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## 05 CORPORATE GOVERNANCE

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# CORPORATE GOVERNANCE

## PART I – INFORMATION ON SHAREHOLDER STRUCTURE, ORGANISATION AND CORPORATE GOVERNANCE

### A. SHAREHOLDER STRUCTURE

#### I. CAPITAL STRUCTURE

#### I. CAPITAL STRUCTURE

EDP Renováveis, S.A. (hereinafter referred to as “EDP Renováveis”, “EDPR” or the “Company”) total share capital is, since its initial public offering (IPO) in June 2008, EUR 4,361,540,810 consisting of issued and fully paid 872,308,162 shares with nominal value of EUR 5.00 each. All the shares are part of a single class and series and are admitted to trading on the Euronext Lisbon regulated market.

Codes and tickers of EDP Renováveis SA share: ISIN: ES0127797019

LEI: 529900MUFAH07Q1TAX06

Bloomberg Ticker (Euronext Lisbon): EDPR PL

Reuters RIC: EDPR.LS

EDPR main shareholder is EDP – Energias de Portugal, S.A., through EDP – Energias de Portugal, S.A. Sucursal en España (hereinafter referred as “EDP”), with 82.6% of share capital and voting rights. Excluding EDP, EDPR shareholders comprise more than 30,000 institutional and private investors spread across 21 countries with main focus in the United States and United Kingdom.

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

For further information about EDPR shareholder structure please see chapter 1.3 of the Annual Report ("Organisation").

## 2. RESTRICTIONS TO THE TRANSFERABILITY OF SHARES

EDPR's Articles of Association have no restrictions on the transferability of shares.

## 3. OWN SHARES

EDPR does not hold own shares.

## 4. CHANGE OF CONTROL

EDPR has not adopted any measures designed to prevent successful takeover bids.

The Company has taken no defensive measures for cases of a change in control in its shareholder structure. EDPR has not entered into any agreements subject to the condition of a change in control of the Company, other than in accordance with normal practice and which do not harm the transferability of the shares, as:

- in the case of financing of certain wind farm projects, lenders have the right to approve change in control at the borrower if the later ceased to be controlled, directly or indirectly, by EDPR.
- in the case of guarantees provided by EDP Group companies, if EDP directly or indirectly ceases to have the majority of EDPR then EDP is no longer obliged to provide such services or guarantees. The relevant subsidiaries will be obliged to provide for the cancellation or replacement of all outstanding guarantees within approximately sixty (60) days of the change of control event.
- in the cases of intra-group services agreements and according to the Framework Agreement signed between EDP Renováveis S.A. and EDP Energias de Portugal S.A., the contracts will maintain their full force as long as (i) EDP maintains its share capital above 50% or the right to exercise directly or indirectly more than 50% of voting rights on EDPR's share capital, or (ii) even if the share capital of EDP or its voting rights are below 50%, but more than half of the Members of the Board or of EDPR's Executive Committee are elected through an EDP proposal.

## 5. SPECIAL AGREEMENTS REGIME

EDPR does not have a special system for the renewal or withdrawal of counter measures for the restriction on the number of votes capable of being held or exercised by only one shareholder individually or together with other shareholders.

## 6. SHAREHOLDERS AGREEMENTS

The Company is not aware of any shareholders' agreement that may result in restrictions on the transfer of securities or voting rights.

# II. SHAREHOLDINGS AND BONDS HELD

## 7. QUALIFIED HOLDINGS

Qualifying holdings in EDPR are subject to the Spanish Law, which regulates the criteria and thresholds of the shareholder's ownerships. The table below includes the information about the qualifying holdings of EDPR and their voting rights as of December 31<sup>st</sup>, 2019:

SHAREHOLDER	SHARES	%CAPITAL	%VOTING RIGHTS
EDP – Energias de Portugal, S.A. – Sucursal en España	720,191,372	82.6%	82.6%
EDP detains 82.6% of EDPR capital and voting rights, through EDP – Energias de Portugal, S.A. – Sucursal en España.			
<b>TOTAL QUALIFIED HOLDINGS</b>	<b>720,191,372</b>	<b>82.6%</b>	<b>82.6%</b>

As of December 31<sup>st</sup>, 2019, EDPR's shareholder structure consisted in a total qualified shareholding of 82.6%, corresponding to EDP Group.

## 8. SHARES HELD BY THE MEMBERS OF THE MANAGEMENT AND SUPERVISORY BOARDS

The table below reflects the Members of the Board of Directors/Delegated Committees of the Company that, as of December 31<sup>st</sup> of 2019, directly or indirectly own EDPR shares:

BOARD MEMBER	NUMBER OF SHARES	
	DIRECT	INDIRECT
Spyridon Martinis	10,413*	-

\* These shares were bought before the appointment as Director of the Company (being the first acquisition in 2011 and the last one in 2018).

## 9. POWERS OF THE BOARD OF DIRECTORS

The Board of Directors is vested with the broad-ranging powers of administration, management, and governance of the Company, with no other limitations besides the powers expressly assigned to the General Shareholders' Meetings in the Company's Articles of Association (specifically in article 13) or in the applicable law. In this regard, the Board is specifically empowered to:

- Acquire on lucrative or onerous title basis personal and real property, rights, shares and interests that may suit the Company;
- Sell and mortgage or charge personal and real property, rights, shares and interests of the Company and cancel mortgages and other rights *in rem*;
- Negotiate and conclude as many loans and credit operations that it may deem appropriate;
- Enter and formalize all sort of acts and contracts with public entities or private persons;
- Exercise any civil and criminal actions and all further actions to be undertaken by the Company, representing it before governmental officers, authorities, corporations, governing, administrative, administrative-economic, administrative-litigation and judicial courts, labor courts and the labor sections of the Supreme Courts and of the High Courts of the Autonomous Communities, with no limitations whatsoever, including before the European Court of Justice, and in general, before the Government, in all its levels and hierarchies, to intervene or promote, follow or terminate through all procedures and instances, the processes, court sections or proceedings; to accept decisions, to file any kind of appeal, including the cassation one and other extraordinary appeals, to discontinue or confess, to agree an early termination of a proceeding, to submit litigious questions to arbitration judges, and to carry out all sort of notices and requirements and to grant power of attorney to Court Representatives and other representatives with case-related powers and the powers which are usually granted to litigation cases and all the special powers applicable, and to revoke such powers;
- Agree the allotment of interim dividends;
- Call and convene the General Meetings and submit to them the proposals that it deem appropriate;
- Direct the Company and the organize its operations and exploitations by acknowledging the course of the Company businesses and operations, managing the investment of funds, making extraordinary depreciations of bonds in circulation and realizing anything that it is considered appropriate to obtain maximum gains towards the object of the Company;
- Freely appoint and dismiss Directors and all the Company's technical and administrative personnel, defining their office and retribution;
- Agree any changes of the registered office's address within the same borough;
- Incorporate under the law all sorts of legal persons; contribute and assign all sorts of assets and rights, as well as entering merger and cooperation agreements, association, grouping and temporary union agreements between companies or business and joint property agreements, and agreeing their alteration, transformation and termination;
- All further powers expressly granted to the Board in the Articles or in the applicable law. This list is without limitations and has a merely indicative nature.

Likewise, the General Shareholders' Meeting held in April 9<sup>th</sup> 2015, approved the delegation to the Board of Directors of the power to issue in one or more occasions both:

- Fixed income securities or other debt instruments of analogous nature;
- Fixed income securities or other type of securities (warrants included) convertible or exchangeable into EDP Renováveis, S.A. shares, or that recognize at the Board of Directors' discretion the right of subscription or acquisition of shares of EDP Renováveis, S.A. or of other companies, up to a maximum amount of three hundred million Euros (EUR 300,000,000) or its equivalent in other currency.

As part of such delegation, the General Shareholder's Meeting delegated into the Board of Directors the power to increase the share capital up to the necessary amount to execute the related tasks above. Additionally, it was also approved to authorize the Board of Directors for the acquisition of own shares by the Company and/or the affiliate companies. These delegations may be exercised by the Board of Directors within a period of five (5) years since the proposal was approved, and within the limits provided under the law and the By-Laws.

The General Shareholders' Meeting may also delegate to the Board of Directors the power to implement an adopted decision to increase the share capital, indicating the date or dates of its implementation and establishing any other conditions that were not specified by the General Shareholders' Meeting. The Board of Directors may use this delegation wholly or partially, and may also decide not to perform it in accordance with the situation and conditions of the Company, the market, or any particularly relevant events or circumstances that justify such decision - of which the General Shareholders' Meeting must be informed at the end of the time limit or limits for adopting and performing the decision.

Additionally, in compliance with its personal law, some functions of the Board of Directors are non- delegable and, as such, have to be performed at this level, which are the following:

- Election of the Chairperson of the Board of Directors;
- Appointment of Directors by co-option;
- Request to convene or convening of General Shareholders' Meetings and the preparation of the agenda and proposals of resolutions;
- Preparation of the Annual Reports and Management Reports and their presentation to the General Shareholders' Meeting;
- Change of Headquarters;
- Preparation and approval of mergers, spin-off, or transformation projects of the Company;
- Monitoring the effective functioning of the Board of Directors committees and the performance of delegated bodies and appointed directors;
- Definition of the Company's general policies and strategies. In any case, the following transactions individually considered, shall be subject to the prior approval of the Board of Directors, or its ratification in cases of justified urgency:
  - Acquisition or sale of assets, rights or participations with an economic value higher than seventy-five million Euros (EUR 75,000,000) and not included in the budget approved by the Board of Directors;
  - Opening or closing of establishments/branches or relevant parts of establishments /branches, as well as the extension or reduction of its activity;
  - Other business activity or transactions, including expansion investments, with a significant strategic relevance or with an economic value higher than seventy-five million Euros (EUR 75,000,000) and not included in the budget approved by the Board of Directors; or
  - Creation or termination of strategic alliances or partnerships or other forms of long-term cooperation;
- Authorization or waiver of the obligations arising from duty of loyalty;
- Its own organisation and functioning;



- Preparation of any report required by the law to the management body, provided that the operation referred in the report cannot be delegated;
- Appointment and dismissal of Chief Executive Officer, top management directly depending from the Board of Directors or any of its members, and their general contractual conditions including remuneration;
- Decisions concerning director's remuneration within the Articles of Association's frame and, if any, the remuneration policy approved by the General Meeting;
- Policy concerning own shares;
- The faculties that the General Meeting may have delegated on the Board of Directors, except for the cases expressly authorized by the first to sub delegate them

Should be noted that all the members of the Board of Directors, which are listed in topic 17 of this Chapter 5 of the Annual Report (including the non-executive) are necessarily involved in the definition of the strategy and policies of the Company as per the non-delegable basis of these functions under its personal law, and that the corresponding monitorization of the accomplishment of these actions, as detailed in topic 29 this Chapter 5 of the Annual Report, is performed by the Audit, Control and Related Party Transactions Committee and the Nominations and Remunerations Committee, both of which are integrally formed by non-executive and independent directors.

#### **10. SIGNIFICANT BUSINESS RELATIONSHIPS BETWEEN THE HOLDERS OF QUALIFYING HOLDINGS AND THE COMPANY**

Information on any significant business relationships between the holders of qualifying holdings and the Company is described on topic 90 of this Report.

## **B. CORPORATE BOARDS AND COMMITTEES**

### **I. GENERAL SHAREHOLDERS' MEETING**

#### **a) COMPOSITION OF THE BOARD OF THE GENERAL MEETING**

#### **II. BOARD OF THE GENERAL SHAREHOLDERS' MEETING**

The Members of the Board of the General Shareholders' Meeting are its Chairman, the Chairman of the Board of Directors (or his substitute), the other Directors and the Secretary of the Board of Directors. In accordance with article 180 of the Spanish Companies' Law, all the Board Members are obliged to attend the General Meetings.

The Chairman of the General Shareholders' Meeting is José António de Melo Pinto Ribeiro, who was elected on the General Meeting of April 8<sup>th</sup>, 2014, for a three-year (3) term; and re-elected on the General Shareholders' Meeting held on April 6<sup>th</sup>, 2017 for an additional three-year (3) term.

The Chairman of the Board of Directors is António Mexia, who was re-elected as member of the Board for a three-year (3) term by the General Shareholders' Meeting held in June 27<sup>th</sup>, 2018, and for the position of Chairman of the Board of Directors on its meeting subsequently held on the same date.

The Secretary of the Board of Directors is Emilio García-Conde Noriega who is also the Secretary of the General Shareholders' Meeting, and was appointed as Secretary of the Board of Directors on December 4<sup>th</sup> 2007. The Secretary of the Board of Directors' mandate does not have an end of term date according to the Spanish Companies Law since is not a Member of the Board.

The Chairman of the General Shareholders' Meeting of EDPR has at his disposal, the necessary human and logistical resources required for the performance of his duties. Therefore, in addition to the resources provided by the Company's General Secretary, the Company hires a specialized entity to give support to the meeting and to collect, process and count the votes submitted by the shareholders on each General Shareholders' Meeting.

#### **b) EXERCISING THE RIGHT TO VOTE**

#### **12. VOTING RIGHTS RESTRICTIONS**

Each EDPR share entitles its holder to one vote. EDPR's Articles of Association have no restrictions regarding voting rights.

#### **13. VOTING RIGHTS**

EDPR's Articles of Association have no reference to a maximum percentage of voting rights that may be exercised by a single shareholder or by shareholders that are in any relationship. All shareholders, regardless the number of shares owned, may attend to the General Shareholders' Meeting and request the information or explanations that they consider relevant regarding the matters included in the Agenda of the convened meeting, and are entitled as shareholders of the Company, to take part in its deliberations and to participate in its voting process.

The Board of Directors approves a Shareholder's Guide for each General Shareholders' Meeting, detailing among other matters, the procedure and requirements for the submission through mail and electronic communication of voting forms. This Guide is available at the Company's website ([www.edpr.com](http://www.edpr.com)). As informed in the related Notice and in the corresponding Shareholders' Guide, in order to exercise their right to attend, the shareholders must have the ownership of their shares duly registered in the Book Entry Account at least five (5) days prior to the date of the General Shareholders' Meeting.

Any shareholder may be represented at the General Shareholders' Meeting by a third party by means of a revocable Power of Attorney (even if such representative is not a shareholder). The Board of Directors may require shareholders' Power of Attorney to be in the Company's possession at least two (2) days in advance, indicating the name of the representative.

These Powers of Attorney shall be granted specifically for each General Shareholders' Meeting and can be evidenced in writing or by remote means of communication such as mail or post.

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

on the CMVM website. Likewise, as soon as the notice of the meeting is formally published, the following information and documentation related to the General Shareholders' Meeting is made available at the Company's website ([www.edpr.com](http://www.edpr.com)):

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

The Company included the English and Portuguese versions of the information and documents related to the General Shareholders' Meeting on its website ([www.edpr.com](http://www.edpr.com)) after the notice of the meeting, being the Spanish version of the documents the one that prevailed.

Shareholders may vote on the topics included on the Shareholders' Meeting Agenda, in person (including by means of the corresponding representative) at the meeting, by ordinary mail, or by electronic communication (in this latest case, through a telematic vote platform made available at the Company's website), and in any case providing the documentation indicated in the Shareholder's Guide. Pursuant to the terms of article 15 of the Articles of Association, both electronic and mail-in votes must be received by the Company before midnight (24.00 hours) of the day before the scheduled meeting date of first call. Remote votes can be revoked subsequently by the same means used to cast them, always within the deadlines established for that purpose, or by personal attendance to the General Shareholders' Meeting of the shareholder who casted the vote to his/her representative.

#### **14. DECISIONS THAT CAN ONLY BE ADOPTED BY A QUALIFIED QUORUM**

According to EDPR's Articles of Association and as established in the law, both ordinary and extraordinary General Shareholders' Meetings are validly constituted when first called if the shareholders, either present or represented, jointly reach at least twenty-five percent (25%) of the subscribed voting capital. On second call, the General Shareholders' Meeting will be validly constituted regardless of the amount of the capital present or represented.

Notwithstanding the above percentages, to validly approve the issuance of bonds, the increase or reduction of capital, the transformation, global assignment of assets and liabilities, merger or spin-off of the Company, the transfer of the Registered Office abroad, the elimination or limitation of pre-emptive rights of new shares and in general, any necessary amendment to the Articles of Association, in the Ordinary or Extraordinary Shareholders' Meeting, it is required that on first call, the Shareholders, either present or represented, reach at least fifty percent (50%) of the subscribed voting capital and, on second call, at least twenty-five percent (25%) of the subscribed voting capital.

In relation to the quorum required to validly approve these matters, in accordance with the Law and the Articles of Association, when the shareholders attending represent more than fifty percent (50%) of the subscribed voting capital, the above mentioned resolutions will be validly adopted by absolute majority, and in the case the shareholders attending represent between the twenty-five percent (25%) and the fifty percent (50%) - but without reaching it - the favorable vote of the two-thirds (2/3) of the present or represented capital in the General Shareholders' Meeting will be required to approve these resolutions.

EDPR has not established any mechanism that may intend to cause mismatching between the rights to receive dividends or the subscription of new securities and the voting right of each common share, and has not adopted mechanisms that hinder the passing of resolutions by shareholders, including fixing a quorum for resolutions greater than that provided by the law.

## II. MANAGEMENT AND SUPERVISION

### a) COMPOSITION

#### 15. CORPORATE GOVERNANCE MODEL

EDPR is a Spanish Company listed in a regulated stock exchange in Portugal. The corporate organisation of EDPR is subject to its personal law and to the extent possible, to the recommendations contained in the Corporate Governance Code of the Instituto Português de Corporate Governance ("IPCG"), resulted as of the Protocol signed on October 13<sup>th</sup>, 2017 between the Comissão do Mercado de Valores Mobiliários ("CMVM" - Portuguese Securities Market Commission) and the IPCG. This governance code is available at the IPCG website (<https://cam.cgov.pt/>). As such, the Company intends to comply with both legal systems but always taking into account that its personal law is the Spanish one, and that in case of discrepancy, the aim is to adopt the law that entails more protectionism for its shareholders.

The governance structure of EDPR is the one applicable under its personal law, that comprises a General Shareholders' Meeting and a Board of Directors that represents and manages the Company. Additionally, with the purpose of adapting this structure to the Portuguese legislation to the extent possible, parallelly seeks to correspond it to the so-called "Anglo-Saxon" model set forth in the Portuguese Commercial Companies Code, in which the management body is a Board of Directors, and the supervision and control duties are of the responsibility of an Audit and Control Committee.

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

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

The General Secretary constitute the focal point in charge of the centralization of the reception and management of all the information and documents to be provided to the different Governing Bodies. This information is prepared by the different departments of EDPR, with the support when necessary of external experts, and always managed in a strictly confidential basis. Additionally, the corresponding duties and functioning procedures for the Governing Bodies have been defined at the Articles of Association and Board of Directors and Delegated Committees Regulations (which are published at the website of the Company [www.edpr.com](http://www.edpr.com)), with the aim of ensuring the adequacy in terms of time and manner of the elaboration, management and access to the information, in order to proceed at each level with the corresponding acknowledgements and decisions. In line with the above, the General Secretary sends the notices and supporting documents of the topics to be discussed in each meeting of the Board and of each of its Committees to their proper discussion during the meeting. Additionally the minutes of all meetings are drawn and also circulated.

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

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

The experience gained operating the Company through this structure indicates that the governance model approved by EDPR shareholders, and adopted in EDPR, is the most appropriate in line with the corporate organisation of its activity, especially because it affords transparency and a healthy balance between the management and the supervisory functions.

The institutional and functional relationship between the Executive Committee, the Audit, Control and Related Party Transactions Committee and the other Non-Executive members of the Board of Directors has been of internal harmony conducive to the development of the Company's business.

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

## **16. RULES FOR THE NOMINATION AND REPLACEMENT OF DIRECTORS**

According to Article 29.5 of the Company's Articles of Association, the Nominations and Remunerations Committee is empowered by the Board of Directors to propose, advise and inform the Board regarding the appointments (including by co-option), re-elections, removals and remuneration and duties of the Board Members, as well as the composition of the Committees of the Board. This Committee also advises on the appointment, remuneration and dismissal of top management officers.

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

Following the best Corporate Governance practices, EDPR has analyzed and discussed about the possible criteria applicable in the selection of the new members of its Governing Bodies. As a conclusion, the Nominations and Remunerations Committee and the Board of Directors resolved at their meetings held on November 2<sup>nd</sup>, 2016, and December 14<sup>th</sup>, 2016 respectively, to take into account among others the following: the education, experience in the energy sector, integrity and independence, having a proven expertise and the diversity that such candidate may provide to the related body. Based on this, after the previous advice of the Nominations and Remunerations Committee, the Board of Directors would submit a proposal to the General Shareholders' Meeting (including for sake of clarity, the curriculum vitae of the candidates, which will be publicly disclosed with the other supporting documents of the meeting in the terms referred in topic 13 above). The appointment proposals should be approved by majority. For more information about the composition of the Board of Directors please check the Sustainability Chapter of the Annual Report at its topic GRI 405-1, and the Annex I of this Chapter 5 of the Annual Report, which includes the curricular details of its Members.

Additionally, in case of a vacancy, pursuant to the Articles of Association and the Spanish Companies Law, the Board of Directors may co-opt a new Board Member, who will occupy the position until the next General Shareholders' Meeting, to which a proposal will be submitted for the ratification of such appointment by co-option. Pursuant to the Spanish Companies Law, the co-option of Directors must be approved by absolute majority of the Directors at the Board meeting.

Finally, pursuant to Article 23 of the Articles of Association and 243 of the Spanish Companies Law, shareholders may group their shares until constituting an amount of capital equal or higher than the result of dividing the company's capital by the number of Members of the Board, to be entitled to appoint a number of Directors equal to the result of the fraction using only whole amounts. Those shareholders making use of this power, cannot intervene in the nomination of the other members of the Board of Directors.

## **17. COMPOSITION OF THE BOARD OF DIRECTORS**

Pursuant to Article 20 of the Company's Articles of Association, the Board of Directors shall consist of no less than five (5) and no more than seventeen (17) Directors. Considering the size of EDPR and the complexity of the risks intrinsic to its activity, it has been concluded that the most adequate composition for its Board of Directors is a total of fifteen (15) members, being eleven (11) of them non-executive.

The Secretary of the Board of Directors is Emilio García-Conde Noriega. Likewise, according to the proposal submitted by the Nominations and Remunerations Committee, the Board of Directors approved on its meeting held on May 7<sup>th</sup>, 2019 the appointment of María Gonzalez Rodríguez as Vice-Secretary of the Board of Directors of EDPR.

By the end of 2018 and during 2019, Maria Teresa Costa, João Paulo Costeira and Gilles August presented their resignations to the positions as Board Members. In order to fill the vacancies left by these resignations, and in accordance with the proposals submitted by the Nominations and Remunerations Committee, the Board of Directors approved on its meetings held on February 26, 2019 and October 29<sup>th</sup>, 2019 the following resolutions:

- The appointment by cooption of Vera Pinto for the position left by Maria teresa Costa, based on her wide understanding of the electric business developed as of her position in EDP, and also considering the diversity criteria adopted by the Company.
- The appointment by cooption of Spyridon Martinis for the position left by João Paulo Costeira, based on his deep knowledge about the offshore and development businesses, and considering also his material track-record as high level manager developed in EDPR.

- The appointment by cooption of Rui Teixeira for the position left by Gilles August, based on his extensive professional career as executive member of the managing bodies of EDP and EDPR, and the material know-how about renewable energy acquired during his nearly seven (7) years as executive director of EDPR few years ago.

The appointments of Spyridon Martinis and Vera Pinto were duly ratified by the Shareholders' Meeting held on April 11, 2019; and the designation by cooption of Rui Teixeira will be submitted for ratification to the next Shareholders' Meeting to be celebrated in 2020.

As of 31<sup>st</sup> December 2019, the Board of Directors is composed by the following fifteen (15) Directors:

BOARD MEMBER	POSITION	DATE OF FIRST APPOINTMENT	DATE OF RE-ELECTION	END OF TERM
António Mexia	Chairman	18/03/2008	27/06/2018	27/06/2021
João Manso Neto	Vice-Chairman CEO	18/03/2008	27/06/2018	27/06/2021
Duarte Bello	Director	26/09/2017	27/06/2018	27/06/2021
Miguel Ángel Prado	Director	26/09/2017	27/06/2018	27/06/2021
Spyridon Martinis	Director	26/02/2019	-	27/06/2021
Vera Pinto	Director	26/02/2019	-	27/06/2021
Rui Teixeira	Director	29/10/2019	-	Until the next General Shareholders' Meeting
Manuel Menéndez Menéndez	Director	04/06/2008	27/06/2018	27/06/2021
António Nogueira Leite	Director	26/02/2013	27/06/2018	27/06/2021
Acácio Piloto	Director	26/02/2013	27/06/2018	27/06/2021
Allan J. Katz	Director	09/04/2015	27/06/2018	27/06/2021
Francisca Guedes De Oliveira	Director	09/04/2015	27/06/2018	27/06/2021
Francisco Seixas da Costa	Director	14/04/2016	27/06/2018	27/06/2021
Conceição Lucas	Director	27/06/2018	-	27/06/2021
Alejandro Fernandez de Araoz	Director	27/06/2018	-	27/06/2021

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

The independence of the Directors is evaluated according to the Company's personal law, and annually confirmed by each of the corresponding Directors through an independence declaration. Likewise, EDPR Board of Directors Regulations, and Article 20.2 its Articles of Association, defines independent Directors as those who are able to perform their duties without being limited by relations with the Company, its significant Shareholders, or its management officers and comply with the other legal requirements.

Corporate Governance recommendations of the IPCG Code state that the number of non-executive directors should be higher than the number of executive directors, and that at least one third over the total members shall be non-executive members that also comply with the independence criteria. To this extent, and provided that the independence criteria applicable to EDPR Directors are the ones established under its personal law, from a total of fifteen (15) members of EDPR's Board of Directors as of 31<sup>st</sup> 2019, eleven (11) are non-executive, from which six (6) are also independent. Also in line with the recommendations above indicated, the Audit, Control and Related Party Transactions Committee is composed by three (3) members, all of them non- executive and independent. The composition of the Board of Directors and of its Delegated Committees, has been deeply analyzed, finally identifying the exposed structure as the most suitable considering among others, criteria as the size of the company and the complexity of the risks intrinsic to its activity, in a way that ensures the efficiency of the development of duties.

