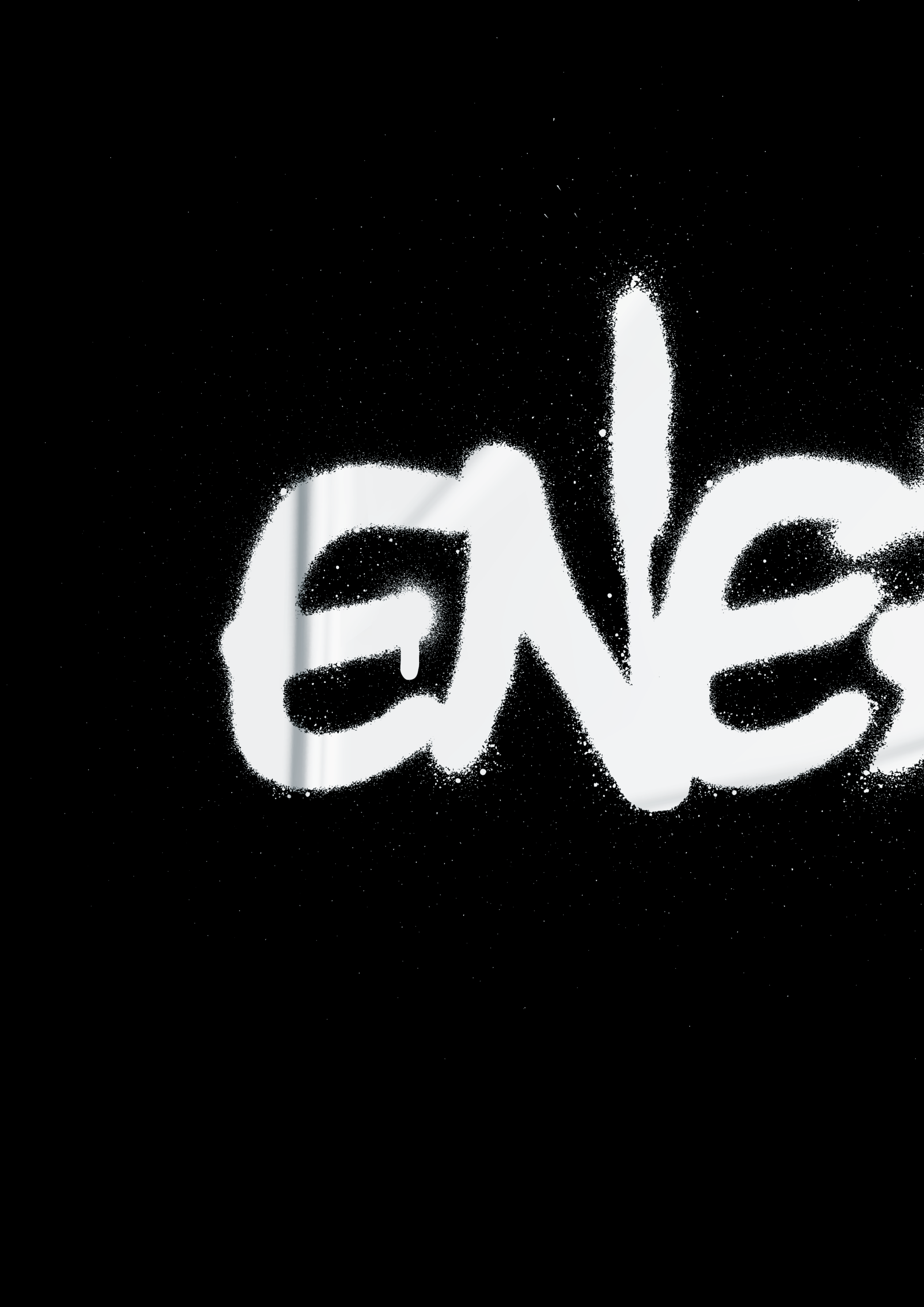
ANNUAL REPORT

2019



ENERGY. ENERGIA. ENERGÍA.

We are energy. An energy that is international and speaks many languages.
We are a force driven by innovation toward a greener, more electric, and more sustainable future.
It's no longer a secret that we think of the wind, water, and sun as our greatest allies in our search for ever cleaner energy that reaches everyone in a fairer and more inclusive way.
We set out our ambitious goals, always with a commitment to create a network of energy, talent, technology, with more global and efficient solutions.
Decarbonize, digitalize, and decentralize are the action verbs on this path to change.
We are spearheading the energy transition and assuming the responsibility to challenge the world to join us.
Energy begins with us. And the future is today.

Energy

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"We were pioneers in renewable energy. Our capacity to anticipate puts us in a distincitve position to lead the energy transition"

ANTÓNIO MEXIA

CHAIRMAN OF THE EXECUTIVE BOARD OF DIRECTORS

Message from the Chairman

OF THE EXECUTIVE BOARD OF DIRECTORS

ANTÓNIO MEXIA

DEAR SHAREHOLDER,

We are living in a world in profound transformation characterized by its unprecedent speed, as we move towards the globalization and interdependence of economic activities, creating significant challenges and opportunities with regards to the organization of our societies, national and international institutions, regulation and market functioning. We are also living in a time of assessment of the role of companies in our system, where their success is closely linked to the capacity to anticipate and execute and above all, it is dependent on their capacity to reinvent themselves, considering a mandatory framework of shared commitments with all stakeholders.

It is in this context that the urgency of fighting climate change and decarbonizing the economy arises as a decisive factor in companies' long-term prospects. On the one hand, energy generation from renewable sources has been accelerating, strongly supported by its exponential cost-competitiveness vis-à-vis conventional generation technologies. On the other hand, the intensification of the financing and investment in sustainable companies already reflects the growing awareness on this issue. The commitment to decarbonize the economy in little less than 30 years is a challenge that needs to be at the top of the agenda for both private and public institutions, and the civil society.

GLOBAL LEADER IN RENEWABLES

The investment in renewable energy generation and the electrification of other sectors of society are essential to guarantee an indispensable, inclusive and fair energy transition. This is a commitment that has been incorporated in EDP Group's strategy for over a decade and which has resulted in our affirmation as a global leader in renewables, with over 20GW of renewable installed capacity, contributing to 66% of our generation. Additionally, we have a considerable international exposure through our presence in 19 countries, with more than 65% of the recurring EBITDA stemming from abroad.

Sustainable development has been one of the main drivers of our strategy. We have been contributing to the achievement of 9 of the 17 Sustainable Development Goals from the United Nations' 2030 agenda, through several initiatives, investments and a corporate sustainability fund. We have also shown our commitment to the United Nations Global Compact's 10 principles, as we continuously align ourselves with the best practices in human rights, labour, environment and anti-corruption. EDP was the first Portuguese company to launch a green debt instrument, having already issued the equivalent to 3 billion euros in Green Bonds, currently listed on renowned indexes such as the Bloomberg Barclays MSCI Global Green Bond Index and the ICE BofAML Green Bond Index, and more recently, the new Green Bond specific segment by EURONEXT Dublin. Given our distinguished sustainable and green positioning, we are recognized, since 2008, by the Dow Jones Sustainability indexes as one of the most sustainable companies in the world, occupying a leadership position among integrated utilities and having obtained, in 2019, our best score ever.

COMMITTED TO DELIVER ON OUR STRATEGIC TARGETS

EDP's strategy is also reflected in the consistency of our results. 2019 was again marked by a strong operating performance, with the recurring EBITDA increasing to 3.7 billion euros, a 13% increase compared to 2018, backed by the solid performance of our teams. The recurring net income increased 7% in 2019, reaching 854 million euros, boosted by record-high results at EDP Renováveis and EDP Brasil and a record-high operating profit at EDP Comercial.

This past year, the company installed 888MW of renewable capacity and secured 3GW, almost doubling the contracted pipeline which already corresponds to 76% of the 7GW additions targeted until 2022. In offshore, we reinforced our leadership positioning through the signing of a 50-50 joint-venture with Engie, which doubles our pipeline ambition, and through the entry in the United States of America with an 804MW supply contract with the State of Massachusetts.

"In 2019 we provided visibility on the delivery of our 2022 strategic commitments, reinforcing the confidence over our strong execution capabilities"

In line with our strategic plan, we maintained our focus on optimizing our portfolio through the asset rotation strategy, with one billion euros in proceeds and over 300 million euros in capital gains. To rebalance our portfolio in Iberia, we reached a 2.2 billion euros' agreement for the disposal of 1.7GW of hydro capacity in Portugal, contributing to the reduction of our generation portfolio's concentration and hydrological risk.

In networks, we have strengthened our focus in transmission in Brazil, supported by the acquisition of a new 142km lot, which will imply a total investment of 407 million Brazilian real. Complementing this, are our strong execution capabilities as 187km of transmission lines are already in operation, 20 months ahead of schedule.

As to the strengthening of our balance sheet, our strong execution capabilities led to a decrease of the net-debt-to-EBITDA ratio to 3.6x, the lowest level since 2007. We have also continued the cost-reduction and optimization of our operations, resulting in an OPEX reduction of 1% (excluding growth).

FOCUSED ON LEADING AN ELECTRIC FUTURE

2020 sets the beginning of a decade that will be decisive to achieve carbon neutrality by 2050 and accelerate the profound behavioural change that it requires. Recognizing the urgency of this matter, EDP joined other utilities to push the European Union to formally commit to achieving carbon neutrality by 2050 and to target a greenhouse gas emissions' reduction of at least 55% by 2030 (compared to 1990).

"We are aware of the role we must play in the global effort to decarbonize the planet. We want to lead by example and actively contribute to contain the global temperature increase to 1.5ºc"

We have committed, and intend to meet, the ambitious goals of the Clean Energy for all Europeans' package and we were one of the first 87 companies to answer the United Nations' call as we stepped up and subscribed the Business Ambition for 1.5ºC. On top of this, our decarbonisation commitment has already been recognized by the Science Based Target Initiative as having a level of ambition aligned with the Paris Agreement, on a path to well below 2ºC.

The commitment is ours, but the effort must be shared. We therefore continuously promote partnerships to create value and respond to the sector's challenges. Whether by collaborating with international institutions such as Sustainable Energy for ALL (a United Nations initiative that brings together governments, international organizations and the private sector to promote global access to sustainable energy), or by creating an open innovation ecosystem with start-ups, EDP intends to be part of the solution.

We have been working and partnering to find new solutions for these challenges at a global scale:

- To stay at the forefront of innovation, we acquired minority stakes in more than 30 start-ups, in an amount superior to 36 million euros. The recent investment in GridBeyond, a leading ancillary services company focused on flexible load management for corporate clients, in the United Kingdom and Ireland, is a clear example of this strategy.

- We recently entered Nigeria through the investment in Rensource, a company developing decentralized solar energy systems, strengthening our access to energy commitment for a more just and inclusive energy transition.

- In emergent renewable technologies, we are leading in the development of floating wind platforms through the Windfloat Altantic project, which implies the installation of 8,4MW wind turbines in deep water (the largest turbine ever installed on a floating platform), so far inaccessible and where the abundant wind resources may be used.

- In electric mobility, we are consistently increasing the pace, having recently closed a partnership with 10 reference companies in the Brazilian mobility sector for the development of the largest ultra-fast chargers' installation in South America, with more than 2,500km of extension.

To remain at the forefront of the sector, we also continuously evaluate and test new potential energy generation alternatives:

- We have developed several renewable technology hybridization projects, among which the 11,000 floating solar panel installation with storage in the Alqueva, a pumped-storage hydro powerplant.

- We are also developing a pilot project to produce hydrogen at the Ribatejo Combined Cycle Plant, with storage and natural gas co-combustion as hydrogen, produced from renewable sources, will be a clear solution to solve the so-called last mile of decarbonisation in sectors and industries where direct electrification is not an option.

"We challenge ourselves daily, with increasingly ambitious and demanding objectives for the building of a more sustainable future, an electric future."

By 2030, we will reduce our CO_2 specific emissions by 90% (compared to 2005) based, above all, on the increase in generation from renewable energy sources (which will represent more than 90% of our generation) and the exit from the coal business, namely by closing Sines Power Plant, the Group's largest coal plant, until 2023. We will promote electric mobility with the aim of reaching one million customers by 2030 and boost the installation of more than 4 million solar panels. We will also continue with the transition to smart grids in Iberia and with the digitalization of our organization.

Our starting point is unique and distinctive and gives us an advantage to meet tomorrow's challenges and lead the energy transition. Nonetheless, it is our ability to deliver on our commitments, our ambition and our focus in our vision that will make the difference in this indispensable and irreversible change. We are proud of what we have achieved so far, but we want to take on the responsibility of going further. The decisive decade has started, and the future cannot wait - the future is now.

I invite you to learn more about our operation throughout the pages of this report and to follow the energy and commitment with which we are preparing the future - a future that will be electric.

1.2. OUR YEAR

1.2.1.

Main Events

23 Jan

EDP PRICES €1.0 BILLION SUBORDINATED GREEN NOTES

12 Mar

STRATEGIC UPDATE

15 Apr

STANDARD & POORS AFFIRMS EDP AT "BBB-" WITH STABLE OUTLOOK

23 Apr

EDP ANNOUNCES €0.8 BILLION ASSET ROTATION DEAL FOR WIND FARMS IN EUROPE

24 Apr

EDP'S ANNUAL GENERAL SHAREHOLDERS' MEETING

21 May

EDP AND ENGIE JOIN FORCES TO CREATE A LEADING GLOBAL OFFSHORE WIND PLAYER

28 May

EDP ACQUIRES 142 KILOMETERS LONG ELECTRICITY TRANSMISSION LINE IN BRAZIL

29 Jul

EDP ANNOUNCED R$1.2 BILLION ASSET ROTATION TRANSACTION FOR WIND FARM IN BRAZIL

10 Sep

EDP ISSUES A €0.6 BILLION 7-YEAR GREEN BOND

23 Oct

EDP ENTERS THE COLOMBIAN WIND ENERGY MARKET WITH TWO 15-YEAR PPA CONTRACTS AWARDED

30 Oct

EDP AND SHELL'S JOINT VENTURE PROPOSAL WINS MASSACHUSETTS OFFSHORE WIND CONTRACT FOR 804MW

19 Dec

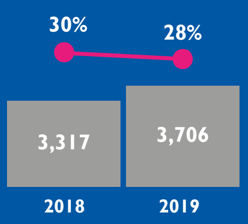
EDP AGREES TO SELL 6 HYDRO PLANTS IN PORTUGAL FOR €2.2 BILLION

1.2.1.

Key Metrics

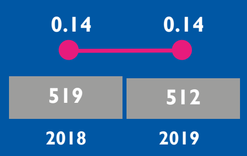
FINANCIAL DATA

EBITDA



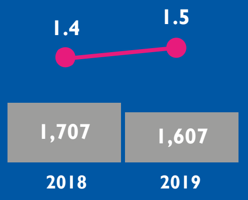
EBITDA (M€)
OPEX/GROSS PROFIT (%)[1]

NET PROFIT[2]



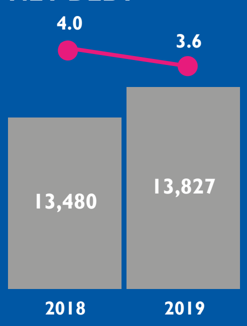
NET PROFIT (€M)
NET PROFIT PER SHARE (EUROS)

NET INVESTMENTS[3]



NET INVESTMENTS (M€)
GROSS INVESTMENTS IN RENEWABLES (BN €)

NET DEBT



NET DEBT (€M)
ADJUSTED NET DEBT/ EBITDA (X)

OPERATIONAL DATA

GENERATION

26,681 MW -2% VS 2018
INSTALLED CAPACITY

66,670 GWH -7% VS 2018
NET GENERATION

1,111 MW +21% VS 2018
INSTALLED CAPACITY - EQUITY

664 MW +93% VS 2018
CAPACITY UNDER CONSTRUCTION

TRANSMISSION

113 KM 0% VS 2018
OPERATING NETWORK (KM)

1,328 KM +12% VS 2018
UNDER CONSTRUCTION NETWORK (KM)

DISTRIBUTION

79,519 GWH -1% VS 2018
ELECTRICITY DISTRIBUTED

10,470 ('000) +1% VS 2018
ELECTRICITY SUPPLY POINTS

SUPPLY

61,259 GWH -7% VS 2018
ELECTRICITY SUPPLIED

9,828 ('000) 0% VS 2018
ELECTRICITY CUSTOMERS

19,389 GWH +2% VS 2018
GAS SUPPLIED

1,599 ('000) 0% VS 2018
GAS CUSTOMERS

[1] IFRS 16 WITH IMPACT OF -1.2% IN 2019.
[2] NET PROFIT ATTRIBUTABLE TO EDP EQUITY SHAREHOLDERS.
[3] CONSIDERS CAPEX OF EDP GROUP, ORGANIC FINANCIAL INVESTMENT €318M (31 DEC 2018: €97M) AND ASSET ROTATION -€935 (31 DEC 2018: -€422M).

A Company...

CLIENTS AND SUPPLIERS

COMMITTED TO THE COMPETITIVENESS

34% -1 P.P. VS 2018

% OF CUSTOMERS WITH ELECTRONIC INVOICE

3 +35% VS 2018

GWH INDUCED SAVINGS BY ENERGY SERVICES

77% -1 P.P. VS 2018

CUSTOMER SATISFACTION

82 -23% VS 2018

NO. OF ACCIDENTS AT WORK WITH SUPPLIERS

PEOPLE

HUMAN AND INCLUSIVE

34 H/P 1% VS 2018

NO. OF HOURS OF TRAINING/ EMPLOYEE

29 0% VS 2018

NO. OF ACCIDENTS WITH EMPLOYEES

11,660 0% VS 2018

NO. OF EMPLOYEES

25% 0 P.P. VS 2018

FEMALE EMPLOYEES

44 +0 VS 2018

NO. OF NATIONALITIES OF EMPLOYEES

25% 0 P.P. VS 2018

FEMALE EMPLOYEES IN MANAGEMENT POSITIONS

COMMUNITY

AWARE OF EXPECTATIONS

23,258 — +20% VS 2018

NO. OF HOURS OF VOLUNTEERING

2,488 — +20% VS 2018

NO. OF BENEFICIARY ENTITIES

26 — -7% VS 2018

€M OF VOLUNTEER INVESTMENT

PLANET

MORE SUSTAINABLE

216 — -16% VS 2018

T/GWH SPECIFIC CO2 EMISSIONS

73% — -1 P.P. VS 2018

RENEWABLE INSTALLED CAPACITY

92% — +14 P.P. VS 2018

RECOVERED WASTE

96% — 0 P.P. VS 2018

ASSETS CERTIFIED BY ISO 14001*

INNOVATION

MORE DIGITAL

162 — +115% VS 2018

€M OF INVESTMENT IN RD+I

48% — +10 P.P. VS 2018

% OF SMART METERS IN IBERIA

845 — +55% VS 2018

NO. OF AUTOMATED ACTIVITIES

92 — +411% VS 2018

NO. OF CONCLUDED MVP

FOR MORE INFORMATION, EXPLORE THE SUSTAINABILITY REPORT AT WWW.EDP.COM> SUSTAINABILITY> PUBLICATIONS.

* THE INDICATOR AGGREGATES ALL ASSETS WITH POTENTIAL ENVIRONMENTAL IMPACTS CERTIFIED BY ISO 14001, WORLD REFERENCE FOR ENVIRONMENTAL MANAGEMENT SYSTEMS.

1.2.3.

Recognition

ANTÓNIO MEXIA NAMED THE BEST CEO

in Portugal at the eighth Human Resources Awards

EDP COMERCIAL RECOGNISED AS A CONSUMER CHOICE 2019

in the Energy and Services for Domestic Use category

EDP ESPANHA NAMED THE BEST RETAILER OF THE YEAR IN SPAIN

according to Selectra (power tariff comparator)

EDP BRASIL RECOGNISED AS THE BEST LATIN AMERICAN COMPANY FOR SOCIAL RESPONSIBILITY

by the Latin Trade Index Americas Sustainability Award, developed by the Inter-American Development Bank (IADB)

EDP NAMED NUMBER 1 IN THE WORLD AMONG THE INTEGRATED UTILITIES

in the Dow Jones Sustainability Index for the 12th consecutive year, having obtained the best score ever

EDP RECOGNISED AS ONE OF THE MOST ETHICAL COMPANIES IN THE WORLD

by Etisphere for the 8th consecutive year

EDP IS THE WORLD'S 14TH MOST VALUABLE COMPANY IN THE UTILITIES SECTOR

with an estimated value of €2.4 billion, according to Brand Finance

NEW CO_2 EMISSIONS REDUCTION TARGET RECOGNISED BY SBTI

as being in line with the decarbonisation trajectory below 2°C

EDP PIONEER IN THE ISSUE OF GREEN BONDS

awarded by the Climate Bonds Initiative, in the New Country Taking Green Bonds Global category

EDP ACHIEVES EXCELLENCE DISTINCTION AS A FAMILY-RESPONSIBLE COMPANY

becoming the first Portuguese company to receive the efr certificate in this category

EDP NAMED BEST ENERGY SECTOR COMPANY

in the 2019 Marketeer Awards

MIGUEL SETAS, CEO OF EDP BRASIL, NAMED BEST ENERGY SECTOR COMPANY LEADER

by the Valor Econômico newspaper (published by the Globo Group)

MIGUEL STILWELL DE ANDRADE WINS THE BEST CHIEF FINANCIAL OFFICER (CFO) AWARD

at the 32nd IRG Awards

EDP RECOGNISED AS A WORLD LEADER IN THE FIGHT AGAINST CLIMATE CHANGE AND WATER MANAGEMENT BY THE CDP NGO

at the highest Leadership performance level: Climate Change (A-) and Water Security (A)

ALTO LINDOSO DAM WINS A 2019 FIVE STARS REGIONS AWARD

in the Reserves/Landscapes/Dams category, standing out as the most powerful hydro-electric power station in Portugal

1.3. EDP GROUP PROFILE

1.3.1.

Who We Are

EDP IS A MULTINATIONAL, VERTICALLY INTEGRATED UTILITY COMPANY

Throughout its 40 years of history, EDP has been building a relevant presence in the world energy scene, being present in 19 countries in 4 continents. EDP has around 11,700 employees and is present throughout the electricity value chain and in the gas commercialization activity.

1. GENERATION

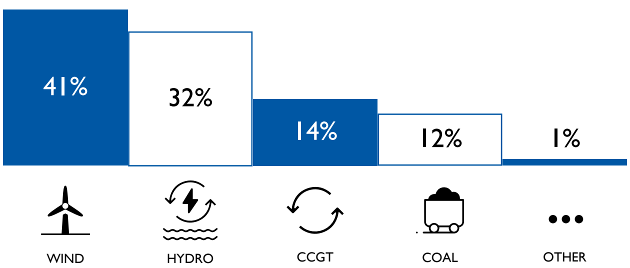
Generation is the first activity in the value chain of the electricity sector. Power plants transform the various energy sources into electricity. These energy sources may be of renewable origin (water, wind and sun) or non-renewable (coal, natural gas, nuclear and cogeneration).

2. TRANSMISSION

In the transmission the energy generated is delivered to the transport network, which is made of very high voltage lines and which then channels the energy to the distribution network. This is a new business segment being developed in brazil. In 2018 the first 113 km lot started operations.

27

GW OF INSTALLED CAPACITY



67

TWh OF NET ELECTRICITY GENERATION

66%

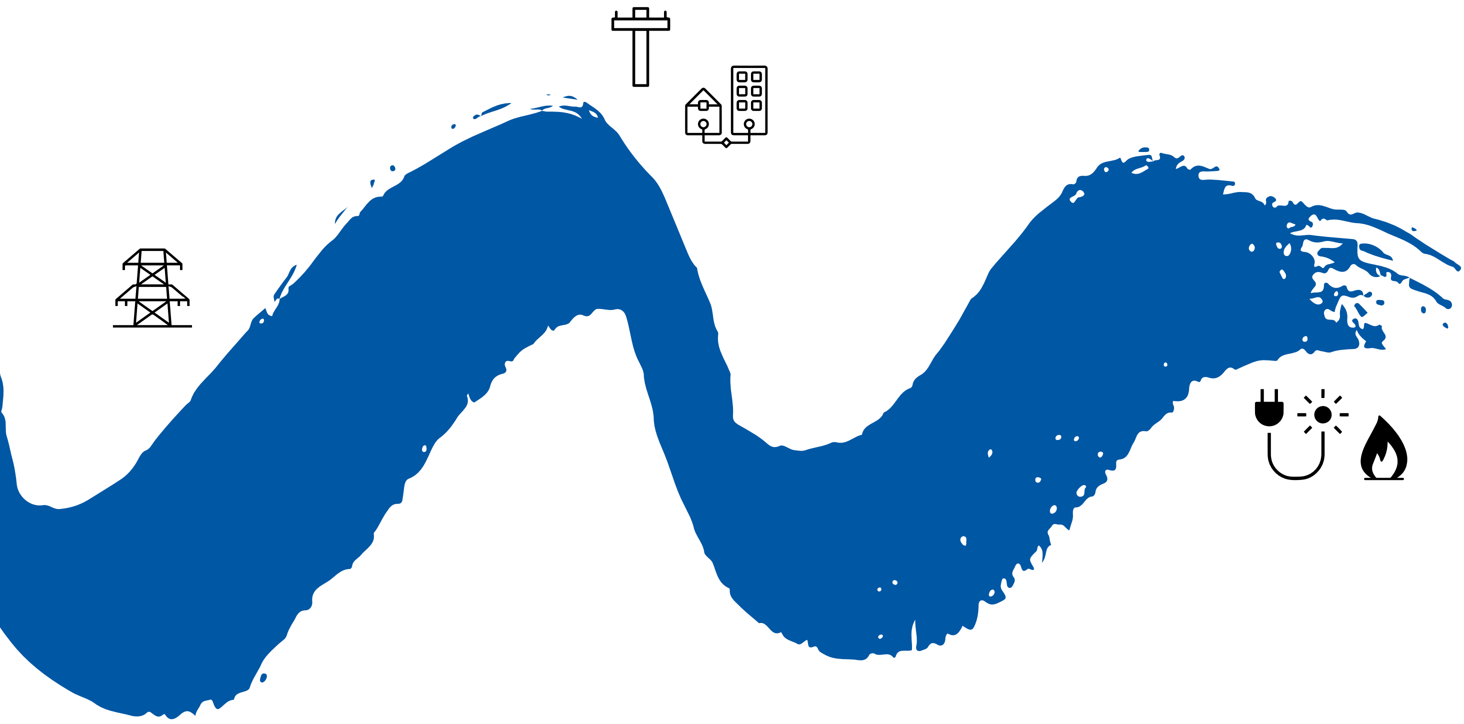
FROM RENEWABLE SOURCES

113

OF OPERATING NETWORK

1,328

OF TRANSMISSION NETWORK UNDER CONSTRUCTION



3. DISTRIBUTION

In the distribution activity the transported energy is channeled to the distribution grid. The distribution network allows the flow of energy to the supply points. Electricity distribution networks are composed of high, medium and low voltage lines and cables. Substations, processing stations and public lighting installations as well as the necessary connections to consumer installations and power stations are also an integral part of the distribution networks.

340,744
KM OF NETWORK

286,470
KM OF DISTRIBUTION OVERHEAD LINES

54,274
KM OF DISTRIBUTION UNDERGROUND LINES

80
TWh OF ELECTRICITY DISTRIBUTED

4. SUPPLY

In the supply activity the distributed energy arrives at the supply point and is sold by the supplier. Throughout the electricity and gas value chain, supply is the closest activity to the customer and responsible for the relationship with final consumers.

