPR concludes the sale of minority stakes in Poland and Italy
- EDPR established new institutional partnership structure for 328 MW and 101 MW in the US
- EDPR secures PPA for new 200 MW and 75 MW wind farms in the United States
- EDPR closed an asset rotation transaction in Europe, for a total consideration of €550 million

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

INFORMATION ON AVERAGE PAYMENT TERMS TO SUPPLIERS

In 2016 total payments made from Spanish companies to suppliers, amounted to €123,520 thousand with a weighted average payment period of 52 days, below the payment period stipulated by law of 60 days.

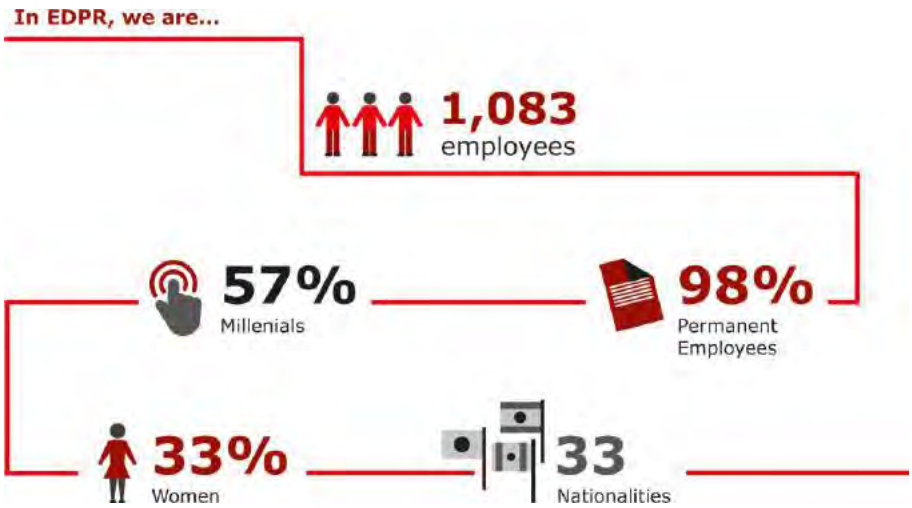
3.2 Stakeholders

3.2.1 EMPLOYEES

EDPR's growth in recent years has created a new labor environment that is home to three different generations, a landscape in which it is vital for the company to be able to adapt to the changing business realities in the markets where we operate. We offer a **customized employee value proposition** based on **development, transparency and flexibility**, which allows us to attract and retain talent, as well as ensure the ongoing growth and development of our employees in order to have team-oriented people capable of adjusting to the ever-changing working environment.

At EDPR:

- We foster the talent of our people.
- We are sustainable and efficient.
- We are committed to excellence and innovation.



This commitment and execution was recognized by Great Place to Work as EDPR was once again been ranked among the 50 best companies to work in 2016 in Spain and Poland. We are sure that a motivated workforce aligned with the company's strategy is one of the key drivers behind our ability to deliver on results.

DEVELOPMENT

EDPR is committed to the development of its employees, offering them an attractive professional career and aligning their capabilities and skills with the current and future needs of the company.

The growth and development of the Group's business has led EDPR to invest in people with potential, who can contribute to the creation of value.

Our objective is to attract talented people and to create opportunities for current employees through mobility and development actions in order to boost the potential of our employees. The HR strategy supports different initiatives to give them visibility and foster their professional development inside the company. Vacant positions are advertised internally and as a consequence, 100% of new Directors have been hired internally in 2016.

The cornerstones of development at EDPR are as follows:

- Mobility
- Training and Development Programs
- Renewable Energy School

MOBILITY

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

2016 Internal Mobility

- Functional: 59
- Geographical: 5
- Functional & Geographical: 11

TRAINING AND DEVELOPMENT PROGRAMS

The development of our employees is a strategic target for EDPR. That is why we offer job-specific ongoing training opportunities to contribute towards enhancing knowledge and skills, as well as specific development programs aligned with the company's strategy.

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

During 2016, EDPR carried out the following Programs:

LEAD NOW PROGRAM: an advanced program aimed at EDPR middle management to support them in their new roles. During the program, participants have the opportunity to self-assess their management style, go further into the skills needed to develop an efficient management approach and learn their new role in what regards the HR processes within their teams.

EXECUTIVE DEVELOPMENT PROGRAM: an advanced development program carried out in collaboration with a leading Business School designed to enhance the management and leadership skills of top-performing employees from across the business. Participants learn to take management decisions in a fast-paced and competitive environment, among other aspects. During the program, participants learn in-depth knowledge about our core business areas, working in teams on a practical EDPR Business Case to analyze new strategic opportunities for the company. This translates into the creation of several proposals capable of being implemented once the program is concluded.

COACHING PROGRAM: program aimed at middle management, who receive coaching sessions delivered by company executives. The coaches are given the opportunity to detect their strong points and identify areas for improvement as a way to fine-tune their skills, always with the support of a guide who is always present at these sessions.

In addition to these specific development programs, each year, a customized Training Plan is created for all our employees based on the results of a skills assessement between manager and the subordinate to define the specific training needs of each employee.

These steps allow us to aligns the organization's current and futures needs with our employees' skill sets and expertise. In 2016, we delivered a total of 44,350 training hours, equivalent to 41 hours of training per employee. 100% of employees received training in 2016.

RENEWABLE ENERGY SCHOOL

To achieve our training and new employees' integration strategy, the Renewable Energy School plays a fundamental role. Established in 2011 within the framework of the Corporate EDP University, the Energy School aims to promote the development of individuals, facilitate learning and share knowledge generated within the Group as well as to acquire the skills needed to ensure the sustainability of EDPR's businesses across all the markets where the company is present. The objective of the School goes beyond mere training since it emerged also as a platform for sharing knowledge, expertise and best practices across the company.

During 2016, 39 training sessions were delivered in Europe, the United States and Brazil, representing a total of 8,398 training hours and 1,027 attendances. A total of 735 employees took part in the School's courses, equivalent to 68% of the total headcount. The School engaged 116 experts within the organization to deliver the training sessions, 40% of whom were directors and heads of departments, which helped the transfer of knowledge to employees.

TRANSPARENCY

ATTRACTING TALENT

At EDPR, we strive to attract and retain professionals who seek to excel in their work in order to position the company as the "the first choice for employees" in the labor market. In this sense, EDPR launches initiatives on an ongoing basis to strengthen its image as a leading employer by participating at numerous job fairs and visiting prestigious universities and business schools.

EDPR invests in the development of young people to help them becoming excellent professionals within the EDPR Group.

To this end, EDPR offers an internship program in order to provide young professionals with work experience and to identify future employees who can contribute to the future development of the business.

During 2016, EDPR offered 65 long-term internships and 30 summer internships, of which 12% translated into new hires. Moreover, in 2016 EDPR hired 158 employees, 31% of whom were women.

Non-discrimination and equal opportunities are enshrined in our 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.

INTEGRATION

Among our initiatives to integrate new staff we include our Welcome Day, a three-day event for new hires, which allows them to gain basic knowledge about the company and our business. Depending on the employee's profile, we offer them a visit to one of the wind farms or the remote dispatch center.

Visit to a Wind Farm on EDPR Welcome Day

PERSONAL DEVELOPMENT PLANS

The EDP Group uses a 70.20.10 development model in which not only the theoretical training but also initiatives related to on-the-job experience and teamwork are crucial for the development.

The Personal Development Plans are a very effective tool that enable us to structure training actions for the candidate aimed at widening their abilities and expertise since it requires a reflection upon the results of their skills assessement and identify the individual's strong points and areas where he can improve, taking into account the employee's development level, as well as the teamwork and organizational strategy.

The Personal Development Plans (PDIs) launched in 2015 were reviewed in 2016, testament to our culture of continuous feedback and ongoing improvement. These are voluntary plans, agreed between manager and employee.

FLEXIBILITY

As part of our value proposition at EDPR, we offer a competitive remuneration package, aligned with the best practices in the market.

The general remuneration policy incorporates particular features of each geography and is sufficiently flexible so that it can be adapted to the specific needs of each region. The fixed remuneration is supplemented by a variable bonus that depends on an evaluation that measures individual, area and company KPIs.

In addition, we understand the importance of maintaining a work-life balance. This has led to an increase in employee's satisfaction while bolstering productivity and morale. At EDPR, the Work-Life Balance (WLB) is not just aimed at employees with children, it is a set of initiatives to promote a positive working environment in which employees can advance in their professional career and give their best. We believe that WLB must be a shared responsibility. We seek to constantly improve our WLB measures and provide the most suitable benefits to employees. In fact, we often design WLB benefits that are tailored to the countries where EDPR operates.

EDPR's WLB practices have been awarded for five years now the Responsible Family Employer Certification (EFR - Empresa Familiarmente Responsable) by Spain's MásFamilia Foundation. In this regard, EDPR has been promoted into the "Proactive Company" category, which reflects our commitment to promoting a healthy work-life balance for our employees.

CLIMATE ACTION PLAN 2016

A hallmark of EDPR is its ongoing commitment to seek new initiatives, programs and measures to make our company a great place to work. This commitment to improve our HR management, making sure that employees consider the company a challenging place, where they are willing to give their best by combining high standards of excellence with efficiency, a company in which listening to employees' helps us stand out from the competition, in short, making EDPR a special place to work.

In November 2015, EDP launched a new edition of its Climate Survey, which constituted another communication channel to learn the opinions and viewpoints of our employees. Participation rates were very high as 93% of EDPR employees have taken part in the survey, making the results representative of the general climate, as well as providing insight on an individual level.

The results reflect high overall levels of commitment (72%), in line with those of EDP (75%) and other leading companies employing the best practices in this area (73%). Of particular note, the most highly valued aspects by employees include job stability, working conditions and working environment.

However, closer examination reveals improvement opportunities in certain areas, which today represent the foundations of our Climate Action Plan 2016, which comprises 13 specific actions. These measures have been conveyed to all employees via various platforms.

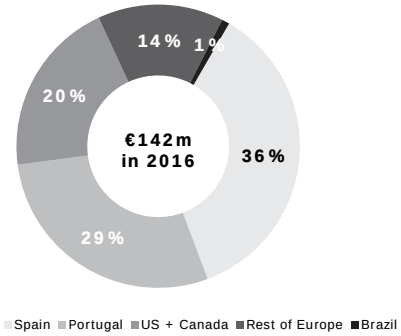
3.2.2 COMMUNITIES

EDPR provides long-lasting economic benefits to surrounding areas throughout the entire lifecycle of its wind farms. These benefits include, but are not limited to, infrastructure investments, tax payments, landowners' royalty payments, job creation and direct contributions to community projects.

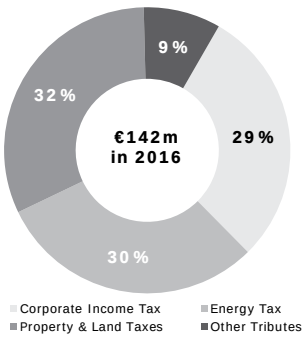
Tax reporting

It is an ethical and civic duty to contribute to the financing of the general functions of the States where the Group is present through the payment of taxes and contributions due in accordance with the applicable Constitution and remaining laws of those States, contributing to the welfare of citizens, to a sustainable development of the Group's local businesses and to the value creation for shareholders. The total tax contribution of EDPR Group to the public finances amounts to €142m in year 2016. Moreover, EDPR's Social Security contribution amounts to €12m.

Distribution of EDPR Group's tax payments by country



Distribution of EDPR Group's tax payments by tax type



INFRASTRUCTURE INVESTMENTS

ROADS

The construction of a wind farm comprises the construction of new roads and the rehabilitation of existing ones in order to transport heavy equipment (i.e. wind turbines) to the site during construction works. The local communities benefit from these roads, as they provide an improved connection for local inhabitants to perform their agricultural activities. In 2016, we invested 4.7 million Euros to develop community roads.

UTILITY INFRASTRUCTURES

The integration of our generation capacity may require upgrades in the distribution and transmission grids that belong to the distribution system or transmission system operators. Most of the times, these upgrades are financially and technically supported by EDPR, indirectly benefitting the quality of electric service in the surrounding areas. This is particularly important in countries where wind energy is in its early stages. In 2016, we invested 11.4 million Euros to improve public electric facilities.

LEASES, TAXES, AND REVENUE SHARING

EDPR also provides direct economic returns to the local and regional communities by means of land leases, local taxes and property taxes. For example, in the US, property tax is paid to state and local entities in the states where the assets are held, which benefits the local communities. This revenue sharing is a large contribution to the yearly budget of rural municipalities where wind farms are located. Furthermore, during the construction of our wind farms, the local community can see an influx of temporary construction workers that provide a positive impact on the local economy through local spending and increased sales tax revenue.

HIDALGO WINDFARM

Hidalgo Wind Farm contributes with significant economic benefits to the surrounding community in the form of payments to land owners, local spending and annual community investment. Along with the recurring payments to over 70 landowners within the 33,000-acre project, Hidalgo also brings approximately US$200 million in taxable assets to the counties in which the project was built. The construction of the project brought

more than 400 workers to the rural south Texas town of McCook and the continued operations of the project will ensure that a number of long-term jobs will remain in the community for the life of the project. Along with the economic benefit to the county and community, there is a significant environmental benefit as well. Now that the project is up and running it will be providing enough energy to power approximately 55,000 average Texan homes every year.

LOCAL HIRING AND PROCUREMENT PRACTICES

Although there are no in-house procedures explicitly requiring local recruitment, a high percentage of our employees and 99% of the purchases come from the locations in which the company operates. As a result, we contribute to the local economic development.

For operational activities, we usually hire members of the local community for the operation and maintenance services of the wind farms, such as wind farm management, wind turbines operation and maintenance, electrical and civil works maintenance, environmental surveillance and other support services. These practices let us benefit from local workers specific knowledge.

COMMUNITY PROJECTS

EDPR voluntarily promotes and supports social, cultural, environmental and educational initiatives with the purpose of contributing to the sustainable development of its business and in order to uphold its strategic vision.

The goal is to make a positive impact on the communities where we operate, and to maintain and enhance our reputation as a responsible company working for the common good. EDPR plans for the results it intends to achieve, and evaluates projects in which is involved in, according to international standards for corporate social investments (London Benchmarking Group).

EDPR in 2016:

- 1.1 million euros invested
- More than 150 initiatives with the community

EDP FOUNDATION IN SPAIN

The mission of the EDP Foundation is to strengthen the commitment of the EDP Group in the geographical spheres in which the group operates, with special emphasis on environmental, social, cultural and educational areas within a perspective of global sustainable development, where the efficient and responsible use and generation of energy plays a decisive role. In 2016, the EDP Foundation in Spain supported a series of initiatives financed by EDPR.

Energía Solidaria

The Energía Solidaria program aims to increase the safety, well-being and energy efficiency of the most disadvantaged families.

With the collaboration of Caritas and through different actions of energy improvement, in 2016 the number of direct beneficiaries has been 431 and 104 indirect beneficiaries.

The program has included several actions focused to cover the energy needs of families and Caritas centers (technical centers, welfare flat and rehabilitation centers). For example, energy audits were carried out in 10 families identified by Caritas, as well as the implementation of the recommended measures.

ROMANIA: CLOSER2YOU

We are investing in relationships and the development of communities located near our operations, as well as in the legacy we want to leave for future generations. For that reason we have created the Closer2You initiative, whose first edition was held in Constanta County, Romania.

In order to help a family with three children living in poor conditions with no electricity, no water supply and without incomes for the parents due to the inability to work, this initiative addressed thermal rehabilitation of the house, replacing windows, doors and water supply. Collaboration agreements were reached with local authorities and suppliers in order to provide the family with water and more dignified conditions. The home was remodeled, making it safer and improving the family's level of comfort.

The initiative works as a way of enriching our relationship with stakeholders and is focused on developing sustainable communities. In 2017, Closer2You will reach other countries around the world, such as Brazil, Spain, Portugal and Poland.

Before and after rehabilitation

EUROPE: GENERATION EDPR

Generation EDPR is a set of Corporate Social Responsibility (CSR) initiatives implemented by the company, namely Your Energy, University Challenge, Windexperts and Green Education.

University Challenge aims to foster the spirit of innovation and creativity within the academic community, which in turn will promote a greater bond between universities and the business world. The program reached two important milestones in 2016: in its eighth edition in Spain, one of the winning groups created a business with the objective of implementing their project (use of drones for maintenance operations in wind farms); also, the program became international with its first Polish edition.

Your Energy is an international program that helps children discovering the world of renewable energies and Green Education supports the education of children and teenagers of families with limited resources.

YOUR ENERGY

4,700 students in Spain, Italy and Poland

UNIVERSITY CHALLENGE

44 universities in Spain and Poland

GREEN EDUCATION

119 students in Spain and Portugal

Because we believe there is no better way to add value to society than to support these types of projects, we will continue to invest fostering creativity and knowledge among young people.

Know more in generationedpr.edpr.com

WIND EXPERTS IN SPAIN

Wind Experts is a competition launched only in 2016 intended to educate children from 10 to 13 years about renewable energies while developing their creativity. Through a partnership with the Portuguese toy company, Science4you, nine schools responded to the challenge and more than 60 children received a model wind turbine, which they had to use to create a new structure using only recyclable materials. The goal for the future is to expand the number of schools participating in the initiative and make it international.

UNITED STATES: EMPLOYEES DONATE BOOKS TO DESERVING ORGANIZATIONS

EDPR North America supports the local community with many initiatives. One of them was a book drive coordinated by EDPR NA Volunteer Committee, which asked employees to donate new and gently used books to be given to three local organizations: the Texas Children's Hospital, Reading Aces and the Houston Center for Literacy. A total of 416 books were donated. Of those, 46 new books went to the Texas Children's Hospital, 204 gently-used children's books went to Reading Aces, and 166 gently-used books went to the Houston Center for Literacy.

In Spain, EDPR we held a similar initiative and 307 books were donated by employees.

3.2.3. SUPPLIERS

EDPR's value creation capacity, leadership in its business areas and relationship with its stakeholders is significantly influenced by the performance of its suppliers.

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

EDPR SUPPLY CHAIN

During 2016 an extensive characterization study of EDPR's purchases was developed, aiming a deeper knowledge about the economic, social and environmental impacts of EDPR's supply chain. EDPR expects from now on to use these results for better definition of the priorities concerning sustainability management.

A supplier is considered critical through an added critical awareness score that accounts multiple criteria: annual value spend; supply frequency; access to customers; access to technical equipment or sensitive data; supplier substitutability; component substitutability; supply failure consequence; supplier segmentation; safety risks and environmental risks. and obligations, e.g. through supply or service failure consequences, are the concerns of the identification process.

From the point of view of criticality for the business, EDPR's suppliers segments are:

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

A new Sustainable Procurement Policy was defined and improvements were introduced in the suppliers' management process. EDPR is reinforcing out audit procedures and will implement a significantly higher number of audits to suppliers.

Over **5,060** (1) Suppliers contribute to EDPR success	**52** (2) suppliers are considered as critical	Critical suppliers represent **55 %** (3) of the invoiced volume in Europe and **67 %** (4) in North America	**99 %** (1) Local Purchases (Purchases in countries of operation of EDPR)

SUSTAINABLE MANAGEMENT OF THE SUPPLY CHAIN

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

EDP Group has defined a Sustainable Procurement Policy, which is the framework for the procurement process. The policy includes aspects of law compliance, environmental policy, respect for communities, communication with stakeholders, ethics, confidentiality, conflicts of interest, human rights and health and safety.

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

1 Based on # of purchase orders placed in 2016
2 Critical suppliers as defined as per EDP formal corporate standard methodology
3 & 4 Based on the total invoiced volume in 2016

Policies, Procedures and Standards		
Procurement Policy	• During 2016, an extensive characterization study of EDPR's purchases was developed, aiming a deeper knowledge about the economic, social and environmental impacts of EDPR's supply chain. • EDPR takes into account the 10 principles of the UN Global Compact and Ethical Code acceptance, the Health & Safety and Quality certificates, as well as technical quality and economical/financial solvency of suppliers.	
Procurement Manual	• EDPR has a Procurement Manual, which includes sustainability principles to be taken into account when contracting products or services. • These principles summarize the most relevant aspects for EDPR in terms of sustainability in the supply chain: health and safety, respect for the environment, ethics, local development and innovation.	
EDPR's Code of Ethics	• EDPR is governed under a strong sense of ethics and requires its suppliers to have no conflicts with the company's ethical standards. • EDPR´s suppliers must know and accept by written the principles established in the Code of Ethics. EDPR's Code of Ethics is available in www.edpr.com	**100% of the EDPR critical suppliers are aligned with Global Compact criteria and EDPR's Code of Ethics**
UN Global Compact	• EDPR is a signatory of the UN Global Compact for Sustainable Development and is committed to implement these principles as well as to promote the adoption of these principles on its area of influence. • EDPR´s suppliers must accept to comply with the UN Global Compact's ten principles, on human rights, labor, environment and anti-corruption and provide the confirmation as signatories of the UN Global Compact directives or a written declaration of their acceptance.	
Health & Safety System and OH&S Policy	• Health & Safety System, based on the OSHAS 18001:2007 specifications require EDPR's employees and all other individuals working on behalf of EDPR to follow best practices in those areas, as required in EDPR's OH&S Policy. • The health and safety management system is supported by different manuals, control procedures, instructions and specifications which ensure the effective execution of EDPR's OH&S Policy. EDPR´s Health & Safety Policy are available in www.edpr.com	
EDPR´s Environment and Biodiversity Policies	• EDPR is committed to integrate the respect for the environment and environmental management into all phases of the business through the value chain and ensure that all stakeholders, including suppliers, have the necessary skills to do so. • EDPR´s suppliers shall adopt all necessary measures to ensure strict compliance with all applicable environmental regulations as well as EDPR´s Environment and Biodiversity Policies, internal norms, procedures and systems in place as regards to environmental management. • EDPR has implemented an Environmental Management System (EMS) developed and certified according to the international standard ISO 14001:2004. EDPR´s suppliers shall know and understand the EMS and ensure the full compliance with the procedures set. • Suppliers shall make the EMS available to its employees and subcontractors. EDPR´s Environment and Biodiversity Policies are available in www.edpr.com	

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

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

MANAGEMENT AND MITIGATION OF ENVIRONMENTAL, SOCIAL OR ETHICAL RISKS

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

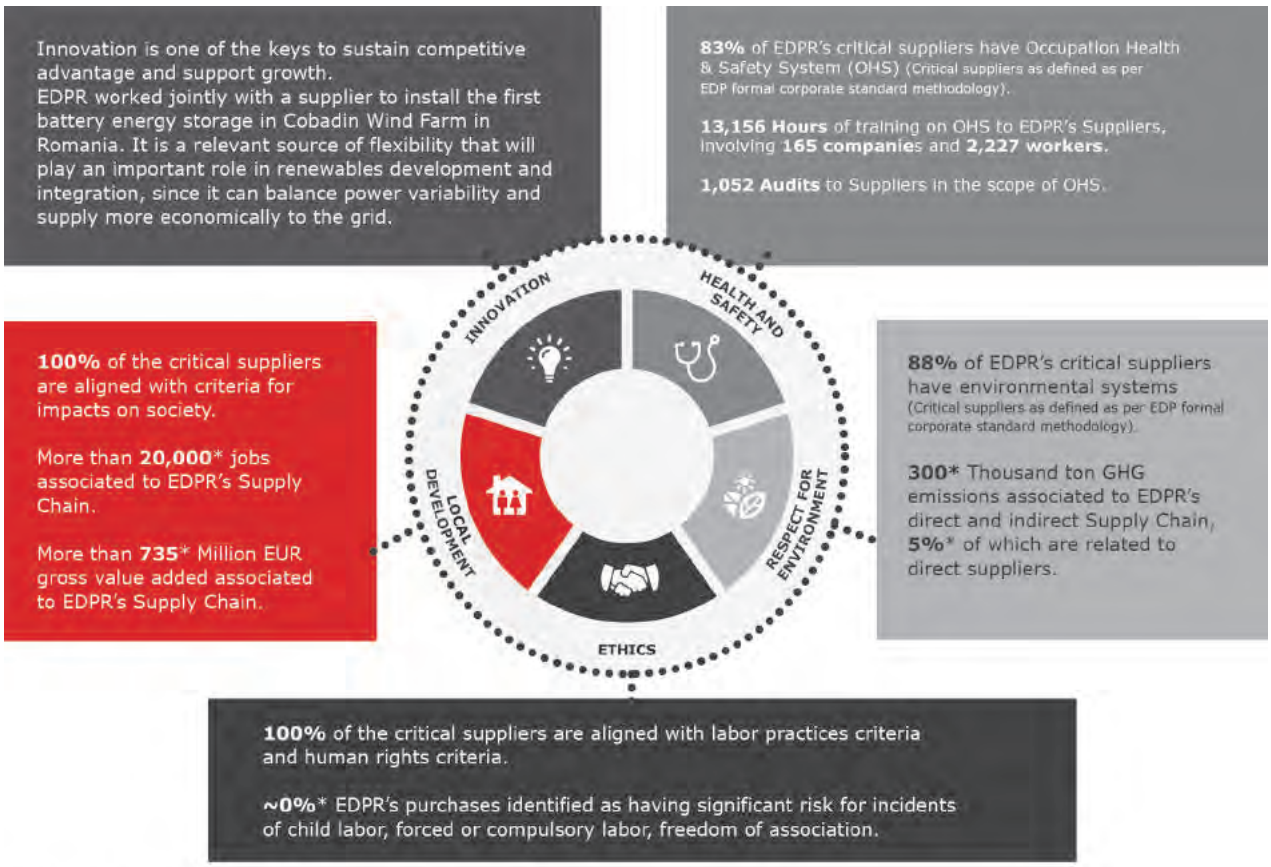
A) During the execution phase, the construction manager works closely with a health supervisor, a safety and environmental supervisor and holds weekly meetings with suppliers (BOP contractor and, where applicable, the turbine supplier).
Contractors receive feedback and improvement plans are established in the areas of quality, health, safety and environment through performance reports. In addition, the company also has external supervision in these areas.

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

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

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

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



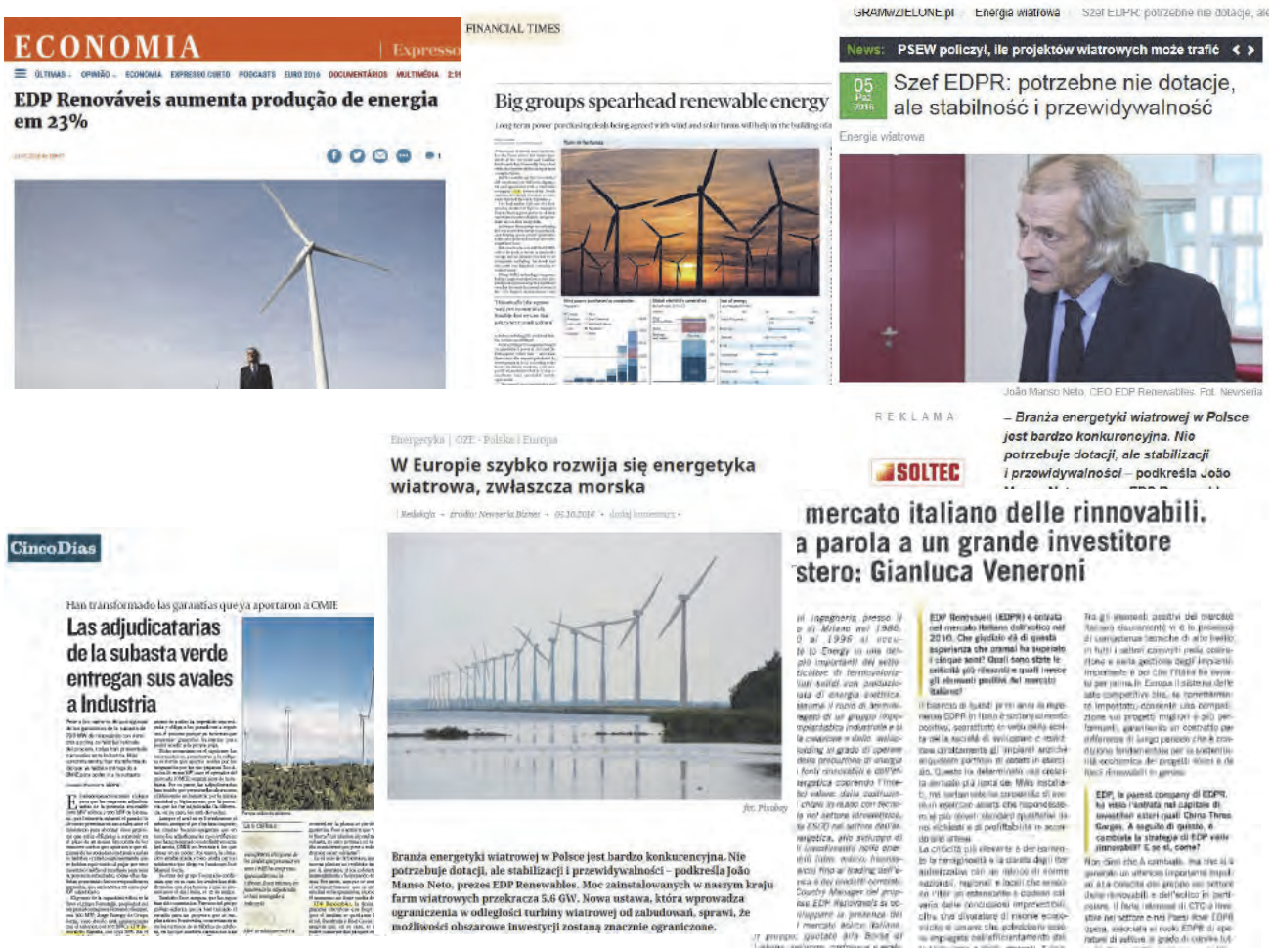
*Data resulting from characterization of the supply chain performed by PwC using ESCHER (Efficient Supply Chain Economic and Environmental Reporting) tool, based on 2014 purchasing data

3.3.4. MEDIA

Mass media organizations around the world represent a very important stakeholder group to EDPR. EDPR's corporate reputation and brand visibility depends on media organizations, which is why we take great care in each interaction we have with them. We keep all media organizations informed about the initiatives that the company carries out, whether these are related to financial issues, company performance, corporate social responsibility or any other relevant happenings.

For that purpose, the Department of Communication and Stakeholders Management has developed a series of communication channels to make the transmission of information as dynamic and fluid as possible. One of the main channels is the corporate website (www.edpr.com), which includes three large sections dedicated to media: news, where all the company's official communications are publicized; media center, a content repository where the media can obtain photographs, videos and other materials; and finally, contact information. Other media communication channels are press conferences, interviews with company managers and conference calls.

In 2016, interactions with the media generated news primarily in the markets of Portugal, Spain, North America, Poland and Italy, but generally, in all markets where we operate. These news reflect the company's strategy for each of these markets. Portugal was the largest source of the news items, with notable positive coverage of EDPR's image, including information about the company's share price, financial performance, our partnership with China Three Gorges (CTG), education initiatives, plans for expansion and investment (especially foreign investment), new contracts and energy production data. In Spain, the company's expansion plans were especially noteworthy, while in the United States and Canada, news tended to focus mostly on Power Purchase Agreements (PPA).



3.3. Safety first

Zero accidents mindset

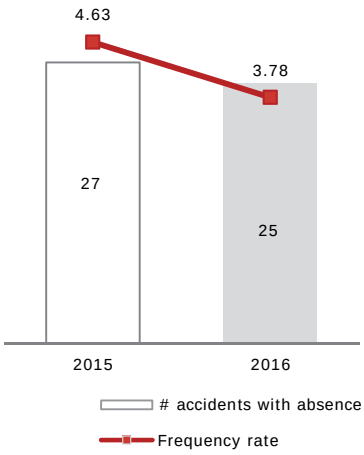
Guaranteeing the health, safety and well-being of our employees and contractors is a top priority at EDPR and this commitment is supported by our Health and Safety policy.

At EDPR, we are conscious that we work in a sector that is particularly sensitive to the occupational risk, therefore we place special emphasis on prevention by training, communicating and certifying our facilities.

As an integral part of our health and safety strategy, employees participate in training courses and risk assessment activities based on the potential risks associated with their position. Our employees follow the guidelines rigorously and strive to achieve a safe workplace for all those who provide services in our facilities.

Health & Safety committees and subcommittees throughout EDPR support the implementation of health and safety measures by means of collecting information from different operational levels and involving employees with the establishment and communication of a preventative plan.

In order to achieve our zero accidents target, EDPR has implemented health and safety management systems based on the OSHAS 18001:2007 specifications. The standards and procedures of these systems are adapted to the specificities of each geography where they are implemented and are developed based on the country's regulation and industry's best practices. Our commitment to the health and safety of our employees and contractors is further supported through the OHSAS 18001 certification and we are working actively to have all installed capacity certified by 2020.