Spanish law, Regulations of the Board of Directors and Company Articles of Association regulate the criteria for the incompatibilities with the position of Director. Specifically, Article 23 of the Articles of Association, establish that the following can not be Directors:

- Those who are directors of or are associated with any competitor of EDPR, or have family relations with them. In this respect a Company shall be considered as a competitor of EDPR, whenever it is engaged, if it is directly or indirectly involved in the production, storage, transport, distribution, marketing or supply of electricity or fuel gas; or also if has interests opposed to those of EDPR, or to the ones of any competitor or any of the companies in its group, and the Board members, employees, lawyers, consultants, or

representatives of any of them. Under no circumstances shall companies belonging to the same group as EDPR, including abroad, be considered competitors;

- Those who are in any other situation of incompatibility or prohibition under the law or EDPR's Articles of Association. Under Spanish law, among others, are not allowed to be Directors those who are underage - under eighteen (18) years - and were not emancipated, disqualified, competitors, convicted of certain offences, or that hold certain management positions.

The prevention and avoidance of the conflict of interest in the performance of the duties of the Directors of EDPR is regulated in line with the terms contained in article 229 of the Spanish Companies Law and implemented in article 28.3 of the Board of Directors Regulations, which is also applicable to the Committees under article 12 of their respective regulations. This article states that in case any direct or indirect conflict of interest arose, it shall be communicated to the Board of Directors, being the Director involved obliged to abstain from intervening in the corresponding operation. Additionally, all the Board Members (and hence those of its delegated Committees, as they are entirely composed by Members of the Board) shall annually sign an statement declaring their compliance with the terms of the requirements under article 229 of the Spanish Companies Law, and their commitment to notify any variation in the information declared under the statement as soon as it may occur, in order to fully comply with the loyalty duty and avoid any interference or irregularity in any decision-making process.

In accordance with the law and pursuant the last amendment of Articles of Association, it has been established that Non- Executive Directors can only be represented in the Board meetings by other Non-Executive Director.

The following table includes the executive, non-executive (including its Chairman, that does not have executive duties) and independent members of the Board of Directors as of 31<sup>st</sup> December, 2019:

BOARD MEMBER	POSITION
António Mexia	Chairman and Non-Executive Director
João Manso Neto	Vice-Chairman and Executive Director
Duarte Bello	Executive Director
Miguel Ángel Prado	Executive Director
Spyridon Martinis	Executive Director
Vera Pinto	Non- Executive Director
Rui Teixeira	Non- Executive Director
Manuel Menéndez Menéndez	Non-Executive Director
António Nogueira Leite	Non-Executive and independent Director
Acácio Piloto	Non-Executive and independent Director
Allan J. Katz	Non-Executive and independent Director
Francisca Guedes De Oliveira	Non-Executive and independent Director
Francisco Seixas da Costa	Non-Executive and independent Director
Conceição Lucas	Non- Executive and independent Director
Alejandro Fernandez de Araoz	Non-Executive Director

Following the best corporate governance recommendations, considering that the Chairperson of the Board of Directors of EDPR, Antonio Mexia, is a non-independent Director, the Nominations and Remunerations Committee approved on its meeting held on February 18<sup>th</sup>, 2019 to propose to the independent Members of Board the appointment Antonio Nogueira Leite as Lead Independent Director whose functions would namely be: i) act, when necessary, as an interlocutor between the Chairperson of the Board of Directors and the other Directors, (ii) ensure the necessary conditions and means so the Directors may carry out their functions; and (iii) coordinate the independent Directors in the assessment of the performance of the managing body. This proposal was unanimously approved by all the independent Directors (with the abstention of the candidate proposed) on the Board meeting held February 26<sup>th</sup>, 2019.

## 19. PROFESSIONAL QUALIFICATIONS AND BIOGRAPHIES OF THE MEMBERS OF THE BOARD OF DIRECTORS

The main positions held by the members of the Board of Directors in the last five (5) years, those that they currently hold, positions in Group and non-Group companies and other relevant curricular information details are available in the Annex I of this Chapter 5 of the Annual Report.

## 20. FAMILY, PROFESSIONAL AND BUSINESS RELATIONSHIPS OF THE MEMBERS OF THE BOARD OF DIRECTORS WITH QUALIFYING SHAREHOLDERS

Qualifying Shareholders in EDPR are subject to the Spanish Law, which regulates the criteria and thresholds of the shareholders' holdings. As of December 31<sup>st</sup> 2019, and as far as the Company was informed, there are no family or business relationships of Members of the Board of Directors with qualifying shareholders but only professional relationships due to the fact that some of the Members of EDPR's Board of Directors are currently Members of the Board of Directors in other companies belonging to the same group as EDP Energias de Portugal S.A., which are the following:

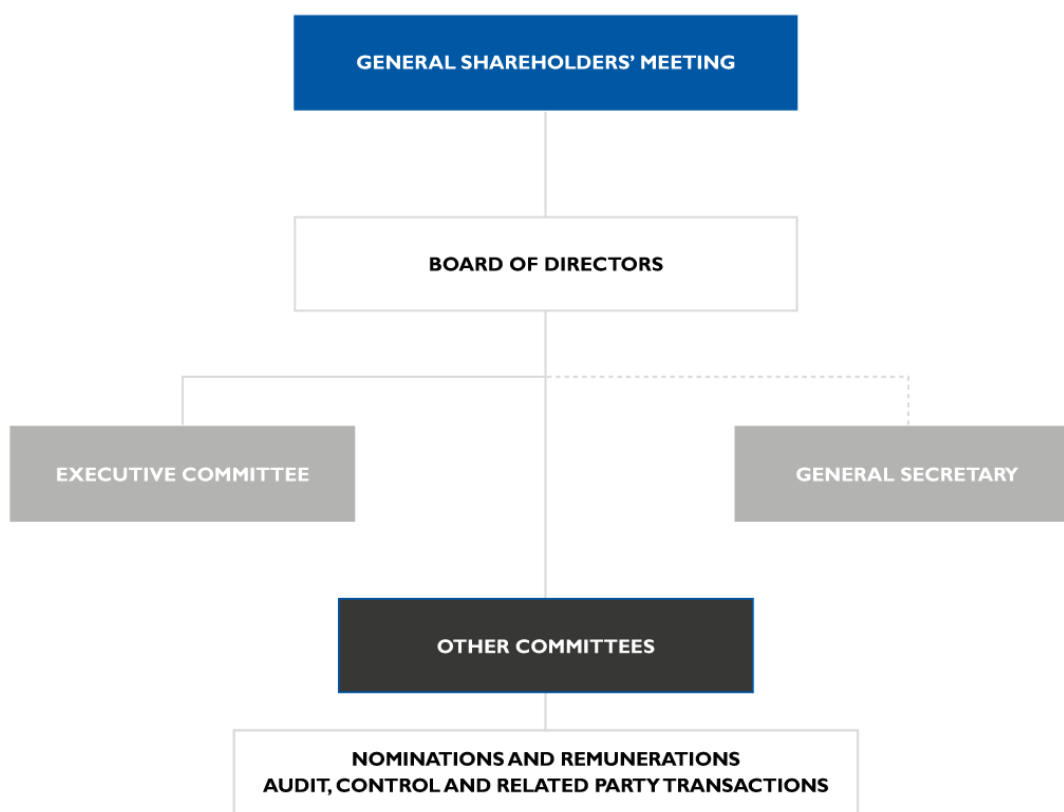
- António Mexia;
- João Manso Neto;
- Manuel Menéndez Menéndez;
- Vera Pinto;
- Rui Teixeira.

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

- Duarte Bello;
- Miguel Ángel Prado;
- Spyridon Martinis.

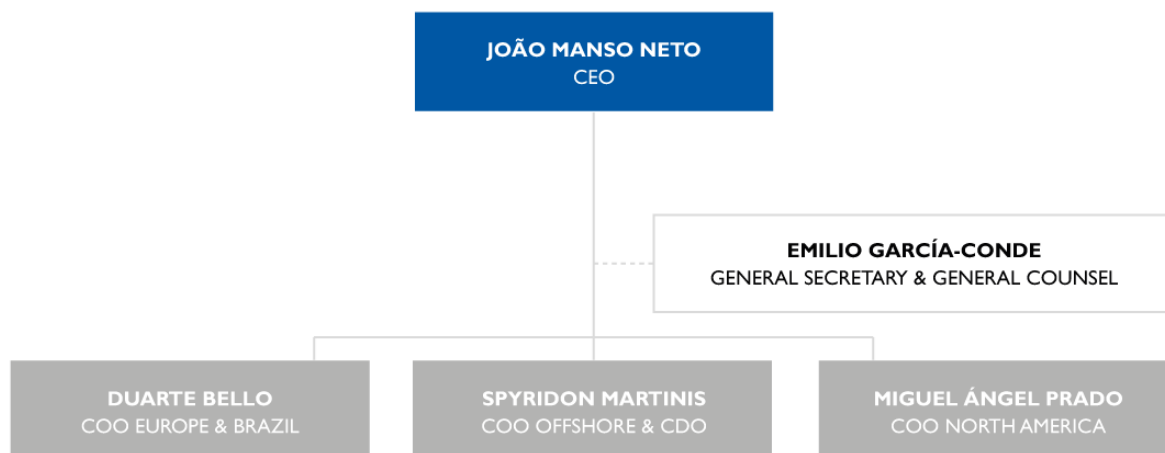
## 21. MANAGEMENT STRUCTURE

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





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



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

## b) FUNCTIONING

### 22. BOARD OF DIRECTORS REGULATIONS

EDPR's Board of Directors Regulations are available at Company's website ([www.edpr.com](http://www.edpr.com)), and at Company's headquarters at Plaza del Fresno, 2, Oviedo, Spain.

### 23. NUMBER OF MEETINGS HELD BY THE BOARD OF DIRECTORS

According to the Law and its Articles of Association, EDPR's Board of Directors meetings take place at least once every quarter. During the year ended on December 31<sup>st</sup>, 2019, the Board of Directors held six (6) meetings. The notices and supporting documents of the topics to be discussed in each meeting are sent to the Board members in advance to their proper discussion during the meeting. Additionally the minutes of all meetings are drawn and also circulated. The table below expresses the attendance percentage of the participation of the Directors to the meetings held during 2019:

BOARD MEMBER	POSITION	ATTENDANCE*
António Mexia	Chairman and Non-Executive Director	33.33%
João Manso Neto	Vice-Chairman and Executive Director	100%
Duarte Bello	Executive Director	100%
Miguel Ángel Prado	Executive Director	100%
Spyridon Martinis	Executive Director	100%
Vera Pinto	Non- Executive Director	100%
Rui Teixeira	Non- Executive Director	100%
Manuel Menéndez Menéndez	Non-Executive Director	100%
António Nogueira Leite	Non-Executive Director	83.33%
Acacio Piloto	Non-Executive Director	100%
Gilles August	Non-Executive Director	83.33%
Allan J. Katz	Non-Executive Director	66.66%
Francisca Guedes De Oliveira	Non-Executive Director	100%
Francisco Seixas da Costa	Non-Executive Director	66.66%
Conceição Lucas	Non- Executive Director	100%
Alejandro Fernandez de Araoz	Non-Executive Director	100%

\* The percentage reflects the meetings attended by the Members of the Board, provided that Spyridon Martinis and Vera Pinto joined the Board in February 26<sup>th</sup>, 2019, and Rui Teixeira in October 29<sup>th</sup>, 2019, and therefore, the respective percentages expressed have been calculated over the meetings celebrated since then. With regards of the percentage assistance reflected for Gilles August, should be taken into account that he presented his resignation with effects October 17<sup>th</sup>, 2019, and thus the percentage shown in the table reflects the attendance calculated over the meetings celebrated until such date.

### 24. COMPETENT BODY FOR THE PERFORMANCE APPRAISAL OF EXECUTIVE DIRECTORS

The key performance indicators for the appraisal of the Executive Directors are set in advance by the approval of the General Shareholder's Meeting.

Once the corresponding fiscal year is completed, the Nominations and Remunerations Committee performs the first assessment about the compliance with such key performance indicators, and submits its recommendation to the Board of Directors, which evaluates the proposal of this Committee and makes the final decision. Should be noted that according to the personal law of EDPR, the definitive assessment of this performance is a non-delegable competence of the Board of Directors.

### 25. PERFORMANCE EVALUATION CRITERIA

The criteria for assessing the Executive Directors' performance are described on topics 70, 71 and 72 of this Chapter 5 of the Annual Report.

## **26. AVAILABILITY OF THE MEMBERS OF THE BOARD OF DIRECTORS**

The members of Board of Directors of EDPR are fully available for the performance of their duties having no constraints for the execution of this function simultaneously with other positions. Additionally, Executive Directors of EDPR, do not perform any other executive duties outside the Group. The positions held at the same time in other companies within and outside the Group, and other relevant activities undertaken by members of the Board of Directors throughout the financial year are listed in the Annex I of this Chapter 5 of the Annual Report.

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

## **27. BOARD OF DIRECTORS' COMMITTEES**

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

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

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

## **28. EXECUTIVE COMMITTEE COMPOSITION**

Pursuant to Article 27 of the Company's Articles of Association, the Executive Committee shall consist of no less than four (4) and no more than seven (7) Directors.

Its constitution, the nomination of its members and the extension of the powers delegated must be approved by two- thirds (2/3) of the members of the Board of Directors.

As of December 31<sup>st</sup>, 2019, EDPR Executive Committee is composed by the following members, who are also Joint Directors:

- João Manso Neto, who is the Chairman and CEO
- Duarte Bello
- Miguel Ángel Prado
- Spyridon Martinis

Additionally, Emilio García-Conde Noriega is the Secretary of the Executive Committee.

## 29. COMMITTEES COMPETENCES

### EXECUTIVE COMMITTEE COMPOSITION

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

#### Competences

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

#### Functioning

In addition to the Articles of Association, this Committee is also governed by its regulations approved on June 4<sup>th</sup> 2008 and last amended on November 2<sup>nd</sup>, 2016. The Committee regulations are available at the Company's website ([www.edpr.com](http://www.edpr.com)).

The Executive Committee shall meet at least once a month and whenever is deemed appropriate by its Chairperson, who may also suspend or postpone meetings when he sees fit. The Executive Committee shall also meet when requested by at least two (2) of its members.

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

Meetings of the Executive Committee are valid if half of its members plus one are present or represented. Decisions shall be adopted by majority. In the event of a tie, the Chairman shall have the casting vote.

Executive Directors shall provide any clarifications needed by the other Directors or corporate bodies whenever requested to do so.

#### 2019 activity

The Executive Committee's main activity is the daily management of the Company, and in the execution of such duties, during 2019 held a total of fifty (50) meetings.

## AUDIT, CONTROL AND RELATED PARTY TRANSACTIONS COMMITTEE

### Composition

Pursuant to Article 28 of the Company's Articles of Association and Article 9 of its Regulations, the Audit, Control and Related Party Transactions Committee consists of no less than three (3) and no more than five (5) members.

According to Article 28.5 of the Articles of Association the term of office of the Chairman of the Audit, Control and Related Party Transactions Committee is a maximum of six (6) years. Following the proposal submitted by the Nominations and Remuneration Committee, its Chairman, Acacio Piloto, was first elected for this position on June 27<sup>th</sup>, 2018.

The Audit, Control and Related Party Transactions Committee consists of three (3) non-executive and independent members, plus the Secretary who as of December 31<sup>st</sup> 2019, are the following:

- Acacio Piloto, who is the Chairman
- Antonio Nogueira Leite
- Francisca Guedes de Oliveira

Additionally, Mr. Emilio García-Conde Noriega is the Secretary of the Audit, Control and Related Party Transactions Committee.

The Committee members shall maintain their positions for as long as they are Company Directors. Nevertheless, the Board may decide to discharge members of the Committee at any time, also the members may resign of these positions but still maintaining their seat as Members of the Board of Directors.

### Competences

Notwithstanding the other duties that the Board may assign to this Committee, it shall perform supervisory functions of Audit and Control independently from the Board of Directors, as well as, supervisory functions of the transactions between Related Parties, as follows:

#### A) Audit and Control functions:

- Reporting through the Chairperson on questions falling under its jurisdiction to the General Shareholders' Meetings;
- Proposing the appointment of the Company's auditors to the Board of Directors for subsequent approval by the General Shareholders' Meeting, as well as the contractual conditions, scope of the work – specially concerning audit services, "audit related" and "non-audit" – annual activity evaluation and revocation or renovation of the auditor appointments;
- Supervising the finance reporting and the functioning of the internal risk management and control systems, as well as evaluating those systems and proposing the adequate adjustments according to the Company necessities (including without limitation, the monitorization of the development of the strategic lines and risk policies defined);
- Supervising internal audits and compliance;
- Establishing a permanent contact with the external auditors to assure the conditions, including independence, that may be adequate for provision of services performed by them acting as the Company speaker for the subjects related to the auditing process, and receiving and maintaining information on any other questions regarding accounting subjects;
- Preparing an annual report on its activities, including eventual constraints, and expressing an opinion on the Management Report, the accounts and the proposals presented by the Board of Directors;

- Receiving notices of financial and accounting irregularities presented by the Company's employees, shareholders, or entities that have a direct interest and judicially protected, related with the Company's social activity;
- Engaging the services of experts to collaborate with Committee members in the performance of their functions (when engaging the services of such experts and determining their remuneration, it must be taken into account the importance of the matters entrusted to them and the economic situation of the Company);
- Drafting reports at the request of the Board and its Committees;

#### B) Related Party Transactions functions:

- Periodically reporting to the Board of Directors on the commercial and legal relations between EDP or related entities and EDP Renováveis or related entities;
- In connection with the approval of the Company's annual results, reporting on the commercial and legal relations between the EDP Group and the EDP Renováveis Group, and the transactions between related entities during the fiscal year in question;
- Ratifying transactions between EDP and/or related entities with EDP Renováveis and/or related entities by the stipulated deadline in each case, provided that the value of the transaction exceeds €5.000,000 or represents 0.3% of the consolidated annual income of the EDP Renováveis Group for the fiscal year before;
- Ratifying any modification of the Framework Agreement signed by EDP and EDP Renováveis on 7 May 2008;
- Making recommendations to the Board of Directors of the Company or its Executive Committee regarding the transactions between EDP Renováveis and related entities with EDP and related entities;
- Asking EDP for access to the information needed to perform its duties;
- Ratifying, in the correspondent term according to the necessities of each specific case, the transactions between Qualifying Holdings other than EDP with entities from the EDP Renováveis Group whose annual value is superior to 1.000.000€;
- Ratifying, in the correspondent terms according to the necessities of each specific case, the transactions between Board Members, "Key Employess" and/or Family Members with entities from EDP Renováveis Group whose annual value is superior to 75.000€.

#### Functioning

In addition to the Articles of Association and the law, this Committee is governed by its regulations approved on June 27<sup>th</sup> 2018, which are available at the Company's website ([www.edpr.com](http://www.edpr.com)).

The committee shall meet at least once a quarter and additionally whenever its Chairperson sees fit. The notices and supporting documents of the topics to be discussed in each meeting of this Committee are sent to its members in advance to their proper discussion during the meeting. Additionally, this Committee shall draft minutes of every meeting held and inform the Board of Directors of its decisions at the first Board held after each Committee meeting.

Decisions shall be adopted by majority and the Chairperson shall have the casting vote in the event of a tie.

## 2019 activity

In 2019 the Audit, Control and Related Party Transactions Committee's activities included the following:

### A) Audit and Control Activities:

- Monitor the closure of quarterly accounts, first half-year and year-end accounts;
- Information about the independence of the External Auditor;
- Assessment of the external auditor's work, especially concerning the scope of work in 2019, approval of all "audit related" and "non-audit" services and analysis of external auditor's remuneration;
- Supervision of the quality and integrity in the preparation and disclosure of the financial information in accordance with the applicable accounting policies, estimates and judgments;
- Drafting of an opinion about the individual and consolidated reports (including the Corporate Governance report) and accounts, in a quarterly, half year and yearly basis;
- Monitoring of the 2019 Internal Audit Action Plan and pre-approval of draft prepared for the 2020 Internal Audit Action Plan;
- Monitoring of the recommendations issued by Internal Audit;
- Follow-up and supervision of the quality, integrity and efficiency of the treasury management (finance and debt), the internal control system, risk management and internal auditing;
- Evaluating the strategies and risk policies adopted, and elaborating a report including its assessment about the risk management during 2019;
- Information about Whistle-Blowing;
- Information about the contingencies affecting to the Group;
- Information about the proposal of application of results for the fiscal year ended on December 31<sup>st</sup> 2018 and the distribution of dividends;
- Quarterly and annual report of its activities during 2019 and self-assessment about its performance.

### B) Related Party Transactions Activities:

In 2019, the Audit, Control and Related Party Transactions Committee revised, approved and proposed to the Board of Directors the approval of all agreements and contracts between related parties submitted to its consideration.

Section E – I, topic 90 of Chapter 5 this Annual Report includes a description of the fundamental aspects of the agreements and contracts between related parties.

The Audit, Control and Related Party Transactions Committee found no constraints during its control and supervision activities.

The information regarding the meetings celebrated by this Committee and the attendance of its related members during the year 2019 is described at topic 35.

## NOMINATIONS AND REMUNERATIONS COMMITTEE

### Composition

Pursuant to Article 29 of the Company's Articles of Association and Article 9 the Nominations and Remunerations Committee Regulations, this Committee shall consist of no less than three (3) and no more than six (6) members. At least one of its members must be independent and shall be its Chairman.

In accordance with Recommendation 52 of the Spanish Unified Code of Good Governance ("Código Unificado de Buen Gobierno") approved by the Board of CNMV on February 18<sup>th</sup> 2015, the Nominations and Remunerations Committee must be entirely constituted by Non-Executive Directors and being the majority of them independent. In compliance with this Recommendation, and to the extent possible, also with the recommendation V.2.1. of the Corporate Governance Code of IPCG (as considering that in Spain this committee shall be entirely comprised by members of its Board of Directors), EDPR's Nominations and Remunerations Committee is entirely constituted by non- executive and independent members of its Board of Directors.

As of December 31<sup>st</sup> 2019, the Nominations and Remunerations Committee consists of three (3) independent members, who are the following:

- Antonio Nogueira Leite, who is the Chairman
- Francisco Seixas da Costa
- Conceição Lucas

Additionally, Emilio García-Conde Noriega is the Secretary of the Nominations and Remunerations Committee.

None of the Committee members are spouses or up to third degree relatives in direct line of the other members of the Board of Directors.

The Committee members shall maintain their positions for as long as they are Company Directors. Nonetheless, the Board may decide to discharge members of the Committee at any time and the members may resign said positions while remaining Company Directors.

### Competences

The Nominations and Remunerations Committee is a permanent body belonging to the Board of Directors with an informative and consultative nature and its recommendations and reports are not binding.

The Nominations and Remunerations Committee has no executive functions. The main functions of the Nominations and Remunerations Committee are to assist and report to the Board of Directors about appointments (including by co-option), re-elections, removals and remuneration of the Board Members and its Officers, the composition of the Board delegated Committees, as well as the appointment, remuneration, and removal of executive staff.

The Nominations and Remunerations Committee shall also inform the Board of Directors on general remuneration and incentive policy and incentives for Board members and executive staff. These functions include the following:

- Defining the standards and principles governing the composition of the Board of Directors and the selection and appointment of its members;
- Proposing the appointment and re-election of Directors in cases of appointment (including nominations by co-option) for the submission to the General Shareholders' Meeting by the Board of Directors;
- Proposing to the Board of Directors the candidates for the different Committees;
- Proposing to the Board, within the limits established in the Articles of Association, the remuneration system, distribution method, and amounts payable to the Directors;



- Making proposals to the Board of Directors on the conditions of the contracts signed with Directors;
- Informing and making proposals to the Board of Directors regarding the appointment and/or removal of executives and the conditions of their contracts and generally defining the hiring and remuneration policies of executive staff;
- Reviewing and reporting on incentive plans, pension plans, and compensation packages;
- Any other functions assigned in the Articles of Association or by the Board of Directors I.

In accordance with the personal law of EDPR, all the Board Members shall attend to the General Shareholder's Meeting, and as exposed in topic 15 of this Chapter 5 of the Annual Report, all the Delegated Committees are composed Directors. As such, the Chairperson of the Nominations and Remunerations Committee shall attend the Shareholder's Meetings, and in case its agenda includes any topic related to remuneration of the company's governing bodies, this Director will be most adequate to answer. During 2019 only one Shareholders' Meeting was held on April 11, and the Chairperson of the Remuneration Committee, Antonio Nogueira Leite, attended.

### Functioning

In addition to the Articles of Association, the Nominations and Remunerations Committee is governed by its Regulations approved on June 4<sup>th</sup> 2008.

This committee shall meet at least once every quarter and also whenever its Chairman sees fit. The notices and supporting documents of the topics to be discussed in each meeting of this Committee are sent to its members in advance to their proper discussion during the meeting. Additionally, this Committee shall draft minutes of every meeting held and inform the Board of Directors of its decisions at the first Board held after each Committee meeting. Decisions shall be adopted by majority and the Chairperson shall have the deciding vote in the event of a tie.

### 2019 activity

In 2019 the Nominations and Remunerations Committee held four (4) meetings, and the main activities performed were:

- In view of the vacancies left by João Paulo Costeira and Maria Teresa Costa Campi after the resignations to their positions as members of the Board, analyzing the profile, background and expertise of the potential candidates perform these roles;
- Proposing to the Board of Directors the appointment by cooption of Spyridon Martinis and Vera Pinto as new members of the Board of Directors;
- Proposing to the Board of Directors the appointment and remuneration conditions of Spyridon Martinis as new member of the Executive Committee;
- Performance evaluation of the Board of Directors and its Executive Committee;
- Drafting of the Declaration of the Board of Directors Remuneration Policy for 2019 as well as the proposal to approve a Complementary Long Term Program for the COO NA, the COO Europe&Brasil and the COO Offshore&CDO to be proposed to the Board of Directors;
- Development of an analysis regarding the independence of the members of the Board of Directors;
- Proposing to the independent Members of Board the appointment Antonio Nogueira Leite as a Lead Independent Director, as well as the functions to be performed under this position;
- Drafting the report of its activities performed during the year 2018;
- Analysis and issuance of a reflection on the Corporate Governance system adopted by EDPR;

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I On its meeting held on December 14<sup>th</sup>, 2016, the Board of Directors approved to delegate the functions related to the reflection on the Corporate Governance structure and on its efficiency, in the Nominations and Remunerations Committee.