9,827,505
ELECTRICITY CUSTOMERS

5,041,722
CUSTOMERS IN LIBERALIZED MARKET

4,785,783
CUSTOMERS IN LAST RESORT

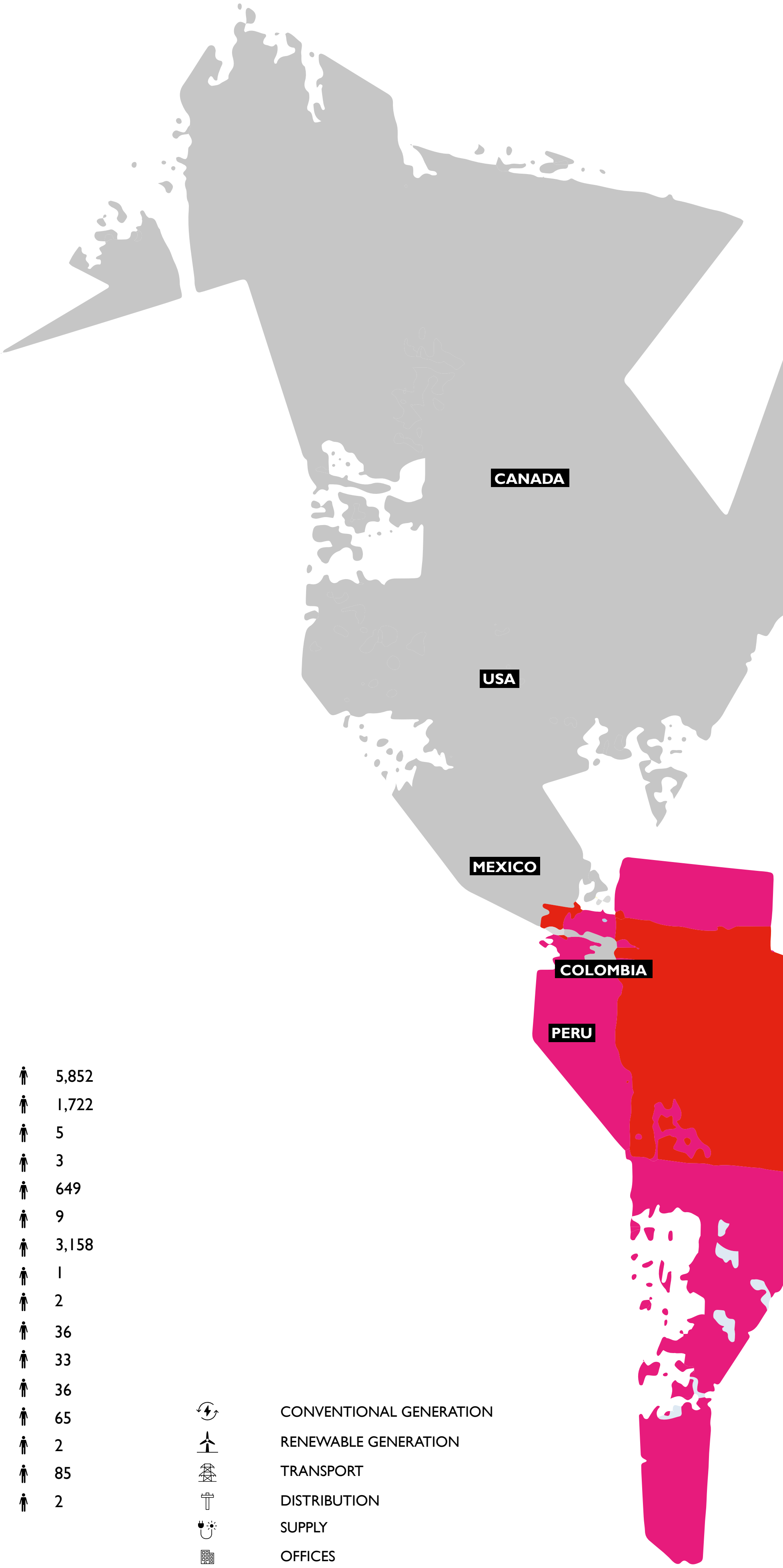
1,599,232
GAS CUSTOMERS

1,509,811
CUSTOMERS IN LIBERALIZED MARKET

89,421
CUSTOMERS IN LAST RESORT

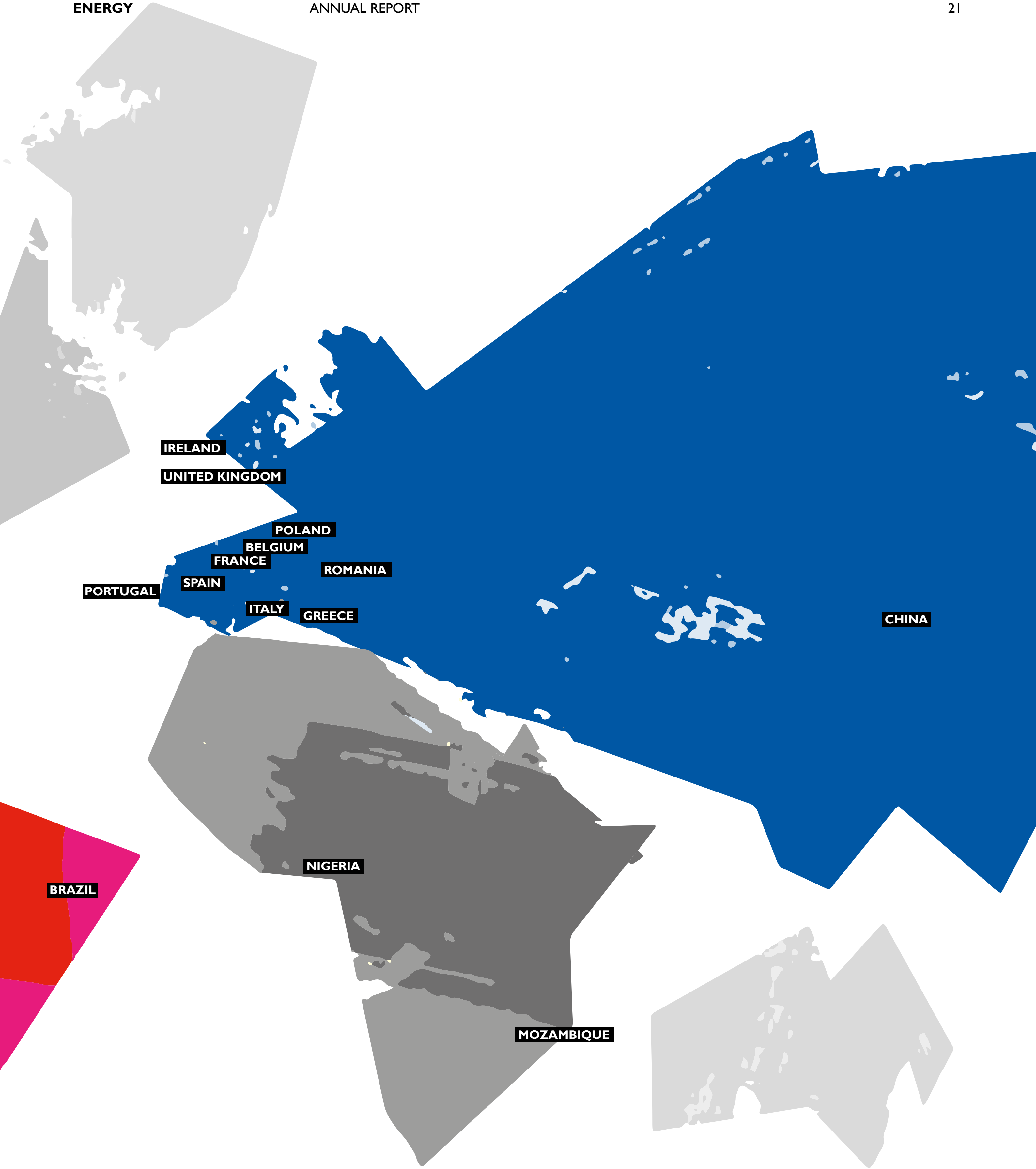
1.3. 2.

Where We Are



	CONVENTIONAL GENERATION	RENEWABLE GENERATION	TRANSPORT	DISTRIBUTION	SUPPLY	OFFICES	EMPLOYEES
PORTUGAL	x	x		x	x		5,852
SPAIN	x	x		x	x		1,722
CANADA		x					5
COLOMBIA		x					3
USA		x					649
MEXICO		x					9
BRAZIL	x	x	x	x	x		3,158
PERU		x					1
CHINA						x	2
POLAND		x					36
ROMANIA		x					33
ITALY		x					36
UNITED KINGDOM		x					65
BELGIUM		x					2
FRANCE		x					85
GREECE		x					2
IRELAND					x		
MOZAMBIQUE		x					
NIGERIA		x					

CONVENTIONAL GENERATION
RENEWABLE GENERATION
TRANSPORT
DISTRIBUTION
SUPPLY
OFFICES
EMPLOYEES


IRELAND
UNITED KINGDOM
POLAND
BELGIUM
FRANCE
ROMANIA
PORTUGAL
SPAIN
ITALY
GREECE
CHINA
NIGERIA
BRAZIL
MOZAMBIQUE

1.3. 3.

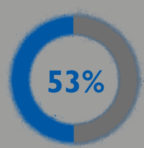
How We Are Organized

BUSINESS AREAS

I. RENEWABLES

KEY GROWTH PLATFORM

61%
OF GROUP'S EBITDA



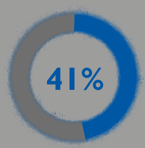
OF GROUP'S CAPEX

2. NETWORKS

PORTFOLIO STABILIZER

26%

OF GROUP'S EBITDA



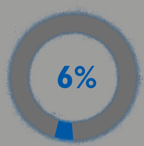
OF GROUP'S CAPEX

3. CLIENT SOLUTIONS & ENERGY MANAGEMENT

HEDGING PORTFOLIO AND GROWTH IN NEW DOWNSTREAM

13%

OF GROUP'S EBITDA



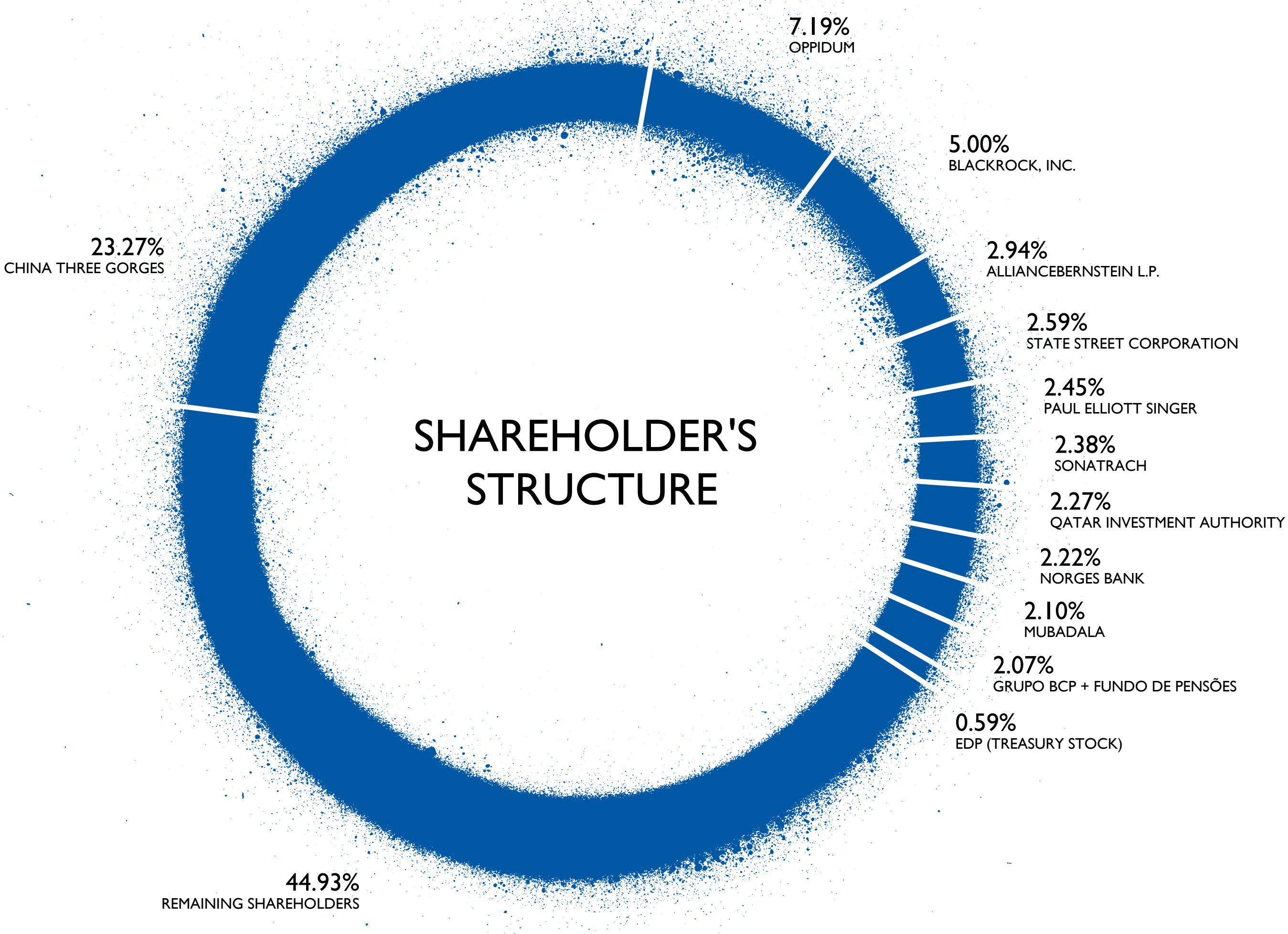
OF GROUP'S CAPEX

Governance, Shareholder's Structure and Corporate Bodies

GOVERNANCE

EDP's governance structure is based on the dual model and consists of the General Meeting, Executive Board of Directors, General and Supervisory Board and the Statutory Auditor.
The separation of management and supervision roles is embodied in an Executive Board of Directors, which is responsible for the management of the company's business, and a General and Supervisory Board, the highest supervisory body.

The dual model of corporate governance in place in EDP has allowed effective separation of the company's supervision and management in pursuit of EDP's goals, interests and its its shareholders, employees and other stakeholders, thereby contributing to achieving a degree of trust and transparency necessary for its adequate functioning and optimisation. Furthermore, this model has proved appropriate to the company's shareholder structure as it allows supervision by key shareholders on the General and Supervisory Board.



EDP CORPORATE BODIES

BOARD OF THE GENERAL MEETING

- Luís Filipe Marques Amado, ***Chairman***
- Dingming Zhang, ***Vice-Chairman*** - *in representation of China Three Gorges Corporation*
- Shengliang Wu - *in representation of China Three Gorges International Corp.*
- Ignacio Herrero Ruiz - *in representation of China Three Gorges (Europe), S.A.*
- Li Li - *in representation of China Three Gorges Brasil Energia Ltda.*
- Eduardo de Almeida Catroga - *in representation of China Three Gorges (Portugal), Sociedade Unipessoal, Lda.*
- Felipe Fernández Fernández - *in representation of DRAURSA, S.A.*
- Fernando Maria Masaveu Herrero
- Mohammed Issa Khalfan Alhuraimel Alshamsi - *in representation of Senfora BV*
- Nuno Manuel da Silva Amado - *in representation of Banco Comercial Português, S.A.*
- Karim Djebbour - *in representation of Société National pour la Recherche, la Production, le Transport, la Transformation et la Commercialisation des Hydrocarbures (Sonatrach)*
- Maria Celeste Ferreira Lopes Cardona
- Ilídio da Costa Leite de Pinho
- Jorge Avelino Braga de Macedo
- Vasco Joaquim Rocha Vieira
- Augusto Carlos Serra Ventura Mateus
- João Carvalho das Neves
- María del Carmen Fernández Rozado
- Laurie Lee Fitch
- Clementina Maria Dâmaso de Jesus Silva Barroso
- Luís Palha da Silva

EXECUTIVE BOARD OF DIRECTORS

- António Luís Guerra Nunes Mexia
- João Manuel Manso Neto
- António Fernando Melo Martins da Costa
- João Manuel Veríssimo Marques da Cruz
- Miguel Stilwell de Andrade
- Miguel Nuno Simões Nunes Ferreira Setas
- Rui Manuel Rodrigues Lopes Teixeira
- Maria Teresa Isabel Pereira
- Vera de Morais Pinto Pereira Carneiro

STATUTORY AUDITOR

- Pricewaterhouse Coopers & Associados - Sociedade de Revisores de Contas, Lda., *represented by João Rui Fernandes Ramos, Certified Auditor - Permanent Statutory Auditor*
- Aurélio Adriano Rangel Amado, *Certified Auditor - Deputy Statutory Auditor*

1.3.4.

VISION

A GLOBAL ENERGY COMPANY,
LEADING THE ENERGY TRANSITION
TO CREATE SUPERIOR VALUE

COMMITMENTS

RESULTS

- We fulfil the commitments that we embraced in the presence of our shareholders.
- We are leaders due to our capacity of anticipating and implementing.
- We demand excellence in everything that we do.

CLIENTS

- We place ourselves in our clients' shoes whenever a decision has to be made.
- We listen to our clients and answer in a simple and clear manner.
- We surprise our clients by anticipating their needs.

SUSTAINABILITY

- We assume the social and environmental responsabilities that result from our performance thus contributing towards the development of the regions in which we operate.
- We avoid specific greenhouse gas emissions with the energy we produce.
- We ensure the participatory, competent and honest governance of our business.

PEOPLE

- We join conduct and professional rigour to enthusiasm and initiative, emphasizing team work.
- We promote the development of skills and merit.
- We believe that the balance between private and professional life is fundamental in order to be successful.

VALUES

INNOVATION

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

SUSTAINABILITY

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

HUMANIZATION

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

1.3.5.

Stakeholder Management

Stakeholder management is a priority for upholding a close and transparent dialogue with all those with whom EDP relates, playing an increasingly distinctive role on the Group's business.
Building and strengthening relationships of trust, sharing relevant knowledge and information, anticipating challenges and identifying new opportunities for cooperation with stakeholders are, thus, the main objectives of EDP Group's stakeholder management policy, within the framework of EDP Group Sustainable Development Principles.
Stakeholder engagement is a demanding activity, which requires transparent relations between companies and society, particularly with all entities that have an impact on or are impacted by business activities.
EDP identified this challenge several years ago, having designed clear methodologies and tools to systematize the Group's relations with its stakeholders in all its activities and projects, regardless of their location.
The continuous improvement of stakeholder management activities in all EDP Business Units, has been acknowledged internationally with the highest score on the Stakeholder Engagement criteria in the Dow Jones Sustainability Index over the last three years.
EDP has been acknowledged internationally for its stakeholder management practices, being considered in 2019 and for the third consecutive year, the top performer of the Dow Jones Sustainability Index on the Stakeholder Engagement criteria.

EDP GROUP STAKEHOLDER ENGAGEMENT POLICY

UNDERSTAND
INCLUDE, IDENTIFY, PRIORITISE

• We have dynamically and systematically identified the Stakeholders who influence and are influenced by the Company.
• We analyze and seek to understand stakeholders' expectations and interests in the decisions that impact them directly.

COMMUNICATE
INFORM, LISTEN, UNDERSTAND

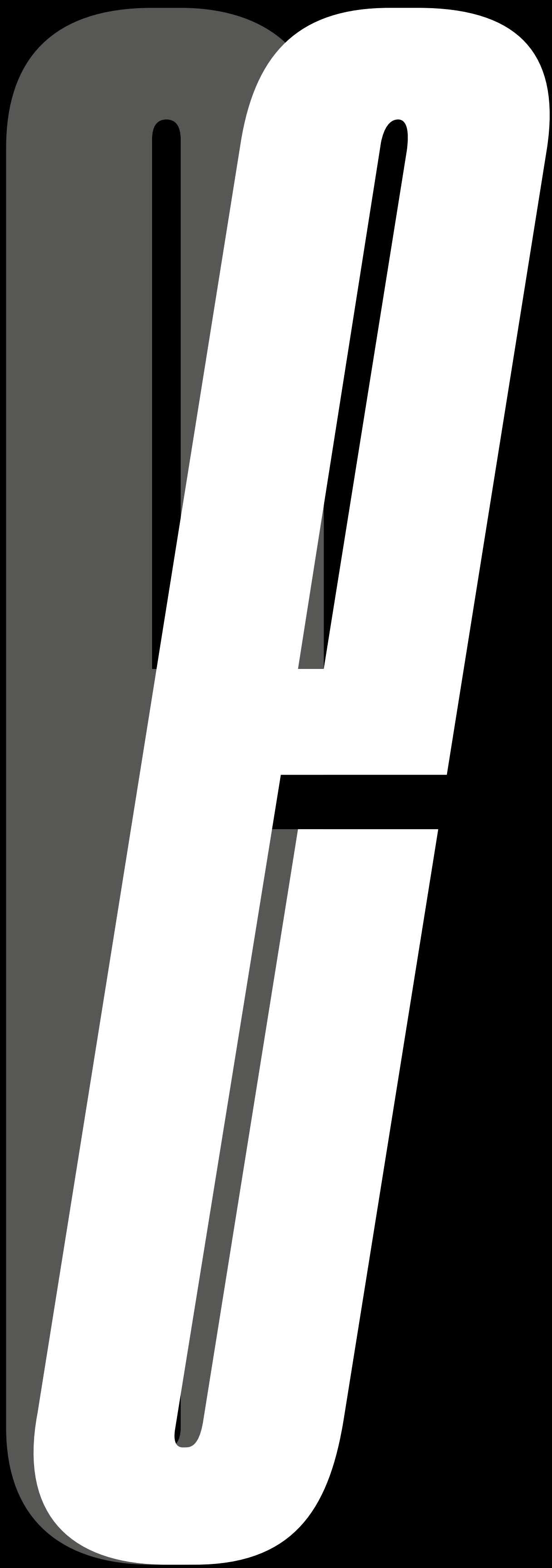
• We are committed to promoting a two-way dialogue with Stakeholders through information and advisory activities.
• We listen, inform and respond consistently, clearly, accurately and transparently to stakeholders in order to build close, strong and lasting relationships.

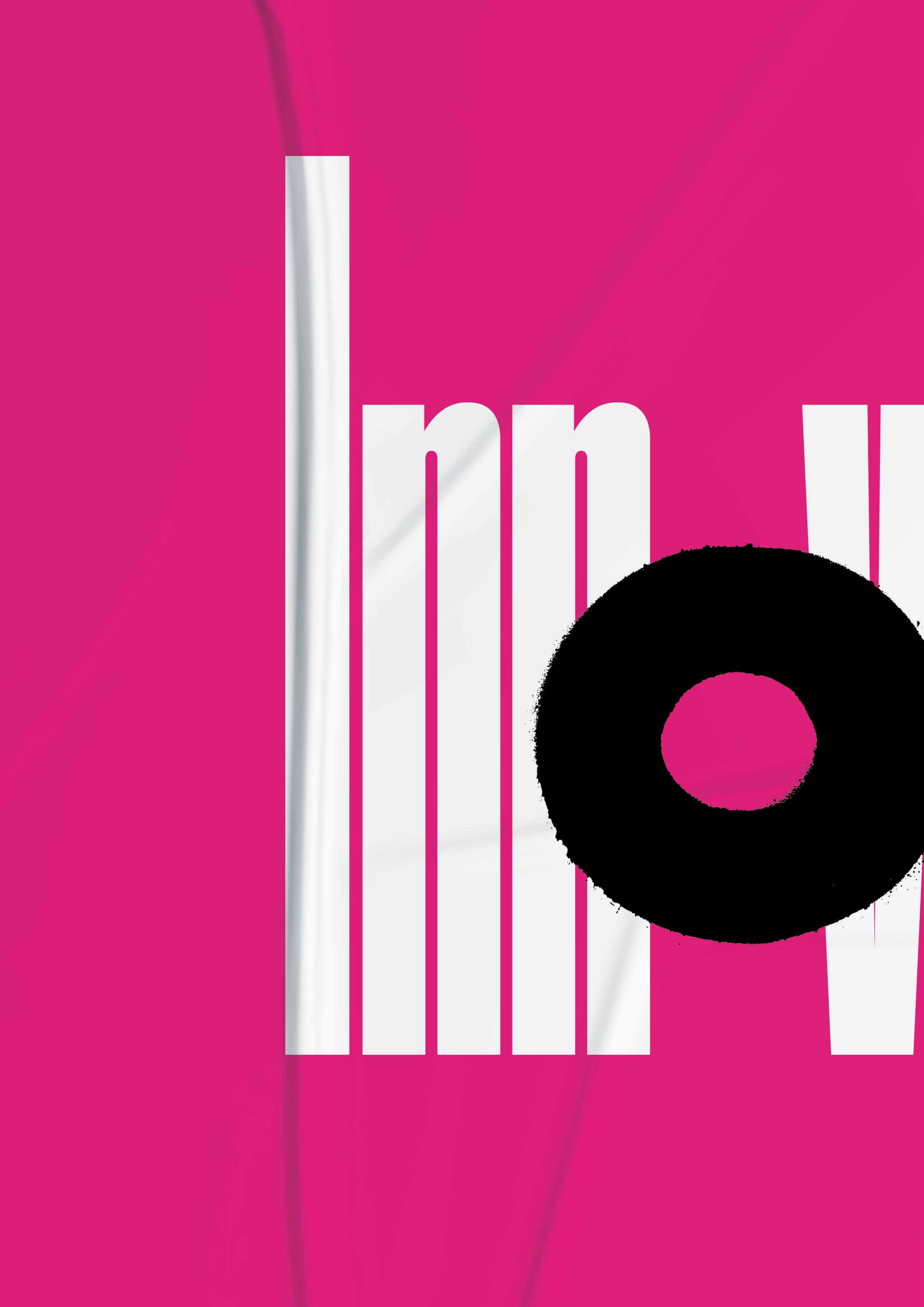
TRUST
TRANSPARENCY, INTEGRITY, RESPECT, ETHICS

• We believe promoting a climate of trust with our stakeholders is crucial to establishing stable and long-term relations.
• Our relationship with stakeholders is based on such values as transparency, integrity and mutual respect.

COLLABORATE
INTEGRATE, SHARE, COOPERATE, INFORM

• We aim to work with stakeholders to build strategic partnerships that collate and share knowledge, skills and tools, thereby promoting the creation of shared value in a differentiated way.





INNOVATIVE
ENERGY

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ENERGY

02

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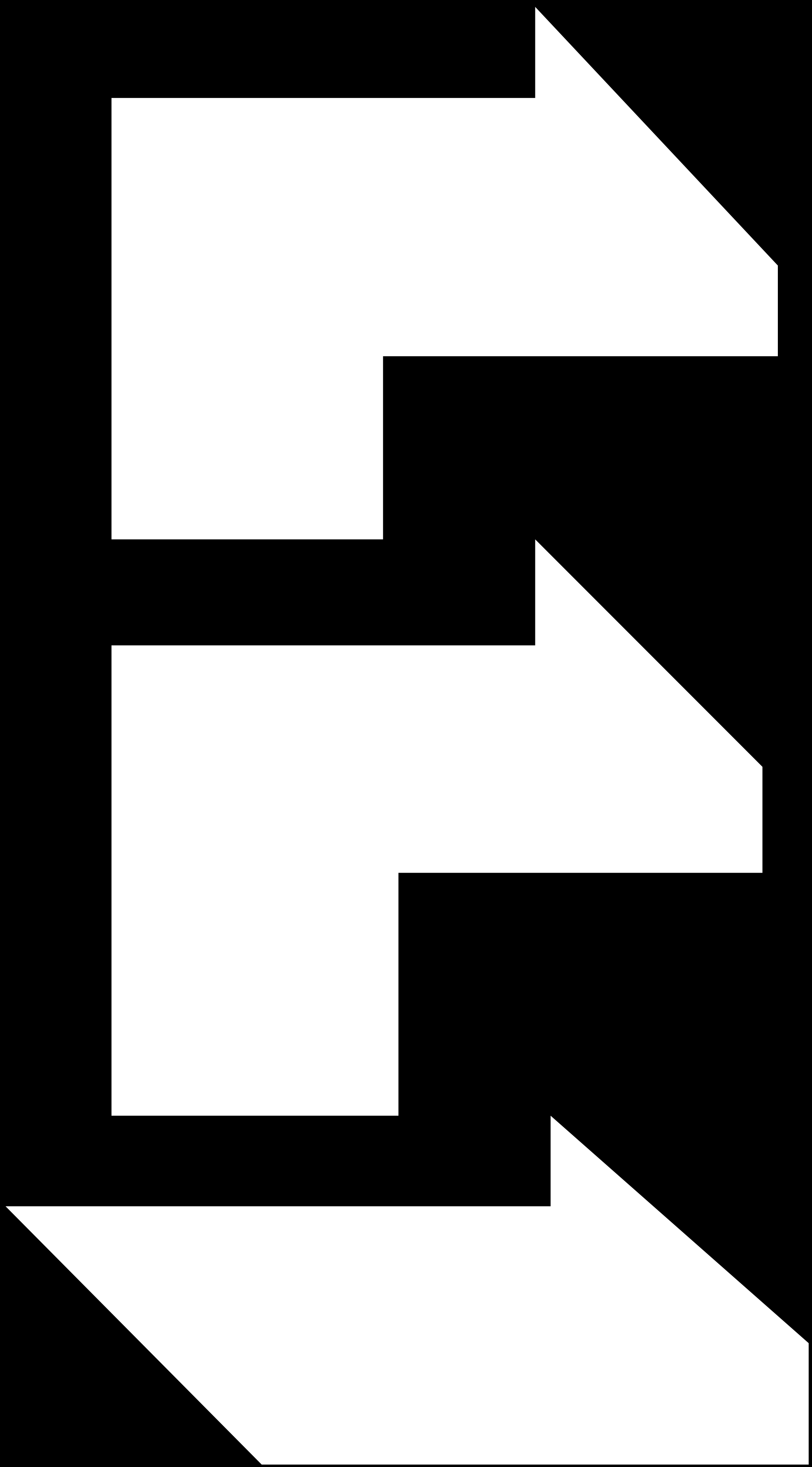


02

STRATEGIC APPROACH

2.1. GLOBAL ENERGY TRENDS

DECARBONIZATION REQUIRES A CHANGE IN PARADIGM

Carbon emissions of the energy sector have risen again in 2018, growing 1.9%, and it is estimated that growth also occurred in 2019. The International Energy Agency (IEA) estimates in its Stated Policies Scenario (base scenario) of the World Energy Outlook 2019 (WEO19) that carbon emissions increase by 7% between 2018 and 2040. This would make it impossible to limit the global temperature increase to 1.5°C compared to the pre-industrial era as defined in the Paris Agreement (December 2015).
This forecast of increase in emissions derives from the expected increase in primary energy consumption of 24% by 2040, specially by the increasing use of natural gas and petroleum products in developing countries. Conversely, the expected decoupling between economic growth and increased demand for energy, resulting in a significant reduction (2.3%/year) of energy intensity globally, and the reduction of 0.7%/year of carbon intensity emissions from the energy sector make a significant contribution to limit the increase of carbon emissions. Although several countries have demonstrated their commitment to reduce their environmental impact, the global effort against climate change has not been that notorious. A clear example would be the withdrawal of the United States from the Paris Agreement, announced on November 4th, 2019. Moreover, the COP25 held in November 2019 in Madrid illustrates the difficulty of reaching an understanding between several countries in relation to the necessary ambition and strategy adoption to reduce climate impact. Nonetheless it has been decided that all countries shall submit new climate commitments until COP26 which will be held in 2020. Only with the involvement of all countries can an accelerated decarbonization of the global energetic system be achieved. This requires a change of paradigm that addresses sustainability by its three pillars: environmental, economic and social.