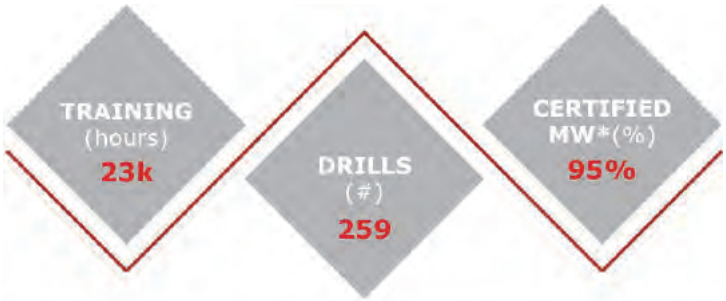
Indicators:

The implementation of our health and safety management systems allows us to manage and prevent future accidents with the objective of reaching our zero accident goal. During 2016, EDPR registered 25 accidents. The trend is decreasing in Europe, US and Brazil but it is partially offset by higher short-term absence accidents in Mexico, impacted by higher construction activity in the country. Additionally, the severity rate increased, due to one long-term absence coming from 2015 and nine during 2016, which have led to 83% of the total days lost.

Overall, the trend is improving despite the increase in the number of accidents in Mexico. A greater focus on communication of our policies plus the realization of the benefits from OHSAS certification that will occur in 2018 in Mexico will help to improve these statistics.

Europe, US and Brazil have lower H&S indicators due to more training hours and emergency plans both for staff and contractors.

Training & emergency plans:



*OHSAS 18001 certification. Calculation based on 2016YE installed capacity. In 2015, calculation was based on 2014YE installed capacity.

Note: Includes staff and contractors data.

3.4. Environment

Life cycle approach in the environmental management

Wind power is one of the most environmentally friendly ways of producing energy. Its contribution to global warming is significantly lower than the one from fossil fuel based energy sources. The impact of our business on the environment is small but nevertheless EDPR works on a daily basis to hold itself to a higher standard.

1 Raw Materials Extraction and Components Manufacturing Stages

Incorporate respect for the environment and management of environmental aspects in all phases of business processes throughout the value chain is one of the pillars of our environmental strategy.

Life cycle assessments revealed that most wind farm and solar plant environmental impacts are concentrated in the raw materials' extraction and components' manufacturing stages.[2]

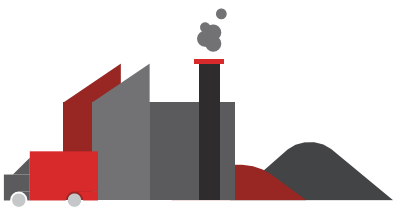
EDPR is not directly involved in those **upstream processes** but is committed to promote sustainable practices in the supply chain according to EDP Sustainable Procurement Policy to better respond to the increasing needs of sustainability and the development of our supply chain.

2 Wind Farm Set Up

Wind farm set up, including construction and installation works, is concentrated in a short period of time and has a very limited impact compared with upstream processes. Nevertheless it is closely followed by our highly qualified teams to minimize potential disturbances.

A thorough process based on our in-house expertise ensures the location of EDPR facilities in the best sites, assuring top-class construction standards and respect for the environment and local communities.

During the construction process, we work to minimize impacts and disturbances and return the land to its initial integrity. In 2016, more than 63 ha were restored. In most cases, wind turbines and access roads occupy less than one percent of the land in the entire project area and the remaining land is still available for traditional activities.



Climate change is already having an impact on biodiversity, and is projected to become a more significant threat in the coming decades. Wind and solar energy provides a major contribution to protecting biodiversity from climate change since its contribution to global warming is significantly less than fossil fuel based energy sources.

3 Operation Stage

The **operation stage** is the core of our business. As an owner and operator, EDPR is committed to maintaining long-term operations of our projects for the benefit of our stakeholders while always keeping our environmental impact to a minimum. The proper management of the environmental aspects during operation is achieved through the Environmental Management System (EMS), developed in accordance with the ISO 14001 international standard and certified by an independent certifying organization. 89% of EDPR's installed capacity is covered by ISO 14001 certification[1].
The operating phase can be extended beyond the useful life by repowering the windfarms, replacing old equipment by new one with greater capacity and performance, producing clean energy for a few years more.

EDPR is renewing its entire fleet and hybrids will make up 70% of its new fleet of vehicles. In line with its core business, EDPR has chosen hybrid vehicles based on their low fuel consumption and reduced emissions All vehicles will be incorporated into the EDPR fleet gradually over 2017 in Spain, France, Italy, Poland and Romania, as well as Brazil.

4 End of Useful Life

At the **end of their useful life** wind turbines are dismantled to return the environment to its original state. Although EDPR has not yet dismantled any facility, from the environmental point of view there are two main aspects to consider: land restoration and proper treatment of the wastes generated. Properly managing wind turbines at the end of its life from a sustainable point of view, is crucial to maximize the environmental positive impacts of wind energy from a life cycle approach. Wind turbines' recycling at the end of their service life avoids impacts associated to raw materials' extraction, providing significant environmental benefits and contributing to create a circular economy.

The average recyclability of wind turbines has been calculated as 80-90%.[2] The components contributing to recyclability are metal parts manufactured from iron, steel, aluminum and copper. But the industry faces a challenge regarding wind turbine blades since landfills are currently the main destination for composites in Europe. EDPR supports R3FIBER project, an innovative solution that provides a green technology to recycle wind blades to obtain high quality fibers that can be reused in various sectors, contributing to circular economy.

EDPR wind farms, with a projected life span of 25 years, will pay back its life cycle energy costs in less than a year[2], which means more than 24 years of a wind farm's life just producing clean energy.

1 Calculation based on 2016YE installed capacity. In 2015, calculation was based on 2014YE installed capacity.
2 According to the Life Cycle Assessments of our main turbine suppliers.

3.5. Innovation

EDPR, as a global renewable energy leading company, is proactively and consistently looking for new research and innovative initiatives and solutions focused on the reduction of the cost of energy through-out the life cycle of its assets. Also, EDPR is addressing the challenges related with the required capabilities to fit in the near future power and market systems, ensuring adequate technological skills and preserving our competitive advantage in the sector.

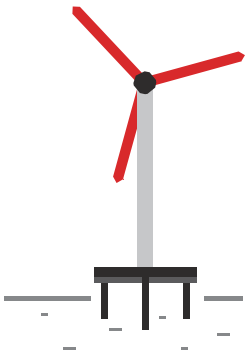
Currently research and innovation actions and efforts at EDPR are mainly focused on addressing challenges related with investigation of the main trends in offshore and onshore wind and solar energy, energy storage and flexible grid integration solutions, new O&M procedures and strategies.

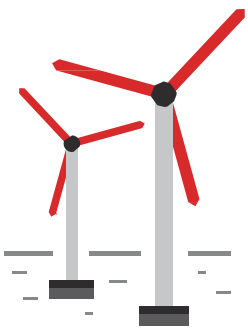
Offshore Technology

Key priority for offshore wind is to continue to follow a cost decrease path, achieving a sustainable and as fast as possible LCOE and reducing technology risks in the coming years mainly by economies of scale, technology innovation and higher capacity turbines (>6 MW).

The most capital intensive areas of offshore wind industry are the turbines, foundations and installation. Since the offshore wind market is evolving moving further from shore into deep waters and with increased average turbine capacity, innovation in foundations and in installation that address the deeper waters challenge are key drivers for LCOE reduction and increased competitiveness.

EDPR is developing a portfolio of solutions, namely creating technology innovative options for intermediate and deep water markets. Knowledge and experience acquired with WindFloat and DemoGravi3 technologies places EDPR as a front runner in the offshore wind business innovation paving the way to achieve competitiveness in future commercial projects by challenging the offshore wind supply chain.





Windfloat Project

The WindFloat 1 showed the physical survivability of the platform on a harsh environment and set the tone for the pre-commercial phase, in order to prove economic viability.

After 5 consistent years of operation with more than 17 GW of electricity produced demonstration period is over. This milestone represents EDPR successful innovation approach to the offshore market by addressing the real problem of lack of solutions for deep waters.

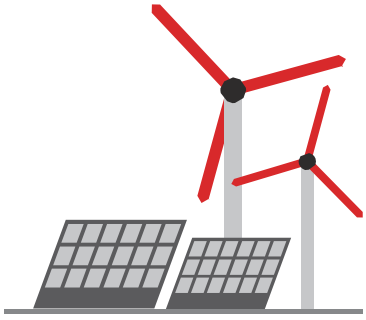
After successfully reaching the end of the lifetime of the first phase of the project, the next step in the development of WindFloat technology will be the pre-commercial phase, named 'WindFloat Atlantic' (WFA), the first worldwide full scale floating wind power plant.

With a total capacity of 25 MW in a 100 meters depth area in the Portuguese coast of Viana do Castelo, each of the 3 platforms will be equipped with a 8 MW commercial turbine. Under NER300 funding programme, this project has attracted renowned world players, such as Repsol, Trust Wind, Mitsubishi Corporaton and Chyioda Corporation. COD is expected in the summer of 2019.

Demogravi3 Project

Funded by the EU Horizon 2020 Program aims to demonstrate and validate an innovative hybrid concrete-steel, self-buoyant bottom standing foundation technology for offshore wind power plants located in intermediate water depths between 35 and 60m. The complete unit (turbine and foundation) will be built and fully assembled inshore, transported to the site, water ballasted to be installed in the seabed, and decommissioned without the need of using heavy lift vessels.

The European consortium developing this project is leaded by EDPR and is composed by a highly complementary and fit for purpose mix of commercial companies and non-profit entities: TYPSA, ASM Energia, Univ. Politécnica de Madrid, WavEC, Acciona Infraestructuras, Fraunhofer Gesellschaft IWES, Gavin & Doherty Geo Solutions and Global Maritime AS.
The project will have a duration of 4 years. Installation will take place in summer 2017, at the consented and grid connected site of Aguçadoura (Portugal).



Solar Technology

Hybrid Wind And PV Pilot Project

EDPR is developing a demonstration pilot project in Spain of an hybrid technology (wind+photovoltaic) power plant sharing the same BoP infrastructure. The objective is to validate this concept both technical and commercially, to allow the definition of the business case for a real size project based on wind and solar resources complementarity.

CPV-LAB Project

A test platform embedded in a commercial photovoltaic power plant under construction in Portugal, to evaluate the performance of new photovoltaic technologies such as CPV, glass-glass and bifacial, with the objective of gaining experience and creating solid knowledge in order to maximize profitability in future investments.

Energy Storage

Battery energy storage is a relevant source of flexibility that will play an important role in renewables development and integration, since it can balance power variability and supply more economically to the grid. In addition, the rapidly falling cost of batteries provides particular interest for EDPR's future investments in energy storage.

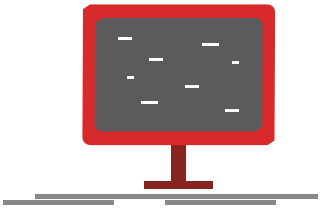
The 'Stocare' demonstration project, embedded in Cobadin wind power plant, is the first one to use Lithium ion batteries for electricity storage in Romania and also marks the beginning of using combined energy storage solutions and renewable power generation in EDPR, since the end of 2016.

Cobadin's 1MW/1MWh energy storage system supplied by Siemens works as a proof of concept, aiming to evaluate its potential to enhance renewables power plants economics and integration in the electrical system. The innovative energy management and control platform now being developed aims to provide solutions that respond to output fluctuations in energy production and test new forms of power control under real conditions to maximize yield, besides obtaining operational experience and knowledge from testing different use cases, allowing EDPR to evaluate the future business case by calculating the overall costs, revenues and savings, alongside with risks and opportunities identification.

Benefits from this project will result from the reduction of forecast errors from the active power schedule submitted day-ahead to reduce balancing costs and an advanced curtailment management to minimize energy losses. In addition, as remuneration schemes for ancillary services become increasingly available in certain markets, it also aims to test applications such as frequency regulation and voltage support, through the development of algorithms and optimization of control schemes that could later be used in other projects and markets.

Operation and Maintenance

The maturity of the wind onshore market, with a growing amount of operating capacity and with turbines becoming increasingly complex, highlights to EDPR the need to devote more efforts to advanced O&M solutions and strategies aimed at achieving cost reduction and increase energy yield due to enhanced data analysis and O&M procedures. With so many sources, volumes and variety of data available, significant innovation efforts are required to properly treat and analyze such wealth of information to create added value knowledge in asset operations.



EDPR is starting to incorporate big data technologies using advanced analytics predictive models for wind turbines lifetime optimization and to build reliable and streamlined end-of-life strategies.

EDPR is also involved in several initiatives to enable predictive maintenance, related with the use of new enhanced sensors, condition monitoring systems and airborne drones for inspection to open new possibilities for data collection.

ENERGY AS THE *NEW* ART

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SUSTAINABILITY AS THE *NEW* ART

ENERGY AS THE *NEW* ART

4
Sustainability

4.1. Materiality assessment (G4-18, G4-20, G4-21, G4-26, G4-27)

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

4.1.1 BACKGROUND AND OBJECTIVES

EDPR's material issues were identified and the results achieved supported the preparation of this Management 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 information is collected corporately and in business units.

Materiality is obtained by the interception of the issues identified by stakeholders with the importance given internally by the business.

The topics identified by the company are prioritized according to the frequency with which they appear in different categories analysed.

RELEVANCE FOR SOCIETY

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

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

RELEVANCE FOR BUSINESS

The vision of the business is obtained through the evaluation of the importance/impact of a specific theme from a perspective internal 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 reflects the future vision of the business.

RESULTS (G4-18, G4-19, G4-20, G4-21, G4-26, G4-27)
The materiality matrix describes visually and promptly the most sensitive and impacting themes by comparing the relevance to society with the relevance to the business. The critical and sensitive themes for the business, obtained from the analysis of the materiality matrix, allows the company to drive the strategy and support the decision making process as well as to focus the report of information based on shared interests between company and stakeholder, thus facilitating the relationship among them.

Materiality Matrix

4.2. Economic Performance

G4 DISCLOSURE ON MANAGEMENT APPROACH

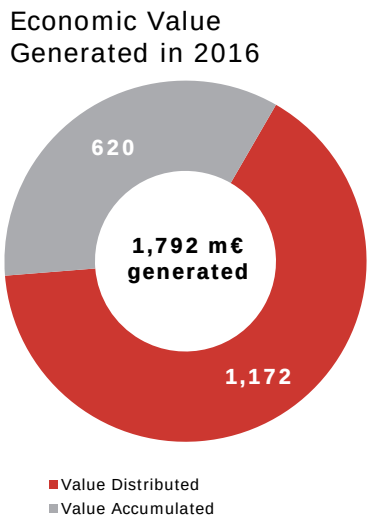
Renewable energies have a strong influence in the local communities. Assets are usually constructed in remote locations, bringing positive economic benefits to the local communities, while contributing to the world fight against climate change.

Additionally, we believe that innovation is key to sustain competitive advantage and support growth. For us, innovation is about new technologies for more renewable energy - such as offshore wind - but that is not all: it is also about attitude, looking for ongoing improvement every day at what we do. A detailed disclosure of different projects lead by EDPR can be found at Innovation section.

Assets are usually constructed in remote locations, bringing positive economic benefits to the local communities.

G4 EC1 - DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED

€m	2016	2015
Economic value generated and distributed		
Turnover	1,485	1,372
Other income	251	359
Gains/(losses) on the sale of financial assets	2	0
Share of profit in associates	0	-2
Financial income	54	61
Economic value generated	1,792	1,790
Cost of raw material and consumables used	31	22
Supplies and services	305	293
Other costs	135	189
Personnel costs	94	84
Financial expenses	404	347
Current tax	50	51
Dividends	153	129
Economic value distributed	**1,172**	**1,115**
Economic value accumulated	**620**	**675**



G4 EC2 - FINANCIAL IMPLICATIONS AND OTHER RISKS AND OPPORTUNITIES FOR THE ORGANIZATION'S ACTIVITIES DUE TO CLIMATE CHANGE

The cost of doubling the renewable energy share by 2030 would be US$ 290 billion per year which is expected to be at least 4 and up to 15 times less than the external costs avoided.
Source: IRENA

Human activities are releasing critical amounts of carbon dioxide and other greenhouse gases (GHG), which trap heat and steadily drive up our planet's temperature, eventually compromising our climate. As anthropogenic GHG result primarily from the combustion of fossil fuels, effective action in the energy sector is, consequentially, essential to tackle climate change issues. According to IRENA reaching a 30% renewables share by 2030, coupled with higher energy efficiency, would be enough to prevent global temperatures from rising more than 2°C above preindustrial levels. It is becoming increasingly clear that the investments required to reduce emissions will be modest in comparison with the benefits from avoided climate change damages. Therefore, renewable energy is a cornerstone for achieving climate targets and onshore wind, because of its maturity and competitiveness, is expected to be at the forefront of the required transformation of our energy sector.

- For additional information refer to the Business Environment Section.

Reducing electricty price

When wind production is available, the market price goes down, for the same level of electricity demand and up to 15 times.

G4 EC3 - COVERAGE OF THE ORGANIZATION'S DEFINED BENEFIT PLAN OBLIGATIONS

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

G4 EC4 - FINANCIAL ASSISTANCE RECEIVED FROM GOVERNMENT

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

G4 EC5 - RANGE OF RATIOS OF STANDARD ENTRY LEVEL WAGE COMPARED TO LOCAL MINIMUM WAGE AT SIGNIFICANT LOCATIONS OF OPERATION

The values presented in the table above shows the average standard entry-level wage compared to the local minimum wage for each one of the countries where we have presence. To protect the privacy of employees' wages in those countries where our headcount is smaller, we do not disclose the information by country and gender.

%	2016	2015
Standard entry level wage vs local minimum wage		
Europe	253%	259%
North America	234%	224%
Brazil	337%	270%

Note: 2015 Europe % restated. Belgium information was removed to protect the privacy of employees in the country due to the small headcount.

G4 EC6 - PROPORTION OF SENIOR MANAGEMENT HIRED FROM THE LOCAL COMMUNITY AT SIGNIFICANT LOCATIONS OF OPERATION

Our 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 our procedures for hiring people via a non-discriminatory selection processes. A potential employee's race, gender, sexual orientation, religion, marital status, disability, political orientation or opinions of any other nature, ethnic or social origin, place of birth or trade union membership are not considered.

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

100%

of the new Directors have been hired internally.

%	2016
% of local recruitment	Directors
Europe	83%
North America	79%
Brazil	100%
Corporate	74%

G4 EC7 - DEVELOPMENT AND IMPACT OF 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.

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

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 our wind farms, these roads are maintained and further opportunities may be identified to increase the positive impact in the community.

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

EDPR invested 4.7 million Euros to develop community roads and 11.4 million Euros to improve public electric facilities.

In 2016, EDPR invested 4.7 million Euros to develop community roads and 11.4 million Euros to improve public electric facilities.

G4 EC8 - UNDERSTANDING AND DESCRIBING SIGNIFICANT INDIRECT ECONOMIC IMPACTS, INCLUDING THE EXTENT OF IMPACTS

Renewable energy technologies are viewed not only as tools for mitigating climate change, but are also increasingly recognized as investments that can provide direct and indirect economic advantages by reducing dependence on imported

fuels (and hence, improving trade balances), enhancing local air quality and safety, advancing energy access and security, propelling economic development, and, creating jobs.

- For additional information on indirect economic impacts of our energy, please refer to the Business Environment Section.

G4 EC9 - PROPORTION OF SPENDING ON LOCAL SUPPLIERS AT SIGNIFICANT LOCATIONS OF OPERATION

99%*

of the purchases were sourced from local suppliers.

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

However, under equal commercial terms, we choose local suppliers in order to enhance the socio-economic sustainability of the 12 countries across Europe and the Americas where we are present. In this way, around 99%* of the purchases were sourced from local suppliers (purchases in countries of operation of EDPR).

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

Note: * is based on # of purchase orders placed in 2016.

- For additional information, please refer to Suppliers Section

4.3. Environmental performance

G4 DISCLOUSURE ON MANAGEMENT APPROACH

EDPR business consists of developing, building and operating wind and solar power plants, but without losing sight of other wind farm and solar plant life cycle stages.

Life cycle assessments revealed that most wind farm and solar plants environmental impacts are concentrated in the raw materials' extraction and components' manufacturing stages*. EDPR is not directly involved in those upstream processes but is committed to promote sustainable practices in the supply chain according to EDP Sustainable Procurement Policy to better respond to the increasing needs of sustainability and the development of our supply chain.

Wind farm and solar plant set up stage is concentrated in a short period of time and has a very limited impact compared with upstream process. Nevertheless it is closely followed by our highly qualified teams to minimize potential disturbances.

The operation stage is the core of our business. As an owner and operator, EDPR is committed to maintaining long-term operations of our projects for the benefit of our stakeholders while always keeping our environmental impact to a minimum. The proper management of the environmental aspects during operation is achieved through the Environmental Management System (EMS), developed in accordance with the ISO 14001 international standard and certified by an independent certifying organization. 89%** of EDPR's installed capacity is covered by ISO 14001 certification.

At the end of their useful life wind turbines are dismantled to return the environment to its original state. From the environmental point of view there are two main aspects to consider: the land restoration and the proper treatment of the wastes generated. Properly managing wind turbines at the end of its life from a sustainable point of view, is crucial to maximize the environmental positive impacts of wind energy from a life cycle approach. Wind turbines' recycling at the end of their service life avoid impacts associated to raw materials' extraction providing significant environmental benefits and contributing to create a circular economy.

Taking into account that the operation stage of wind farms, with a useful life of 25 years, stands as the core of our business, EDPR Annual Report's information included in the Sustainability Chapter is based on the operational phase.

Note: *According to the Life Cycle Assessments of our main turbine suppliers.

Note: **Calculation based on 2016YE installed capacity. In 2015, calculation was based on 2014YE installed capacity.

- For additional information on indirect economic impacts of our energy, please refer to the Business Environment Section and Environment Section.

ENVIRONMENTAL POLICY

edp renewables

We consider that proactive environmental management generates value and constitutes the duty of any socially responsible company.

Our ambition in the international setting in which we operate is to be leaders and a benchmark in environmental management of business and in stakeholder involvement in the promotion and implementation of good practices in this field.

We foster a corporate culture in which the initiatives and activities making up our business are consistent with environmental responsibility and we encourage innovation and continuous improvement in products, services and environmental performance.

As a result, our organizational culture embraces the following values and guidelines:

- Incorporate respect for the environment and management of environmental aspects in all phases of business processes throughout the value chain and ensure that everyone involved, including suppliers, has the necessary, adequate skills for the purpose.
- Base relations with the authorities and other stakeholders on ethical principles of transparency, honesty and integrity.
- Constantly improve environmental performance, especially in the prevention of pollution and minimization of its impacts.
- Comply with the requirements of applicable environmental legislation as well as other voluntarily commitments.
- Manage environmental risks in order to eliminate or minimize the negative impacts of our activities both in normal circumstances and in the event of emergencies, incidents or disasters.
- Manage the impact on biodiversity of our business activities and seek an overall positive balance in this field.
- Foster the use of renewable energy sources and the best technologies in order to preserve natural resources and reduce and prevent pollution.
- Promote energy efficiency and the rational use of energy as one of the main options compatible with the sustainable use of resources.
- Consider stakeholders' expectations in environmentally relevant processes and their communication.
- Promote knowledge and the dissemination of good practices in the environmental field.

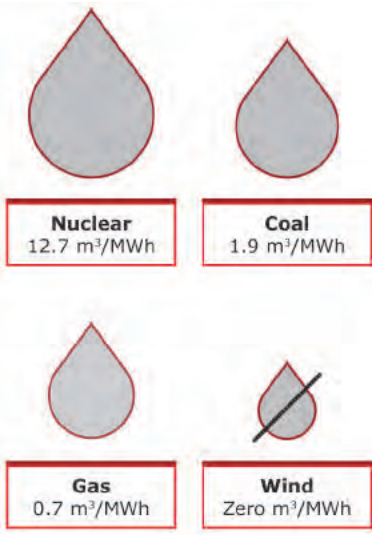
Approved by the Executive Committee, January 2011

EDPR Environmental Policy, available at www.edpr.com.

c.350x

EDPR produces about c. 350 times the electricity consumed.

WATER CONSUMPTION PER TECHNOLOGY



Source: 2014 EWEA,
Saving water with wind energy

G4 EN3 - ENERGY CONSUMPTION WITHIN THE ORGANIZATION

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

MWh	2016	2015	%
Energy consumption			
Wind farms:			
Electricity consumption (MWh)	67,423	66,602	1%
Offices:			
Electricity consumption (MWh)	3,776	3,666	3%
Gas (MWh)	1,009	996	1%

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

Note: 2015 Gas data and offices Electricty consumption restated.

G4 EN6 - REDUCTION OF ENERGY CONSUMPTION

Our activity is based on clean energy generation, and we produce about 350 times the electricity we consume. However, we are conscious about promoting a culture of rational use of resources and we promote many internal campaigns to promote sustainable behaviors as is explained in our website www.edpr.com.

G4 EN8 - TOTAL WATER WITHDRAWAL BY SOURCE

Generation from wind energy does not consume water in its operational processes. The water is consumed mainly for human use. The consumption of water per electricity generated accounts for 0.76 litres/MWh. Even so, the company actively seeks to adopt more eco-efficient practices. An example of this is that in 2016 38 substations had rainwater collection and treatment systems installed to cover their own water supply needs.

- For additional information about what sets EDPR apart in terms of environmental management, please refer to Sustainability section at www.edpr.com.

G4 EN11 - OPERATIONAL SITES OWNED, LEASED, MANAGED IN, OR ADJACENT TO, PROTECTED AREAS AND AREAS OF HIGH BIODIVERSITY VALUE OUTSIDE PROTECTED AREAS

Country	Facility Name	Type of Operation	Position In Relation With Protected Area	Facility Area In Protected Natural Area (Ha)	% Facility Area In Protected Natural Area (%)	Attribute of the Protected Area	Status of the Protected Area
Belgium	Cerfontaine	Wind farm	Adjacent	0.0	0%	Terrestrial	Natura 2000
	Chimay II	Wind farm	Adjacent	0.0	0%	Terrestrial-Fresh-water	Natura 2000
	Chimay II	Wind farm	Adjacent	0.0	0%	Terrestrial-Fresh-water	Natura 2000
France	Patay	Wind farm	Inside	41.6	100%	Terrestrial	Natura 2000
	Ségur	Wind farm	Inside	1.3	100%	Terrestrial	National protected area
	Ayssènes - Le Truel	Wind farm	Inside	1.3	100%	Terrestrial	National protected area
	Marcellois	Wind farm	Inside	1.1	100%	Terrestrial	Natura 2000
	Massingy	Wind farm	Inside	0.9	100%	Terrestrial	Natura 2000
	Tarzy	Wind farm	Inside	39.9	100%	Terrestrial	Regional park
	Francourville	Wind farm	Inside	41.2	100%	Terrestrial	ZICO
Poland	Ilza	Wind farm	Inside	30.2	91%	Terrestrial	Regional park
	Tomaszow	Wind farm	Adjacent	0.0	0%	Terrestrial-Fresh-water	Natura 2000
Portugal	Pena Suar	Wind farm	Inside	6.3	100%	Terrestrial	Natura 2000
	Açor	Wind farm	Partially Within	0.1	1%	Terrestrial	Natura 2000
	Açor II	Wind farm	Partially Within	6.0	88%	Terrestrial	Natura 2000
	Cinfaes	Wind farm	Inside	4.9	100%	Terrestrial	Natura 2000
	Bustelo	Wind farm	Inside	8.9	100%	Terrestrial	Natura 2000
	Vila Cova	Wind farm	Inside	14.6	100%	Terrestrial	Natura 2000
	Falperra-Rechãzinha	Wind farm	Partially Within	30.3	91%	Terrestrial	Natura 2000
	Fonte da Quelha	Wind farm	Inside	8.1	100%	Terrestrial	Natura 2000
	Alto do Talefe	Wind farm	Inside	9.2	100%	Terrestrial-Fresh-water	Natura 2000
	Fonte da Mesa	Wind farm	Partially Within	8.2	83%	Terrestrial	Natura 2000
	Malanhito	Wind farm	Partially Within	1.5	3%	Terrestrial	Natura 2000
	Madrinha	Wind farm	Inside	4.1	60%	Terrestrial	Natura 2000
	Safra-Coentral	Wind farm	Inside	19.7	100%	Terrestrial	Natura 2000
	Negrelo e Guilhado	Wind farm	Inside	9.6	100%	Terrestrial	Natura 2000
	Testos	Wind farm	Partially Within	2.9	22%	Terrestrial	Natura 2000
	Serra Alvoaça	Wind farm	Partially Within	7.8	61%	Terrestrial	Natura 2000 National protected area
	Tocha	Wind farm	Inside	6.8	100%	Terrestrial	Natura 2000
	Padrela/Soutelo	Wind farm	Partially Within	1.0	41%	Terrestrial	Natura 2000
	Guerreiros	Wind farm	Partially Within	0.1	0%	Terrestrial	Natura 2000
	Vila Nova	Wind farm	Partially Within	7.1	42%	Terrestrial	Natura 2000
	Vila Nova II	Wind farm	Partially Within	9.1	34%	Terrestrial	Natura 2000
	Balocas	Wind farm	Partially Within	0.4	1%	Terrestrial	Natura 2000
	Ortiga	Wind farm	Adjacent	0.0	0%	Terrestrial	Natura 2000
	S. João	Wind farm	Adjacent	0.0	0%	Terrestrial	Natura 2000
	Alto Arganil	Wind farm	Adjacent	0.0	0%	Terrestrial	Natura 2000
	Salgueiros-Guilhado	Wind farm	Adjacent	0.0	0%	Terrestrial	Natura 2000
	Serra do Mú	Wind farm	Adjacent	0.0	0%	Terrestrial	Natura 2000
Romania	Pestera	Wind farm	Adjacent	0.0	0%	Terrestrial	Natura 2000
	Sarichioi	Wind farm	Partially Within	0.1	0%	Terrestrial	Natura 2000
	Burila Mica	Solar plant	Inside	22.7	100%	Terrestrial-Fresh-water	Natura 2000
Spain	Sierra de Boquerón	Wind farm	Inside	10.4	100%	Terrestrial	Natura 2000
	SET Parralejos	Wind farm	Inside	0.9	100%	Terrestrial	Natura 2000
	La Cabaña	Wind farm	Partially Within	8.2	53%	Terrestrial	Natura 2000
	Corme	Wind farm	Partially Within	2.6	17%	Terrestrial-Marine	Natura 2000
	Hoya Gonzalo	Wind farm	Partially Within	0.7	4%	Terrestrial	Natura 2000
	Tahivilla	Wind farm	Adjacent	0.0	0%	Terrestrial	Natura 2000 National protected area
	Coll de la Garganta	Wind farm	Partially Within	0.0	0%	Terrestrial-Fresh-water	Natura 2000
	Puntaza de Remolinos	Wind farm	Partially Within	1.8	57%	Terrestrial	Natura 2000
	Planas de Pola	Wind farm	Partially Within	6.2	55%	Terrestrial	Natura 2000
	Avila	Wind farm	Adjacent	0.0	0%	Terrestrial-Fresh-water	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-Fresh-water	Natura 2000
	Villamiel	Wind farm	Partially Within	4.9	75%	Terrestrial-Fresh-water	Natura 2000
	La Mallada	Wind farm	Partially Within	1.4	8%	Terrestrial-Fresh-water	Natura 2000
	Las Monjas	Wind farm	Partially Within	0.01	0%	Terrestrial-Fresh-water	Natura 2000
	Coll de la Garganta	Wind farm	Partially Within	0.00	0%	Terrestrial-Fresh-water	Natura 2000
	Tejonero (a)	Wind farm	Partially Within	0.04	0%	Terrestrial	Natura 2000
	Tejonero (b)	Wind farm	Partially Within	0.03	0%	Terrestrial	Natura 2000
	Ávila	Wind farm	Adjacent	0.0	0%	Terrestrial-Fresh-water	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-Fresh-water	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-Fresh-water	Natura 2000
	La Celaya	Wind farm	Partially Within	9.1	70%	Terrestrial-Fresh-water	Natura 2000
	Cerro del Conilete	Wind farm	Partially Within	0.01	0%	Terrestrial	Natura 2000
		Wind farm	Adjacent	0.0	0%	Terrestrial	Natura 2000

According to GRI requirements

BIODIVERSITY POLICY

edp renewables

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

In particular, EDPR:

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

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

To that end, EDPR is committed to:

1. Integrate the biodiversity impact assessment in all phases of its activities: project design, construction, operation and dismantlement of its energy generation and distribution infrastructures;
2. Minimize any negative impact on biodiversity arising from its activities, and promote positive impacts. When significant negative impacts cannot be prevented, EDPR will pursue consensual compensation measures, which allows the achievement of a globally positive biodiversity balance sheet;
3. Contribute to broadening scientific knowledge on the different aspects of biodiversity, in particular by supporting institutions selected in a transparent manner and in accordance with superior technical capability criteria;
4. Strengthen dialogue and partnerships on biodiversity issues with public or private entities;
5. Regularly and transparently report on its performance in relation to biodiversity, under the revision of independent bodies, and promote regular consultation to the different stakeholders on this issue.