- Proposing to the Board of Directors the appointment of María Gonzalez Rodríguez as Vice-Secretary of the Board of Directors of the Company;
- In view of the vacancy left by Gilles August after his resignation to the position as member of the Board, analyzing the profile, background and expertise of potential candidates to assume this role, and proposing to the Board of Directors the appointment by co-option of Rui Teixeira as new member of the Board of Directors;
- In view of the new appointments, proposing to the Board of Directors to jointly analyze with the Audit, Control and Related Party Transactions Committee, the potential amendments of the Executive Management Services Agreement signed with EDP.

### III. SUPERVISION

#### a) COMPOSITION

#### 30. SUPERVISORY BOARD MODEL ADOPTED

EDPR's governance model, as long as it is compatible with its personal law (Spanish law), corresponds to the so -called "Anglo-Saxon" model set forth in the Portuguese Commercial Companies Code, in which the management body is a Board of Directors, and the supervision and control duties are of the responsibility of an Audit, Control and Related Party Transactions Committee.

#### 31. COMPOSITION OF THE AUDIT, CONTROL AND RELATED PARTY TRANSACTIONS COMMITTEE

The Audit, Control and Related Party Transactions Committee is comprised only by non-executive and independent members who as of December 31<sup>st</sup>, 2019, are the following:

BOARD MEMBER	POSITION	DATE OF FIRST APPOINTMENT
Acacio Piloto	Chairman	27/06/2018
Antonio Nogueira Leite	Vocal	6/11/2018
Francisca Guedes de Oliveira	Vocal	27/06/2018

#### 32. INDEPENDENCE OF THE MEMBERS OF THE AUDIT, CONTROL AND RELATED PARTY TRANSACTIONS COMMITTEE

Information concerning the independence of the members of the Audit, Control and Transactions Party Committee is available on the chart of topic 18 of this Chapter 5 of the Annual Report. As mentioned on the first paragraph of topic 18, the independence of the members of the Board and of its Committees is evaluated according to the Company's personal law, the Spanish law.

#### 33. PROFESSIONAL QUALIFICATIONS AND BIOGRAPHIES OF THE MEMBERS OF THE AUDIT, CONTROL AND RELATED PARTY TRANSACTIONS COMMITTEE

Professional qualifications of each member of the Audit, Control and Related Party Transactions Committee and other important curricular information, are available in the Annex I of this Chapter 5 of the Annual Report.

#### b) FUNCTIONING

#### 34. AUDIT, CONTROL AND RELATED PARTY TRANSACTIONS COMMITTEE REGULATIONS

The Audit, Control and Related Party Transactions Committee regulations are available at the Company's website ([www.edpr.com](http://www.edpr.com)) and at the Company's Headquarters at Plaza del Fresno, 2, Oviedo, Spain.

#### 35. NUMBER OF MEETINGS HELD BY THE AUDIT, CONTROL AND RELATED PARTY TRANSACTIONS COMMITTEE

The Audit, Control and Related Party Transactions Committee regularly meets representatives of the internal specialized departments involved in the areas under Committee's competences in order to discuss the information periodically reported about, among others, work plans and resources of the internal auditing service (including Compliance), Company accounts, detection of potential irregularities (whistleblowing), global risk management and audit and non-audit services provided by the External Auditor (including the appraisal about its independence). This relationship provides a wider information to the Committee that would be taken into account for the development of its functions and in particular, for the assessments issued under the elaboration of the Internal Control Report, the SCIRF Report and the Risk Management Report, that this Committee delivers for every fiscal year.

During 2019, the Audit, Control and Related Party transactions Committee held a total of nine (9) meetings, of which, Internal Audit participated in eight (8), SCIRF in four (4) and Global Risk in five (5). Likewise, the Committee invited the External Auditors to four (4) of these meetings.

The following tables reflect the attendance of the members of the Audit, Control and Related Party Transactions Committee to its meetings held during 2019:

BOARD MEMBER	POSITION	ATTENDANCE
Acacio Piloto	Chairman	100%
Francisca Guedes de Oliveira	Vocal	88.88%
Antonio Nogueira Leite	Vocal	88.88%

### 36. AVAILABILITY OF THE MEMBERS OF THE AUDIT, CONTROL AND RELATED PARTY TRANSACTIONS COMMITTEE

The members of the Audit, Control and Related Party Transactions Committee are fully available for the performance of their duties having no constraints for the execution of this function simultaneously with positions in other companies. The positions held simultaneously in other companies inside and outside the Group and other relevant activities undertaken by members of this Committee throughout the financial year are listed in Annex I of this Chapter 5 of the Annual Report.

#### c) POWERS AND DUTIES

### 37. PROCEDURES FOR HIRING ADDITIONAL SERVICES TO THE EXTERNAL AUDITOR

In accordance to the Recommendation VII.2 of the IPCG Corporate Governance Code, in EDPR there is a policy of pre- approval by the Audit, Control and Related Party Transactions Committee of the the provision of non-audit services to be provided by the External Auditor and any related entity. This policy was strictly followed during 2019.

The non–audit services provided by the External Auditor and entities in a holding relationship with or incorporated in the same network as the External Auditor were previously approved by the Audit, Control and Related Party Transactions Committee according to Article 8.A), b) of its Regulations and upon review of each specific service, which considered the following aspects: (i) such services having no effect on the independence of the External Auditor and any safeguards used; and (ii) the position of the External Auditor in the provision of such services, notably the External Auditor's experience and knowledge of the Company.

Furthermore, although hiring services other than auditing services to the External Auditor is admissible, it is envisaged as an exception. In 2019 such services reached only around 7.8% of the total amount of services provided to the Company.

### 38. OTHER DUTIES OF THE AUDIT, CONTROL RELATED PARTY TRANSACTIONS COMMITTEE

Apart from the competences expressly delegated on the Audit, Control and Related Party Transactions Committee according to Article 8 of its Regulations, and in order to safeguard the independence of the External Auditor, the following competences of this Committee were exercised during the 2019 financial year and should be highlighted:

- Pre-approval of any services to be hired from the External Auditor and perform its direct and exclusive supervision;
- Assessment of the qualifications, independence, and performance of the External Auditors, and obtaining, yearly and directly from the External Auditors, written information on all relations existing between the Company and the Auditors or associated persons, including all services rendered and all services in progress. In order to evaluate independence, the Audit Committee, obtained the information regarding External Auditors' independence in light of the Spanish Law no. 22/2015 of July 20<sup>th</sup>, 2015 ("Ley de Auditoría de Cuentas");
- Review of the transparency report, signed by the Auditor and disclosed at its website. This report covers the matters provided for under Law no. 22/2015 of July 20<sup>th</sup>, 2015 ("Ley de Auditoría de Cuentas"); including those regarding the quality control internal system of the audit firm and the quality control procedures carried out by the competent authorities;
- Review with the External Auditors their scope, planning, and resources to be used in their provision of services;

## IV-V. STATUTORY AND EXTERNAL AUDITORS

### 39-41.

According to the Spanish law, the External Auditor (“Auditor de Cuentas”) is appointed by the General Shareholders’ Meeting and corresponds to the statutory auditor body (“Revisor Oficial de Contas”) described on the Portuguese Law.

The information about the External Auditor is available in topics 42 to 47 of Section V of this Chapter 5 of the Annual Report.

### 42. EXTERNAL AUDITOR IDENTIFICATION

The main criteria considered in the selection of the most suitable and competitive firm to be appointed as External Auditor are the following:

- Recognized technical and professional track record as External Auditor;
- Consolidated *Know-How* about the business developed by the whole Group;
- Tailored and highly prepared working team;
- Competitive contractual conditions and working methodology (including but without limitation, the total estimation of hours required for the development of the services- both as a total for the complete provision of services, and per each professional category of the proposed team);
- Competitive Fee proposal, including the final cap and a breakdown referring the price average per hour, and the remuneration per hour for each professional category of the proposed team.

As a result of a competitive process launched in 2017, during which the above criteria were exhaustively analyzed, PricewaterhouseCoopers Auditores, S.L., was appointed as EDPR SA External Auditor by the Shareholder’s Meeting held on April 3<sup>rd</sup>, 2018. PricewaterhouseCoopers Auditores, S.L., is a Spanish Company registered at the Spanish Official Register of Auditors under number S0242 with Tax Identification Number B-79031290 and whose audit partner in charge of EDPR is Iñaki Goiriena.

### 43. NUMBER OF YEARS OF THE EXTERNAL AUDITOR

PricewaterhouseCoopers Auditores, S.L. is in charge of the audit of EDPR SA accounts for the years 2018, 2019 and 2020, being 2018 the first year performing these duties.

### 44. ROTATION POLICY

According to the personal Law of EDPR -the Spanish Law- the maximum term for an audit firm as the External Auditor of a company is established in a 10-year term from the date the company is declared as a “Public Interest Entity”. In the case of EDPR, this date is when the IPO was launched in 2008.

Following the proposal of the Audit, Control and Related Party Transactions Committee presented to the Board of Directors to its submission to the General Shareholders’ Meeting, on its meeting held on 3<sup>rd</sup> April 2018, it was approved to appoint PricewaterhouseCoopers Auditores, S.L as EDPR’s External Auditor for the years 2018, 2019 and 2020.

### 45. EXTERNAL AUDITOR EVALUATION

The Audit, Control and Related Party Transactions Committee is responsible for the monitorization and annual evaluation of the services provided by the External Auditor according to the competences granted by its Regulations. In order to perform this assessment, this Committee periodically includes in the agenda of its meetings a topic regarding the review of the services provided by the External Auditor (both audit and *non-audit*) and the fees already incurred and those estimated until year end. Likewise, and as exposed in topic 35 of this Chapter 5 of the Annual Report, the External Auditor attends and participates in some of the meetings held by this Committee, mainly in order to analyze the results of their audit reports. As such, the Audit, Control and related Party Transactions Committee acts as the company speaker with the External Auditor, with whom establishes a permanent contact throughout the year to assure the proper conditions for the provision of both the statutory audit services and non-audit services, and being also the body in charge of monitoring its independence along the year. Likewise, the External Auditor shall sign an annual statement declaring its independence.

During 2019, according to the Audit, Control and Related Party Transactions Committee’s competences and in line with Recommendation VII.2.2, the Committee was the first and direct recipient and the corporate body in charge of the permanent contact with the External Auditor on matters that may pose a risk to their independence as well as any other matters related to the auditing

of accounts. Additionally, in compliance with the auditing standards in effect, it also receives and maintains the record of information about other matters as provided in the applicable auditing and accounting legislation. The External Auditor, within the scope of its duties, verified the implementation of the remuneration policies and systems of the corporate bodies as well as the efficiency and effectiveness of the internal control mechanisms and report any shortcomings to the Audit, Control and Related Party Transactions Committee of the Company.

#### 46. NON-AUDIT SERVICES CARRIED OUT BY THE EXTERNAL AUDITOR

On 3 March 2016, it was approved the regulation on the provision of services by the Statutory Auditor or Statutory Audit Firm, which defines and promotes criteria and methodologies to safeguard the independence of the audit and non-audit services (SDA). In accordance with such regulation, the Audit, Control and Related Party Transactions Committee closely follows the requests of non-audit services, each of which necessarily require the preapproval of this Committee before its provision as per exposed in topic 29 of this Chapter 5 of the Annual Report and Article 8.A),b) of its Regulations.

The identification of such non-audit services that will eventually be provided by the External Auditors, in particular, tax consultancy services and services other than “audit and audit related” services, is performed under the rules issued by the European Union on this matter, in particular under Regulation 537/2014 and the Spanish Auditing Law n° 22/2015, of 20<sup>th</sup> July, as well as when applicable, in line with the particularities of the local regulations where the service is to be provided.

During 2019 the non-audit services provided by PricewaterhouseCoopers Auditores, S.L the External Auditor for EDP Renováveis S.A. consisted mostly on i) limited review as of June 30, 2019 of the EDPR Consolidated Financial Statements; ii) review of the internal control system on financial reporting for the EDPR Group; and iii) review of the non-financial information related to sustainability included in the EDPR Group's annual report. Other non-audit services provided by the External Auditor or its network to EDPR's subsidiaries mainly refer to i) quarterly reviews as of March 31, 2019 and September 30, 2019 for EDP Group's consolidation purposes; and ii) agreed-upon procedures, mainly related to the review of covenants in the context of bank financing agreements and external auditor's certifications for share capital transactions as required by local Laws.

PricewaterhouseCoopers Auditores, was engaged to provide the above-mentioned services due to its in-depth knowledge of the Group's activities and processes. These engagements did not risk their independence as External Auditors and were pre-approved by the Audit, Control and Related Party Transactions Committee prior to rendering the services.

#### 47. EXTERNAL AUDITOR REMUNERATION IN 2019 FOR EDP RENOVÁVEIS S.A. AND SUBSIDIARIES

TYPE OF SERVICES	PORTUGAL	SPAIN	BRAZIL	US	OTHER	TOTAL	%
Statutory Audit	161,802	493,930	174,842	1,238,251	607,073	2,675,898	91.3%
Other audit related services	-	-	26,460*	-	-	26,460	0.9%
<b>Total audit related services</b>	<b>161,802</b>	<b>493,930</b>	<b>201,302</b>	<b>1,238,251</b>	<b>607,073</b>	<b>2,702,358</b>	<b>92.2%</b>
Tax consultancy services							
Other services un related to statutory auditing	-	163,882	4,265	30,924	28,179	227,250	7.8%
<b>Total non-audit related services</b>	<b>-</b>	<b>163,882**</b>	<b>4,265</b>	<b>30,924</b>	<b>28,179</b>	<b>227,250</b>	<b>7.8%</b>
<b>TOTAL</b>	<b>161,802</b>	<b>657,812***</b>	<b>205,567</b>	<b>1,269,175</b>	<b>635,252</b>	<b>2,929,608</b>	<b>100,00%</b>

\* This amount includes the interim audit of the financial statements for a portfolio of Brazilian companies, as of June 30, 2019.

\*\* This amount includes, among others, services that refer to the entire Group such as the review of the internal control system on financial reporting and review of the non-financial information related to sustainability included in the EDPR Group's annual report, which are invoiced to a European company. This amount also includes the limited review as of June 30, 2019 of the EDPR Consolidated Financial Statements and other reviews for Group consolidation purposes which are considered non-audit services according to the respective local regulation.

\*\*\* This amount includes 644 thousand Euros of services provided by PricewaterhouseCoopers Auditores S.L. from which 494 thousand Euros refer to audit services and 150 thousand Euros refer to non-audit services.

## C. INTERNAL ORGANISATION

### I. ARTICLES OF ASSOCIATION

#### 48. AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The amendments of the Articles of Association of the Company are of the responsibility of the General Shareholders' Meeting. According to Article 17 of the Company's Articles of Association ("Constitution of the General Shareholders' Meeting, Adoption of resolutions"), to validly approve any amendment to the Articles of Association, the Ordinary or Extraordinary Shareholders' Meeting will need:

- On first call, that the Shareholders either present or represented by proxy, represent at least fifty percent (50%) of the subscribed voting capital.
- On second call, that the Shareholders either present or represented by proxy, represent at least twenty-five percent (25%) of the subscribed voting capital.

In the event that the shareholders attending represent more than fifty percent (50%) of the subscribed voting capital, the resolutions referred to in the present paragraph will be validly adopted when reached absolute majority. If the shareholders attending represent between twenty-five percent (25%) and fifty percent (50%) – but without reaching it – the favorable vote of two-thirds (2/3) of the present or represented capital in the General Shareholders' Meeting will be required in order to validly approve these resolutions.

### II. REPORTING OF IRREGULARITIES

#### 49. IRREGULARITIES COMMUNICATION CHANNELS

##### WHISTLEBLOWING

EDPR has always carried out its activity by consistently implementing measures to ensure the good governance of its companies, including the prevention of incorrect practices, particularly in the areas of accounting and finance.

On this basis, and in compliance with the provisions of IPCG Corporate Governance Code, EDPR provides the Group workers with a channel enabling them to report directly and confidentially to the Audit, Control and Related Party transactions Committee any practice presumed illicit or any alleged accounting and/or financial irregularity in their Company.

With this channel for reporting irregular accounting and financial practices, EDPR aims to:

- Guarantee conditions that allow workers to freely report any concerns they may have in these areas to the Audit, Control, and Related Party Transactions Committee;
- Facilitate the early detection of irregular situations, which, if practiced, might cause serious damage to the EDPR Group, its workers, customers and shareholders.

Contact with the Company's Audit, Control and Related Party Transactions Committee to this extent is only possible by email and post, and access to information received is restricted.

Any complaint addressed to the Audit, Control and Related Party Transactions Committee will be kept strictly confidential and the whistle-blower will remain anonymous, provided that this does not prevent the investigation of the complaint. He/she will be assured that the Company will not take any retaliatory or disciplinary action as a result of exercising his/her right to blow the whistle on irregularities, provide information, or assist in an investigation. The process and functioning rules of this channel are explained in the Welcome Presentation organized every year for the new hires of EDPR and also published on the intranet and website of the Company. The bylaws of this channel are available at the intranet of the Company, which includes, among other issues, the regulation of the suitable means and procedure of communication and treatment of irregularities, and the terms of safeguarding the confidentiality of the information transmitted and the identity of its provider.

The Secretary of the Audit, Control and Related Party Transactions Committee receives all the communications and presents a quarterly report to the members of the Committee.

In 2019 there were no communications through this channel regarding any irregularity at EDPR.

## CODE OF ETHICS AND ETHICS CHANNEL

EDPR has a strong commitment in relation to the dissemination and promotion of compliance with ethic guidelines and principles like transparency, honesty, integrity, non-discrimination, equal opportunity, and sustainability, which is encouraged to all employees through its Ethics Code and its regulations. This Code lays down principles of action that are either the result of legal obligations incumbent on the EDPR or every member of the organisation or an assertion of values of ethics and citizenship reflected by management options that, in the organisational and market setting in which EDPR operates, are believed to be those that most foster long-term sustainability of its business and the achievement of excellence.

Both the Code and its regulations are published on its intranet and website and attached to the labour agreements of the new hires to their written acknowledgement when they join the Company. Likewise, this Code has been widely circulated to the employees of the Group through internal communications and introduced in Welcome Presentation organized every year for the new hires of EDPR. Additionally, with the objective that every employee of the Company receive an specific training on Ethics at least once, the Company periodically, , provides an online course ("Ética EDP") to all the new employees who joined the Company that year and to the ones that having joined EDPR prior to such, were outstanding to receive it.

In order to support and achieve its Ethics Code and Ethics commitments and initiatives, and with the aim of minimizing the risk of unethical practices, generating transparency and trust in relationships, EDPR has also approved and implemented the following:

- Ethics Committee: is a standing non - executive committee of the Board of Directors, whose objective is to ensure the Code of Ethics compliance within the Company, processing all information received to this extent and establishing, if appropriate, corrective actions.

The main functions of the Ethics Committee are the receipt, registration, processing and reporting to the Board of Directors of information and reports received by the employees regarding infractions of the Code in matters of legislation and ethics, conduct in the work environment, human rights and equal opportunities, integrity, relations with customers and suppliers, the environment and sustainability. These functions include the following:

- Proposing corporate ethics instruments, policies, goals and targets;
- Monitoring application of the Code of Ethics, laying down guidelines for its regulation and overseeing its proper application by the Company and its subsidiaries;
- Analysing reported infractions of the Code of Ethics, deciding on their relevance and admissibility;
- Deciding if there is any need for a more in-depth investigation to ascertain the implications and persons involved. The Ethics Committee may, for this purpose, use internal auditors or hire external auditors or other resources to assist in the investigation;
- Appointing the Ethics Ombudsperson;
- Any other functions assigned to it in the Articles of Association or by the Board of Directors.

The Ethics Committee shall be composed by three members: the Chairman of the Audit, Control and Related Party Transactions Committee, the Chairman of the Appointments and Remuneration Committee, and the Compliance Officer. As of December 31<sup>st</sup>, 2019, the members of the Ethics Committee are as follows:

- Acacio Piloto, Chairman of the Ethics Committee as Chairman of the Audit, Control and Related Party Transactions Committee;
- Antonio Nogueira Leite, vocal of the Ethics Committee as Chairman of the Nominations and Remunerations Committee;
- Emilio Garcia- Conde Noriega, vocal of the Ethics Committee as Compliance Officer of EDPR;

The Ethics Committee shall meet at least once a year and whenever the Chairman deems it is necessary, and its meetings shall be validly convened when one-half plus one of its members are present or represented at the meeting. The resolutions of the Ethics Committee shall be approved by majority vote with the Chairman casting deciding vote in the event of a tie. This Committee shall also inform the Board of Directors of the resolutions it approves at the first meeting of the Board following the Committee meeting in which the resolution was agreed.

- **Ethics Ombudsperson:** is an external person from the Company that receives complaints and doubts submitted through the Ethics Channel and investigates and documents the procedure for each of them, with guaranteed confidentiality in relation to the identity of the claimant. The appointment for this position is made by the Ethics Committee. Its main functions are therefore as follows:
  - Receiving the doubts and claims submitted through the Ethics channel and preparing and documenting the cases;
  - Submitting the related reports of the claims received to the Ethics Committee;
  - Monitoring each case analyzed until its conclusion, liaising with the complainant whenever necessary.

Since January 2019, the Ombudsperson of EDPR is Maria Manuela Casimiro da Silva.

- **Ethics Channel:** is an internal and external channel made available for the submission of claims and doubts about the infringements of the Ethics Code in matters of legislation and ethics, conduct in the work environment, human rights and equal opportunities, integrity, relations with customers and suppliers, environment and sustainability. This channel is available on the intranet and Website of the Company and its existence and functioning is also introduced in Welcome Presentation organized every year for the new hires of EDPR.

The procedure and workflow of the claims and queries submitted through this channel is regulated under the Regulations of the Code of Ethics and the regulations of the Ethics Committee, and is as follows:

1. The claimant (internal or external) submits its communication through the Ethics Channel (by email or letter through the template available at the Website an intranet), which is received by the Ethics Ombudsperson.
2. The Ethics Ombudsperson starts the investigation and drafts the related report.
3. The Ethics Ombudsperson submits the summary of the investigation to the Ethics Committee (omitting the identity of the complainant) for its deliberation about the effective infringement of the Ethics Code or not and, to analyse if additional information is needed. If the latest were the case, an investigation will be carried out with the support of internal or external means as appropriate.
4. The final decision about the query or claim is communicated to the claimant. The Ethics Ombudsperson will make further contact with the complainant to report the opinion of the Ethics Committee.

In 2019, there were three (3) claims submitted through the Ethics Channel. These claims were analyzed by the Ethics Ombudsman and determined there were not an unethical behavior within the Ethics scope. The nature of the claims was commercial; these claims were forwarded to the pertinent teams for its resolution.

## ANTI-CORRUPTION POLICY

In order to ensure compliance with the standards of Anti-Corruption Regulation in every geography where EDPR operates, the Company developed in 2014 an Anti-Bribery Policy of application to all EDPR Group, which was approved by its Board of Directors on December 19<sup>th</sup> 2014, and last updated in 2017. A new revision of the Anti-Corruption Policy was performed in July 2019, the revised version was approved by EDPR Executive Committee on July 2019 and communicated to all EDPR Employees.

This Anti-Corruption Policy implies a series of procedures regarding the relationships of EDPR employees with external parties, namely the approval of certain actions regarding hospitality to and from external parties, donations, and sponsorships. This Policy was implemented in the Group in 2015, through the introduction of several approval systems in the corporate's employee channels in order to ensure transparency and prevent any corrupt business practice, and since then, has been periodically communicated EDPR employees. Once this implementation was finished, the corresponding training sessions were organized for part of our employees, and made available the Policy in the intranet and Website, in order to ensure appropriate knowledge and understanding of the Policy. It is also attached to the labor agreements of the new hires to their written acknowledgement when they join the Company, and besides that, in the Welcome Presentation organized every year for the new hires of EDPR, they are also explained the main contents of this documents and its functioning.



### III. INTERNAL CONTROL AND RISK MANAGEMENT

#### 50. INTERNAL AUDIT

EDPR's Internal Audit Department is composed by eight (8) members. The function of EDPR's Internal Audit is to carry out an objective and independent assessment of the Group's activities and of its internal control situation, in order to make recommendations to improve the internal control mechanisms over systems and management processes in accordance with the Group's objectives.

Additionally, EDPR has a Responsibilities Model and a SCIRF Manual (Internal Control System over Financial Reporting), in which individuals, governing bodies and committees responsible for implementing and managing the internal control system are indicated.

The Responsibilities Model includes the functions and main activities in the management and maintenance of the system at all levels of the organisation including monitoring activities related to the annual cycle, the implementation of controls and documentation of evidence and supervision activities.

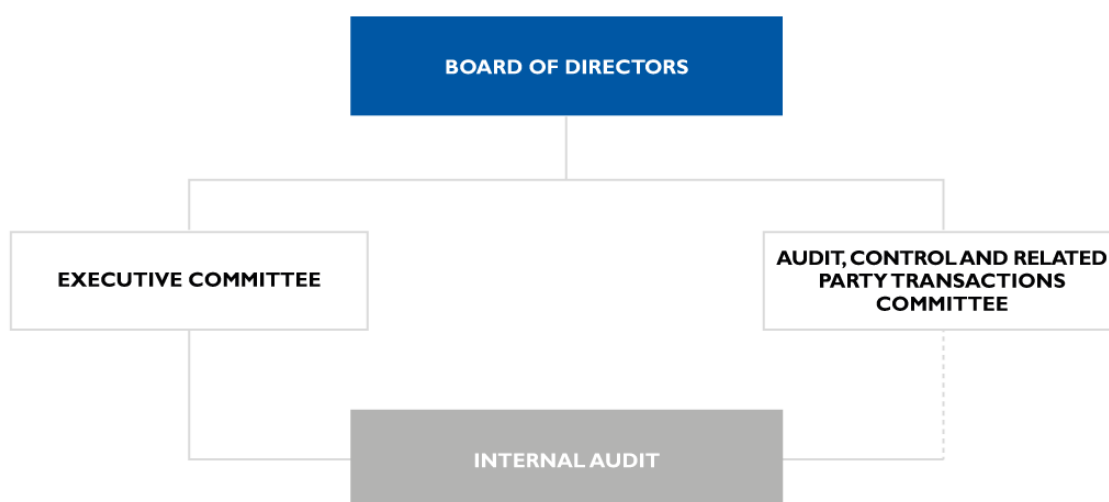
The SCIRF Manual incorporates the general principles of the Internal Control System over Financial Reporting as well as the methodology used, the procedures for ensuring the effectiveness of internal control and design of models, documentation, evaluation and reporting.