THE LEADERSHIP OF THE EUROPEAN UNION

In order to reaffirm the global leadership in tackling climate change and becoming the first continent with neutral climate impact by 2050, the new European Commission, which took office in November 2019, presented an ambitious plan called the European Green Deal on December 11th, 2019. Amid other actions, the plan includes the objective of stating a European Climate Law, reaffirming the commitment to achieve climate neutrality, establishing a plan to raise target ambitions of the European Union for 2030, reviewing the several legislation

pieces (such as the Renewable Energy Directive, Energy Taxation Directive, Emission Trading Scheme, among others), and the development of multiple industrial strategies. The review of the 2030 objectives will take into account the National Energy and Climate Plans submitted by member states, as well as possible revisions that might be required to align the decarbonization trajectories with the carbon neutrality goal.
To reach the current goals of the 2030 Clean Energy for all Europeans Package, the European Commission estimates that it would be necessary 260 billion euros of additional yearly investments, relative to a scenario without these climate goals, which is equivalent to about 1,5% of the European GDP in 2018. To support these and further additional financing supporting needs that would put the European Union on the right track for climate neutrality, the European Commission will present in the beginning of 2020 the Sustainable Europe Investment Plan, dedicating at least 25% of the European Union long-term budget for climate actions and transforming the European Investment Bank into a European climate bank, in ways of providing extra support. To support the private sector to finance the climate transition, the European Commission will present a renewed Sustainable Finance Strategy in 2020.
Recognizing that the climate transition is an objective of all society, but that there are disparities between regions and Members States, the European Commission will create a Just Transition Mechanism. This mechanism will support high carbon intensity regions, as well as citizen most vulnerable to the energy transition, creating programs for development of new competencies and job opportunities in new economic sectors.

INCREASE OF ENERGY DEMAND

EBERGY DEMAND 2018-2040

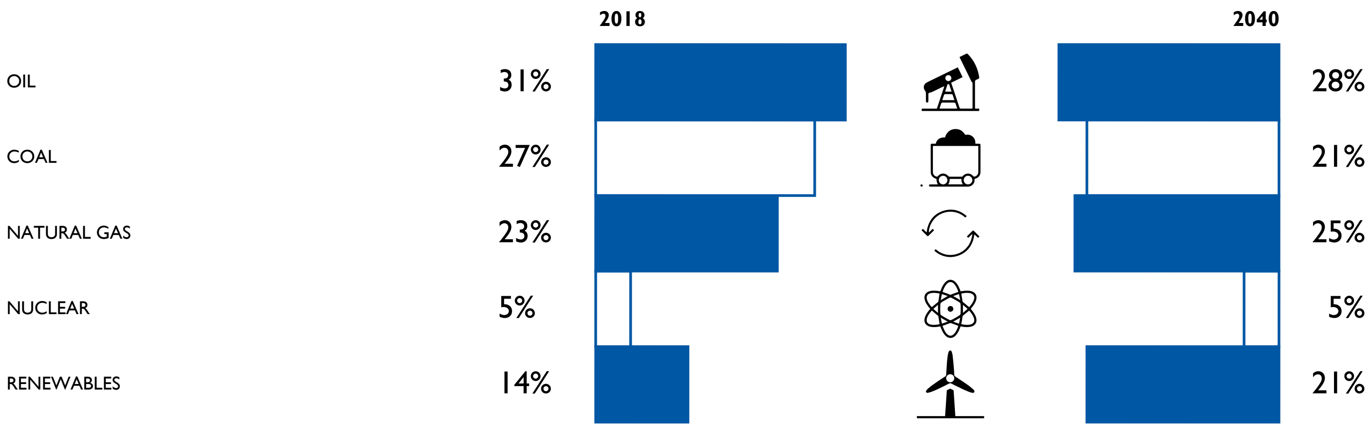
EMERGING COUNTRIES

OECD

Geographically, the expected rise of demand is due to merging countries, with China remaining the largest energy consumer. The Asia-Pacific region should be responsible for two-thirds of this growth, with India accounting for the largest contribution (about 27%). On the other hand, the European Union, United States and Japan should follow a reverse trend. In total, these three regions should register a 12% decrease in demand by 2040.

At a global level, fossil fuels will still account for 74% of primary energy consumption by 2040, with renewable energy sources accounting for 21% and nuclear energy the remaining 5%. It is expected that oil consumption will reduce in Europe (-34%) and in North America (-16%), albeit growing in other geographies, such as China (24%) and India (91%). Global coal consumption should register a slight growth followed by a decline, reaching 2040 with similar consumption as currently. While consumption should fall in Europe (-55%), North America (-42%) and slightly in Eurasia (-13%) and China (-9%), other regions should experience an increase, particularly India (97%). Natural gas consumption should grow in all geographies except Europe (-8%). The only energy sources that will grow in all geographies will be renewables. China will remain the world's largest renewable energy consumer.

Primary Energy Sources in the World
(2018 - 2040)



SOURCE: AIE, WORLD ENERGY OUTLOOK 2019, STATED POLICY SCENARIOS.

To achieve the key United Nations Sustainable Development Goals regarding energy, a transformation of the global energy system is required to achieve a reduction of about 56% of CO_2 emissions by 2040 relative to the Stated Policies Scenario. For this, global consumption should be reduced by 25% and the weight of fossil fuels by 58% by 2040. Such feat would require a significate effort of multiple regions, following the lead of Europe and North America.

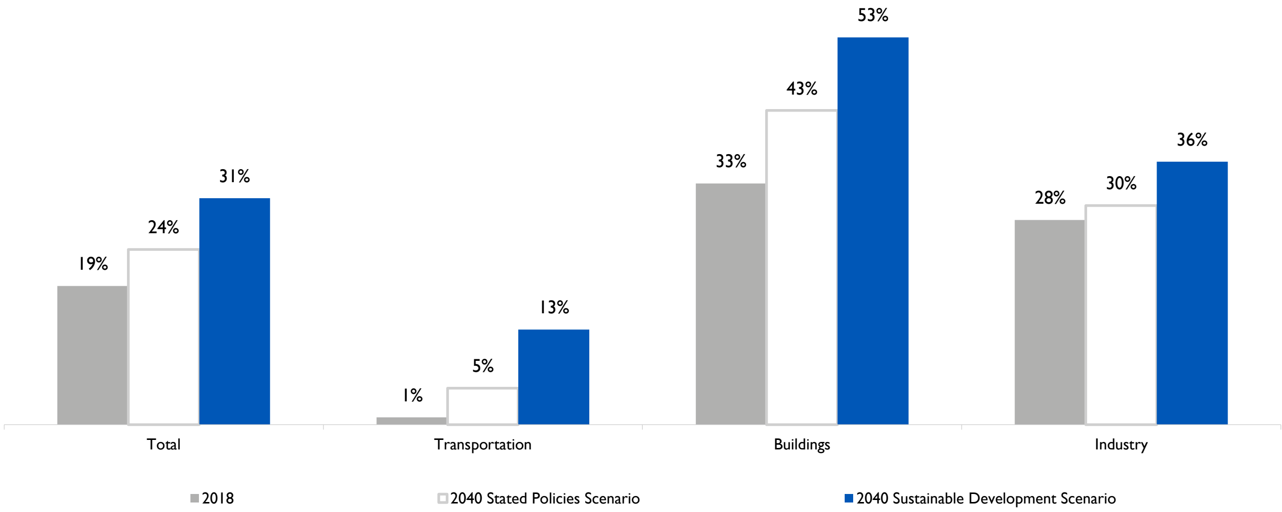
GROWING ELECTRIFICATION AND USE OF RENEWABLES

ELECTRICITY CONSUMPTION

IEA's Sustainable Development Scenario estimates that it is necessary to increase energy efficiency to reduce slightly the primary energy consumption compared to current levels and accelerate the electrification of the economy, with the electrification rate rising from 19% currently to 31% by 2040. In effect, electrification has two major benefits. On one hand, electric technologies, such as electric vehicles and heat pumps, are more efficient than conventional alternatives, which translates into a reduction in total energy consumption. On the other hand, the transport and heating/cooling sectors are mostly satisfied by fossil fuels, with electricity being the easiest energy vector to decarbonize using renewables.

The transport sector is commonly identified as one of the key sectors to achieve decarbonization targets. Starting from a very low electrification rate (1% in 2017), the IEA identifies as necessary achieving a 13% rate and a reduction in final energy consumption of 9% by 2040. Another very relevant sector is the buildings sector, which despite having already an electrification rate of 33% should achieve 53% by 2040, also reducing its final energy consumption by 13%

Electrification rate

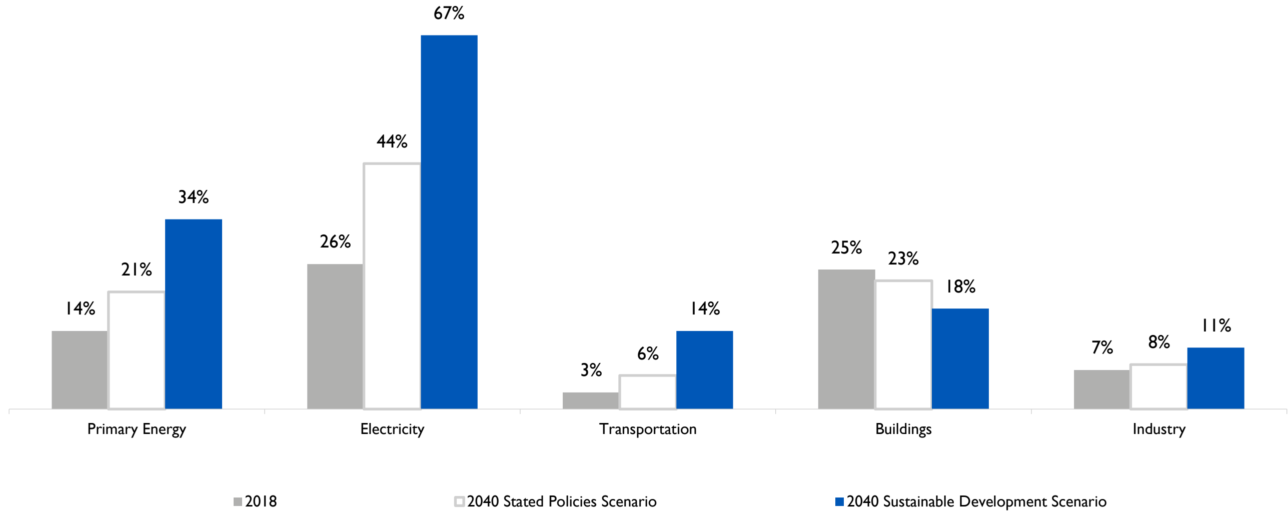


RENEWABLES

Although renewable energy sources in primary energy are expected to account for only 21% of consumption in 2040, this is not the case for the electricity sector. Indeed, the contribution of renewable energy sources to electricity generation is expected to grow from 26% in 2018 to 44% in 2040 in the IEA Stated Policies Scenario. The Sustainable Development Scenario estimates that a contribution of 34% in energy consumption and 67% in energy generation would be necessary. On the other hand, the other sectors have much lower uses of renewable energy, with the transport sector being the fastest growing sector, resulting from the use of biofuels. In the buildings sector there is even an expectation of reduction, motivated by the increasing electrification and consequent reduction of the use of biomass.

Investments in wind (onshore and offshore) and solar energy will drive the increasing use of renewable energy, as a result of their increasing competitiveness compared to fossil fuels. The development of long-term remuneration mechanisms, either through competitive auctions or corporate energy purchase agreements, will reduce the risk associated with these investments, with clear economic benefits for society.

Share of renewables



FLEXIBILITY

The rapid growth of renewable-based installed capacity has affected the economic viability of several existing electricity generation assets, which are needed to provide firm capacity to complement the natural variability and intermittency of renewable resources. In this context, and recognizing that the current wholesale market is insufficient, a number of countries (for example Germany, France, the United Kingdom, Italy, several US markets, etc.) have chosen to implement capacity compensation mechanisms to ensure the necessary firm power for the proper functioning of the electricity system.

The increased flexibility of generation will also require increasingly flexible electricity management and consumption structures, through the introduction of batteries, demand side management technologies and increased interconnectivity between the various electricity systems. It is therefore imperative to promote the digitization of the electricity sector value chain in order to ensure the integration of the various systems, enabling several advantages such as efficiency gains in systems operation, costs reduction (for example in the generation and use of networks) and greater decarbonization through better integration of renewables in the system.

THE NEED FOR A FAIR ENERGY TRANSITION

THE POLLUTOR PAYS PRINCIPLE

The internalization in energy markets of environmental and social costs of carbon emissions, for example through a price associated with these emissions, provides the needed price signal to encourage investment in energy efficiency and low carbon technologies. This strategy has already been implemented in some countries, notably Europeans, although its implementation is sometimes complex. In order to ensure that the carbon price does not distort energy markets by reducing its effectiveness, it should be designed with the widest possible geographical scope and cross-cutting across economic sectors and energy vectors, taking into account the emissions associated with each, following the polluter pays principle. The potential negative impacts in the economy and society should be minimized or even reversed by an efficient recycling of tax revenues through the creation of funding lines for low carbon technologies and the reduction of other taxes (such as the IRS). The possible loss of competitiveness of industries facing international competition must be tackled through compensations (for example with fixed rents) or the taxation of imported products on the basis of the associated emissions.

The need to implement decarbonization policies was evidenced in 2019 through global level demonstrations demanding world leaders' action to reduce significantly greenhouse gas emissions. Activist Greta Thunberg was one of the main faces of these movements, leading to organized demonstrations in schools worldwide. Nonetheless it is imperative that decarbonization polices take into account the wider picture, including economic and social aspects, in order to diminish disparities in the distribution of efforts, also including the creation of carbon taxes and raise in fuel taxes, preventing the discontentment shown in various demonstrations trough 2019.

SOCIAL EQUITY

The current model for financing renewables is an example of inefficient distribution of effort, since, even though the electricity sector accounts for only around 25% of energy consumption, it is the electricity consumers who bear most of these costs (more than 80% in Portugal and Spain). This effect distorts competition among the various energy vectors, limiting electrification and penalizing consumers who are most dependent on this energy vector.

In addition, in most countries, there is a huge disparity between the cost structure of the electricity sector, which is mostly composed of fixed costs, and the current tariff structure, mostly composed of variable costs. This cost allocation to consumers on the basis of their consumption provides cross-subsidization and greatly favors consumers with the economic capacity to invest in decentralized generation and necessarily leads to cost increases for other consumers, which affects mainly vulnerable consumers.

Reviewing the tariff structure, increasing the fixed component, and transferring renewable financing to the State Budget are examples of measures that promote a socially responsible decarbonization.

ENERGY POVERTY

The fight against energy poverty requires both the creation of specific financing lines for vulnerable consumers, with a focus on energy efficiency measures, and a tariff reform that ensures that energy tariffs reflect the costs associated with the energy services they provide. Financing building rehabilitation and purchasing efficient equipment, supported by the development of population education measures, enables consumers to reduce their energy needs and improve thermal comfort. If necessary, the implementation of social tariffs should be based on a logic of social solidarity, financed by the state budget or by other consumers.

Only with an energy transition that considers environmental, economic and social impacts, it is possible to guarantee the collaboration of all market agents to successfully implement the required reforms and achieve the ambitious decarbonization targets.

2.2. STRATEGIC PRIORITIES

2.2.1. STRATEGIC UPDATE 2019-22

Recent years have introduced significant challenges in the energy sector related to the ongoing energy revolution but also to the changes in companies' processes and human capital stemming from the digital and cultural leap already under way.

These factors give rise to uncertainty and volatility in the business, implying a proactive management of risks and opportunities.

VISION

A GLOBAL ENERGY COMPANY,
LEADING THE ENERGY TRANSITION
TO CREATE SUPERIOR VALUE

RISKS AND OPPORTUNITIES

GLOBAL ENERGETIC MODEL
- ENERGETIC DECARBONIZATION
- MATURER RENEWABLE ENERGY SOURCES
- DECENTRALIZED GENERATION
- LOW ENERGY PRICES AND CAPACITY WARRANTIES
- ENERGETIC EFFICIENCY

MACRO ENVIRONMENT
- POLITIC AND REGULATORY PRESSURE
- WEAK GLOBAL ECONOMIC GROWTH

CULTURAL AND TECHNOLOGICAL TRANSFORMATION
- SOCIAL AND CULTURAL CHANGE
- DIGITAL TRANSFORMATION

FINANCIAL MARKETS
- VOLATILITY
- INTEREST RATES INCREASE

POSITIONING

GLOBAL ENERGETIC MODEL
- OPERATIONAL GROWTH IN RENEWABLES AND LOW RISK PROFILE ACTIVITES
- HIGH EFFICIENCY AND LOW NUMBER OF YEARS OF THE ASSETS PORTOLIO
- R&D AND CONTINOUS IMPROVEMENT CULTURE
- IBERIA: BALANCED POSITIONING BETWEEN GENERATION AND SUPPLY
- BRAZIL AND USA: PPA REGIMEN

MACRO ENVIRONMENT
- IBERIA AND BRAZIL: FINANCIAL SUSTAINABLE MARKETS
- LIMITED EXPOSURE TO DEMAND SHIFTS

CULTURAL AND TECHNOLOGICAL TRANSFORMATION
- DIGITAL UTILITY: DIGITAL AND CRM TRANSFORMATION FOCUS
- GENERATIONAL AND COMPETENCIES RENOVATION

FINANCIAL MARKETS
- CREDIT MARKET: HIGH FINANCIAL LIQUIDITY
- FOREX: INVESTMENT HEDGING
- RATING INVESTMENT GRADE POSITIONING
- PART OF THE ASSETS INFLATION INDEXED

STRATEGIC PILLARS

ACCELERATED AND FOCUSED GROWTH	CONTINUOUS PORTFOLIO OPTIMIZATION	SOLID BALANCE SHEET AND LOW RISK PROFILE	EFFICIENT AND DIGITALLY ENABLED	ATTRACTIVE SHAREHOLDER REMUNERATION

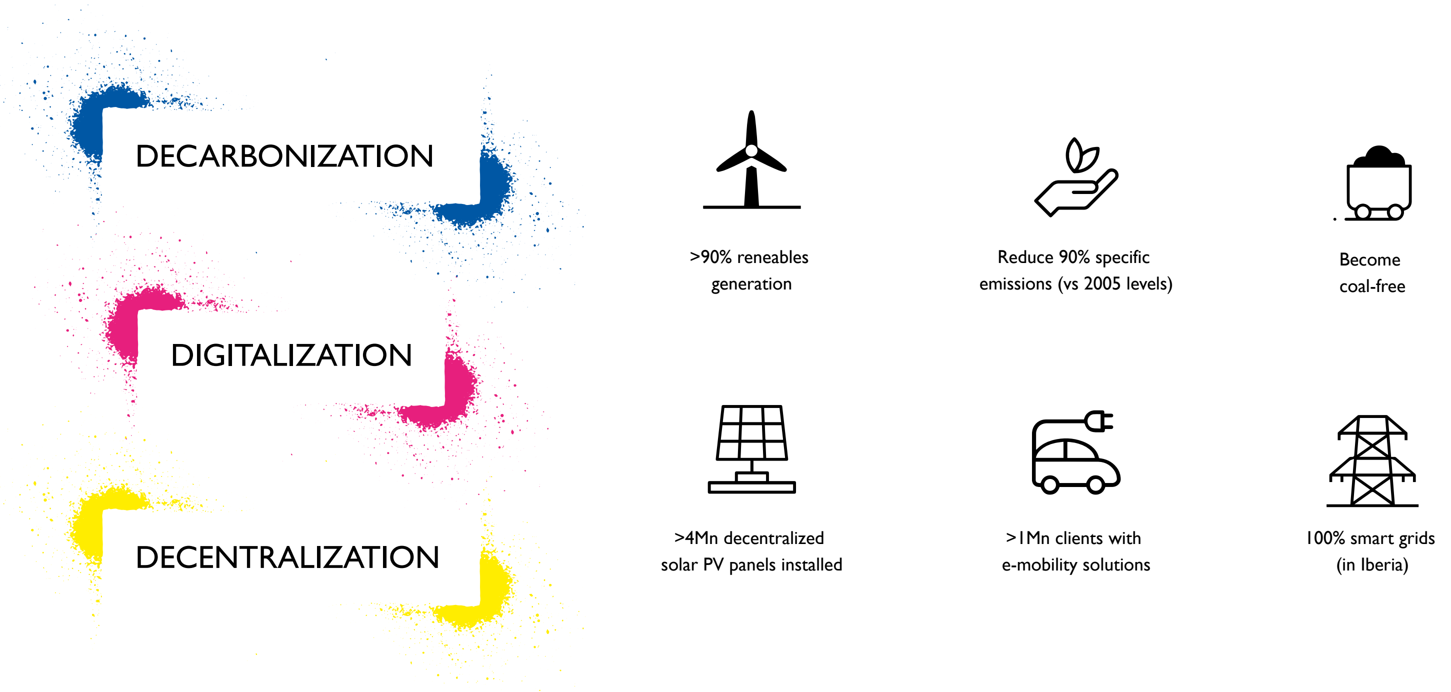
In this sense, EDP strategically positions itself with a low-risk and cross-diversified resilient profile, creating conditions for the execution of a strategy to create value in the face of the challenges of a context of low ecological footprint and behavioral and technological changes of its stakeholders, as well as the expected changes in context.

In the beginning of 2019 EDP presented an update of its strategic plan up to 2022. In it, EDP conveyed its vision, the strategic pillars as well as the repositioning of its business segments. It has also presented its key strategic initiatives and the goals for the 2019-22 period.

VISION

EDP's Vision is to assume the leadership of the energetic transition, ensuring the creation of superior value. With the strategic architecture that has been followed, it is already well positioned to lead the energy transition: we count with 2.5 times more renewable installed capacity than the average of the other integrated players; our asset base is 'young', having an average residual life of 25 years which allows us to have visibility over the coming years.

This vision shapes the company up to 2030 and will guide the company through:



STRATEGIC PILLARS 2019-22

To achieve this ambitious vision, EDP defined 5 strategic pillars:

- Accelerated and focused growth
- Continuous portfolio optimization
- Solid balance and low rik profile
- Efficient and digitally enabled
- Attractive shareholder remuneration

Accelerated and focused growth is based on an expectation of an increase in EBITDA of around 5% per year until 2022 with a clear commitment to create growth opportunities in renewable energies, and accelerating investment reaching a CAPEX ~ 12Bn between 2019 - 22.

EDP wants to maintain a **continuous portfolio optimization** through a strategy of renewable assets rotation and the disposal of non-strategic assets. The asset rotation accelerates organic growth and the crystallization of value. The sale of selected assets has a dual function: i) to balance EDP's risk profile, with divestments tending to be made in merchant areas and ii) freeing up capital to strengthen the Group's balance sheet.

The objective to maintain a **solid balance sheet and a low risk profile** is based on an effort for stronger financial deleveraging aiming at consolidating the investment grade.

The bet on an increasingly **efficient and digitally enabled** company will boost EDP's of the future. On the efficiency side, we intend to maintain the tight cost control that has been implemented through zero base budget programs and employee downsizing. Enhancing this efficiency is EDP's commitment to digital that will allow the organization to be more agile, flexible and global. This bet becomes clear with the increasing IT investment but also through the training of the organization's employees.

Providing an attractive remuneration and superior value to our shareholders through a distinctive history in renewable energies, strong profit growth and an attractive dividend policy is one of EDP's priorities.

PLATAFORMS

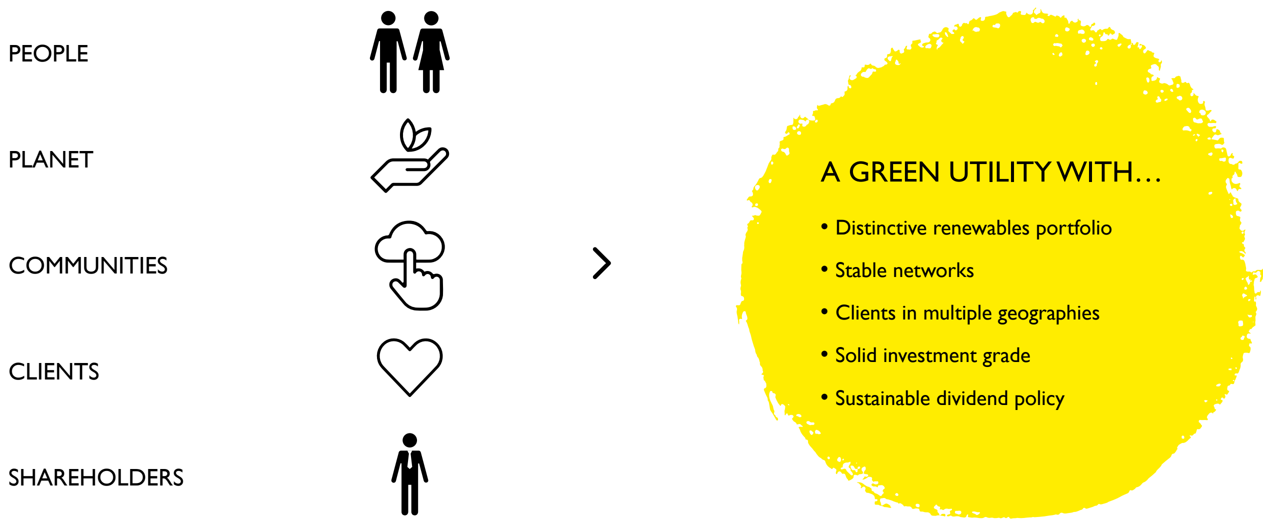
This ambitious strategic plan also involves a transformation in the way we look and organize the company. A simpler and more focused structure allows the sharing of best practices and enhances efficiency throughout the organization. Thus, in order to enable the organization to deliver on the commitments made in the strategic plan and respond more effectively to the energy transition, EDP presented its 3 operating platforms:

- **Renewables** includes hydro, wind and solar generation. This is the group's flagship development platform.
- **Networks** includes electricity distribution in Portugal, Spain and Brazil. It also includes the transmission business in Brazil. This platform is intended to function as portfolio stabilizer for the group.
- **Client Solutions and Energy Management**, includes the services provided to customers, energy trading and thermal generation. This platform represents a small part of the group's portfolio and besides aiming at hedging Iberia generation, it also represents a growth vehicle through new downstream.

SUSTAINABLE DEVELOPMENT

EDP's vision also reflects its commitment to sustainable development, fully assuming a structuring role in energy, supporting more balanced growth models from an economic, environmental and social point of view. This vision was recently reinforced in the Strategic Plan 2019-22, that besides establishing objectives and goals for 2022, establishes a transparent ambition for 2030 focused in the decarbonization in order to place EDP in the leadership in the energetic transition. Furthermore, the company is still maintaining its commitment in ensuring that its activity actively contributes to the United Nations Sustainable Development Goals.

Superior value delivery to all stakeholders



2.2.2. STRATEGIC GUIDELINES COMPLIANCE

STATUS 2019	TARGET 2022	KEY INITIATIVES	STRATEGIC	
€3.7B[1] €2,3B	>€4B EBITDA 2022 (>5% CAGR) ~€12Bn CAPEX (2019-22)	STEP-UP GROWTH IN RENEWABLES WITH >7GW GROSS ADDITIONS LEVERAGE ON ASSET ROTATION MODEL AS A KEY COMPLEMENT TO OUR STRATEGY DELIVER SUPERIOR EXECUTION OF TRANSMISSION PROJECTS IN BRAZIL	✓	Accelerated and focused growth
€1.0B €0B	>€4B Asset Rotations >€2B disposals	RECYCLE CAPITAL TO ACCELERATE GROWTH IN RENEWABLES REDUCE EXPOSURE TO IBERIA/MERCHANT/THERMAL ACCELERATE IMPROVEMENT OF RISK PROFILE	✓	Continuous portfolio optimization
3.6x 79%	<3.0x Net Debt/EBITDA 2022 >75% EBITDA regulated/ LTcontracted	COMMITMENT TO SOLID INVESTMENT GRADE REDUCE NET DEBT BY ~€2BN ~90% CAPEX IN REGULATED/LT CONTRACTED	✓	Solid balance sheet and low-risk profile
€123M -1%	~€300M *cumulative OPEX savings* *-2% CAGR OPEX like-for-like*	REINFORCE EFFICIENCY/COST REDUCTION PROGRAMS IMPLEMENT DIGITAL TRANSFORMATION PLAN FOSTER A MORE FLEXIBLE AND GLOBAL ORGANIZATION	✓	Efficient and digitally enabled
€0.9B[1] 81%[1]	>€1B *Net Profit 2022 (~7% CAGR)* *75 - 85% Payout ratio, with 19 cents € floor*	DISTINCTIVE GREEN POSITIONING SUSTAINABLE EPS GROWTH TO DELIVER DPS INCREASE DIVIDEND FLOOR OF €0.19	✓	Attractive shareholder remuneration

✓ STRATEGIC AXIS COMPLIANT IN 2019

[1] RECURRING FIGURES

AXIS	KEY INITIATIVES	TARGET 2022	STATUS 2019	SDG
Leading the energy transition ✓	RENEWABLE INSTALLED CAPACITY	78%	73%	7
	SOLAR INSTALLED CAPACITY (CENTRALISED AND DISTRIBUTED)	>1,000MW	242MW	7
	CO_2eq SPECIFIC EMISSIONS VARIATION VS. 2005	-65%	-66%	9; 13
	INTERNALISE THE TCFD RECOMMENDATIONS	100%	33%	13
	CUSTOMERS WITH VALUE-ADDED SERVICES	30%	26%	11; 12
	CUSTOMERS WITH ELECTRIC MOBILITY SOLUTIONS	100k	10.1k	7; 11
	SAVED ENERGY BY COSTUMERS (SINCE) 2015	5TWh	3.1TWh	7; 12
	SMART METERS	>70%	48%	7; 9
	CUSTOMERS' SATISFACTION INDEX	>75%	77%	11
	ELECTRIFICATION OF EDP'S LIGHT DUTY FLEET	>20%	9%	7; 11
	CARBON NEUTRALITY IN EDP´S OFFICE BUILDINGS	100%	37%	7; 13
	CLIMATE CHANGE ADAPTATION PLANS	100%	20%	13
	INVESTMENT IN ACCESS TO ELECTRIFICATION	20M€	4.9M€	7; 17
Committed with society and environment ✓	AVERAGE WASTE RECOVERY RATE[2]	75%	96%	12
	SINGLE-USE PLASTICS ELIMINATED	100%	5%	12
	ENVIRONMENTAL ACCIDENTS AND PENALTIES	0	0	13; 15
	FEMALE EMPLOYEES	30%	25%	5
	FATAL ACCIDENTS (EMPLOYEES AND SERVICE PROVIDERS)	0	2	8
	INVESTMENT IN THE COMMUNITY (SINCE 2015)	200M€	136M€	7; 13
	PARTICIPATION IN VOLUNTARY ACTIONS	20%	24%	8; 11
	PARTICIPATION IN VOLUNTARY ACTIONS	20,000h	23,258h	8; 11

SUSTAINABLE DEVELOPMENT GOALS

[2] IN THE PERIOD 2019-2022, COMPARED TO 2015-2018. THE FIGURE FOR 2018 CORRESPONDS TO THE AVERAGE VALUATION FOR 2015-2018 PERIOD

2.3. RISK MANAGEMENT

RISK GOVERNANCE MODEL

EDP Group follows a risk governance model based on the concept of 3 lines of defence internal to the organization, which are complemented by an external fourth line of defence, external audit and regulation/ supervision.

