## THE COMPANY

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WE LOVE THE WATER
THE COMPANY

1.1
EDPR IN BRIEF

1.1.1. VISION, MISSION, VALUES AND COMMITMENTS

VISION

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

MISSION

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

VALUES

INITIATIVE
through behaviour and attitude of our people.

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

EXCELLENCE
in the way we perform.

INNOVATION
to create value in our areas of operation.

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

COMMITMENTS

- We join conduct and professional rigour to enthusiasm and initiative emphasising team work.
- We listen to our stakeholders and answer in a simple and clear manner.
- We surprise our stakeholders by anticipating their needs.
- We ensure a collaborative, competent and honest management of our business.
- We believe that the balance between private and professional live is fundamental in order to be successful.
- We fulfil the commitments that we embraced in the presence of our shareholders.
- We place ourselves in our stakeholder’s shoes whenever a decision has to be made.
- We promote the development of skills and merit.
- We are leaders due to our capacity of anticipating and implementing.
- We avoid specific greenhouse gas emissions with the energy we produce.
- We demand excellence in everything that we do.
- We assume the social and environmental responsibilities that result from our performance thus contributing towards the development of the regions in which we are operating.
1.1.2 EDPR IN THE WORLD

**EDPR IN THE WORLD**

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

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

**Employees**

**NORTH AMERICA**

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

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

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

**BRAZIL**

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

Spain  427 / 2,463 MW operational / 5,164 GWh generated + 29 MW under construction
Portugal  80 / 1,309 MW operational / 2,995 GWh generated + 61 MW under construction + 0.1 GW in pipeline
France  78 / 421 MW operational / 829 GWh generated + 19 MW under construction + 0.5 GW in pipeline
+ 1 GW offshore joint venture in pipeline
Belgium  2 / 71 MW operational / 129 GWh generated + 11 MW in pipeline
Poland  32 / 418 MW operational / 919 GWh generated + 38 MW in pipeline
Romania  30 / 521 MW operational / 1,059 GWh generated
Italy  31 / 221 MW operational / 385 GWh generated + 50 MW under construction + 16 MW in pipeline
United Kingdom  60 / 316 MW under construction + 1 GW of offshore joint venture in pipeline
Greece  60 MW in pipeline
EDPR renewable energy business grossly comprises the development, construction and operation of wind farms and solar plants to generate and deliver clean electricity.

**Site Identification**
Search for sites with top-class wind conditions or irradiance resources and analyse grid connection feasibility.

**Landowner Agreement**
Contact local landowners and negotiate leasing agreements.

**Renewable Resources Analysis**
Install meteorological equipment to collect and study wind profile and solar radiance.

**Layout Design and Equipment Choice**
Optimise the layout of the facility and select the best fit of equipment model based on the site characteristics.

**Project Evaluation and Funding**
Evaluate potential operational and financial risks and find appropriate financing for the project.

**Obtain Consents and Permits**
Engage with local public authorities to secure environmental, construction, operating and other licenses.

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

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

**Wind and Solar Plant Operation**
Complete grid connection and start to generate renewable electricity.

**Generate and Deliver Clean Energy**
A better energy, a better future, a better world!

**Ongoing Maintenance Service**
Keep availability figures at the highest level possible and minimise failure rates.

**Data Analysis**
Monitor real-time operational data, analyse performance and identify opportunities for improvement.
1.1.4 EDPR MAIN EVENTS 2018

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

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

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

CTG announces tender offer over shares issued by EDPR

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

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

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

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

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

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

EDPR signs financing agreements for Moray Offshore (UK) consortium
1.1.5 STAKEHOLDER FOCUS

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

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

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

**Comprehend**
Include, identify and prioritise:
EDPR regularly identifies the stakeholders that influence the Company and works to analyse and understand their expectations and interests in the decisions that directly impact them.

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

**Collaborate**
Integrate, share, cooperate and report:
EDPR aims to collaborate with stakeholders by building strategic partnerships that aggregate and disperse knowledge, skills and tools. These will promote the creation of shared value in a differentiating way.

