



Risk Governance Model

EDPR's Risk Governance Model

- The Board of Directors (BoD) is the primary direct stakeholder influencing governance. One of the Board of Directors' many functions is to adopt a risk oversight role, ensuring risk management policies and procedures designed and implemented by the company are aligned with its strategy and risk appetite. Additionally, it is also the responsibility of the BoD to ensure these risk policies and procedures are functioning as intended and that necessary steps are taken to foster an enterprise-wide culture that supports appropriate risk awareness, behaviours and judgements. For that reason, the ERM Framework should be submitted for approval to the Board of Directors every year, so that risk management practices, appetite and limits can be validated. The Board of Directors has set up delegated Committees, (1) Management Team, (2) Audit, Control and Related Party Transactions Committee, (3) Appointments and Remuneration Committee, and (4) Environmental, Social and Corporate Governance Committee.
- The Management Team is nominated by the BoD, and within the risk management process, EDPR Management Team has the following accountabilities: (1) Approve EDPR's strategic plan and the implicit risk appetite; (2) Define the global objectives of the company and manage the risk-return trade off; and (3) Approve the risk management policies and ensure their compliance.
- The Audit, Control and Related Party Transactions Committee is an independent supervisory body composed by non-executive members that closely supervises risk management procedures, namely through the supervision of the quality, integrity and efficiency of the internal control system, risk management and internal audit.
- The Risk area, headed by the Chief Risk Officer, performs a function that is independent from the conduct of business, and supports the Management Team and remaining management bodies at the level of the second line of defence. The Risk area is divided between:
 - The Risk Centres of Excellence (CoE) are divided in three: Corporate CoE, responsible for the Enterprise Risk Management, the analysis and overview of the strategic risks, the aggregation of the full EDPR risks and the external risk reporting; Financial CoE, responsible for the management of the financial risks, defining the insurance strategy and developing risk analysis for new investments, and; Counterparty CoE, responsible for counterparty risk management, including the analysis and establishment of limits for the acceptance of new contracts.
 - The Platform Business Partners, which play the main role in operationalising risk management and are under the direct hierarchical dependence of both the Chief Risk-Officer and of the respective Platform Management Team, acting in a segregated manner and independent from the conduct of the business.

- Additionally, there is a EDPR risk responsible in the Risk area who is accountable to ensure that risks for EDPR are being properly managed (within the approved risk limits) and reported to EDPR Board of Directors and Audit, Control and Related Party Transactions Committee.
- The risk-owners of the Platforms, Regions and Support Functions are all the business managers who assume risk in their day-to-day activities and act in accordance with the defined risk strategies.

Discussion and decision making of risk topics for EDPR is performed in the same committees as for the EDP group (always with the presence of EDPR risk responsible):

- The **Global Risk Committee's** main objective is to support the decisions of EDP's Executive Board of Directors in identifying, analysing, assessing, treating and monitoring risk. New policies and risk limits or update of those are discussed and approved in this forum. This Committee meets on a quarterly basis. The Committee is made up of the main decision-makers and those responsible for the Group's and EDPR recurrent risk management (members of EDP's Executive Board of Directors, regional and platform heads, key corporate areas and members with responsibility for risk management of the main platforms/geographies).
- The **Financial Risk Committee** main objective is to review main financial risks and discuss the execution of mitigation strategies. Exchange rate risk, interest rate risk, liquidity risk, commodities risk and credit risk from financial counterparties are most relevant risks reviewed in this committee. Additionally, an overview of the risk assessments developed for the new investments is also discussed. This Committee meets on a quarterly basis. The Committee is made up of the main finance decision-makers and those responsible for the Group's and EDPR's recurrent financial risk management (members of EDP's Executive Board of Directors, regional and platform heads, key Finance team members, key corporate areas and members with responsibility for risk management of the main platforms/geographies).
- The **Risk Monitoring Committee** meets monthly to provide an overview of the most relevant risk exposures, namely growth execution risk, energy market risk, regulatory risk and counterparty risk. Additionally, a status of all risk limits is provided, focusing on the exposures that are beyond the limit and/or that had relevant changes. The Committee is made up of the main decision-makers and those responsible for the Group's and EDPR's recurrent risk management (members of EDP's Executive Board of Directors, regional and platform heads, key corporate areas and members with responsibility for risk management of the main platforms/geographies).
- The **Platform Risk Committees** are set up and carried out at the level of the Group's Platforms when the structure of the Platform and the degree of complexity of risk management justifies it, assuming a structure replicated from the Group's Risk Committee. These Committees are typically coordinated by the respective Risk Business Partner and are attended by members of the Platform Management Team, key areas of the Platform, as well as the Chief Risk Officer, to ensure



alignment at Group level. EDPR's responsible also attends all meetings that may impact EDPR risk management.