Approved by the Executive Committee, January 2011

EDPR Biodiversity Policy, available at www.edpr.com.

G4 EN12 - DESCRIPTION OF SIGNIFICANT IMPACTS OF ACTIVITIES, PRODUCTS, AND SERVICES ON BIODIVERSITY IN PROTECTED AREAS AND AREAS OF HIGH BIODIVERSITY VALUE OUTSIDE PROTECTED AREAS

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

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

- For additional information, visit our environmental information on the sustainability section our website, www.edpr.com.

G4 EU13 - BIODIVERSITY OF OFFSET HABITATS COMPARED TO THE BIODIVERSITY OF THE AFFECTED AREAS

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

- For additional information, visit our environmental information on the sustainability section our website, www.edpr.com.

G4 EN13 - HABITATS PROTECTED OR RESTORED

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

After the construction period, it is our duty to return the site to its initial state. Therefore, we perform morphological restoration and reseeding works. In 2016, almost 63 ha of affected land were restored.

The Castilla y León Natural Heritage Foundation is linked to the Castilla y León Regional Government and seeks to promote, maintain and manage the natural heritage of the region of Castilla y León.

EDPR, the EDP Foundation and the Castilla y León Natural Heritage Foundation signed a cooperation agreement in December 2014 to work together on a series of environmental initiatives aimed at protecting the red kite.

The agreement finalized in December 2016 following a total investment of €204,600, which allowed for a series of measures to be put in place:

- Measures aimed at enhancing knowledge of red kite biology, including radio-collaring birds of different ages, installing a video camera in a red kite nest and tracking red kite populations in low-density areas.
- Measures to improve food sources for the red kite, including advice to formers in low-density areas on the placement of carrion to improve trophic resources, the creation of specific feeding points with photo-trap monitoring and improvements to the dunghill at the Las Batuecas – Sierra de Francia national park.
- Measures designed to reduce unnatural red kite deaths, analysing poisonings and incidences with wind farms and electrical infrastructure.

The company plans to continue to work with the Castilla y León Natural Heritage Foundation in 2017 through a new cooperative agreement.

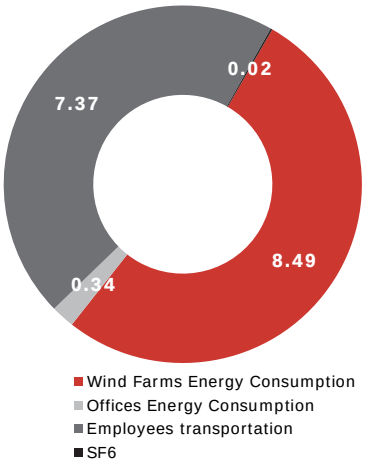
G4 EN15 - DIRECT GREENHOUSE GAS (GHG) EMISSIONS (SCOPE 1)

EDPR's Scope 1 emissions represent 2,108 tons of CO_2 equivalent. 1,904 tones are emitted by transportation related to our windfarms operation, 179 tones by gas consumption in our 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 2016 we registered emissions of 1 kg of this gas, which is equivalent almost to 25t CO_2 eq.

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

CO_2 eq emitted in 2016 (k tons)



G4 EN16 - ENERGY INDIRECT GREENHOUSE GAS (GHG) EMISSIONS (SCOPE 2)

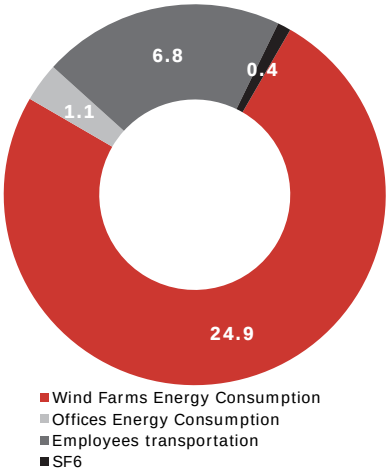
EDPR's CO_2 indirect emissions represent 8,655 tons, 8,489 tons driven by electricity consumption by the wind farms and solar plants and 166 tons electricity consumption by the offices.

In 2016, 100% of the emissions related to electricity consumption in windfarms and offices in Spain and US have been compensated by the certifications of origin and RECs obtained from our renewable energy generation. As a result, there is a reduction in the reported emissions year on year.

Note 1: The emission factors used are based on the following sources: Portugal - EDP, Turbogás, Pego, 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 - CERA, Global Insight.

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

CO_2 eq emitted in 2015 (k tons)



G4 EN17 – OTHER INDIRECT GREENHOUSE GAS (GHG) EMISSIONS (SCOPE 3)

Our work requires our employees to travel and commute. Based on our estimates, the transportation used by our employees accounted for a total of 5,470 tons of CO_2 emissions.

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

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

G4 EN19 - REDUCTION OF GREENHOUSE GAS (GHG) EMISSIONS

Our 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. We estimated that our activities avoided the emission of 20,078 thousand tons of CO_2.

Our emissions represent 0.1% of the total amount of emissions avoided and 53% of our total emissions are from the necessary electricity consumption by the wind farms. Even though our activity is based on the clean energy generation, we are conscious about promoting a culture of rational use of resources. During 2016, we continued promoting initiatives that foster environmental best practices in our offices.

In 2016, 100% of the emissions related to electricity consumption in windfarms and offices in Spain and US have been compensated by the certifications of origin and RECs obtained from our renewable energy generation. As a result, there is a reduction in the reported emissions year on year.

Note: 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. We considered the emission factor of just fossil fuel energy, as we considered that by increasing the generation of renewable energy, we are displacing these technologies, while other renewable technologies and nuclear plants will continue with its quota of generation.

G4 EN23 - TOTAL WEIGHT OF WASTE BY TYPE AND DISPOSAL METHOD

The main contribution to the hazardous waste produced by wind farms is related to oil and oil-related wastes such as oil filters or oil containers, used mainly for lubrication of the turbines. The consumption of this oil is based on certain pre-defined replacement time frequencies (between 2 and 5 years, based on the component, oil type and manufacturer). During 2016, the recovery rate was 87% impacted by a significant spill with a volume of 65 metric tons of soil contaminated. Excluding this fact the recovery rate would have been 97% which certifies that the company has been actively working to improve the recycling rate of its hazardous wastes, through authorized waste haulers.

As a reminder, the increase in hazardous wastes in 2015 was mainly due to the contamined soil driven by a significant spill. This soil was removed and fully restored. The increase in non-hazardous wastes in 2015 was driven by metals and glassfiber from 2 nacelles burned. These metals where fully recovered. On the basis of these pick values during the previous year, both hazardous and non-hazardous wastes in 2016 have decreased.

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

	2016	2015	(%)
Waste generated by EDPR [1]			
Total waste (kg/GWh)	48.8	72.8	-33%
Total hazardous waste (kg/GWh)	26.4	32.7	-19%
%of hazardous waste recovered	87%	73%	18%

	2016	2015	(%)
Waste generated by EDPR [1]			
Total waste (t)	**1,195**	**1,556**	**-23%**
Total hazardous wastes (t)	647	700	-7%
Total hazardous waste disposed (t)	84	186	-55%
Total hazardous waste recovered (t)	563	514	10%
Total non-hazardous wastes (t)	547	856	-36%
Total non-hazardous waste disposed (t)	227	608	-63%
Total non-hazardous waste recovered (t)	320	248	29%

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

Note 1: In Europe, the method of disposal has been indicated by the waste hauler, while in the US the disposal method has been determined by the organizational standards of the waste hauler.

Note 2: 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 our operations generate small quantities of substances which fall into additionally-regulated categories such as used oils and universal wastes–we follow strict standards for handling and disposal of these waste types to ensure we remain compliant with all applicable laws.

G4 EN24 - TOTAL NUMBER AND VOLUME OF SIGNIFICANT SPILLS

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

Given our activity and our 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 in case they happen, the system covers the identification and management of these, including the near-miss situations.

EDPR defines as significant spill the ones above 0.16 m3 that reached the ground. Additionally, EDPR registers near miss situations, when registered incident does not reach the category of significant spill. In 2016, we had 3 significant spills with a total volume of 0.61 m^3 of oil spilled, and 1 incipient fire and 6 fires without environmental impact. All cases were properly managed: oil spills were confined early and contaminated soil was collected and managed. Additionally, 52 near miss were registered driven by small oil leaks that did not reach bare soil.

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

G4 EN29 - MONETARY VALUE OF SIGNIFICANT FINES AND TOTAL NUMBER OF NON-MONETARY SANCTIONS FOR NON-COMPLIANCE WITH ENVIRONMENTAL LAWS AND REGULATIONS

During 2016, the company did not receive any penalty for non-compliance with environmental laws and regulations.

G4 EN30 - SIGNIFICANT ENVIRONMENTAL IMPACTS OF TRANSPORTING PRODUCTS AND OTHER GOODS AND MATERIALS USED FOR THE ORGANIZATION'S OPERATIONS, AND TRANSPORTING MEMBERS OF THE WORKFORCE

The main environmental impact was from employees traveling and commuting for business activities.

- For additional information about our emissions registered due to employees' transportation, please refer to the EN15 Indicator.

G4 EN31 - TOTAL ENVIRONMENTAL PROTECTION EXPENDITURES AND INVESTMENTS BY TYPE

3.3 million euros were invested and 5.7 million euros expended in environmental related activities.

In 2016, 3.3 million euros were invested and 5.7 million euros were expended in environmental related activities (includes personnel costs).

- For additional information about environmental protection expenditures and investments, please refer to Note 40 in our Financial Statements.

G4 EN32 - PERCENTAGE OF NEW SUPPLIERS THAT WERE SCREENED USING ENVIRONMENTAL CRITERIA

EDPR´s Environment and Biodiversity Policies reflect a responsible management of the environment along the whole value chain. According to these policies, EDPR

is committed to ensure that everyone involved, including suppliers, has the necessary, adequate skills for the purpose.

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

EDPR has implemented, for all its wind farms in operation, an Environmental Management System (EMS) developed according to the international standard ISO 14001:2004. EDPR´s suppliers shall know and understand the EMS and ensure the full compliance with the procedures set. Supplier shall make the EMS available to its employees and subcontractors.

EDPR's critical suppliers (defined as per EDP formal corporate standard methodology) in Corporate, Europe and Brazil and in North America that had environmental systems: 88% of EDPR's critical suppliers had environmental systems.

- For further information please refer to Suppliers Section.

G4 EN33 - SIGNIFICANT ACTUAL AND POTENTIAL NEGATIVE ENVIRONMENTAL IMPACTS IN THE SUPPLY CHAIN AND ACTIONS TAKEN

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

The study allowed EDPR to determine the following results:

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

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

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

- For further information please refer to Suppliers Section.

G4 EN34 - NUMBER OF GRIEVANCES ABOUT ENVIRONMENTAL IMPACTS FILED, ADDRESSED, AND RESOLVED THROUGH FORMAL GRIEVANCE MECHANISMS

EDPR has no knowledge of any environmental formal grievance recorded during 2016 in any of its grievance channels.

4.4. Social performance

4.4.1. LABOR PRACTICES AND DECENT WORK

1,083
employees from
33
nationalities.

G4 DISCLOUSURE ON MANAGEMENT APPROACH

EDPR's growth in recent years has created a new labor environment that is home to three different generations, a landscape in which it is vital for the company to be able to adapt to the changing business realities in the markets where we operate. We offer a **customized employee value proposition** based on **development, transparency and flexibility**, which allows us to attract and retain talent, as well as ensure the ongoing growth and development of our employees in order to have team-oriented people capable of adjusting to the ever-changing working environment.

Development: EDPR is committed to the development of its employees, offering them an attractive professional career and aligning their capabilities and skills with the current and future needs of the company. The growth and development of the Group's business has led EDPR to invest in people with potential, who can contribute to the creation of value. Our objective is to attract talented people and to create opportunities for current employees through mobility and development actions in order to boost the potential of our employees. The HR strategy supports different initiatives to give them visibility and foster their professional development inside the company. The cornerstones of development at EDPR are mobility, training and Development Programs and Renewable Energy School.

Transparency: At EDPR, we strive to attract, integrate and develop our professionals who seek to excel in their work in order to position the company as the "the first choice for employees" in the labor market.

Flexibility: As part of our value proposition at EDPR, we offer a competitive remuneration package, aligned with the best practices in the market. In addition, we understand the importance of maintaining a work-life balance. It is a set of initiatives to promote a positive working environment in which employees can advance in their professional career and give their best. We believe that WLB must be a shared responsibility. We seek to constantly improve our WLB measures and provide the most suitable benefits to employees. In order to improve company's people management performance, EDP launches every two years the Organizational Climate Study. This study is a strategic Human Resources tool and one of the widest channels we have for collecting our employees' feedback on the company's people management performance

In addition to these three pillars, guaranteeing the health, safety and well-being of our employees is top priority at EDPR. This stern commitment is supported by our Health and Safety policies and initiatives, as well as, a strong track record. EDPR has a zero accidents goal stated in our Health & Safety policy.

Note: WLB (Work Life Balance)

- For additional information on our Human Resources strategy, please refer to the Employees Section.

G4 10 - TOTAL WORKFORCE BY EMPLOYMENT TYPE, EMPLOYMENT CONTRACT, AND REGION.

In 2016, EDPR had 1,083 employees. 20% worked at EDPR holding, 41% in the European Platform, 36% in the North American Platform and 3% in Brazil.

Workforce Breakdown	2016	% Female	2015	% Female
Total	**1,083**	**33%**	**1,018**	**32%**
By Employment type:				
Full time	1,050	31%	996	30%
Part time	33	94%	22	100%
By Employment Contract:				
Permanent	1,066	33%	1,001	32%
Temporary	17	24%	17	35%
By Country:				
Spain	373	34%	359	33%
Portugal	72	10%	62	10%
France	53	38%	48	31%
Belgium	2	0%	2	0%
Poland	38	37%	40	30%
Romania	32	38%	33	36%
Italy	23	35%	22	36%
UK	34	47%	37	43%
USA	410	33%	373	33%
Canada	5	0%	5	0%
Brazil	34	29%	32	25%
Mexico	7	29%	5	20%

The average number of contractors' workers during the period has been 806 in Europe, 1,441 in North America and 98 in Brazil.

G4 LA1 - TOTAL NUMBER AND RATE OF EMPLOYEE TURNOVER BY AGE GROUP, GENDER, AND REGION

Throughout the year, EDPR hired 158 employees while 93 are no longer with the company, resulting in a turnover ratio of 12%, which is slightly lower than the previous year.

Employee Turnover	New Hires	Departures	Turnover
Total	**158**	**93**	**12%**
By Age Group:			
Less than 30 years old	73	26	23%
Between 30 and 39 years old	65	37	10%
Over 40 years old	20	30	7%
By Gender:			
Female	49	21	10%
Male	109	72	12%
By Country:			
Spain	23	10	4%
Portugal	11	2	9%
France	12	7	18%
Belgium	0	0	0%
Poland	4	6	13%
Romania	3	3	9%
Italy	2	0	4%
UK	1	3	6%
USA	92	58	18%
Canada	1	0	10%
Brazil	5	2	10%
Mexico	4	0	29%

G4 EU17 - DAYS WORKED BY CONTRACTOR AND SUBCONTRACTOR EMPLOYEES INVOLVED IN CONSTRUCTION, OPERATION AND MAINTENANCE ACTIVITIES

Contractors involved in construction, operation and maintenance activities worked 575,403 days during 2016.

G4 EU18 - PERCENTAGE OF CONTRACTOR AND SUBCONTRACTOR EMPLOYEES THAT HAVE UNDERGONE RELEVANT HEALTH AND SAFETY TRAINING

2,345 contractors involved in construction and operation and maintenance activities during 2016.

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

We are equally concerned with the health and safety standard of our employees and contractors. To this extent our contractors are subject to a health and safety screening when they bid to work for our company. Once the contractor is selected, they are required to present proof of having completed the required training. 95% of contractors have undergone relevant health and safety training during 2016 given by EDPR. Nevertheless, is mandatory for the companies that work with EDPR to assure that all the contractors have undergone health and safety courses.

G4 LA2 - BENEFITS PROVIDED TO FULL-TIME EMPLOYEES THAT ARE NOT PROVIDED TO TEMPORARY OR PART-TIME EMPLOYEES, BY MAJOR OPERATIONS

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

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

G4 LA3 - RETURN TO WORK AND RETENTION RATES AFTER PARENTAL LEAVE, BY GENDER

Parental leave	Maternal	Paternal	Return to work
Spain	15	15	30
Portugal	1	3	4
France	1	3	4
Belgium	0	1	1
Poland	3	2	5
Romania	0	2	2
Italy	0	1	1
UK	1	1	2
USA	6	13	19
Canada	0	0	0
Brazil	0	2	2
Mexico	0	0	0
Total	**27**	**43**	**70**

In 2016, 70 employees enjoyed a maternal or paternal leave. All returned but after that four of them extended their leave.

38yr

EDPR employees' average age.

G4 EU15 - PERCENTAGE OF EMPLOYEES ELIGIBLE TO RETIRE IN THE NEXT 5 AND 10 YEARS BROKEN DOWN BY JOB CATEGORY AND BY REGION

Employees eligible to retire	in 10 years	in 5 years
By employment category:	104	44
Directors	30	14
Specialist	52	18
Managers	8	5
Technicians	14	7
By Country:	104	44
Spain	28	10
Portugal	18	8
Poland	2	2
Italy	1	0
France	2	0
UK	1	0
Romania	2	0
USA	49	23
Brazil	1	1

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

G4 11 - PERCENTAGE OF EMPLOYEES COVERED BY COLLECTIVE BARGAINING AGREEMENTS

From EDPR's 1,083 employees, 21% were covered by collective bargaining agreements.

Employees covered by collective bargaining agreements	2016	%
Spain	48	13%
Portugal	72	100%
France	45	85%
Belgium	1	50%
Poland	0	0%
Romania	0	0%
Italy	23	100%
UK	0	0%
USA	1	0%
Canada	0	0%
Brazil	34	100%
Mexico	0	0%
Total	**224**	**21%**

Collective bargaining agreements apply to all employees working under an employment relationship with and for the account of the some companies of EDPR group, regardless of the type of contract, the professional group into which they

are classified, their occupation or job. However, matters relating to the corporate organization itself, the laws of each country or even usage and custom in each country result in certain groups being expressly excluded from the scope of collective bargaining agreements.

- For further information please refer to the Employee relations Section.

G4 LA4 - MINIMUM NOTICE PERIOD(S) REGARDING SIGNIFICANT OPERATIONAL CHANGES, INCLUDING WHETHER IT IS SPECIFIED IN COLLECTIVE AGREEMENTS

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

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

G4 LA5 - PERCENTAGE OF TOTAL WORKFORCE REPRESENTED IN FORMAL JOINT MANAGEMENT-WORKER HEALTH AND SAFETY COMMITTEES THAT HELP MONITOR AND ADVISE ON OCCUPATIONAL HEALTH AND SAFETY PROGRAMS

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

During 2016, 4.0% of our employees attended health and safety committee meetings, representing 62% of our workforce. All EDPR geographies have active health and safety committees in place.

G4 LA6 - RATES OF INJURY, OCCUPATIONAL DISEASES, LOST DAYS, AND ABSENTEEISM, AND NUMBER OF WORK-RELATED FATALITIES BY REGION

EDPR did not record any fatal accidents during 2015 and 2016.

H&S Indicators (EDPR and contractors personnel)[3]	2016	2015
Number of industrial accidents	25	27
Europe	13	15
North America	12	3
Brazil	0	9
Number of industrial fatal accidents	0	0
Europe	0	0
North America	0	0
Brazil	0	0
Working days lost by accidents caused	1,124	881
Europe	820	735
North America	304	57
Brazil	0	89
Injury Rate (IR)[1]:	4	5
Europe	5	5
North America	3	1
Brazil	0	13
Lost work day rate (LDR)[2]:	170	151
Europe	309	269
North America	83	24
Brazil	0	125

Europe and US have lower H&S indicators due to more training hours and emergency plans both for staff and contractors.

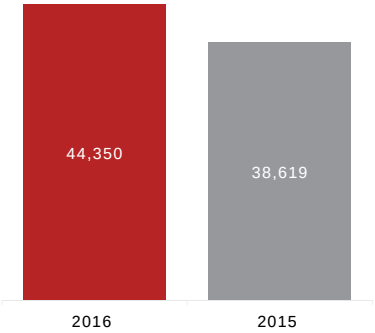
1 Injury Rate calculated as [# of accidents/Hours worked * 1,000,000]

2 Lost Work Day Rate calculated as [# of working days lost/Hours worked * 1,000,000]

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

There have been only an accident with a woman involved, which took place in Italy, with a 10 days absence.

Number of Training Hours (#)



G4 LA9 - AVERAGE HOURS OF TRAINING PER YEAR PER EMPLOYEE BY EMPLOYEE CATEGORY

Training Metrics	2016	2015
Number of Training Hours (#)	44,350	38,619
Training Investment (k€)	1,492	1,607
Number of Attendances (#)	9,024	6,459

- For a complete description of our Training and Human Resources strategy, please refer to the Employees Section.

G4 LA10 - PROGRAMS FOR SKILLS MANAGEMENT AND LIFELONG LEARNING THAT SUPPORT THE CONTINUED EMPLOYABILITY OF EMPLOYEES AND ASSIST THEM IN MANAGING CAREER ENDINGS

We strive to offer our total workforce with 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.

- For a complete description of our Training and Human Resources strategy, please refer to the Employees Section.

G4 LA11 - PERCENTAGE OF EMPLOYEES RECEIVING REGULAR PERFORMANCE AND CAREER DEVELOPMENT REVIEWS, BY GENDER

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

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

The Personal Development Plans (PDIs) launched in 2015 were reviewed in 2016, testament to our culture of continuous feedback and ongoing improvement. These are voluntary plans, agreed between manager and employee.

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

G4 LA12 - COMPOSITION OF GOVERNANCE BODIES AND BREAKDOWN OF EMPLOYEES PER EMPLOYEE CATEGORY ACCORDING TO GENDER, AGE GROUP, MINORITY GROUP MEMBERSHIP, AND OTHER INDICATORS OF DIVERSITY

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

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

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

Principles of Action – Code of Ethics

G4 LA13 - RATIO OF BASIC SALARY OF MEN TO WOMEN BY EMPLOYEE CATEGORY

M/F Salary Ratio	M/F Salary
Board Directors (non executive)	n/a
Directors	111%
Specialist	108%
Managers	106%
Technicians	97%

n/a: no women in these categories.

G4 LA14 - PERCENTAGE OF NEW SUPPLIERS THAT WERE SCREENED USING LABOR PRACTICES CRITERIA

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

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

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

- For further information please refer to Suppliers Section.

G4 LA15 - SIGNIFICANT ACTUAL AND POTENTIAL NEGATIVE IMPACTS FOR LABOR PRACTICES IN THE SUPPLY CHAIN AND ACTIONS TAKEN

In 2016, 83% of EDPR's critical suppliers (as defined as per EDP formal corporate standard methodology) had an Occupation Health & Safety System (OHS) in place.

EDPR completed 13,156 hours of training on OHS to its suppliers, involving 165 companies and 2,227 workers. Additionally, EDPR carried out 1,052 audits to suppliers in the scope of OHS.

- For further information please refer to Suppliers Section.

G4 LA16 - NUMBER OF GRIEVANCES ABOUT LABOR PRACTICES FILED, ADDRESSED, AND RESOLVED THROUGH FORMAL GRIEVANCE MECHANISMS

In 2016, EDPR did not record any contingencies related to labor practices.

EDPR did not record any incident related to labor practices or discrimination.

4.4.2. HUMAN RIGHTS

G4 DISCLOUSURE ON MANAGEMENT APPROACH

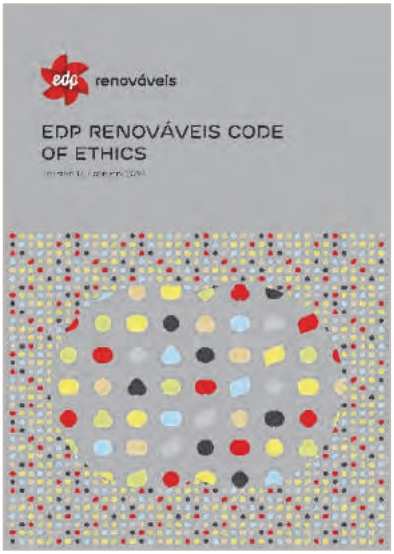
EDPR became a signatory to the UN Global Compact, an initiative of the United Nations launched in 2000 that defines guideline directives for businesses that opt to contribute to sustainable development.

EDPR also has a Code of Ethics that contains specific clauses for the respect for human rights. In compliance with the Code, EDPR expresses its total opposition to forced or compulsory labor and recognizes that human rights should be considered fundamental and universal, based on conventions, treaties and international initiatives like the United Nations

Universal Declaration of Human Rights, the International Labor Organization and the UN Global Compact.

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

Additionally, the EDP Group Sustainable Procurement Policy includes a reference to the promotion of respect for dignity and human rights and rejection of any form of forced labor or child labor, harassment, discrimination, abuse or other types of physical or psychological violence. Moreover, EDPR's suppliers must know and accept by written the principles stablishes in EDPR's Code Of Ethics and the UN Global Compact principles.



- For further information about the Code of Ethics and the Ethics Channel please visit the Section 5 Corporate Governance, C.II. Reporting Of Irregularities or visit our ethics information on the corporate governance section, in our website, www.edpr.com. Moreover, additional information is detailed in the Integrity and ethics section.
- For further information regarding Suppliers please refer to Suppliers Section.

EDPR Code of Ethics , available at www.edpr.com.

G4 HR1 - TOTAL NUMBER AND PERCENTAGE OF SIGNIFICANT INVESTMENT AGREEMENTS AND CONTRACTS THAT INCLUDE HUMAN RIGHTS CLAUSES OR THAT UNDERWENT HUMAN RIGHTS SCREENING

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

G4 HR2 - TOTAL HOURS OF EMPLOYEE TRAINING ON POLICIES AND PROCEDURES CONCERNING ASPECTS OF HUMAN RIGHTS THAT ARE RELEVANT TO OPERATIONS, INCLUDING THE PERCENTAGE OF EMPLOYEES TRAINED

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

G4 HR3 - TOTAL NUMBER OF INCIDENTS OF DISCRIMINATION AND CORRECTIVE ACTIONS TAKEN

In 2016, EDPR did not record any incidents of discrimination.

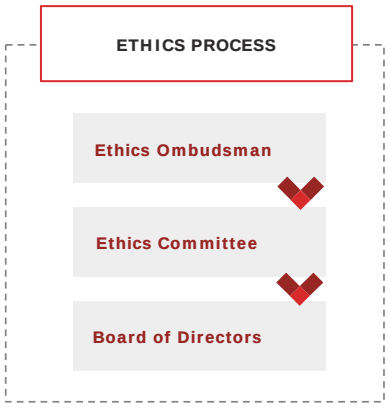
G4 HR4 - OPERATIONS IDENTIFIED IN WHICH THE RIGHT TO EXERCISE FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING MAY BE AT SIGNIFICANT RISK, AND ACTIONS TAKEN TO SUPPORT THESE RIGHTS

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

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

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

- For further information regarding Suppliers please refer to Suppliers Section.



EDPR Ethical Process guarantees transparency and confidentiality.

G4 HR5 - OPERATIONS AND SUPPLIERS IDENTIFIED AS HAVING SIGNIFICANT RISK FOR INCIDENTS OF CHILD LABOR, AND MEASURES TAKEN TO CONTRIBUTE TO THE EFFECTIVE ABOLITION OF CHILD LABOR

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

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

The study allowed EDPR to determine the following results:

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

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

- For further information about the Code of Ethics and the Ethics Channel please visit the Section 5 Corporate Governance, C.II. Reporting Of Irregularities or visit our ethics information on the corporate governance section, in our website, www.edpr.com. Moreover, additional information is detailed in the Integrity and ethics section.
- For further information please refer to Suppliers Section.

G4 HR6 - OPERATIONS AND SUPPLIERS IDENTIFIED AS HAVING SIGNIFICANT RISK FOR INCIDENTS OF FORCED OR COMPULSORY LABOR, AND MEASURES TO CONTRIBUTE TO THE ELIMINATION OF ALL FORMS OF FORCED OR COMPULSORY LABOR

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

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

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

The study allowed EDPR to determine the following results:

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

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

- For further information about the Code of Ethics and the Ethics Channel please visit the Section 5 Corporate Governance, C.II. Reporting Of Irregularities or visit our ethics information on the corporate governance section, in our website, www.edpr.com. Moreover, additional information is detailed in the Integrity and ethics section.
- For further information please refer to Suppliers Section.

G4 HR8 - TOTAL NUMBER OF INCIDENTS OF VIOLATIONS INVOLVING RIGHTS OF INDIGENOUS PEOPLES AND ACTIONS TAKEN

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

G4 HR9 - TOTAL NUMBER AND PERCENTAGE OF OPERATIONS THAT HAVE BEEN SUBJECT TO HUMAN RIGHTS REVIEWS OR IMPACT ASSESSMENTS

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

G4 HR10 - PERCENTAGE OF NEW SUPPLIERS THAT WERE SCREENED USING HUMAN RIGHTS CRITERIA

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

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

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

- For further information please refer to Suppliers Section.

G4 HR11 - SIGNIFICANT ACTUAL AND POTENTIAL NEGATIVE HUMAN RIGHTS IMPACTS IN THE SUPPLY CHAIN AND ACTIONS TAKEN

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

The study allowed EDPR to determine the following results:

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

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

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

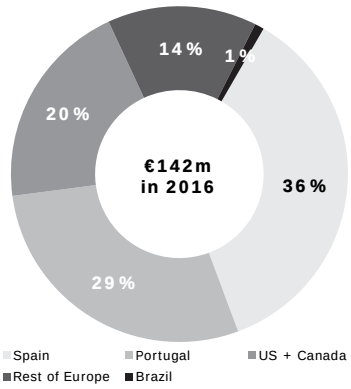
- For further information please refer to Suppliers Section.

G4 HR12 - NUMBER OF GRIEVANCES RELATED TO HUMAN RIGHTS FILED, ADDRESSED, AND RESOLVED THROUGH FORMAL GRIEVANCE MECHANISMS

In 2016, EDPR did not record any incidents related to human rights practices in any of its grievance channels.

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

Distribution of EDPR Group's tax payments by country



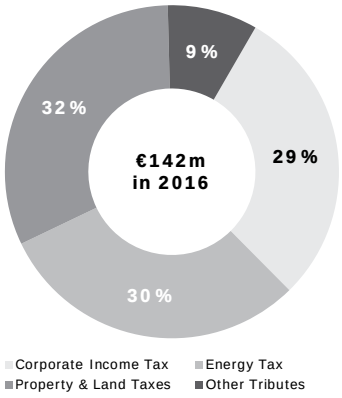
4.4.3. SOCIETY

G4 DISCLOUSURE ON MANAGEMENT APPROACH

Renewable energy technologies are viewed not only as tools for mitigating climate change, but are also increasingly recognized as investments that can provide direct and indirect economic advantages by reducing dependence on imported fuels (and hence, improving trade balances), enhancing local air quality and safety, advancing energy access and security, propelling economic development, Land leases and taxes are a large contribution to the yearly budget for the municipalities where it is present. In addition, EDPR devoted 1.1 million Euros in social projects to support education and community related activities and total tax contribution to the public finances amounts to €142m in year 2016.

- Additional information on the Communities Section of this report and in our website www.edpr.com.

Distribution of EDPR Group's tax payments by tax type



G4 SO1 - PERCENTAGE OF OPERATIONS WITH IMPLEMENTED LOCAL COMMUNITY ENGAGEMENT, IMPACT ASSESSMENTS, AND DEVELOPMENT PROGRAMS

We are well aware of the impact that our activity has in the local communities where we develop our wind farms and how we can maximize those potential benefits for the company and the inhabitants of the surrounding areas through an open communication with our stakeholders. Therefore, we establish a relationship of trust and collaboration with the communities where we have presence from the very initial stages of our projects, organizing informative sessions, we hold open dialogs with these communities, to explain the benefits of wind energy. We also organize volunteering and sport activities to promote a sustainable development of the society. Our business generates further indirect positive impacts in the areas where we are present, through local hiring and procurement and the development of infrastructures and the payment of taxes and rents.

- Additional information on the Communities Section of this report and in our website www.edpr.com.

G4 SO2 - OPERATIONS WITH SIGNIFICANT ACTUAL OR POTENTIAL NEGATIVE IMPACTS ON LOCAL COMMUNITIES

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

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

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

- Additional information on the Communities Section of this report and in our website www.edpr.com.