For every line of defence there are clearly defined responsible bodies and forums for debate and decision, formally established to materialize each line of defence at corporate and Business Units levels, avoiding duplication of efforts and/ or the existence of gaps and promoting the cooperation and collaboration between different areas.

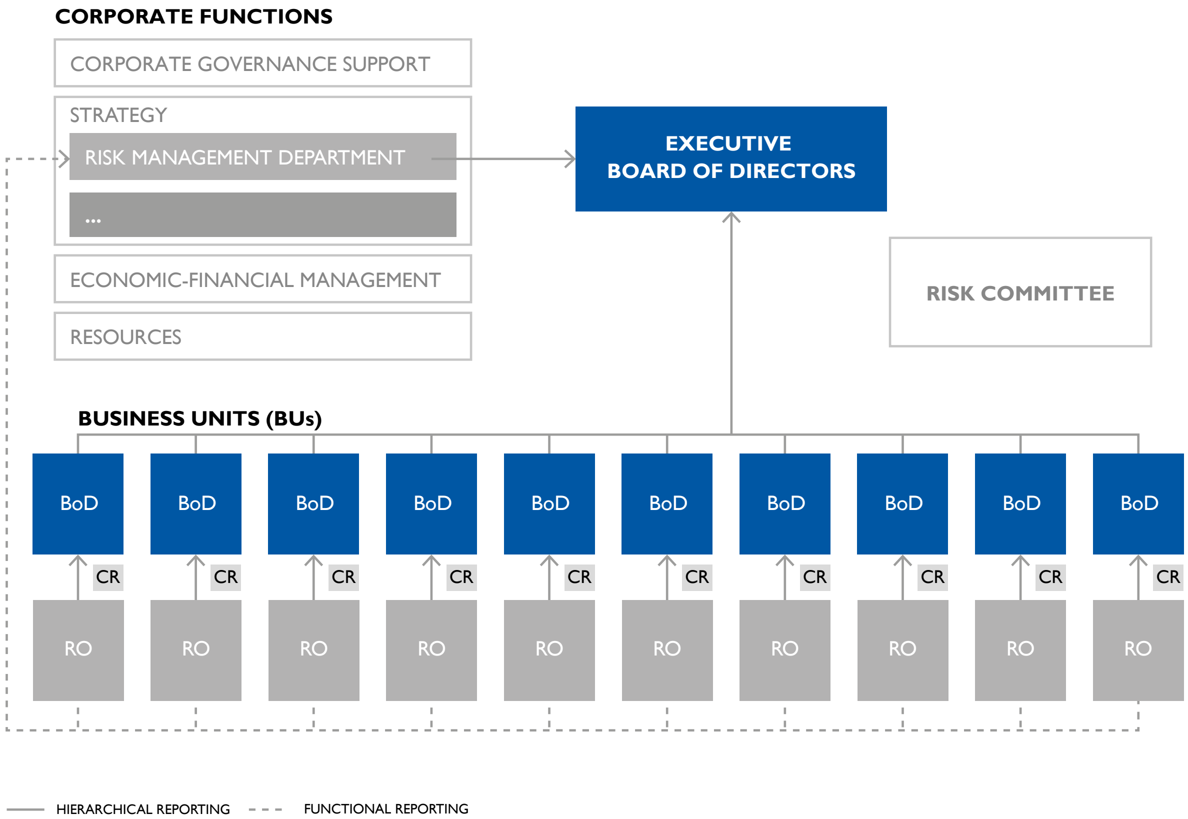
	1ST LINE: BUSINESS (RESPONSIBILITY FOR RISK)	2ND LINE: RISK (SUPPORT THE ANALYSIS AND MONITORING OF RISK)	3RD LINE: AUDIT (INDEPENDENT SUPERVISION)
MISSION	**Daily of running business, including proactive management of risks,** aligned with established risk policies.	**Support in the identification, analysis, evaluation and monitoring of risk** (to support business).	**Performance and coordination of auditing exercises, seeking the improvement of processes** of risk management, control and corporative governance.
AREAS INVOLVED[1]	BUs. Corporate departments (with decision-making responsibility).	Risk management (corp. and BUs). Planning and control. Compliance. Sustainability.	Internal audit (corporative and BUs).
RATIONAL	**Who benefits the most** from risk **should be the responsible for taking it.**	Given the (natural) incentive for business to take risk, it is **beneficial to have an independent function specialized in risk.**	**It is beneficial to have an independent entity** responsible for the verification and evaluation of processes of risk management and control.

[1]NOT EXHAUSTIVE

RISK GOVERNANCE MODEL OF THE 3 LINES OF DEFENCE

Risk management is represented by the Risk Management Department at corporate level, as well as by several risk units across the Business Units (lead by their respective risk-officer) that functionally report to the corporate Risk Management Department, guaranteeing a fluid articulation and communication concerning key risk sources and mitigation actions.

In addition, Risk Committees are held at corporate level and in key Business Units, gathering top management and relevant specialists for analysis, debate and advice on key risk exposures for the Group, respective limits and other mitigation actions.



MODEL FOR RISK FUNCTION REPORT AT EDP GROUP (AND COMMUNICATION WITH THE CORPORATE CENTER)

A more detailed description about the intervening bodies in the risk governance model at EDP Group, as well as attributed responsibilities, is available in the Corporate Governance Chapter, part I, section 52.

KEY RISKS

EDP Group seeks to have a comprehensive perspective over the key risks it is exposed to, at strategic, business, financial and operational level, establishing processes to assure follow-ups and proactive management.

In 2019 it was launched the Strategic Update for the period of 2019-2022, establishing once more commitments of a strategy based on a low risk profile, in line with what has been pursued for the last years.

		ILLUSTRATION OF TOPICS (NOT EXHAUSTIVE)		RECENT EVOLUTION/ EXPECTED IN THE SHORT-TERM
STRATEGY	Surrounding context	• Geopolitical instability. • Social and economic crisis. • Technological disruption. • Change of competitive paradigm. • Climate changes.	=	• Growing instability of the global geopolitical context, GDP growth forecasts decreased (namely for Portugal, Spain and United States of America). • Rise of the global investment in renewable technologies, with impact in geographies where EDP Group is present.
	Internal strategy	• Investment strategy. • Relationship with stakeholders. • Corporate planning.	=	• End of a Public Tender Offer for the Acquisition of EDP. • Presentation of new Strategic Update for 2019-2022. • Continuing strategy of asset rotation. • Attribution of the position of Global Leader within integrated utilities by the Dow Jones Sustainability Index. • Memorandum of understanding for a JV with Engie in projects of wind offshore.

		ILLUSTRATION OF TOPICS (NOT EXHAUSTIVE)		RECENT EVOLUTION/ EXPECTED IN THE SHORT-TERM
BUSINESS	Energy markets	• Fluctuations of pool price, commodities and CO2. • Volatility of the generation volume of renewable energies (i.e., hydro and solar). • Volatility of energy consumption. • Changes in sales margins.	=	• Rise of wind and solar renewable capacity. • Reduction of the hydro profile in Brazil with the sale of mini-hydro plants and rise of wind and solar energy projects. • Low hydro volumes in Iberia in comparison with historical average, partially compensated by a rise on selling price. • Continuous postponement of necessary market design reforms (given the misalignment of marginal market).
	Regulation	• Changes in taxes and sectorial charges. • Changes in tariff regimes of regulated activities. • Legislatives amendments. • Changes in regulations (e.g., environmental).	=	• Regulatory impacts in Portugal (e.g., maintenance of CESE, and reintroduction of clawback) with materialization in the results of the Group. • Growth in Brazil with a new regulatory cycle in distribution and the development of transmission lines projects.
FINANCIAL	Financial markets	• Fluctuation of interest rate. • Fluctuation of exchange rate. • Inflation. • Fluctuation of the value of financial assets held by the Group.	=	• Continuing decrease of long-term interest rates in several financial markets. Short-term interest rates with a positive trend until the middle of the year, moment when the Fed inverted the cycle of rise. • Maintenance expansionary monetary policies in Europe. • Political uncertainty and consequent volatility and devaluation of BRL. • Key foreign exchange exposure to BRL and USD. • Appreciation of USD as consequence of a more restrictive monetary policy until the middle of the year, compensated by an even more restrictive monetary policy of EUR until the end of the year.
	Credit and counterparties (energy and financial)	• Default of financial counterparties. • Default of energy counterparties (contracts to buy/ sell energy). • Default of clients (B2B and B2C).	= ↘	• (Relative) strengthening of the banking system in the Euro Zone. • Stabilization of the level of non-performing loans and defaults.
	Liquidity	• One-off insufficiencies of treasury. • Downgrade of financial rating (and consequent rise of financing costs and limitation of access to financing).	= ↘	• Abundant liquidity and reduced cost of capital, particularly in Europe and United States of America. • EDP Group's financial liquidity enough to cover refinancing need beyond 2022. • Consolidation of rating investment grade.
	Social liabilities	• Capitalization of the Pension Fund of Defined Benefit. • Additional costs with current and anticipated retirements. • Costs with medical expenses.	= ↗	• Increasing contributions for the Pension Fund EDP Group, partially compensated by the update of the fair value of social liabilities, as consequence of a decrease in interest rates.
OPERATIONAL	Development/ construction of physical assets	• Delay in commissioning date of assets (COD) and inherent loss of profit. • Deviations in the cost of investment (CAPEX).	= ↘	• Continuous investment in transmission in Brazil (until now developed according with the plan) and development of solar and wind capacity through EDP Renewables.
	Operation of physical assets	• Damages in physical assets and third parties. • Malfunctions by component or installation defect. • Unavailability due to external events (e.g., atmospheric events). • Technical and non-technical losses of distribution grid.	=	• Maintenance of the risk of increased impact and severity of extreme events in Iberia, with significant damage of assets of distribution and generation of energy in Portugal.
	Processes	• Irregularities in the processes' execution (regarding commercial activities, suppliers' selection and management, billing, etc.).	=	-
	Human resources	• Work accidents. • Unethical conduct. • People management. • Relationship with unions and other stakeholders.	= ↘	• Trend of decreasing index of frequency of accidents in EDP Group.

		ILLUSTRATION OF TOPICS (NOT EXHAUSTIVE)		RECENT EVOLUTION/ EXPECTED IN THE SHORT-TERM
OPERATIONAL	Information systems	• Unavailability of information and communication systems. • Integrity and security of information.	=	• Maintenance of level of exposure (e.g., large-scale cyber-attacks, date protection directives) partially compensated by a continuous reinforcement of mitigation measures (cyber range, SOC, cyber risk insurance, training sessions).
	Legal	• Losses arising from lawsuits related with tax, labour, administrative, civil, or others (penalties, compensation and agreements).	=	-

A more detailed description of each risk is available in the Corporate Governance Chapter, part I, section 53.

EMERGING RISKS

Besides closely monitoring key risks inherent to its activity, the Group maps key trends (at global and sectorial level) that may be translated into threats and opportunities, and proactively develops adequate mitigation strategies. Due to their impact throughout the last years, one should highlight (1) the challenge of adjustment of the wholesale market design to current market conditions, (2) the changing paradigm of decentralized resources, (3) the industrial revolution and digitalization of the electric sector, (4) the growing threat of cyber risks and (5) the (possible) increasing frequency and severity of extreme climatic events.

	DESCRIPTION	IMPACT	MITIGATION MEASURES
WHOLESALE MARKET DESIGN (IN EUROPE)	**Uncertainty around the evolution of the wholesale market design, given the current challenges:** • Marginal remuneration system not adjusted to the current context of growing penetration of fixed cost technologies (renewables, backup, storage). • Growing penetration of technologies with 0 marginal cost (reducing prices and increasing prices' volatility).	• **Uncertainty around the returns of the conventional generation, in particular as backup capacity** (relevant in a perspective of ensuring security of supply). • **Volatile context, not suitable for long-term investments** necessary to the modernization, decarbonization and security of supply.	**Active and constructive participation in several forums, at European and national level, for the adoption of adequate and equilibrated market design solutions** for various stakeholders, in particular: • Adoption of energy auctions for long-term contracts to promote renewables. • Recognition of the need for capacity remuneration mechanisms. • Support to price signals of CO2 at European level. **Reinforcement of focus on long-term contracts** (renewable and conventional generation), to reduce risk and increase competitiveness in the supply offer to final clients.
DISTRIBUTED RESOURCES	**Growing proliferation of distributed resources,** including: • Decentralized production (in particular solar PV) for self-consumption. • Electric vehicles. • Active demand side management. • Storage.	**Threat relative to:** • (Possible) **reduction of margins for traditional generation** due to a reduction of the volume of energy generated centrally. • **Reduction of the contribution of consumers in self-consumption for the costs of the system** (grids and others) and consequent need for tariff increases. • **Changing dynamics of energy flows in the grid.** **Opportunity for the sale of new products and services.**	**Proactive role in the commercialization of innovative products and solutions, with benefit in margin and client retention:** • Sale of solar panels for self-consumption (and batteries). • Commercialization of solutions associated with electric mobility (e.g., green electric mobility). • Solutions of energy efficiency (e.g., Re:dy with application to the electric car, solar decentralized generation, heating, control of outdoor spaces). **Active regulatory management,** in particular related with tariff structure, **enabling the existence of efficient price signals and incentives.**

	DESCRIPTION	IMPACT	MITIGATION MEASURES
4TH INDUSTRIAL REVOLUTION (AND DIGITALIZATION)	**Proliferation of new technologies with disruptive potential for the electric sector,** including (among others): • Blockchain. • IoT. • AI/ machine learning. • Virtual/ augmented reality. • Robotic Process Automation (RPA).	**New market entrants such as aggregators, services of design science research** (DSR) **or solutions for clients.** **Opportunities for operational and business optimization,** e.g.: • Operation and maintenance of assets (generation and grids). • Pricing and segmentation. • Innovation of product and client services. • Optimization of back-office and shared services.	**Follow-up on best practices and developments at digital level** applicable to the energy sector. **Release of dedicated department to EDP Group digitalization (Digital Global Unit – DGU)**, as result of EDPX project, developed with the collaboration between internal and external specialists to accelerate ideas and test digital solutions: • Assets/ operations (e.g., predictive maintenance, asset management, task force digitalization, energy/ trading management). • Client (innovation of products and services, namely electrification). • Group (agile/ project-based solutions, optimization/ automation of internal processes).
CYBER-RISKS	**Exposure to several cyber risks, due to a growing sophistication and integration of technologies.**	**Financial, operational and reputacional loss,** due to (among others): • Loss/ interruption of operations (e.g., dispatch/ plants, billing, client service). • Damage/ destruction of assets (grids, plants, other systems). • Violation/ destruction of data (personal and others).	• **Continuous improvement of the security of internal systems.** • **Security Operations Center (SOC)** dedicated to continuously monitor the security of OT/ IT infrastructure of the Group. • **Internal cyber range** to simulate and test the reaction of employees to cyber-attacks. • **Security courses and awareness programs** on key principles of information security. • **Cyber insurance.**
EXTREME CLIMATE EVENTS	**Structural climate changes**[1] (in particular temperature and precipitation), **with impact in the frequency and severity of extreme climatic phenomena** (floods, droughts, storms, wildfires).	• **Damage to physical assets and loss of profit.** • **Impact on quality of service** (distribution grid). • (Possible) **structural changes in hydro generation** (average and volatility).	• **Geographic and technological diversification.** • **Active role fighting against climate change** (namely promoting decarbonization and energy efficiency). • **Adoption of TCFD**[2] **recommendations, and mapping of the main climate risks for EDP** according to transition and physical risks categorization. • **Existence of dedicated areas and plans for Crisis Management and Business Continuity** (at corporate level and for key Business Units).

RISK APPETITE

The EDP Group is exposed to a number of risks due to its dimension and diversity of businesses and geographies in which it operates, hence it recognizes risks is an integral and unavoidable component of its activity, both as threats as opportunities.

Acknowledging this fact, the Group establishes explicitly and implicitly its risk appetite for all internal and external stakeholders, both at corporate and Business Units level, as well as for the various categories of risks, through a set of mechanisms:

- The periodical development and approval of the Group's Business Plan by the Executive Board of Directors, which is communicated to all stakeholders, and where key strategic orientations are set for the upcoming 3 to 5 years;
- The rigorous evaluation of risk related to investment and divestment opportunities proposed by the Business Units and approved by the Executive Board of Directors, including the estimation of returns adjusted to risks vs. established hurdles. This evaluation is supported by the opinion of the Investments Committee, which includes specialists from relevant areas of expertise;
- The development of a wide set of risk management policies, both at corporate and Business Unit level, which establish guidelines, methodologies of evaluation and exposure limits for key risks[3];

[1] MORE DETAIL ON THE TCFD FRAMEWORK OF CLIMATE RISKS AVAILABLE IN EDP GROUP SUSTAINABILITY REPORT
[2] TASK FORCE FOR ON CLIMATE-RELATED FINANCIAL DISCLOSURES
[3] INCLUDING, AMONG OTHERS, THE ENTERPRISE RISK MANAGEMENT POLICY, LIMITS STRUCTURE FROM THE ENERGY MANAGEMENT BUSINESS UNIT, THE FINANCIAL MANAGEMENT POLICY, THE COUNTERPARTY POLICY, THE INSURABLE RISKS MANAGEMENT POLICY, THE HEALTH AND SAFETY POLICY, THE INFORMATION SYSTEMS POLICY AND THE PRINCIPALS, STRUCTURES AND PROCEDURES OF CRISIS MANAGEMENT AND BUSINESS CONTINUITY.

- The periodical development of risk mapping exercises, based on objective, quantitative and comparable criteria, allowing an analysis of the exposure to key risks, as well as the adoption of preventive treatment actions for excessive exposure to risks (regarding the established tolerance of risk);
- The establishment of a wide set of mechanisms for periodical reporting of key risks, at Group and Business Unit level, thus allowing a regular monitoring of the evolution of actual and emerging risks and comparison of the exposure to different risk profiles within the established limits;
- The adoption of a risk governance model based on 3 independent lines of defence (business, risk/ compliance and internal audit), which guarantees the implementation of the established strategies and alignment with risk appetite, namely:
    - A formally established risk-officers network in all Business Units with material risks;
    - A regular Risk Committee[1], with the participation of the members of the Executive Board of Directors responsible for relevant risks, where key sources of risk are analysed, and mitigation actions are proposed through dedicated dashboards.

In terms of positioning, the Group establishes the maintenance of a controlled risk profile as a fundamental pillar for its strategy, expressed transversally along 3 natures of risk:

- Risks for which the Group has zero tolerance (e.g., health/ safety and ethics);
- Risks for which the Group is constrained externally and are managed proactively within the established tolerances (e.g., counterparties);
- Risks inherent to markets in which the Group operates and are managed proactively around the established risk appetite to optimize the trade-off risk-return (e.g., energy markets).

The risk appetite of the Group and key risk indicators (KRIs)/ objectives are reviewed and approved regularly by the Executive Board of Directors.

		RISK APPETITE (ASPIRATIONAL)	KRI (TARGET)	
STRATEGY	Risk-return profile	• **Activity focused mainly in regulated or long-term contracted operations,** guaranteeing a higher level of stability and predictability of cash-flows. • **Growth focused on grids and renewable generation with demonstrated medium-long term viability,** complemented by selective bets on innovative high potential generation technologies. Evaluation by Investment Committee of returns adjusted to risk vs. established hurdles.	>75%	EBITDA in regulated or long-term contracted activities by 2020.
			~€12Bn	Accumulated CAPEX[2] in 2019-2022 with focus on the growth of renewables, grids and clients & solutions for energy management.
			>1,4x	IRR/ WACC in investments evaluation.
			>25%	NPV/ CAPEX.
			>15 years	Contracted period.
			>60%	Contracted NPV.
	Innovation	• **Early adopter of technological solutions and high value-added services for the Group** (e.g., predictive maintenance and digital processes), for **clients** (e.g., selfcare interactions) and **remaining stakeholders** (e.g., digital ecosystem with partners and employees with 100% digital know-how).	~€800M	Digital CAPEX until 2022.
	Geographical footprint	• **Geographical presence focused in geographies with reduced country risk**, complemented by strategic bets in geographies with accumulated market know-how/ expertise and/ or high structural potential.		% international EBITDA in 2020 generated in investment grade geographies.
	Sustainability		↓90%	CO2 emissions by 2030 (vs. 2005)
			>90%	Renewable generation until 2030.

[1] CORPORTE AND AT BUSINESS UNITS LEVEL, WHEN JUSTIFIED.
[2] INCLUDES FINANCIAL INVESTMENTS

		RISK APPETITE (ASPIRATIONAL)		KRI (TARGET)
STRATEGY		• **Reference in sustainability** through the adoption of actions and use of broad, specific and transversal KPIs[1], performance recognized by independent international entities, supported by a dedicated area.	>4M >1M 100%	Decentralized solar panels installed until 2030. Clients with solutions of electric mobility until 2030. Smart-grids (in Iberia) until 2030. Coal-free until 2030
	Reputation	• **Systematic and proactive action to minimize likely negative impacts** on the Group's accumulated capital reputation. Reputational performance followed-up using independent references, **scoring aligned or superior to main peers.** Relations with stakeholders supported by dedicated area, in articulation with Executive Board of Directors.		Absolute performance vs. peers in reputational indexes (e.g., RepRisk).
	Dividends policy	• **Predictability and sustainability of dividends policy as a fundamental element of the shareholders' value proposition**, remuneration in line with best peers.	75-85% €0,19	Target payout ratio. Dividends per share floor.
BUSINESS	Energy markets	• **Structural position broadly balanced between generation in market and client sales. Presence in energy markets focused on the hedging of the wholesale margin** (with reduced exposure to trading positions), diversified sourcing based on financial instruments of reduced complexity (forwards and plain vanilla swaps). Structural and trading risks managed by dedicated BU, framed by a policy stating global as well as individual risk factors' limits, and periodical and systematic monitoring using a dedicated model.		Wholesale margin coverage risk (Profit @ Risk). Trading margin risk (Value @ Risk). Maximum level of exposure. Risk of individual factors. Minimum sourcing stock.
	Regulatory approach	• **Foresight of possible high impacting regulatory / political changes** in current portfolio and potential new geographies.		-
	Client satisfaction	• **Action focused on ensuring distinctive levels of global client satisfaction** in all markets and segments, as well as minimizing number of complaints.		Client satisfaction scoring. # complaints per 1000 contracts.
FINANCIAL	Debt	• **Target of alignment of level of debt with main peers**, adjusting to the weight of regulated or long-term contracted activities. **Proactive management of debt at fixed/ floating rates**, taking into account market conditions and the revenues profile of the Group. **Target to reduce refinancing risk through an increase of the average debt maturity**, constrained by market conditions and considering the risk/ return trade-off.	<3,0x	Net debt / EBITDA by 2022. Maximum level of exposure to floating rates.
	Liquidity	• **Maintenance of liquidity reserves enough to cover refinancing needs in short-medium term.**	18-24 months	Liquidity without refinancing.
	Rating	• **Target to maintain rating investment grade for key rating agencies.**	BBB	Investment grade rating in internationally recognised agencies in the period of 2019-2022.
	Exchange rate	• **Exposure diversified by the presence in multiple geographies, with net position** (assets – liabilities) **broadly balanced** through the use of hedging instruments and/ or financing sources in local currencies. Management supported by dedicated areas[2] and framed by financial management policy.		Equity@risk. Net investment exposure (by currency).
	Counterparties (energy and financial)	• **Proactive management of the exposure to energy and financial counterparty risk,** through the adoption of methodologies to evaluate, monitor and report exposures, framed by policies and global limits for exposure and by rating.		Levels of exposure and energy and financial counterparties loss, global and by counterparty.

[1] REGARDING ECONOMIC VALUE, ECO-EFFICIENCY, ENVIRONMENTAL PROTECTION, INNOVATION, INTEGRITY AND GOOD GOVERNANCE, ACCESS TO ENERGY AND SOCIAL DEVELOPMENT.
[2] IN EDP BRASIL, THE LOCAL RISK MANAGEMENT OFFICE IS RESPONSIBLE FOR THE MANAGEMENT OF FINANCIAL RISKS RELATED TO CHANGES OF INTEREST AND EXCHANGE RATES, CONSISTENT TO THE PRINCIPLES DEFINED BY EDP GROUP.