In line with the general principles of the model adopted by EDPR for the management of the SCIRF, the COSO Internal Control integrated Framework 2013 (Committee of Sponsoring Organisations of the Treadway Commission), the responsibility for supervising the Internal Control System lies in the Board of Directors and the Audit, Control and Related Party Transactions Committee. The CEO is accountable before the Board and must ensure the proper functioning and effectiveness the SCIRF, promoting its design, implementation and maintenance. The Executive Committee must support the CEO in this task, guiding the development of the Entity Level Controls of the Company and the controls in their areas of responsibility, relying when necessary on other levels of the organisation. Also, the Senior Managers are responsible for evaluating any deficiencies and implementing appropriate improvement opportunities.

To fulfil these responsibilities, EDPR's Internal Audit offers support and advice for the management and development of the SCIRF.

#### 51. ORGANISATIONAL STRUCTURE OF INTERNAL AUDIT

The Internal Audit function in EDPR Group is a corporate function carried out by the Internal Audit Department, which reports both to the Chairman of EDPR's Executive Committee and to EDPR's Audit, Control and Related Party Transactions Committee.



## 52. RISK MANAGEMENT

EDPR's Enterprise Risk Management Process is an integrated and transversal management model that ensures the minimization of the effects of risk on EDPR's capital and earnings, as well as the implementation of best practices of Corporate Governance and transparency. The process aligns EDPR's risk exposure with the company's desired risk profile.

The Enterprise Risk Management Framework was approved in 2016, in accordance with the guidelines agreed at its Board of Directors level. Based on this risk framework, the Company develops a Risk Management System through individual risk policies and procedures for most relevant risks, where it is defined the methodology to calculate probability of occurrence and impacts, as well as mitigation measures and additional thresholds. In addition, these risk policies and procedures establish the process for control, periodic evaluation and eventual adjustments. The approvals necessary to proceed with this system are normally submitted and reported to the Executive Committee, which will inform the Board of Directors of these progresses. Likewise, the Risk Management System is closely followed and supervised by the Audit, Control and Related Party Transactions Committee, an independent supervisory body composed of non-executive members that reports to the Board of Directors, in charge among others, of the monitorization of the compliance and progresses of the Risk Management Plan, and of the status and possible improvements to the measures and controls for the mitigation/hedge of the potential risks identified for EDPR.

Market, counterparty, operational, business and strategic risks are identified and assessed and, following the result of the assessment, Risk Policies are defined and implemented across the company. These policies are aimed to mitigate risks without compromising potential opportunities, thus, optimizing return versus risk exposure.

In 2019, EDPR updated the Enterprise Risk Management Framework and Counterparty Risk Policy, following Risk Committees discussions:

- Enterprise Risk Management Framework: Update of risk limits that set the risk appetite, following the recent growth of the company.
- Counterparty Risk Policy: Update of global limits and included specific limits to Community Choice Aggregators in the US.

During 2019, EDPR reassessed the Operational Risk for the company executing a bottom-up analysis across all departments, as stated in EDPR's Operational Risk Policy. In addition, a review of existing Business Continuity Management System was performed, with the main purpose of aligning it to the recently published ISO 22301.

Also in 2019, EDPR back-tested the risk limits of 2016's Enterprise Risk Management Framework, which concluded that an adjustment in some of the limits was needed, due to the increased size of the company.

## 53. RISK MAP

Risk Management at EDPR is focused on covering all risks of the company. In order to have a holistic view of risks, they are grouped in Risk Categories, which are Market, Counterparty, Operational, Business and Strategic. The definition of Risk Categories at EDPR is as follows:

1. **Market Risk** – It refers to the risk to EDPR resulting from movements in market prices. Due to the relationship between wind production and electricity price, production risk is considered within market risk. In particular, market risk are changes in electricity prices, production risk, interest rates, foreign exchange rates and other commodity prices;
2. **Counterparty Risk (credit and operational)** – Risk that counterparty to a transaction could default before final settlement of the transaction's cash flows. A direct economic loss would occur if transactions with the counterparty had positive economic value at the time of default. Even in the case of not defaulting, it may not comply with its contract obligations (timing, quality, etc.), implying additional higher costs due to its replacement or to delays in fulfilling the contract;
3. **Operational Risk (other than counterparty)** – Defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events (such as an increase in equipment default rates, increasing O&M, or natural disasters);
4. **Business Risk** – Potential loss in the company's earnings due to adverse changes in business margins. Such losses can result above all from a serious increase in equipment prices or changes in the regulatory environment. Changes in electricity prices and production are considered market risks;

5. **Strategic Risk** – It refers to risks coming from macroeconomic, political, social or environmental situation in countries where EDPR is present, as well as those coming from a change in competitive landscape, from technology disruptions, from changes in energy markets or from governance decisions (investment decisions criteria, Corporate Governance and Reputational issues).

Within each Risk Category, risks are classified in Risk Groups.

## **I. Market Risk**

### **I. i) Energy price risk**

EDPR faces limited electricity price risk as it pursues a strategy of being present in countries or regions with long -term visibility on revenues. In most countries where EDPR is present, prices are determined through regulated framework mechanisms. In those countries with no regulated tariffs, power purchase agreements are negotiated with different off- takers to eliminate electricity and Green Certificate or Renewable Energy Credit (REC) price risks.

Despite EDPR's strategy of eliminating market price risk, EDPR still has some plants with merchant exposure.

In Europe, EDPR operates in countries where the selling price is defined by a feed-in-tariff (Portugal, France and Italy) or in markets where, on top of the electricity price, EDPR receives either a pre-defined regulated premium or a green certificate, whose price is achieved on a regulated market (Spain, Belgium, Poland and Romania). EDPR is also developing projects in the UK and in Greece, under contract for differences remuneration schemes.

In countries with a predefined regulated premium or a green certificate scheme, EDPR is exposed to electricity price fluctuations. Considering current Power Purchase Agreements (PPAs) in place, EDPR is exposed to electricity price risk in Romania, in Poland, in Belgium and partially in Spain. Additionally, in European countries with a green certificate scheme (Romania, Belgium and Poland), EDPR is exposed to fluctuation on the price of green certificates.

The US market does not provide a regulated framework system for the electricity price. Nevertheless, renewable generation is incentivized through PTCs (Production Tax Credits) and regional Renewable Portfolio Standard (RPS) programs that allow receiving RECs for each MWh of renewable generation. REC prices are very volatile and depend on the regional supply/demand equilibrium in the relevant market.

Most of EDPR's capacity in the US has predefined prices determined by bundled (electricity + REC) long-term contracts with local utilities in line with the Company's policy of avoiding electricity price risk. Despite existing long term contracts, some EDPR's plants in the US do not have PPA and are selling merchant with exposure to electricity and REC prices. Additionally, some plants with existing PPAs do not sell their energy where it is produced and are therefore exposed to basis risk (difference in price between the location where energy is produced and that where energy is sold).

In Ontario (Canada), the selling price is defined by a long-term feed-in-tariff, thus, there is no electricity price exposure.

In Brazilian and Colombian operations, the selling price is defined through a public auction which is later translated into a long -term contract. Electricity price exposure is almost null, with little exposure for the production above or below the contracted production.

Under EDPR's global approach to minimize the exposure to market electricity prices, the Company evaluates on a permanent basis, if there are any deviations to the pre-defined limits (measured through EBITDA at risk, Net Income at risk and total merchant exposure).

EDPR intends to eliminate Green Certificates and REC price risk with the signing of bundled PPAs with private off-takers, which include the sale of the electricity and the Green Certificate or REC. In some cases, the off-taker may be interested in contracting only the Green Certificate or the REC, thus a GCPA (Green Certificate Purchase Agreement) or a RECPA (REC Purchase Agreement) is signed.

In those geographies with remaining merchant exposure, EDPR uses various commodity-hedging instruments in order to minimize the exposure to fluctuating market prices. In some cases, due to the lack of liquidity of financial derivatives, it may not be possible to successfully hedge all existing merchant exposure, after considering PPAs in place.

In 2019 EDPR had financially hedged most of its remaining merchant exposure in Poland, Romania, Spain, Brazil and the US.

As aforementioned, some US plants have exposure to REC price risk and/or basis risk (difference in electricity price between locations). EDPR hedges REC prices through forward sales and basis exposures through financial swaps or FTR (Financial Transmission Rights).

### **I. ii) Energy Production Risk**

The amount of electricity generated by EDPR's renewable plants is dependent on weather conditions, which vary across locations, from season to season and from year to year. Variation on the amount of electricity that is generated affects EDPR's operating results and efficiency.

Not only the total wind or solar production in a specific location is relevant, but also the profile of production. Wind usually blows more at night than at daytime, when energy prices are lower and the opposite for solar. Generation profile will affect the discount or add-on in price of a plant versus a baseload generation.

Finally, curtailment of a plant will also affect its production. Curtailment occurs when the production of a plant is stopped by the TSO (Transmission System Operators) for external reasons to the Company. Examples of cases of curtailment are upgrades in transmission lines or exceptional congestion (high level of electricity generation for available transmission capacity).

EDPR mitigates wind and solar resource volatility and seasonality through geographical diversification of its asset base in different countries and regions.

EDPR acknowledges the correlation between different plants in its portfolio that allows for this geographical diversification, which enables EDPR to partially offset production variations in each region and to keep the total energy generation relatively steady. Currently, EDPR is present in 14 countries: Spain, Portugal, France, Belgium, Poland, Romania, Italy, UK (no generation), Greece (no generation), Colombia (no generation), US, Canada, Brazil and Mexico.

Nevertheless, 2019 was a year with slightly below the expected average generation for EDPR, although European assets almost compensated the lower production of North American plants.

EDPR has analyzed the potential use of financial products to hedge wind risk and might use this product to mitigate risk in specific cases.

Profile risk and curtailment risk are managed ex-ante. For every new investment, EDPR factors the effect that expected generation profile and curtailment will have on the output of the plant. Generation profile and curtailment of EDPR's plants are constantly monitored by EDPR's Risk department to detect potential future changes.

### **I. iii) Risks related to financial markets**

EDPR finances its plants through project finance or corporate debt. In both cases, a variable interest rate might imply significant fluctuations in interest payments.

On the other hand, due to EDPR's presence in several countries, revenues are denominated in different currencies. Consequently, exchange rate fluctuations may have a material adverse effect on financial results or on the value of the foreign investment.

#### **I. iii) a) Interest rate risk**

Given the policies adopted by EDPR Group, current exposure to variable interest rate is not significant and financial cash flows are substantially independent from the fluctuation of interest rates.

The purpose of interest rate risk management policies is to reduce the exposure of long-term debt cash flows to market fluctuations, mainly by contracting long term debt with a fixed rate.

- When long-term debt is issued with floating rates, EDPR settles derivative financial instruments to swap from floating to fixed rate.
- EDPR has a portfolio of interest-rate derivatives with maturities of up to 14 years. Sensitivity analyses of the fair value of financial instruments to interest-rate fluctuations are periodically performed.

With most of interest rate being fixed, main exposure to interest rates arises at refinancing. To protect against this risk, EDPR intends to maintain a balanced maturity profile for its corporate fixed debt, thus, diversifying the risk of bad timing when refinancing occurs.

Repricing calendar of debt is continuously monitored together with interest rates in order to detect good timing for restructuring debt.

Taking into account risk management policy and approved exposure limits, Global Risk Area supports the Finance team in interest rate hedging decisions and the Finance team submits the financial strategy appropriate to each project/location for Executive Committee's approval.

### **I. iii) b) Exchange rate risk**

EDPR has international operations and is exposed to the exchange-rate risk resulting from investments in foreign subsidiaries. Currency exposure in operating plants is to U.S. dollar, Romanian leu, Polish zloty, Brazilian real, British pound, Canadian dollar and Colombian pesos.

EDPR hedges risk against currency fluctuations by financing in the same currency as the revenues of the project. When local financing is not available, EDPR hedges debt cash flows through cross currency interest rate swaps.

EDPR also hedges net investment (investment after deducting local debt) in foreign currency through cross currency interest rate swaps.

Finally, EDPR contracts foreign exchange forwards to hedge the risk in specific transactions, mainly in payments to suppliers which may be denominated in different currencies.

EDPR's hedging efforts minimize exchange rate volatility, but do not eliminate completely this risk due to high costs associated to hedging FX in certain situations.

### **I. 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.

### **I. iii) d) Liquidity risk**

Liquidity risk is the risk of EDPR not meeting its financial obligations. Liquidity risk is mainly related to extreme market movements in electricity prices, interest or exchange rates, which may change the expected cash flow generation.

EDPR tracks liquidity risk in the short term (margin calls, etc.) and in the long term (financing sources) in order to meet strategic targets previously set (EBITDA, debt ratio and others).

EDPR's strategy to manage liquidity risk is to ensure that its liquidity is sufficient to meet financial liabilities when due, under both normal and stressed conditions, and without incurring unacceptable losses or risking damage to EDPR's reputation.

Different funding sources are used such as Tax Equity investors, multilateral organisations, project finance, corporate debt and asset rotation in order to ensure long-term liquidity to finance planned projects and working capital.

The Directors have estimated cash flows that show that the Group will meet the commitments existing at the close of the 2019 financial year and those foreseen for 2020.

### **I.iv) Commodity price risk (other than electricity)**

In projects in which there is a significant number of years between investment decision and start of construction, EDPR may be exposed to the price of the materials used in turbine manufacturing, foundations and interconnection through escalation formulae included in the contracts with suppliers.

In order to manage this risk, EDPR may hedge the market exposure in OTC/future commodity markets, considering the risks (potential losses) and the cost of the hedge.

## 2. Counterparty Risk

Counterparty credit risk is the risk that the counterparty to a transaction could default before the final settlement of the transaction's cash flows. An economic loss could occur, either a direct economic loss if the transaction has a positive value at the moment of default (counterparty credit risk) or a replacement cost due to change of the counterparty (counterparty operational risk).

### 2. i) Counterparty Credit Risk

If the transactions or portfolio of transactions with the counterparty has a positive economic value at the time of default, an economic loss would occur.

To control credit risk at EDPR, thresholds of Expected Loss and Unexpected Loss are established at company level as defined under Basel Standards and re-evaluated monthly. If the threshold is surpassed by the company as a whole, mitigation measures are implemented in order to remain within the pre-established limit.

Additionally, Expected Loss limits are established for each individual counterparty or Group of counterparties (parent and subsidiaries).

### 2.ii) Counterparty Operational Risk

If the transactions or portfolio of transactions with the counterparty do not have a positive economic value at the time of default, it will impact operations. Despite no direct loss at the time of default, the replacement of the counterparty could imply a cost to EDPR due to potential delays, higher contract value with a new counterparty (replacement costs), etc.

Construction and O&M subcontractors are counterparties to which EDPR is exposed from an operational point of view.

To minimize the probability of incurring in potential replacement costs with counterparties, EDPR's policy concerning counterparty operational risk is managed by an analysis of the technical capacity, competitiveness, credit quality and replacement cost of the counterparty.

## 3. Operational Risk

### 3. i) Development Risk

Renewable plants are subject to strict regulations at different authority levels (international, national, state, regional and local) relating to the development, construction, grid interconnection and operation of power plants. Among other things, these laws regulate landscape and environmental aspects, building licenses, land use and land securing and access to the grid issues.

While level of exigency might be different depending on the geographies, EDPR acknowledges a trend for legislations to align towards concentrating the most restrictive rules and development risks on the consenting (environmental and urban permissions) and interconnection (electricity connection of the plant to the national grid).

In this context, EDPR's experience gathered in different countries is useful to anticipate and deal with similar situations in other countries.

During the development and design phase, EDPR focuses on the optimization of its projects. By mastering the variables, such as choice of locations, layout, etc., the objective is to make our projects more resilient to permitting risks.

Additionally, EDPR mitigates development risk by generating optionality, with development activities in 14 different countries (Spain, Portugal, France, Belgium, Poland, Romania, UK, Italy, Greece, US, Canada, Colombia, Brazil and Mexico) and a portfolio of projects in several stages of maturity. EDPR has a large pipeline of projects that provide a "buffer" to overcome potential delays in the development of prioritized projects, ensuring growth targets and being able to compensate permitting delays in some geographies.

### 3. ii) Execution Risk

During the construction of the foundations, interconnection and substation of a plant, and the installation of the equipment, different events (bad weather, accidents, etc.) might occur that could imply an over cost or a delay in the commercial operation date of the plant:

- The delay implies a postponement of cash flows, affecting profitability of the investment.
- When a plant has a PPA, a delay of the commercial operation date might imply the payment of LDs, with the consequent loss of revenues and the impact on annual financial results.

During the design phase, EDPR engineering teams supervise the engineering and the installation method. Construction is subcontracted to technically capable construction companies.

In both cases, a critical path analysis is performed to assess the reliability of construction and installation plan. Also, collaterals may be required to the counterparty following EDPR's Counterparty Risk Policy.

### **3.iii) Operation Risk**

#### **Damage to Physical Assets Risk**

Renewable plants in construction and in operation are exposed to weather hazards, natural disasters, etc. These risks depend on the location.

All plants are insured the physical damage during construction and operation. During operation, any natural disaster, weather hazard or accident will be partially insured to revenue losses due to the event.

#### **Equipment Performance Risk (O&M costs)**

Output from renewable plants depends upon the operating availability of the equipment.

EDPR mitigates this risk by using a mix of suppliers which minimizes technological risk, avoiding exposure to a unique manufacturer.

EDPR also engages suppliers through medium-term full-scope maintenance agreements during the first years of operation to ensure alignment with supplier in minimizing technology risk.

Finally, for older plants, EDPR has created an Operation and Maintenance (O&M) program with an adequate preventive and scheduled maintenance program. EDPR externalizes non-core technical O&M activities of its renewable plants, while primary and value added activities continue to be controlled by EDPR.

### **3. iv) Information Technology Risk**

IT (Information Technologies) risk may occur in the technical network (information network for plants operation) or in the office network (information network of corporate services: ERP, accounting...)

EDPR mitigates this risk creating redundancy of servers and control centers of renewable plants. Redundancy is created in a different location to anticipate potential natural disasters, etc.

### **3. v) Legal claims Risk (compliance, corruption, fraud)**

EDPR faces potential claims of third parties, corruption and fraud of its employees.

EDPR has implemented an internal "Code of Ethics" and an Anticorruption Policy where the company commits to comply with legal obligations in every community where EDPR is established.

Additionally, the company Ombudsperson receives all the complaints sent through the "Code of Ethics" channel and decides the appropriate procedure for each one of them. An anticorruption mailbox is also available to report any questionable practice.

### **1.3. vi) Personnel Risk**

EDPR identifies four main risk factors regarding personnel: turnover, health and safety, human rights, and discrimination, violence or behavior against human dignity.

- **Turnover:** A high turnover implies direct costs of replacement and indirect costs of knowledge loss. EDPR mitigates turnover through constant reassessment and benchmarking of remuneration schemes in different geographies. Additionally, EDPR offers flexibility to its employees to improve work life balance. In 2018, EDPR was elected as "Top Employer" in Spain by the Top Employers Institute.
- **Health and safety:** EDPR has deployed an H&S management system, complying with OHSAS 18001, pursuing the "zero accidents" target,
- **Human rights:** EDPR has committed, through its "Code of Ethics", to respect international human rights treaties and best work practices. All counterparties which sign a contract with EDPR are committed to respect EDPR's "Code of Ethics".

- Discrimination, violence or behavior against human dignity: EDPR forbids any kind of discrimination, violence or behavior against human dignity, as stated in its “Code of Ethics”. Strict compliance is enforced, not only through the reporting channel of the Ombudsperson, but also through constant awareness from all employees of the company.

### **3.vii) Processes Risk**

Internal processes are subject to potential human errors that may negatively affect the outcome.

Internal Audit Department regularly reviews internal processes and recommends the establishment of new controls or the improvement in the implementation of existing procedures.

## **4. Business Risk**

### **4. i) Regulatory Risk (renewables)**

The development and profitability of renewable energy projects are subject to policies and regulatory frameworks. The jurisdictions in which EDPR operates provide different types of incentives supporting energy generated from renewable sources.

Remuneration schemes have become less competitive in some countries due to the financial crisis and it cannot be guaranteed that current support will be maintained in all EDPR’s geographies or that future renewable energy projects will benefit from current support measures. Regulation promoting green energy has been revised or is under revision in some of the countries where EDPR is present.

In the US, renewable generation from wind will be incentivized through Production Tax Credits (PTC) at a Federal level for all projects beginning of construction up to 2019. Level of incentives will be progressively fading out. Additionally, wind and solar production is also incentivized through State RPS Programs that allow receiving RECs (Renewable Energy Credit) for each MWh of renewable generation.

EDPR is managing its exposure to regulatory risks through diversification, by being present in several countries and through participation as an active member in several wind and solar associations.

Regulatory Risk in each of EDPR’s countries is monitored continuously, considering current regulation, potential drafts of new laws, feedback from associations, evolution of installed renewable generation capacity and other inputs. EDPR has developed an internal quantitative assessment of Regulatory Risk that serves as an indicator for changes in supporting schemes. This measure is updated annually in all EDPR’s geographies.

Regulatory Risk is also considered ex-ante, at the moment of the investment, through sensitivity analyses that are performed to evaluate its impact in project profitability under different scenarios.

### **4.ii) Equipment Market Risk Equipment Price Risk**

Price of equipment is affected, not only by market fluctuations of the materials used, but also by the demand of this equipment or a possible increase in trade tariffs and levies

For every new project, EDPR secures the demand risk by engaging in advance with manufacturers, elected through a competitive process.

### **Equipment Supply Risk**

The demand for new plants may offset the offer of equipment. Currently, the local component requirement in some geographies (Ex: Brazil) may create this shortfall situation. In the event of a trade war, supply chain of equipment suppliers may be affected, creating further imbalances in local component requirements.

EDPR currently faces limited risk to the availability and price increase of equipment due to existing framework agreements with major global suppliers. The Company uses a large mix of suppliers in order to diversify equipment supply risk. For geographies with specific requirements of local component, EDPR does not engage in a project before securing the supply of the equipment. This risk is further explained on EDPR’s annual report due to its current relevance in the business.

## **5. Strategic Risk**

### **5. i) Country Risk**

Country Risk is defined as the probability of occurrence of a financial loss in a given country due to macroeconomics, political or natural disasters. EDPR has defined a Country Risk Policy that assesses country risk through an internal scoring based on publicly



available data. This internal scoring is compared with external assessments from renowned organisations. Each risk factor affecting country risk is evaluated independently to decide on potential mitigating actions:

- **Macroeconomic Risk:** risks from the country's economic evolution, affecting revenue or cost time of the investments
- **Political Risk:** all possible damaging actions or factors for the business of foreign companies that emanate from any political authority, governmental body or social group in the host country
- **Natural disaster risk:** natural phenomena (seismicity, weather) that may impact negatively in the business conditions

Before approving a project in a new geography, EDPR analyses the risk of the new country and compares it to our existing portfolio. Mitigation measures may be decided when this risk is above a certain threshold.

### 5. ii) Competitive landscape

In the renewable business, size can be an advantage or disadvantage in specific situations. For example, in development of renewable plants, small and dynamic companies are usually more competitive than larger companies.

On the other hand, when participating in tender processes for offshore wind farms, the size of the investment benefits larger companies.

Additionally, the consequences of a change in the competitive landscape due to mergers and acquisitions may also be a risk.

To mitigate the risks, EDPR has a clear knowledge of its competitive advantages and tries to leverage on them. When EDPR has no advantage versus its competitors, alternatives are considered in order to become competitive. For example, for offshore wind farms, EDPR has partnered with large companies with previous experience in large electricity generation projects, in order to become a more competitive consortium.

### 5. iii) Technology disruptions

Most renewables are relatively recent technologies, which are continuously evolving and improving efficiency. As such, some initially expensive technologies can become competitive in a relatively short time.

EDPR growth focuses in the most competitive renewable technologies at the moment, which are onshore wind, offshore wind and PV solar, but also participates in other innovative projects such as floating offshore wind.

### 5. iv) Meteorological changes

Future estimations of wind and solar production are based on analysis of historical measurements for more than 20 years, and they are considered to be representative of the future. Relevant unexpected meteorological changes could lead to a lower production than the one expected from historical data.

When evaluating a new investment, EDPR considers potential changes in the production forecasted, however, the size of the potential deviation in the case of relevant meteorological changes is uncertain.

### 5. v) Investment decisions criteria

Not all projects have the same risk profile. This will depend on merchant exposure of remuneration, construction risk, etc.

In order to take proper business decisions, EDPR uses Risk Adjusted Metrics for investment decisions, which take into consideration the different risks inherent of each project.

### 5. vi) Energy Planning

Assumptions in future evolution of energy markets affect the profitability of the investments for the period after the fixed remuneration (regulated tariff or PPAs). Structure of electricity markets in most of EDPR geographies (marginal setting price) were not designed to consider a great share of generation from renewable sources with zero marginal price. Thus, the increase in renewable generation could lead to lower pool prices in medium term if reforms of electricity markets are not properly undertaken.

When investing, EDPR performs sensitivity analyses to stress pool price scenarios for the period without fixed remuneration to understand the robustness of the profitability of the investment.

## 5. vii) Corporate Organisation and Governance

Corporate governance systems should ensure that a company is managed in the interests of its shareholders and other relevant stakeholders.

In particular, EDPR has an organisation in place with a special focus on transparency, where the management body (Board of Directors) is separated from the supervision and control duties (Audit and Control Committee). Members of the Audit Committee are invited to the General Risk Committee of EDPR.