**Trust**
Transparency, integrity, respect and ethics:
One of the company’s beliefs is the importance of a trustworthy relationship with the stakeholders in establishing stable, long-term relationships. These relationships with the stakeholders are based on values like transparency, integrity and mutual respect.
As in previous years, the methodology applied to the Stakeholder Management Plan was institutionalised through three pillars: 1) the Stakeholder Steering Committee for strategy, planning and control (comprised of a group of leaders from various departments of the Company who have direct contact with different stakeholders, with a more strategic vision); 2) the Stakeholder Working Group for implementation of policies and procedures (formed by a more operational team); and 3) a digital relationship management tool (CRM) for an articulated, systematic approach to a value-driven, results-oriented and cross-functional model.

MAIN COMMUNICATION CHANNELS

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

MONITORING

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

2018 MILESTONES

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

**Sustainability Roadmap**

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

<table>
<thead>
<tr>
<th>UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (SDGs)</th>
<th>SUSTAINABILITY ROADMAP STRATEGIC LINES (2016-20)</th>
</tr>
</thead>
<tbody>
<tr>
<td>7 <strong>Affordable and clean energy</strong></td>
<td>Maintain leadership position in RENEWABLE ENERGY PRODUCTION</td>
</tr>
<tr>
<td>13 <strong>Climate action</strong></td>
<td>CREATE VALUE while maintaining a LOW RISK profile</td>
</tr>
<tr>
<td>8 <strong>Decent work and economic growth</strong></td>
<td>Optimise ENVIRONMENTAL MANAGEMENT</td>
</tr>
<tr>
<td>15 <strong>Life on land</strong></td>
<td>Maintain CIRCULAR ECONOMY in the internal management of the operations</td>
</tr>
<tr>
<td>12 <strong>Responsible consumption and production</strong></td>
<td>Ensure a high SAFETY STANDARDS for employees and contractors</td>
</tr>
<tr>
<td>5 <strong>Gender equality</strong></td>
<td>Ensure a high standard ETHICAL PROCESS</td>
</tr>
<tr>
<td>11 <strong>Sustainable cities and communities</strong></td>
<td>Broaden and harmonize the mechanisms of periodic consultation of STAKEHOLDERS</td>
</tr>
<tr>
<td>9 <strong>Industry, innovation and infrastructure</strong></td>
<td>Support SOCIAL AND EDUCATIONAL INITIATIVES through Fundación EDP</td>
</tr>
<tr>
<td></td>
<td>Invest in employees DEVELOPMENT and ensure continued compromise with society through VOLUNTEERING</td>
</tr>
<tr>
<td></td>
<td>Promote INNOVATION in operation and construction phases</td>
</tr>
</tbody>
</table>
EDPR is aware of the importance of electricity in the sustainable development and is committed to focus not only on the Sustainable Development Goals directly related to its business, such as Climate Action and Affordable and Clean Energy, but also on a business model that positively impacts other SDGs.

João Manso Neto (CEO)