		RISK APPETITE (ASPIRATIONAL)	KRI (TARGET)
FINANCIAL	Credit to clients	• **Proactive management of client credit risk, quantitative monitoring of exposure and adoption of a wide set of mechanisms**, including scoring and risk-adjusted pricing for B2B clients, promotion of direct debit, collateralization and regulatory compensation.	Expired debt/ commercial revenues. Impairment for doubtful clients/ commercial revenues.
	Social liabilities	• **Pension plan for new employees under a defined contribution scheme**, heritage of employees and pensioners under a defined benefit scheme. **100% coverage of liabilities under the defined contribution scheme through assets. Diversification of investments** on multiple assets and management entities, follow-up by dedicated Committee.	Level of coverage of the Pension Fund.
OPERATIONAL	Physical assets	• **Generation:** development **prefers well-established technical solutions and suppliers.** Operation strives to **strike a balance between minimizing maintenance costs and programmed unavailability** and the risk of costs or loss of profit associated to unprogrammed unavailability. • **Distribution:** development strives **maximization of grid resilience** (and guarantee n-1 redundancy). Operation geared towards **overcoming targets of service quality.**	Average unavailability. QoS indicators (TIEPI, SAIDI).
	Insurable risks	• **Extensive coverage of insurable risks at Group and BU level,** with coverage, exclusions, premiums, stop-losses and caps suited to each specific context. Relationship with brokers and insurance companies centralized in specialized area.	Gross and net insurance losses associated with risks. Loss ratio.
	Suppliers	• **Systematic evaluation of suppliers' risks,** including the evaluation based on a broad set of sustainability criteria (including financial), relationship owned by a dedicated BU.	Scoring of key suppliers.
	Health and safety	• **Zero tolerance for health and safety incidents** with employees, external contractors or other third parties. Development of preventive policies and measures and conduct of awareness actions, supported by dedicated area.	Frequency and severity rate of incidents with EDP and external employees and third parties.
	Ethics	• **Zero tolerance for any unethical and fraud behaviour.** Dedicated channel for independent treatment of any arising incidents.	Ethicis Index scoring.
	Information systems	• **Continuous monitoring of arising and existing threats** for information systems. Proactive development of **initiatives and internal tests to ensure the integrity and availability of the various systems of the Group and data**.	Disaster recovery tests result. # threats detected by SOC (Security Operations Center).
	Legal/ Compliance	• **Strict compliance with laws, norms and internal and external regulation,** ensured by dedicated compliance area and periodical follow-up of ongoing contingencies by dedicated area.	Volume of legal contingencies by geography. Volume of legal provisions.
	Crisis and business continuity	• **Preventive action framed by corporate and BU level policies,** including the performance of business impact analysis to prioritize and develop action plans before, during and after-crisis, coordinated by dedicated area.	% BUs with business impact analysis and business continuity plans.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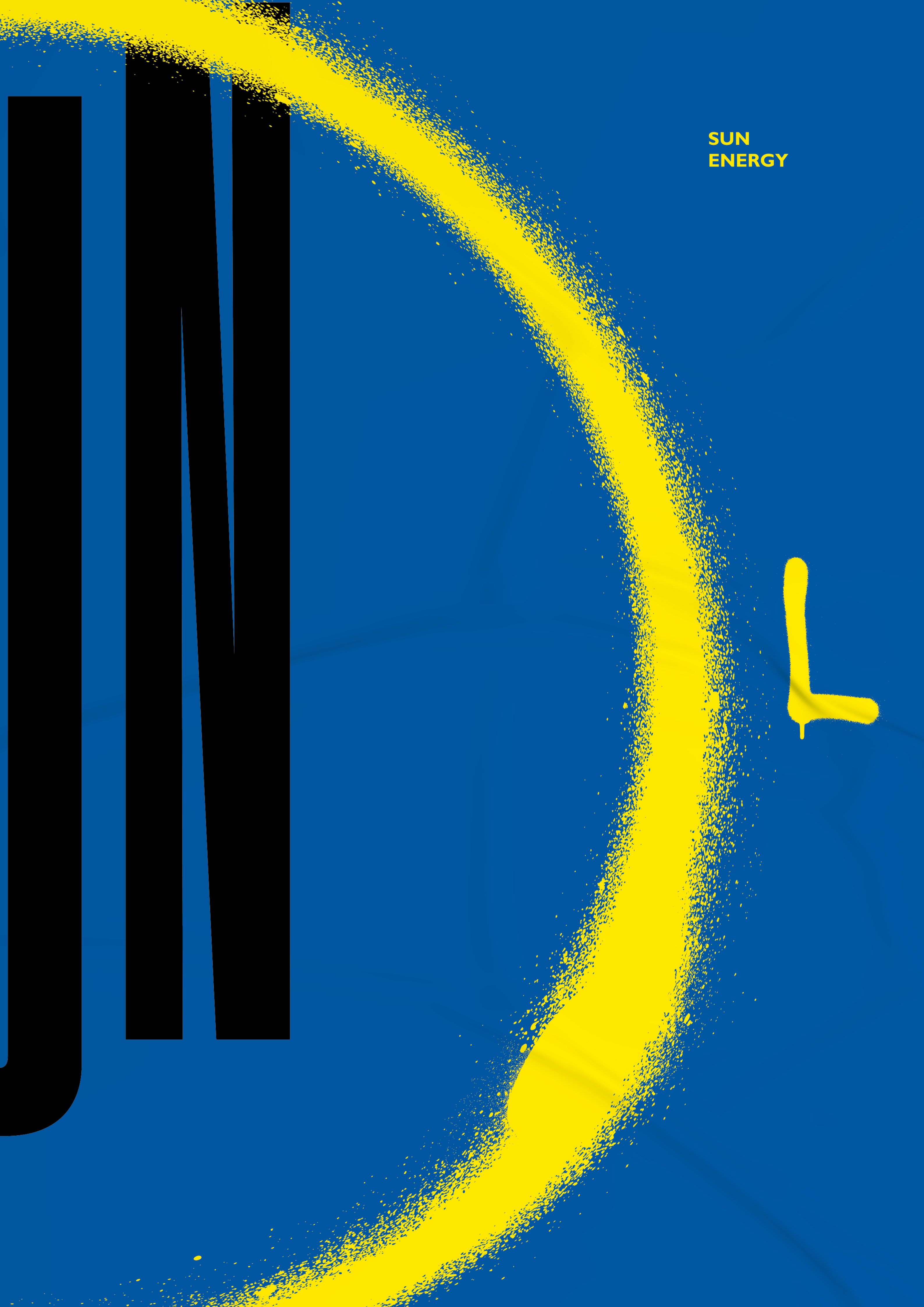
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03

03 PERFORMANCE

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03

PERFORMANCE

3.1. GROUP'S FINANCIAL ANALYSIS

Income Statement

EURO MILLION	2019	2018	Δ %	Δ ABS.
Gross Profit	5,217	5,099	2%	118
Operating Costs	1,518	1,609	-6%	-91
Other Income/(Costs)	6	-174	-	180
EBITDA	3,706	3,317	12%	388
EBIT	1,838	1,584	16%	254
Net Profit for the period	899	876	3%	23
Net Profit attributable to EDP shareholders	**512**	**519**	**-1%**	**-7**
Non-controlling interests	388	357	9%	31

EBITDA
€3,706M
+12% VS. 2018

EBIT
€1,838M
+16% VS. 2018

NET PROFIT
(ATTRIBUTABLE TO EDP EQUITY HOLDERS)
€512M
-1% VS. 2018

EBITDA amounted to 3,706 million euros in 2019, advancing +12% vs. 2018, with a positive contribution across all the platforms. Nevertheless, if disregarded in 2019 (i) restructuring costs (-13 million euros), (ii) provision for the sharing of some gains with consumers at distribution in Portugal (-28 million euros), and (iii) gain following the change in medical plan of employees in Brazil (+30 million euros); and if adjusted in 2018 by (i) the net impact of the sale of mini-hydro plants in Brazil (+82 million euros), (ii) the 18 million euros negative impact of the revision of the CMEC final adjustment recognised in 2017, and (iii) restructuring costs (-34 million euros), EBITDA in 2019 would have increased 13% (+11 million euros) to 3,716 million euros.

- In **Renewables**, 4% increase vs. 2018, to 2,286 million euros, impacted by higher volumes and realized prices particularly in wind & solar and the benefits from our growth and asset rotation strategy. These positive results were partially offset by weak hydro resources in Portugal and the de-consolidation of the wind farms in Europe and some mini-hydro plants in Portugal and Brazil following their disposal during the last quarter of 2018. If disregarded the impact in 2018 of gains on the disposal of the mini-hydro plants, EBITDA would have increased 8% vs. 2018.

- In **Networks**, 19% increase vs. 2018, to 991 million euros, on the back of growth in Brazil, following the positive outcome from regulatory reviews of both our distribution concessions and the ramp up of transmission activity.

- In **Client Solutions and Energy Management**, 52% increase vs. 2018, to 474 million euros, driven by (i) supply in Iberia, with the normalization of the market and regulatory context following particularly weak conditions in 2018; and (ii) energy management in Iberia, with a strong performance benefitting from greater volatility in energy markets in 4Q19.

- **Opex costs** decreased 91 million euros to 1,518 million euros, driven mostly by tight cost control and successful implementation of ongoing savings programs, mainly in Iberia.

- **Other net operating income/(costs)** changed by 180 million euros, to a net income of 6 million euros, mainly reflecting the gain booked on the sale of our 51% equity stake in a set of wind farms in Europe (997 MW).

EBIT was 16% higher YoY, at 1,838 million euros, since strong EBITDA performance was partially compensated by: (i) provisions in both 2018 and 2019, of 285 million euros for CMEC innovative features and 86 million euros related to amounts invested in Fridão, respectively; (ii) impairments of 297 million euros on coal plants in Iberia following the deterioration of market conditions arising from the increase in CO_2 prices and 15 million euros at EDP Renováveis level; (iii) the adoption of IFRS 16.

- **Financial results and results with joint-ventures and associates** amounted to -645 million euros (101 million euros higher cost vs. 2018), reflecting last year's gains on asset rotation transactions (86 million euros). Average cost of debt stood at 3.9% (+10 basis points vs. 2018), following the impact of higher average weight of more expensive dollar and Brazilian real denominated debt.

- **Income tax expense** of 226 million euros in 2019 (+126 million euros YoY).

- **Non-controlling interests** reached 388 million euros in 2019 (+9% YoY), reflecting the share of non-controlling interests in net profit growth at EDP Brasil and EDP Renováveis.

- **Net profit attributable to EDP equity holders** amounted to 512 million euros in 2019 (vs. 519 million euros in 2018).

INVESTMENT ACTIVITY

CAPEX
€2,258M
+11% VS. 2018

EXPANSION
€1,724M
+24% VS. 2018

MAINTENANCE
€535M
-16% VS. 2018

- Expansion capex was 76% of total capex and was mostly dedicated to the construction of new renewables capacity and transmission lines in Brazil;
- Capex in wind & solar capacity amounted to 1,109 million euros in 2019, of which 70% was applied in North America, 27% in Europe and 3% in Brazil;
- Capex in transmission lines in Brazil is ramping up, with 455 million euros invested in 2019, as the execution of the capex plan for developing 6 transmission lines is proving ahead of schedule;
- Maintenance capex amounted to 535 million euros in 2019 and was mostly absorbed by networks in Iberia and Brazil (61% of total).

ASSET ROTATION
€970M

- Execution of 2 asset rotation deals in 2019: (i) 491 MW net ownership in a 997 MW wind portfolio in Europe and (ii) 137 MW wind farm in Brazil;
- The European deal was closed during the third quarter of 2019, while the Brazilian deal was still pending by the year end;
- Total proceeds in 2019 from asset rotation strategy amounted to 970 million euros, mainly originated by the European deal.

NET DEBT

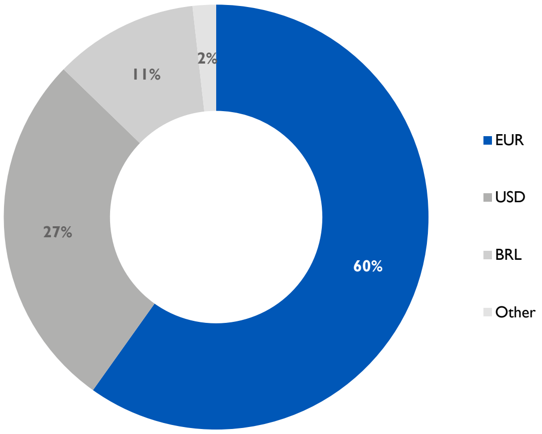
NET DEBT
€13,827M
+3% VS. 2018

As of December 2019, net debt stood at 13.8 billion euros, 3% higher vs. Dec-18, impacted by the significant scale up of our ongoing investments, while cash proceeds from the asset rotation in Brazil have not yet been cashed in. Operating cash flow of 2.2 billion euros in 2019 was used to finance the expansion activity and the annual dividend payment to EDP shareholders (0.7 billion euros).

Debt Policy

- Centralized policy for financial debt at EDP – Energias de Portugal, S.A. and EDP Finance BV (approximately 85% of gross debt), while the remainder is divided between EDP Brasil (ring fenced vs. the rest of the Group) and project finance at some EDP Renováveis' subsidiaries.
- During 2019, the average cost of debt stood at 3.9% (+10 basis points vs. 2018), following the impact of a new €1,000 million hybrid issued in Jan-19, as well as a higher average weight of more expensive U.S. dollar and Brazilian Real denominated debt, which increased from, respectively, 25% and 9% in 2018, to 29% and 11% in 2019.
- Fixed interest rate debt represents 65% of overall gross debt.

Gross Debt by Currency in Dec-19 [1]



[1] AFTER FOREX HEDGING

Bond Issues

EDP issued one green hybrid bond and one senior green bond during 2019, as follows:

ISIN CODE	CURRENCY	AMOUNT	COUPON	MATURITY
PTEDPKOM0034	EUR	1,000,000,000	4.496%	30/04/2079
XS2053052895	EUR	600,000,000	0.375%	16/09/2026

Rating

Regarding EDP's rating, there were no changes during 2019.

	LONG-TERM	SHORT-TERM	OUTLOOK
S&P	BBB-	A-3	Stable
Moody's	Baa3	P3	Stable
Fitch	BBB-	F3	Stable

3.2. SHARE PERFORMANCE

SHARE

EDP stock price was 3.864€ at the end of 2019, 26.7% above the price registered at the end of 2018 (3.049€). Based on the payment of dividends to shareholders held on May 15th, 2019 (0.19€ per share), which implied a dividend yield of 6.2% (considering 2018's year-end closing price), EDP generated a total shareholder return for 2019 of 34.4%, assuming immediate reinvestment of the dividends received into new shares.

MARKET PERFORMANCE

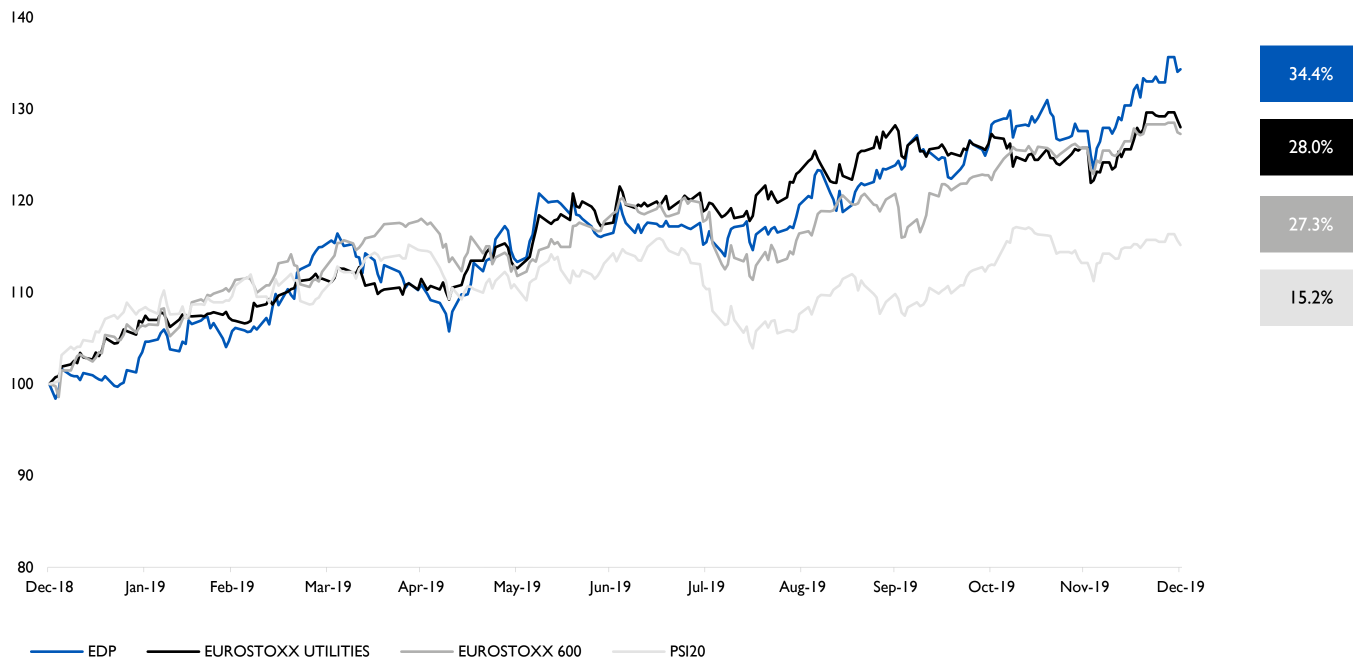
In 2019, European Equities bechmark index, Eurostoxx 600, yielded a return of +27.3% significantly impacted by an improved macroeconomic context. The resolution of Brexit's turmoil, markets faith in a US-China trade deal and overall enhanced economic and political outlook allowed for a buoyant year for European Equities.

The European Central Bank's decision to further cut rates and resume quantitative easing boosted the Utilities Sector performance resulting in a positive return of +28.0%, in line with European Markets' results. Investors seeking defensive growth options have looked into Utilities for favourable returns resulting from earnings growth coupled with a rising appetite for renewables.

The year of 2019 was also positive on Portugal's benchmark Index PSI20 that exhibited an increase of 15.2%. The positive results stem from the ripple effects of a general improvement in market sentiment of European Equities.

EDP's return of +34.4% in 2019 outperformed both European and Utilities benchmark Indexes. During 2019, EDP went to the market to present its Strategic Plan for 19-22, underwent a tender offer and has successfully moved forward on strategic targets delivery, while benefitting from lower refinancing costs.

Total Shareholder Return



FACTORS INFLUENCING THE CHANGE IN EDP SHARE PRICE

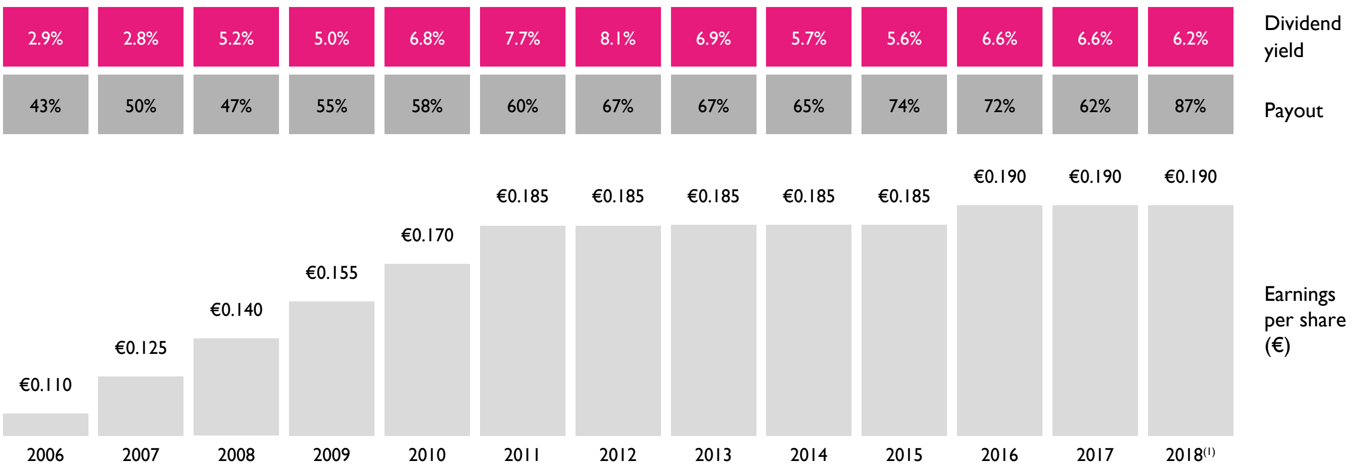
The performance of EDP's share price in 2019 was impacted by several factors. On one hand, at operational level, the weak hydrological conditions in Iberia, the rise in CO_2 prices in Europe and the lower refinancing costs. On the other hand it is worth noting the impact from the presentation of EDP's new Strategic Plan for 2019-2022 in March 12th, and the strong delivery of its growth targets already in the first year. Furthermore, the end of the 100% tender offer lauched by CTG, following the Annual General Shareholders' Meeting in April 24th. Addicionally, the announcement in December 19th of the sale of 6 hydro plants in Portugal.

INTERNAL FACTORS	Strategy 2019-2022		↗	• On March 12th, EDP presented its 2019-2022 Strategic Plan, with the following targets for the 4-year period: ~12 billion euros capex mainly in renewables, proceeds from asset rotation of >4 billion euros and from disposals of >2 billion euros, EBITDA and net profit for 2022 of >4 billion euros and > 1 billion euros respectively and a Net Debt/EBITDA ratio of <3.0x by 2022.
	Focused growth		↗	• In renewables in 2019 the addition of 0.7 GW and securing of +2.8 GW of long-term contracts for new renewables capacity to be commissioned in 2019-2022, representing 74% of our target for 2019-2022. • MoU for the establishment of a 50/50 joint venture with Engie for offshore wind. • In networks in Brazil, the execution of 37% of planned capex in transmission, in 6 lines totalling 1,441 km under licensing/construction.
	Portfolio optimization		↗	• Two asset rotation deals agreed: 491 MW net in Europe and 137 MW in Brazil, representing 1.3 billion euros (~25% of 2019-2022 target). • Disposal of 1.7 GW hydro portfolio in Portugal for 2.2 billion euros.
	Debt management		↗	• 1.0 billion euros hybrid bond in Jan-19 at 4.5% yield. • 0.6 billion euros green bond in Sep-19, with 7 years maturity and 0.4% yield.
	Efficiency		↗	• OPEX reduction in Iberia by 2% in nominal terms and in Brazil by 3% in real terms.
	ESG achievements		↗	• #1 in Dow Jones Sustainability Index 2019 ranking and 16% reduction in Specific CO_2 emissions (vs. 2018).
EXTERNAL FACTORS	Tender offer		=	• At the Annual General Shareholders' Meeting of April 24th, one of the requirements of CTG tender offer was not fulfilled, dictating its end.
	Regulatory environment	European Union	↗	• Higher visibility on member states overall energy policy and renewables' targets for 2030.
		USA	↗	• US Congress approved in Dec-19 the extension of several tax credits for renewables projects.
		Brazil	↗	• New regulatory period in our distribution companies in Brazil, which established a rate of return of 8.09% and RAB upward revision of 28% and 45% for EDP Espírito Santo and EDP São Paulo, respectively.
		Spain	=	• New regulatory period starting in 2020 for distribution, which established a rate of return of 5.58%.
		Portugal	=	• No major regulatory impacts as the current 3-years regulatory period goes until 2020.
	Interest rates		↗	• Low market interest rates are triggering the decline in marginal cost of debt.
	Energy markets	CO_2	↗	• The increase in the price of CO_2 allowances in the European market was the main driver for the overall raise in electricity wholesale prices in Europe.
		Gas Prices	↘	• Decline in gas prices contributed negatively for the electricity wholesale prices in Europe.
	ESG trends		↗	• The rise of sustainable investing has increased the focus in companies that comply with ESG factors (Environmental, Social and Governance), like EDP.

DIVIDEND

In the Strategic Update held in London on March 12th, 2019, EDP reiterated its dividend policy, comprising a dividend floor of 0.19€ per share on the dividend going forward. The announced dividend policy dictates that the dividend should continue to evolve in tandem with recurring net profit per share within a payout ratio interval of 75% to 85%.

Accordingly, for the 2018 financial year the Executive Board of Directors of EDP submitted to the approval of the General Shareholders' Meeting of April 24th, 2019, a proposal for the allocation of 2018 profits, including 694.7 million euros to be distributed to shareholders in the form of dividends. The proposal was approved by a majority of votes (100%) at the General Meeting and a gross dividend of 0.19€ per share was paid on the May 15th, 2019.

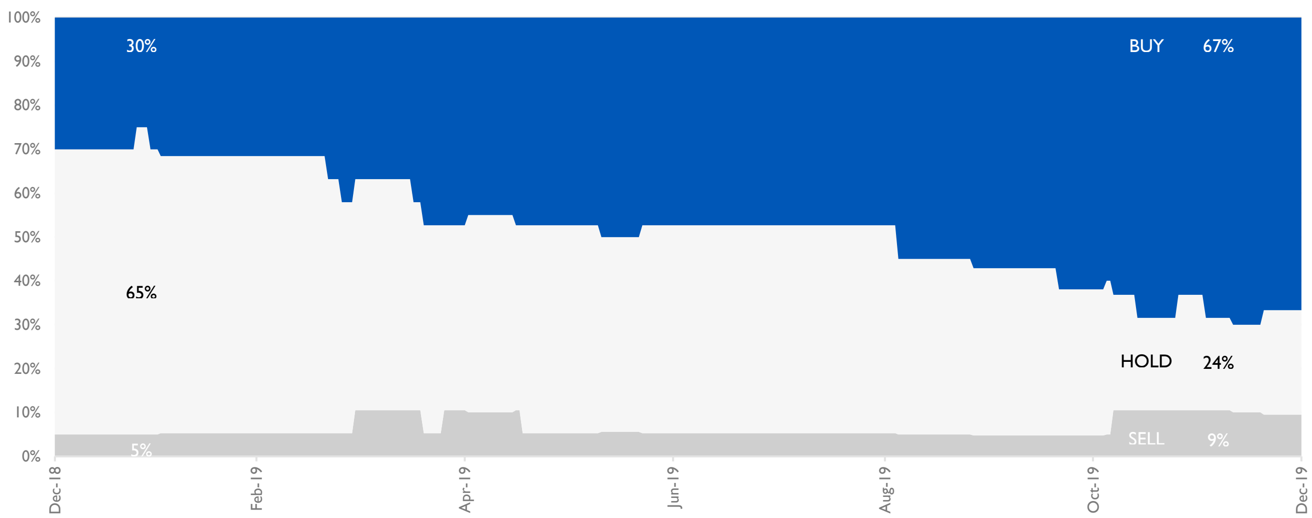


(1) 2018 PAYOUT BASED ON NET PROFIT EXCLUDING REGULATORY IMPACTS (-€208M), IMPAIRMENTS AT COAL PLANTS IN IBERIA (-€21M), RESTRUCTURING COSTS (-€21M), NET GAIN ON DISPOSALS (+€64M) DEBT PREPAYMENT FEES AND OTHERS (-€26M) AND THE EXTRAORDINARY CONTRIBUTION FOR THE ENERGY SECTOR (-€65M).

ANALYSTS' RECOMMENDATIONS

There are currently 18 Equity sell side analysts with active coverage of EDP. During 2019, the weight of Buy recommendations by equity sell side analysts increased from 30% to 67% and Hold and Sell Recommendations decreased from 65% and 5% to 24% and 9%, respectively. The average Price Target as of December 31st, 2019, was 4.0 euros per share, according to Bloomberg.

Analysts' Recommendations

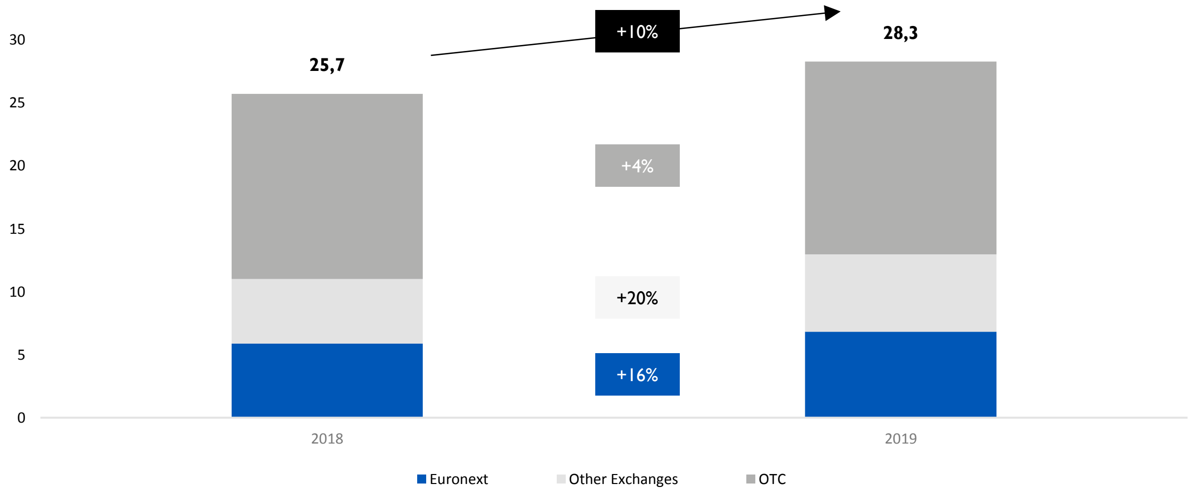


SOURCE: BLOOMBERG

VOLUMES

EDP's ordinary shares are publicly traded not only in its main market (Euronext Lisbon), but also in other 23 stock exchanges (including Turquoise and Chi-X Europe) and 7 Over-the-Counter markets (including BATS Chi-X Europe and BOAT).

Average daily trading volume per type of market in 2019
(million shares)



SOURCE: BLOOMBERG

3.3 MARKETS AND REGULATION

FUELS IN THE WORLD AND EUROPE

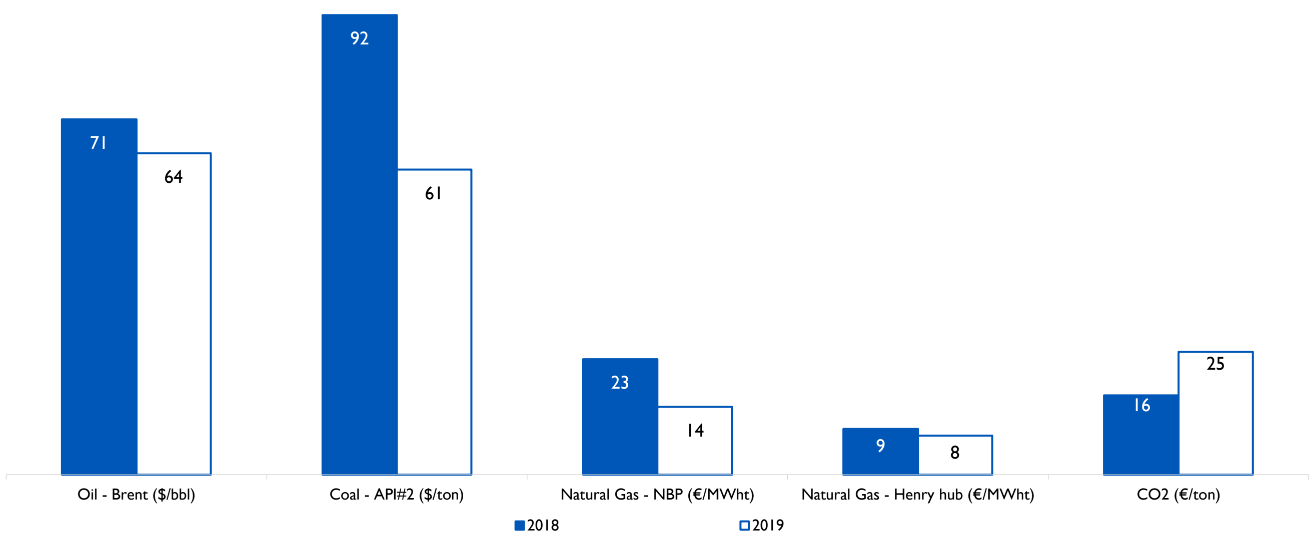
The average price of oil **registered a drop between 2018 and 2019**, with Brent dropping from 71 to 64 USD/bbl. During the first six months of the year, there was a slow recovery from past years drop by influence of **supply cuts from the Organization of the Petroleum Exporting Countries (OPEC)**, including Venezuela and Angola. Deceleration of global economy, paired with **advancements and setbacks in the USA-China trade war**, resulted in a volatile price with final average of 64 USD/bbl.

The price of natural gas registered similar trends in the European and North America markets. In **Europe (NBP)**, the price of gas registered a **decreasing trend in 2019**, with an annual average of 14 €/MWht. An **increase in Liquefied Natural Gas (LNG) supply** in Europe and **high levels of subterranean storage** compressed the gas prices during the year, reaching **minimums of 2016** in September. North America (Henry Hub) registered an annual average of 8 €/MWht.

Coal prices dropped in 2019, contrary to the 2018 trend, with the price of API#2 reaching **minimal values since 2015** and closing the year with an **average of 61 USD/ton**. The stark decline in the first months of the year was caused by weak demand, resulting from the **fuel switching of coal to natural gas for electricity generation in several European countries**, plateauing in the end of the first semester and remaining stable until the end of the year.