G4 SO3 - TOTAL NUMBER AND PERCENTAGE OF OPERATIONS ASSESSED FOR RISKS RELATED TO CORRUPTION AND THE SIGNIFICANT RISKS IDENTIFIED

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

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

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

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

G4 SO4 - COMMUNICATION AND TRAINING ON ANTI-CORRUPTION POLICIES AND PROCEDURES

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

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

G4 SO5 - CONFIRMED INCIDENTS OF CORRUPTION AND ACTIONS TAKEN

EDPR has no knowledge of any corruption-related incidents recorded during 2016.

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

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

G4 SO6 -TOTAL VALUE OF FINANCIAL AND IN-KIND CONTRIBUTIONS TO POLITICAL PARTIES, POLITICIANS, AND RELATED INSTITUTIONS BY COUNTRY

EDPR made no contributions to political parties in 2016.

G4 SO7 - TOTAL NUMBER OF LEGAL ACTIONS FOR ANTI-COMPETITIVE BEHAVIOUR, ANTI-TRUST, AND MONOPOLY PRACTICES AND THEIR OUTCOMES

EDPR has no knowledge of any legal actions for anti-competitive behavior, anti-trust or monopoly practices recorded during 2016.

G4 SO8 - MONETARY VALUE OF SIGNIFICANT FINES AND TOTAL NUMBER OF NON-MONETARY SANCTIONS FOR NON-COMPLIANCE WITH LAWS AND REGULATIONS

During 2016, the company received a total penalty of 382,115 euros. More than half of the amount related to a legislation change that created an overlap of an area designated to public use with the layout of one of our wind farms. The rest is mainly tax- related.

G4 SO9 - PERCENTAGE OF NEW SUPPLIERS THAT WERE SCREENED USING CRITERIA FOR IMPACTS ON SOCIETY

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

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

Additionally, the EDP Group and EDPR, has a Procurement Manual, which includes a chapter that guides each Purchasing Department to put sustainability principles into practice. Therefore when procuring and contracting goods and services EDPR appeals to all reasonable endeavors so that selected suppliers accept to comply

with the UN Global Compact's ten principles in the areas of human rights, labor, the environment and anti-corruption. Procedures to guarantee this accomplishment are defined.

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

- For further information please refer to Suppliers Section.

G4 SO10 - SIGNIFICANT ACTUAL AND POTENTIAL NEGATIVE IMPACTS ON SOCIETY IN THE SUPPLY CHAIN AND ACTIONS TAKEN

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

The study allowed EDPR to determine the following results:

More than 20 000* employment associated to EDPR's Supply Chain
More than 735* Million EUR gross value added associated to EDPR's Supply Chain

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

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

- Additional information on Suppliers Section.

G4 SO11 - NUMBER OF GRIEVANCES ABOUT IMPACTS ON SOCIETY FILED, ADDRESSED, AND RESOLVED THROUGH FORMAL GRIEVANCE MECHANISMS (G4-27)

EDPR has registered 83 complains during 2016 regarding society impacts. 59 in France related to possible interferences with TV signal and 10 to noise. All of them with related cost corrective actions valuated in EUR 22,276.

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

4.4.4. PRODUCT RESPONSIBILITY

G4 DISCLOUSURE ON MANAGEMENT APPROACH

Our core business and health & safety initiatives are focused on the electricity generation and not in its final consumption.

G4 EU25 - NUMBER OF INJURIES AND FATALITIES TO THE PUBLIC INVOLVING COMPANY ASSETS, INCLUDING LEGAL JUDGMENTS, SETTLEMENTS AND PENDING LEGAL CASES OF DISEASES

During 2016, EDPR did not identify injuries or fatalities to the public involving company assets.

4.5. Reporting principles

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

Information is presented according to G4 guidelines of the Global Reporting Initiative (GRI) for Sustainability Reporting and provides also information on the additional electricity sector supplement indicators directly related to the company business, which is the power generation from renewable sources, basically wind. A full GRI G4 Content Index for the report can be found in our website www.edpr.com.

UNITED NATIONS GLOBAL COMPACT

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

In addition, the company has a Code of Ethics that contains specific clauses on the respect for human rights. In compliance with the Code, EDPR expresses its total opposition to forced or compulsory labor and recognizes that human rights should be considered fundamental and universal, based on conventions, treaties and international initiatives like the United Nations Universal Declaration of Human Rights, the International Labor Organization and the Global Compact.

Our Procurement Manual also includes a chapter that guides each Purchasing Department to put these principles into practice, therefore when procuring and contracting goods and services EDPR appeals to all reasonable endeavors so that selected suppliers accept to comply with the UN Global Compact's ten principles in the areas of human rights, labor, the environment and anti-corruption.

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

GLOBAL REPORTING INITIATIVE

The GRI guidelines define a set of indicators and recommendations to create a global standard for disclosing information concerning the three sustainability pillars: economic, environmental and social performance. A company's adherence to these guidelines means that it concurs with the concept and practices of sustainability.

The GRI framework defines a list of principles to help organizations ensure that the content of the report is balanced and accurate. EDPR applied these principles as the basis for the 2016 Management Report.

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

GRI COVERAGE

This Management Report follows G4 Guidelines in its accordance with Core Option.

MATERIALITY

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

SUSTAINABILITY CONTEXT

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

ACCURACY, CLARITY, COMPARABILITY AND RELIABILITY

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

STAKEHOLDER INCLUSIVENESS

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

COMPLETENESS AND 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 FY2016. EDPR is committed to report sustainability information at least once a year. Additionally, sustainability information is reported in market reports.

ENERGY AS THE *NEW* ART

edp renováveis

edp renováveis

ENERGY AS THE NEW ART

CORPORATE GOVERNANCE REPORT
2016

ENERGY AS THE NEW ART

5
Corporate Governance

PART I – Information on Shareholders Structure, Organization and Corporate Governance

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HUMANITY
AS THE NEW ART

ENERGY AS THE *NEW* ART

5
Corporate Governance

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

A. Shareholder Structure

I. CAPITAL STRUCTURE

1. CAPITAL STRUCTURE

EDP Renováveis, S.A. (hereinafter referred to as EDP Renováveis, EDPR or the Company) total share capital is, since its initial public offering (IPO) in June 2008, EUR 4,361,540,810 consisting of issued and fully paid 872,308,162 shares with nominal value of EUR 5.00 each. All the shares are part of a single class and series and are admitted to trading on the NYSE Euronext Lisbon regulated market.

Codes and tickers of EDP Renováveis SA share:
ISIN: ES0127797019
LEI:.....529900MUFAH07Q1TAX06

Bloomberg Ticker (NYSE 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 77.5% of share capital and voting rights. Excluding EDP Group, EDPR shareholders comprise more than 65,000 institutional and private investors spread across 23 countries with main focus in the United States and United Kingdom.

Institutional Investors represent 92% of Company shareholders (ex-EDP Group), mainly investment funds and socially responsible investors ("SRI"), while Private Investors, mostly Portuguese, stand for 8%.

For further information about EDPR shareholder structure please see chapter 1.3 Organization.

2. RESTRICTIONS TO THE TRANSFERABILITY OF SHARES

EDPR's Articles of Association have no restrictions on the transferability of shares.

3. OWN SHARES

EDPR does not hold own shares.

4. CHANGE OF CONTROL

EDPR has not adopted any measures designed to prevent successful takeover bids.

The Company has taken no defensive measures for cases of a change in control in its shareholder structure.

EDPR has not entered into any agreements subject to the condition of a change in control of the Company, other than in accordance with normal practice. In the case of financing of certain wind farm projects, lenders have the right to approve change in control at the borrower if the later ceased to be controlled, directly or indirectly, by EDPR. In the case of guarantees provided by EDP Group companies, if EDP, directly or indirectly ceases to have the majority of EDPR then EDP is no longer obliged to provide such services or guarantees. The relevant subsidiaries will be obliged to provide for the cancellation or replacement of all outstanding guarantees within 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 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. Even if the share capital of EDP or its voting rights are below 50%, the contract is maintained as long as more than half of the Members of the Board or of EDPR's Executive Committee are elected through an EDP proposal.

5. SPECIAL AGREEMENTS REGIME

EDPR does not have a system for the renewal or withdrawal of counter measures particularly to provide for the restriction on the number of votes capable of being held or exercised by only one shareholder individually or together with other shareholders.

6. SHAREHOLDERS AGREEMENTS

The Company is not aware of any shareholders' agreement that may result in restrictions on the transfer of securities or voting rights.

II. SHAREHOLDINGS AND BONDS HELD

7. QUALIFIED HOLDINGS

Qualifying holdings in EDPR are subject to the Spanish Law, which regulates the criteria and thresholds of the shareholder's holdings. Pursuant to the Article 125, of the Spanish Securities Market Law ("Ley de Mercado de Valores") EDPR is providing the following information on qualifying holdings and their voting rights as of December 31st 2016.

As of December 31st 2016, the following qualified holdings were identified:

Shareholder	# Shares	% Capital	% Voting Rights
EDP – Energias de Portugal, S.A. – Sucursal en España	676,283,856	77.5%	77.5%
EDP detains 77.5% of EDPR capital and voting rights, through EDP – Energias de Portugal, S.A. – Sucursal en España.			
MFS Investment Management	27,149,038	3.1%	3.1%
MFS Investment Management is an American based active and global asset manager. In September 24th 2013, MFS Investment Management reported to Comisión Nacional del Mercado de Valores (CNMV) its indirect qualified position as collective investment institution.			
Total Qualified Holdings	**703,432,894**	**80.6%**	**80.6%**

As of December 31st 2016, EDPR's shareholder structure consisted of a total qualified shareholding of 80.6%, with EDP and MFS Investment Management detaining 77.5% and 3.1% of EDPR capital respectively.

8. SHARES HELD BY THE MEMBERS OF THE MANAGEMENT AND SUPERVISORY BOARDS

The table below reflects the number of EDPR shares owned, directly or indirectly, by the Board Members, as of December 31st 2016. The transactions of shares by EDPR's Board Members are reported to the regulatory and supervisory entities (CMVM – Comissão de Mercado de Valores Mobiliários – in Portugal and CNMV – Comisión Nacional del Mercado de Valores – in Spain).

Board Member	Transactions in 2016				# Shares as of Dec. 31st 2016		
	Type	Date	#Shares	Price	Direct	Indirect	Total
António Mexia	-	-	-	-	4.200	-	4,200
João Manso Neto	-	-	-	-	-	-	-
Nuno Alves	-	-	-	-	5,000	-	5,000
Miguel Dias Amaro	-	-	-	-	25	-	25
João Paulo Costeira	-	-	-	-	3,000	-	3,000
Gabriel Alonso	-	-	-	-	26,503	-	26,503
João Manuel de Mello Franco	-	-	-	-	380	-	380
Jorge Santos	-	-	-	-	200	-	200
João Lopes Raimundo	-	-	-	-	170	670	840
António Nogueira Leite	-	-	-	-	100	-	100
Manuel Menéndez Menéndez	-	-	-	-	-	-	-
Gilles August	-	-	-	-	-	-	-
José Ferreira Machado	-	-	-	-	630	-	630
Acácio Piloto	-	-	-	-	300	-	300
Francisca Guedes de Oliveira	-	-	-	-	-	-	-
Allan J. Katz	-	-	-	-	-	-	-
Francisco Seixas da Costa	-	-	-	-	-	-	-

9. POWERS OF THE BOARD OF DIRECTORS

The Board of Directors is vested with the broadest powers to manage, supervise and govern the Company, with no other limitations besides the powers expressly granted to the exclusive jurisdiction of General Meetings in Article 13 of the Company's Articles of Association or in the applicable law. Within this context, the Board is empowered to:

- Acquire on a 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 as it may deem appropriate;
- Enter and formalize all sorts of acts or contracts with public entities or private persons;
- Exercise 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 ("Juzgados de lo Social y Salas de lo Social") of the Supreme Court 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 and terminate, through all procedures and instances, the processes, court sections or proceedings; to accept decisions, to file any kind of appeal, including the cassation 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 sorts of notices and requirements and to grant a Power of Attorney to Court Representatives and other representatives, with the 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 dividends;
- Call and convene General Meetings and submit to them the proposals that it deem appropriate;
- Direct the Company and 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 their 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 businesses and joint property agreements and agreeing their alteration, transformation and termination;
- All further powers expressly granted to the Board in these Articles or in the applicable law. This list is without limitations and has a mere indicative nature.

As of April 9th 2015, the General Shareholders' Meeting approved the delegation to the Board of Directors of the power to issue in one or more occasions any:

- Fixed income securities or other debt instruments of analogous nature, as well as
- Fixed income securities or other type of securities (warrants included) convertible or exchangeable into EDP Renováveis, S.A. shares, or that recognize, at the Board of Directors' discretion, the right of subscription or acquisition of shares of EDP Renováveis, S.A., or of other companies, up to a maximum amount of three hundred million Euros (EUR 300,000,000) or its equivalent in other currency.

As part of such delegation, the General Shareholder's Meeting delegated into the Board of Directors the power to increase the share capital up to the necessary amount to execute the power above. Additionally, it was also approved to authorize the Board of Directors for the acquisition of own shares by the Company and/or the affiliate companies. These delegations may be exercised by the Board of Directors within a period of five (5) years since the proposal was approved, and within the limits provided under the law and the By-Laws.

Additionally, 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 have not been 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 consideration of the conditions of the Company, the market, or any particularly relevant events or circumstances that justify said decision, of which the General Shareholders' Meeting must be informed at the end of the time limit or limits for performing it.

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 MEETING

A. COMPOSITION OF THE PRESIDING BOARD OF THE GENERAL MEETING

11. BOARD OF THE GENERAL SHAREHOLDERS' MEETING

The Members of the Board of the General Shareholders' Meeting are its Chairman, the Chairman of the Board of Directors or his substitute, the other Directors and the Secretary of the Board of Directors.

The Chairman of the General Shareholders' Meeting is José António de Melo Pinto Ribeiro, who was elected on the General Meeting of April 8th, 2014 for a three-year term.

The Chairman of the Board of Directors is António Mexia, who was re-elected on the General Shareholders' Meeting of April 9th 2015 for a three-year term.

The Secretary of the Board of Directors is Emilio García-Conde Noriega who is also the Secretary of the General Shareholder's Meeting, and was appointed as Secretary of the Board of Directors on December 4th 2007. The Secretary of the Board of Directors' mandate does not have an end of term date according to the Spanish Companies Law since he is a non-Member of the Board.

The Chairman of the General Shareholders' Meeting of EDPR has at his disposal, the appropriate human and logistical resources required for the performance of his duties. Therefore, in addition to the resources provided by the Company's Secretary, the Company hires a specialized entity to collect, process and count the votes submitted by the shareholders on each General Shareholders' Meeting.

B. EXERCISING THE RIGHT TO VOTE

12. VOTING RIGHTS RESTRICTIONS

Each share entitles its holder to one vote. EDPR's Articles of Association have no restrictions regarding voting rights.

13. VOTING RIGHTS

EDPR's Articles of Association have no reference to a maximum percentage of voting rights that may be exercised by a single shareholder or by shareholders that are in any relationship. All shareholders, regardless the number of shares owned, may attend to the General Shareholders' Meeting and take part in its deliberations with right to speak and vote.

In order to exercise their right to attend, the Company informs in the related Summon and Shareholders' Guide of each General Shareholders' Meeting, that the shareholders must have the ownership of their shares duly registered in the Book Entry Account at least five (5) days prior to the date of the General Shareholders' Meeting.

Any shareholder may be represented at the General Shareholders' Meeting by a third party, even if this person is not a shareholder, by means of a revocable Power of Attorney. The Board of Directors may require shareholders' Power of Attorney to be in the Company's possession at least two (2) days in advance, indicating the name of the representative.

Said powers of attorney shall be specific to each General Shareholders' Meeting and can be evidenced, in writing or by remote means of communication, such as mail or post.

Shareholders may vote on the topics included on Meeting's Agenda, relating to any matters of their competence, by ordinary mail or electronic communication.

Remote votes can be revoked subsequently by the same means used to cast them within the time limit established for that purpose or by personal attendance at the General Shareholders' Meeting by the shareholder who casted the vote to his/her representative.

The Board of Directors approves a Shareholder's Guide for the General Shareholders' Meeting, detailing mail and electronic communication voting forms among other matters. This Guide is available at www.edprenovaveis.com.

Votes by mail shall be sent in writing to the place indicated on the Summon of the meeting, accompanied by the documentation indicated in the Shareholder's Guide. In order to vote by electronic communication, the shareholders who requested it will receive a password within the time limit and in the form established in the Summon of the General Shareholders' Meeting.

Pursuant to the terms of article 15 of the Articles of Association, both electronic and mail-in votes must be received by the Company before midnight (24.00 hours) of the day before the scheduled meeting date of first call.

14. DECISIONS THAT CAN ONLY BE ADOPTED BY A QUALIFIED QUORUM

According to EDPR's Articles of Association and as established on the law, both ordinary and extraordinary General Shareholders' Meetings are validly constituted when first called if the shareholders, either present or represented by proxy, represent at least twenty-five percent (25%) of the subscribed voting capital. On second call, the General Shareholders' Meeting will be validly constituted regardless of the amount of the capital present or represented.

To validly approve the issuance of bonds, the increase or reduction of capital, the transformation, global assignment of assets and liabilities, merger or spin-off of the Company, the transfer of the Registered Office abroad, the elimination of preemptive 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 by proxy, represent at least fifty percent (50%) 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 two-thirds (2/3) of the present or represented capital in the General Shareholders' Meeting will be required in order 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. EDP Renováveis' corporate organization is subject to its personal law and to the extent possible, to the recommendations contained in the Portuguese Corporate Governance Code, ("Código de Governo das Sociedades") approved by the Comissão do Mercado de Valores Mobiliários (CMVM - Portuguese Securities Market Commission) in July 2013. This governance code is available to the public at CMVM website (www.cmvm.pt).

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

EDPR has adopted the governance structure currently in effect in Spain. It comprises a General Shareholders' Meeting and a Board of Directors that represents and manages the Company.

As required by law and the Articles of Association, the Company's Board of Directors has set up four committees. These are the Executive Committee, the Audit and Control Committee, the Nominations and Remunerations Committee and the Related-Party Transactions Committee.

In order to ensure a better understanding of EDPR corporate governance by its shareholders, the Company publishes its updated Articles of Association as well as its Committees Regulations at www.edprenovaveis.com.

The governance model of EDPR was designed to ensure the transparent and meticulous separation of duties and the specialization of supervision. EDPR' bodies for the management and supervision model are the following:

- General Shareholders' Meeting
- Board of Directors
- Executive Committee
- Audit and Control Committee
- External auditor

The purpose of the choice of this model is to adapt, to the extent possible, the Company's corporate governance structure to the Portuguese legislation. The governance model adopted by EDPR therefore seeks, as far as it is compatible with its personal law, to correspond to the so-called "Anglo-Saxon" model set forth in the Portuguese Commercial Companies Code, in which the management body is the Board of Directors, and the supervision and control duties are of the responsibility of an Audit and Control Committee.

The experience of institutional operating indicates that the governance model approved by EDPR shareholders, and adopted in EDPR, is appropriate to the corporate organization of its activity, especially because it affords transparency and a healthy balance between the management functions of the Executive Committee, the supervisory functions of the Audit and Control Committee and oversight by different Board of Directors special committees.

The institutional and functional relationship between the Executive Committee, the Audit and Control Committee and the other Non-Executive members of the Board of Directors has been of internal harmony conductive to the development of the Company's business.

16. RULES FOR THE NOMINATION AND REPLACEMENT OF DIRECTORS

According to Article 29.5 of the Company's Articles of Association, the Nominations and Remunerations Committee is empowered by the Board of Directors to advise and inform the Board regarding the appointments (including by co-option), re-elections, dismissals and remuneration of Board Members and of its duties, as well as regarding the composition of the several Committees of the Board. The Committee also advises on the appointment, remuneration and dismissal of top management officers. The Committee proposes the appointment and re-election of the Directors and of the members of the various Committees by presenting a proposal with the names of the candidates that considers have the best qualities to fulfil the role of Board Member.

Following the best Corporate Governance practices, during 2016 EDPR considered and discussed about the possible criteria applicable in the selection of the new members of its Governing Bodies. As a conclusion, within others, it was considered appropriate to take into account for this purpose the following: the education, experience in the energy sector, integrity and independence, having a proven expertise and the diversity that such candidate may provide to the related body. Based on this, the Board of Directors submits a proposal to the General Shareholders' Meeting, which should be approved by majority for an initial period of three (3) years and may re-elect these members once or more times for further periods of three (3) years.

Pursuant to Articles 23 of the Articles of Association and 243 of the Spanish Companies Law, shareholders may group their shares until constituting an amount of capital equal or higher than the result of dividing the company's capital by

the number of Members of the Board, and in such case said shareholders are entitled to appoint a number of Directors equal to the result of the fraction using only whole amounts. Those shareholders making use of this power, cannot intervene in the nomination of the other members of the Board of Directors.

In case of a vacancy, pursuant to Articles 23 of the Articles of Association and 244 of the Spanish Companies Law, the Board of Directors may co-opt a shareholder, who will occupy the position until the next General Shareholders' Meeting, to which a proposal will be submitted for the ratification of said co-option. Pursuant to Article 248 of the Spanish Companies Law, the co-option of Directors must be approved by absolute majority of the Directors at the meeting.

17. COMPOSITION OF THE BOARD OF DIRECTORS

Pursuant to Articles 20 and 21 of the Company's Articles of Association, the Board of Directors shall consist of no less than five (5) and no more than seventeen (17) Directors. The term of office shall be of three (3) years, and may be re-elected once or more times for equal periods.

The number of Board Members was established in seventeen (17) members according to the decision of the General Shareholders' Meeting held on June 21st 2011. The current members of the Board of Directors are:

Board Member	Position	Date of first appointment	Date of re-election	End of term
António Mexia	Chairman	18/03/2008	09/04/2015	09/04/2018
João Manso Neto	Vice-Chairman, CEO	18/03/2008	09/04/2015	09/04/2018
Nuno Alves	Director	18/03/2008	09/04/2015	09/04/2018
Miguel Dias Amaro	Director	05/05/2015	-	09/04/2018
Gabriel Alonso	Director	21/06/2011	09/04/2015	09/04/2018
João Paulo Costeira	Director	21/06/2011	09/04/2015	09/04/2018
João Lopes Raimundo	Director	04/06/2008	09/04/2015	09/04/2018
João Manuel de Mello Franco	Director	04/06/2008	09/04/2015	09/04/2018
Jorge Santos	Director	04/06/2008	09/04/2015	09/04/2018
Manuel Menéndez Menéndez	Director	04/06/2008	09/04/2015	09/04/2018
Gilles August	Director	14/04/2009	09/04/2015	09/04/2018
Acácio Piloto	Director	26/02/2013	09/04/2015	09/04/2018
António Nogueira Leite	Director	26/02/2013	09/04/2015	09/04/2018
José Ferreira Machado	Director	26/02/2013	09/04/2015	09/04/2018
Allan J. Katz	Director	09/04/2015	-	09/04/2018
Francisca Guedes De Oliveira	Director	09/04/2015	-	09/04/2018
Francisco Seixas da Costa	Director	14/04/2016	-	14/04/2019

At the last General Shareholders' Meeting, which took place on April 14th 2016, Francisco Seixas da Costa was appointed as member of the Board of Directors for a three-year term (3).

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

EDPR's Articles of Association, which are available for consultation on the Company's website (www.edprenovaveis.com), contain the rules on independence for the fulfilment of duties in any body of the Company. The independence of the Directors is evaluated according to the Company's personal law, the Spanish law.

Despite the current CMVM recommendations do not specifically require a minimum of independent members within the Board of Directors, and only recommends to take into account some criteria as the adopted governance model, the size

of the Company, its shareholder structure and the relevant free float; Article 12 of EDPR's Board of Directors regulations requires that at least twenty-five percent (25%) of the Members of the Board shall be independent. Article 20.2 of EDPR's Articles of Association defines independent members of the Board of Directors as those who are able to perform their duties without being limited by relations with the Company, its significant Shareholders, or its management officers and comply with the other legal requirements.

In addition, pursuant to Article 23 of the Articles of Association, the following may not be Directors:

- People who are directors of or are associated with any competitor of EDPR, as well as those persons that have family relations with those directors. A Company shall be considered to be 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 and also those that have interests opposed to those of EDPR, a competitor or any of the companies in its group, and 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;
- People who are in any other situation of incompatibility or prohibition under the law or EDPR's Articles of Association. Under Spanish law, people, who are i) aged under eighteen (18) years, (ii) disqualified, iii) competitors, (iv) convicted of certain offences, or (v) hold certain management positions, among others, are not allowed to be Directors.

The Chairman of EDPR's Board of Directors does not have executive duties.

In accordance with the law and pursuant the last amendment of Articles of Association, it has been established that the Non-Executive Directors can only be represented in the Board meetings by other Non-Executive Director. The following table includes the executive, non-executive and independent members of the Board of Directors. The independent members mentioned below meet the independence and compatibility criteria required by the law and the Articles of Association.

Board Member	Position	Independent
António Mexia	Chairman and Non-Executive Director	-
João Manso Neto	Executive Vice-Chairman and Executive Director	-
Nuno Alves	Non-Executive Director*	-
Miguel Dias Amaro	Executive Director	-
Gabriel Alonso	Executive Director	-
João Paulo Costeira	Executive Director	-
João Lopes Raimundo	Non-Executive Director	Yes
João Manuel de Mello Franco	Non-Executive Director	Yes
Jorge Santos	Non-Executive Director	Yes
Manuel Menéndez Menéndez	Non-Executive Director	-
Gilles August	Non-Executive Director	Yes
Acácio Piloto	Non-Executive Director	Yes
António Nogueira Leite	Non-Executive Director	Yes
José Ferreira Machado	Non-Executive Director	Yes
Allan J. Katz	Non-Executive Director	Yes
Francisca Guedes de Oliveira	Non-Executive Director	Yes
Francisco Seixas da Costa	Non- Executive Director	Yes

* In 2016, Nuno Alves resigned from his position as member of the Executive Committee, being such resignation acknowledged by the Board of Directors on its meeting held on December 14th 2016. Regardless this resignation, Nuno Alves keeps his position as Non-Executive Member of the Board of Directors of EDPR.

19. PROFESSIONAL QUALIFICATIONS AND BIOGRAPHIES OF THE MEMBERS OF THE BOARD OF DIRECTORS

The 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 is available in the Annex of this Report.

20. FAMILY, PROFESSIONAL AND BUSINESS RELATIONSHIPS OF THE MEMBERS OF THE BOARD OF DIRECTORS WITH QUALIFYING SHAREHOLDERS

Qualifying Shareholders in EDPR are subject to the Spanish Law, which regulates the criteria and thresholds of the shareholder's holdings. As of December 31st 2016, and as far as the Company was informed, there are no family or business relationships of Members of the Board of Directors with qualifying shareholders but only professional relationships due to the fact that some of the Members of EDPR's Board of Directors are currently Members of the Board of Directors in other companies belonging to the same group as EDP Energias de Portugal S.A., which are the following:

- António Mexia;
- João Manso Neto;
- Nuno Alves;
- Manuel Menéndez Menéndez;

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

- Miguel Dias Amaro;
- João Paulo Costeira.

21. MANAGEMENT STRUCTURE

According to the Spanish Law and Spanish companies' practices, the daily management of the business is guaranteed by a Chief Executive Officer who is empowered to ensure the day-to-day management of the Company. This type of organization is different from what occurs on the Portuguese companies in which a "Conselho de Administração Executivo" takes the assignment of areas of business and each Executive Director is responsible to and for an area of business.

B. FUNCTIONING

22. BOARD OF DIRECTORS REGULATIONS

EDPR's Board of Directors Regulations is available to the public on the Company's website at www.edprenovaveis.com and at the Company's headquarters at Plaza de la Gesta, 2, Oviedo, Spain.

23. NUMBER OF MEETINGS HELD BY THE BOARD OF DIRECTORS

According to the Law and its Articles of Association, EDPR's Board of Directors meeting take place at least once every quarter. During the year ending on December 31st 2016, the Board of Directors held six (6) meetings. Minutes of all meetings were drawn. The table below expresses the attendance percentage of the participation of the Directors to the meetings held during 2016:

Board Member	Position	Attendance*
António Mexia	Chairman and Non-Executive	33.33%
João Manso Neto	Executive Vice-Chairman and CEO	100%
Nuno Alves	Non-Executive**	83.33%
Miguel Dias Amaro	Executive	100%
Gabriel Alonso	Executive	100%
João Paulo Costeira	Executive	66.66%
João Lopes Raimundo	Non-Executive and Independent	100%
João Manuel de Mello Franco	Non-Executive and Independent	100%
Jorge Santos	Non-Executive and Independent	100%
Manuel Menéndez Menéndez	Non-Executive	66.66%
Gilles August	Non-Executive and Independent	50%
Acácio Piloto	Non-Executive and Independent	100%
António Nogueira Leite	Non-Executive and Independent	83.33%
José Ferreira Machado	Non-Executive and Independent	83.33%
Allan J. Katz	Non-Executive and Independent	83.33%
Francisca Guedes de Oliveira	Non-Executive and Independent	83.33%
Francisco Seixas da Costa	Non- Executive and Independent	100%

*The percentage reflects the meetings attended by the Members of the Board, provided that Francisco Seixas da Costa joined the Board on April 14th 2016, and therefore, the percentage expressed is calculated over the meetings celebrated since then.

** In 2016, Nuno Alves resigned from his position as member of the Executive Committee, being such resignation acknowledged by the Board of Directors on its meeting held on December 14th 2016. Regardless this resignation, Nuno Alves keeps his position as Non-Executive Member of the Board of Directors of EDPR.

24. COMPETENT BODY FOR THE PERFORMANCE APPRAISAL OF EXECUTIVE DIRECTORS

The Nominations and Remunerations Committee is the body responsible for the evaluation of the performance of the Executive Directors. According to Article 249 bis of the Spanish Companies Law, the Board of Directors supervises the effective functioning of its Committees as well as the performance of the delegated bodies and Directors designated.

25. PERFORMANCE EVALUATION CRITERIA

The criteria for assessing the Executive Directors' performance are described on topics 70, 71 and 72 of this Report.

26. AVAILABILITY OF THE MEMBERS OF THE BOARD OF DIRECTORS

EDPR's members of the Board of Directors are fully available for the performance of their duties having no constraints for the execution of this function simultaneously with other positions. The positions held at the same time in other companies within and outside the group, and other relevant activities undertaken by members of the Board of Directors throughout the financial year are listed in the Annex of this report.

C. COMMITTEES WITHIN THE BOARD OF DIRECTORS OR SUPERVISORY BOARD AND BOARD DELEGATES

27. BOARD OF DIRECTORS' COMMITTEES

Pursuant to Article 10 of the Company's Articles of Association, the Board of Directors may have delegated bodies. The Board of Directors has created four Committees:

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

With the exception of the Executive Committee, all Committees are composed of independent members. The Board of Directors' Committees regulations are available to the public at the Company's website, www.edprenovaveis.com.

28. EXECUTIVE COMMITTEE COMPOSITION

Pursuant to Article 27 of the Company's Articles of Association, the Executive Committee shall consist of no less than four (4) and no more than seven (7) Directors.

Its constitution, the nomination of its members and the extension of the powers delegated must be approved by two-thirds (2/3) of the members of the Board of Directors.

On its meeting held on December 14th 2016, the Board of Directors acknowledged the resignation of Nuno Alves from his position as member of the Executive Committee, and therefore, the Board of Directors established the number of members of the Executive Committee in four (4), plus the Secretary. As of December 31st 2016, the members of this Committee are:

- João Manso Neto, who is the Chairman and CEO
- Miguel Dias Amaro
- Gabriel Alonso
- João Paulo Costeira

Additionally, Emilio García-Conde Noriega is the Secretary of the Executive Committee.

29. COMMITTEES COMPETENCES

EXECUTIVE COMMITTEE

FUNCTIONING

In addition to the Articles of Association, this committee is also governed by its regulations approved on June 4th 2008 and last amended on November 2nd 2016. The committee regulations are available to the public at www.edprenovaveis.com.

In order to adopt the best practices of Corporate Governance and with the aim of promoting the transparency in the management of the company, in the last modification of the regulations of this committee was included within the list of indelegable matters of the Board of Directors a clarification on the definition of the matters that should be considered as strategic matters based on economical, risk or special features criteria.

The Executive Committee shall meet at least once a month and whenever is deemed appropriate by its Chairman, who may also suspend or postpone meetings when he sees fit. The Executive Committee shall also meet when requested by at least two (2) of its members.

The Chairman of the Executive Committee, who is currently also the Vice-Chairman of the Board of Directors, submits to the Chairman of the of the Audit and Control Committee and to the rest of the members of the Board, the convening notices and minutes of the meetings of this Committee.

Meetings of the Executive Committee are valid if half of its members plus one are present or represented. Decisions shall be adopted by majority. In the event of a tie, the Chairman shall have the casting vote.

Executive Directors shall provide any clarifications needed by the other Directors or corporate bodies whenever requested to do so.