## 5. viii) Reputational risk

Companies are exposed to public opinion and today's social networks are a rapid mean to express particular opinions.

A bad reputation could eventually harm financial results of a company in the short and in the long term.

Sustainability makes part of the essence of EDPR. EDPR is not only committed in building a better future, but also in doing it well, in an ethical and sustainable manner, consequently limiting reputational risk.

## 5.4. RISK FUNCTIONS AND FRAMEWORK

A corporation can manage risks in two different ways, one risk at a time on a largely and compartmentalized basis, or all risks together within a coordinated and strategic framework. The latter approach is called "Enterprise Risk Management" and is the approach used at EDPR.

Risk Management at EDPR is supported by three distinct organisational functions, each one with a different role: Strategy (Risk Profiler), Management (Risk Manager) and Controlling (Risk Controller).

RISK FUNCTIONS	DESCRIPTION
Strategy – General risk strategy & policy	<ul style="list-style-type: none"> <li>Global Risk Department provides analytically supported proposals to general strategic issues</li> <li>Responsible for proposing guidelines and policies for risk management within the company</li> </ul>
Management – Risk management & risk business decisions	<ul style="list-style-type: none"> <li>Implement defined policies by Global Risk</li> <li>Responsible for day-to-day operational decisions and for related risk taking and risk</li> </ul>
Controlling – Risk monitoring	<ul style="list-style-type: none"> <li>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</li> </ul>

The Risk Committee is the forum where the different Risk Functions discuss the policies to be implemented and control the risk exposure of the company. EDPR's Risk Committee integrates and coordinates all Risk Functions and assures the link between corporate's risk appetite and defined strategy and the operations of the company.

EDPR created three distinct meetings of the Risk Committee in order to separate discussions on execution of mitigation strategies from those on the definition of new policies:

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

## **55. DETAILS ON THE INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS IMPLEMENTED IN THE COMPANY REGARDING THE PROCEDURE FOR REPORTING FINANCIAL INFORMATION**

With the purpose of not only controlling risks, but also managing them ex-ante, EDPR has created Global Risk policies that are enforceable at a Global Level. These policies are proposed and discussed in the Risk Committee and approved by the Executive Committee.

EDPR's Enterprise Risk Management Process is inspired on Basel Committee on Banking Supervision's principles, guidelines and recommendations and is similar to other risk management frameworks. In this respect, performance of risk metrics at EDPR and their compliance with established internal risk limits are assessed on a monthly basis. Additionally, a formal review and update of each Risk Policy, and the adequacy of its limits, is performed every two years.

### **INTERNAL CONTROL SYSTEM OVER FINANCIAL REPORTING**

EDPR has an Internal Control System over Financial Reporting (SCIRF) updated and monitored in line with international standards of Internal Control.

This system covers the main aspects of the COSO framework: maintaining a control environment for the preparation of qualified financial information, assessment of the risks of financial reporting, existence of control activities to mitigate risks of error, information and communication and evaluation mechanisms.

### **SCOPE REVISION AND UPDATE**

The SCIRF Manual includes the annual update of the scope that aims to identify companies, areas and processes that must be included in the scope of SCIRF, according to criteria of materiality and risk, including the risk of error or fraud.

The risk analysis included in the scoping process for SCIRF, includes both the different types of risk (operational, economic, financial, technological or legal) and the control objectives of financial reporting (existence and occurrence, completeness, measurement, presentation, disclosure and comparability, and rights and obligations in terms of their potential impact on the financial statements).

The results of the updated scope with the methodology outlined are communicated at all levels of the organisation involved in the SCIRF and supervised by the Audit, Control and Related Party Transactions Committee.

### **CONTROL ACTIVITIES**

In documented SCIRF processes and controls, information capture mechanisms are established (including identification of the scope of consolidation) and are specified the steps and checks that are carried out for the preparation of the financial information that will be part of consolidated financial statements.

The procedures for the review and approval of financial information are provided by the areas of Planning and Control, and Administration, Consolidation and Tax. Financial information is supervised in the scope of its competences by the Audit, Control and Related Party Transactions Committee, prior to the formulation of the accounts by the Board of Directors.

The SCIRF includes control activities related to these processes, embodied in Entity Level Controls, Process Controls and General Computer Controls. These processes include review and approval activities of the financial information which are described in the processes of elaboration of individual accounts, preparation of consolidated accounts and processing of consolidated financial statements.

EDPR has descriptions of Competency Profiles for the Positions to be carried out in the exercise of the main features of each position that includes a description of the main responsibilities. These include the descriptions of the key positions of those involved in the preparation of financial information. These descriptions include responsibilities in the preparation of financial information and compliance with internal control procedures.

The documentation of processes and associated controls designed include among others, the completion of closure activities by completing monthly closing checklists by entity, setting time limits for the closures, the identification of the relevance of the operations in order to be reviewed at the appropriate level, conducting analytical reviews of financial information, the existence of limitations in systems to prevent erroneous records or access by unauthorized persons, analysis of deviations from the budget, the analysis in Executive Committees of relevant and significant facts that could cause a significant impact on the accounts, or the allocation of responsibilities for calculating amounts to be provisioned for them to be carried out by authorized personnel with the right skills.

In addition to the mentioned processes, major transactional processes resulting from the scope are documented. The description of the activities and controls are designed with the aim of ensuring the registration, evaluation, appropriate presentation and disclosure of transactions in financial reporting.

Control activities of EDPR's SCIRF also include those relating to systems and information technology (Computer General Controls) following an international reference, the COBIT framework (Control Objectives for Information and related Technologies). The importance of this area is that information systems are the tools with which financial information is prepared, and is therefore relevant for transactions conducted with them.

These control activities include those related to access control to applications and systems, segregation of duties, management of corrective and preventive maintenance, new projects implementation, administration and management of the systems, facilities and operations (back-ups, security incidents) and their proper monitoring and planning. These activities are developed taking into account the requirements of control and supervision.

Among the activities of SCIRF's scope update, there is a periodic analysis of the existence of service suppliers that perform relevant activities in relation to the processes of preparing financial information.

#### SCIRF SUPERVISION

The Audit, Control and Related Party Transactions Committee supervises the SCIRF in the scope of the exercise of their activities through the monitoring and supervision of the developed mechanisms for SCIRF's implementation, evolution and evaluation, and the results of the scope analysis and the extent of the situation in terms of coverage. To this extent, the Internal Audit Department assists the Audit, Control and Related Party Transactions Committee.

EDPR has an Internal Audit Department under the Chairman of the Executive Committee. The Audit, Control and Related Party Transactions Committee supervises the Internal Audit Department as establishes the Basic Internal Audit Act.

The main functions of the Internal Audit Department are set out in the Basic Internal Audit Act, which includes, among others, the evaluation of the activities of internal control systems, including the internal control system over financial reporting.

The annual work plans of the Internal Audit Department obtain the opinion of the Audit, Control and Related Party Transactions Committee. The Internal Audit Department reports to the Audit, Control and Related Party Transactions Committee about the status and the performance of the audit works.

Among these activities, Internal Audit supports the Audit, Control and Related Party Transactions Committee in supervising the implementation and maintenance of SCIRF and reports the results of the evaluation, improvement actions identified and their evolution.

The entity has action plans for improvement actions identified in SCIRF's assessment processes, which are accompanied and supervised by the Internal Audit Department, considering their impact on the financial information.

Also in the year 2019, as in previous years, a process of self-certification was made by the heads of the various process and Entity Level Control owners regarding proper documentation update on SCIRF controls and processes in their area of responsibility and the implementation of controls with corresponding evidence.

#### SCIRF EVALUATION

Besides the monitoring and evaluation activities described in the preceding paragraph, in case the auditors identified internal control weaknesses in the scope of their financial audit work, they are expected to communicate these circumstances to the Audit, Control and Related Party Transactions Committee, which regularly monitors the results of the audit work.

Additionally, in 2019 the EDPR Group decided to have its SCIRF audited by the external auditor. As a result of its evaluation, the external auditor issued a report with a favorable opinion on the SCIRF of the EDPR Group, according to ISAE 3000 (International Standard on Assurance Engagements 3000), included in Annex II of this Chapter 5 of the Annual Report.

#### CORPORATE COMPLIANCE

The implementation of a solid corporate culture of integrity and transparency has always been a priority for EDPR, structuring its supervision and monitoring, through a regulatory compliance conduct basis and through the adoption of ethical values and principles; both consolidated as central elements of its business model. In order to lead and manage the necessary measures and initiatives required to this implementation and its functioning, on the Board of Directors held on April 14<sup>th</sup>, 2016, it was agreed to appoint Emilio García-Conde Noriega as Compliance Officer of EDPR.

Since then, EDPR has been working with the support of specialized advisors in the evaluation of the potential corporate criminal liability risks of the Company in all its geographies and in the assessment of the compliance structure to be adopted in order to comply with the requirements of the applicable criminal regulations.

In this context, the Board of Directors of EDPR approved the Criminal and Legal Risk Prevention Model (Compliance Model) on December 2017 with the goal of promoting, establishing, developing and maintaining an adequate ethical business culture. The Compliance Model is constantly updated according to the most demanding national and international standards.

During 2018, the Company completed the first update of the Compliance Model and started working on the definition of a criminal risk matrix at an international level including an inventory of the potential risks and its controls in each of the geographies where EDPR operates.

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

Among the activities performed during 2019, main were 1) the review and update of the Spanish Compliance matrix, as a result of a change of the Spanish Criminal Code, 2) the creation of the Compliance Channel and 3) the training of EDPR Spain-based employees.

The Compliance Channel allows any employee, supplier, contractor, client or any person or entity outside the Company, who has indications or doubts of behavior contrary to the law and / or that may imply the materialization of a criminal risk, must immediately inform it, through [complianceofficer@edpr.com](mailto:complianceofficer@edpr.com). The bylaws of this Channel are available at the intranet and website of the Company and only have access to it the Compliance Officer and the Compliance Area. In 2019, no claims were submitted through the Compliance Channel.

In regard to Compliance training, an online training course was launched to introduce employees to the fundamentals of Compliance, highlighting the importance of Compliance at EDPR and identifying the main criminal risks that EDPR could be potentially exposed in the exercise of its activity. As of December 31<sup>st</sup>, 2019, the Compliance training was completed by 363 employees, which represent the 73% of all staff based in Spain.

## **IV. INVESTOR ASSISTANCE**

### **56. INVESTOR RELATIONS DEPARTMENT**

EDPR seeks to provide to shareholders, investors, financial analysts and other stakeholders and the market in general, all the relevant information about the Company and its business environment, on a regular basis and whenever a relevant fact takes place. The promotion of transparent, consistent, rigorous, easily accessible, and high-quality information is essential to an accurate perception of the Company's strategy, financial situation, accounts, assets, prospects, risks, and significant events.

EDPR, therefore, looks to provide the market with accurate information that can support them in making informed, clear and concrete investment decisions.

The Investor Relations Department was created to ensure a direct and permanent contact with all market related agents and stakeholders, to guarantee effective communication, equality between shareholders and to prevent imbalances in the information access.

The EDPR Investor Relations Department (IR) is the intermediary between EDPR and its actual and potential shareholders, the financial analysts that follow Company's activity, all investors and other members of the financial community. The main purpose of the department is to guarantee the principle of equality among shareholders, by preventing asymmetries in the access of the information and reducing the gap between market perception and Company's strategy and intrinsic value. The Investor Relations department centralizes all relevant and material information that could impact EDPR share price. This information is prepared by the different departments of EDPR, with the support when necessary of external experts, and always managed in a strictly confidential basis. The department responsibility also comprises developing and implementing EDPR's communication strategy and preserving an appropriate institutional and informative relationship with the financial market, the stock exchange at which EDPR shares trade and the regulatory and supervisory entities (CMVM – Comissão de Mercado de Valores Mobiliários – in Portugal and CNMV – Comisión Nacional del Mercado de Valores – in Spain).

EDPR is clearly aware of the importance of detailed and transparent information, delivered on-time to the market. Consequently, EDPR publishes Company's price sensitive information before the opening or following the closing of the Euronext Lisbon stock exchange through CMVM's information system and, simultaneously, make that same information available on the website investors' section and through the IR department's mailing list. In 2019, EDPR made 31 market notifications, in addition to quarterly, semi-annual and annual results presentations, handouts and operating data statement elaborated by the IR Department. In addition, the IR Department also elaborates key data files and interim presentations which are available on the website investors' section.

On each earnings announcement, EDPR promotes a conference call and webcast, opened to the market in general, at which the Company's management updates the market on EDPR's activities. On each of these events, shareholders, investors and analysts had the opportunity to directly submit their questions and to discuss EDPR's results as well as the Company's outlook and strategy.

EDPR IR Department is coordinated by Rui Antunes and is located at the Company's head offices in Madrid, Spain. The department structure and contacts are as follows:

#### IR Contacts:

- Rui Antunes, Head of Planning & Control, Investor Relations and Sustainability
- Calle Serrano Galvache, 56; Centro Empresarial Parque Norte; Edificio Olmo – 7<sup>th</sup> floor; 28033 – Madrid – España
- Website: [www.edpr.com/en/investors-1](http://www.edpr.com/en/investors-1)
- E-Mail: [ir@edpr.com](mailto:ir@edpr.com)
- Phone: +34 902 830 700 / +34 914 238 429

EDPR IR Department was in continuous contact with capital markets agents, namely shareholder and investors, along with financial analysts who evaluate the Company. In 2019, as far as the Company is aware, sell-side analysts issued more than 60 reports evaluating EDPR's business and performance.

At the end of the 2019, as far as the Company is aware of, there were 21 institutions elaborating research reports and following actively EDPR activity. As of December 31<sup>st</sup> 2019, the average price target of those analysts was of Euro 10.24 per share with 8 "Neutral" and 11 "Buy" recommendations.

COMPANY	ANALYST	PRICE TARGET	DATE	RECOMENDATION
Bank of America Merrill Lynch	Mikel Zabala	€ 11.60	04-Sep-19	Buy
Barclays	Jose Ruiz	€ 10.00	26-Sep-19	Equal Weight
BBVA	Daniel Ortea	€ 10.00	28-May-19	Outperform
Berenberg	Lawson Steele	€ 10.00	18-Sep-19	Hold
Bernstein	Meike Becker	€ 11.00	04-Sep-19	Outperform
BPI	Gonzalo Sanchez	€ 11.35	25-Nov-19	Neutral
Commerzbank	Tanja Markloff	€ 11.00	11-Dec-19	Hold
Caixa BI	Helena Barbosa	€ 8.35	27-Feb-19	Neutral
Exane BNP	Manuel Palomo	€ 11.60	13-Nov-19	Outperform
Fidentiis	Daniel Rodríguez	€ 8.20	06-Dec-18	Hold
Goldman Sachs	Alberto Gandolfi	€ 10.60	09-May-19	Buy
JB Capital	Jorge Guimarães	€ 10.00	24-Jan-19	Buy
JP Morgan	Javier Garrido	€ 10.50	21-Oct-19	Overweight
Kepler Cheuvreux	Jose Porta	€ 10.30	03-Jun-19	Buy
Macquarie	Jose Ruiz	€ 9.16	10-May-19	Neutral
MedioBanca	Sara Piccinini	€ 11.00	06-Sep-19	Outperform
RBC	Fernando Garcia	€ 11.00	07-Oct-19	Outperform
Santander	Bosco Muguero	€ 9.75	22-May-19	Buy
Société Générale	Jorge Alonso	€ 11.00	11-Dec-19	Hold

## 57. MARKET RELATIONS REPRESENTATIVE

EDPR representative for relations with the market is Rui Antunes, Head of Planning & Control, Investor Relations and Sustainability Department.

## 58. INFORMATION REQUESTS

During the year, IR Department received more than 2000 information requests and interacted more than 80 times with institutional investors. On average, information requests were replied in less than 24 hours, with complex requests being replied within one-week time. As of December 31<sup>st</sup> 2019 there was no pending information request.

## V. WEBSITE – ONLINE INFORMATION

### 59-65.

EDPR considers online information a powerful tool in the dissemination of material information, updating its website with all the relevant documents. Apart from all the required information by CMVM and CNMV regulations, EDPR website also carries financial and operational updates of Company's activities ensuring an easy access to the information.

EDPR website: [www.edpr.com](http://www.edpr.com)

INFORMATION	LINK
Company information	<a href="http://www.edpr.com/en/edpr/our-company/who-we-are">www.edpr.com/en/edpr/our-company/who-we-are</a>
Corporate by-laws and bodies/committees' regulations	<a href="http://www.edpr.com/en/investors/corporate-governance/company-data">www.edpr.com/en/investors/corporate-governance/company-data</a>
Members of the corporate bodies	<a href="http://www.edpr.com/en/investors/corporate-governance/governing-bodies">www.edpr.com/en/investors/corporate-governance/governing-bodies</a>
Market relations representative, IR department	<a href="http://www.edpr.com/en/investors">www.edpr.com/en/investors</a>
Information channels	<a href="http://www.edpr.com/en/edpr">www.edpr.com/en/edpr</a>
Financial statements documents	<a href="http://www.edpr.com/en/investors/investors-information/reports-and-results">www.edpr.com/en/investors/investors-information/reports-and-results</a>
Corporate events Agenda	<a href="http://www.edpr.com/en/investors-l">www.edpr.com/en/investors-l</a>
General Shareholders' Meeting information	<a href="http://www.edpr.com/en/investors/corporate-governance/general-meetings">www.edpr.com/en/investors/corporate-governance/general-meetings</a>

## **D. REMUNERATION**

### **I. POWER TO ESTABLISH**

#### **66. COMPETENCES TO DETERMINE THE REMUNERATION OF THE CORPORATE BODIES**

The Nominations and Remunerations Committee is a permanent body belonging to the Board of Directors with an informative and advisory nature. Its recommendations and reports are non-binding.

The Nominations and Remunerations Committee has no executive functions. The main functions of the Nominations and Remunerations Committee are to assist and inform the Board of Directors regarding the nominations (including by co-option), re-elections, dismissals, and the remuneration of the Board Members and its position about the composition of the Board of Directors, as well as the nominations, remuneration, and removal of senior management personnel.

The Nominations and Remunerations Committee is the body responsible for proposing to the Board of Directors the determination of the remuneration of the Executive management of the Company; the Declaration on Remuneration Policy; the evaluation and compliance of the KPI's (Key Performance Indicators); the annual and multi annual variable remuneration, if applicable, and also proposes the remuneration of the Non-Executive Directors and members of the Board Committees.

The Board of Directors is responsible for the approval of the above-mentioned proposals except to the extent it concerns the Declaration on the Remuneration Policy which is approved by the General Shareholders' Meeting. The Board of Directors also evaluates with an annual periodicity its own performance and the performance of its delegated Committees. The evaluation of the performance of the Board of Directors and its Executive Committee, is then additionally submitted for the approval of the General Shareholder Meeting.

The Declaration on the Remuneration Policy is submitted by the Board of Directors to the approval of the General Shareholders' Meeting as an independent proposal. According to the Company's Articles of Association the Board of Directors remuneration is subject to a maximum value that can only be modified by a Shareholders agreement.

### **II. NOMINATIONS AND REMUNERATION COMMITTEE**

#### **67. NOMINATIONS AND REMUNERATIONS COMMITTEE**

The Composition of the Nominations and Remunerations Committee is reflected on topic 29 of the report.

The Company has not established any restrictions within its Articles of Association, Regulations or internal policies limiting the competence of the Nominations and Remunerations Committee of hiring any consulting services that may find necessary to carry out its duties; additionally in case such services would be hired, it should be noted that they should be rendered independently, ensuring that the service provider do not provide any other services to EDPR or to any company in controlling or group relationship.

#### **68. KNOWLEDGE AND EXPERIENCE REGARDING REMUNERATION POLICY**

The Chairman of the Nominations and Remunerations Committee has knowledge and experience regarding Remuneration Policy.

### **III. REMUNERATION STRUCTURE**

#### **69. REMUNERATION POLICY**

Pursuant to Article 26.1 of the Company's Articles of Association the Directors shall be entitled to a remuneration which consists of (i) a fixed amount to be determined annually by the General Shareholders' Meeting for the whole Board of Directors and of (ii) attendance fees regarding the Board Meetings.

The above-mentioned article also establishes the possibility of the Directors being remunerated with Company shares, share options, or other securities granting the right to obtain shares or by means of share-indexed remuneration systems. In any case, the system chosen must be approved by the General Shareholders' Meeting and comply with current legal provisions.

The total amount of the remunerations that the Company will pay to its Directors under the terms provided in the previous paragraphs shall not exceed the amount determined by the General Shareholders' Meeting. The maximum remuneration approved by the General Shareholders' Meeting for all the members of the Board of Directors was EUR 2,500,000 per year.

Pursuant to Article 26.4 of the Company's Articles of Association, the rights and duties of any kind derived from the condition of Board Member shall be compatible with any other rights and obligations either fixed or variable that could correspond to the Board Members as a consequence of other employment or professional engagements, if any, carried out in the Company. Variable



remuneration resulting from said contracts or from any other relationship, including being a Board Member, will be limited to a maximum annual amount to be established by the General Shareholders' Meeting.

The maximum annual amount approved by the General Shareholders' Meeting for the variable remuneration for all the executive members of the Board of Directors was EUR 1,000,000 per year.

EDPR, in line with EDP Group corporate governance practices, has signed an Executive Management Services Agreement with EDP, under which the Company bears the cost for such services to some of the members of the Board of Directors to the extent their services are devoted to EDPR.

The Non-Executive Directors only receive a fixed remuneration, which is calculated on the basis of their work exclusively as Directors or with their membership on the Nominations and Remunerations Committee and to the Audit, Control and Related Party Transactions Committee. Those members who are seated in two different Committees do not accumulate two remunerations. In these cases, the remuneration to be received is the one that corresponds to the highest value.

EDPR has not incorporated any share remuneration or share purchase options plans as components of the remuneration of its Directors.

No Director has entered into any contract with the Company or third parties that have the effect of mitigating the risk inherent in the variability of the remuneration established by the Company.

In EDPR there are not any payments for the dismissal or termination of Director's duties.

The remuneration policy for the Directors of the Company is submitted each year to the General Shareholders' Meeting for approval.

## **70. REMUNERATION STRUCTURE**

The remuneration policy applicable for 2017-2019, proposed by the Nominations and Remuneration Committee and approved by the General Shareholders' Meeting held on April 6<sup>th</sup>, 2017 (the "Remuneration Policy"), defines a structure with a fixed remuneration for all members of the Board of Directors, whereas for the members of the Executive Committee defines a fixed and a variable remuneration, with an annual component and a multi-annual component.

Additionally, on its meeting dated October 16, 2019 the Appointments and Remunerations Committee agreed to propose to the Board of Directors a Complementary Long Term Program homogeneous for the three COOs and for the 2019-2022 term. Such Complementary Long Term Program was approved at the Board of Directors' meeting dated October 29, 2019. Such plan substituted the Complementary Long Term Program approved on 2017.

On the topic below can be found the KPIs ("Key Performance Indicators") stated in the Remuneration Policy for variable annual and multi-annual variable components.

## **71. VARIABLE REMUNERATION**

Variable annual and multi-annual remuneration applies to the members of the Executive Committee.

The variable annual remuneration may range from 0 to 68% of the annual fixed remuneration and the multi-annual remuneration from 0 to 120% of the annual fixed remuneration.

There is also a qualitative evaluation of the CEO about the annual performance of the members of the Executive Committee. This evaluation will have a weight of 20% for the final calculation in the annual variable remuneration and of 32% in the multi-annual variable remuneration. The other 80% will be calculated based on the weights indicated in the next paragraph for the annual variable remuneration and 68% for the multi-annual variable.

The key performance indicators (KPIs) used to determine the amounts of the annual and multi-annual variable remuneration regarding to each year of the term are aligned with the strategic grounds of the Company: growth, risk control and efficiency. These are the same for all members of the Executive Committee, although with specific targets for the platforms in the case of COOs NA and EU/BR. For the year 2019 the KPIs were:

KEY PERFORMANCE INDICATOR		CEO/CFO/CDO/COO OFFSHORE			COOS NA EU/BR*		
		Percentages 2019	Group	Platform	Percentages 2019	Group	Platform
	TSR vs. Wind peers & Psi 20	15%	100%	0%	15%	100%	0%
<b>Growth</b>	Incremental MW (EBITDA+ENEOP)	10%	30%	70%	10%	30%	70%
<b>Self-Funding Strategy</b>	Asset Rotation+ Tax Equity	10.0%	100%	0%	7,5%	100%	0%
<b>Risk - Return</b>	ROIC Cash %	8%	50%	50%	8%	50%	50%
	EBITDA + Sell down Gains (in €)	15%	50%	50%	12%	50%	50%
	Net Profit (excl. Minorities)	12,5%	100%	0%	12%	100%	0%
<b>Efficiency</b>	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%
<b>Additional KPIs</b>	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%
<b>TOTAL</b>		<b>100,0%</b>			<b>100,0%</b>		

\*In respect of COO's annual and multiannual KPIs, both are calculated using the Group achievement, that weights 100%.

According to the Remuneration Policy approved by the General Shareholders' Meeting, the maximum variable remuneration (annual and multi-annual) is applicable if all the above mentioned KPI's were achieved and the performance evaluation is equal or above 110%.

As mentioned above a Complementary Long Term Program homogeneous for the three COOs (COO NA, COO EU & BR and COO Offshore) and for the 2019-2022 term was approved in 2019.

The conditions of such Complementary Long Term Program are: (i) four year period (2019-2022); (ii) Target Award will be 4 x 50% of base annual remuneration of each COO; (iii) KPIs are consistent through the whole term and specific for each COO; and (iv) payments will be done in accordance with the percentage of the achieved fulfilment with a limit of 120% of the Target Award.

## 72. MULTI-ANNUAL REMUNERATION

In line with corporate governance practices, the Remuneration Policy incorporates the deferral for a period of three years of the multi-annual variable remuneration, being the relevant payment conditioned to the lack of any willful illicit action, known after the appraisal and which endangers the sustainable performance of the company.

In application of such deferral policy, during 2019 an amount of €131,000 (gross amount) to Miguel Dias Amaro (former EDPR CFO) corresponding to the performance achieved during the year 2016.