The **average price of CO_2** licenses in the European market saw a **strong increase compared to 2018**, registering a volatile year. The **uncertainty of a deal for Brexit** (risk of unused licenses flooding the market) and lower electricity consumption in Europe contributed to the price reduction for values of 20 €/ton in the first trimester. This trend was later overturned by a **heat wave in summer** that boosted prices up to a **historical maximum** of 30 €/ton close to the third trimester. Annual average was around 25 €/ton.

Annual Average Price Evolution of Fuels and CO_2



EUROPEAN ENERGY POLICY

NATIONAL ENERGY AND CLIMATE PLANS

Following the approval of the legislative package of Clean Energy for all Europeans in 2018, European Union Member States submitted the preliminary versions of their National Energy and Climate Plans by the beginning of 2019. According to the evaluation published by the European Commission in June 2019, some of the preliminary plans had already a high ambition value (as was the case for Spain and Portugal), while many others were classified as insufficient. In total, the sum of the many preliminary plans was deemed insufficient to achieve the objectives of 32% renewables penetration rate and 32.5% raise in energy efficiency by 2030. Beyond the European Union evaluation, several Member States held public consultations of their plans and promoted meetings with neighboring countries to improve cohesion between their various plans. Final versions of the documents should have been submitted to the European Commission by December 31st, 2019.

RENEWABLES

It is estimated that investment in renewables has accelerated in 2019 in the European Union, with focus on solar and wind energy (both onshore and offshore). Nevertheless, having recognized that climate targets won't be achieved with only remunerated investments in the electricity market sector, several governments promoted auctions in 2019 for long-term contracts. Countries that opted for using this mechanism include Portugal, Germany, France, United Kingdom and Poland. In Portugal, the auction held in July 2019 allocated more than 1 GW of solar capacity at an average price of about 20 €/MWh, having even registered the lowest price at a global level (below 15 €/MWh). Also, in Poland, the most recent auction attributed remuneration to more than 2.2 GW of wind energy at an average price of 49 €/MWh, bellow the wholesale energy price at the time. Furthermore, a growth in demand has been seen for long-term renewable power provision by private companies. This interest of private consumers is a result of a growth in environmental responsibility and the chance of obtaining long-term predictability of energy costs, at a price lower than wholesale. Countries as Spain, Sweden and Germany have shown an increasing demand for this type of products.

COAL

Electricity production derived from coal has shown a sharp decrease in the European Union in 2019, in contrast of 2018, even in countries with significant production as Germany (-26%), Italy (-34%) and Spain (-69%). This reduction is due essentially to two effects. On one hand, low natural gas and high CO_2 prices have made gas power plants more competitive than several coal ones. On the other hand, the increase in renewable generation has reduced the need for fossil fuels in general. The low use of coal-fired power plants and raise in climate ambitions has brought on announcements of end dates for the use of coal in the electricity sector by governments and companies. While countries such as Portugal (coal phase-out in 2023), France (2022), Netherlands (2029) and Germany (2038) saw their governments establishing goals for the end of coal, in Austria (2020), Spain and other countries the companies themselves have announced the closure due to lack of competitiveness. To promote the closure of power plants, countries have introduced different measures, such as reducing extraction and use of coal subsidies and introducing CO_2 taxes, as well as evaluating the introduction of financial support for reconversion of coal-fired power plant regions.

EU GREEN DEAL

The **European Green Deal**, introduced by the new European Commission in December 11th, 2019, has the goal of guiding Europe to become the **first emission neutral continent by 2050**. For such, several actions are expected for the next two years, including:

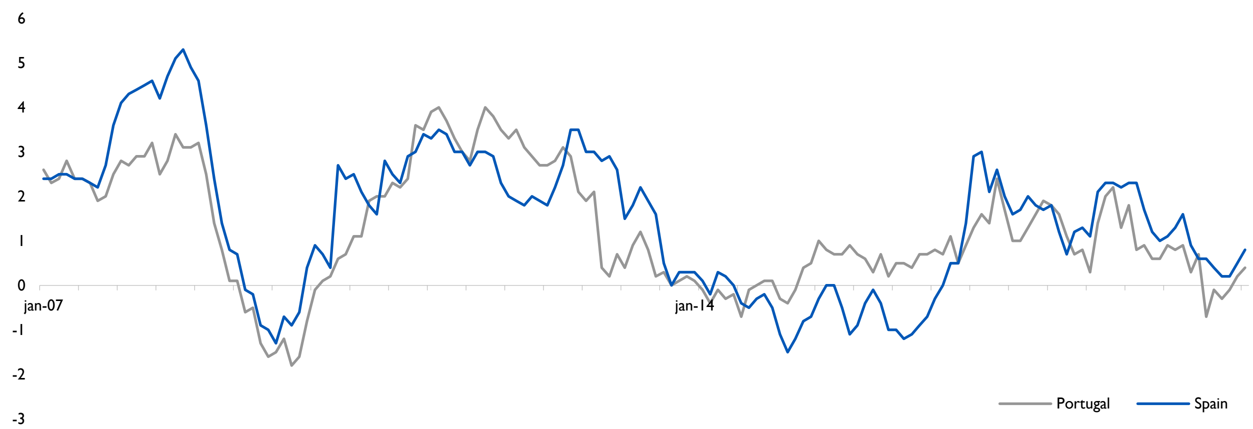
- Passing of the **Climate Law** solidifying the goal of carbon neutrality by 2050;
- **Increase the target** of emissions reduction by **2030** for 50 to 55%.
- **Revision**, where needed, of all **regulatory and legislative instruments** related to climate, including the Emission Trading Scheme, the Energy Taxation Directive, Renewable Energy Directive, and the Alternative Fuels Infrastructure Directive;
- Implementation of a **Carbon Adjustment Mechanism** in the borders for selected sector, supposing other regions of the world do not raise their climate ambitions;
- Adoption of an **European Union Industrial Strategy** and a new action plan for the **circular economy**;
- Development of an **investment plan** to mobilize **1 trillion euros** in the next decade, through financing of the European Union budget, the InvestEU, the ETS innovation fund and the Just Transition Fund, among others.

IBERIA

MACROECONOMIC CONTEXT

In 2019, the **Portuguese economy** registered once again a **higher growth** than the average of the Eurozone countries. The consensus of different projections (Government, Bank of Portugal, IMF, European Commission and OECD) points to a growth of **1.9%** in 2019, compared with the expected GDP growth of **1.2%** in the **Eurozone** (IMF). In **Spain**, the expected growth in 2019 was of **2.0%**, representing a steep deceleration of the country's economic growth. In both countries, the main vectors of growth should have been **private consumption**, **investment** and **exports**.

Evolution of Inflation in Portugal and Spain (%, 2007 - 2019)



Source: Eurostat.

The **average inflation rate** in Portugal registered a decrease to 0.3% compared with 1.2% in 2018, due to a reduction of prices of energy goods and clothing and the weak price growth of food and non-alcoholic beverages prices, which compensated the increases in housing, transport and alcoholic beverages. In Spain, the inflation was 0.8%, representing a significant fall relative to 2018, especially due to a reduction of prices of energy goods and slow growth in other sectors.

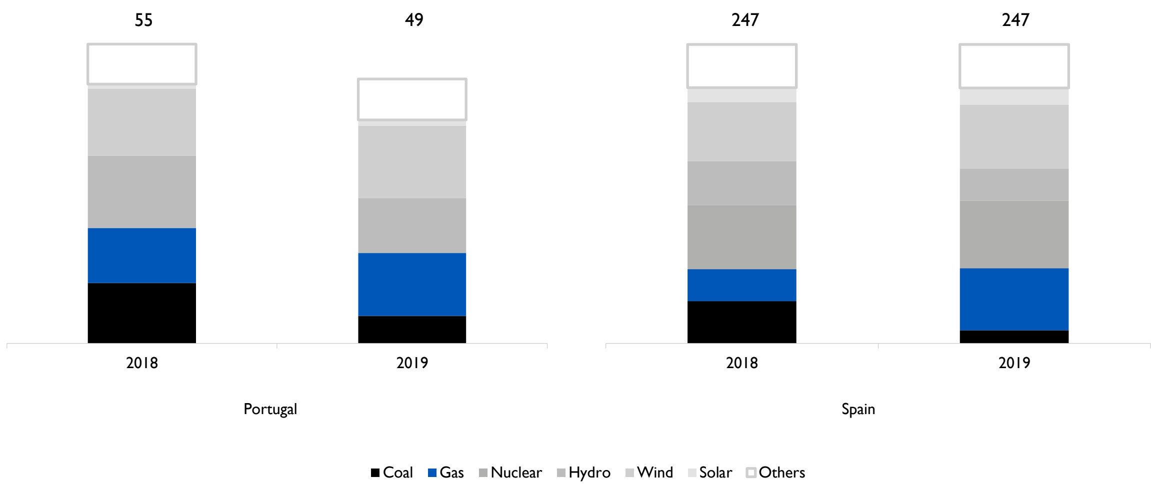
The **labor market** remained positive in the Iberian economies, registering slight increases in employment (around 0.6% over the same period in Portugal and 1.8% in Spain) and a stabilization in Portugal and slight drop in Spain regarding the number of unemployed. The unemployment rate in November 2019 stood at 6.7% in Portugal and 14.1% in Spain (respectively 6.7% and 14.5% in the previous year).

EVOLUTION OF THE ELECTRICITY SECTOR

Despite the economic growth registered in 2019, electricity consumption in Portugal and Spain reduced compared to 2018, especially in Spain:

- **-1,1%** - consumption decline in **Portugal** (-0,2% adjusted for temperature and business days effects)
- **-1,8%** - consumption decline in **Spain** (-2,8% adjusted for temperature and business days effects)

Electricity generation in Portugal and Spain (TWh)

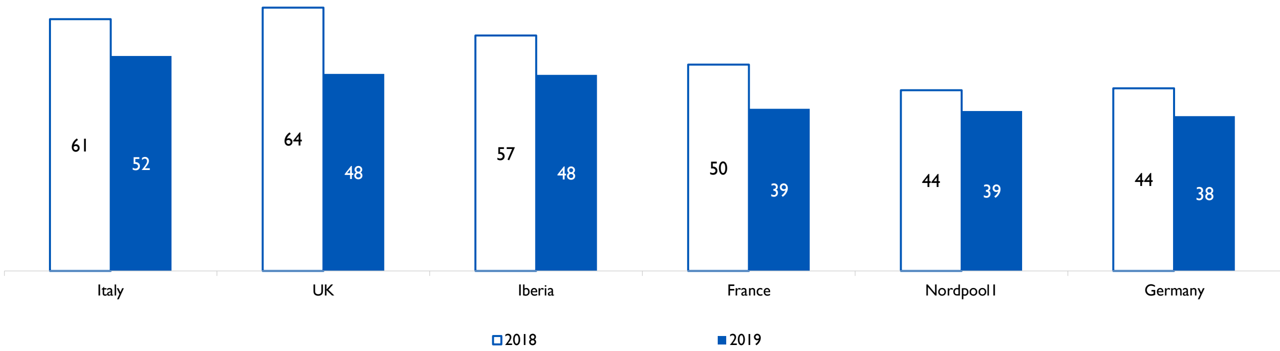


Regarding electricity generation, 2019 was a **below average hydrological year** with a **production index** (IPH) of 0.81 in Portugal and 0.9 in Spain, **below 2018 values for Portugal** (2018 IPH of 1.05) and **for Spain** (2018 IPH of 1.3). This resulted in a **slight decrease in Iberia's hydro generation** of 49 TWh in 2018 to 36 TWh in 2019, gap that was bridged by a **higher solar and wind generation** (66 TWh and 15 TWh respectively in 2019).

High CO_2 price and low natural gas cost led to a **fuel switching of coal to natural gas for electricity production** in Iberia to supply a slightly lower **residual thermal demand** in 2019 (79 TWh) compared to 2018.

The **generalized decrease in fossil fuel costs** and **increase in renewables** led to a **reduction in wholesale price of electricity in Iberia** to around 48 €/MWh, standing below some European markets such as Italy and United Kingdom. Markets with higher renewables penetration, namely Scandinavia and Germany, continue to register the lowest wholesale prices in Europe.

European Wholesale Electricity Market Prices (€/MWh)



REGULATORY CONTEXT

PORTUGAL

On June 3rd the Decree-Law n. ° 76/2019 was published, which changes the applicable legal regime for the exercise of electricity generation, transport, distribution and retail activities and the organization of electricity markets. This Decree-Law alters multiple aspects of the legislation that develops the Basis of the Electricity Sector, namely:

- Establishes the attribution of an injection capacity reserve title at the Electricity Network of Public Service (RESP) as previous condition to licensing electricity generation, ensuring even that promoters have the option to support the construction or reinforcement of the grid, for anticipation or when such is not foreseen in the *Plano de Desenvolvimento e Investimento da Rede Nacional de Transporte* (PDIRT) or in the *Plano de Desenvolvimento e Investimento da Rede Nacional de Distribuição* (PDIRD);
- Defines the legal basis for attribution of the injection capacity reserve title at RESP via procedural competitiveness;
- Introduces into the legal framework the concept of "hybrid power plants" (generation units that use multiple primary sources), particularly in what regards power plants sharing the same injection point, without being necessary extra injection capacity;
- Introduces changes to the established remuneration regime, including legal basis for the adoption, within the scope of Special Regime Generation (PRE), of procedures of competitive nature of guaranteed remuneration;
- Alters the object of concessions of the low voltage electricity grid, in the sense of granting an option for the patron to include or not the public lighting network in the object of concession;
- Frames the applicable regime for Small Generation Units (UPP);
- Determines in legislation the regime for risk management and guarantees of the National Electric System (SEN).

Regarding **electricity generation**, the Ordinance n. ° 6-A, de 4 of January, fixed the additive tax on CO_2 emissions and the resulting adding value for each product. This tax is fixed based on prices of greenhouse gas emission licenses auctions made in the scope of the EU Emissions Trading Scheme (EU ETS), with the calculated value for 2019 being 12.74 €/ton of CO_2 (in 2018, this value was 6.85 €/ton of CO_2). In January 18th, the Decree-Law n. ° 10/2019 was published, establishing new rules regarding allocation of revenues derived from emission licenses auctions, fixing at 60% the value of revenues of these auctions to be transferred to the SEN, in order to compensate part of the additional costs with renewable generation under SRP.

The State Budget Law of 2019 (LOE 2019) established that the government should review until the end of the 1° trimester of 2019 the mechanism envisaged by the Decree-Law n. ° 74/2013 (*"clawback"*), of 4th of June, adapting it to the new rules of MIBEL. In this regard, several legislative pieces were published:

- Decree-Law n. ° 104/2019, of August 9th, proceeded with the first change to the Decree-Law n. ° 74/2013, clarifying the scope of incidence of the mechanism which started to include, among others, generators with CMEC contracts;

- Dispatch n. º 8521/2019, of September 26th, fixed the payment values regarding the *clawback* mechanism at 2.71€/MWh for coal fired power plants and 4.18€/MWh for the rest; and

- Dispatch n. º 12424-A/2019, of December 27th, identified as extra market events to be considered in the coming ERSE study of 2020 (in reference to 2019) the taxation of energetic petroleum products used in electricity generation (ISP), a Extraordinary Contribution from the Energy Sector (CESE) and the Social Electricity Tariff.

Regarding renewables, Dispatch n. º 5532-B/2019, of June 6th, (framed by Decree-Law n. º 76/2019) determined the opening of a competitive procedure, under the form of digital auction, to attribute injection capacity reserve in points connected to RESP for solar photovoltaic energy.

In **electricity distribution**, Regulation n. º 610/2019, of ERSE, approved the *Regulamento dos Serviços de Redes Inteligentes de Distribuição de Energia Elétrica*, framing the provision of services regarding smart grids by network operators and retailers.

In **electricity retail**, the provision of LOE 2019, by which the Government was authorized to consider the application of a reduced VAT on electricity supply (PC <= 3,45 kVA) and natural gas (BP <= 10 000 m^3/year), was confirmed in May 13th, by the Decree-Law n. º n. º 60/2019.

On the 25th of October, the Decree-Law n. º 162/2019 established a legal regime applicable to renewable energy self-consumption, be it individual, collective or by renewable energy communities (until publication of this diploma, only individual self-consumption was allowed). This Decree-Law thereby permits that the same generation unit may have multiple self-consumers (collective self-consumption), allowing, equally, that self-consumers and other partakers in the renewable energy project constitute legal entities (Energy Communities) for generation, consumption, sharing, storing and selling renewable energy.

Regarding the **electricity sector tariff deficit**, the tariffs foresee an *ex-ante* deficit by the end of 2020 of €2.757, which compared to 2019 corresponds to a reduction of €461 million. This debt reduction will be achieved in conjugation with a tariff decrease for 2020 of 0.4% for transitory tariffs in all voltage levels. An annual reduction of the tariff debt total amount has been observed since 2015, year which it reached its peak, according to the sector's sustainability target.

SPAIN

Regarding regulatory developments, 2019 was characterized by the approval of the Royal Decree-Law 1/2019, which resulted in the transfer to the *Comisión Nacional de los Mercados y la Competencia* (CNMC) several duties that until now were approved by legal ordinances or were in the hands of the Government or the *Ministerio para la Transición Ecológica*. Therefore, during 2019, seven CNMC Circulares were approved, which regulate the following subjects, and which substitute current regulations in each of the subjects:

- *Circular* 2/2019: calculation methodology of the financial remuneration rate for activities of transport and distribution of electricity and regasification, transport and distribution of natural gas

- *Circular* 3/2019: methodologies that regulate the operation of the wholesale electricity market and system management operation

- *Circular* 4/2019: methodology for the remuneration of the electricity system operator

- *Circular* 5/2019: methodology for the calculation of the remuneration of the electricity transportation activity

- *Circular* 6/2019: methodology for the calculation of the remuneration of the electricity distribution activity

- *Circular* 8/2019: methodology and access condition and allocation of capacity in the natural gas system

- *Circular* 9/2019: methodology to determine the remuneration of natural gas transportation installations and liquified natural gas units

For 2020 remains the approval of the *Circulares* with new methodologies for definition of natural gas and electricity access tariffs, destined to finance transportation and distribution costs of electricity grids from 2020 onwards. Government approval is also pending for the methodology of charges on natural gas and electricity consumption, destined to finance other costs of these sectors (namely the ones from the energy policy) starting in 2020.

Two of the approved circulares regulate the remuneration methodology and the electricity distribution remuneration rate in the period of 2020-2025, which will become 5.58%.

Additionally, the Royal Decree-Law 17/2019 established the remuneration rate of renewable energies, cogeneration and residues for the period of 2020-2025, which becomes 7.09% (except for installations predating July 2013 and that have not made claims regarding the changes of remuneration made by energy reforms in the last years, in which case they may maintain the current 7.4% rate).

In 2019, the *Marco Estratégico de Energía y Clima* was recognized. It contains the National Energy and Climate Plan (PNIEC) presented by the Spanish Government to the European Commission due to stipulations contained in the Governance of the Energy Union Regulation. This plan has not yet been definitely approved. Also, in the Marco Estratégico there was a preliminary bill regarding energy and climate that, when approved, will regulate the Just Transition Act between administrations and companies, simplifying the transformation for a decarbonized energy sector.

In 2019, the Spanish electric system is expected to close again with a tariff surplus, considering that it is possible to allocate up to a billion euros from CO_2 licenses auctions to cover expenses from the electricity grid in 2019, as established by Royal Decree-Law 25/2018. On the second trimester of 2019, the tax upon electricity production value was restored (7%), suspended temporarily by the Royal Decree-Law 15/2018. Recently it was known that the fiscal year of 2018 closed with a tariff surplus of 96 million euros.

In regulatory terms, the development of the self-consumption detailed regulation stands out, through the publication of the Royal Decree-Law 244/2019 and from several norms of lesser normative levels, which enable that from March 2020 it is possible to fully implement collective self-consumption, to use the distribution network to perform self-consumption and to compensate surplus not consumed by the client.

Concerning the electricity market, beyond the electricity market Circular previously mentioned, it is important to highlight the modification of intraday continuous market rules which started operation in 2018 that anticipates its opening to 3 PM in the previous day, effective since November. Equally relevant is the approval of conditions relevant to the balance for balance service providers and for those responsible for balance liquidation of the Spanish peninsular electric system, in accordance with the European Directive on Electricity Balancing, and which opens door for future participation of demand and its aggregation in the system balance services, as well as necessary regulation for the participation of Spain in the European platform of replacement reserves exchange (TERRE).

To reduce electricity price for industrial consumers, the Electricity-intensive Consumer Statute foreseen in the Royal Decree-Law 20/2018 has not yet been approved, which groups aids granted to this type of consumer.

Relative to the **protection of vulnerable electricity clients**, during 2019 the Government approved the National Strategy for Energy Poverty which contains a set of measures to be studied to advance the protection of this type of client. According to the current financing mechanism, EDP was responsible for the financing 3.86% of social allowance cost of the system in 2019.

In 2019, contributions to the Energy Efficiency National Fund kept in line with previous years, with EDP having the obligation to contribute financially with €5,5 million.

EDPR MARKETS

MACROECONOMIC CONTEXT

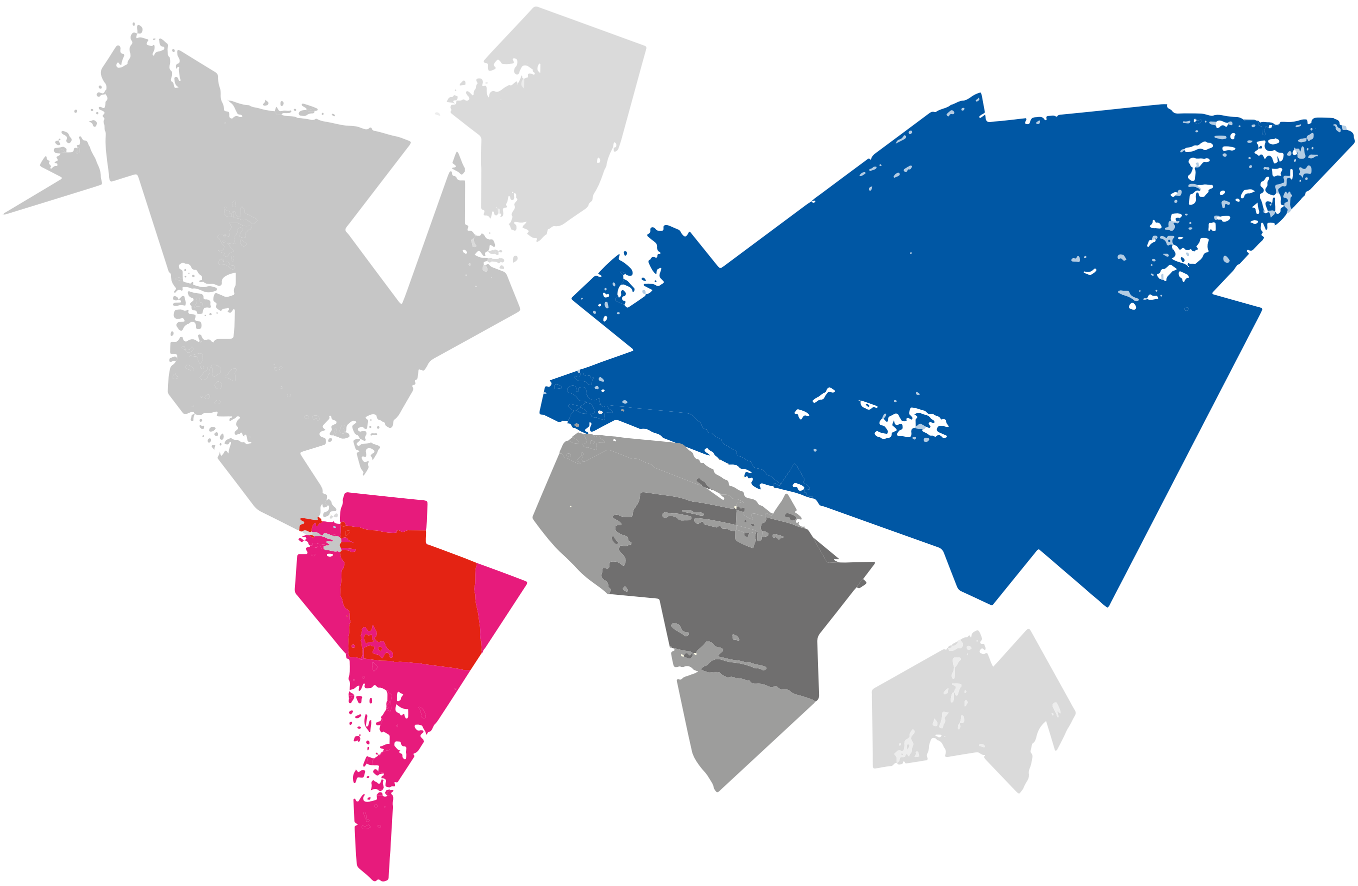
In the European Union (EU), the latest estimates by the European Commission points to a GDP growth in 2019 of 1.4%, demonstrating again a slowdown of the economy compared to the past year. This deceleration was registered in some of the major economies, such as Germany, Italy, France and the United Kingdom. In a general way, European Union countries were penalized by uncertainties in external markets, resulting in diminished export balance. Inversely, domestic consumption registered growth in most of the economies. For the next few years economic growth is expected to remain moderate.

Growth in the United States was substantially higher than in the EU, reaching 2.3% in 2019, according to the latest estimates, but still below the 2.9% registered in 2018. Economic growth was supported by strong domestic consumption, a strong labor market, tax cuts and investment incentives. Despite the risks created by the trade wars that the USA has been developing, it is expected that its impact in 2019 has been limited because the decrease in exports has been balanced by a decrease in imports. However, the US economy is expected to slow down slightly in the coming years, but with higher economic growth rates than the EU.

Inflation in the Eurozone reached 1.2% in November 2019, especially due to weak growth in energy goods and transportation services. In the USA, inflation registered 1.8% at the end of 2019, representing a reduction compared to 2018.

EVOLUTION OF RENEWABLES IN THE WORLD

Wind capacity additions in the World totaled approximately 62 GW in 2019, having grown 26% year-on-year, reaching a total installed capacity of approximately 655 GW. Regarding Solar, the market will have grown at a higher pace than previous years, with new capacity additions estimated at around 122 GW.



BRAZIL
WIND ONSHORE 0.9 GW
SOLAR PV 3.1 GW

INDIA
WIND ONSHORE 2.3 GW
SOLAR PV 3.1 GW

CHINA
WIND ONSHORE 24.7 GW
WIND OFFSHORE 2.6 GW
SOLAR PV 30.6 GW

EUROPE
WIND ONSHORE 8.5 GW
WIND OFFSHORE 5.0 GW
SOLAR PV 22 GW

USA
WIND ONSHORE 10.4 GW
SOLAR PV 12.8 GW

REGULATION OVERVIEW

EU REGULATORY DEVOLPMENTS

National Energy and Climate Plans

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

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

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

EUROPE AND BRAZIL: 2019 REGULATORY DEVELOPMENTS

Portugal

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

Spain

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

France

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

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

Italy

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

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

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

Belgium

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

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

Poland

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

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

Greece

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

United Kingdom

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

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

Brazil

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

Colombia

Up until recently, Colombia had no robust renewables' (ex-hydro) regulatory framework. However, in 2019 the government set a mandatory target for electricity suppliers to procure 10% of their electricity from non-conventional renewable energy sources from 2022 onwards ("Resolución 40715").

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

NORTH AMERICA: REGULATION AND PROSPECTS

United States of America

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

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

Some states have separate goals for different types of utilities such as investor-owned utilities (IOUs), cooperatives (co-ops) or municipal power companies (munis). Other states like Iowa and Texas, have set targets for installed capacity, rather than for a percentage of sales.

Another regulatory factor that could affect demand for renewable energy is national legislation or rule-making regarding carbon emissions. The Affordable Clean Energy (ACE) rule was issued by the Environmental Protection Agency ("EPA") June 19, 2019. This rule will replace the prior administration's Clean Power Plan in efforts to support energy diversity. Environmental advocates and state attorneys general signaled they would file lawsuits to block the EPA's ACE rule, which they say will be significantly less effective than the Obama-era Clean Power Plan. On a state level, some states already participate in carbon reduction programs. For example, California is a member of a carbon allowance market along with Quebec and Ontario. Meanwhile, some states in the eastern US (Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New York, Rhode Island and Vermont) are members of the Regional Greenhouse Gas Initiative which seeks to reduce carbon emissions from the power sector. New Jersey joined RGGI in 2019 with Virginia lawmakers discussing actions to also join while coal-heavy Pennsylvania has committed to join in July 2020.

Growth Prospects

Growth in the US is motivated by several forces, including primarily the planned coal capacity retirements, RPS compliance in several states and demand from commercial and industrial entities (C&I).

RENEWABLE PORTFOLIO STANDARD	**29 states** +DC	• Renewable Portfolio Standards defined at state level • RPS policies cover 56% of total US retail electricity sales
COAL AND NUCLEAR	**>52 GW** Retirements until 2030E	• Coal (19% fleet): many units old & non-compliant w/ environmental regulations, independent of CO2 issues; ~44GW proposed retirements until 2030 • Nuclear: ~8 GW proposed retirements until 2025
COMMERCIAL & INDUSTRIAL	**>14.5 GW PPAs** Signed in 2019	• Renewable demand from RE100 companies now represents 146 TWh globally, up from 19 TWh in 2014

Canada

On June 21, 2018, Canada adopted the Greenhouse Gas Pollution Pricing Act including a federal carbon pollution pricing system. This system includes both an output-based pricing system as well as a regulatory charge on fuels. Each province submitted plans which were assessed against the requirements of the federal benchmark. Provinces that did not submit plans which adequately regulated emissions received a federally-imposed plan. Some provinces – for example, British Columbia - had pre-existing carbon regulations which were already more stringent than the federal plan. These provinces could keep their existing regulations in place. As of 1 January 2020, individuals & businesses in all of Canada's provinces were paying at least the federal tax level for carbon emissions. The federal tax was set to be $20/ton in 2020 and is slated to rise by $10/ton per year until reaching $50/ton in 2022.