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

The Executive Committee is a permanent body to which all the competences of the Board of Directors that are delegable under the law and the Articles of Association can be delegated, with the exception of the following:

- Election of the Chairman of the Board of Directors;
- Appointment of Directors by co-option;
- Request to convene or convening of General Shareholders' Meetings and the preparation of the agenda and proposals of resolutions;
- Preparation of the Annual Report and Management Reports and their presentation to the General Shareholders' Meeting;
- Change of registered office;
- Preparation and approval of mergers, spin-off, or transformation projects of the Company;
- Monitoring the effective functioning of the Board of Directors committees and the performance of delegated bodies and appointed directors;
- Definition of the Company´s general policies and strategies and in any case, being the following transactions, individually considered, subject of prior approval of the Board of Directors, or its ratification in cases of justified urgency:
- Acquisition or sale of assets, rights or participations with an economic value higher than seventy-five million Euros (EUR 75,000,000) and not included in the budget approved by the Board of Directors;
    - Opening or closing of establishments/branches or relevant parts of establishments /branches, as well as the extension or reduction of its activity;
    - Other business activity or transactions, including expansion investments, with a significant strategic relevance or with an economic value higher than seventy-five million Euros (EUR 75,000,000) and not included in the budget approved by the Board of Directors; or Creation or termination of strategic alliances or partnerships or other forms of long-term cooperation;
- Authorization or waiver of the obligations arising from duty of loyalty;

- Organization and functioning of the Board of Directors;
- Preparation of any report required by the law to the management body, provided that the operation referred in the report cannot be delegated;
- Appointment and dismissal of Chief Executive Officer, top management directly depending from the Board of Directors or any of its members, as well as 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 subdelegate them.

2016 ACTIVITY

In 2016 the Executive Committee held 50 meetings. The Executive Committee's main activity is the daily management of the Company.

AUDIT AND CONTROL COMMITTEE

COMPOSITION

Pursuant to Article 28 of the Company's Articles of Association and Articles 8 and 9 of the Committee's Regulations, the Audit and Control Committee consists of no less than three (3) and no more than five (5) members.

According to Article 28.5 of the Articles of Association the term of office of the Chairman of the Audit and Control Committee is three (3) years after which he may be re-elected for another term of three (3) years. Jorge dos Santos was first elected on April 8th, 2014 for the position of Chairman of the Audit and Control Committee, following the opinion presented by the Nominations and Remuneration Committee.

The Audit and Control Committee consists of three (3) independent members, plus the Secretary. As of December 31st 2016, the members of the Audit and Control Committee are:

- Jorge Santos, who is the Chairman
- João Manuel de Mello Franco
- João Lopes Raimundo

Additionally, Mr. Emilio García-Conde Noriega is the Secretary of the Audit and Control Committee.

COMPETENCES

The competences of the Audit and Control Committee are as follows:

- Reporting, through the Chairman, to the General Shareholders' Meetings on questions falling under its jurisdiction;
- Proposing the appointment of the Company's auditors to the Board of Directors for subsequent approval by the General Shareholders' Meeting, as well as the contractual conditions, scope of the work – specially concerning audit services, "audit related" and "non-audit" – annual activity evaluation and revocation or renovation of the auditor appointments;
- Supervising the finance reporting and the functioning of the internal risk management and control systems, as well as, evaluating those systems and proposing the adequate adjustments according to the Company necessities;
- Supervising internal audits and compliance;

- Establishing a permanent contact with the external auditors to assure the conditions of independence, the adequate provision of services, acting as the Company speaker for these subjects related to the auditing process, and receiving and maintaining information on any other questions regarding accounting subjects;
- Preparing an annual report on its supervisory activities, including eventual constraints, and expressing an opinion on the Management Report, the accounts and the proposals presented by the Board of Directors;
- Receiving notices of financial and accounting irregularities presented by the Company's employees, shareholders, or entities that have a direct interest and judicially protected, related with the Company's social activity;
- Engaging the services of experts to collaborate with Committee members in the performance of their functions. When engaging the services of such experts and determining their remuneration, it must be taken into account the importance of the matters entrusted to them and the economic situation of the Company;
- Drafting reports at the request of the Board and its committees;
- Any other powers entrusted to it by the Board of Directors or the Articles of Association.

FUNCTIONING

In addition to the Articles of Association and the law, this committee is governed by its regulations approved on June 4th 2008 and amended on May 4th 2010 available to the public at www.edprenovaveis.com.

The committee shall meet at least once a quarter and additionally whenever its Chairman sees fit. This committee shall draft minutes of every meeting held and inform the Board of Directors of its decisions at the first Board meeting after each committee meeting.

Decisions shall be adopted by majority. The Chairman shall have the casting vote in the event of a tie.

2016 ACTIVITY

In 2016 the Audit and Control Committee's activities included the following:

- Monitor the closure of quarterly accounts, first half-year and year-end accounts, to familiarize itself with the preparation and disclosure of financial information, internal audit, internal control and risk management activities;
- Analysis of relevant rules to which the committee is subject in Portugal and Spain;
- Information about the rules of the appointment of the External Auditor and its independence;
- Assessment of the external auditor's work, especially concerning the scope of work in 2016, approval of all "audit related" and "non-audit" services and analysis of external auditor's remuneration;
- Supervision of the quality and integrity of the financial information in the financial statements and participation in the Executive Committee meeting at which these documents were analyzed and discussed;
- Drafting of an opinion in the individual and consolidated annual reports and accounts, in a quarterly, half year and yearly basis;
- Monitoring of the 2016 Internal Audit Action Plan AND Pre-approval of the 2017 Internal Audit Action Plan;
- Supervision of the quality, integrity and efficiency of the internal control system, risk management and internal auditing;
- Evaluation of the Governance structure of the Company;
- Information about Whistle-Blowing;
- Information about the contingencies affecting to the Group;
- Information about the proposal of application of results for the fiscal year ended on December 31st and the distribution of dividends;
- Quarterly and annual report of its activities.

The Audit and Control Committee found no constraints during its control and supervision activities.

The information regarding the meetings celebrated by this Committee and the attendance of its related members during the year 2016 is described at topic 35.

NOMINATIONS AND REMUNERATIONS COMMITTEE

COMPOSITION

Pursuant to Article 29 of the Company's Articles of Association and Articles 8 and 9 of its Regulations, the Nominations and Remunerations Committee shall consist of no less than three (3) and no more than six (6) members. At least one of its members must be independent and shall be the Chairman of the committee.

In accordance with Recommendation 52 of the Spanish Unified Code of Good Governance (Código Unificado de Buen Gobierno) approved by the Board of CNMV on February 18th 2015, the Nominations and Remunerations Committee must be entirely constituted by Non-Executive Directors and being the majority of them independent. In compliance with this Recommendation, and to the extent possible with the recommendation indicated in chapter II.3.1 of the Portuguese Code of Corporate Governance (as in Spain this committee may only be comprised of Directors), EDPR's Nominations and Remunerations Committee is entirely constituted by Non-Executive and independent members of its Board of Directors.

Pursuant the proposal of the Nominations and Remunerations Committee, on the Board of Directors meeting held on Abril 14th 2016 was approved to increase the number of members of this committee from three (3) to four (4) and appoint the new Director Francisco Seixas da Costa as member of this Committee.

Considering this new appointment, as of December 31st 2016, the Nominations and Remunerations Committee consists of four (4) independent members, plus the Secretary.

The current members are:

- João Manuel de Mello Franco, who is the Chairman
- António Nogueira Leite
- Acácio Jaime Liberado Mota Piloto
- Francisco Seixas da Costa

Additionally, Emilio García-Conde Noriega is the Secretary of the Nominations and Remunerations Committee.

None of the committee members are spouses or up to third degree relatives in direct line of the other members of the Board of Directors.

The committee members shall maintain their positions for as long as they are Company Directors. Nonetheless, the Board may decide to discharge members of the committee at any time and the members may resign said positions while remaining Company Directors.

COMPETENCES

The Nominations and Remunerations Committee is a permanent body belonging to the Board of Directors with an informative and consultative nature and its recommendations and reports are not binding.

The Nominations and Remunerations Committee has no executive functions. The main functions of the Nominations and Remunerations Committee are to assist and report to the Board of Directors about appointments (including by co-option), re-elections, dismissals, and the remuneration of the Board Members and its position about the composition of the Board of Directors, as well as the appointment, remuneration, and dismissal of executive staff. The Nominations and Remunerations Committee shall also inform the Board of Directors on general remuneration 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 by co-option and in other cases for the submission to the General Shareholders' Meeting by the Board of Directors;
- Proposing to the Board of Directors the candidates for the different committees;

- Proposing to the Board, within the limits established in the Articles of Association, the remuneration system, distribution method, and amounts payable to the Directors;
- Making proposals to the Board of Directors on the conditions of the contracts signed with Directors;
- Informing and making proposals to the Board of Directors regarding the appointment and/or removal of executives and the conditions of their contracts and generally defining the hiring and remuneration policies of executive staff;
- Reviewing and reporting on incentive plans, pension plans, and compensation packages;
- Reflecting on the governance system adopted by EDPR in order to identify areas for improvement;
- Any other functions assigned to it in the Articles of Association or by the Board of Directors.

FUNCTIONING

In addition to the Articles of Association, the Nominations and Remunerations Committee is governed by its Regulations approved on June 4th 2008. The committee's regulations are available at www.edprenovaveis.com.

This committee shall meet at least once every quarter and also whenever its Chairman sees fit. This committee shall draft minutes of every meeting held and inform the Board of Directors of its decisions at the first Board meeting after each committee meeting. Decisions shall be adopted by majority. The Chairman shall have the deciding vote in the event of a tie.

2016 ACTIVITY

In 2016 the Nominations and Remunerations Committee activities were:

- Proposing to the Board of Directors the submission of the ratification by the Shareholder's Meeting of the appointment by co-option of Miguel Dias Amaro, approved by the Board of Directors on its meeting celebrated on May 9, 2015;
- Proposing the names of the candidates for the election of new members of the Board of Directors due to the vacancy position, to be submitted to the Board and approved by the General Shareholders' Meeting;
- Performance evaluation of the Board of Directors and the Executive Committee;
- Drafting update and consequent approval of the Performance Evaluation and Remuneration Model for 2014-2016 as well as making a preliminary analysis of the Performance Evaluation and Evaluation model for 2017-2019;
- Drafting of the Remuneration Policy to propose to the Board of Directors and to be approved at the General Shareholders' Meeting;
- Report of the activities performed during the year 2015;
- Proposing to the Board of Directors to increase by one (1) member the composition of the Nominations and Remunerations Committee, and so proposing the names of the candidates to occupy this new vacancy;
- Proposing to the Board of Directors the appointment of EDPR's Compliance Officer;
- Following the best Corporate Governance practices:
  - Proposing to the Board of Directors the establishment of the composition of the Executive Committee in four (4) members in charge of the daily management of the Company;
  - Proposing to the Board of Directors the Related Party Transactions Committee to be formed exclusively by independent members, and therefore proposing the names of the candidates to enter as members of this committee in compliance with this measure;
  - Proposing the implementation of a plan regarding the criteria to apply for the identification of new Governing Bodies candidates as described in topic 16 of this report.
- Reflection on the Corporate Governance system adopted by EDPR.

RELATED-PARTY TRANSACTIONS COMMITTEE

COMPOSITION

Pursuant to Article 30 of the Articles of Association, the Board of Directors may set up other committees, such as the Related-Party Transactions Committee. This committee shall consist of no fewer than three (3) members the majority of whom must be independent. Currently, the Related-Party Transactions committee consists of three (3) independent members plus the Secretary.

Members of the Related Party Transactions Committee shall be considered independent if they can perform their duties without being conditioned by relations with EDPR, its majority shareholders or its Directors and where appropriate, meet the other requirements of the applicable legislation.

At the Board of Directors meeting held on December 14th 2016, in accordance with the best practices and the policy of rotation of the committees' members and the entrance of new ones, the Board acknowledged the resignation of Nuno Alves from his position as member of the Related Party Transactions Committee and pursuant to the proposal of the Nomination and Remuneration Committee, Acácio Piloto was appointed as new member of the Related Party Transactions Committee to fill this vacancy. As of this date and currently, the members of this Committee are:

- José Ferreira Machado, who is the Chairman
- Acácio Jaime Liberado Mota Piloto
- Francisca Guedes de Oliveira

Additionally, Emilio García-Conde Noriega is the Secretary of the Related Party Transactions Committee.

The committee members shall maintain their positions for as long as they are Company Directors. Nevertheless, the Board may decide to discharge members of the committee at any time and the members may resign said positions while still remaining Company Directors.

COMPETENCES

The Related Party Transactions Committee is a permanent body belonging to the Board of Directors that performs the following duties, without prejudice, to others that the Board may assign to it:

- Periodically reporting to the Board of Directors on the commercial and legal relations between EDPR or related entities and EDP or related entities;
- In connection with the approval of the Company's annual results, reporting on the commercial and legal relations between the EDPR Group and the EDP Group and the transactions between related entities during the fiscal year in question;
- Ratifying transactions between EDPR and/or related entities with EDP and/or related entities by the stipulated deadline in each case, provided that the value of the transaction exceeds EUR 5,000,000 or represents 0.3% of the consolidated annual income of the EDPR Group for the previous fiscal year;
- Ratifying any modification of the Framework Agreement signed by EDPR and EDP on May 7th 2008;
- Making recommendations to the Board of Directors of the Company or its Executive Committee regarding the transactions between EDPR and related entities with EDP and related entities;
- Asking EDP for access to the information needed to perform its duties;
- Ratifying, in the correspondent term according to the necessities of each specific case, the transactions between Qualifying Holdings other than EDP with entities from the EDP Renováveis Group whose annual value is superior to EUR 1,000,000;
- Ratifying, in the corresponding terms according to the necessities of each specific case, the transactions between Board Members, "Key Employees" and/or Family Members with entities from EDP Renováveis Group whose annual value is superior to EUR 75,000.

In case the Related Party Transactions Committee does not ratify the commercial or legal relations between EDP or its related entities and EDP Renováveis and its related entities, as well as those related with Qualifying Holders other than EDP, Board Members, "Key Employees" and/or their relatives, such relations must be approved by 2/3 of the members of the Board of Directors as long as half of the members proposed by entities different from EDP, including independent Directors, vote favorably, except when a majority of members expresses its approval prior to submitting the matter to the Related Party Transactions Committee for its approval.

The terms of the bullet points above shall not apply to transactions between EDP or its related entities and EDP Renováveis or its related entities carried out under standardized conditions, and are applied equally to different related entities of EDP and EDPR, even standardized price conditions.

FUNCTIONING

In addition to the Articles of Association, the Related-Party Transactions Committee is governed by its regulations approved on June 4th 2008 and amended on February 28th 2012. The committee's regulations are available at www.edprenovaveis.com.

This committee shall draft minutes of every meeting held and inform the Board of Directors of decisions that it makes at the first Board meeting held after each committee meeting.

Decisions shall be adopted by majority. The Chairman shall have the casting vote in the event of a tie.

2016 ACTIVITY

In 2016, the Related Party Transactions Committee revised, approved and proposed to the Board of Directors the approval of all agreements and contracts between related parties submitted to its consideration.

Chapter E – I, topic 90, of this report includes a description of the fundamental aspects of the agreements and contracts between related parties.

III. SUPERVISION

A. COMPOSITION

30. SUPERVISORY BOARD MODEL ADOPTED

EDPR's governance model, as long as it is compatible with its personal law, the Spanish law, corresponds to the so-called "Anglo-Saxon" model set forth in the Portuguese Commercial Companies Code, in which the management body is a Board of Directors, and the supervision and control duties are of the responsibility of an Audit and Control Committee.

31. COMPOSITION OF THE AUDIT AND CONTROL COMMITTEE

Composition of Audit and Control Committee is reflected on topic 29. The term of office and the dates of first appointment of the members of the Audit and Control Committee are the following:

Member	Position	First appointment date
Jorge Santos	Chairman	03/05/2011
João Manuel de Mello Franco	Vocal	04/06/2008
João Lopes Raimundo	Vocal	11/04/2011

32. INDEPENDENCE OF THE MEMBERS OF THE AUDIT AND CONTROL COMMITTEE

Information concerning the independence of the members of the Audit and Control Committee is available on the chart of topic 18 of the report. As mentioned on the first paragraph of topic 18, the independence of the members of the Board and of its Committees is evaluated according to the Company's personal law, the Spanish law.

33. PROFESSIONAL QUALIFICATIONS AND BIOGRAPHIES OF THE MEMBERS OF THE AUDIT AND CONTROL COMMITTEE

Professional qualifications of each member of the Audit and Control Committee and other important curricular information, are available in the Annex of this report.

B. FUNCTIONING

34. AUDIT AND CONTROL COMMITTEE REGULATIONS

The Audit and Control Committee regulations are available to the public at the Company's website, www.edprenovaveis.com and at the Company's Headquarters at Plaza de la Gesta, 2, Oviedo, Spain.

35. NUMBER OF MEETINGS HELD BY THE AUDIT AND CONTROL COMMITTEE

In 2016, the Audit and Control Committee held sixteen (16) meetings, seven (7) of those meetings were formal and the other nine (9) were informal.

From April 4th to 6th, the CFO of EDPR Miguel Dias Amaro and vocal of the Auditing and Control Committee, João de Mello Franco, visited EDPR NA in Houston, where they met EDPR NA CEO Gabriel Alonso and EDPR NA CFO Bernardo Goarmon and the local teams to analyze the activity of the Company during 2015 and 2016 and the perspective of energy market evolution during the next years.

The Audit and Control Committee also attended the meetings organized by EDP's General Supervisory Board and participated in September on the Annual Meeting of the Audit and Control Committees of EDP's Group.

The table below shows the attendance percentage to the meetings of the Audit and Control Committee by its members. During the year 2016 none of the members delegated their votes in other member.

Member	Position	Attendance
Jorge Santos	Chairman	100%
João Manuel de Mello Franco	Vocal	100%
João Lopes Raimundo	Vocal	83.33%

36. AVAILABILITY OF THE MEMBERS OF THE AUDIT AND CONTROL COMMITTEE

The members of the Audit and Control Committee are fully available for the performance of their duties having no constraints for the execution of this function simultaneously with positions in other companies. The positions held simultaneously in other companies inside and outside the Group and other relevant activities undertaken by members of this Committee throughout the financial year are listed in the Annex of this report.

C. POWERS AND DUTIES

37. PROCEDURES FOR HIRING ADDITIONAL SERVICES TO THE EXTERNAL AUDITOR

In EDPR there is a policy of pre-approval by the Audit and Control Committee for the selection of the External Auditor and any related entity for non-audit services, according to Recommendation IV.2 of the Portuguese Corporate Governance Code. This policy was strictly followed during 2016.

The services, other than auditing services, provided by the External Auditor and entities in a holding relationship with or incorporated in the same network as the External Auditor were previously approved by the Audit and Control Committee according to Article 8.2, b) of its Regulations and upon review of each specific service, which considered the following aspects: (i) such services having no effect on the independence of the External Auditor and any safeguards used; and (ii) the position of the External Auditor in the provision of such services, notably the External Auditor's experience and knowledge of the Company.

Furthermore, although hiring services other than auditing services to the External Auditor is admissible, it is envisaged as an exception. In 2016 such services reached only around 2.2% of the total amount of services provided to the Company.

38. OTHER DUTIES OF THE AUDIT AND CONTROL COMMITTEE

Apart from the competences expressly delegated on the Audit and Control Committee according to Article 8 of its Regulations and in order to safeguard the independence of the External Auditor, the following powers of the Audit and Control Committee were exercised during the 2016 financial year and should be highlighted:

- Appoint and hire the External Auditor and responsibility for establishing their remuneration as well as pre-approval of any services to be hired from the External Auditor and perform its direct and exclusive supervision;
- Assessment of the qualifications, independence, and performance of the External Auditors, and obtaining, yearly and directly from the External Auditors, written information on all relations existing between the Company and the Auditors or associated persons, including all services rendered and all services in progress. In order to evaluate independence, the Audit Committee, obtained the information regarding External Auditors' independence in light of the Spanish Royal-Decree no. 1/2011 of July 1st 2011;
- Review of the transparency report, signed by the Auditor and disclosed at its website. This report covers the matters provided for under Spanish Royal-Decree no. 1/2011 of July 1st 2011, including those regarding the quality control internal system of the audit firm and the quality control procedures carried out by the competent authorities;
- Definition of the Company's hiring policy concerning persons who have worked or currently work with the External Auditors;
- Review, with the External Auditors, of the scope, planning, and resources to be used in their services;
- Responsibility for the settlement of any differences between the Executive Committee and the External Auditors concerning financial information;
- Contracts signed between EDPR and its Qualified Shareholders that were analyzed by the Audit and Control Committee. This information is included on the annual report of the Audit and Control Committee regarding those cases that needed a previous opinion from the committee.

Within this context, it should be particularly stressed that the External Auditor's independence was safeguarded by the implementation of the Company's policy for the pre-approval of the services to be hired to External Auditors (or any entity in a holding relationship with or incorporating the same network as the External Auditors), which results from the application of the rules issued by the European Union on this matter. According to such policy, the Audit and Control Committee makes an overall pre-approval of the services proposal made by the External Auditors and a specific pre-approval of other services that will eventually be provided by the External Auditors, particularly, tax consultancy services and services other than "audit and audit related" services.

IV-V. STATUTORY AND EXTERNAL AUDITORS

39-41.

According to the Spanish law, the External Auditor ("Auditor de Cuentas") is appointed by the General Shareholders' Meeting and corresponds to the statutory auditor body ("Revisor Oficial de Contas") described on the Portuguese Law. Consequently, the information regarding points 39 to 41 is available on chapter V of the report, points 42 to 47.

42. EXTERNAL AUDITOR IDENTIFICATION

EDPR's External Auditor is, since 2007, KPMG Auditores S.L., a Spanish Company whose partner in charge of accounts auditing is, currently and since January 2014, Estibaliz Bilbao. KPMG Auditores S.L. is registered at the Spanish Official Register of Auditors under number S0702 and with Tax Identification Number B-78510153.

43. NUMBER OF YEARS OF THE EXTERNAL AUDITOR

KPMG Auditores S.L. is in charge of EDPR's accounts auditing having carried these duties during nine consecutive years from the date EDPR became Public Interest Entity.

44. ROTATION POLICY

According to CMVM's Recommendation IV.3 of its 2013 Corporate Governance Code, the companies shall rotate the auditor after two or three terms whether they are of four or three years, respectively, being the maximum nine years. On the other hand, according to the personal Law of EDPR -the Spanish Law-, recently amended in October 2015, the maximum term for an auditing firm is established in a 10-year term, from the date the company is declared as a "Public Interest Entity".

In the case of EDPR, this date is when the IPO was launched in 2008. On December 31st 2016, KPMG Auditores S.L. has ended its ninth (9th) consecutive year as EDPR's External Auditor from the date that it became Public Interest Entity.

The Company is compliant with Recommendation IV.3 of the Portuguese Corporate Governance Code and also with its personal Law.

45. EXTERNAL AUDITOR EVALUATION

The Audit and Control Committee is responsible for the evaluation of the External Auditor according to the competences granted by its Regulations. The evaluation of the Audit and Control Committee is made once a year. The Audit and Control Committee acts as the company speaker for the relevant matters with the External Auditor and establishes a permanent contact throughout the year to assure the conditions, including the independence, adequate to the services provided by them related to the auditing process, and receiving and maintaining information on any other questions regarding accounting subjects. In 2016, according to the Audit and Control Committee's competences and in line with Recommendation II.2.2, it was the first and direct recipient and the corporate body in charge of the permanent contact with the external auditor on matters that may pose a risk to their independence and any other matters related to the auditing of accounts. It also receives and stores information on any other matters provided for in legislation on audits and in auditing standards in effect at any time. The External Auditor within the scope of its duties, verified the implementation of the remuneration policies and systems of the corporate bodies as well as the efficiency and effectiveness of the internal control mechanisms and report any shortcomings to the supervisory body of the Company.

46. NON-AUDIT SERVICES CARRIED OUT BY THE EXTERNAL AUDITOR

According to the rules described on topic 29 of this Report, in EDPR there is a policy of pre-approval by the Audit and Control Committee for the selection non-audit services according to Article 8.2, b) of the Audit and Control Committee Regulations.

During 2016 the non-audit services provided by the External Auditor for EDPR's business units consisted mostly on KPMG's compliance statement in the context of contractual agreements.

KPMG was engaged to provide the above-mentioned services due to its in-depth knowledge of the Group's activities and tax related matters. These engagements did not risk the independence of the External Auditor and were pre-approved by the Audit and Control Committee prior to rendering the services.

47. EXTERNAL AUDITOR REMUNERATION IN 2016

Type of services (€)	Portugal	Spain	Brazil	US	Other	Total	%
Audit and statutory audit	221,347	584,070	125,635	1,023,002	809,546	2,763,700	90.4%
Other audit services	4,000	199,430	-	6,776	10,240	200,057	6.6%
Total audit related services	225,347	783,500	125,635	1,029,778	773,886	2,938,146	97.0%
Tax consultancy services	-	-	-	-	-	-	0.0%
Other services un related to statutory auditing	10,900	41,418	-	-	35,291	87,609	2.9%
Total non-audit related services	10,900	41,418	-	-	35,291	87,609	2.9%
Total	**236,247**	**804,529**	**125,635**	**1,029,778**	**855,178**	**3,051,366**	**100%**

C. INTERNAL ORGANIZATION

I. ARTICLES OF ASSOCIATION

48. AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Amendments to the Articles of Association of the Company are of the responsibility of the General Shareholders' Meeting who has the power to decide on this matter. According to Article 17 of the Company's Articles of Association ("Constitution of the General Shareholders' Meeting, Adoption of resolutions"), to validly approve any necessary amendment to the Articles of Association, the Ordinary or Extraordinary Shareholders' Meeting will need:

- On first call, that the Shareholders either present or represented by proxy, represent at least fifty percent (50%) of the subscribed voting capital.
- On second call, that the Shareholders either present or represented by proxy, represent at least twenty-five percent (25%) of the subscribed voting capital.

In the event that the shareholders attending represent more than fifty percent (50%) of the subscribed voting capital, the resolutions referred to in the present paragraph will only 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.

EDPR provides the Group workers with a channel enabling them to report directly and confidentially to the Audit and Control Committee any practice presumed illicit or any alleged accounting and/or financial irregularity in their Company, in compliance with the provisions of CMVM Regulation no. 4/2013.

With this channel for reporting irregular accounting and financial practices, EDPR aims to:

- Guarantee conditions that allow workers to freely report any concerns they may have in these areas to the Audit and Control Committee;
- Facilitate the early detection of irregular situations, which, if practiced, might cause serious damage to the EDPR Group, its workers, customers and shareholders.

Contact with the Company's Audit and Control Committee is only possible by email and post, and access to information received is restricted.

Any complaint addressed to the Audit and Control Committee will be kept strictly confidential and the whistle-blower will remain anonymous, provided that this does not prevent the investigation of the complaint. He/she will be assured that

the Company will not take any retaliatory or disciplinary action as a result of exercising his/her right to blow the whistle on irregularities, provide information, or assist in an investigation.

The Secretary of the Audit and Control Committee receives all the communications and presents a quarterly report to the members of the Committee.

In 2016 there were no communications regarding any irregularity at EDPR.

ETHICS CHANNEL AND CODE OF ETHICS

EDPR has a Code of Ethics published on its intranet and its website, which includes principles like transparency, honesty, integrity, non-discrimination, equal opportunity, and sustainability.

The Code of Ethics has been widely circulated among employees of the Group through internal communications mechanisms, individual shipments, delivery to new employees, and intranet publishing. On February 2014, the Board of Directors approved an updated version of the Code of Ethics.

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

There is also an Ethics Channel and Ethics Regulation to articulate any specific claims of the Code of Ethics and to resolve doubts on all matters relating to the Code of Ethics.

Communications regarding possible breaches of the Code of Ethics are sent to the Ethics Ombudsman, who performs a first analysis, forwarding its conclusions to the Ethics Committee of EDPR, which receives, records, processes, and reports it to the Board of Directors.

In 2016 there was one (1) communication to the Ethics Ombudsmen through the Ethics Channel. However, it was not considered as an issue related to the Ethics Code and it will be suggested to be rejected during the next Committee Ethics. The issue has been submitted to the responsible area in order to be analyzed and take the corresponding measures.

The Ethics Code is available at our website www.edprenovaveis.com

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. This Anti-Corruption Policy implies a series of new procedures regarding the relationships of EDPR employees with external parties, namely the approval of certain actions regarding hospitality to and from external parties, charitable donations, and sponsorships. This Policy was implemented in the Group in 2015, through the introduction of several approval systems in the corporate's employee channels in order to ensure transparency and prevent any corrupt business practice, and was communicated to all EDPR employees. Once this implementation was finished, the corresponding training sessions were organized for part of our employees, and made available in the intranet, in order to ensure appropriate knowledge and understanding of the Policy.

The Anti-Corruption Policy is available at our website www.edprenovaveis.com.

III. INTERNAL CONTROL AND RISK MANAGEMENT

50. INTERNAL AUDIT

EDPR's Internal Audit Department is composed by seven (7) members. The function of EDPR's Internal Audit is to carry out an objective and independent assessment of the Group's activities and of its internal control situation, in order to make recommendations to improve the internal control mechanisms over systems and management processes in accordance with the Group's objectives.

Additionally, EDPR has a Responsibilities Model and a SCIRF Manual (Internal Control System over Financial Reporting), in which individuals, governing bodies and committees responsible for implementing and managing the internal control system are indicated.

The Responsibilities Model includes the functions and main activities in the management and maintenance of the system at all levels of the organization including monitoring activities related to the annual cycle, the implementation of controls and documentation of evidence and supervision activities.

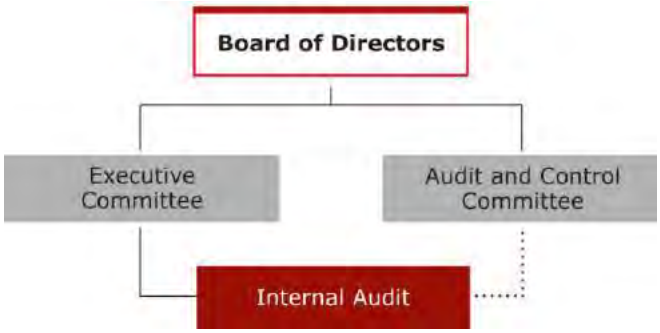
The SCIRF Manual incorporates the general principles of the Internal Control System over Financial Reporting as well as the methodology used, the procedures for ensuring the effectiveness of internal control and design of models, documentation, evaluation and reporting.

In line with the general principles of the model adopted by EDPR for the management of the SCIRF, the COSO Internal Control Integrated Framework 2013 (Committee of Sponsoring Organizations of the Treadway Commission), the responsibility for supervising the Internal Control System lies in the Board of Directors and the Audit and Control Committee. The CEO is accountable before the Board and must ensure the proper functioning and effectiveness of the SCIRF, promoting its design, implementation and maintenance. The Executive Committee must support the CEO in this task, guiding the development of the Entity Level Controls of the Company and the controls in their areas of responsibility, relying when necessary on other levels of the organization. Also, the Senior Managers are responsible for evaluating any deficiencies and implementing appropriate improvement opportunities.

To fulfil these responsibilities, EDPR's Internal Audit offers support and advice for the management and development of the SCIRF.

51. ORGANIZATIONAL STRUCTURE OF INTERNAL AUDIT

The Internal Audit function in EDPR Group is a corporate function carried out by the Internal Audit Department, that reports both to the Chairman of EDPR's Executive Committee and to EDPR's Audit and Control Committee.



52. RISK MANAGEMENT

EDPR's Enterprise Risk Management Process is an integrated and transversal management model that ensures the minimization of the effects of risk on EDPR's capital and earnings, as well as the implementation of best practices of Corporate Governance and transparency. The process aligns EDPR's risk exposure with the company's desired risk profile.

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

Market, counterparty, operational, business and strategic risks are identified and assessed and, following the result of the assessment, Risk Policies are defined and implemented across the company. These policies are aimed to mitigate risks without compromising potential opportunities, thus, optimizing return versus risk exposure.

During 2016, EDPR defined the Enterprise Risk Management Framework of the Group and reassessed Operational Risk for the company, executing a bottom-up analysis across all departments, as stated in EDPR's Operational Risk Policy.

53. RISK MAP

Risk Management at EDPR is focused on covering all risks of the company. In order to have a holistic view of risks, they are grouped in Risk Categories, which are Market, Counterparty, Operational, Business and Strategic. The definition of Risk Categories at EDPR is as follows:

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

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

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

4. Business Risk - Potential loss in the company's earnings due to adverse changes in business margins. Such losses can result above all from a serious increase in equipment prices or changes in the regulatory environment. Changes in electricity prices and production are considered market risks;

5. Strategic Risk - It refers to risks coming from macroeconomic, political, social or environmental situation in countries where EDPR is present, as well as those coming from a change in competitive landscape, from technology disruptions, from changes in energy markets or from governance decisions (investment decisions criteria, Corporate Governance and Reputational issues).

Within each Risk Category, risks are classified in Risk Groups.