## 73. VARIABLE REMUNERATION BASED ON SHARES

EDPR has not allocated variable remuneration on shares and does not maintain Company shares that the Executive Directors have had access to.

## 74. VARIABLE REMUNERATION BASED ON OPTIONS

EDPR has not allocated variable remuneration on options.

## 75. ANNUAL BONUS AND NON-MONETARY BENEFITS

The key factors and grounds for any annual bonus scheme are described on topics 71 and 72. Additionally, the Officers, with the exception of the CEO, received the following non-monetary benefits: retirement savings plan (as described in the following topic), company car and Health Insurance. In 2019, the non-monetary benefits amounted to EUR 96,538.

The Non-Executive Directors do not receive any relevant non-monetary benefits as remuneration.

## 76. RETIREMENT SAVINGS PLAN

The retirement savings plan for the members of the Executive Committee that are also Officers, acts as an effective retirement supplement with a range between 3% to 6% of their annual salary. The percentage is defined according with the retirement savings plan applicable in their home country. The retirement savings plan applicable to 2019, which is included within the Remuneration Policy applicable for the term office 2017-2019, was defined and proposed by the Nominations and Remunerations Committee to the Board of Directors for its submission to the General Shareholder's Meeting, which approved it on its meeting held on April 6th 2017.

## IV. REMUNERATION DISCLOSURE

### 77. BOARD OF DIRECTORS REMUNERATION

The remuneration paid by EDPR to the members of its Board of Directors for the year ended on December 31<sup>st</sup> 2019 was as follows:

REMUNERATION	TOTAL FIXED(€)
<b>EXECUTIVE DIRECTORS</b>	
João Manso Neto*	0
João Paulo Costeira**	10,301
Duarte Bello**	61,804
Miguel Ángel Prado**	0
Spyridon Martinis**	51,503
<b>NON-EXECUTIVE DIRECTORS</b>	
Antonio Mexia*	0
Vera Pinto*	0
Rui Teixeira*	0
Manuel Menéndez Menéndez	45,000
António Nogueira Leite	60,000
Acácio Jaime Liberado Mota Piloto	80,000
Gilles August	37,500
Allan J.Katz	45,000
Francisca Guedes de Oliveira	60,000
Francisco Seixas da Costa	55,000
Conceição Lucas	55,000
Alejandro Fernández de Araoz Gómez-Acebo	22,500
<b>TOTAL</b>	<b>606,108</b>

\* António Mexia, João Manso Neto, Vera Pinto and Rui Teixeira do not receive any remuneration from EDPR. EDPR and EDP signed an Executive Management Services Agreement according to which EDPR pays to EDP a fee for the services rendered by these Board Members.

\*\* Duarte Bello, Miguel Ángel Prado, João Paulo Costeira, and Spyridon Martinis, as Officers and members of the Executive Committee, and for the relevant period of 2019 corresponding to each of them, received their remuneration as Directors as described on the table above and as other Group companies' employees, as described on the table below.

According to the Executive Management Services Agreement signed with EDP, EDPR is due to pay an amount to EDP, for the services rendered by the Executive Managers and the Non-Executive Managers. The amount due under said Agreement for the management services rendered by in 2019 is EUR 853,794, of which EUR 763,794 refers to the management services rendered by the Executive Members and EUR 90,000 to the management services rendered by the Non-Executive Members. The retirement savings plan for the members of the Executive Committee, excluding the Officers, acts as an effective retirement supplement and corresponds to 5% of their annual salary.

The Non-Executive Directors may opt between a fixed remuneration or attendance fees per meeting, in a value equivalent to the fixed remuneration proposed for a Director, taking into consideration the duties carried out.

**78. REMUNERATION FROM OTHER GROUP COMPANIES**

The total remuneration of the Officers during the relevant 2019 period corresponding to each of them, ex-CEO, was the following:

REMUNERATION*	PAYER	FIXED	VARIABLE ANNUAL	VARIABLE MULTI-ANUAL	TOTAL
João Paulo Costeira	EDP Energias de Portugal, S.A. Sucursal en España	31,044			31,044
Duarte Bello	EDP Energias de Portugal, S.A. Sucursal en España	228,196	85,000		313,196
Miguel Ángel Prado	EDPR North America LLC	US\$447,666	US\$132,800		US\$580,466
Spyridon Martinis	EDP Energias de Portugal S.A. Sucursal en España	190,303			190,303

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

**79. REMUNERATION PAID IN FORM OF PROFIT SHARING AND/OR BONUS PAYMENTS**

In EDPR there is no payment of remuneration in the form of profit sharing and/or bonus payments and the reasons for said bonuses or profit sharing being awarded.

**80. COMPENSATION FOR RESIGNED BOARD MEMBERS**

In EDPR there is no compensation paid or owed to former executive Directors concerning contract termination during the financial year.

**81. AUDIT, CONTROL AND RELATED PART TRANSACTIONS COMMITTEE REMUNERATION**

COMMITTEE MEMBER	POSITION	REMUNERATION
Acacio Piloto	Chairman	80,000
António Nogueira Leite	Vocal	60,000
Francisca Guedes de Oliveira	Vocal	60,000

\* The Non-Executive Directors receive only a fixed remuneration, which is calculated based on their work exclusively as Directors or with their membership on the Nominations and Remunerations Committee, or the Audit, Control and Related Party Transactions Control Committee.

**82. REMUNERATION OF THE CHAIRPERSON OF THE GENERAL SHAREHOLDERS' MEETING**

In 2019, the remuneration of the Chairman of the General Shareholders' Meeting of EDPR was EUR 15,000.

**V. AGREEMENTS WITH REMUNERATION IMPLICATION****83-84.**

EDPR has no agreements with remuneration implication.

For avoidance of doubt, the Company has not adopted any mechanism that imply payments or assumption of fees in the case of change in the composition of the managing body (Board of Directors), and which could be likely to harm the free transferability of shares and a shareholder assessment of the performance of the members of this managing body.

**VI. SHARE-ALLOCATION AND/OR STOCK OPTION PLANS****85-88.**

EDPR does not have any Share-Allocation and/or Stock Option Plans.

## **E. RELATED-PARTY TRANSACTIONS**

### **I. CONTROL MECHANISMS AND PROCEDURES**

#### **89. RELATED-PARTY TRANSACTIONS CONTROLLING MECHANISMS**

A Framework Agreement was signed in 2008 in order to regulate the Related Party Transactions (understanding as such those relationships performed between companies of EDP Group and those of EDPR Group), stating that in compliance with the transparency purposes for future investors, such shall continue to be developed in line with the market prices, in an arm's length basis, and following certain predefined principles and rules (considering criteria as parties involved, scope and amount). In order to supervise the transactions between the Group Companies and its qualified shareholders, the Board of Directors has created the Audit, Control and Related Party Transactions Committee, a permanent body with delegated functions. Without prejudice to other duties that the Board may assign to this Committee, it shall perform supervisory functions of Audit and Control independently from the Board of Directors, as well as, supervisory functions of the transactions between Related Parties including their compliance with the principles of the Framework Agreement. The detail of the duties of this Committee is included in topic 29 of the Report. Under its Audit and Control competences, it also supervises the transactions with qualified shareholders when requested by the Board of Directors according to Article 8.A), i) of its Regulations. This information is included on the annual report of the Audit, Control and Related Party Transactions Committee.

In light of all the above, and in accordance to the Governance Model detailed in topic 15 of this Chapter 5 of the Annual Report, EDPR has implemented an structure for the evaluation of Related Party Transactions, that involves its Executive Committee (which as the body in charge of the daily activity of Company, will first discuss the commercial and legal viability of the operations) and the Audit Control and Related Party Transactions Committee which, as referred above, analyzes the compliance of each Related Part Transaction with the Framework Agreement and reports them to the Board of Directors, which finally approves the Related Party Transactions.

It should be noted that in accordance with article 13.3 of the Regulations of the Audit, Control and Related Party Transactions Committee, the resolutions adopted by this Committee are reported to the Board of Directors at the first Board meeting held following the meeting of the Committee in which such proposals were discussed. That means that in case there are Related Party Transactions, they are reported to the Board of Directors every quarter (maximum period elapsed between Board of Directors Meeting in accordance with Article 22 of its Regulations).

#### **90. TRANSACTIONS SUBJECT TO CONTROL DURING 2019**

During 2019, EDPR has not signed any contracts with the members of its corporate bodies or with holders of qualifying holdings, excluding EDP, as mentioned below.

The contracts signed between EDPR and its related parties have been analyzed by the Related Party Transactions Committee according to its competences, as mentioned on the previous topic, and have been concluded according to the market conditions.

The total amount of supplies and services in 2019 incurred with or charged by the EDP Group was EUR 18,680,969, corresponding to 6.0% of the total value of Supplies & Services for the year (EUR 310,951,533).

The most significant contracts in force during 2019 are the following:

#### **FRAMEWORK AGREEMENT**

The framework agreement was signed by EDP and EDPR on May 7<sup>th</sup> 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 4<sup>th</sup> 2008 EDP and EDPR signed an Executive Management Services Agreement that has been amended during the last years in accordance of the variations in the services rendered by EDP to the Company.

Through this contract, EDP provides management services to EDP Renováveis, including matters related to the day-to-day running of the Company. Under this agreement EDP appoints four people from EDP to be part of EDPR's Management: (i) one Executive Manager which is member of the EDPR Executive Committee and CEO, and (ii) three Non-Executive Managers, for which EDP Renováveis pays EDP an amount defined by the Related Party Committee, and approved by the Board of Directors and the Shareholders Meeting. Under this contract, EDPR incurred an amount of EUR 853,794 for the management services rendered in 2019.

#### FINANCE AGREEMENTS AND GUARANTEES

The most significant finance agreements between EDP Group companies and EDPR Group companies were established under the above-described Framework Agreement and currently include the following:

##### LOAN AGREEMENTS

EDPR and EDPR Servicios Financieros SA (as the borrower) have loan agreements with EDP Finance BV and EDP Servicios Financieros España (as the lender), companies 100% owned by EDP Energias de Portugal S.A. Such loan agreements can be established both in EUR and USD, up to 10-year tenor and are remunerated at rates set at an arm's length basis. As of December 31<sup>st</sup> 2019, such loan agreements totalled USD 2,143,967,282 and EUR 705,935,000.

##### CURRENT ACCOUNT AGREEMENT

EDPR Servicios Financieros (EDPR SF) and EDP Servicios Financieros España (EDP SFE) signed an agreement through which EDP SFE manages EDPR SF's cash accounts. The agreement also regulates the current account (cc) scheme on arm's length basis. As of December 31<sup>st</sup> 2019, there are two different current accounts with the following balance and counterparties:

- in USD, for a total amount of USD 250,117,181.35 in favour of EDPR SFE;
- in EUR, for a total amount of 153,334,755.64 in favour of EDP SFE.

The agreements in place are valid for one year as of date of signing and are automatically renewed for equal periods.

##### COUNTER-GUARANTEE AGREEMENT

A counter-guarantee agreement was signed, under which EDP or EDP Energias de Portugal S.A., Sucursal en España (hereinafter guarantor or EDP Sucursal) undertakes on behalf of EDPR, EDP Renewables Europe SLU (hereinafter EDPR EU), and EDP Renewables North America LLC (hereinafter EDPR NA) to provide corporate guarantees or request the issue of any guarantees, on the terms and conditions requested by the subsidiaries, which have been approved on a case by case basis by the EDP's Executive Board.

EDPR will be jointly liable for compliance by EDPR EU and EDPR NA. The subsidiaries of EDPR undertake to indemnify the guarantor for any losses or liabilities resulting from the guarantees provided under the agreement and to pay a fee established in arm's length basis. Nonetheless, certain guarantees issued prior to the date of approval of these agreements may have different conditions. As of December 31<sup>st</sup> 2019, such counter-guarantee agreements totalled EUR 256,687,641 and USD 352,565,000.

A counter-guarantee agreement was signed between EDPR Group and EDP España, under which, EDPR group can request the issue of any guarantee, on the terms and conditions requested by the subsidiaries of EDPR. EDPR group undertake to indemnify the guarantor for any losses or liabilities resulting from the guarantees provided under this agreement and to pay a fee established in arm's length basis. As of December 31<sup>st</sup> 2019, the amount of guarantees issued under this agreement totalled EUR 68,905,977.

##### CROSS CURRENCY INTEREST RATE SWAPS

Due to the net investments in EDPR NA, EDPR Canada, EDPR Brazil, EDPR UK, and Polish companies, EDPR's accounts were exposed to the foreign exchange risk. With the purpose of hedging this foreign exchange risk, EDPR Group companies settled the following Cross Currency Interest Rate Swap (CIRS). As of December 31<sup>st</sup> 2019, the total amount of CIRS by geography and currency are as following:

- in USD/EUR, with EDP Finance B.V. for a total amount of USD 2,398,096,866
- in CAD/EUR, with EDP Energias de Portugal SA for a total amount of CAD 67,250,000
- in BRL/EUR, with EDP Energias de Portugal SA for a total amount of BRL 122,500,000
- in GBP/EUR, with EDP Energias de Portugal SA for a total amount of GBP 21,700,000
- in PLN/EUR, with EDP Energias de Portugal SA for a total amount of PLN 849,635,447

#### HEDGE AGREEMENTS – EXCHANGE RATE

EDPR Group companies entered into several hedge agreements with EDP Energias de Portugal S.A., with the purpose of managing the transactional exposure related to the short term or transitory positions, in Colombian, Polish and United Kingdom subsidiaries, fixing the exchange rate for USD/EUR, EUR/PLN and GBP/EUR in accordance to the prices in the forward market in each contract date. As of December 31<sup>st</sup> 2019, the total amount of Forwards and Non Delivery Forwards by geography and currency are as following:

- Colombian operations, for USD/EUR a total amount of EUR 22,887,013 (FWDs)
- Polish operations, for EUR/PLN, a total amount of PLN 218,467,872 (FWDs)
- United Kingdom operations, for GBP/EUR a total amount of EUR 32,300,000 (FWDs)

#### HEDGE AGREEMENTS – COMMODITIES

EDP and EDPR EU entered into hedge agreements for 2019 for a total volume of 2,595,725 MWh (sell position) at the forward market price at the time of execution related with the expected sales of energy in the Spanish market.

#### CONSULTANCY SERVICE AGREEMENT

On June 4<sup>th</sup> 2008, EDP and EDPR signed a consultancy service agreement. Through this agreement, and upon request by EDPR, EDP (or through EDP Sucursal) shall provide consultancy services in the areas of legal services, internal control systems, financial reporting, taxation, sustainability, regulation and competition, risk management, human resources, information technology, brand and communication, energy planning, accounting and consolidation, corporate marketing, and organisational development.

The price of the agreement is calculated as the cost incurred by EDP plus a margin. For the first year, it was fixed at 8% based on an independent expert on the basis of market research. For 2019 the estimated cost of these services is EUR 5,065,919. This was the total cost of services provided for EDPR, EDPR EU, and EDPR NA.

The duration of the agreement is one (1) year tacitly renewable for equal periods.

#### RESEARCH AND DEVELOPMENT AGREEMENT

On May 13<sup>th</sup> 2008, EDP Inovação S.A. (hereinafter EDP Inovação), an EDP Group Company, and EDPR signed an agreement regulating relations between the two companies regarding projects in the field of renewable energies (hereinafter the R&D Agreement).

The object of the R&D Agreement is to prevent conflicts of interest and foster the exchange of knowledge between companies and the establishment of legal and business relationships. The agreement forbids EDP Group companies other than EDP Inovação to undertake or invest in companies that undertake the renewable energy projects described in the agreement.

The R&D Agreement establishes an exclusive right on the part of EDP Inovação to project and develop new renewable energy technologies that are already in the pilot or economic and/or commercial feasibility study phase, whenever EDPR exercises its option to undertake them.

The fee corresponding to this agreement in 2019 is EUR 378,255.

The agreement shall remain in effect for as long as EDP directly or indirectly maintains control of more than 50% of both companies or appoint the majority of the members of the Board and Executive Committee of the parties to the agreement.

#### MANAGEMENT SUPPORT SERVICES AGREEMENT BETWEEN EDP RENOVÁVEIS PORTUGAL S.A., AND EDP VALOR – GESTÃO INTEGRADA DE RECURSOS S.A.

On January 1<sup>st</sup> 2003, EDPR – Promoção e Operação S.A., and EDP Valor – Gestão Integrada de Recursos S.A. (hereinafter EDP Valor), an EDP Group Company, signed a management support service agreement.

The object of the agreement is the provision to EDPR – Promoção e Operação S.A. by EDP Valor of services in the areas of procurement, economic and financial management, fleet management, property management and maintenance, insurance, occupational health and safety, and human resource management and training.

The remuneration accrued by EDP Valor by EDPR Promoção e Operação S.A. and its subsidiaries for the services provided in 2019 totalled EUR 1,675,158. The initial duration of the agreement was five (5) years from date of signing on January 1<sup>st</sup> 2008, and tacitly renewable for equal periods of one (1) year. Either party may renounce the contract with one (1) year's notice.

#### INFORMATION TECHNOLOGY MANAGEMENT SERVICES AGREEMENT BETWEEN EDP RENOVÁVEIS S.A. AND EDP ENERGIAS DE PORTUGAL S.A.

On January 1<sup>st</sup> 2010 EDPR and EDP signed an IT management services agreement.

The object of the agreement is to provide to EDPR the information technology services described on the contract and its attachments by EDP.

The amount incurred for the services provided in 2019 totalled EUR 1,067,812.

The initial duration of the agreement is one (1) year from date of signing and it is tacitly renewed for a new period of one (1) year.

Either party may renounce the contract with one (1) month notice.

#### CONSULTANCY AGREEMENT BETWEEN EDP RENOVÁVEIS BRASIL S.A., AND EDP ENERGIAS DO BRASIL S.A.

The object of the agreement is to provide to EDP Renováveis Brasil S.A. (hereinafter EDPR Brasil) the consultancy services described on the contract and its attachments by EDP – Energias do Brasil S.A. (hereinafter EDP Brasil). Through this agreement, and upon request by EDPR Brasil, EDP Brasil shall provide consultancy services in the areas of legal services, internal control systems, financial reporting, taxation, sustainability, regulation and competition, risk management, human resources, information technology, brand and communication, energy planning, accounting and consolidation, corporate marketing, and organisational development.

The amount incurred by EDP Brasil for the services provided in 2019 totalled BRL 234,620.

The initial duration of the agreement is one (1) year from the date of signing and it is tacitly renewed for a new period of one (1) year.

#### **91. DESCRIPTION OF THE PROCEDURES APPLICABLE TO THE SUPERVISORY BODY FOR THE ASSESSMENT OF THE BUSINESS DEALS**

The most significant contracts signed between EDPR and its Qualified Shareholders are analyzed by the Audit, Control and Related-Party Transactions Committee according to its competences, as mentioned on topic 89 of the Chapter 5 of this Annual Report.

#### **II. DATA ON BUSINESS DEALS**

#### **92. DETAILS OF THE PLACE WHERE THE FINANCIAL STATEMENTS INCLUDING INFORMATION ON BUSINESS DEALINGS WITH RELATED PARTIES ARE AVAILABLE, IN ACCORDANCE WITH IAS 24, OR ALTERNATIVELY A COPY OF SAID DATA.**

The information on business dealings with related parties is available on Note 38 of the Financial Statements.



## PART II – CORPORATE GOVERNANCE ASSESSMENT

### 1. DETAILS OF THE CORPORATE GOVERNANCE CODE IMPLEMENTED

Following the protocol signed between the CMVM and the Portuguese Institute of Corporate Governance (IPCG) on October 13, 2017, the CMVM revoked its Corporate Governance Code (2013), which was replaced by a single applicable code, the new Corporate Governance Code of the IPCG, which entered into force on January 1<sup>st</sup> 2018.

For the purposes of the proper preparation of corporate governance reports for the year beginning in 2019, and to be reported in 2020, they should continue to be prepared in accordance with the structure of contents referred the annex to CMVM Regulation No. 4/2013 available at the CMVM website ( [www.cmvm.pt](http://www.cmvm.pt)). The report template is divided into two parts:

- Part I - mandatory information on shareholder structure, organisation and governance of the company. This information shall be referred within points 1 to 92 of this Corporate Governance Report in accordance with the structure included in that Annex.
- Part II - Corporate governance assessment: should include a declaration in which they must: (i) identify the applicable code, (ii) state whether or not they adhere to each of the recommendations of this code and, (iii) with respect to recommendations that do not follow, explain reasonably why.

The agreement between CMVM and IPCG on the new Corporate Governance Code may be found on the Protocol signed on 13 October 2017, presented and available on the website of CMVM (<http://www.cmvm.pt>) and the Corporate Governance Code of the IPCG is published on the websites of IPCG and of the Monitoring Committees (<https://cam.cgov.pt/>)

### 2. ANALYSIS OF COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE IMPLEMENTED

The following table shows the recommendations set forth in the Corporate Governance Code of the IPCG and indicates EDPR's compliance with it and the place in this report in which they are described in more detail.

Also in order to comply with the best Corporate Governance recommendations, and according to the results of the reflection made by the Nominations and Remunerations Committee, the governance model that was adopted has been ensuring an effective performance and articulation of EDPR Governing Bodies and proved to be adequate to the Company's governance structure without any constraints to the performance of its checks and balances system adopted to justify the changes made in the governance practices of EDPR.

The explanation of the Corporate Governance Code of the IPCG recommendations that EDPR does not adopt or that the Company deems not applicable, reasoning and other relevant comments as well as reference to the part of the report where the description may be found, are in the table below.

In this context, EDPR states that it has adopted the Corporate Governance recommendations on the governance of listed companies provided in the Corporate Governance Code of the IPCG, with the exceptions indicated below.

## CORPORATE GOVERNANCE RECOMMENDATIONS - STATEMENT OF COMPLIANCE

## CHAPTER I - GENERAL PROVISIONS

## I.1. COMPANY'S RELATIONSHIP WITH INVESTORS AND DISCLOSURE

- I.1.1  
**Adopted** The Company should establish mechanisms to ensure, in a suitable and rigorous form, the production, management and timely disclosure of information to its governing bodies, shareholders, investors and other stakeholders, financial analysts, and to the markets in general.

Section B - II, a) Topic 15 (Page 149); Section C-V, Topics 56, 59 – 65 (Pages 182, 183, 184)

## I.2. DIVERSITY IN THE COMPOSITION AND FUNCTIONING OF THE COMPANY'S GOVERNING BODIES

- I.2.1  
**Adopted** Companies should establish standards and requirements regarding the profile of new members of their governing bodies, which are suitable according to the roles to be carried out. Besides individual attributes (such as competence, independence, integrity, availability, and experience), these profiles should take into consideration general diversity requirements, with particular attention to gender diversity, which may contribute to a better performance of the governing body and to the balance of its composition.

Section B-II, a) Topics 16 and 17 (Pages 150, 151)

- I.2.2  
**Adopted** The company's managing and supervisory boards, as well as their committees, should have internal regulations — namely regulating the performance of their duties, their Chairmanship, periodicity of meetings, their functioning and the duties of their members —, and detailed minutes of the meetings of each of these bodies should be carried out.

Section B-II, a) Topic 15 (Page 149);

- I.2.3  
**Adopted** The internal regulations of the governing bodies — the managing body, the supervisory body and their respective committees - should be disclosed, in full, on the company's website.

Section B-II, a) Topic 15 (Pages 149, 150); Section C-V, Topics 59 – 65 (Page 184)

- I.2.4  
**Adopted** The composition, the number of annual meetings of the managing and supervisory bodies, as well as of their committees, should be disclosed on the company's website.

Section B-II, b) Topic 23 (Page 155); Section B-II, c) Topic 29 (Pages 157, 162, 163); Section B-III, b), Topic 35 (Page 164); Section C-V, Topics 59 – 65 (Page 184)

- I.2.5  
**Adopted** The company's internal regulations should provide for the existence and ensure the functioning of mechanisms to detect and prevent irregularities, as well as the adoption of a policy for the communication of irregularities (whistleblowing) that guarantees the suitable means of communication and treatment of those irregularities, but safeguarding the confidentiality of the information transmitted and the identity of its provider, whenever such confidentiality requested.

Section C-II, Topic 49 (Pages 167 - 169); Section C) – III, Topic 55 (Page 182)

## I.3. RELATIONSHIPS BETWEEN THE COMPANY BODIES

- I.3.1  
**Adopted** The bylaws-, or other equivalent means adopted by the company, should establish mechanisms that, within the limits of applicable laws, permanently ensure the members of the managing and supervisory boards are provided with access to all the information and company's collaborators, in order to appraise the performance, current situation and perspectives for further developments of the company, namely including minutes, documents supporting decisions that have been taken, calls for meetings, and the archive of the meetings of the managing board, without impairing the access to any other documents or people that may be requested for information.

Section B-II, a) Topic 15 (Page 149)

- I.3.2  
**Adopted** Each of the company's boards and committees should ensure the timely and suitable flow of information, especially regarding the respective calls for meetings and minutes, necessary for the exercise of the competences, determined by law and the bylaws, of each of the remaining boards and committees.

Section B-II, a) Topic 15 (Page 149); Section B-II, a) Topic 29 (Pages 157, 159, 162)

## I.4 CONFLICTS OF INTEREST

- I.4.1  
**Adopted** The duty should be imposed, to the members of the company's boards and committees, of promptly informing the respective board or committee of facts that could constitute or give rise to a conflict between their interests and the company's interest.

Section B-II, a) Topic 18 (Page 152)

- I.4.2  
**Adopted** Procedures should be adopted to guarantee that the member in conflict does not interfere in the decision-making process, without prejudice to the duty to provide information and other clarifications that the board, the committee or their respective members may request.

Section B-II, a) Topic 18 (Page 152)

## I.5. RELATED PARTY TRANSACTIONS

- I.5.1 The managing body should define, in accordance with a previous favourable and binding opinion of the supervisory body, the type, the scope and the minimum individual or aggregate value of related party transactions that: (i) require the previous authorization of the managing body, and (ii) due to their increased value require an additional favourable report of the supervisory body.

**Adopted**

Section E-I, Topic 89 (Page 190)

I.5.2

The managing body should report all the transactions contained in Recommendation I.5.1. to the supervisory body, at least every six months.