Mexico

After President Andres Manuel Lopez Obrador, was elected in 2018, it was announced the general guidelines for electricity generation policy stating that there would be a change of regime. President Obrador called for a technical and administrative audit of the electricity market with CFE directors in charge of performing the review. In February 2019, Mexico's 4th long-term auction for new renewable generation was cancelled. In addition, President Obrador's administration proposed new rules in October 2019 that would allow existing CFE hydro and nuclear generators to receive clean energy certificates for their generation. All else being equal, this change would be expected to lower the value of clean energy certificates to be generated by other types of resources including wind & solar. However, this rule change was suspended by a judge in December 2019 and is currently in limbo. While the long-term ramifications of President Obrador's actions are difficult to forecast, it seems prudent to consider the possibility that changes will occur in the way new wind and solar supply is contracted and remunerated.

BRAZIL

MACROECONOMIC CONTEXT

Despite the instability in the economic and political framework, the Brazilian Gross Domestic Product (GDP[4]) increased by 1.0% in the first nine months of the year. Highlights on the supply side were the agricultural (+1.4%) and services (+1.1%) sectors while on the demand side, particularly notable were Gross Fixed Capital Formation and Household Consumption Expenditure, increasing by 3.1% and 1.8%, respectively.

From January to November, industrial output decreased 1.1%[4], influenced by economic uncertainty, together with the crisis in the Argentine economy and the tragedy in Brumadinho-MG early in the year, with a strong impact on the mining sector. Among the activities, the mining industry (-9.5%) had the greatest negative influence on the indicator (particularly in the case of iron ore), together with the categories of pulp, paper and paper products (-3.9%), maintenance, repair and installation of machinery and equipment (-9.1%), in addition to metallurgy (-2.2%). By contrast, retail activity recorded a recovery, with the volume of sales on enlarged retail trading reporting an increase of 3.8% for the accumulated period until November. This growth was driven by: i) decreasing interest rates[5], which reached an historical low (4.5% p.a.); ii) low inflation levels[4] (4.31%, close to the annual target of 4.25%); and iii) increased credit availability[6]. In November, consumer credit demand over a twelve month period reported its largest variation since 2011 with an increase of 11.5%.

This scenario also influenced the labor market, where the number of jobs in the formal economy increased by 2.47% (+948.3 thousand) in the first eleven months of the year. The services sector accounted for the most positive contribution with the creation of 495,577 jobs in the formal sector.

ENERGY CONTEXT

The year was also affected by challenges on the hydrological front, with the rainy season recording an unpromising start in the Southeast Submarket/Center-West (SE/CW) due to lower than expected rainfall. With only a slow recovery of hydrological inflows, the improvement in reservoir capacity was below expectations with the rainy season at the end of the month of April registering 45% Stored Energy (EARM), 1% more than in the same period in 2018.

Despite intervals indicative of improved rainfall, the Southeast/Center-West (SE/CW) ended the year with the accumulated Affluent Natural Energy (ENA) at 80% of the Long-Term Average (LTA) and 19.9% of Stored Energy (EARM). In the Northeast, the ENA remained below average, closing the year at 41% of the LTA and 37.7% of EARM. This in turn, impacted the average PLD (Price for Settlement of Differences) for the year of R$ 225.65/MWh for the SE/CW and R$ 166.78/MWh for the Northeast. The average GSF was 80.9%, dropping as low as 48.8% in August.

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[4] INSTITUTO BRASILEIRO DE GEOGRAFIA E ESTATÍSTICA (IBGE)
[5] BANCO CENTRAL DO BRASIL
[6] SERASA EXPERIAN: SERASA EXPERIAN CREDIT DEMAND INDICATOR

REGULATORY CONTEXT

The main subjects leading regulatory debates during the year were i) prospects for a solution to the GSF; ii) hourly PLD; iii) new methodology for calculating regulatory WACC; iv) subsidies given to Distributed Generation; among others.

In order to conclude the unlocking of the short-term market with the implementation of a solution for GSF liabilities, the parliamentary bill covering reimbursement of the hydrological risk was approved by the Lower Chamber of the Federal Congress on June 26 and submitted to the Senate, where it continues subject to completion of procedural stages prior to plenary voting.

As to discussions on hourly prices for the spot/short-term market, implementation has been postponed to 2021. Operations involving semi-hourly dispatch have been established for 2020 but without effective use in the process of price formation.

The Public Consultation on the methodology for calculating and restating the Regulatory WACC for the distributors was held between October and December, following ANEEL's announcement of preliminary numbers for the three segments (6.81% for Generation and Transmission and 7.17% for Distribution). Among other modifications, the proposal is to prioritize domestic parameters as well as introducing greater simplification, though this may reduce the regulatory stability in the light of their annual restatement. The respective resolution is expected to be ratified by March 2020.

Another major regulatory topic was the incentive given to Distributed Generation. ANEEL ran a Public Hearing for raising suggestions for analyzing the regulatory impact of the rules for micro- and mini-generation, followed by a Public Consultation with proposals for gradually phasing out subsidies. Discussions on the issue are yet to be concluded and are expected to continue throughout 2020.

Given the ongoing process of opening up the free market to consumers of 2,000 kW and upwards, which started in 2018, a timetable has been established for a progressive expansion of eventual access for entities with consumption of at least 500 kW – a minimum consumption of 1,500 kW as from 2021, 1,000 kW as from 2022 and 500 kW as from 2023. New studies to evaluate the opening up of the market to consumers below 500 kW as from 2024 are expected to be presented by January 31, 2022.

Among the implemented changes during the course of the year, it is important to highlight the revision of the mechanism for activating the Tariff Flags regime, the respective trigger now being the GSF calculated with the Flat Physical Guarantee – reducing the seasonal fluctuations of the physical guarantee in the composition of revenue raised in the flag account. The new activating mechanism means the expected income to be raised based on the proposed values, is closer to the incurred costs. In the event of activation, there was also an increase in the amount raised with an additional R$ 1.343 for each 100 kWh consumed under the yellow flag regime and in the case of the red flag, +R$ 4.169 for level 1 and +R$ 6.243 for level 2.

3.4 BUSINESS AREA ANALYSIS

3.4.1 RENEWABLES

RENEWABLES

EBITDA: €2,286M

+4% VS. 2018

FINANCIAL ANALYSIS

EBITDA from Renewables division (wind, solar and hydro technologies), advanced by 4% YoY to 2,286 million euros, impacted by:

- Higher volumes and realized prices particularly in wind & solar (+97 million euros YoY), coupled with positive results from our growth and asset rotation strategy (+72 million euros and +204 million euros YoY, respectively);
- Weak hydro resources, mainly in Portugal (19% lower than long-term average);
- De-consolidation of the wind farms in Europe (-65 million euros) and some mini-hydro plants in Portugal and Brazil (-46 million euros);
- Expiration of the 10-year period of Production Tax Credits in some wind farms (-39 million euros YoY).

OPERATIONAL ANALYSIS

HYDRO GENERATION

	Installed Capacity Hydro (MW) 2018	Installed Capacity Hydro (MW) 2019	Net Electricity Generation Hydro (GWh) 2018	Net Electricity Generation Hydro (GWh) 2019
PORTUGAL	77%	77%	12,648	9,087
SPAIN	5%	5%	1,054	880
BRAZIL	18%	18%	5,594	4,129
TOTAL	**8,785**	**8,785**	**19,296**	**14,096**

IBERIA

- Hydro generation in Iberia encompasses a total of 7.2 GW of installed capacity, of which 39% include pumping;
- Electricity generation in Iberia in 2019 has dropped 26% (-3.5 TWh) when compared with 2018, totalizing 9.8 TWh, which reflects the drop in the hydro resources (hidraulicity of 0.81 in Portugal);
- In Dec-19 EDP agreed to sell a portfolio of 6 dams in Portugal with a total of 1.7 GW of installed capacity reduction in 2020 (that includes 3 run of river dams with 1.2 GW and 3 reservoir dams with pumping of 0.5 GW);

BRAZIL

- The Hydro generation portfolio in Brazil includes a total of 1.6 GW of installed capacity and 0.6 GW of equity installed capacity.

- In 2019, the hydrological scenario remained below the historical average, directly impacting the Group's plants, which were exposed to a Generation Scaling Factor (GSF) of 80.9%. In this context, hydro generation, together with commercialization, maintained around 20% of the energy uncontracted for hedging throughout the year, which allowed to mitigate energy risk.

- The volume of energy sales in hydro generation increased YoY by 21% (7.066 GWh vs. 8.557 GWh), mainly due to an increase in the number of bilateral agreements with the commercialization company for hedging purposes

WIND AND SOLAR GENERATION

	Installed Capacity Wind and Solar (MW) 2018	Installed Capacity Wind and Solar (MW) 2019	Net Electricity Generation wind and solar (GWh) 2018	Net Electricity Generation wind and solar (GWh) 2019
NORTH AMERICA	49%	55%	15,644	16,492
EUROPE	47%	41%	11,480	11,791
BRAZIL	4%	4%	1,235	1,757
TOTAL	**11,301**	**10,812**	**28,359**	**30,041**

- The overall wind and solar portefolio encompasses a total installed capacity of 10.8GW, a reduction of 0.5GW (-4%) given the execution of our asset rotation strategy,

- In 2019, EDP Renováveis ("EDPR") built 749 MW of wind technology onshore, of which 169MW in Europe (53MW in Spain, 47MW in Portugal, 19MW in France and 50MW in Italy) and 581MW in the United States.

- Pursuing its asset rotation strategy, EDPR concluded the sale of its entire ownership in a 997MW portfolio in Europe (348MW in Spain, 191MW in Portugal, 388MW in France and 71MW in Belgium; 491MW net for EDPR). In Spain, EDPR completed the 24MW repowering from the decommissioning of old turbines and started to repower 18MW.

- Regarding EDPR's equity portfolio, YTD variation was of +0.2GW (+48%). In the United States, following the 80% sell-down transaction announced in December 2018, EDPR concluded the construction and deconsolidation of Prairie Queen wind farm, accounting +40MW at equity level (20% stake in 199MW). In addition, EDPR concluded the 50% acquisition of a 278MW solar portfolio, whose construction was finalized in the 4Q19 and so accounted +139MW at equity level.

- In July 2019, EDPR announced the sell-down of 137MW Babilonia wind farm in Brazil with financial closing expected to occur in 1Q20.

- Wind and solar production increased by 6% in 2019, reflecting the capacity additions in 2019 along with a higher wind resource, offsetting the deconsolidation from the 997MW sell-down transaction in Europe in July 2019.

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

RISK OUTLOOK

- **Political/ regulatory risk (Portugal):** reintroduction of the "clawback" in generation after an interruption of 6 months, other governmental/ regulatory decisions
- **Political/ regulatory risk (Spain):** reintroduction of the 7% generation tax after an interruption of 6-month period, other governmental/ regulatory decisions
- **Hydro volumes:** uncertainty regarding hydro generation levels
- **Asset operation and availability:** uncertainty regarding damage of assets and/ or loss of profit
- **Prices of PPAs through auctions:** rising trend of increase of capacity through auctions and directly by contracting corporate PPAs
- **Political/ regulatory support for renewable energies:** uncertainty regarding long-term regulatory frameworks (incentives, capacity)
- **Generation merchant prices:** uncertainty regarding wholesale prices (particularly long-term), green certificates and RECs (Renewable Energy Credits)
- **Generation volumes:** annual volatility in wind and solar generation
- **Counterparty:** possible default on contract obligations (long-term contracts of power purchase, contracts to buy equipment, etc.)
- **FX:** evolution of key currencies (USD, BRL, CAD, RON, PLN, GBP)
- **Regulatory in Brazil:** reform of the electric sector with impact in generation, distribution and supply
- **Hydro volume in Brazil:** uncertainty regarding hydro generation levels with impact in case of mismatch between energy generation and energy sold in LT contracts - differences settled at volatile spot price (PLD)
- **Price (Spot PLD):** transversal impact to the business of generation, distribution and supply
- **Political/ social risk in Brazil:** political uncertainty in new political mandate with impact at macroeconomic level and in business
- **Climate change in Brazil:** operational impact of assets and hydro resources scarcity with impact to the business of generation (hydro and thermal)

3.4.2 NETWORKS

NETWORKS

EBITDA: €991M

+19% VS. 2018

FINANCIAL ANALYSIS

EBITDA from Networks division advanced by 19% YoY to 991 million euros, due to:

- In Brazilian distribution, the regulatory reviews of EDP Espírito Santo and EDP São Paulo, that led to a positive tariff effect and an update of the assets' residual value (+53 million euros);
- In Brazilian transmission, the ramp up of the activity (+44 million euros on EBITDA), as the construction of our transmission lines progresses;
- In Iberian distribution, broadly stable EBITDA performance mainly supported by a disciplined cost management.

OPERATIONAL ANALYSIS

DISTRIBUTION

	Network Length (KM) 2018	Network Length (KM) 2019	Electricity Distributed (GWh) 2018	Electricity Distributed (GWh) 2019
PORTUGAL	226,308	226,823	46,059	45,666
SPAIN	20,709	20,766	9,360	8,262
BRAZIL	92,160	93,155	25,007	25,591
TOTAL	**339,177**	**340,744**	**80,426**	**79,519**

IBERIA

- The Iberian Networks totalize 247,589 km's of extension, having had a 0.2% increase since 2018.
- At the end of 2019, EDP had about 2.6 million smart meters throughout its distribution network in Iberia, as it was registered in 2018. Smart meters are aligned with the efficiency strategy, digitalization and innovation, and, consequently are considered a strong bet in the group, especially in Portugal seeing that there was a 35% yoy vs 2018 increase in the residential segment.
- The volume of electricity distributed in Iberia decreased in 2019 (-3% vs 2018), registering a decrease in absolute values of 1.5 TW. This decrease was caused by a temperature effect and less demand in terms of supply points.
- The Installed Capacity Equivalent Interruption Time (ICEIT) in Portugal registered a slight decrease compared to 2018, with 56 minutes, but still below the regulator's benchmark. In Spain, EDP maintained a good position in the Spanish electricity sector, with an ICEIT of 26 minutes. The System Average Service Interruption Frequency Index (SAIFI) in Portugal also decreased compared to 2018, registering 1.46 interruptions for home and small business clients and 1.90 interruptions for business clients.
- In terms of losses of electricity in the distribution network, there is a positive highlight for the reduction of the energy losses in Iberia, resulting in a value of 4.4 TWh in 2019. Furthermore, in Portugal the level of losses reached 9.55% in 2019 (-0.03pp vs 2018), remaining still above the regulatory reference of 7.80%. In Spain, it was registered a slight increase in the loss indicator, totalizing a value of 3,6% (+0.02pp vs 2018), even though there was a decrease in the volume of energy losses.

BRAZIL

- In 2019 EDP Brasil distribution grid had a total of 93,155 km's representing an increase of 1% vs 2018.
- The volume of energy distributed increased 2% vs 2018 reflecting the positive impact of a recovery in retail trading activity, the country's economic stability, weather conditions and the greater number of average billing days.
- The number of customers in the regulated market rose by 2% year-on-year, resulting in an increase of approximately 3% on the electricity supplied in the last resort market.
- As for the quality of service in 2019, EDP São Paulo obtained a DEC of 7.0 hours and a FEC of 4.5 times, which corresponds, respectively, to a decrease of 10% and 6% in each of the indicators compared to 2018, mainly as a result of more favorable weather conditions and of the investments made to improve the network. EDP Espírito Santo presented a DEC of 8.2 hours, a decrease of 1% compared to the previous year, and a FEC of 4.8 times, at 2018's level.

TRANSMISSION IN BRAZIL

- In 2017, EDP acquired 5 lots of Transmission in Brazil. During the year of 2018, 113km of network started operations. In 2019, EDP acquired another 142km lot. At the end of December, 1,329 km were still under development with entry into operation planned for all lots until the end of 2021.

RISK OUTLOOK

- **Low voltage network concessions (Portugal):** uncertainty regarding the renewal of framework, possible fragmentation and increase in system costs
- **Asset operation and availability:** uncertainty regarding damage of assets and loss of profit
- **Business continuity:** across-the-board and prolonged interruption of operations by extreme events (e.g., natural disasters, terrorism)
- **Regulatory:** reform of the electric sector with impact in generation, distribution and supply
- **Price (Spot PLD):** transversal impact to the business of generation, distribution and supply
- **Political/ social risk:** political uncertainty in new political mandate with impact at macroeconomic level and in business

3.4.3 CLIENT SOLUTIONS AND ENERGY MANAGEMENT

CLIENT SOLUTIONS AND ENERGY MANAGEMENT

EBITDA: €474M

+52% VS. 2018

FINANCIAL ANALYSIS

EBITDA from our Client Solution and Energy Management division (thermal generation, supply and energy management), advanced 52% to 474 million euros, supported by:

- Normalization of the market and regulatory context for supply in Iberia, from particularly weak 2018 conditions;
- Strong performance of energy management in Iberia, benefitting from increased volatility in energy markets in 4Q19, namely due to lower spot prices in the wake of higher hydro output and lower gas prices.

OPERATIONAL ANALYSIS

THERMAL GENERATION

	Installed Capacity Thermal (MW) 2018	Installed Capacity Thermal (MW) 2019	Net Electricity Generation Thermal (GWh) 2018	Net Electricity Generation Thermal (GWh) 2019
PORTUGAL	46%	46%	12,341	10,021
SPAIN	44%	44%	8,512	8,805
BRAZIL	10%	10%	3,455	3,707
TOTAL	**7,058**	**7,084**	**24,308**	**22,533**

IBERIA

- The Thermal generation in Iberia holds an Installed Capacity of 6.4 GW, most of its capacity is associated with the CCGTs generation (59% or 3.7 GW) and coal generation (38% or 2.4 GW). The rest of the thermal capacity is divided into nuclear (0.2GW), cogeneration and waste;
- In 2019 thermal generation has dropped 10% vs 2018 (-2,0 TWh), due to the decrease of coal generation (-6,9 TWh), even though CCGTs generation has suffered an increase of 4,9 TWh and the nuclear energy has remained stable.

BRAZIL

- In Brazil, EDP has 720MW of thermal installed capacity which is relative to the Pecém coal power plant.
- The average availability of the power plant was 95.2% above the reference availability.

SUPPLY

Electricity Customers ('000)

	2018	2019
PORTUGAL	4,119	4,104
SPAIN	933	937
BRAZIL	0,3	0,4
TOTAL	**5,052**	**5,042**

Electricity Supplied (GWh)

	2018	2019
PORTUGAL	18,119	17,995
SPAIN	12,106	11,901
BRAZIL	18,102	14,100
TOTAL	**48,327**	**43,996**

Gas Customers ('000)

	2018	2019
PORTUGAL	700	696
SPAIN	895	903
TOTAL	**1,595**	**1,599**

Gas Supplied (GWh)

	2018	2019
PORTUGAL	3,854	3,995
SPAIN	15,143	15,394
TOTAL	**18,997**	**19,389**

IBERIA

- Customer relationship management is crucial for EDP, since it has been an important agent in the improvement of the quality of the services provided. EDP has been building a position of notoriety in the energy market, with the aim of being an engaging company in which customers review themselves. As a reflection of this commitment to customer relations, in 2019 it was achieved a global customer satisfaction level of 77%, being in line with the defined target;

- EDP has been betting in the cross-selling products and integrated services with energy, for B2B and B2C customers;

- In the end of 2019, EDP Comercial's portfolio had 4.1 million electricity customers, mainly in residential and SME segments (around 10.3 TWh of energy supplied). Comparing with 2018, the customer portfolio and energy volume of EDP Comercial has suffered a slight decrease comparing to the previous year;

- In Spain, even though there was a growth of 0.5% registered in the Spanish unregulated client portfolio, reaching 0.94 million of electricity clients, there was a slight decrease in the commercialized energy volume of 1.7% to 11.9TWh.

- The volume of gas traded in the Iberian Peninsula in 2019 registered a slight increase of 0.6% over the previous year, reaching a value of 11.7 TWh, reflecting the increase in sales in the Portuguese liberalized market;

- In the services sector, the strong commitment to a portfolio with a diversity of solutions for energy efficiency, microgeneration, electric mobility and technical assistance, allowed to reinforce its customer portfolio in Iberia. In terms of its main services, the Funciona Services have grown 6% over 2019 to 965.000 clients in the Iberian market;

- In terms of solar market in 2019, there was an increase of 145% in the installed capacity, resulting in a value of 18.8MW. The directive 244/2019 has allowed EDP Solar to enter in the unregulated solar Spanish energy market, with the mission of uniting the energy with the environment, by supplying photovoltaic solutions to households.

BRAZIL

- EDP Comercializadora registered a decrease in the volume of energy supplied of 22% (14,100 GWh in 2019 vs. 18,102 GWh in 2018) reflecting the increase in credit risk associated with default events which characterized the entire year together with greater price volatility.

- In 2019 EDP Brasil presented a new brand - EDP Smart -, which brings together the entire portfolio of services offered to business and residential customers, bringing integrated solutions in the areas of Free Market Commercialization, Retail Supply, Energy Efficiency, Solar Energy, Electric Mobility and Services to the Consumer. The focus on distributed generation is visible in the increase in installed capacity + 21.3MWp vs 2018 reaching 22.7MWp

RISK OUTLOOK

- **Commodities prices:** uncertainty regarding commodities and pool prices with impact in generation and in the merit order (natural gas/ coal) – bearish pressures in natural gas markets together with a higher CO2 price in 2019 – and potential decrease in price due to wind and solar penetration

- **Retail margin/ share:** uncertainty regarding the evolution of retail margin or loss of market share, supply of new products and services

- **Regulatory in Brazil:** reform of the electric sector with impact in generation, distribution and supply

- **Price (Spot PLD):** transversal impact to the business of generation, distribution and supply

- **Political/ social risk in Brazil:** political uncertainty in new political mandate with impact at macroeconomic level and in business

- **Climate change in Brazil:** operational impact of assets and hydro resources scarcity with impact to the business of generation (hydro and thermal)

3.5 RISK MANAGEMENT IN THE YEAR

The risk management at EDP Group looks for acting in an integrated way across 5 fundamental pillars:

	RECURRENT ACTIVITIES	DEVELOPMENTS IN 2019	PRIORITIES FOR 2020
IN-DEPTH KNOWLEDGE ABOUT KEY SOURCES OF RISK EXPOSURE	**Mapping of key risks** (and representation in a structured taxonomy). **Quantitative analysis of exposures** (based on average and maximum loss).	**Development of a risk map** with the key risks of 2020. **Development of interviews and a survey about the most relevant emerging risks** for EDP Group to executives (members of the Executive Board of Directors, Bus' Board of Directors, and General and Corporate Directors) for the next 10 years.	**Update the annual exercise of risk map** with the key risks of 2021. **Strengthening of management practices for operational risk.**
DEFINITION OF MANAGEMENT STRATEGY	**Support the clarification and reflection around risk-return trade-offs** (and risk appetite) in key management decisions. **Periodical update of the risk appetite statement** disclosed in the Annual Report.	**Consolidation of risk-return methodologies** (marginal cost of risk).	**Reflection on improvement opportunities for the internal framework of risk appetite** for EDP Group.
ACTIVE PARTICIPATION OF RISK IN KEY DECISIONS AND MANAGEMENT PROCESSES	**Risk advice/ support for the Business Plan and Budget exercises.** **Support for investment decisions** (inc. participation in Investment Committee). **Support the definition of coverage strategies** for key exposures. **Analysis and advice on topics with possible impact** in the risk profile of the Group. **Follow-up and control of key exposures** (through periodical reports at Group level and for the most relevant BUs). **Periodical Risk Committees** (for debate of key sources of risk exposure and treatment measures)	**Update and standardization of risk policies.** **Risk analysis and asset composition** for the Group's Pension Fund. **Support the strengthening, standardization and formalization of practices for Crisis Management and Business Continuity.** **Analysis of the risk impact of a change in assets geometry** in the risk profile of EDP Group. **Analysis of vertical integration of generation and retail** as a mean to mitigate risk.	**Consolidation of practices for Crisis Management and Business Continuity.**

	RECURRENT ACTIVITIES	DEVELOPMENTS IN 2019	PRIORITIES FOR 2020
FORMALIZATION OF RISK GOVERNANCE MODEL	**Establishment of policy and principles for risk management** at EDP Group.	**Continuous disclosure of the risk governance model, and integration of the corporative structure with risk-officers of BUs** giving visibility over key risk topics to top management.	**Support the dynamization of risk-officers network and consolidation of the risk management function** (in BUs with more recent risk governance models).
PROMOTION OF A SOLID RISK CULTURE, TRANSVERSAL TO THE ORGANIZATION	**Development of a wide set of initiatives for awareness,** customized for different audiences: - Sessions for top management. - Courses at EDP University for specialists, senior and intermediate managers. - Specialized courses for all employees (e.g., ethics, health and safety, cyber security).	**Development of multiple sessions dedicated to risk:** - **Top management** (executive and non-executives): three Risk Committees dedicated to the analysis of the main risk topics with executive top management; participation in two sessions of the Financial Matters Committee and one session the Strategy and Performance Committee also highlighting the main risk topics (incl. strategy, business, financial and operational risks) with the General and Supervisory Board. - **Courses at EDP University**: development three sessions dedicated to risk management, strengthening risk culture. - **Risk-officers meeting:** development of a workshop with the risk-officers network of EDP Group, to share best practices.	**Consolidation of the risk culture strengthening programs.** **Development of a risk-officers meeting** to share best-practices.

SUSTAINABLE
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energy

04

04 CORPORATE GOVERNANCE

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CORPORATE GOVERNANCE

PART I Information on Ownership Structure, Organisation and Corporate Governance

A. OWNERSHIP STRUCTURE

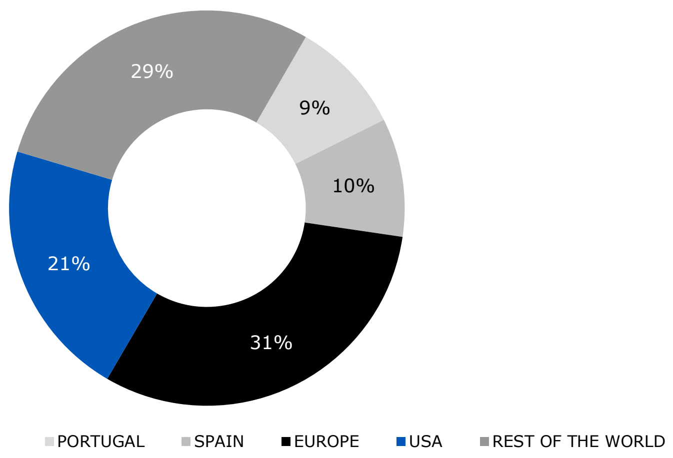
I. CAPITAL STRUCTURE

1. CAPITAL STRUCTURE

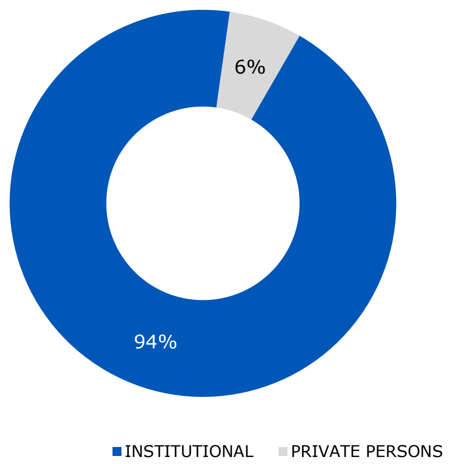
EDP's share capital in the amount of EUR 3,656,537,715 and is fully paid up, according to Article 4 of EDP's Articles of Association, being represented by 3,656,537,715 ordinary shares, which have a face value of 1 euro each.

The geographical and investor type breakdown of the EDP shareholder structure on 31 December 2019 was as follows:

BREAKDOWN OF SHAREHOLDER STRUCTURE BY GEOGRAPHY



BREAKDOWN OF SHAREHOLDER STRUCTURE BY INVESTORS TYPE



SOURCE: INTERBOLSA

2. RESTRICTIONS ON SHARE TRANSFERABILITY

In statutory terms the shares are not subject to any limitations in terms of transferability, given that, according to the Portuguese Securities Code, shares traded in the market are fully transferable.

3. TREASURY STOCK

As at 31 December 2019, EDP owned 21,405,347 treasury stock shares, corresponding to 0.59% of the share capital.

The Shareholders' General Meeting that took place on 24 April 2019 has resolved on the granting of authorization to the Executive Board of Directors for the acquisition and sale of own shares by EDP and subsidiaries of EDP for an eighteen-month period as from the proposal approved in the General Meeting.

4. CHANGE OF COMPANY CONTROL

EDP is not a party to any significant agreements that come into effect, are amended or cease in the event of a change of company control following a takeover bid (except normal market practice in terms of debt issue).