1. Market Risk

1. i) Electricity price risk

EDPR faces limited electricity price risk as it pursues a strategy of being present in countries or regions with long-term visibility on revenues. In most countries where EDPR is present, prices are determined through regulated framework mechanisms. In those countries with no regulated tariffs, power purchase agreements are negotiated with different offtakers to eliminate electricity and Green Certificate or Renewable Energy Credit (REC) price risks.

Despite EDPR's strategy of eliminating market price risk, EDPR still has some plants with merchant exposure.

In Europe, EDPR operates in countries where the selling price is defined by a feed-in-tariff (Portugal, France and Italy) or in markets where, on top of the electricity price, EDPR receives either a pre-defined regulated premium or a green certificate, whose price is achieved on a regulated market (Spain, Belgium, Poland and Romania). EDPR is also developing investment activity in the UK, where current incentive system is based on green certificates but will change to a feed in tariff.

In countries with a pre-defined regulated premium or a green certificate scheme, EDPR is exposed to electricity price fluctuations. Considering current Power Purchase Agreements (PPAs) in place, EDPR is exposed to electricity price risk in Romania, in Poland and partially in Spain. Additionally, in European countries with a green certificate scheme (Romania and Poland), EDPR is exposed to fluctuation on the price of green certificates.

The US market does not provide a regulated framework system for the electricity price. Nevertheless, renewable generation is incentivized through PTCs (Production Tax Credits) and regional Renewable Portfolio Standard (RPS) programs that allow receiving RECs for each MWh of renewable generation. REC prices are very volatile and depend on the regional supply/demand equilibrium in the relevant market.

Most of EDPR's capacity in the US has predefined prices determined by bundled (electricity + REC) long-term contracts with local utilities in line with the Company's policy of avoiding electricity price risk. Despite existing long term contracts, some EDPR's plants in the US do not have PPA and are selling merchant with exposure to electricity and REC prices. Additionally, some plants with existing PPAs do not sell their energy where it is produced and are therefore exposed to basis risk (difference in price between the location where energy is produced and that where energy is sold).

In Ontario (Canada), the selling price is defined by a long-term feed-in-tariff, thus, there is no electricity price exposure.

In Brazilian operations, the selling price is defined through a public auction which is later translated into a long-term contract. Electricity price exposure is almost null, with little exposure for the production above or below the contracted production.

Under EDPR's global approach to minimize the exposure to market electricity prices, the Company evaluates on a permanent basis, if there are any deviations to the pre-defined limits (measured through EBITDA at risk, Net Income at risk and total merchant exposure).

EDPR intends to eliminate Green Certificates and REC price risk with the signing of bundled PPAs with private offtakers, which include the sale of the electricity and the Green Certificate or REC. In some cases, the offtaker may be interested in contracting only the Green Certificate or the REC, thus a GCPA (Green Certificate Purchase Agreement) or a RECPA (REC Purchase Agreement) is signed. During 2016, EDPR signed new long-term PPAs in the US for 540 MW.

In those geographies with remaining merchant exposure, EDPR uses various commodity-hedging instruments in order to minimize the exposure to fluctuating market prices. In some cases, due to the lack of liquidity of financial derivatives, it may not be possible to successfully hedge all existing merchant exposure, after considering PPAs in place.

In 2016 EDPR financially hedged most of its remaining merchant exposure in Poland, Romania, Spain and the US. These hedges protected EDPR's result from low electricity prices, notable in Spain during the first semester of the year and in US.

As aforementioned, some US plants have exposure to REC price risk and/or basis risk (difference in electricity price between locations). EDPR hedges REC prices through forward sales and basis exposures through financial swaps or FTR (Financial Transmission Rights).

1. ii) Energy Production Risk

The amount of electricity generated by EDPR's renewable plants is dependent on weather conditions, which vary across locations, from season to season and from year to year. Variation on the amount of electricity that is generated affects EDPR's operating results and efficiency.

Not only the total wind or solar production in a specific location is relevant, but also the profile of production. Wind usually blows more at night than at daytime, when energy prices are lower and the opposite for solar. Generation profile will affect the discount or add-on in price of a plant versus a baseload generation.

Finally, curtailment of a plant will also affect its production. Curtailment occurs when the production of a plant is stopped by the TSO (Transmission System Operators) for external reasons to the Company. Examples of cases of curtailment are upgrades in transmission lines or exceptional congestion (high level of electricity generation for available transmission capacity).

EDPR mitigates wind and solar resource volatility and seasonality through geographical diversification of its asset base in different countries and regions.

EDPR acknowledges the correlation between different plants in its portfolio that allows for this geographical diversification, which enables EDPR to partially offset production variations in each region and to keep the total energy generation relatively steady. Currently, EDPR is present in 12 countries: Spain, Portugal, France, Belgium, Poland, Romania, UK (no generation), Italy, US, Canada, Brazil and Mexico.

EDPR has analysed 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 denominated in different currencies. Consequently, exchange rate fluctuations may have a material adverse effect on financial results or on the value of the foreign investment.

1. iii) a) Interest rate risk

Given the policies adopted by EDPR Group, current exposure to variable interest rate is not significant and financial cash flows are substantially independent from the fluctuation of interest rates.

The purpose of interest rate risk management policies is to reduce the exposure of long-term debt cash flows to market fluctuations, mainly by contracting long term debt with a fixed rate.

- When long-term debt is issued with floating rates, EDPR settles derivative financial instruments to swap from floating to fixed rate.
- EDPR has a portfolio of interest-rate derivatives with maturities of up to 13 years. Sensitivity analyses of the fair value of financial instruments to interest-rate fluctuations are periodically performed.

With most of interest rate being fixed, main exposure to interest rates arises at refinancing. To protect against this risk, EDPR intends to maintain a balanced maturity profile for its corporate fixed debt, thus, diversifying the risk of bad timing when refinancing occurs.

Repricing calendar of debt is continuously monitored together with interest rates in order to detect good timing for restructuring debt.

Taking into account risk management policy and approved exposure limits, Global Risk Area supports the Finance team in interest rate hedging decisions and the Finance team submits the financial strategy appropriate to each project/location for Executive Committee's approval.

1. iii) b) Exchange rate risk

EDPR has international operations and is exposed to the exchange-rate risk resulting from investments in foreign subsidiaries. Currency exposure in operating plants is to U.S. dollar, Romanian leu, Polish zloty, Brazilian real, British pound and Canadian dollar.

EDPR hedges risk against currency fluctuations by financing in the same currency as the revenues of the project. When local financing is not available, EDPR hedges debt cash flows though cross currency interest rate swaps.

EDPR also hedges net investment (investment after deducting local debt) in foreign currency through cross currency interest rate swaps.

Finally, EDPR contracts foreign exchange forwards to hedge the risk in specific transactions, mainly in payments to suppliers which may be denominated in different currencies.

EDPR's hedging efforts minimize exchange rate volatility, but do not eliminate completely this risk due to high costs associated to hedging FX in certain situations.

1. iii) c) Inflation risk

In specific projects, regulated remuneration is linked to inflation. Additionally, O&M costs are considered to be linked to inflation in most cases.

Exposure to inflation in revenues may be naturally hedged with exposure to interest rates and EDPR regularly analyses inflation exposure and its relationship with interest rates to adjust level of interest rate coverage in project finance structures.

Exposure to inflation in O&M costs is managed at the moment of the investment decisions, by executing sensitivity analyses.

1. iii) d) Liquidity risk

Liquidity risk is the risk of EDPR not meeting its financial obligations. Liquidity risk is mainly related to extreme market movements in electricity prices, interest or exchange rates, which may change the expected cash flow generation.

EDPR tracks liquidity risk in the short term (margin calls, etc) and in the long term (financing sources) in order to meet strategic targets previously set (EBITDA, debt ratio and others).

EDPR's strategy to manage liquidity risk is to ensure that its liquidity is sufficient to meet financial liabilities when due, under both normal and stressed conditions, and without incurring unacceptable losses or risking damage to EDPR's reputation.

Different funding sources are used such as Tax Equity investors, multilateral organizations, project finance, corporate debt and asset rotation in order to ensure long-term liquidity to finance planned projects and working capital.

1. iv) Commodity price risk (other than electricity)

In projects in which there is a significant number of years between investment decision and start of construction, EDPR may be exposed to the price of the materials used in turbine manufacturing, foundations and interconnection through escalation formulae included in the contracts with suppliers.

In order to manage this risk, EDPR may hedge the market exposure in OTC/future commodity markets, considering the risks (potential losses) and the cost of the hedge.

2. Counterparty Risk

Counterparty credit risk is the risk that the counterparty to a transaction could default before the final settlement of the transaction's cash flows. An economic loss could occur, either a direct economic loss if the transaction has a positive value at the moment of default (counterparty credit risk) or a replacement cost due to change of the counterparty (counterparty operational risk).

2. i) Counterparty Credit Risk

If the transactions or portfolio of transactions with the counterparty has a positive economic value at the time of default, an economic loss would occur.

To control credit risk at EDPR, thresholds of Expected Loss and Unexpected Loss are established at company level as defined under Basel Standards and re-evaluated monthly. If the threshold is surpassed by the company as a whole, mitigation measures are implemented in order to remain within the pre-established limit.

Additionally, Expected Loss limits are established for each individual counterparty or Group of counterparties (parent and subsidiaries).

2. ii) Counterparty Operational Risk

If the transactions or portfolio of transactions with the counterparty does not have a positive economic value at the time of default, it will impact operations. Despite no direct loss at the time of default, the replacement of the counterparty could imply a cost to EDPR due to potential delays, higher contract value with a new counterparty (replacement costs), etc.

Construction and O&M subcontractors are counterparties to which EDPR is exposed from an operational point of view.

To minimize the probability of incurring in potential replacement costs with counterparties, EDPR´s policy concerning counterparty operational risk is managed by an analysis of the technical capacity, competitiveness, credit quality and replacement cost of the counterparty.

3. Operational Risk

3. i) Development Risk

Renewable plants are subject to strict regulations at different authority levels (international, national, state, regional and local) relating to the development, construction, grid interconnection and operation of power plants. Among other things, these laws regulate landscape and environmental aspects, building licenses, land use and land securing and access to the grid issues.

While level of exigency might be different depending on the geographies, EDPR acknowledges a trend for legislations to align towards concentrating the most restrictive rules and development risks on the consenting (environmental and urban permissions) and interconnection (electricity connection of the plant to the national grid).

In this context, EDPR's experience gathered in different countries is useful to anticipate and deal with similar situations in other countries.

During the development and design phase, EDPR focuses on the optimization of its projects. By mastering the variables, such as choice of locations, layout, etc, the objective is to make our projects more resilient to permitting risks.

Additionally, EDPR mitigates development risk by generating optionality, with development activities in 12 different countries (Spain, Portugal, France, Belgium, Poland, Romania, UK, Italy, US, Canada, Brazil and Mexico) and a portfolio of projects in several stages of maturity. EDPR has a large pipeline of projects that provide a "buffer" to overcome potential delays in the development of prioritized projects, ensuring growth targets and being able to compensate permitting delays in some geographies.

3. ii) Execution Risk

During the construction of the foundations, interconnection and substation of a plant, and the installation of the equipments, different events (bad weather, accidents, etc) might occur that could imply an over cost or a delay in the commercial operation date of the plant:

- The delay implies a postponement of cash flows, affecting profitability of the investment.
- When a plant has a PPA, a delay of the commercial operation date might imply the payment of LDs, with the consequent loss of revenues and the impact on annual financial results.

During the design phase, EDPR engineering teams supervise the engineering and the installation method. Construction is subcontracted to technically capable construction companies.

In both cases, a critical path analysis is performed to assess the reliability of construction and installation plan. Also, collaterals may be required to the counterparty following EDPR's Counterparty Risk Policy.

3. iii) Operation Risk

Damage to Physical Assets

Renewable plants in construction and in operation are exposed to weather hazards, natural disasters, etc. These risks depend on the location.

All plants are insured the physical damage during construction and operation. During operation, any natural disaster, weather hazard or accident will be partially insured to revenue losses due to the event.

Equipment Performance Risk (O&M costs)

Output from renewable plants depends upon the operating availability of the equipment.

EDPR mitigates this risk by using a mix of suppliers which minimizes technological risk, avoiding exposure to a unique manufacturer.

EDPR also engages suppliers through medium-term full-scope maintenance agreements during the first years of operation to ensure alignment with supplier in minimizing technology risk.

Finally, for older plants, EDPR has created an Operation and Maintenance (O&M) program with an adequate preventive and scheduled maintenance program. EDPR externalizes non-core technical O&M activities of its renewable plants, while primary and value added activities continue to be controlled by EDPR.

3. iv) Information Technology

IT (Information Technologies) risk may occur in the technical network (information network for plants operation) or in the office network (information network of corporate services: ERP, accounting…)

EDPR mitigates this risk creating redundancy of servers and control centers of renewable plants. Redundancy is created in a different location to anticipate potential natural disasters, etc.

3. v) Legal claims (compliance)

EDPR faces potential claims of third parties and fraud of its employees.

DPR aims strict compliance with existing regulation and has zero tolerance to fraud. EDPR revises periodically its compliance with all the regulations that affects its activity (environmental, taxes…)

3. vi) Personnel

EDPR identifies two main risk factors regarding personnel: turnover and health and safety.

- Turnover: Cost of replacing an employee. A high turnover implies direct costs of replacement and indirect costs of knowledge loss.
- Health and safety: Likelihood that a person may be harmed or suffers adverse health effects if exposed to a hazard.

EDPR mitigates turnover through constant reassessment and benchmarking of remuneration schemes in different geographies. Additionally, EDPR offers flexibility to its employees to improve work life balance. In 2016, EDPR was elected as "Great Place to Work" in Spain and Poland.

EDPR aims zero-accidents at work by constantly training in health and safety issues and certifying its facilities according to the OHSAS 18001 standard.

3. vii) Processes

Internal processes are subject to potential human errors that may negatively affect the outcome.

Internal Audit Department regularly reviews internal processes and recommends the establishment of new controls or the improvement in the implementation of existing procedures.

4. Business Risk

4. i) Regulatory Risk (renewables)

The development and profitability of renewable energy projects are subject to policies and regulatory frameworks. The jurisdictions in which EDPR operates provide different types of incentives supporting energy generated from renewable sources.

Remuneration schemes have become less competitive in some countries due to the financial crisis and it cannot be guaranteed that current support will be maintained in all EDPR's geographies or that future renewable energy projects will benefit from current support measures. Regulation promoting green energy has been revised or is under revision in some of the countries where EDPR is present.

In the US, renewable generation from wind will be incentivized through Production Tax Credits (PTC) at a Federal level for all projects beginning of construction up to 2019. Level of incentives will be progressively fading out. Additionally, wind and solar production is also incentivized through State RPS Programs that allow receiving RECs (Renewable Energy Credit) for each MWh of renewable generation.

EDPR is managing its exposure to regulatory risks through diversification, by being present in several countries and through participation as an active member in several wind and solar associations.

Regulatory Risk in each of EDPR's countries is monitored continuously, considering current regulation, potential drafts of new laws, feedback from associations, evolution of installed renewable generation capacity and other inputs. EDPR has developed an internal quantitative assessment of Regulatory Risk that serves as an indicator for changes in supporting schemes. This measure is updated annually in all EDPR´s geographies.

Regulatory Risk is also considered ex-ante, at the moment of the investment, through sensitivity analyses that are performed to evaluate its impact in project profitability under different scenarios.

4. ii) Equipment Market Risk

Equipment Price Risk

Price of equipment is affected, not only by market fluctuations of the materials used, but also by the demand of this equipment.

For every new project, EDPR secures the demand risk by engaging in advance with manufacturers, elected through a competitive process.

Equipment Supply Risk

The demand for new plants may offset the offer of equipment. Currently, the local component requirement in some geographies (Ex: Brazil) may create this shortfall situation.

EDPR faces limited risk to the availability and price increase of equipment due to existing framework agreements with major global suppliers. The Company uses a large mix of suppliers in order to diversify equipment supply risk.

For geographies with specific requirements of local component, EDPR does not engage in a project before securing the supply of the equipment.

5. Strategic Risk

5. i) Country Risk

Country Risk is defined as the probability of occurrence of a financial loss in a given country due to macroeconomics, political or natural disasters. EDPR has defined a Country Risk Policy that assesses country risk through an internal scoring based on publicly available data. This internal scoring is compared with external assessments from renowned organizations. Each risk factor affecting country risk is evaluated independently to decide on potential mitigating actions:

- Macroeconomic Risk: Risks from the country's economic evolution, affecting revenue or cost time of the investments
- Political Risk: All possible damaging actions or factors for the business of foreign companies that emanate from any political authority, governmental body or social group in the host country
- Natural disaster risk: Natural phenomena (seismicity, weather) that may impact negatively in the business conditions

Before approving a project in a new geography, EDPR analyses the risk of the new country and compares it to our existing portfolio. Mitigation measures may be decided when this risk is above a certain threshold.

5. ii) Competitive landscape

In the renewable business, size can be an advantage or disadvantage in specific situations. For example, in development of renewable plants, small and dynamic companies are usually more competitive than larger companies. On the other hand, when participating in tender processes for offshore wind farms, the size of the investment benefits larger companies.

Additionally, the consequences of a change in the competitive landscape due to mergers and acquisitions may also be a risk.

To mitigate the risks, EDPR has a clear knowledge of its competitive advantages and tries to leverage on them. When EDPR has no advantage versus its competitors, alternatives are considered in order to become competitive. For example, for offshore wind farms, EDPR has partnered with large companies with previous experience in large electricity generation projects, in order to become a more competitive consortium.

5. iii) Technology disruptions

Most renewables are relatively recent technologies, which are continuously evolving and improving efficiency. As such, some initially expensive technologies can become competitive in a relatively short time.

EDPR growth focuses in the most competitive renewable technologies at the moment, which are onshore wind, offshore wind and PV solar, but also participates in other innovative projects such as floating offshore wind.

5. iv) Meteorological changes

Future estimations of wind and solar production are based on analysis of historical measurements for more than 20 years, and they are considered to be representative of the future. Relevant unexpected meteorological changes could lead to a lower production than the one expected from historical data.

When evaluating a new investment, EDPR considers potential changes in the production forecasted, however, the size of the potential deviation in the case of relevant meteorological changes is uncertain.

5. v) Investment decisions criteria

Not all projects have the same risk profile. This will depend on merchant exposure of remuneration, construction risk, etc.

In order to take proper business decisions, EDPR uses Risk Adjusted Metrics for investment decisions, which take into consideration the different risks inherent of each project.

5. vi) Energy Planning

Assumptions in future evolution of energy markets affect the profitability of the investments for the period after the fixed remuneration (regulated tariff or PPAs). Structure of electricity markets in most of EDPR geographies (marginal setting price) were not designed to consider a great share of generation from renewable sources with zero marginal price. Thus, the increase in renewable generation could lead to lower pool prices in medium term if reforms of electricity markets are not properly undertaken.

When investing, EDPR performs sensitivity analyses to stress pool price scenarios for the period without fixed remuneration to understand the robustness of the profitability of the investment.

5. vii) Corporate Organization and Governance

Corporate governance systems should ensure that a company is managed in the interests of its shareholders.

In particular, EDPR has an organization in place with a special focus on transparency, where the management body (Board of Directors) is separated from the supervision and control duties (Audit and Control Committee). Members of the Audit Committee are invited to the General Risk Committee of EDPR.

5. viii) Reputational risk

Companies are exposed to public opinion and today's social networks are a rapid mean to express particular opinions. A bad reputation could eventually harm financial results of a company in the short and in the long term.

Sustainability makes part of the essence of EDPR. EDPR is not only committed in building a better future for our children, but also in doing it well, in an ethical and sustainable manner, consequently limiting reputational risk.

54. RISK FUNCTIONS AND FRAMEWORK

A corporation can manage risks in two different ways, one risk at a time on a largely and compartmentalized basis, or all risks together within a coordinated and strategic framework. The latter approach is called *"Enterprise Risk Management"* and is the approach used at EDPR.

Risk Management at EDPR is supported by three distinct organizational functions, each one with a different role: Strategy (Risk Profiler), Management (Risk Manager) and Controlling (Risk Controller).

Risk functions	Description
Strategy – General risk strategy & policy	• Global Risk Department provides analytically supported proposals to general strategic issues • Responsible for proposing guidelines and policies for risk management within the company
Management – Risk management & risk business decisions	• Implement defined policies by Global Risk • Responsible for day-to-day operational decisions and for related risk taking and risk mitigating positions
Controlling – Risk control	• Responsible for follow-up of the results of risk taking decisions and for contrasting alignment of operations with general risk policy approved by the board

The Risk Committee is the forum where the different Risk Functions discuss the policies to be implemented and control the risk exposure of the company. EDPR's Risk Committee integrates and coordinates all Risk Functions and assures the link between corporate's risk appetite and defined strategy and the operations of the company.

EDPR created three distinct meetings of the Risk Committee in order to separate discussions on execution of mitigation strategies from those on the definition of new policies:

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

55. DETAILS ON THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS IMPLEMENTED IN THE COMPANY REGARDING THE PROCEDURE FOR REPORTING FINANCIAL INFORMATION

With the purpose of not only controlling risks, but also managing them ex-ante, EDPR has created Global Risk policies that are enforceable at a Global Level. These policies are proposed and discussed in the Risk Committee and approved by the Executive Committee.

Compliance with Global Risk policies is verified every month in the Restricted Risk Committee.

During 2016, EDPR redefined the Enterprise Risk Management Framework for the company, framing all existing risk policies/prodedures under each Risk Category:

- Market Risk: Energy Price Hedging Policy, FTR participation procedure, US Active Scheduling Procedure.
- Counterparty Risk: Counterparty Risk Policy.
- Operational Risk: Operational Risk Policy.
- Strategic Risk: Country Risk Policy.

INTERNAL CONTROL SYSTEM OVER FINANCIAL REPORTING

EDPR has an Internal Control System over Financial Reporting (SCIRF) updated and monitored in line with international standards of Internal Control.

This system covers the main aspects of the COSO framework: maintaining a control environment for the preparation of qualified financial information, assessment of the risks of financial reporting, existence of control activities to mitigate risks of error, information and communication and evaluation mechanisms.

SCOPE REVISION AND UPDATE

The SCIRF Manual includes the annual update of the scope that aims to identify companies, areas and processes that must be included in the scope of SCIRF, according to criteria of materiality and risk, including the risk of error or fraud.

The risk analysis included in the scoping process for SCIRF, includes both the different types of risk (operational, economic, financial, technological or legal) and the control objectives of financial reporting (existence and occurrence, completeness, measurement, presentation, disclosure and comparability, and rights and obligations in terms of their potential impact on the financial statements).

The results of the updated scope with the methodology outlined are communicated at all levels of the organization involved in the SCIRF and supervised by the Audit and Control Committee.

CONTROL ACTIVITIES

In documented SCIRF processes and controls, information capture mechanisms are established (including identification of the scope of consolidation) and steps and checks that are carried out for the preparation of the financial information that will be part of consolidated financial statements are specified.

The procedures for review and approval of financial information are provided by the areas of Planning and Control, and Administration, Consolidation and Tax. Financial information is supervised in the scope of its competences by the Audit Control Committee, prior to the formulation of the accounts by the Board of Directors.

The SCIRF includes control activities related to these processes, embodied in Entity Level Controls, Process Controls and General Computer Controls. These processes include review and approval activities of the financial information which are described in the processes of elaboration of individual accounts, preparation of consolidated accounts and processing of consolidated financial statements.

EDPR has descriptions of Competency Profiles for the Positions to be carried out in the exercise of the main features of each position that includes a description of the main responsibilities. These include the descriptions of the key positions of those involved in the preparation of financial information. These descriptions include responsibilities in the preparation of financial information and compliance with internal control procedures.

The documentation of processes and associated controls designed include among others, the completion of closure activities by completing monthly closing checklists by entity, setting time limits for the closures, the identification of the relevance of the operations in order to be reviewed at the appropriate level, conducting analytical reviews of financial information, the existence of limitations in systems to prevent erroneous records or access by unauthorized persons, analysis of deviations from the budget, the analysis in Executive Committees of relevant and significant facts that could cause a significant impact on the accounts, or the allocation of responsibilities for calculating amounts to be provisioned for them to be carried out by authorized personnel with the right skills.

In addition to the mentioned processes, major transactional processes resulting from the scope are documented. The description of the activities and controls are designed with the aim of ensuring the registration, evaluation, appropriate presentation and disclosure of transactions in financial reporting.

Control activities of EDPR's SCIRF also include those relating to systems and information technology (Computer General Controls) following an international reference, the COBIT framework (Control Objectives for Information and related Technologies). The importance of this area is that information systems are the tools with which financial information is prepared, and is therefore relevant for transactions conducted with them.

These control activities include those related to access control to applications and systems, segregation of duties, management of corrective and preventive maintenance, new projects implementation, administration and management of the systems, facilities and operations (back-ups, security incidents) and their proper monitoring and planning. These activities are developed taking into account the requirements of control and supervision.

Among the activities of SCIRF's scope update, there is a periodic analysis of the existence of service suppliers that perform relevant activities in relation to the processes of preparing financial information.

SCIRF SUPERVISION

The Audit and Control Committee supervises the SCIRF in the scope of the exercise of their activities through the monitoring and supervision of the developed mechanisms for SCIRF's implementation, evolution and evaluation, and the results of the scope analysis and the extent of the situation in terms of coverage. To this extent, the Internal Audit Department assists the Audit and Control Committee.

EDPR has an Internal Audit Department under the Chairman of the Executive Committee. The Audit and Control Committee supervise the Internal Audit Department as establishes the Basic Internal Audit Act.

The main functions of the Internal Audit Department are set out in the Basic Internal Audit Act, which includes, among others, the evaluation of the activities of internal control systems, including the internal control system over financial reporting.

The annual work plans of the Internal Audit Department obtain the opinion of the Audit and Control Committee. The Internal Audit Department reports to the Audit and Control Committee about the status and the performance of the audit works.

Among these activities, Internal Audit supports the Audit and Control Committee in supervising the implementation and maintenance of SCIRF and reports the results of the evaluation, improvement actions identified and their evolution.

The entity has action plans for improvement actions identified in SCIRF's assessment processes, which are accompanied and supervised by the Internal Audit Department, considering their impact on the financial information.

Also in the year 2016, as in previous years, a process of self-certification was made by the heads of the various process owners regarding proper documentation update on SCIRF controls and processes in their area of responsibility and the implementation of controls with corresponding evidence.

SCIRF EVALUATION

Besides the monitoring and evaluation activities described in the preceding paragraph, in case the auditors identified internal control weaknesses in the scope of their financial audit work, they are expected to communicate these circumstances to the Audit and Control Committee, which regularly monitors the results of the audit work.

Additionally, in 2016 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).

IV. INVESTOR ASSISTANCE

56. INVESTOR RELATIONS DEPARTMENT

EDPR seeks to provide to shareholders, investors, and stakeholders all the relevant information about the Company and its business environment, on a regular basis. The promotion of transparent, consistent, rigorous, easily accessible, and high-quality information is of fundamental importance to an accurate perception of the Company's strategy, financial situation, accounts, assets, prospects, risks, and significant events.

EDPR, therefore, looks to provide investors with accurate information that can support them in making informed, clear and concrete investment decisions.

The Investor Relations Department was created to ensure a direct and permanent contact with all market related agents and stakeholders, to guarantee effective communication, equality between shareholders and to prevent imbalances in the information access.

The EDPR Investor Relations Department (IR) is the intermediary between EDPR and its actual and potential shareholders, the financial analysts that follow Company's activity, all investors and other members of the financial

community. The main purpose of the department is to guarantee the principle of equality among shareholders, by preventing asymmetries in the access of the information and reducing the gap between market perception and Company's strategy and intrinsic value. The department responsibility comprises developing and implementing EDPR's communication strategy and preserving an appropriate institutional and informative relationship with the financial market, the stock exchange at which EDPR shares trade and the regulatory and supervisory entities (CMVM – Comissão de Mercado de Valores Mobiliários – in Portugal and CNMV – Comisíon 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 NYSE 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 2016, EDPR made 30 press releases, including quarterly, semi-annual and annual results presentations and handouts elaborated by the IR Department. In addition, the IR Department also elaborates key data files and interim presentations which are available on the website investors' section.

On each earnings announcement, EDPR promotes a conference call and webcast, at which the Company's management updates the market on EDPR's activities. On each of these events, shareholders, investors and analysts had the opportunity to directly submit their questions and to discuss EDPR's results as well as the Company's outlook and strategy.

EDPR IR Department is coordinated by Rui Antunes and is located at the Company's head offices in Madrid, Spain. The department structure and contacts are as follows:

IR Contacts:
Rui Antunes, Head of Planning & Control, Investor Relations and Sustainability
Calle Serrano Galvache, 56
Centro Empresarial Parque Norte
Edificio Olmo – 7th floor
28033 – Madrid – España
Website: www.edprenovaveis.com/investors
E-Mail: ir@edpr.com
Phone: +34 902 830 700 / Fax: +34 914 238 42

In 2016, EDPR promoted and participated in several events, namely roadshows, conferences, presentations to investors and analysts, meetings and conference calls. During the year, EDPR management and the IR team attended to 16 broker conferences, held 29 roadshows and reverse roadshows, along with conference calls and meetings, totaling more than 380 interactions with institutional investors in more than 15 of the major financial cities across Europe and US.

EDPR IR Department was in permanent contact with capital markets agents, namely financial analysts who evaluate the Company. In 2016, as far as the Company is aware, sell-side analysts issued more than 150 reports evaluating EDPR's business and performance.

At the end of the 2016, as far as the Company is aware of, there were 24 institutions elaborating research reports and following actively EDPR activity. As of December 31st 2016, the average price target of those analysts was of Euro 7.3 per share with the majority reporting "Buy" recommendations on EDPR's share: 14 Buys, 8 Neutrals and 2 Sell.

Company	Analyst	Price Target	Date	Recommendation
Axia	Maria Almaça	€ 8.30	24-Aug-16	Buy
Bank of America Merrill Lynch	Pinaki Das	€ 8.00	03-May-16	Buy
BBVA	Daniel Ortea	€ 7.25	15-Dec-16	Outperform
Berenberg	Lawson Steele	€ 6.60	10-Feb-16	Hold
BPI	Gonzalo Sanchez-Bordoña	€ 7.80	21-Nov-16	Buy
Bryan, Garnier & Co	Xavier Caroen	€ 7.50	06-Apr-16	Neutral
Caixa BI	Helena Barbosa	€ 7.70	26-Jul-16	Buy
Citigroup	Akhil Bhattar	€ 6.50	12-Dec-16	Neutral
Deutsche Bank	Virginia Sanz de Madrid	€ 7.60	14-Dec-16	Buy
Exane BNP	Manuel Palomo	€ 6.20	03-Nov-16	Underperform
Fidentiis	Daniel Rodríguez	€ 5.78	18-Dec-14	Hold
Goldman Sachs	Manuel Losa	€ 6.80	30-Nov-16	Neutral
Grupo CIMD	António Seladas	€ 6.30	26-Jul-16	Reduce
Haitong	Jorge Guimarães	€ 8.20	27-Jul-16	Buy
HSBC	Pablo Cuadrado	€ 7.70	27-May-16	Buy
JP Morgan	Javier Garrido	€ 6.70	20-Dec-16	Overweight
Kepler Cheuvreux	Jose Porta	€ 8.30	27-Jul-16	Buy
Macquarie	Jose Ruiz	€ 5.90	14-Dec-16	Neutral
Morgan Stanley	Carolina Dores	€ 8.00	4-Nov-16	Overweight
Natixis	Philippe Ourpatian	€ 6.90	27-Jul-16	Neutral
Sabadell	Felipe Echevarría	€ 8.20	10-Oct-16	Buy
Santander	Bosco Mugiro	€ 7.80	26-May-16	Buy
Société Générale	Jorge Alonso	€ 7.00	4-Nov-16	Hold
UBS	Hugo Liebaert	€ 9.00	18-Oct-16	Buy

57. MARKET RELATIONS REPRESENTATIVE

EDPR representative for relations with the market is Rui Antunes, Head of Planning & Control, Investor Relations and Sustainability Department.

58. INFORMATION REQUESTS

In 2016, EDPR was present in several events with analysts and investors, such as roadshows, conferences, meetings, conference calls and other presentations, communicating EDPR's business plan, strategy and its operational and financial performance.

During the year, IR Department received more than 550 information requests and interacted more than 380 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 2016 there was no pending information request.

V. WEBSITE – ONLINE INFORMATION

59-65.

EDPR considers online information a powerful tool in the dissemination of material information, updating its website with all the relevant documents. Apart from all the required information by CMVM and CNMV regulations, EDPR website also carries financial and operational updates of Company's activities ensuring an easy access to the information.