**Adopted**

Section E-I, Topic 89 (Page 190)

## CHAPTER II – SHAREHOLDERS AND GENERAL MEETINGS

- II.1 The company should not set an excessively high number of shares to confer voting rights, and it should make its choice clear in the corporate governance report every time its choice entails a diversion from the general rule: that each share has a corresponding vote.

**Not Applicable**

Section B-I, b) Topics 12 and 13 (Page 147)

II.2

The company should not adopt mechanisms that make decision making by its shareholders (resolutions) more difficult, specifically, by setting a quorum higher than that established by law.

**Adopted**

Section B-I, b) Topic 14 (Page 148)

*Please note EDPR's personal law is the Spanish one, and as such, the majorities and quorums applicable for the Shareholders' Meeting resolutions are not the ones set under Portuguese Law, but those established under the Spanish one, with which is completely aligned.*

II.3

The company should implement adequate means for the exercise of voting rights through postal votes, including by electronic means.

**Adopted**

Section B-I, b) Topic 13 (Page 148)

II.4

The company should implement adequate means in order for its shareholders to be able to digitally participate in general meetings.

**Not adopted**

Section B-I, b) Topic 13 (Page 147, 148)

*EDPR has deeply analyzed the needs and priorities of its shareholders worldwide, and therefore, since 2009, it is provided the possibility of fulfilling all the requirements necessary to validly exercise their right to vote by distance means (registry of intention to attend, submission of the certificate of titularity of shares, granting of representation proxies, and properly voting). The efficiency and interest of our shareholders in these initiatives has been clearly proved, as nearly almost all of the participation is exercised by these means.*

*In the same way, EDPR has also reviewed the track record of participation in the Shareholders' Meeting the day of its celebration (when generally all of the votes have been already submitted by distance voting), the shareholding structure of the Company, and its shareholders' profiles; concluding that the implementation of a streaming system to digitally participate will imply a material cost where the demonstrated preferences of almost all of our shareholders is to submit their votes by distance means. Hence, understanding that the spirit of the initiative under this recommendation would be applicable where it works in the interest of the shareholders, which is not the case, EDPR considers not recommendable to follow his initiative.*

- II.5 The bylaws, which specify the limitation of the number of votes that can be held or exercised by a sole shareholder, individually or in coordination with other shareholders, should equally provide that, at least every 5 years, the amendment or maintenance of this rule will be subject to a shareholder resolution — without increased quorum in comparison to the legally established — and in that resolution, all votes cast will be counted without observation of the imposed limits.

**Not applicable**

Section A-I, topic 5 (Page 143); Section B-I, b) Topic 12 (Page 147)

II.6

The company should not adopt mechanisms that imply payments or assumption of fees in the case of the transfer of control or the change in the composition of the managing body, and which are likely to harm the free transferability of shares and a shareholder assessment of the performance of the members of the managing body.

**Adopted**

Section A-I, Topic 4 (Page 143); Section D - IV, Topic 80 (Page 189); and Section D - V, Topics 83-84 (Page 189)

## CHAPTER III - NON - EXECUTIVE MANAGEMENT, MONITORING AND SUPERVISION

- III.1 Without prejudice to question the legal powers of the chair of the managing body, if he or she is not independent, the independent directors should appoint a coordinator (lead independent director), from amongst them, namely, to: (i) act, when necessary, as an interlocutor near the chair of the board of directors and other directors, (ii) make sure there are the necessary conditions and means to carry out their functions; and (iii) coordinate the independent directors in the assessment of the performance of the managing body, as established in recommendation V.I.1.

**Adopted**

Section B-II, a) Topic 18 (Page 152)

- III.2 The number of non-executive members in the managing body, as well as the number of members of the supervisory body and the number of the members of the committee for financial matters should be suitable for the size of the company and the complexity of the risks intrinsic to its activity, but sufficient to ensure, with efficiency, the duties which they have been attributed.

**Adopted**

Section B-II, a) Topic 18 (Page 151)

III.3

In any case, the number of non-executive directors should be higher than the number of executive directors.

**Adopted**

Section B-II, a) Topic 18 (Page 151)

Each company should include a number of non-executive directors that corresponds to no less than one third, but always plural, who satisfy the legal requirements of independence. For the purposes of this recommendation, an independent person is one who is not associated with any specific group of interest of the company, nor under any circumstance likely to affect his/her impartiality of analysis or decision, namely due to:

- III.4  
**Adopted**
- i. having carried out functions in any of the company's bodies for more than twelve years, either on a consecutive or non-consecutive basis;
  - ii. having been a prior staff member of the company or of a company which is considered to be in a controlling or group relationship with the company in the last three years;
  - iii. having, in the last three years, provided services or established a significant business relationship with the company or a company which is considered to be in a controlling or group relationship, either directly or as a shareholder, director, manager or officer of the legal person;
  - iv. having been a beneficiary of remuneration paid by the company or by a company which is considered to be in a controlling or group relationship other than the remuneration resulting from the exercise of a director's duties;
  - v. having lived in a non-marital partnership or having been the spouse, relative or any first degree next of kin up to and including the third degree of collateral affinity of company directors or of natural persons who are direct or indirect holders of qualifying holdings, or having been a qualified holder or representative of a shareholder of qualifying holding

Section B-II, a) Topic 18 (Page 151)

- III.5  
**Adopted**
- The provisions of (i) of recommendation III.4 does not inhibit the qualification of a new director as independent if, between the termination of his/her functions in any of the company's bodies and the new appointment, a period of 3 years has elapsed (cooling-off period).

Section B -II, a)Topic 18 (Page 151)

- III.6  
**Adopted**
- Non-executive directors should participate in the definition, by the managing body, of the strategy, main policies, business structure and decisions that should be deemed strategic for the company due to their amount or risk, as well as in the assessment of the accomplishment of these actions.

Section A - II, Topic 9 ( Pages 145, 146) and Section B-II, a) Topic 29 (Pages 158, 159)

- III.7  
**Not applicable**
- The supervisory body should, within its legal and statutory competences, collaborate with the managing body in defining the strategy, main policies, business structure and decisions that should be deemed strategic for the company due to their amount or risk, as well as in the assessment of the accomplishment of these actions.

Section A - II, Topic 9 (Page 146)

- III.8  
**Adopted**
- The supervisory body, in observance of the powers conferred to it by law, should, in particular, monitor, evaluate, and pronounce itself on the strategic lines and the risk policy defined by the managing body.

Section A - II, Topic 9 (Page 146); Section B- II, c)Topic 29 (Page 158); Section B-III a), Topic 30 (Page 163); Section C) – III, Topic 52 (Page 171)

- III.9  
**Adopted**
- Companies should create specialized internal committees that are adequate to their dimension and complexity, separately or cumulatively covering matters of corporate governance, remuneration, performance assessment, and appointments.

Section B - II, a) Topic 17 (Page 150) Section B-II, c), Topics 27, 28 and 29 (Pages 156, 161, 162)

- III.10  
**Adopted**
- Risk management systems, internal control and internal audit systems should be structured in terms adequate to the dimension of the company and the complexity of the inherent risks of the company's activity.

Section C - III, Topics 50 -55 (Page 170 - 182)

- III.11  
**Adopted**
- The supervisory body and the committee for financial affairs should supervise the effectiveness of the systems of risk management, internal control and internal audit, and propose adjustments where they are deemed to be necessary.

Section A - II, Topic 9 (Page 146); Section B- II, c) Topic 29 (Page 158); Section B-III, Topic 30 (Page 163); Section C–III, Topic 52 (Page 171)

- III.12  
**Adopted**
- The supervisory body should provide its view on the work plans and resources of the internal auditing service, including the control of compliance with the rules applied to the company (compliance services) and of internal audit, and should be the recipient of the reports prepared by these services, at least regarding matters related with approval of accounts, the identification and resolution of conflicts of interest, and the detection of potential irregularities.

Section B- II, c) Topic 29 (Pages 158,159) Section B – III, b)Topic 35 (Pages 163, 164)

## CHAPTER IV - EXECUTIVE MANAGEMENT

- IV.1  
**Adopted**
- The managing body should approve, by internal regulation or equivalent, the rules regarding the action of the executive directors and how these are to carry out their executive functions in entities outside of the group.

Section B-II, b) Topic 26 (Page 156)

- IV.2  
**Adopted**
- The managing body should ensure that the company acts consistently with its objects and does not delegate powers, namely, in what regards:
- i. the definition of the strategy and main policies of the company;
  - ii. the organisation and coordination of the business structure matters that should be considered strategic in virtue of the amounts involved, the risk, or special characteristics.

Section A -II, Topic 9 (Page 145)

IV.3	In matters of risk assumption, the managing body should set objectives and look after their accomplishment.
<b>Adopted</b>	
Section A - II, Topic 9 (Page 145); Section C-III, Topic 52 (Page 171)	
IV.4	The supervisory board should be internally organised, implementing mechanisms and procedures of periodic control that seek to guarantee that risks which are effectively incurred by the company are consistent with the company's objectives, as set by the managing body.
<b>Adopted</b>	
Section B- II, c)topic 29 (Pages 158-160); Section B-III Topic 30 (Page 163); Section B – III, b)Topic 35 (Pages 163,164); Section C– II, Topic 52 (Page 171)	
<b>CHAPTER V - EVALUATION OF PERFORMANCE, REMUNERATION AND APPOINTMENT</b>	
<b>V.1. ANNUAL EVALUATION OF PERFORMANCE</b>	
V.1.1	The managing body should annually evaluate its performance as well as the performance of its committees and delegated directors, taking into account the accomplishment of the company's strategic plans and budget plans, the risk management, the internal functioning and the contribution of each member of the body to these objectives, as well as the relationship with the company's other bodies and committees.
<b>Adopted</b>	
Section A - II, Topic 9 (Pages 145,146); Section B-II c), Topic 24 (Page 155); Section D – I Topic 66 (Page 185)	
V.1.2	The supervisory body should supervise the company's management, especially, by annually assessing the accomplishment of the company's strategic plans and of the budget, the risk management, the internal functioning and the contribution of each member of the body to these objectives, as well as the relationship with the company's other bodies and committees.
<b>Adopted</b>	
Section B-II c), Topic 29 (Page 158,159); Section D – III, Topic 71 (Page 187)	
<b>V.2. REMUNERATION</b>	
V.2.1	The remuneration should be set by a committee, the composition of which should ensure its independence from management.
<b>Adopted</b>	
Section B- II, Topic 29 (Pages 161-162 ); Section D - I, Topic 66 (Page 185); Section D - II, Topic 67 (Page 185)	
V.2.2	The remuneration committee should approve, at the start of each term of office, execute, and annually confirm the company's remuneration policy for the members of its boards and committees, including the respective fixed components. As to executive directors or directors periodically invested with executive duties, in the case of the existence of a variable component of remuneration, the committee should also approve, execute, and confirm the respective criteria of attribution and measurement, the limitation mechanisms, the mechanisms for deferral of payment, and the remuneration mechanisms based on the allocation of options and shares of the company.
<b>Adopted</b>	
Section D – III, Topic 69 (Page 185,186)	
V.2.3	<p>The statement on the remuneration policy of the managing and supervisory bodies, pursuant to article 2 of Law no. 28/2009, 19<sup>th</sup> June, should additionally contain the following:</p> <ol style="list-style-type: none"> <li>the total remuneration amount itemised by each of its components, the relative proportion of fixed and variable remuneration, an explanation of how the total remuneration complies with the company's remuneration policy, including how it contributes to the company's performance in the long run, and information about how the performance requirements were applied;</li> <li>remunerations from companies that belong to the same group as the company;</li> <li>the number of shares and options on shares granted or offered, and the main conditions for the exercise of those rights, including the price and the exercise date;</li> <li>information on the possibility to request the reimbursement of variable remuneration;</li> <li>information on any deviation from the procedures for the application of the approved remuneration policies, including an explanation of the nature of the exceptional circumstances and the indication of the specific elements subject to derogation;</li> <li>information on the enforceability or non-enforceability of payments claimed in regard to the termination of office by directors.</li> </ol>
<b>Adopted</b>	
Section D – III – Topic 69 (Pages 185, 186)	
V.2.4	For each term of office, the remuneration committee should also approve the directors' pension benefit policies, when provided for in the bylaws, and the maximum amount of all compensations payable to any member of a board or committee of the company due to the respective termination of office
<b>Adopted</b>	
Section D – I, Topic 66 (Page 185); Section D – III, Topics 75, 76 (Pages 187, 188)	
V.2.5	In order to provide information or clarifications to shareholders, the chair or, in case of his/her impediment, another member of the remuneration committee should be present at the annual general meeting, as well as at any other, whenever the respective agenda includes a matter linked with the remuneration of the members of the company's boards and committees or, if such presence has been requested by the shareholders
<b>Adopted</b>	
Section B-I, a) Topic 11 (Page 147); Section B-II, a) Topic 29 (Page 162)	
V.2.6	Within the company's budgetary limitations, the remuneration committee should be able to decide, freely, on the hiring, by the company, of necessary or convenient consulting services to carry out the committee's duties. The remuneration committee should ensure that the services are provided independently and that the respective providers do not provide other services to the company, or to others in controlling or group relationship, without the express authorization of the committee.
<b>Adopted</b>	
Section D – III – Topics 67 (Page 185)	

### V.3. DIRECTOR REMUNERATION

V.3.1  
**Adopted** Taking into account the alignment of interests between the company and the executive directors, a part of their remuneration should be of a variable nature, reflecting the sustained performance of the company, and not stimulating the assumption of excessive risks

Section D – III, Topics 69 -72 (Pages 185-187)

V.3.2  
**Adopted** A significant part of the variable component should be partially deferred in time, for a period of no less than three years, thereby connecting it to the confirmation of the sustainability of the performance, in the terms defined by a company's internal regulation

Section D – III, Topic 72 (Page 187)

V.3.4  
**Not applicable** When variable remuneration includes the allocation of options or other instruments directly or indirectly dependent on the value of shares, the start of the exercise period should be deferred in time for a period of no less than three years

Section D – III, Topics 73 and 74 (Page 187)

V.3.5  
**Adopted** The remuneration of non-executive directors should not include components dependent on the performance of the company or on its value

Section D – III, Topic 69 (Page 186); Section D – IV, 77 (Page 188)

V.3.6  
**Adopted** The company should be provided with suitable legal instruments so that the termination of a director's time in office before its term does not result, directly or indirectly, in the payment to such director of any amounts beyond those foreseen by law, and the company should explain the legal mechanisms adopted for such purpose in its governance report

Section D – III, Topics 69 -72 (Pages 185-187)

### V.4. APPOINTMENTS

V.4.1  
**Adopted** The company should, in terms that it considers suitable, but in a demonstrable form, promote that proposals for the appointment of the members of the company's governing bodies are accompanied by a justification in regard to the suitability of the profile, the skills and the curriculum vitae to the duties to be carried

Section B-II, a) Topics 16, 17 (Pages 150,151)

V.4.2  
**Adopted** The overview and support to the appointment of members of senior management should be attributed to a nomination committee, unless this is not justified by the company's size

Section B- II, Topic 29 (Pages 161, 162)

V.4.3  
**Adopted** This nomination committee includes a majority of non- executive, independent members

Section B- II, Topic 29 (Page 161)

V.4.4  
**Adopted** The nomination committee should make its terms of reference available, and should foster, to the extent of its powers, transparent selection processes that include effective mechanisms of identification of potential candidates, and that those chosen for proposal are those who present a higher degree of merit, who are best suited to the demands of the functions to be carried out, and who will best promote, within the organisation, a suitable diversity, including gender diversity

Section B-II, a) Topics 16, 17 (Pages 150,151);

## CHAPTER VI – RISK MANAGEMENT

VI.1  
**Adopted** The managing body should debate and approve the company's strategic plan and risk policy, which should include a definition of the levels of risk considered acceptable.

Section A -II, Topic 9 (Page 145,146); Section C) - III, Topic 52 (Page 171)

VI.2  
**Adopted** Based on its risk policy, the company should establish a system of risk management, identifying (i) the main risks it is subject to in carrying out its activity; (ii) the probability of occurrence of those risks and their respective impact; (iii) the devices and measures to adopt towards their mitigation; (iv) the monitoring procedures, aiming at their accompaniment; and (v) the procedure for control, periodic evaluation and adjustment of the system

Section C) – III, Topics 52 - 55 (171- 182); Chapter 2 of this Annual Report (Page 59)

VI.3  
**Adopted** The company should annually evaluate the level of internal compliance and the performance of the risk management system, as well as future perspectives for amendments of the structures of risk previously defined

Section C) -III, Topic 55 (Page 180)

## CHAPTER VII - FINANCIAL STATEMENTS AND ACCOUNTING

### VII.1. FINANCIAL INFORMATION

VII.1.1 The supervisory body's internal regulation should impose the obligation to supervise the suitability of the preparation process and the disclosure of financial information by the managing body, including suitable accounting policies, estimates, judgments, relevant disclosure and its consistent application between financial years, in a duly documented and communicated form

**Adopted**

Section B- II, Topic 29 (Pages 158,159); Section B – III, b)Topic 35 (Pages 163, 164); Section C – III, Topic 55 (Page 180 -182)

### VII.2. STATUTORY AUDIT OF ACCOUNTS AND SUPERVISION

VII.2.1 Through the use of internal regulations, the supervisory body should define:

- the criteria and the process of selection of the statutory auditor;
- the methodology of communication between the company and the statutory auditor;
- the monitoring procedures destined to ensure the independence of the statutory auditor;
- the services, besides those of accounting, which may not be provided by the statutory auditor.

**Adopted**

Section B- II, c) Topic 29 (Pages 158, 159), Section B – III, c) Topics 37 and 38 (Pages 164, 165); Section B – IV-V, Topics 39 – 41, 45 and 46 (Pages 165,166)

VII.2.2 The supervisory body should be the main interlocutor of the statutory auditor in the company and the first recipient of the respective reports, having the powers, namely, to propose the respective remuneration and to ensure that adequate conditions for the provision of services are ensured within the company

**Adopted**

Sections B – II, c) Topic 29 (Pages 158); Section B – V, Topics 45, 46 (Pages 165,166)

VII.2.3 The supervisory body should annually assess the services provided by the statutory auditor, their independence and their suitability in carrying out their functions, and propose their dismissal or the termination of their service contract by the competent body when this is justified for due cause

**Adopted**

Section B – II, c) Topic 29 (Pages 158-160); Section B – III a), Topic 30 (Page 163), Section B – III, c)Topic 38 (Page 164); Section B- IV- V, Topic 45 (Pages 165, 166)

VII.2.4 The statutory auditor should, within their powers, verify the application of policies and systems of remuneration of governing bodies, the effectiveness and the functioning of the mechanisms of internal control, and report any irregularities to the supervisory body

**Adopted**

Section B – IV-V, Topic 45 (Pages 165, 166)

VII.2.5 The statutory auditor should collaborate with the supervisory body, immediately providing information on the detection of any relevant irregularities as to the accomplishment of the duties of the supervisory body, as well as any difficulties encountered whilst carrying out their duties

**Adopted**

Section B – IV -V, Topic 45 (Pages 165, 166)

## ANNEX I: CURRICULUM VITAE OF THE MEMBERS OF THE BOARD OF DIRECTORS



**ANTÓNIO MEXIA**

Born: 1957

### Current positions in EDPR or EDP group of companies:

- Chairman of the Board of Directors of EDP Renováveis, S.A.
- Chairman and CEO of the Executive Board of Directors of EDP – Energias de Portugal, S.A.
- Permanent Representative of EDP – Energias de Portugal, Sociedade Anónima, Sucursal en España, and Representative of EDP Finance BV
- Chairman of the Board of Directors of EDP – Energias do Brasil, S.A.
- Chairman of the Board of Directors of Fundação EDP

### Current positions in companies outside EDPR and EDP group of companies:

- Sustainable Energy for All-Chairman

### Other previous positions:

- Minister of Public Works, Transport and Communication for Portugal's 16th Constitutional Government
- Chairman of the Portuguese Energy Association (APE)
- Executive Chairman of Galp Energia
- Chairman of the Board of Directors of Petrogal, Gás de Portugal, Transgás and Transgás-Atlântico
- Vice-Chairman of the Board of Directors of Galp Energia
- Director of Banco Espírito Santo de Investimentos
- Vice-Chairman of the Board of Directors of ICEP (Portuguese Institute for Foreign Trade)
- Assistant to the Secretary of State for Foreign Trade
- Assistant Lecturer in the Department of Economics at Université de Genève (Switzerland)

### Education:

- BSc in Economics from Université de Genève (Switzerland)
- Postgraduate lecturer in European Studies at Universidade Católica





## JOÃO MANSO NETO

Born: 1958

### Current positions in EDPR or EDP group of companies:

- Executive Vice-Chairman of the Board of Directors and Chairman of the Executive Committee (CEO) of EDP Renováveis, S.A.
- Chairman of the Board of Directors of EDP Renewables Europe, S.L.U., EDP Renováveis Brasil S.A., EDP Renováveis Servicios Financieros, S.A. and EDPR FS Offshore, S.A.
- Executive Director of EDP Energias de Portugal, S.A.
- Member of the Board of Directors of EDP España, S.A.U.
- Permanent Representative of EDP Energias de Portugal, S.A. Sucursal en España, and Representative of EDP Finance BV
- Chairman of the Board of Directors of EDP Gás.com Comércio de Gás Natural, S.A.

### Current positions in companies outside EDPR and EDP group of companies:

- Member of the Board of the Operador del Mercado Ibérico de Energía, Polo Español (OMEL)
- Member of the Board of OMIP – Operador do Mercado Ibérico (Portugal), SGPS, S.A.
- Member of the Board of MIBGAS

### Main positions in the last five years:

- Member of the Executive Board of Directors of EDP Energias de Portugal, S.A.
- Chairman of EDP Gestão da Produção de Energia, S.A.
- CEO and Vice-Chairman of EDP España, S.A.U.
- Vice-Chairman of Naturgás Energía Grupo, S.A.
- Member of the Board of the Operador del Mercado Ibérico de Energía, Polo Español (OMEL)
- Member of the Board of OMIP – Operador do Mercado Ibérico (Portugal) SGPS, S.A.

### Other previous positions:

- Head of the International Credit Division, and General Manager responsible for Financial and South Retail areas at Banco Português do Atlântico
- General Manager of Financial Management, General Manager of Large Corporate and Institutional Businesses, General Manager of the Treasury, Member of the Board of Directors of BCP Banco de Investimento  
Vice-Chairman of BIG Bank Gdansk in Poland at Banco Comercial Português and
- Member of the Board of Banco Português de Negócios
- General Manager and Member of the Board of EDP Produção

### Education:

- Degree in Economics from Instituto Superior de Economia
- Post-graduate degree in European Economics from Universidade Católica Portuguesa
- Program in Economics at the Faculty of Economics, Universidade Nova de Lisboa
- Advanced Management Program for Overseas Bankers at the Wharton School in Philadelphia

**DUARTE BELLO**

Born: 1979

**Current positions in EDPR or EDP group of companies:**

- Chief Operating Officer of EDP Renováveis, S.A. for Europe and Brazil
- Member of the Board of Directors of EDP Renováveis, S.A.
- Member the Executive Committee of EDP Renováveis, S.A.

**Current positions in companies outside EDPR and EDP group of companies:**

- (none)

**Main positions in the last five years:**

- Head of EDP Group M&A and Corporate Development
- Member of EDP Group Investment Committee

**Other previous positions:**

- Chief of Staff for EDP's CEO
- Project Manager in EDP Group M&A and Corporate Development
- Financial Analyst at Schroder Salomon Smith Barney in London and Lisbon
- Financial analyst in Citigroup's Investment Banking division in London

**Education:**

- Business and Administration from Faculdade de Economia da Universidade Nova de Lisboa
- MBA from INSEAD (Singapore and France)



### **MIGUEL ÁNGEL PRADO**

Born: 1975

#### **Current positions in EDPR or EDP group of companies:**

- Chief Operating Officer of EDP Renováveis, S.A. for North America and CEO EDP Renewables North America LLC
- Member of the Board of Directors of EDP Renováveis, S.A.
- Member of the Executive Committee of EDP Renováveis, S.A.
- Responsible for Corporate Procurement at EDP Renováveis, S.A.

#### **Current positions in companies outside EDPR and EDP group of companies:**

- (none)

#### **Main positions in the last five years:**

- Head of Investments, Mergers and Acquisitions at EDP Renováveis, S.A.
- Leadership of the asset rotation strategy of EDP Renováveis, S.A.
- Member of EDPR Group Investment Committee

#### **Other previous positions:**

- He has worked in EDP and EDPR for nearly 17 years, investing more than 18 Billion by executing a significant number of relevant acquisitions in 12 different countries
- Manager at Arthur Andersen/Deloitte Corporate Finance department

#### **Education:**

- PhD in Business and Management by the University of Oviedo and Bradford (UK)
- Executive MBA by the IE (Instituto de Empresa, Madrid)



### **SPYRIDON MARTINIS SPETTEL**

Born: 1979

#### **Current positions in EDPR or EDP group of companies:**

- Chief Operating Officer of EDP Renováveis, S.A. for Offshore
- CDO of EDP Renováveis, S.A.
- Member of the Board of Directors of EDP Renováveis, S.A.
- Member of the Executive Committee of EDP Renováveis, S.A.

#### **Current positions in companies outside EDPR and EDP group of companies:**

- (none)

#### **Main positions in the last five years:**

- Executive Business Initiatives Director, EDP Renováveis, S.A.
- Executive Operating Director – Europe, EDP Renováveis, S.A.
- Asset Management & Business Development Director – Europe, EDP Renováveis, S.A.
- Director of EDPR Polska, France and Belgium
- Business Development Director & Coordinator – Europe, EDP Renováveis, S.A.