<table>
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<tr>
<th>SUSTAINABILITY ROADMAP INDICATORS (2016-20)</th>
<th>EXECUTION 2016 - 2018</th>
</tr>
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<tbody>
<tr>
<td>• Installed capacity: 700 MW / year</td>
<td>• Increased 588 MW average</td>
</tr>
<tr>
<td>• Avoided CO₂: +10% (CAGR vs. 2015-20)</td>
<td>• Avoided CO₂: +2% (CAGR vs. 2015-18)</td>
</tr>
<tr>
<td>• &lt;1% emitted / avoided CO₂</td>
<td>• 0.2% emitted / avoided CO₂</td>
</tr>
<tr>
<td>• EBITDA: +8% (CAGR vs. 2015-20)</td>
<td>• Adj. EBITDA: +7% (CAGR vs. 2015-18)</td>
</tr>
<tr>
<td>• Net Profit: +14% (CAGR vs. 2015-20)</td>
<td>• Adj. Net Profit: +43% (CAGR vs. 2015-18)</td>
</tr>
<tr>
<td>• Core OPEX/MW: -1% (CAGR vs. 2015-20)</td>
<td>• Core OPEX/Avg. MW: -2% (CAGR vs. 2015-18)</td>
</tr>
<tr>
<td>• 100% Certified MWs (ISO 14001)</td>
<td>• 99% Certified MWs (ISO 14001) based on 2017 Installed Capacity</td>
</tr>
<tr>
<td>• 100% of critical suppliers with environmental management system (EMS)</td>
<td>• 98% of critical suppliers with EMS</td>
</tr>
<tr>
<td>• Maintain hazardous wastes and used water per GWh ratios aligned with previous years</td>
<td>• 22.1 kg/GWh and used water per GWh ratio aligned with previous year</td>
</tr>
<tr>
<td>• 99% hazardous wastes recovered</td>
<td>• 93% hazardous wastes recovered in 2018</td>
</tr>
<tr>
<td>• 100% Certified MWs (OHSAS 18001)</td>
<td>• 98% Certified MWs (OHSAS 18001) based on 2017 Installed Capacity</td>
</tr>
<tr>
<td>• 100% of critical suppliers with H&amp;S management system</td>
<td>• 85% of critical suppliers with H&amp;S management system</td>
</tr>
<tr>
<td>• Zero accidents mind-set</td>
<td>• Zero accidents mind-set</td>
</tr>
<tr>
<td>• Zero tolerance for unethical behaviours</td>
<td>• One communication to the Ethics Ombudsperson(^1)</td>
</tr>
<tr>
<td>• Stakeholders Plan development in all geographies</td>
<td>• Stakeholders execution plan in Spain</td>
</tr>
<tr>
<td>• c. €2.5 million investment</td>
<td>• c. €1.7 million investment in 2016-2018</td>
</tr>
<tr>
<td>• &gt;60% of employees in training activities</td>
<td>• 94% of employees received training in 2018</td>
</tr>
<tr>
<td>• &gt;40% of employees in volunteering activities</td>
<td>• 26% of employees participated in volunteering activities</td>
</tr>
<tr>
<td>• c. €10 million investment (incl. energy storage and offshore structures)</td>
<td>• €2.5 million investment in 2016-2018</td>
</tr>
</tbody>
</table>

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

\(^2\) In 2018, there was one communication to the Ethics Ombudsperson through the Ethics Channel. However, the Ethics Committee considered it was not an unethical behaviour within the Ethics Code scope and, consequently, not grounded, declaring the closing of the process.
1.2
2018 IN REVIEW
1.2.1. KEY METRICS SUMMARY