EDPR website: www.edprenovaveis.com

Information:	Link:
Company information	www.edprenovaveis.com/investors/corporate-governance/companys-name www.edprenovaveis.com/our-company/who-we-are
Corporate by-laws and bodies/committees regulations	www.edprenovaveis.com/investors/corporate-governance
Members of the corporate bodies	www.edprenovaveis.com/investors/corporate-governance/directors
Market relations representative, IR department	www.edprenovaveis.com/investors/contact-ir-team
Means of access	www.edprenovaveis.com/our-company/contacts/contact-us
Financial statements documents	www.edprenovaveis.com/investors/reports-and-results
Corporate events Agenda	www.edprenovaveis.com/investors/calendar
General Shareholders' Meeting information	www.edprenovaveis.com/investors/shareholders-meeting-2

D. REMUNERATION

I. POWER TO ESTABLISH

66. COMPETENCES TO DETERMINE THE REMUNERATION OF THE CORPORATE BODIES

The Nominations and Remunerations Committee is a permanent body belonging to the Board of Directors with an informative and advisory nature. Its recommendations and reports are non-binding.

As such, the Nominations and Remunerations Committee has no executive functions. The main functions of the Nominations and Remunerations Committee are to assist and inform the Board of Directors regarding the nominations (including by co-option), re-elections, dismissals, and the remuneration of the Board Members and its position about the composition of the Board of Directors, as well as the nominations, remuneration, and dismissal 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 concerning the Declaration on the Remuneration Policy.

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. REMUNERATION COMMITTEE

67. NOMINATIONS AND REMUNERATIONS COMMITTEE

The Composition of the Nominations and Remunerations Committee is reflected on topic 29 of the report.

The Nominations and Remunerations Committee did not hire any external consultancy services corresponding to 2016.

68. KNOWLEDGE AND EXPERIENCE REGARDING REMUNERATION POLICY

The Chairman of the Nominations and Remunerations Committee has knowledge and experience regarding Remuneration Policy as member of the Remuneration Committee of a Portuguese listed company as mentioned on his biography available in the Annex of this report, together with the biographies of all other members of the Nominations and Remunerations Committee.

III. REMUNERATION STRUCTURE

69. REMUNERATION POLICY

Pursuant to Article 26.1 of the Company's Articles of Association the Directors shall be entitled to a remuneration which consists of (i) a fixed amount to be determined annually by the General Shareholders' Meeting for the whole Board of Directors and of (ii) attendance fees regarding the Board Meetings.

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

The total amount of the remunerations that the Company will pay to its Directors under the terms provided in the previous paragraphs shall not exceed the amount determined for that effect by the General Shareholders' Meeting. The maximum remuneration approved by the General Shareholders' Meeting, for all the members of the Board of Directors was EUR 2,500,000 per year.

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

The maximum annual remuneration approved by the General Shareholders' Meeting for the variable remuneration for all the executive members of the Board of Directors was EUR 1,000,000 per year.

EDPR, in line with EDP Group corporate governance practice, has signed an Executive Management Services Agreement with EDP, under which the Company bears the cost for such services to some of the members of the Board of Directors to the extent their services are devoted to EDPR.

The Non-Executive Directors only receive a fixed remuneration, which is calculated on the basis of their work exclusively as Directors or with their membership on the Nominations and Remunerations Committee, Related Party Transactions Committee, and the Audit and Control Committee. Those members who are seated in two different Committees do not accumulate two remunerations. In these cases, the remuneration to be received is the one that corresponds to the highest value.

EDPR has not incorporated any share remuneration or share purchase options plans as components of the remuneration of its Directors.

No Director has entered into any contract with the Company or third parties that have the effect of mitigating the risk inherent in the variability of the remuneration established by the Company.

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

The remuneration policy for the Directors of the Company is submitted each year to the General Shareholders' Meeting for approval.

70. REMUNERATION STRUCTURE

The remuneration policy applicable for 2014-2016 as proposed by the Nominations and Remuneration Committee and approved by the General Shareholders' Meeting on April 8th, 2014 (the Remuneration Policy), defines a structure with a fixed remuneration for all members of the Board of Directors and a variable remuneration, with an annual component and a multi-annual component for the members of the Executive Committee.

The Remuneration Policy, including the minor amendments approved by the General Shareholders' Meeting held on April 14th 2016, remained unaltered through 2016. On the topic below can be found a reminder of the KPIs (Key Performance Indicators) stated in the Remuneration Policy for variable annual and multi-annual variable components.

71. VARIABLE REMUNERATION

Variable annual and multi-annual remuneration applies to the members of the Executive Committee.

The variable annual remuneration may range from 0 to 68% of the annual fixed remuneration and the multi-annual remuneration from 0 to 120% of the annual fixed remuneration.

For Executive Committee Members that are also Officers, there will be a qualitative evaluation of the CEO about the annual performance. This evaluation will have a weight of 20% for the final calculation in the annual variable remuneration and 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. For the year 2016 and in order to align the indicators with the company objectives, some minor amendments were applied to some KPIs. The indicators are as follows:

Target Group	Key performance Indicator	CEO/CFO/Non-Officers Executives			COOs*		
		Weight 2016	Group	Platform	Weight 2016	Group	Platform
Growth	Incremental MW (EBITDA+ENEOP)	10%	30%	70%	10%	30%	70%
Self-Funding Strategy	Asset Rotation + Tax Equity	10%	100%	0%	7.5%	100%	0%
Risk - Return	ROIC Cash %	8%	50%	50%	8%	50%	50%
	TSR vs. Wind peers & PSI 20	15%	100%	0%	15%	100%	0%
	EBITDA (in €)	15%	50%	50%	12%	50%	50%
	Net Profit (excl. Minorities)	12.5%	100%	0%	12%	100%	0%
Efficiency	Technical Availability	6%	40%	60%	6%	40%	60%
	Opex /Av. EBITDA MW (in €k)	0%	0%	0%	6%	0%	100%
	Capex /MW (in €k)	6%	50%	50%	6%	50%	50%
Additional KPIs	Sustainability	7.5%	100%	0%	7.5%	100%	0%
	Employee Satisfaction	5%	100%	0%	5%	100%	0%
	Appreciation of the Remuneration Committee	5%	100%	0%	5%	100%	0%
		100.0%			**100.0%**		

* For the COO´s regarding these KPIs the annual and multiannual are both 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%.

72. MULTI-ANNUAL REMUNERATION

The Remuneration Policy incorporates the deferral for a period of three years of the multi-annual variable remuneration, being the relevant payment conditioned to the lack of any willful illicit action, known after the appraisal and which endangers the sustainable performance of the company, in line with CMVM corporate governance practices.

73. VARIABLE REMUNERATION BASED ON SHARES

EDPR has not allocated variable remuneration on shares and does not maintain Company shares that the Executive Directors have had access to.

74. VARIABLE REMUNERATION BASED ON OPTIONS

EDPR has not allocated variable remuneration on options.

75. ANNUAL BONUS AND NON-MONETARY BENEFITS

The key factors and grounds for any annual bonus scheme are described on topics 71 and 72. Additionally, the Officers, with the exception of the CEO received the following non-monetary benefits: company car and Health Insurance. In 2016, the non-monetary benefits amounted to EUR 117,159.

The Non-Executive Directors do not receive any relevant non-monetary benefits as remuneration.

76. RETIREMENT SAVINGS PLAN

The retirement savings plan for the members of the Executive Committee that are also Officers, acts as an effective retirement supplement with a range between 3% to 6% of their annual salary. The percentage is defined according with the retirement savings plan applicable in their home country. The retirement savings plan has been approved by the General Shareholders' Meeting on April 14th 2016 (the Remuneration Policy included the retirement plan).

IV. REMUNERATION DISCLOSURE

77. BOARD OF DIRECTORS REMUNERATION

The remuneration paid by EDPR to the members of the Board of Directors for the year ended on December 31st 2016 was as follows:

Remuneration	Fixed (€)	Annual (€)	Multi-annual (€)	Total (€)
Executive Directors				
João Manso Neto*	0	0	0	0
João Paulo Costeira**	61,804.00	0	0	61,804.00
Miguel Amaro**	61,804.00	0	0	61,804.00
Gabriel Alonso**	0	0	0	0
Non-Executive Directors				
António Mexia*	0	0	0	0
Nuno Alves*	0	0	0	0
João Lopes Raimundo	60,000.00	0	0	60,000.00
António Nogueira Leite	55,000.00	0	0	55,000.00
João Manuel de Mello Franco	60,000.00	0	0	60,000.00
Jorge Henriques dos Santos	80,000.00	0	0	80,000.00
Gilles August	45,000.00	0	0	45,000.00
Manuel Menéndez Menéndez	45,000.00	0	0	45,000.00
Acácio Jaime Liberado Mota Piloto	55,000.00	0	0	55,000.00
José A. Ferreira Machado	60,000.00	0	0	60,000.00
Francisca Guedes de Oliveira	55,000.00	0	0	55,000.00
Allan J.Katz	45,000.00	0	0	45,000.00
Francisco Seixas da Costa***	39,263.89	0	0	39,264.89
Total	**722,871.89**	**0**	**0**	**722,871.89**

* António Mexia, João Manso Neto and Nuno Alves do not receive any remuneration from EDPR. EDPR and EDP signed an Executive Management Services Agreement according to which EDPR pays to EDP a fee for the services rendered by these Board Members.

** Gabriel Alonso, Miguel Amaro and João Paulo Costeira, as Officers and members of the Executive Committee receive their remuneration as Directors as described on the table above and as other Group companies' employees, as described on the table below.

*** Francisco Seixas da Costa amounts reflect the ones corresponding to the 2016 period since his appointment.

According to the Executive Management Services Agreement signed with EDP, EDPR is due to pay an amount to EDP, for the services rendered by the Executive Managers and the Non-Executive Managers. The amount due under said Agreement for the management services rendered by EDP in 2016 is EUR 1,132,017.60, of which EUR 1,087,017 refers to the management services rendered by the Executive Members and EUR 45,000 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, ex-CEO, was the following:

Remuneration	Fixed	Variable Annual	Variable Multi-annual	Total
João Paulo Costeira	€ 228,196	€ 95,000	-	€ 323,196
Miguel Amaro	€ 228.196	€ 90,000	-	€ 318,196
Gabriel Alonso	US$ 366,544.62	US$ 116,550	-	US$ 483,094.62

All the amounts are in EUR, except Gabriel Alonso ones, which are in USD.

79. REMUNERATION PAID IN FORM OF PROFIT SHARING AND/OR BONUS PAYMENTS

In EDPR there is no payment of remuneration in the form of profit sharing and/or bonus payments and the reasons for said bonuses or profit sharing being awarded.

80. COMPENSATION FOR RESIGNED BOARD MEMBERS

In EDPR there is no compensation paid or owed to former executive Directors concerning contract termination during the financial year.

81. AUDIT AND CONTROL COMMITTEE REMUNERATION

Member	Position	Remuneration (€)*
Jorge Santos	Chairman	80,000
João Manuel de Mello Franco	Vocal	60,000
João Lopes Raimundo	Vocal	60,000

* The Non-Executive Directors receive only a fixed remuneration, which is calculated based on their work exclusively as Directors or with their membership on the Nominations and Remunerations Committee, Related-Party Transactions Committee, and/or the Audit and Control Committee.

82. REMUNERATION OF THE CHAIRPERSON OF THE GENERAL SHAREHOLDERS' MEETING

In 2016, the remuneration of the Chairman of the General Shareholders' Meeting of EDPR was EUR 15,000.

V. AGREEMENTS WITH REMUNERATION IMPLICATION

83-84.

EDPR has no agreements with remuneration implication.

VI. SHARE-ALLOCATION AND/OR STOCK OPTION PLANS

85-88.

EDPR does not have any Share-Allocation and/or Stock Option Plans.

E. RELATED-PARTY TRANSACTIONS

I. CONTROL MECHANISMS AND PROCEDURES

89. RELATED-PARTY TRANSACTIONS CONTROLLING MECHANISMS

In order to supervise the transactions between the Group Companies and its qualified shareholders, the Board of Directors has created the Related-Party Transactions Committee, a permanent body with delegated functions. The Related-Party Transactions Committee duties are described on topic 29 of the Report. The Audit and Control Committee also supervises the transactions with qualified shareholders when requested by the Board of Directors according to Article 8.2, i) of its Regulations. This information is included on the annual report of the Audit and Control Committee. The mechanisms established on both committees' regulations and also the fact that one of the members of the Related-Party Transactions Committee is member of the Audit and Control Committee constitutes a relevant element for an adequate evaluation of the relations established between EDPR and third entities.

90. TRANSACTIONS SUBJECT TO CONTROL DURING 2016

During 2016, 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 2016 incurred with or charged by the EDP Group was EUR 18.64 million, corresponding to 6.1% of the total value of Supplies & Services for the year (EUR 304.74 million).

The most significant contracts in force during 2016 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 was renewed on May 4th 2011 and effective from March 18th 2011 and renewed again on May 10th 2012.

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) two Executive Managers which are members of the EDPR Executive Committee, including the CEO, and (ii) two Non-Executive Managers, for which EDP Renováveis pays EDP an amount defined by the Related Party Committee, and approved by the Board of Directors and the Shareholders Meeting. Under this contract, EDPR incurred an amount of EUR 1,132,017.60 for the management services rendered in 2016.

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 2016, such loan agreements totalled USD 1,472,783,052 and EUR 1,209,000,000.

CURRENT ACCOUNT AGREEMENT

EDPR Servicios Financieros (EDPR SFE) and EDP Servicios Financieros España (EDP SFE) signed an agreement through which EDP SFE manages EDPR SFE's cash accounts. The agreement also regulates the current account (cc) scheme on arm's length basis. As of December 31st 2016, there are two different current accounts with the following balance and counterparties:

- in USD, for a total amount of USD 205,910,661 in favor of EDPR SFE;
- in EUR, for a total amount of EUR 10,867,725 in favor 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 2016, such counter-guarantee agreements totalled EUR 14,001,170 and USD 165,060,000.

The counter-guarantee agreement signed, under which EDP Energias do Brasil, SA or EDPR were undertaking on behalf of EDPR Brasil, to provide corporate guarantees or request the issue of any guarantees, on the terms and conditions requested by the subsidiaries, is no longer applicable and only the guarantees issued beforehand still in place until their expiring date. As of December 31st 2016, such counter-guarantee agreements totalled BRL 342,225,047.

CROSS CURRENCY INTEREST RATE SWAPS

Due to the net investment in EDPR NA, EDPR Canada, EDPR Brazil, 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 2016, the total amount of CIRS by geography and currency are as following:

- in USD/EUR, with EDP Sucursal for a total amount of USD 2,619,281,096;
- in CAD/EUR, with EDP Energias de Portugal SA for a total amount of CAD 27,550,000 (NDF);
- in BRL/EUR, with EDP Energias de Portugal SA for a total amount of BRL 118,000,000 (NDF);
- in PLN/EUR, with EDP Energias de Portugal SA for a total amount of PLN 835,212,469.

HEDGE AGREEMENTS – EXCHANGE RATE

EDPR Group companies entered into several hedge agreements with EDP Energias de Portugal S.A., with the purpose of managing the transaction exposure related to the short term or transitory positions in Polish subsidiaries, fixing the exchange rate for PLN/EUR and EUR/PLN in accordance to the prices in the forward market in each contract date. As of December 31st 2016, the total amount of Forwards and Non Delivery Forwards by geography and currency are as following:

- Polish operations, for EUR/PLN, a total amount of PLN 206,379,992 (FWDs);
- Polish operations, for PLN/EUR, a total amount of EUR 454,443 (FWDs).

HEDGE AGREEMENTS – COMMODITIES

EDP and EDPR EU entered into hedge agreements for 2016 for a total volume of 3,663,080 MWh (sell position) and 131,280 MWh (buy position) at the forward market price at the time of execution related with the expected sales of energy in the Spanish market.

CONSULTANCY SERVICE AGREEMENT

On June 4th 2008, EDP and EDPR signed a consultancy service agreement. Through this agreement, and upon request by EDPR, EDP (or through EDP Sucursal) shall provide consultancy services in the areas of legal services, internal control systems, financial reporting, taxation, sustainability, regulation and competition, risk management, human resources, information technology, brand and communication, energy planning, accounting and consolidation, corporate marketing, and organizational development.

The price of the agreement is calculated as the cost incurred by EDP plus a margin. For the first year, it was fixed at 8% based on an independent expert on the basis of market research. For 2016 the estimated cost of these services is EUR 5,486,410.27. 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 2016 is EUR 734,115.29.

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 paid to EDP Valor by EDPR Promoção e Operação S.A. and its subsidiaries for the services provided in 2016 totaled EUR 935,530. 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 2016 totaled EUR 670,244.98.

The initial duration of the agreement is one (1) year from date of signing and it is tacitly renewed for a new period of one (1) year.

Either party may renounce the contract with one (1) month notice.

CONSULTANCY AGREEMENT BETWEEN EDP RENOVÁVEIS BRASIL S.A., AND EDP ENERGIAS DO BRASIL S.A.

The object of the agreement is to provide to EDP Renováveis Brasil S.A. (hereinafter EDPR Brasil) the consultancy services described on the contract and its attachments by EDP – Energias do Brasil S.A. (hereinafter EDP Brasil). Through this agreement, and upon request by EDPR Brasil, EDP Brasil shall provide consultancy services in the areas of legal services, internal control systems, financial reporting, taxation, sustainability, regulation and competition, risk management, human resources, information technology, brand and communication, energy planning, accounting and consolidation, corporate marketing, and organizational development.

The amount incurred by EDP Brasil for the services provided in 2016 totaled BRL 134,746.

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 Related-Party Transactions Committee according to its competences, as mentioned on topic 89 of the report and by the Audit and Control Committee when requested.

According to Article 9.1 g) of the Related-Party Transactions Committee Regulations, the Committee analyses and supervises, according to the necessities of each specific case, the transactions between Qualifying Holdings other than EDP with entities from the EDP Renováveis Group whose annual value is superior to EUR 1,000,000. This information is included on the annual report of the Audit and Control Committee regarding those cases whose previous opinion was requested. The mechanisms established on both committees regulations and also the fact that one of the members of the Related-Party Transactions Committee is a member of the Audit and Control Committee constitutes a relevant element for an adequate evaluation of the relations established between EDPR and third entities.

II. DATA ON BUSINESS DEALS

92. DETAILS OF THE PLACE WHERE THE FINANCIAL STATEMENTS INCLUDING INFORMATION ON BUSINESS DEALINGS WITH RELATED PARTIES ARE AVAILABLE, IN ACCORDANCE WITH IAS 24, OR ALTERNATIVELY A COPY OF SAID DATA.

The information on business dealings with related parties is available on Note 37 of the Financial Statements.

PART II – CORPORATE GOVERNANCE ASSESSMENT

1. DETAILS OF THE CORPORATE GOVERNANCE CODE IMPLEMENTED

According to article 2 of CMVM Regulation 4/2013, EDPR informs that the present Report has been drafted under the Recommendations of CMVM's Corporate Governance Code published on July 2013. The CMVM Corporate Governance Code and its Regulations are available at CMVM website, www.cmvm.pt.

2. ANALYSIS OF COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE IMPLEMENTED

The following table shows the CMVM recommendations set forth in the code and indicates EDPR's compliance with it and the place in this report in which they are described in more detail.

During 2016 EDPR continued its consolidation task as to the Company's governance principles and practices. The high level of compliance with the best governance practices by EDPR was once again recognized by an initiative of Deloitte, the UK-based financial services firm, that rewards the best investor relations performance among companies listed on Euronext Lisbon: the annual IRG Awards Gala. The criteria for this awards included knowledge of the business and industry, implementation of best practices, display of communication skills and strategic vision, and contribution to the overall performance of the market.

EDPR once again, has been awarded for the Best Annual Report in the non-financial sector at the Investor Relations & Governance Awards, which took place July 5th in Lisbon, for excellence in accuracy, transparency, thoroughness and clarity.

Also in order to comply with the Recommendation II.2.5 of the Portuguese Corporate Governance Code, and according to the results of the reflection made by the Nominations and Remunerations Committee, the governance model that was adopted has been ensuring an effective performance and articulation of EDPR Social Bodies and proved to be adequate to the Company's governance structure without any constraints to the performance of its checks and balances system adopted to justify the changes made in the governance practices of EDPR.

The explanation of CMVM's recommendations that EDPR does not adopt or that the Company deems not applicable, reasoning and other relevant comments as well as reference to the part of the report where the description may be found, are in the table below.

In this context, EDPR states that it has adopted the CMVM recommendations on the governance of listed companies provided in the Portuguese Corporate Governance Code, with the exceptions indicated below.

#.#.	CMVM RECOMMENDATIONS
Statement of compliance	
I.	VOTING AND CORPORATE CONTROL
I.1.	Companies shall encourage shareholders to attend and vote at general meetings and shall not set an excessively large number of shares required for the entitlement of one vote, and implement the means necessary to exercise the right to vote by mail and electronically.
Adopted	
Chapter B – I, b), topic 12 and 13	
I.2.	Companies shall not adopt mechanisms that hinder the passing of resolutions by shareholders, including fixing a quorum for resolutions greater than that provided for by law.
Adopted	
Chapter B – I, b), topic 14	
I.3.	Companies shall not establish mechanisms intended to cause mismatching between the right to receive dividends or the subscription of new securities and the voting right of each common share, unless duly justified in terms of long-term interests of shareholders.
Adopted	
Chapter B – I, b) topic 14	

#.#. CMVM RECOMMENDATIONS

Statement of compliance

I.4. The Company's articles of association that provide for the restriction of the number of votes that may be held or exercised by a sole shareholder, either individually or in concert with other shareholders, shall also foresee for a resolution by the General Assembly (5 year intervals), on whether that statutory provision is to be amended or prevails – without super quorum requirements as to the one legally in force – and that in said resolution, all votes issued be counted, without applying said restriction.

Not Applicable

Chapter A – I, topic 5

I.5. Measures that require payment or assumption of fees by the Company in the event of change of control or change in the composition of the Board and that which appear likely to impair the free transfer of shares and free assessment by shareholders of the performance of Board Members, shall not be adopted.

Adopted

Chapter A – I, Topic 2 and 4

II. SUPERVISION, MANAGEMENT AND OVERSIGHT

II.1. SUPERVISION AND MANAGEMENT

II.1.1. Within the limits established by law, and except for the small size of the Company, the board of Directors shall delegate the daily management of the Company and said delegated powers shall be identified in the Annual Report on Corporate Governance.

Adopted

Chapter B – II, Topic 21, 28 and 29

II.1.2. The Board of Directors shall ensure that the Company acts in accordance with its objectives and shall not delegate its responsibilities as regards the following: i) define the strategy and general policies of the Company, ii) define business structure of the group, iii) decisions considered strategic due to the amount, risk and particular characteristics involved.

Adopted

Chapter B- II, Topic 29

II.1.3. The General and Supervisory Board, in addition to its supervisory duties , shall take full responsibility at corporate governance level, whereby through the statutory provision or by equivalent means, shall enshrine the requirement for this body to decide on the strategy and major policies of the Company, the definition of the corporate structure of the group and the decisions that shall be considered strategic due to the amount or risk involved. This body shall also assess compliance with the strategic plan and the implementation of key policies of the Company.

Not Applicable

(The governance model adopted by EDPR, as it is compatible with its personal law, corresponds to the so-called "Anglo-Saxon" model set forth in the Portuguese Commercial Companies Code, in which the management body is a Board of Directors, and the supervision and control duties are of the responsibility an Audit and Control Committee.)

II.1.4. Except for small-sized companies, the Board of Directors and the General and Supervisory Board, depending on the model adopted, shall create the necessary committees in order to:

a) Ensure a competent and independent assessment of the performance of the executive Directors and its own overall performance, as well as of other committees;

Adopted

b) Reflect on the system structure and governance practices adopted, verify its efficiency and propose to the competent bodies, measures to be implemented with a view to their improvement.

Chapter B – II, C), Topic 27, 28 and 29

II.1.5. The Board of Directors or the General and Supervisory Board, depending on the applicable model, should set goals in terms of risk-taking and create systems for their control to ensure that the risks effectively incurred are consistent with those goals.

Adopted

Chapter B – III, C), III – Topic 52, 53, 54 and 55

II.1.6. The Board of Directors shall include a number of Non-Executive members ensuring effective monitoring, supervision and assessment of the activity of the remaining members of the board.

Adopted

Chapter B – II, Topic 18 and Topic 29

#.#.	CMVM RECOMMENDATIONS
Statement of compliance	
II.1.7.	Non-Executive members shall include an appropriate number of independent members, taking into account the adopted governance model, the size of the Company, its shareholder structure and the relevant free float. The independence of the members of the General and Supervisory Board and members of the Audit Committee shall be assessed as per the law in force. The other members of the Board of Directors are considered independent if the member is not associated with any specific group of interests in the Company nor is under any circumstance likely to affect an exempt analysis or decision, particularly due to: a. Having been an employee at the Company or at a Company holding a controlling or group relationship within the last three years; b. Having, in the past three years, provided services or established commercial relationship with the Company or Company with which it is in a control or group relationship, either directly or as a partner, board member, manager or Director of a legal person; c. Being paid by the Company or by a Company with which it is in a control or group relationship besides the remuneration arising from the exercise of the functions of a board member; d. Living with a partner or a spouse, relative or any first degree next of kin and up to and including the third degree of collateral affinity of Board Members or natural persons that are direct and indirectly holders of qualifying holdings; e. Being a qualifying shareholder or representative of a qualifying shareholder.
Adopted	
Chapter B – II, Topic 18	
II.1.8.	When Board Members that carry out executive duties are requested by other Board Members, said shall provide the information requested, in a timely and appropriate manner to the request.
Adopted	
Chapter B – II, C) - Topic 29	
II.1.9.	The Chair of the Executive Board or of the Executive Committee shall submit, as applicable, to the Chair of the Board of Directors, the Chair of the Supervisory Board, the Chair of the Audit Committee, the Chair of the General and Supervisory Board and the Chairperson of the Financial Matters Board, the convening notices and minutes of the relevant meetings.
Adopted	
Chapter B – II, C) - Topic 29	
II.1.10.	If the chair of the board of Directors carries out executive duties, said body shall appoint, from among its members, an independent member to ensure the coordination of the work of other Non-Executive members and the conditions so that said can make independent and informed decisions or to ensure the existence of an equivalent mechanism for such coordination.
Not applicable	
(The Chairperson of EDPR's Board of Directors does not have executive duties) Chapter B – II, A) – Topic 18	
II.2	SUPERVISION
II.2.1.	Depending on the applicable model, the Chair of the Supervisory Board, the Audit Committee or the Financial Matters Committee shall be independent in accordance with the applicable legal standard, and have the necessary skills to carry out their relevant duties.
Adopted	
Chapter B – II – Topic 18; Chapter B – II, C) - Topic 29; and Chapter B – III, A) – Topic 32	
II.2.2.	The supervisory body shall be the main representative of the external auditor and the first recipient of the relevant reports, and is responsible, inter alia, for proposing the relevant remuneration and ensuring that the proper conditions for the provision of services are provided within the Company
Adopted	
Chapter B – C), Topic 29; and Chapter B – V, Topic 45	
II.2.3.	The supervisory board shall assess the external auditor on an annual basis and propose to the competent body its dismissal or termination of the contract as to the provision of their services when there is a valid basis for said dismissal.
Adopted	
Chapter B – II, Topic 29; Chapter B – III, C) – Topic 38; and Chapter B – III – V, Topic 45	
II.2.4.	The supervisory board shall assess the functioning of the internal control systems and risk management and propose adjustments as may be deemed necessary.
Adopted	
Chapter B – II, Topic 29; and Chapter B – III, C) – III	
II.2.5.	The Audit Committee, the General and Supervisory Board and the Supervisory Board shall decide on the work plans and resources concerning the internal audit services and services that ensure compliance with the rules applicable to the Company (compliance services), and should be recipients of reports made by these services at least when it concerns matters related to accountability, identification or resolution of conflicts of interest and detection of potential improprieties.
Adopted	
Chapter B – II, Topic 29	

#.#.	CMVM RECOMMENDATIONS
Statement of compliance	
II.3.	REMUNERATION SETTING
II.3.1.	All members of the Remuneration Committee or equivalent should be independent from the Executive Board Members and include at least one member with knowledge and experience in matters of remuneration policy.
Adopted	
Chapter D – II – Topic 29, 67 and 68	
II.3.2.	Any natural or legal person that provides or has provided services in the past three years, to any structure under the Board of Directors, the Board of Directors of the Company itself or who has a current relationship with the Company or consultant of the Company, shall not be hired to assist the Remuneration Committee in the performance of their duties. This recommendation also applies to any natural or legal person that is related by employment contract or provision of services with the above.
Adopted	
Chapter D – II – Topic 67	
II.3.3.	A statement on the remuneration policy of the management and supervisory bodies referred to in Article 2 of Law No. 28/2009 of 19 June, shall also contain the following: a) Identification and details of the criteria for determining the remuneration paid to the members of the governing bodies; b) Information regarding the maximum potential, in individual terms, and the maximum potential, in aggregate form, incurred to members of corporate bodies, and identify the circumstances whereby these maximum amounts may be payable; c) Information regarding the enforceability or unenforceability of payments for the dismissal or termination of appointment of Board Members.
Adopted	
Chapter D – III – Topic 69	
II.3.4.	Approval of plans for the allotment of shares and/or options to acquire shares or based on share price variation to Board Members shall be submitted to the General Meeting. The proposal shall contain all the necessary information in order to correctly assess said plan.
Not Applicable	
Chapter V – III, Topic 73 and 85-88	
II.3.5.	Approval of any retirement benefit scheme established for members of corporate members shall be submitted to the General Meeting. The proposal shall contain all the necessary information in order to correctly assess said system.
Adopted	
Chapter D – III, Topic 76	
III.	REMUNERATION
III.1.	The remuneration of the executive members of the board shall be based on actual performance and shall discourage taking on excessive risk-taking.
Adopted	
Chapter D – III, Topic 69, 70, 71 and 72	
III.2.	The remuneration of Non-Executive Board Members and the remuneration of the members of the supervisory board shall not include any component whose value depends on the performance of the Company or of its value.
Adopted	
Chapter D – III, Topic 69; and Chapter D – IV, Topic 77	
III.3.	The variable component of remuneration shall be reasonable overall in relation to the fixed component of the remuneration and maximum limits should be set for all components.
Adopted	
Chapter D – III, Topic 71 and 72	
III.4.	A significant part of the variable remuneration should be deferred for a period not less than three years, and the right of way payment shall depend on the continued positive performance of the Company during that period.
Adopted	
Chapter D – III, Topic 72	
III.5.	Members of the Board of Directors shall not enter into contracts with the Company or with third parties which intend to mitigate the risk inherent to remuneration variability set by the Company.
Adopted	
Chapter D – III, Topic 69	

#.#.	CMVM RECOMMENDATIONS
Statement of compliance	
III.6.	Executive Board Members shall maintain the Company's shares that were allotted by virtue of variable remuneration schemes, up to twice the value of the total annual remuneration, except for those that need to be sold for paying taxes on the gains of said shares, until the end of their mandate.
Not Applicable	
Chapter D – III, Topic 73	
III.7.	When the variable remuneration includes the allocation of options, the beginning of the exercise period shall be deferred for a period not less than three years.
Not Applicable	
Chapter D – III, Topic 74	
III.8.	When the removal of board member is not due to serious breach of their duties nor to their unfitness for the normal exercise of their functions but is yet due on inadequate performance, the Company shall be endowed with the adequate and necessary legal instruments so that any damages or compensation, beyond that which is legally due, is unenforceable.
Adopted	
Chapter D – III, Topic 69 and 72	
IV.	AUDITING
IV.1.	The external auditor shall, within the scope of its duties, verify the implementation of remuneration policies and systems of the corporate bodies as well as the efficiency and effectiveness of the internal control mechanisms and report any shortcomings to the supervisory body of the Company.
Adopted	
Chapter B – III – V, Topic 45	
IV.2.	The Company or any entity with which it maintains a control relationship shall not engage the external auditor or any entity with which it finds itself in a group relationship or that incorporates the same network, for services other than audit services. If there are reasons for hiring such services - which must be approved by the supervisory board and explained in its Annual Report on Corporate Governance - said should not exceed more than 30% of the total value of services rendered to the Company.
Adopted	
Chapter B – III – V, Topics 37 and 46	
IV.3.	Companies shall support auditor rotation after two or three terms whether four or three years, respectively. Its continuance beyond this period must be based on a specific opinion of the supervisory board that explicitly considers the conditions of auditor's independence and the benefits and costs of its replacement.
Adopted	
Chapter B – III – V, Topic 44	
V.	CONFLICTS OF INTEREST AND RELATED PARTY TRANSACTIONS
V.1.	The Company's business with holders of qualifying holdings or entities, with which they are in any type of relationship pursuant to article 20 of the Portuguese Securities Code, shall be conducted during normal market conditions.
Adopted	
Chapter B – C), Topic 90	
V.2.	The supervisory or oversight board shall establish procedures and criteria that are required to define the relevant level of significance of business with holders of qualifying holdings - or entities with which they are in any of the relationships described in article 20/1 of the Portuguese Securities Code – thus significant relevant business is dependent upon prior opinion of that body.
Adopted	
Chapter B – C), Topic 89 and 91	
VI.	INFORMATION
VI.1.	Companies shall provide, via their websites in both the Portuguese and English languages, access to information on their progress as regards the economic, financial and governance state of play.
Adopted	
Chapter B – C) – V, Topics 59-65	
VI.2.	Companies shall ensure the existence of an investor support and market liaison office, which responds to requests from investors in a timely fashion and a record of the submitted requests and their processing, shall be kept.
Adopted	
Chapter B – C) – IV, Topic 56	