#### **Other previous positions:**

- Head of Business Development, Eastern & Northern Europe, EDPR
- Project Finance specialist, Corporate Finance, Energy Division, BANKIA
- Business Development Coordinator, Gamesa
- EMEA Planning and Budgeting Financial Analyst, AVON, Madrid
- Financial Analyst, CEMEX Group, Madrid
- Junior Financial Manager, Alpha Bank, Thessalonica, Greece

#### **Education:**

- Executive Global Leadership Vanguard Program, Xynteo
- International Executive MBA, IE Business School
- Full time MBA, IEDE-Laureate University Researcher, Cambridge MA, Harvard Law School
- Postgraduate degree in Finance, CESMA
- University Degree in Economic & Business Sciences, Aristotle University



## **VERA PINTO PEREIRA**

Born: 1974

### **Current positions in EDPR or EDP group of companies:**

- Executive Board Member at EDP Energias de Portugal SA
- President of the Board at EDP Comercial
- President of the Board at EDP Soluções Comerciais
- Board Member at EDP España, S.A.U.
- Board Member at EDP Renováveis, S.A.
- Board Member at Fundação EDP

### **Current positions in companies outside EDPR and EDP group of companies:**

- (none)

### **Main positions in the last five years:**

- Executive Vice President – Managing Director for Spain and Portugal at Fox Network Group
- Non-executive Board Member at Pulsa Media

### **Other previous positions:**

- MEO TV Business Director – at Portugal Telecom (Altice)
- TV Service Director – at TV Cabo Portugal – PT Multimedia (NOS)
- Founding Partner of Innovagency Consulting
- Associate in Mercer Management Consulting

### **Education:**

- Master in Business Administration (M.B.A.), Fontainebleau – INSEAD
- Graduate & Post-Graduate Degrees in Economics – Universidade NOVA de Lisboa – NOVA School of Business and Economics



### **RUI MANUEL RODRIGUES LOPES TEIXEIRA**

Born: 1972

#### **Current positions in EDPR or EDP group of companies:**

- Member of the Board of Directors of EDP Renováveis, S.A.
- Member of the Board of Directors of EDP Energias de Portugal, S.A.
- CEO of EDP Gestão da Produção de Energia, S.A.
- CEO of EDP España, S.L.U.

#### **Current positions in companies outside EDPR and EDP group of companies:**

- (none)

#### **Main positions in the last five years:**

- Member of the Board of Directors of EDP Renováveis, S.A.
- Member of the Executive Committee of EDP Renováveis, S.A.
- Chief Financial Officer of EDP Renováveis, S.A.
- Member of the Board of Directors of several subsidiaries of EDP Renováveis' Group
- Member of the Board of Directors of EDP Energias de Portugal, S.A.
- CEO of EDP Gestão da Produção de Energia, S.A.
- CEO of EDP España, S.L.U.

#### **Other previous positions:**

- Assistant director of the commercial naval department of Gellweiler – Sociedade Equipamentos Marítimos e Industriais, Lda
- Project manager and ship surveyor for Det Norske Veritas
- Consultant at McKinsey & Company, focusing on energy, shipping, and retail banking

#### **Education:**

- Graduate of Harvard Business School's Advanced Management Program
- Master in Business and Administration from the Universidade Nova de Lisboa
- Master degree in Naval Architecture and Marine Engineering from the Instituto Superior Técnico de Lisboa



## **MANUEL MENÉNDEZ MENÉNDEZ**

Born: 1959

### **Current positions in EDPR or EDP group of companies:**

- Member of the Board of Directors of EDP Renováveis, S.A.
- Chairman of the Board of Directors of EDP España, S.A.U.

### **Current positions in companies outside EDPR and EDP group of companies:**

- CEO of Liberbank, S.A.

### **Main positions in the last five years:**

- Chairman and CEO of Liberbank, S.A.
- Chairman of Cajastur
- Chairman of EDP España, S.A.U.
- Chairman of Naturgás Energía Grupo, S.A.
- Member of the Board of Confederación Española de Cajas de Ahorro (CECA)
- Member of the Board of AELÉC

### **Other previous positions:**

- Member of the Board of Directors of EDP Renewables Europe, S.L.U.
- University Professor in the Department of Business Administration and Accounting at the University of Oviedo

### **Education:**

- BSc in Economics and Business Administration from the University of Oviedo
- PhD in Economic Sciences from the University of Oviedo



### **ANTÓNIO NOGUEIRA LEITE**

Born: 1962

#### **Current positions in EDPR or EDP group of companies:**

- Member of the Board of Directors of EDP Renováveis, S.A.
- Chairman of the Nominations and Remunerations Committee of EDP Renováveis, S.A.
- Member of the Audit, Control and Related Party transactions Committee of EDP Renováveis, S.A.

#### **Current positions in companies outside EDPR and EDP group of companies:**

- Member of the Board at Hipogeslberia – Advisory, S.A.
- Chairman of the Board, Embopar, SGPS, S.A.
- Chairman of the Board, Sociedade Ponto Verde, S.A.
- Vice-Chairman of “Fórum para a Competitividade”
- Chairman of the Board at Forum Oceano

#### **Main positions in the last five years:**

- Director of Sagasta, STC, S.A.
- Member of the Advisory Committee at Incus CapitalAdvisors

#### **Other previous positions:**

- Vice-Chairman of the Executive Committee of Caixa Geral de Depósitos, S.A.
- Chairman of the Board at Caixa Banco de Investimento, S.A., Caixa Capital SCRSGPS, S.A., Caixa Leasing e Factoring, S.A. Partang, SGPS, S.A.
- Director, Group José de Mello (one of Portugal's leading private groups)
- Director of Soporcel, S.A. (1997-1999)
- Director of Papercel SGPS, S.A. (1998-1999)
- Director of MC Corretagem, S.A. (1998-1999)
- Chairman of the Board, Lisbon Stock Exchange (1998-1999)
- Secretary of State for Treasury and Finance and Alternate Governor (IMF, EBRD, EIB, WB)
- Member of the Economic and Financial Committee of the European Union
- Advisor GE Capital (2001-2002)
- Director of Brisa, S.A. (2002-2011)
- Director of CUF, SGPS, S.A. (2002-2011)
- Director of CUF Químicos, S.A. (2005-2011)
- Director of Efacec Capital, S.A. (2005-2011)
- Director of José de Mello Saúde, SGPS, S.A. (2005-2011)
- Director of José de Mello Investimentos, SGPS, S.A. (2010-2011)
- Chairman of the Board of Directors, OPEX, S.A. (2002-2011)

#### **Education:**

- Degree, Universidade Católica Portuguesa, 1983
- Master of Science in Economics, University of Illinois at Urbana-Champaign
- PhD in Economics, University of Illinois at Urbana-Champaign





## **ACÁCIO PILOTO**

Born: 1957

### **Current positions in EDPR or EDP group of companies:**

- Member of the Board of Directors of EDP Renováveis, S.A.
- Chairman of the Audit, Control and Related-Party Transactions Committee of EDP Renováveis, S.A.

### **Current positions in companies outside EDPR and EDP group of companies:**

- (none)

### **Main positions in the last five years:**

- Member of the Supervisory Board and Chairman of the Risk Committee of Caixa Económica Montepio Geral
- Member of the Nominations and Remunerations Committee of EDP Renováveis, S.A.
- Member of the Related-Party Transactions Committee of EDP Renováveis, S.A.

### **Other previous positions:**

- International Division of Banco Pinto e Sotto Mayor
- International and Treasury Division of Banco Comercial Português
- Head of BCP International Corporate Banking
- Member of the Executive Committee of AF Investimentos SGPS and Chairman of the following group companies: AF Investimentos, Fundos Mobiliários; AF Investimentos, Fundos Imobiliários; BPA Gestão de Patrimónios; BCP Investimentos International; AF Investimentos International and Prime International
- Member of BCP Investment Committee
- Executive Board Member of BCP – Banco de Investimento, in charge of Investment Banking
- Millennium BCP Group Treasurer and Head of Capital Markets
- Millennium BCP Chair of Group ALCO
- CEO of Millennium Gestão de Ativos SGFIM
- Chairman of Millennium SICAV
- Chairman of BII International
- Member of the Board of Directors and Member of the Audit Committee of INAPA IPG, S.A.

### **Education:**

- Law degree by the Law Faculty of Lisbon University
- During 1984 and 1985 he was a scholar from the Hanns Seidel Foundation, Munich where he obtained a Post-Graduation in Economic Law by Ludwig Maximilian University
- Post- Graduation in European Community Competition Law by Max Planck Institut
- Trainee at the International Division of Bayerische Hypoteken und Wechsel Bank
- Professional education courses, mostly in banking, financial and asset management, namely the International Banking School (Dublin, 1989), the Asset and Liability Management Seminar (Merrill Lynch International) and the INSEAD Executive Program (Fontainebleau)
- Nova SBE Executive Program on Corporate Governance and Leadership of Boards



### **FRANCISCA GUEDES DE OLIVEIRA**

Born: 1973

#### **Current positions in EDPR or EDP group of companies:**

- Member of the Board of EDP Renováveis, S.A.
- Member of the Audit, Control and Related-Party Transactions Committee of EDP Renováveis, S.A.

#### **Current positions in companies outside EDPR and EDP group of companies:**

- Associate Dean at Católica Porto Business School (responsibility of Faculty Management)
- Associate Dean for the Master Programmes at Católica Porto Business School
- Member of the Social and Economic Council
- President of the Tax Comitee of Unilabs Portugal

#### **Main positions in the last five years:**

- Coordinator of the MSc programme in Business Economics at Católica Porto Business School
- Coordinator of the seminars in economics at the Master of Public Administration at Católica Porto Business School
- Coordinator of the PhD in Economics at the Universidade Católica de Moçambique
- Coordinator of the work group appointed by the Finance Minister dedicated to evaluate Tax Expenditures

#### **Other previous positions:**

- Assistant Professor at Católica Porto Business School
- Researcher at the National Statistics Institute

#### **Education:**

- Executive programme at London School of Economics
- PhD in Economics at Nova School of Business and Economics
- Master in Economics at Faculdade de Economia da Universidade do Porto
- Undergraduate degree in Economics at Faculdade de Economia da Universidade do Porto
- PhD scholarship from Fundação para a Ciência e Tecnologia



### **ALLAN J. KATZ**

Born: 1947

#### **Current positions in EDPR or EDP group of companies:**

- Member of the Board of EDP Renováveis, S.A.

#### **Current positions in companies outside EDPR and EDP group of companies:**

- Founder of the American Public Square
- Executive Committee Chair of the Academic and Corporate Board to ISCTE Business School in Lisbon Portugal
- Board Member of the International Relation Council of Kansas City
- Board Member of the WWI Commission Diplomatic Advisory Board
- Creator of Katz, Jacobs and Associates LLC (KJA)
- Frequent speaker and moderator on developments in Europe and on American Politics

#### **Main positions in the last five years:**

- Ambassador of the United States of America to the Republic of Portugal
- Distinguished Professor at University of Missouri Kansas City

#### **Other previous positions:**

- National Director of the Public Policy practice group at the firm of Akerman Senterfitt
- Assistant Insurance Commissioner and Assistant State Treasurer for the State of Florida
- Legislative Counsel to Congressman Bill Gunter and David Obey
- General Counsel to the Commission on Administrative Review of the US House of Representatives
- Member of the Board of the Florida Municipal Energy Association
- President of the Brogan Museum of Art & Science in Tallahassee, Florida
- Board member of the Junior Museum of Natural History in Tallahassee, Florida
- First Chair of the State Neurological Injury Compensation Association
- Member of the State Taxation and Budget Commission
- City of Tallahassee Commissioner

#### **Education:**

- BA from UMKC in 1969
- JD from Washington College of Law at American University in Washington DC in 1974



### **FRANCISCO SEIXAS DA COSTA**

Born: 1948

#### **Current positions in EDPR or EDP group of companies:**

- Member of the Board of EDP Renováveis, S.A.
- Member of the Nominations and Remunerations Committee of EDP Renováveis, S.A.

#### **Current positions in companies outside EDPR and EDP group of companies:**

- Member of the Board of Directors of Mota Engil SGPS, S.A.
- Member of the Board of Directors of Mota Engil Africa, S.A.
- Member of the Strategic Council of Mota Engil SGPS, S.A.
- Chairman of the Nominations and Remuneration Committee of Mota Engil Africa, S.A.
- Member of the Audit Committee of Mota Engil Africa, S.A.
- Chairman of the Fiscal Council of PMM SGPS, S.A.
- Chairman of the Advisory Council of A.T. Kearney Portugal

#### **Main positions in the last five years:**

- Chairman of the Consultative Council of Calouste Gulbenkian Foundation, Paris Delegation
- Member of the Independent General Council Radio e Televisão de Portugal, S.A.
- University professor, Universidade Autónoma, Lisbon, Portugal

#### **Other previous positions:**

- Portuguese ambassador to the United Nations to OSCE, to UNESCO, to Brazil and to France
- Secretary of State for European Affairs (1995/2001), Portuguese government, Lisbon

#### **Education:**

- Degree in Political and Social Sciences, Lisbon University



## CONCEIÇÃO LUCAS

Born: 1956

### Current positions in EDPR or EDP group of companies:

- Member of the Board of EDP Renováveis, S.A.
- Member of the Nominations and Remunerations Committee of EDP Renováveis, S.A.

### Current positions in companies outside EDPR and EDP group of companies:

- Chairwoman of Banco Atlantico Europa, S.A.
- Member of the Nominations and Remunerations Committee of Banco Atlantico Europa, S.A.
- Chairwoman of Atlantico Europa, SGPS, S.A

### Main positions in the last five years:

- Executive Board Member of Millennium BCP, for Corporate and Investment Banking
- Member of the Board of BCP Capital
- Manager of BCP Africa SGPS
- Vice-Chairman of the Board of Directors and Chairman of the Audit Board of Medis
- Vice-Chairman of the Board of Directors and Chairman of the Audit Board of Ocidental
- Vice-Chairman of the Board of Directors and Chairman of the Audit Board of Millennium BCP Ageas insurance group
- Vice-Chairman of the Board of Directors and Chairman of the Audit Board of Ocidental Vida
- Member of the Supervisory Board of Bank Millennium S.A. (Poland) (2012-2015)
- Member of the Board of Banco Millennium Angola (BMA), in Angola
- Member of the Board and Member of the Remunerations Commission of BIM – Banco Internacional de Moçambique
- Member of the Remuneration Commission of SIM – Seguradora Internacional de Moçambique
- Board member and Vice-Chairman of Banque Privée, Geneve, Switzerland

### Other previous positions:

- Chairman of the Board of Directors of Millennium BCP Gestão de Ativos (MGA)
- Member of the Board of Fundação Millennium BCP
- Executive Board Member of Banco Privado Atlantico – Europa
- Co-head of Société Générale, Rep. Office, in Portugal
- Senior Manager, Banco Espírito Santo, Portugal
- Manager of Petrogal, S.A.
- Générale Bank, branch in Portugal

### Education:

- Degree in Management and Business Administration, Portuguese Catholic University (UCP), Lisbon
- Post-graduate degree in Hautes Etudes Européennes, major in Economics, College of Europe, Bruges
- MSc, London School of Economics, London University

**ALEJANDRO FERNÁNDEZ DE ARAOZ GÓMEZ-ACEBO**

Born: 1962

**Current positions in EDPR or EDP group of companies:**

- Member of the Board of EDP Renováveis, S.A.

**Current positions in companies outside EDPR and EDP group of companies:**

- Partner of Araoz & Rueda, Abogados
- Member of the Board of Inversiones Doalca Socimi, S.A.
- Member of the Board of Bodegas Benjamin de Rothschild & Vega-Sicilia, S.A
- “Patrono” and Secretary of Fundación Arlene de Rothschild
- Representative in Spain of Fundación Daniel y Nina Carasso

**Main positions in the last five years:**

- (none)

**Other previous positions:**

- Secretary and legal advisor of Fundación José Ortega y Gasset-Gregorio Marañón
- Associate Professor of Commercial Law in Instituto de Estudios Bursátiles
- Associate-Professor of Commercial Law in Facultad de Derecho Universidad Complutense de Madrid
- Professor in Instituto de Empresa

**Education:**

- Law Degree from the Complutense University, Madrid
- Master in Law, London School of Economics and Political Science, University of London
- Master in Law, New York University School of Law
- Researcher, Cambridge MA, Harvard Law School
- Researcher, Ludwig-Maximilian Universität, Munich
- PhD in Law, Complutense University, Madrid



### **EMILIO GARCÍA-CONDE NORIEGA**

Born: 1955

#### **Current positions in EDPR or EDP group of companies:**

- General Secretary and General Counsel of EDP Renováveis, S.A.
- Member/Chairman and/or Secretary of several Boards of Directors of EDPR's subsidiaries in Europe
- Compliance Officer of EDP Renováveis, S.A.

#### **Current positions in companies outside EDPR and EDP group of companies:**

- (none)

#### **Main positions in the last five years:**

- General Counsel of Hidrocantábrico and member of the management committee
- General Secretary and General Counsel of EDP Renováveis, S.A.
- Member and/or Secretary of several Board of Directors of EDPR's subsidiaries in Europe

#### **Other previous positions:**

- Legal Counsel of Soto de Ribera Power Plant (consortium comprising Electra de Viesgo, Iberdrola and Hidrocantábrico)
- General Counsel of Soto de Ribera Power Plant
- Chief of administration and human resources of the consortium
- Legal Counsel of Hidrocantábrico

#### **Education:**

- Law Degree from the University of Oviedo

# CONCEPTS AND DEFINITIONS

## A

### ASSET ROTATION

Strategy aimed at crystallizing the value of a project by selling a minority stake in an asset and reinvesting the proceeds in another asset, targeting greater growth.

### AVAILABILITY

The percentage of time a wind turbine is technically available to capture the wind resource and convert it to electricity.

## B

### BLADES

The large “arms” of wind turbines that extend from the hub of a generator. Most turbines have either two or three blades. Wind blowing over the blades causes the blades to “lift” and rotate.

### BOP

Balance of plant. All the supporting components and auxiliary equipment of the wind farm other than the generating unit.

## C

### CAGR

Compound annual growth rate.

### CARBON LEAKAGE

Occurs when due to the higher costs related with climate change policies (for example taxes or other penalties on carbon emissions), the companies decide to move their production to countries with more relaxed policies, therefore leading to higher carbon emissions ex-post.

### CAPEX

Capital Expenditure. Funds used by a company to acquire or upgrade physical assets such as property, industrial buildings or equipment (ex: construction of wind farms).

### CfD

Contract for difference. Remuneration scheme based on the difference between the market price and an agreed “strike price” where if the “strike price” is higher than the market price, the CfD Counterparty pays the generator the price difference.

### CO<sub>2</sub>

Carbon dioxide. A heavy colorless gas that does not support combustion, dissolves in water to form carbonic acid, is formed especially in animal respiration and in the decay or combustion of animal and vegetable matter, is absorbed from the air by plants in photosynthesis, and is used in the carbonation of beverages.

### CASH-FLOW

Amount of cash generated and used by a company in a given period. Cash flow can be used as an indication of a company's financial strength.

### COD

Commercial Operating Date. Date at which the project starts officially operating, after the testing and commissioning period.

### COP 21

Conference of parties, UN Climate Change Conference held in Paris.

### CORE OPEX

Includes costs of supplies and services and with personnel, costs that are controllable by the company.

### CRITICAL SUPPLIERS

Includes suppliers of turbines, balance of plant and O&M.

### CURTAILMENT

The forced shut-down of some or all the wind turbine generators within a wind farm to mitigate issues associated with turbine loading export to the grid, or certain planning conditions. Curtailment is controlled by the regional transmission operator.

## D

### DIVIDEND PAY-OUT RATIO

Measures the percentage of a company's net income that is given to shareholders in the form dividends. (Total Annual Dividends per Share / Earnings per Share).

### DIVIDEND POLICY

Set of guidelines a company uses to decide how much of its earnings it will pay out to shareholders.

## E

### EBITDA

An accounting measure calculated using a company's net earnings, before interest expenses, taxes, depreciation and amortization are subtracted, as a proxy for a company's current operating profitability.

### EMS

Environmental Management System. System that assures the protection of the environment through a proactive environmental management of the facilities in operation.

### EPS

Earnings per share. The portion of a company's profit allocated to each outstanding share of common stock.

### EQUITY CONSOLIDATION

Accounting process of treating equity investments, in associate companies. Equity account is usually applied where the entity holds 20-50% of voting stock.

## F

### FEED IN TARIFFS

Remuneration framework that guarantees that a company will receive a set price from their utility, applied to all of the electricity they generate and provide to the grid.

### FINANCIAL INVESTMENT

An asset in which to put money into with the expectation of obtaining gains or an appreciation in to a larger sum of money.

### FOREX

The market in which currencies are traded.

### FULL SCOPE

Scheme of maintenance in which a third-party supplier is directly responsible for the full maintenance of the project. The project pays a fixed fee and assumes low risk.

## G

### GC

Green certificate. Tradable commodity proving that certain electricity is generated using renewable energy sources.



**GHG**

Greenhouse gases. Gases that trap the heat of the sun in the Earth's atmosphere, producing the greenhouse effect; the two major greenhouse gases are water vapor and carbon dioxide; lesser greenhouse gases include methane, ozone, chlorofluorocarbons, and nitrogen oxides.

**GO/GoO**

Guarantee of Origin. Tracking instrument that guarantees that electricity has been produced from renewable energy sources. Those GO are traded and used by suppliers to sell green energy.

**GROSS PROFIT**

An accounting measure calculated using a company's revenue minus its cost of goods sold. Gross profit is a company's residual profit for selling a product or service and deducting the cost associated with its production and sale.

**GW**

Unit of electric power equal to 1,000 MW.

**GWH**

Equal to 1,000 MW used continuously for one hour.

**H****HEDGING**

Risk management strategy used in limiting or offsetting probability of loss from fluctuations in the prices of commodities, currencies, or securities.

**I****IFRS16**

Regulatory standard of operating leases that requires the recognition of lease commitments for the entire duration of contracts into the balance sheet liabilities as well as the recognition of a new asset "Right of Use Asset" as counterparty.

**INSTALLED CAPACITY**

Capacity installed and ready to produce energy.

**ISO 14001**

ISO 14001:2015 – Environmental Management Certification is an international standard for designing and implementing an effective environmental management system (EMS) to enhance the company's environmental performance.

**ITC**

Investment tax credit. Tax incentive in the US which differ from the Production Tax Credit in the sense that the Tax Equity Investor receives a one shot tax credit that covers a percentage of the investment.

**L****LCOE**

Levelized cost of electricity. Provides a common way to compare the cost of energy across technologies. LCOE takes into account the installed system price and associated costs such as financing, land, insurance, transmission, operation and maintenance, and depreciation. The LCOE is a true apples-to-apples comparison of electricity costs and is the most common measure used by electric utilities or purchasers of power to evaluate the financial viability and attractiveness of a wind energy project.

**M****M3**

Modular maintenance model. Maintenance scheme which is halfway between the self-perform and a full scope maintenance, with some activities being performed in-house.

**MW**

Unit of electric power equal to  $10^6$  watts.

**MWH**

Equal to  $10^6$  watts of electricity used continuously for one hour.

**N****NET CAPACITY FACTOR (NCF)**

The ratio of a plant's actual output over a period of time, to its potential output if it were possible for it to operate at full nameplate capacity continuously over the same period of time. Also known as Load Factor.

**NET DEBT**

A metric that shows a company's overall debt situation calculated using company's total debt less cash on hand.

**NET INVESTMENT**

Equals (Capex + Financial investments – Financial divestments).

**O****O&M**

Operations and maintenance. All the activities necessary to run the wind-farm in a reliable, safe and economical way including for instance maintenance, repair, monitoring and operation.

**OHSAS 18001**

OHSAS 1800:2007 – Occupational Health and Safety Management Certification is an international standard which provides a framework to identify, control and decrease the risks associated with health and safety within the workplace.

**P****PPA**

Power purchase agreement. A legal contract between an electricity generator (provider) and a power purchaser (host). The power purchaser buys energy, and sometimes also capacity and/or ancillary services, from the electricity generator.

**PTC**

Production tax credit. The result of the Energy Policy Act of 1992, a commercial tax credit in the US that applies to wholesale electrical generators of wind energy facilities based upon the amount of energy generated in a year.

**R****RENEWABLE ENERGY**

Energy that is derived from resources that are regenerative or that cannot be depleted including wind energy, solar, biomass, geothermal, and moving water. Also known as alternative energy.

**REC**

Renewable energy credit. Represents the property rights to the environmental, social, and other non-power qualities of renewable electricity generation. A REC can be sold separately from the electricity associated with a renewable energy generation source.

**RES**

Renewable energy sources.

**RCF**

Retained cash-flow. The amount available to pay dividends to shareholders and/or to fund new investments and includes EBITDA after paying interests and tax equity investor's costs and after paying distributions to equity partners and taxes.

**ROIC CASH**

Return on Invested Capital (based on Cash Flows). Represents a measure of the profitability and value creation of a project or company.

**RPS**

Renewable Portfolio Standard. Regulation in the US that places an obligation in certain states on electricity supply companies to source a specific percentage of their energy from renewable sources.

**S****SELF-PERFORM**

Maintenance scheme in which all the maintenance works are done in-house which means that the project assumes the whole risk.

**SELL-DOWN**

Divestment strategy by which the company sells majority stakes of projects in operation or under development to recycle capital, with up-front cash flow crystallization, and creates value by reinvesting the proceeds in accretive growth, while continuing to provide operating and maintenance services.

**SF<sub>6</sub>**

Sulfur hexafluoride. Colorless, odorless, non-flammable and potent greenhouse gas which is used in the electrical industry especially in gas insulated switchgear power installations.

**SOLAR PV**

Solar photovoltaic. Plant that generates electricity by means of solar power through photovoltaics, consisting on an arrangement of several components, including solar panels to absorb and convert sunlight into electricity, a solar inverter, cables and other electrical accessories.

**T****TSR**

Total Shareholder Return. Measures the return that the stock provides to the shareholder, including dividends paid and the stock price appreciation.

**TAX EQUITY**

Financing structure (US) where the tax equity investor contributes capital in exchange of tax benefits and cash distributions during the 1<sup>st</sup> ten years the park operates, or until investment is recovered.

**U****UN SDG**

United Nation's Sustainable Development Goal.

**W****WATT (W)**

The rate of energy transfer equivalent to one ampere under an electrical pressure of one volt. One watt equals 1/746 horsepower, or one joule per second. It is the product of voltage and current (amperage). Watts are the yardstick for measuring power.

**WIND ENERGY**

Power generated by converting the mechanical energy of the wind into electrical energy using a wind generator.

**WIND FARM**

Used in reference to the land, wind turbine generators, electrical equipment, and transmission lines for the purpose of generating wind energy and alternative energy.