**KEY METRICS SUMMARY**

**CAPEX**
€1,275m
+21% vs 2017

**new additions**
+0.7 GW
EBITDA + Net Equity

**technical availability**
97.0%
vs 97.8% in 2017

**installed capacity**
11.7 GW
EBITDA + Net Equity

**net debt**
€3.1 billion
+9% vs 2017

**load factor**
30%
-1pp vs 2017

**EBITDA**
€1,300m
-5% vs 2017

**net income**
€313m
+€37m vs 2017
1,388 employees +14% vs 2017

emissions avoided 20 mt CO₂

core opeX/avg. mw €43k/MW +2% vs 2017

generation 28,359 GWh +3% vs 2017

99% capacity certified ISO 14001

98% capacity certified OHSAS 18001

operating cash-flow €985m +€4m vs 2017

employees trained 94% 34hrs/employee

we love energy
1.2.2 SHARE PERFORMANCE

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

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

### EDPR IN CAPITAL MARKETS

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</thead>
<tbody>
<tr>
<td>Opening Price (€)</td>
<td>6.97</td>
<td>6.04</td>
<td>7.25</td>
<td>5.40</td>
<td>3.86</td>
</tr>
<tr>
<td>Minimum Price (€)</td>
<td>6.78</td>
<td>5.71</td>
<td>5.70</td>
<td>5.30</td>
<td>3.87</td>
</tr>
<tr>
<td>Maximum Price (€)</td>
<td>9.17</td>
<td>7.20</td>
<td>7.28</td>
<td>7.25</td>
<td>5.70</td>
</tr>
<tr>
<td>Closing Price (€)</td>
<td>7.78</td>
<td>6.97</td>
<td>6.04</td>
<td>7.25</td>
<td>5.40</td>
</tr>
<tr>
<td>Market Capitalization (€ Millions)</td>
<td>6,782</td>
<td>6,077</td>
<td>5,265</td>
<td>6,324</td>
<td>4,714</td>
</tr>
<tr>
<td>Total Traded Volume: Listed &amp; OTC (Millions)</td>
<td>2,091.59</td>
<td>421.94</td>
<td>291.07</td>
<td>289.22</td>
<td>396.84</td>
</tr>
<tr>
<td>Average Daily Volume (Millions)</td>
<td>82</td>
<td>1.65</td>
<td>1.13</td>
<td>1.13</td>
<td>1.56</td>
</tr>
<tr>
<td>Turnover (€ Millions)</td>
<td>1,587.12</td>
<td>2,744.04</td>
<td>1,828.34</td>
<td>1,824.08</td>
<td>1,976.81</td>
</tr>
<tr>
<td>Average Daily Turnover (€ Millions)</td>
<td>6.22</td>
<td>10.76</td>
<td>7.11</td>
<td>7.13</td>
<td>7.75</td>
</tr>
<tr>
<td>Rotation of Capital (% of Floating Shares)</td>
<td>10.7%</td>
<td>21.5%</td>
<td>14.1%</td>
<td>14.8%</td>
<td>20.5%</td>
</tr>
<tr>
<td>Rotation of Capital (% of Total Shares)</td>
<td>24%</td>
<td>48%</td>
<td>32%</td>
<td>33%</td>
<td>46%</td>
</tr>
<tr>
<td>Total Shareholder Return</td>
<td>12%</td>
<td>16%</td>
<td>-16%</td>
<td>35%</td>
<td>41%</td>
</tr>
</tbody>
</table>

### Share Price Performance

<table>
<thead>
<tr>
<th></th>
<th>12%</th>
<th>15%</th>
<th>17%</th>
<th>34%</th>
<th>40%</th>
</tr>
</thead>
<tbody>
<tr>
<td>FSI 20</td>
<td>-12%</td>
<td>15%</td>
<td>-12%</td>
<td>11%</td>
<td>-27%</td>
</tr>
<tr>
<td>Dow Jones Eurostoxx Utilities</td>
<td>0%</td>
<td>16%</td>
<td>-8%</td>
<td>-5%</td>
<td>12%</td>
</tr>
</tbody>
</table>

Source: Bloomberg / EDPR
1.3
ORGANISATION

1.3.1 SHAREHOLDER STRUCTURE

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

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

MAJOR SHAREHOLDERS, THE EDP GROUP

The majority of the Company’s share capital is owned by EDP Group, holding 82.6% of the share capital and voting rights, since the General and Voluntary Public Tender Offer closed in August 2017, where EDP Group acquired 5.03% of EDPR’s share capital and voting rights. EDP Group is a vertically integrated utility company, the largest generator, distributor and supplier of electricity in Portugal, has significant operations in electricity in Spain and is one of the largest private generation group in Brazil through its stake in Energias do Brasil. In the Iberian Peninsula, EDP is the third largest electricity generation company and one of the largest distributors of electricity. EDP has a worldwide relevant presence, being present in 16 countries and has close to 12,000 employees around the world. In 2018, EDP had an installed capacity of 27.1 GW, generating 72 TWh, of which 39% come from wind and solar. EDP is part of sustainability indexes (DJSI World and Europe), following its performance in the economic, social and environmental dimensions. Its holding company, EDP SA, is a listed company whose ordinary shares are traded in the Euronext Lisbon since its privatisation in 1997.

OTHER QUALIFIED SHAREHOLDERS

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

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

BROAD BASE OF INVESTORS

EDPR has an international base of investors. Excluding EDP Group, EDPR shareholders comprise more than 30,000 institutional and private investors spread worldwide. Within institutional investors, with represent about 94% of shareholder base (ex-EDP Group), investment funds are the major type of investor, followed by sustainable and responsible funds (SRI). EDPR is a member of several financial indexes that aggregate top performing companies for sustainability and corporate social responsibility.