ANNEX

Professional Qualifications and Biographies of the Members of the Board of Directors

António Mexia
Born: 1957

Current positions in EDPR or EDP group of companies:
- Chairman of the Board of Directors of EDP Renováveis SA
- Chairman and CEO of the Executive Board of Directors of EDP - Energias de Portugal, SA
- Permanent Representative of EDP Energias de Portugal SA, Sucursal en España, and Representative of EDP Finance BV
- Chairman of the Board of Directors of EDP Energias do Brasil, SA
- Member of the Board of Directors of Fundação EDP

Current positions in companies outside EDPR and EDP group of companies:
- Member of the Board of Directors of Banco Comercial Português (BCP)
- President of the Board of Directors of Union de l'Industrie Electrique - EURELECTRIC

Other previous positions:
- Minister of Public Works, Transport and Communication for Portugal's 16th Constitutional Government
- Chairman of the Portuguese Energy Association (APE)
- Executive Chairman of Galp Energia
- Chairman of the Board of Directors of Petrogal, Gás de Portugal, Transgás and Transgás-Atlântico
- Vice-Chairman of the Board of Directors of Galp Energia
- Director of Banco Espírito Santo de Investimentos
- Vice-Chairman of the Board of Directors of ICEP (Portuguese Institute for Foreign Trade)
- Assistant to the Secretary of State for Foreign Trade
- Assistant Lecturer in the Department of Economics at Université de Genève (Switzerland)

Education:
- BSc in Economics from Université de Genève (Switzerland)
- Postgraduate lecturer in European Studies at Universidade Católica

João Manso Neto
Born: 1958

Current positions in EDPR or EDP group of companies:
- Executive Vice-Chairman of the Board of Directors and Chairman of the Executive Committee (CEO) of EDP Renováveis SA
- Chairman of the Board of Directors of EDP Renewables Europe SLU, EDP Renováveis Brasil SA and EDP Renováveis Servicios Financieros SA
- Executive Director of EDP Energias de Portugal SA
- Director of EDP Energía Gás SL
- Member of the Board of Directors of EDP Energia Ibérica SA, Hidroeléctrica del Cantábrico SA, Naturgás Energia Grupo SA
- Permanent Representative of EDP Energias de Portugal SA Sucursal en España, and Representative of EDP Finance BV
- Chairman of the Board of Directors of EDP Gás.com Comércio de Gás Natural SA

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, SA
- 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 SA
- Chairman of EDP Gestão da Produção de Energia SA
- CEO and Vice-Chairman of Hidroeléctrica del Cantábrico SA
- Vice-Chairman of Naturgás Energia Grupo SA
- 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 SA

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
- Professional education course through the American Bankers Association (1982), the academic component of the Master's Degree program in Economics at the Faculty of Economics, Universidade Nova de Lisboa
- Advanced Management Program for Overseas Bankers at the Wharton School in Philadelphia

NUNO ALVES
Born: 1958

Current positions in EDPR or EDP group of companies:
- Member of the Board of Directors of EDP Renóvaveis SA
- Member and CFO of the Executive Board of Directors of EDP - Energias de Portugal, SA
- Chairman of the Board of Directors of EDP Imobiliária e Participações SA, Energia RE SA, Sãvida Medicina Apoiada SA, SCS Serviços Complementares de Saúde, SA
- Member of the Board of Directors of EDP - Energias do Brasil, S.A. and member of the Board of Directors of Hidroeléctrica del Cantábrico SA
- Permanent Representative and Member of the Executive Committee of EDP Energias de Portugal SA Sucursal en España
- Manager of EDP IS – Investimentos e Serviços, SU Lda
- Representative of relations with the Market and CMVM of EDP - Energias de Portugal, SA

Main positions in the last five years:
- Member of the Executive Board of Directors and CFO of EDP - Energias de Portugal, SA
- Representative of EDP Finance BV

Other previous positions:
- In 1988, he joined the Planning and Strategy Department of Millennium BCP
- Associate Director of the Millennium BCP bank's Financial Investments Division
- Investor Relations Officer for the Millennium BCP Group
- Coordinating Manager of Millennium BCP Retail network
- Head of the Capital Markets Division of Millennium BCP Investimento
- Co-Head of Millennium BCP Investment Banking Division
- Chairman and CEO of CISF Dealer, the brokerage arm of Millennium BCP Investimento
- General Manager of Millennium BCP
- Executive Board Member of Millennium BCP Investimento, responsible for BCP Group Treasury and Capital Markets

Education:
- Degree in Naval Architecture and Marine Engineering
- Master in Business Administration by the University of Michigan

GABRIEL ALONSO
Born: 1973

Current positions in EDPR or EDP group of companies:
- Member of the Board of Directors, Member of the Executive Committee and Chief Operating Officer for North America of EDP Renováveis SA
- CEO of EDP Renewables North America LLC
- Chief Executive Officer and Sole Manager of the EDPR NA subsidiaries
- Chief Executive Officer and Director of the Canadian entities
- President of Vientos de Coahuila, S.A. de CV

Current positions in companies outside EDPR and EDP group of companies:
- Member of the Board of Directors and of the Executive Committee of the American Wind Energy Association (AWEA)

Main positions in the last five years:
- (none)

Other previous positions:
- He joined EDP in early 2007 as Managing Director for North America
- Chief Development Officer (CDO) and Chief Operating Officer (COO) of EDPR NA

Education:
- Law Degree and a Master of Science Degree in Economics, each from the University of Deusto in Spain
- Advanced Management Program at The University of Chicago Booth School of Business

JOÃO PAULO COSTEIRA
Born: 1965

Current positions in EDPR or EDP group of companies:
- Member of the Board of Directors, Member of the Executive Committee and Chief Operating Officer for Europe & Brazil of EDP Renováveis SA
- Chairman of the Board of Directors of EDP Renewables Italia SRL, EDP Renewables France Holding SA, EDP Renewables SGPS SA, EDP Renewables South Africa Ltd, EDP Renováveis Portugal SA, EDPR PT-Parques Eólicos SA, EDPR PT Promoção e Operação SA, ENEOP 2 SA, Greenwind SA and South Africa Wind & Solar Power SLU
- Director of EDP Renewables Europe SL, EDP Renewables Polska SP zoo, EDP Renewables Romania SRL, EDP Renewables UK Ltd, EDP Renováveis Brasil SA and EDP Renováveis Servicios Financieros SL

Current positions in companies outside EDPR and EDP group of companies:
- (none)

Main positions in the last five years:
- (none)

Other previous positions:
- Commercial Director of Portgás
- General Manager of Lisboagás (Lisbon's Natural Gás LDC), Managing Director of Transgás Industria (Liberalized wholesale customers), and Managing Director of Lusitaniagás (Natural gas LDC) at Galpenergia Group (Portugal's National Oil & Gas Company)
- Member of the Management Team of GalpEmpresas and Galpgás
- Executive Board Member for Natural Gas Distribution and Marketing (Portugal and Spain)

Education:
- Degree in Electrical Engineering by the Faculdade Engenharia da Universidade do Porto
- Master in Business Administration by IEP/ESADE (Oporto and Barcelona)
- Executive Development Program at École des HEC (Université de Lausanne)
- Strategic Leadership Development Program at INSEAD (Fontainebleau)
- Advanced Management Program of IESE (Barcelona)

MIGUEL DIAS AMARO
Born: 1967

Current positions in EDPR or EDP group of companies:
- CFO, Member of the Board of Directors and Member of the Executive Committee of EDP Renováveis SA
- Member of the Board of Directors of EDP Renewables Canada, Ltd., EDP Renováveis Servicios Financieros, S.L., EDP Renewables Polska SP. Z O.O, EDP Renewables UK Ltd, EDP Renewables, SGPS, SA, EDP Renováveis Portugal, SA, EDP Renewables Europe, SL , EDPR PT – Parques Eólicos SA, and EDPR PT – Promoção e Operação, SA

Current positions in companies outside EDPR and EDP group of companies:
- (none)

Main positions in the last five years:
- Board Member, CFO and COO Distribution of EDP – Energias do Brasil

Other previous positions:
- Head of Corporate Internal Audit at Portugal Telecom
- Assistant to the CEO at Portugal Telecom
- Senior Financial Analyst at Telecommunications Sector at Espírito Santo BM
- Assistant to the Secretary of State for Treasury and Finance
- Financial Analyst – Retail and Pulp and Paper Sectors at Espírito Santo Dealer

Education:
- MBA at Universidade Nova de Lisboa
- Mechanical Engineering degree, by the Instituto Superior de Engenharia de Lisboa (ISEL)
- Bachelor in Mechanical Engineering by the Instituto Superior de Engenharia de Lisboa (ISEL)

JOÃO LOPES RAIMUNDO
Born: 1960

Current positions in EDPR or EDP group of companies:
- Member of the Board of Directors of EDP Renováveis SA
- Member of the Audit and Control Committee of EDP Renováveis SA

Current positions in companies outside EDPR and EDP group of companies:
- Member of the CAE of Montepio Holding SA
- Member of the CAE of Caixa Económica Montepio Geral ("CEMG")
- Chairman of Montepio Investimento SA

Main positions in the last five years:
- Member of the Board of Directors of CIMPOR - Cimentos de Portugal, SGPS SA
- Managing Director of Millennium BCP's Investment Banking Division
- CEO and Board Member of Millennium BCP Capital SA
- Chairman of the Board of BCP Holdings (USA), Inc.
- General Manager of Banco Comercial Português
- Member of the Board of OMIP – Operador do Mercado Ibérico (Portugal), SGPS SA
- Member of the Investment Committees of the Fundo Revitalizar Norte, FCR (managed by Explorer Investments, SCR SA), Fundo Revitalizar Centro, FCR (Managed by Oxy Capital, SCR, SA) and Fundo Revitalizar Sul, FCR (Managed by Capital Criativo, SCR SA)
- Member of the CAE of Montepio Recuperação de Crédito ACE

Other previous positions:
- Senior auditor of BDO—Binder Dijker Otte Co.
- Director of Banco Manufactures Hanover (Portugal) SA
- Member of the Boards of TOTTAFactor SA (Grupo Banco Totta e Açores) and Valores Ibéricos, SGPS SA In 1993, held positions with Nacional Factoring, da CISF - Imóveis and CISF Equipamentos
- Director of CISF - Banco de Investimento
- Member of the Board of Directors of Leasing Atlântico, Comercial Leasing, Factoring Atlântico, Nacional Leasing and Nacional Factoring
- Member of the Board of Directors of BCP Leasing, BCP Factoring and Leasefactor SGPS
- Chairman of the Board of Directors of Banque BCP (Luxemburg)
- Chairman of the Executive Committee of Banque BCP (France)
- Member of the Board of Banque Privée BCP (Switzerland)
- General Manager of BCP's Private Banking Division
- Member of the Board of Directors of Banco Millennium BCP de Investimento SA
- General Manager of Banco Comercial Português SA
- Vice-Chairman of the General Assembly Board of Millennium Angola
- Vice-Chairman and CEO of Millennium BCP Bank NA (USA)

Education:
- BSc in Business Administration from Universidade Católica Portuguesa
- Master in Business Administration from INSEAD

JOÃO MANUEL DE MELLO FRANCO
Born: 1946

Current positions in EDPR or EDP group of companies:
- Member of the Board of Directors of EDP Renováveis SA
- Chairman of the Nominations and Remunerations Committee of EDP Renováveis SA
- Member of the Audit and Control Committee of EDP Renováveis SA

Current positions in companies outside EDPR and EDP group of companies:
- Member of the Board of Villas Boas ACP – Corretores de Seguros, SA
- Member of the Board of ACP-Mediaçao de Seguros, SA

Main positions in the last five years:
- Chairman of the Audit Committee of Sporting Clube de Portugal-Futebol SAD
- Chairman of the Board of Directors of Portugal Telecom SGPS, SA
- Chairman of the Audit Committee, Member of the Corporate Governance Committee, Member of the Evaluation Committee and Member of the Remuneration Committee of Portugal Telecom SGPS SA

Other previous positions:
- Member of the Board of Directors of Tecnologia das Comunicações, Lda
- Chairman of the Board of Directors of Telefones de Lisboa e Porto SA
- Chairman of Associação Portuguesa para o Desenvolvimento das Comunicações
- Chairman of the Board of Directors of Companhia Portuguesa Rádio Marconi
- Chairman of the Board of Directors of Companhia Santomense de Telecomunicações e da Guiné Telecom
- Vice-Chairman of the Board of Directors and CEO of Lisnave (Estaleiros Navais) SA
- CEO and Chairman of the Board of Directors of Soponata
- Director and Member of the Audit Committee of International Shipowners Reinsurance Co SA
- Vice-Chairman of José de Mello Imobiliária SGPS SA

Education:
- BSc in Mechanical Engineering from Instituto Superior Técnico de Lisboa
- Certificate in strategic management and company boards
- Holder of a grant of Junta de Energia Nuclear

JORGE SANTOS
Born: 1951

Current positions in EDPR or EDP group of companies:
- Member of the Board of Directors of EDP Renováveis SA
- Chairman of the Audit and Control Committee of EDP Renováveis SA

Current positions in companies outside EDPR and EDP group of companies:
- Full Professor of ISEG, University of Lisbon
- Director at "Fundação Económicas"
- Member of the "Conselho Diretivo" of the "Fundação do Centro Cultural de Belém"
- Coordinator of the Master Program in Economics of ISEG

Main positions in the last five years:
- President of the Economics Department of Instituto Superior de Economia e Gestão of the Universidade de Lisboa (ISEG)
- President of the General Assembly of IDEFE

Other previous positions:
- Coordinator of the committee for evaluation of the EC Support Framework II
- Member of the committee for the elaboration of the ex-ante evaluation of the EC Support Framework III. From 1998 to 2000
- Chairman of the research unit "Unidade de Estudos sobre a Complexidade na Economia (UECE)"
- Chairman of the scientific council of Instituto Superior de Economia e Gestão (ISEG) of the Universidade de Lisboa
- Coordinator of the committee for the elaboration of the Strategic Programme of Economic and Social Development for the Peninsula of Setúbal

Education:
- Degree in Economics from Instituto Superior de Economia e Gestão
- Master degree (MSc) in Economics from the University of Bristol
- Ph.D. in economics from the University of Kent
- Doctorate Degree in Economics from the Instituto Superior de Economia e Gestão of Universidade de Lisboa

MANUEL MENÉNDEZ MENÉNDEZ
Born: 1960

Current positions in EDPR or EDP group of companies:
- Member of the Board of Directors of EDP Renováveis SA
- Chairman of the Board of Directors of Hidroeléctrica del Cantábrico SA

Current positions in companies outside EDPR and EDP group of companies:
- CEO of Liberbank SA

Main positions in the last five years:
- Chairman and CEO of Liberbank SA
- Chairman of Banco de Castilla-La Mancha
- Chairman of Cajastur
- Chairman of Hidroeléctrica del Cantábrico SA
- Chairman of Naturgás Energía Grupo SA
- Member of the Board of Directors of EDP Renewables Europe SLU
- Representative of Peña Rueda, SL in the Board of Directors of Enagas SA
- Member of the Board of Confederación Española de Cajas de Ahorro (CECA)
- Member of the Board of UNESA

Other previous positions:
- University Professor in the Department of Business Administration and Accounting at the University of Oviedo

Education:
- BSc in Economics and Business Administration from the University of Oviedo
- PhD in Economic Sciences from the University of Oviedo

GILLES AUGUST
Born: 1957

Current positions in EDPR or EDP group of companies:
- Member of the Board of Directors of EDP Renováveis SA

Current positions in companies outside EDPR and EDP group of companies:
- Member of the Board of Fondation Chirac
- Lawyer and founder of August Debouzy Law Firm
- Lecturer at École Supérieure des Sciences Economiques et Commerciales, at Collège de Polytechnique and at CNAM (Conservatoire National des Arts et Métiers)

Main positions in the last five years:
- Lawyer and founder of August Debouzy Law Firm

Other previous positions:
- Lawyer at Finley, Kumble, Wagner, Heine, Underberg, Manley & Casey Law Office in Washington DC
- Associate and later became Partner at Baudel, Salés, Vincent & Georges Law Firm in Paris
- Partner at Salés Vincent Georges
- Knight of thé Légion d'Honneur and Officer in thé Ordre National du Mérite

Education:
- Master in Laws from Georgetown University Law Center in Washington DC (1986)
- Post-graduate degree in Corporate Law from University of Paris II Phantéon, DEA (1984)
- Master in Private Law from the same University (1981)
- Graduated from the École Supérieure des Sciences Economiques et Commerciales (ESSEC)

ACÁCIO PILOTO
Born: 1957

Current positions in EDPR or EDP group of companies:
- Member of the Board of Directors of EDP Renováveis SA
- Member of the Nominations and Remunerations Committee of EDP Renováveis SA
- Member of the Related-Party Transactions Committee of EDP Renováveis SA

Current positions in companies outside EDPR and EDP group of companies:
- Member of the Supervisory Board and Chairman of the Risk Committee of Caixa Económica Montepio Geral

Main positions in the last five years:
- Member of the Board of Directors and Member of the Audit Committee of INAPA IPG SA
- Millennium BCP General Manager responsible for the Asset Management business
- CEO of Millennium Gestão de Activos SGFIM
- Chairman of Millennium SICAV
- Chairman of BII International

Other previous positions:
- International Division of Banco Pinto e Sotto Mayor
- International and Treasury Division of Banco Comercial Português
- Head of International Corporate Banking
- Head of Treasury and Capital Markets Division at CISF- Banco de Investimento (BCP investment bank)
- Seconded to the Groups Subsidiary in charge of Asset Management, AF Investimentos, joining its Executive Committee and acting as Chairman of the following group companies: AF Investimentos, Fundos Mobiliários; AF Investimentos, Fundos Imobiliários; BPA Gestão de Patrimónios; BCP Investimentos International; AF Investimentos International and Prime International and member of the Executive Committee
- Executive Board Member of BCP - Banco de Investimento, in charge of Investment Banking
- Head of Treasury and Capital Markets of BCP – Banco de Investimento

Education:
- Law degree by the Law School of Lisbon University
- During 1984 and 1985 he was a scholar from the Hanns Seidel Foundation, Munich were he obtained a Post- Graduation in Economic Law by Ludwig Maximilian University
- Post- Graduation in European Community Competition Law by Max Planck Institut
- Trainee at the International Division of Bayerische Hypoteken und Wechsel Bank
- Professional education courses, mostly in banking and financial management, namely the International Banking School (Dublin, 1989), the Asset and Liability Management Seminar (Merrill Lynch International) and the INSEAD Executive Program (Fontainebleau)

ANTÓNIO NOGUEIRA LEITE
Born: 1962

Current positions in EDPR or EDP group of companies:
- Member of the Board of Directors of EDP Renováveis SA
- Member of the Nominations and Remunerations Committee of EDP Renováveis SA

Current positions in companies outside EDPR and EDP group of companies:
- Member of the Board at HipogesIberia--Advisory, SA
- Director of Sagasta, STC, SA
- Member of the Advisory Committee at Incus Capital Advisors
- Vice-President of "Fórum para a Competitividade"
- Chairman of the Board at Forum Oceano

Main positions in the last five years:
- Group Caixa Geral de Depósitos (Portugal's largest banking group)
- Vice-Chairman of the Executive Committee of Caixa Geral de Depósitos SA
- Chairman of the Board at Caixa Banco de Investimento SA, Caixa Capital SCR SGPS SA, Caixa Leasing e Factoring SA, Partang SGPS SA

- Group José de Mello (one of Portugal's leading private groups)
- Director of José de Mello Investimentos and General Manager of José de Mello SGPS SA
- Director of Companhia União Fabril CUF SGPS SA, Quimigal SA (2002-2006), CUF - Químicos Industriais SA, ADP SA – CUF – Adubos, SEC SA, Brisa SA, Efacec Capital SGPS SA, Comitur SGPS SA, Comitur Imobiliária SA, José de Mello Saúde SGPS SA
- Chairman of the Board of OPEX SA (2003 -2011)
- Member of the Advisory Council of IGCP, Portugal's National Debt Agency, (2002-2011)

Other previous positions:
- Director of Soporcel SA (1997-1999)
- Director of Papercel SGPS SA (1998-1999)
- Director of MC Corretagem SA (1998-1999)
- Chairman of the Board, Lisbon Stock Exchange (1998-9)
- Secretary of State for Treasury and Finance and Alternate Governor (IMF, EBRD, EIB, WB)
- Member of the Economic and Financial Committee of the European Union

Education:
- Degree, Universidade Católica Portuguesa, 1983
- Masters of Science in Economics, University of Illinois at Urbana-Champaign
- Ph.D. in Economics, University of Illinois at Urbana-Champaign

JOSÉ FERREIRA MACHADO
Born: 1957

Current positions in EDPR or EDP group of companies:
- Member of the Board of Directors of EDP Renováveis SA
- Chairman of the Related-Party Transactions Committee of EDP Renováveis SA

Current positions in companies outside EDPR and EDP group of companies:
- Pro Vice Chancellor and Dean of the Faculty of Business and Management of Regent's University London

Main positions in the last five years:
- Professor of Economics, Associate Professor, Assistant Professor and Teaching Assistant at Nova SBE
- Visiting Assisting Professor at University of Illinois at Urbana Champaign
- Consultant at GANEC
- Op-ed columnist at O So
- Dean of Nova School of Business and Economics (Nova SBE), Universidade Nova de Lisboa

Other previous positions:
- Associate Dean at Nova SBE
- Consultant for the Research Department at Banco de Portugal
- Member of the Advisory Board of Instituto de Gestão de Crédito Público

Education:
- Degree in Economics by Universidade Técnica de Lisboa
- Agregacão (Habilitation) in Statistics and Econometrics by Universidade Nova de Lisboa
- PhD in Economics by the University of Illinois at Urbana-Champaign

ALLAN J. KATZ
Born: 1947

Current positions in EDPR or EDP group of companies:
- Member of the Board of EDP Renováveis S.A.

Current positions in companies outside EDPR and EDP group of companies:
- Founder of the American Public Square
- Executive Committee Chair of the Academic and Corporate Board to ISCTE Business School in Lisbon Portugal
- Board member of the International Relation Council of Kansas City
- Board Member of the WW1 Commission Diplomatic Advisory Board
- Distinguished Professor, University of Missouri at Kansas City
- Creator of Katz, Jacobs and Associates, LLC (KJA)
- Frequent speaker and moderator on developments in Europe and on American Politics

Main positions in the last five years:
- Ambassador of the United States of America to the Republic of Portugal

Other previous positions:
- National Director of the Public Policy practice group at the firm of Akerman Senterfitt
- Assistant Insurance Commissioner and Assistant State Treasurer for the State of Florida
- Legislative counsel to Congressman Bill Gunter and David Obey

- General Counsel to the Commission on Administrative Review of the US House of Representatives
- Member of the Board of the Florida Municipal Energy Association
- President of the Brogan Museum of Art & Science in Tallahassee, Florida
- Board member of the Junior Museum of Natural History in Tallahassee, Florida
- First Chair of the State Neurological Injury Compensation Association
- Member of the State Taxation and Budget Commission
- City of Tallahassee Commissioner

Education:
- BA from UMKC in 1969
- JD from Washington College of Law at American University in Washington DC in 1974

FRANCISCA GUEDES DE OLIVEIRA
Born: 1973

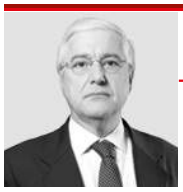
Current positions in EDPR or EDP group of companies:
- Member of the Board of EDP Renováveis SA
- Member of the Related-Party Transactions Committee of EDP Renováveis SA

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

Main positions in the last five years:
- Coordinator of the MSc programme in Business Economics at Católica Porto Business School
- Coordinator of the seminars in economics at the Master of Public Administration at Católica Porto Business School
- Coordinator of the PHD in Economics at the Universidade Católica de Moçambique

Other previous positions:
- Assistant Professor at Católica Porto Business School
- Researcher at the National Statistics Institute

Education:
- PHD in Economics at Nova School of Business and Economics
- Master in Economics at Faculdade de Economia da Universidade do Porto
- Undergraduate degree in Economics at Faculdade de Economia da Universidade do Porto
- PHD scholarship from Fundação para a Ciência e Tecnologia



FRANCISCO SEIXAS DA COSTA
Born: 1948

Current positions in EDPR or EDP group of companies:
- Member of the Board of EDP Renováveis SA
- Member of the the Nominations and Remunerations Committee of EDP Renováveis SA

Current positions in companies outside EDPR and EDP group of companies:
- Member of the Consultative Council of the School of Economics, University of Coimbra
- Member of the Consultative Council of Janus - Journal of International Relations
- Member of the General Council of FCSH, Universidade Nova de Lisboa
- Chairman of the Consultative Council of the Calouste Gulbenkian Foundation, Delegation in Paris
- Independent Non-Executive Director of Jeronimo Martins SGPS SA
- Member of the Committee on Corporate Governance and Corporate Responsibility of Jerónimo Martins SGPS SA
- Member of the Strategic Council, Mota-Engil SGPS SA
- Independent Non-Executive Director, Chairman of the Nomination and Remuneration Committee and Member of the Audit Committee of Mota-Engil Africa SA
- University professor, Universidade Autónoma, Lisbon, Portugal

Main positions in the last five years:
- Ambassador to France and to Monaco (non-resident)
- Permanent Representative to UNESCO, Paris
- Executive Director of the North-South Centre, Council of Europe
- President of the General Council of Trás-os-Montes e Alto Douro University (UTAD)

Other previous positions:
- Career diplomat, Portuguese Ministry of Foreign Affairs. Embassies in Oslo, Luanda and London
- Director, Planning and Programming Office, Institute for Economic Co-operation, Secretary of State for Development Co-operation, Lisbon
- Portuguese chief negotiator of Lomé IV convention
- Deputy Director-General for European Affairs, Ministry of Foreign Affairs, Lisbon

- Secretary of State for European Affairs (1995/2001), Portuguese government, Lisbon
- Head of Portuguese ministerial delegations to the Council of Europe, the Organisation for Economic and Development Co-operation (OECD), the Western European Union (WEU), the Schengen Agreement and the World Trade Organisation (WTO) (since 1996)
- Portuguese chief negotiator of the EU Amsterdam Treaty
- President of the Committee of Ministers of the Schengen Agreement
- President of the Council of Ministers of the EU Internal Market
- Portuguese chief negotiator of the EU Nice Treaty
- Permanent Representative to the United Nations, New York, vice-president of ECOSOC, chairman of the Economic and Financial Committee of the General Assembly, vice-president of the General Assembly
- Permanent Representative to the Organization for Security and Co-operation in Europe, Vienna, chairman of the OSCE Permanent Council
- Ambassador to Brazil, Brasília

Education:
- Degree in Political and Social Sciences, Lisbon University

SECRETARY OF THE BOARD OF DIRECTORS

EMILIO GARCÍA-CONDE NORIEGA
Born: 1955

Current positions in EDPR or EDP group of companies:
- General Secretary and General Counsel of EDP Renováveis SA
- Member and/or Secretary of several Board of Directors of EDPR's subsidiaries in Europe
- Compliance Officer of EDP Renováveis SA

Current positions in companies outside EDPR and EDP group of companies:
- (none)

Main positions in the last five years:
- General Counsel of Hidrocantábrico and member of the management committee
- General Secretary and General Counsel of EDP Renováveis SA
- Member and/or Secretary of several Board of Directors of EDPR's subsidiaries in Europe

Other previous positions:
- Legal Counsel of Soto de Ribera Power Plant (consortium comprising Electra de Viesgo, Iberdrola and Hidrocantábrico)
- General Counsel of Soto de Ribera Power Plant
- Chief of administration and human resources of the consortium
- Legal Counsel of Hidrocantábrico

Education:
- Law Degree from the University of Oviedo

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KPMG Auditores, S.L.
Ventura Rodríguez, 2
33004 Oviedo

Audit report on the system of internal control over financial reporting

To the Shareholders of
EDP Renováveis, S.A.

Further to your request, and in accordance with our engagement letter dated 23 December 2016, we have examined the System of Internal Control over Financial Reporting of EDP Renováveis, S.A. (the Parent) and subsidiaries (the Group).This system is based on the criteria established in the Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission. The Board of Directors of the Company and Senior Management of the Group are responsible for adopting appropriate measures to reasonably ensure the implementation, maintenance and oversight of an adequate system of internal control over financial reporting, evaluating its effectiveness and developing improvements to that system, and defining the content of and preparing the accompanying information concerning the System of Internal Control over Financial Reporting. Our responsibility is to express an opinion on the effectiveness of the Group's System of Internal Control over Financial Reporting based on our examination.

An entity's internal control over financial reporting is designed to provide reasonable assurance that its annual financial reporting complies with the applicable financial reporting framework. It includes policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and assets of the Group; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of the Group's consolidated annual accounts in accordance with the applicable financial reporting framework; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use or disposal of the Group's assets that could have a material effect on the consolidated annual accounts. In this respect it should be borne in mind that, irrespective of the quality of the design and operation of the internal control system adopted in relation to annual financial reporting, the system may only provide reasonable, but not absolute assurance in relation to the objectives pursued, due to the limitations inherent in any internal control system.

We conducted our examination in accordance with ISAE 3000 (International Standard on Assurance Engagements 3000: Assurance Engagements other than Audits or Reviews of Historical Financial Information), issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC) for the issue of reasonable assurance reports. This standard requires that we plan and perform our work to obtain reasonable assurance about whether the Group maintains, in all material respects, effective internal control over financial reporting. Our work included obtaining an understanding of the Group's System of Internal Control over Financial Reporting, testing and evaluating the design and operating effectiveness of that system, and performing such other procedures as were considered necessary in the circumstances. We consider that our examination provides a reasonable basis for our opinion.

KPMG Auditores S.L., a limited liability Spanish company and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity

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N.I.F. B-78510153

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

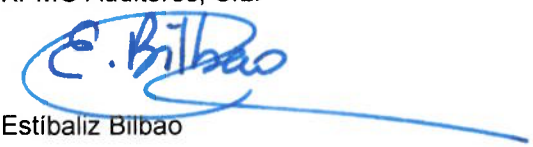
We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality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

Due to the limitations inherent in any internal control system, there is always a possibility that the System of Internal Control over Financial Reporting may not prevent or detect misstatements or irregularities that may arise as a result of errors of judgement, human error, fraud or misconduct. Moreover, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Group maintained, in all material respects, effective internal control over financial reporting at 31 December 2016, in accordance with the criteria established in the Internal Control - Integrated Framework issued by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission.

Our examination did not constitute an audit of accounts and is not subject to the legislation regulating the audit of accounts in Spain. As such, in this report we do not express an audit opinion on the accounts under the terms provided in the above-mentioned legislation. However, on 28 February 2017 we issued our unqualified audit report on the consolidated annual accounts of the Group for 2016, in accordance with the legislation regulating the audit of accounts in Spain.

KPMG Auditores, S.L.



Estíbaliz Bilbao

28 February 2017

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 31 December 2016 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 31 December 2016 EDP Renováveis Group had an effective system of internal control over financial reporting.

The SCIRF of EDP Renováveis Group at 31 December 2016 has been audited by the independent auditors KPMG Auditores, S.L., as indicated in their report included in the Annual Corporate Governance Report.

João Manso Neto
Chief Executive Officer

Miguel Dias Amaro
Chief Financial Officer

27 February 2017

The Members of the Board of Directors of the Company EDP Renováveis, S.A.

DECLARE

To the extent of our knowledge, the information referred to in sub-paragraph a) of paragraph 1 of Article 245 of Decree-Law no. 357-A/2007 of October 31st and other documents relating to the submission of annual accounts required by current regulations have been prepared in accordance with applicable accounting standards, reflecting a true and fair view of the assets, liabilities, financial position and results of EDP Renováveis, S.A. and the management report fairly presents the evolution of business performance and position of EDP Renováveis, S.A., containing a description of the principal risks and uncertainties that it faces.

Lisbon, February 27th, 2017.

António Luís Guerra Nunes Mexia

João Manuel Manso Neto

Nuno Maria Pestana de Almeida Alves

Miguel Dias Amaro

João Paulo Nogueira da Sousa Costeira

Gabriel Alonso Imaz

Acácio Jaime Liberado Mota Piloto

António do Pranto Nogueira Leite

João Manuel de Mello Franco

João José Belard da Fonseca Lopes Raimundo

Jorge Manuel Azevedo Henriques dos Santos

José António Ferreira Machado

Gilles August

Manuel Menéndez Menéndez

Allan J. Katz

Francisca Guedes de Oliveira

Francisco Seixas da Costa