WORLDWIDE SHAREHOLDERS

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

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

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

The corporate governance structure adopted is the one in effect in Spain. It comprises a General Meeting of Shareholders and a Board of Directors that represents and manages the Company. As required by the law and established in the Company’s articles of association, the Board of Directors has set up three specialised committees. These are the Executive Committee, Audit, Control & related Party Transactions Committee and the Nominations & Remunerations Committee.

GENERAL SHAREHOLDERS’ MEETING

BOARD OF DIRECTORS

EXECUTIVE COMMITTEE

GENERAL SECRETARY

OTHER COMMITTEES

NOMINATIONS AND REMUNERATIONS

AUDIT, CONTROL AND RELATED PARTY TRANSACTIONS

GENERAL SHAREHOLDERS’ MEETING

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

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

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

EDPR’s BoD shall consist of no less than 5 and no more than 17 Directors, including a Chairperson. Currently it is composed by 14 board members, out of which 7 are independent. BoD members are elected for 3 years period and may be re-elected for equal periods.

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

EXECUTIVE COMMITTEE

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

The COO of Offshore, COO of Europe & Brazil and the COO of North America coordinate their platforms by developing, establishing and implementing the strategic plan for the renewable energy business in their respective platforms, in accordance with the guidelines set by the BoD. They are also responsible for planning, organising and managing resources, controlling, measuring and improving the management of projects and subsidiary companies to achieve expected results to make EDPR a leader in the renewable energy sector in their respective platforms. The Chief Development Officer (“CDO”) is responsible for the business development areas and for implementing processes to support business growth.

OTHER COMMITTEES

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

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

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

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

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

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

COMPONENTS

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

OPERATIONAL

- OPEX/MW
- CAPEX/MW
- Incremental MW
- Technical Availability

22% 28%

ECONOMIC

- EBITDA
- ROIC Cash
- Net Profit
- Asset Rotation & Tax Equity

45.5% 39.5%

ESG

- Appreciation of the Remuneration Committee
- Satisfaction (employees)
- Sustainability

17.5%

15%
Total Shareholder Return
vs. Peers & PSI 30
1.3.3 ORGANISATION STRUCTURE

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

ORGANISATIONAL MODEL PRINCIPLES

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

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

ACCOUNTABILITY ALIGNMENT

Critical KPIs and span of control should be hierarchically aligned at project, country, platform and holding level to endure accountability tracking, and to take advantage of complementarities derived from end-to-end process vision.

CLIENT-SERVICE

Corporate areas function as competence support centres and are internal service providers to all business units for all geographical non-specific needs. Business priorities and needs are defined by local businesses, and best practices are defined and distributed by corporate units.

LEAN ORGANISATION

Execution of activities at holding level are held only when significant value is derived, coherently with defined EDPR holding role.

REINFORCE COLLEGIATE DECISION MAKING

Ensure proper country-balance dynamics to ensure multiple-perspective challenge across functions.

CLARITY AND TRANSPARENCY

Platforms organisational models should remain similar, to allow for: (1) Easy coordination, vertically (holding-platforms) and horizontally (across platforms); (2) Scalability and replicability to ensure efficient integration of future growth.
EDPR HOLDING

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

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

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

<table>
<thead>
<tr>
<th>STRATEGIC MANAGEMENT</th>
<th>TRANSVERSAL OPERATION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Defines strategy objectives, policies, rules and procedures;</td>
<td>Leading the activities included in the mission and functions of corporate addresses;</td>
</tr>
<tr>
<td>Promote the dissemination of the EDPR culture and best practices</td>
<td>Align the policies and strategies of each Business Unit;</td>
</tr>
<tr>
<td>Review the accomplishment of the Company’s business plan;</td>
<td>Ensure a functional reporting including: policies, plan of action of activities;</td>
</tr>
<tr>
<td>Control key performance indicators.</td>
<td>Linking the regulatory obligations of each Business Unit with efficient and effective management by leveraging corporate knowledge to maximise the interests and results of the Group;</td>
</tr>
<tr>
<td></td>
<td>Capture synergies and optimise support processes.</td>
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EDPR PLATFORMS

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

- **EDPR Europe & Brazil Onshore platform**: there are different business units, one for each of the countries where the company operates, namely Spain, Portugal, France/Belgium, Italy, Poland, Romania and Brazil.
- **EDPR North America Onshore platform**: there are three business units that represent the operational regions in the United States, Mexico and Canada: West, Central (includes Mexico) and East (includes Canada).
- **EDPR’s Offshore platform**: it is dedicated to Wind Offshore projects, namely projects in UK, France, Portugal and United States.
1.3.4 INTEGRITY AND ETHICS

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

GOVERNANCE MODEL FOR ETHICS

Ethics are the cornerstone of EDPR strategy, to the extent that EDPR has a Code of Ethics and an Anti-Corruption Policy that go beyond just defining the Company principles to be adopted, but also how employees and any other service provider working on behalf of EDPR should behave when dealing with the Company stakeholders. The Code of Ethics refers to principles of action that include compliance with legislation, integrity regarding matters such as bribery and corruption, respect for human and labour rights, transparency and corporate social responsibility, including its contribution to sustainable development and its responsibility for the economic, environmental and social impacts of its decisions and activities. In addition, the Code has its own regulation that defines a process and channel, open to all stakeholders, to report any potential claim or doubt on the application of the Code. The Ethics Ombudsperson is behind this communication channel, and is responsible for analysing and presenting to the Ethics Committee any potential ethical problem. The Code is communicated and distributed to all employees and interested parties, and complemented with tailored training sessions.

HOW DO WE APPLY OUR CODE OF ETHICS?

EDPR’s Code of Ethics applies to all Company employees regardless of their position in the organisation and working location, and they all must comply with it. Critical suppliers should also comply with the Code of Ethics, and this is reflected in the procurement policies. The Ethics Ombudsperson plays an essential role in the ethics process. His role is to provide impartiality and objectivity in registering and documenting all complaints of ethical nature submitted to him. He monitors their progress and ensures that the identity of the complainants remains confidential, while entering into contact with them whenever appropriate, until the case is closed.

In 2018 there was one claim submitted through the Ethics Channel. This claim was duly analysed by the Ethics Ombudsperson and the Ethics Committee in accordance with the regulated procedure. After the study and investigation of the case, the Ethics Committee concluded to consider it as not an unethical behaviour within the Ethics Code scope, and consequently not grounded, declaring the closing of the process and the filing of the inspections and the claim.
The Code of Ethics has been widely circulated among employees through internal communications mechanisms, individual shipments, delivery to new employees, and intranet publishing. The Code of Ethics is also attached to the labour agreements of the new hires to their written acknowledgement when they join the Company. Likewise, in the Welcome Day Presentation organised every year for the new hires of EDPR, it is also explained the main contents of these documents, as well as the Ethics Channel existence and functioning. This information is also published on the Intranet and website of the Company.

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

ETHICS PROGRAM

There is a strong commitment by the Company in relation to the dissemination and promotion of compliance with the Code available to all employees through training, questionnaires, and open discussions of the findings. Accordingly, EDP offered an online Ethics training (“Ética EDP”) in 2016 available to all employees of the Company. Afterwards, in order to achieve a total of 100% of participation in the training, its fulfilment is promoted annually among employees who did not complete it in 2016 and also to all new hires. In 2018, a total of 52 employees completed the training, reaching a compliance of 58% as regards EDPR employees.

ANTI-CORRUPTION REGULATION

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

This Anti-Corruption Policy implies a series of procedures regarding the relationships of EDPR employees with external parties, namely the approval of certain actions regarding hospitality to and from external parties, charitable donations, and sponsorships. Company Personnel and Transaction Partners are encouraged to raise concerns about any issue or suspicion of bribery or corruption at the earliest possible stage through the Anticorruption mailbox.

The Anti-Corruption Policy is available at the Company’s website and intranet, and it is also attached to the labour agreements of the new hires to their written acknowledgement when they join the Company. Likewise, in the Welcome Day Presentation, the main contents of these documents and its functioning are also explained. In 2018, EDP launched “The Honesty Project”, an anti-corruption and anti-bribery instructive game aimed at employees who are in charge of other employees. During the year, it was completed by a total of 166 employees of all EDPR’s Business Units. This online training is the first one using the gamification format, and is part of the general scope of the awareness-raising and training initiatives for Ethics and Compliance matters that have been developed.

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