On 11 May 2018, China Three Gorges (Europe), S.A., company indirectly held by China Three Gorges Corporation, through its wholly-owned subsidiaries China Three Gorges International Corporation and China Three Gorges (Hong Kong) Company Limited has disclosed the announcement for the launch of a general and voluntary tender offer for the acquisition of shares representing the share capital of EDP which was subsequently modified by means of an addendum on 16 May 2018, which is available at:

Preliminary announcement for the launch of a general and voluntary tender offer for the acquisition of shares representing the share capital of EDP - web3.cmvm.pt/sdi/emitentes/docs/fsd492459.pdf

Addendum to the preliminary announcement for the launch of a general and voluntary tender offer for the acquisition of shares representing the share capital of EDP - web3.cmvm.pt/sdi/emitentes/docs/fsd494880.pdf

On 8 June 2018, EDP's Executive Board of Directors issued a report on the timeliness and conditions of the general and voluntary tender offer over the shares launched by China Three Gorges (Europe), S.A., which is available at:

Report of EDP's Executive Board of Directors - web3.cmvm.pt/sdi/emitentes/docs/FR68954.pdf

On 12 April 2019, the Portuguese Securities Commission has released a statement in which clarifies the eventual rejection by shareholders of the resolution proposal regarding the amendment of the By-Laws of the Company aiming to remove the current existing statutory limitations on counting of votes would entail the non-verification of one of the requirements for the launching and registration of the offer over EDP (and therefore over EDP Renováveis) that except in the case the offeror exercised the prerogative to waive such requirement, would be susceptible to assess as unverified one of the requirement that the registration of the offers depends on and therefore its extinction.

https://www.cmvm.pt/pt/Comunicados/Comunicados/Pages/20190412a.aspx

On 24 April 2019, in the Annual General Shareholders' Meeting, the shareholders of EDP were invited to express their opinion on the amendment of the By-Laws of the Company, having such proposal been rejected by the majority of the votes cast, with 56.6092% of votes against. To the extent that the offeror did not waive to any of the requirements that would depend on the launching and registration of the offer, such operation was extinct.

5. DEFENSIVE MEASURES

EDP has not taken any measures to prevent takeover bids that would put the interests of the Company and its shareholders at risk. The supplementary rules on this matter remain thus in force.

In this regard, it is important to note that, pursuant to Article 14 (3) of EDP's current Articles of Association, votes cast by a shareholder on his own behalf or representing another will not be considered if they exceed 25% of all the votes corresponding to the share capital.

Although EDP's Articles of Association impose this limitation on the exercise of voting rights, this limitation is not a measure to prevent successful takeover bids.

In fact, the inability of the limitation on voting rights to prevent the success of a takeover bid is the result of EDP's current capital structure and of the compliance of the deliberative quorum of two-thirds of the votes cast, which is set out in EDP's Articles of Association for an amendment to the company agreement on this matter with Article 182-A (2) of the Securities Code.

No defensive measures have been taken aimed at or resulting in serious erosion of EDP's assets in the event of transfer of control of the company or a change in the composition of the Executive Board of Directors, thereby prejudicing the free transferability of the shares and free appraisal by the shareholders of the performance of the members of the Executive Board of Directors.

6. SHAREHOLDER AGREEMENTS

According to the Article 7 of EDP's Articles of Association, shareholder agreements regarding the Company must be communicated in full to the Executive Board of Directors and the General and Supervisory Board by the shareholders that have signed them in the 30 (thirty) days following their conclusion.

According to information provided to the Company by the shareholders, the Executive Board of Directors is aware of the existence of a single shareholder agreement, which was entered into on 11 April 2007 by Parpública, Caixa Geral de Depósitos, S.A. ("CGD") and Société Nationale pour la Recherche, la Production, le Transport, la Transformation et la Commercialisation des Hydrocarbures ("Sonatrach").

Under the terms of this shareholder agreement, which were announced publically, Parpública and CGD made the following commitments:

- To support the continued membership of Sonatrach (or of a person indicated by it) in EDP's General and Supervisory Board, provided that Sonatrach maintains a shareholding of at least 2% (two percent) of EDP's share capital and the strategic partnership remains in effect; and

- To refrain from promoting, supporting and/or voting in favour of any change in EDP's Articles of Association that prevents the continued membership of Sonatrach (or of a person indicated by it) in EDP's General and Supervisory Board.

Although Parpública has sold its shareholdings in EDP's share capital and CGD does not own a qualifying shareholding in EDP's share capital, according to information at EDP's disposal this does not represent automatic cessation of the effects of the shareholder agreement. EDP has not been informed of any agreement to revoke or amend the said shareholder agreement.

II. SHAREHOLDINGS AND BONDS OWNED

7. QUALIFYING HOLDINGS

Pursuant to Article 8 (1) (b) of CMVM Regulation 5/2008, we are providing the following information on qualifying holdings owned by EDP shareholders as at 31 December 2019 and attributable voting rights in accordance with Article 20 (1) of the Securities Code.

SHAREHOLDER	NR. OF SHARES	% CAPITAL WITH VOTING RIGHTS
CHINA THREE GORGES CORPORATION (1)		
China Three Gorges (Europe), S.A.	850,777,024	23.27%
Total	**850,777,024**	**23.27%**
China Three Gorges (Europe), S.A. is fully owned by China Three Gorges (Hong Kong) Co. Ltd , which is fully owned by China Three Gorges International Corporation. China Three Gorges Corporation holds 100% equity of China Three Gorges International Corporation and is in turn fully owned by People Republic of China.		
OPPIDUM CAPITAL, S.L.		
Oppidum Capital, S.L.	263,046,616	7.19%
Total	**263,046,616**	**7.19%**
According to paragraph 1(b) of article 20 of the Portuguese Securities Code, the voting rights inherent to the share capital held by Oppidum Capital, SL and Flicka Forestal, SL are imputable to Fernando Masaveu Herrero. Oppidum Capital, SL is 55.9% owned by Masaveu Internacional, S.L. and 44.1% owned by Liberbank, S.A. In turn, Masaveu Internacional, SL is 100% held by Corporación Masaveu, SA. Corporación Masaveu, SA is 41.38% held by Fundación María Cristina Masaveu Peterson, 10.73% by Flicka Forestal, SL and 0.03% by Fernando Masaveu Herrero. Fernando Masaveu Herrero controls Fundación María Cristina Masaveu Peterson, Flicka Forestal, SL and Peña Maria, S.L. Flicka Forestal, SL holds 2,000,000 shares of EDP's share capital, which corresponds to 0.05% of the voting rights. Additionally, Fernando Masaveu Herrero's spouse holds 17,020 shares of EDP's share capital, which corresponds to 0.000465% of the voting rights. Also, three dependents of Fernando Masaveu Herrero - Pedro Masaveu Compostizo, Jaime Masaveu Compostizo and Elias Masaveu Compostizo - hold each 500 shares of EDP's share capital. In this sense, in total, 7.25% of the voting rights of EDP, corresponding to 265,065,136 shares of EDP's share capital, should be imputable to Fernando Masaveu Herrero.		

SHAREHOLDER	NR. OF SHARES	% CAPITAL WITH VOTING RIGHTS
BLACKROCK, INC.(2)		
BlackRock, Inc. BlackRock Holdco 2, Inc. BlackRock Financial Management, Inc. BlackRock International Holdings, Inc. BR Jersey International Holdings L.P. BlackRock (Singapore) Holdco Pte. Ltd. BlackRock HK Holdco Limited BlackRock Lux Finco S.a.r.l. BlackRock Japan Holdings GK BlackRock Japan Co., Ltd.		
BlackRock, Inc. Trident Merger, LLC BlackRock Investment Management, LLC		
BlackRock, Inc. BlackRock Holdco 2, Inc. BlackRock Financial Management, Inc. BlackRock International Holdings, Inc. BR Jersey International Holdings L.P. BlackRock Holdco 3, LLC BlackRock Cayman 1 LP BlackRock Cayman West Bay Finco Limited BlackRock Cayman West Bay IV Limited BlackRock Group Limited BlackRock Finance Europe Limited BlackRock Investment Management (UK) Limited		
BlackRock, Inc. BlackRock Holdco 2, Inc. BlackRock Financial Management, Inc. BlackRock International Holdings, Inc. BR Jersey International Holdings L.P. BlackRock Australia Holdco Pty. Ltd. BlackRock Investment Management (Australia) Limited		
BlackRock, Inc. BlackRock Holdco 2, Inc. BlackRock Financial Management, Inc. BlackRock International Holdings, Inc. BR Jersey International Holdings L.P. BlackRock Holdco 3, LLC BlackRock Cayman 1 LP BlackRock Cayman West Bay Finco Limited BlackRock Cayman West Bay IV Limited BlackRock Group Limited BlackRock International Limited		

SHAREHOLDER	NR. OF SHARES	% CAPITAL WITH VOTING RIGHTS
BLACKROCK, INC.[2]		
BlackRock, Inc. BlackRock Holdco 2, Inc. BlackRock Financial Management, Inc. BlackRock Holdco 4, LLC BlackRock Holdco 6, LLC BlackRock Delaware Holdings Inc. BlackRock Institutional Trust Company, National Association		
BlackRock, Inc. BlackRock Holdco 2, Inc. BlackRock Financial Management, Inc. BlackRock Holdco 4, LLC BlackRock Holdco 6, LLC BlackRock Delaware Holdings Inc. BlackRock Fund Advisors		
BlackRock, Inc. BlackRock Holdco 2, Inc. BlackRock Financial Management, Inc.		
BlackRock, Inc. BlackRock Holdco 2, Inc. BlackRock Financial Management, Inc. BlackRock International Holdings, Inc. BR Jersey International Holdings L.P. BlackRock (Singapore) Holdco Pte. Ltd. BlackRock HK Holdco Limited BlackRock Asset Management North Asia Limited		
BlackRock, Inc. BlackRock Holdco 2, Inc. BlackRock Financial Management, Inc. BlackRock International Holdings, Inc. BR Jersey International Holdings L.P. BlackRock Holdco 3, LLC BlackRock Cayman 1 LP BlackRock Cayman West Bay Finco Limited BlackRock Cayman West Bay IV Limited BlackRock Group Limited BlackRock Finance Europe Limited BlackRock Investment Management (UK) Limited BlackRock Asset Management Deutschland AG		
BlackRock, Inc. BlackRock Holdco 2, Inc. BlackRock Financial Management, Inc. BlackRock International Holdings, Inc. BR Jersey International Holdings L.P. BlackRock Holdco 3, LLC BlackRock Canada Holdings LP BlackRock Canada Holdings ULC BlackRock Asset Management Canada Limited		
BlackRock, Inc. BlackRock Holdco 2, Inc. BlackRock Financial Management, Inc. BlackRock Capital Holdings, Inc. BlackRock Advisors, LLC		

SHAREHOLDER	NR. OF SHARES	% CAPITAL WITH VOTING RIGHTS
BLACKROCK, INC.[2]		
BlackRock, Inc.		
BlackRock Holdco 2, Inc.		
BlackRock Financial Management, Inc.		
BlackRock International Holdings, Inc.		
BR Jersey International Holdings L.P.		
BlackRock Holdco 3, LLC		
BlackRock Cayman 1 LP		
BlackRock Cayman West Bay Finco Limited		
BlackRock Cayman West Bay IV Limited		
BlackRock Group Limited		
BlackRock Finance Europe Limited		
BlackRock Advisors (UK) Limited		
BlackRock, Inc.		
BlackRock Holdco 2, Inc.		
BlackRock Financial Management, Inc.		
BlackRock International Holdings, Inc.		
BR Jersey International Holdings L.P.		
BlackRock (Singapore) Holdco Pte. Ltd.		
BlackRock (Singapore) Limited		
BlackRock, Inc.		
BlackRock Holdco 2, Inc.		
BlackRock Financial Management, Inc.		
BlackRock International Holdings, Inc.		
BR Jersey International Holdings L.P.		
BlackRock Holdco 3, LLC		
BlackRock Cayman 1 LP		
BlackRock Cayman West Bay Finco Limited		
BlackRock Cayman West Bay IV Limited		
BlackRock Group Limited		
BlackRock Finance Europe Limited		
BlackRock (Netherlands) B.V.		
Total	**182,979,291**	**5.00%**
The qualified shareholding above mentioned refers to the communication from BlackRock, Inc. occurred in 28 November 2019.		
ALLIANCEBERNSTEIN		
AllianceBernstein L.P.	107,505,681	2.94%
Total	**107,505,681**	**2.94%**
STATE STREET CORPORATION		
SSgA Australia Limited	2,481,506	0.07%
SSgA Funds Management, Inc.	8,031,089	0.22%
State Street Global Advisors (Japan) Co., Ltd	13,330,500	0.36%
State Street Global Advisors Asia Ltd.	1,015,521	0.03%
State Street Global Advisors GmbH	1,685,526	0.05%
State Street Global Advisors Ireland Limited	2,597,863	0.07%
State Street Global Advisors Limited (UK)	38,946,667	1.07%
State Street Global Advisors Ltd. (Canada)	434,090	0.01%
State Street Global Advisors Singapore Ltd.	104,141	0.00%
State Street Global Advisors Trust Company	26,234,812	0.72%
Total	**94,861,715**	**2.59%**

SHAREHOLDER	NR. OF SHARES	% CAPITAL WITH VOTING RIGHTS
PAUL ELLIOTT SINGER [3]		
Paul Elliott Singer		
Braxton Associates, Inc.		
Elliott Asset Management LLC		
Elliott Capital Advisors, LP		
Elliott Advisors GP LLC		
Elliott Special GP LLC		
Elliott Associates, LP	21,384,919	0.58%
Paul Elliott Singer		
Braxton Associates, Inc.		
Elliott Asset Management LLC		
Elliott Capital Advisors, LP		
Elliott International Capital Advisors Inc		
Hambledon, Inc		
Elliott International, LP	68,265,635	1.87%
Total	**89,650,554**	**2.45%**
SONATRACH		
Sonatrach	87,007,433	2.38%
Total	**87,007,433**	**2.38%**
QATAR INVESTMENT AUTHORITY		
Qatar Holding LLC	82,868,933	2.27%
Total	**82,868,933**	**2.27%**
The company Qatar Holding LLC is wholly owned by Qatar Investment Authority.		
NORGES BANK		
Norges Bank	81,100,067	2.22%
Total	**81,100,067**	**2.22%**
Norges Bank latest shareholding update refers to 31 December 2018.		
MUBADALA INVESTMENT COMPANY [4]		
Senfora BV	76,787,292	2.10%
Total	**76,787,292**	**2.10%**
The company Senfora BV is a company created in the Netherlands, wholly and directly owned by IPIC (International Petroleum Investment Company), which in turn is owned by Mubadala, which is a company wholly owned by the government of Abu Dhabi.		
MILLENNIUM BCP		
Fundação Millennium BCP	350,000	0.01%
Fundo de Pensões do Grupo Millennium BCP	74,290,255	2.03%
Banque Privee BCP Suisse SA	975,038	0.03%
Banco Comercial Português SA	625	0.00%
Total	**75,615,918**	**2.07%**
The management company of the pension fund of Group Millennium BCP exercises independently their voting rights.		
EDP (TREASURY STOCK)	**21,405,347**	**0.59%**
REMAINING SHAREHOLDERS	**1,642,931,844**	**44.93%**
TOTAL	**3,656,537,715**	**100.00%**

Note: Pursuant to Article 14 (3) of the Articles of Association of EDP, votes cast by a shareholder, on its own account or on behalf of another shareholder, that exceed 25% of the votes corresponding to the share capital, shall not be taken into account.

(1) China Three Gorges communicated that on 26 February 2020 held 21.47% of EDP shares. The detail can be found on our website (https://www.edp.com/sites/default/files/2020-02/CTG_Announcement%20conclusion%20of%20offer.pdf)

(2) BlackRock., Inc. communicated that on 31 January 2020 held 5.01% of EDP shares. The detail, with the respective full chain of controlled undertakings, can be found on our website (https://www.edp.com/sites/default/files/2020-02/20200206_Participa%C3%A7%C3%A3o%20BlackRock_EN.pdf)

(3) Paul Elliot Singer communicated that on 1 January 2020 it has changed the chain of controlled undertakings. The detail can be found on our website (www.edp.com/sites/default/files/2020-01/20200109_Participa%C3%A7%C3%A3o%20Elliot_EN.pdf)

(4) Mubalada communicated that on 25 February 2020 left its qualified shareholding position in EDP. The detail can be found on our website (https://www.edp.com/sites/default/files/2020-02/20200227_Participa%C3%A7%C3%A3o%20Mubadala_EN.pdf)

8. FINANCIAL INSTRUMENTS OWNED BY MEMBERS OF THE MANAGEMENT AND SUPERVISORY BODIES

FINANCIAL INSTRUMENTS OWNED BY MEMBERS OF THE EXECUTIVE BOARD OF DIRECTORS

By 31 December 2019, the financial instruments held by members of Executive Board of Directors, as required by Article 447 (5) of the Companies Code are shown below.

	EDP - ENERGIAS DE PORTUGAL, S.A.				EDP - ENERGIAS DO BRASIL, S.A.	
EXECUTIVE BOARD OF DIRECTORS (*)	N.º SHARES 31-12-2019	N.º SHARES 31-12-2018	N.º BONDS 31-12-2019	N.º BONDS 31-12-2018	N.º SHARES 31-12-2019	N.º SHARES 31-12-2018
António Luís Guerra Nunes Mexia	91 000	91 000	-	-	1	1
João Manuel Manso Neto	1 268	1 268	-	-	-	-
António Fernando Melo Martins da Costa	54 299	54 299	-	-	-	-
João Manuel Veríssimo Marques da Cruz (**)	-	79 578	200 000	200 000	-	-
Miguel Stilwell de Andrade	140 000	140 000	-	-	-	-
Miguel Nuno Simões Nunes Ferreira Setas	7 382	7 382	-	-	6 000	6 000
Rui Manuel Rodrigues Lopes Teixeira (***)	31 733	31 733	-	-	-	-
Maria Teresa Isabel Pereira	71 281	71 281	-	-	-	-
Vera de Morais Pinto Pereira Carneiro	-	-	-	-	-	-

(*) The members of the Executive Board of Directors are not holder of any share of EDP Renováveis, S.A.

(**) According to the information published on CMVM's website on January 28th (https://web3.cmvm.pt/english/sdi/emitentes/docs/REEM74417.pdf), EDP proceeded, with effect on March 2nd, 2020, with the early redemption of 692 Notes representing the issuance referred to as "€750,000,000 Fixed to Reset Rate Subordinated Notes due 2075" (ISIN: PTEDPUOM0024 / Common Code: 129176784), by the global nominal amount of Eur 69,200,000.00, together with interest accrued and outstanding (including, if applicable, deferred interest) up to (but excluding) March 2nd, 2020. As a consequence, as of March 2nd, the two Notes of this Issue held by the Director João Marques da Cruz were early redeemed (https://web3.cmvm.pt/sdi/emitentes/docs/TRAN74789.pdf).

(***) The shares of EDP - Energias de Portugal, S.A. include 1,490 shares hold by his spouse, Lina Lago da Silva Dantas Martins.

On 24 December 2019, the Director João Manuel Veríssimo Marques da Cruz has disposed of 79,578 shares representative of EDP – Energias de Portugal, S.A. share capital, for the price of 3.84 Euros per share, transaction that has been subject to public disclosure on 26 December 2019.

During the 2019 financial year, the other members of the Executive Board of Directors did not perform any operations with EDP securities.

FINANCIAL INSTRUMENTS OWNED BY MEMBERS OF THE GENERAL AND SUPERVISORY BOARD

The following chart presents the financial instruments held by or imputable to the General and Supervisory Board members, under the terms set forth in article 447 (5) of the Portuguese Companies Code.

On 31 December 2019, the financial instruments owned or imputable to the members of the General and Supervisory Board, as required by Article 447 (5) of the Companies Code, are shown below.

	EDP - ENERGIAS DE PORTUGAL, S.A.			
GENERAL AND SUPERVISORY BOARD (1)	N.º SHARES 31-12-2019	N.º SHARES 31-12-2018	N.º BONDS 31-12-2019	N.º BONDS 31-12-2018
Luís Filipe Marques Amado	0	0	0	0
China Three Gorges Corporation	850 777 024	850 777 024	0	0
Dingming Zhang (representing China Three Gorges Corporation)	0	0	0	0
China Three Gorges International Corp.	850 777 024	850 777 024	0	0
Shengliang Wu (representing China Three Gorges International Corp.)	0	0	0	0
China Three Gorges (Europe), S.A.	850 777 024	850 777 024	0	0
Ignacio Herrero Ruiz (representing China Three Gorges (Europe), S.A.)	0	0	0	0
China Three Gorges Brasil Energia Ltda.	0	0	0	0

Li Li (representing China Three Gorges Brasil Energia Ltda.)	0	0	0	0
China Three Gorges (Portugal), Sociedade Unipessoal, Lda.	0	0	0	0
Eduardo de Almeida Catroga (representing China Three Gorges (Portugal))	0	0	0	0
DRAURSA, S.A.	0	0	0	0
Felipe Fernández Fernández (representing Draursa, S.A.) (2)	1 350	1 350	0	0
Fernando Maria Masaveu Herrero (3)	265 065 136	265 065 136	0	0
Senfora BV	76 787 292	115 236 553	0	0
Mohammed Issa Khalfan Alhuraimel Alshamsi (representing Senfora BV)	0	0	0	0
Banco Comercial Português, S.A.	75 615 918	88 989 949	0	0
Nuno Manuel da Silva Amado (representing Banco Comercial Português, S.A.)	0	0	0	0
Sonatrach	87 007 433	87 007 433	0	0
Karim Djebbour (representing Sonatrach)	0	0	0	0
Maria Celeste Ferreira Lopes Cardona	0	0	0	0
Ilídio da Costa Leite de Pinho	0	0	0	0
Jorge Avelino Braga de Macedo	0	0	0	0
Vasco Joaquim Rocha Vieira	3 203	3 203	0	0
Augusto Carlos Serra Ventura Mateus	0	0	0	0
João Carvalho das Neves	7 429	7 429	5	5
María del Carmen Fernández Rozado	0	0	0	0
Laurie Lee Fitch	0	0	0	0
Clementina Maria Dâmaso de Jesus Silva Barroso	0	0	0	0
Luís Maria Viana Palha da Silva (4)	5 050	-	0	-

Notes
(1) The members of the General and Supervisory Board do not hold any shares of EDP - Energias do Brasil, S.A. nor EDP Renováveis, S.A.
(2) The shares of EDP - Energias de Portugal, S.A. are held by his spouse, Maria Teresa Fernández Veja, and were identified following a process of division of an inheritance.
(3) According to paragraph 1(b) of article 20 of the Portuguese Securities Code, the voting rights inherent to the share capital held by Oppidum Capital, SL and Flicka Forestal, SL are imputable to Fernando Masaveu Herrero. Oppidum Capital, SL is 55.9% owned by Masaveu Internacional, S.L. and 44.1% owned by Liberbank, S.A. in turn, Masaveu Internacional, SL is 100% held by Corporación Masaveu, S.A. Corporación Masaveu, SA is 41.38% held by Fundación María Cristina Masaveu Peterson, 10.73% by Flicka Forestal, SL and 0.03% by Fernando Masaveu Herrero. Fernando Masaveu Herrero controls Fundación María Cristina Masaveu Peterson, Flicka Forestal, SL and Peña Maria, S.L. Flicka Forestal, SL holds 2,000,000 shares of EDP's share capital, which correspond to 0.05% of the voting rights. Additionally, Fernando Masaveu Herrero's spouse holds 17,020 shares of EDP's share capital, which correspond to 0.000465% of the voting rights. Also, three dependents of Fernando Masaveu Herrero, namely Pedro Masaveu Compostizo, Jaime Masaveu Compostizo and Elias Masaveu Compostizo hold each 500 shares of EDP's share capital. In this sense, in total, 7.25% of the voting rights of EDP, corresponding to 265,065,136 shares of EDP's share capital, should be imputable to Fernando Masaveu Herrero.
(4) On 24 April 2019, Luís Maria Viana Palha da Silva held 5 050 shares of EDP – Energias de Portugal, S.A., with the corresponding voting rights.

9. SPECIAL POWERS OF THE MANAGING BODY WITH REGARD TO DECISIONS TO INCREASE SHARE CAPITAL

The Executive Board of Directors has the powers enshrined in the law and Articles of Association to perform its duties, which are indicated in detail in item 21.

In what concerns the approval of decisions on share capital increases, and according to Article 4 (3) of the Articles of Association, the Executive Board of Directors has the power to approve one or more share capital increases up to an aggregate limit of 10% of the current share capital (in the amount of EUR 3,656,537,715) via the issue of shares to be subscribed by new entries in cash, in accordance with the issue terms and conditions that it defines. The draft decision must be submitted to the General and Supervisory Board subject to a majority of two-thirds of votes of the respective members.

On 31 December 2019, this standard is not in force to the extent that the respective authorization was not renewed after five years in force, under the terms of article 456 of the Portuguese Companies Code.

10. SIGNIFICANT BUSINESS RELATIONSHIPS BETWEEN OWNERS OF QUALIFYING HOLDINGS AND THE COMPANY

In pursuit of its activity and regardless of its relevance, EDP conducts business with and enters into transactions under normal market conditions for similar operations with several entities, beyond which are included qualified shareholders of EDP or companies related to those.

Thus, with reference to the 2019 exercise, it should be pointed out the performance of the following operations between companies of EDP Group and owners of qualifying holdings in EDP's share capital:

- EDP Group, through EDP España, has provided electricity and gas services to the company Cementos Tutela Veguín in the approximate amount of EUR 20.1 million (Cementos Tutela Veguín is a subsidiary of Masaveu Group which holds 55.9% of Oppidum Capital, S.L.);

- EDP Group provided electricity and gas services to Liberbank and related companies amounting to approximately EUR 5.9 million. EDP Group has also provided payment management services to Liberbank in the approximate amount of EUR 76,543.85. EDP Group has entered into a rent agreement in the total amount of EUR 16,852.08 regarding a property owned by Liberbank, located in Oviedo, Spain during eight months of 2019, period in which the registered offices of one of the EDP Group companies was in renovation works (Liberbank holds 44.1% of Oppidum Capital, S.L.);

- Grupo EDP acquired to Sonatrach natural gas under the long-term supply agreement, and for the Soto 4 Combined Cycle Power Station, entered into after the existing partnership between EDP and Sonatrach in October 2007, having been paid the amount of EUR 179.4 million.

On July 29, 2010, the General and Supervisory Board approved the first draft of the "Regulations on Conflict of Interest and Transactions between Related Parties of EDP", which was revised in 2015, and a new version was approved on October 29, 2015 available on the EDP's website (www.edp.com). These rules for identifying, preventing and resolving potential relevant corporate conflicts of interest have a higher level of exigency than those in the previously in force Corporate Governance Code issued by the Portuguese Securities and Exchange Commission (CMVM) and the currently in force Corporate Governance Code established by the Portuguese Institute for Corporate Governance.

On 17 May 2010 the Executive Board of Directors approved the rules on identification, in-house reporting and procedure in the event of conflicts of interest applicable to all EDP Group employees who play a decisive role in transactions with related parties. These rules are available on EDP's website (www.edp.com).

The Corporate Governance and Sustainability Committee is responsible for supervising enforcement of the aforementioned rules and reports on its work to the General and Supervisory Board.

The General and Supervisory Board noted in relation to 2019, in view of the cases analysed and the information provided by the Executive Board of Directors, that no evidence was found that the potential conflicts of interest underlying the transactions made by EDP may have been settled contrary to the interests of the Company.

B. CORPORATE BODIES AND COMMITTEES

I. GENERAL MEETING

A) COMPOSITION OF THE GENERAL MEETING

11. NAME AND POSITION OF OFFICERS OF THE GENERAL MEETING AND THEIR TERM OF OFFICE

Pursuant to Article 12 of EDP's Articles of Association, the members of the Board of the General Meeting are composed by a Chairman, a Vice-Chairman and the Company Secretary, who is appointed by the Executive Board of Directors.

At the Annual Shareholders' General Meeting of 5 April 2018, the Chairman and Vice-Chairman of the Board of the General Meeting were reappointed for the 2018-2020 triennium, having the Company Secretary and the respective alternate been appointed by the Executive Board of Directors on such date.

BOARD OF THE GENERAL MEETING	
CHAIRMAN	**ANTÓNIO MANUEL DE CARVALHO FERREIRA VITORINO (1)**
Vice Chairman	Rui Pedro Costa Melo Medeiros
Company Secretary	Ana Rita Pontífice Ferreira de Almeida Côrte-Real (2)

(1) António Manuel de Carvalho Ferreira Vitorino tendered his resignation on 27 July 2018

(2) Appointed by the Executive Board of Directors on 5 April 2018 for the position of Company Secretary, having also been appointed, on such date, Joana Gomes da Costa Monteiro Dinis, for the position of alternate company secretary

At the Annual General Shareholders' Meeting held on 24 April 2019, the Chairman of the Board of the General Meeting was appointed for the remaining of the triennium 2018-2020.

BOARD OF THE GENERAL MEETING	
CHAIRMAN	**LUÍS MARIA VIANA PALHA DA SILVA**
Vice Chairman	Rui Pedro Costa Melo Medeiros
Company Secretary	Ana Rita Pontífice Ferreira de Almeida Côrte-Real [(1)]

[(1)] Appointed by the Executive Board of Directors on 5 April 2018 for the position of Company Secretary, having also been appointed, on such date, Joana Gomes da Costa Monteiro Dinis, for the position of alternate company secretary

The Chairman of the General Meeting is automatically a member of the General and Supervisory Board, pursuant to Article 21 (2) of EDP's Articles of Association.

The Chairman of the General Meeting has the in-house human and logistic resources appropriate to his/her needs, including the support of the General Secretariat, the Legal Department, the Investor Relations Office and the Brand, Marketing and Communication Global Coordination Office, plus external support from a specialised entity hired by EDP to collect, process and count the votes. The logistic and administrative resources for the General Meeting are provided by the Company and the organisation is supervised by the Chairman of the Board of the General Meeting.

B) EXERCISE OF VOTING RIGHTS

12. RESTRICTIONS ON VOTING RIGHTS

Pursuant to Article 14 (2) of EDP's Articles of Association, each share corresponds to one vote.

According to Article 14 (9) of EDP's Articles of Association, the holders of rights representing shares under ADR (American Depositary Receipt) programs may instruct the respective depositary bank in order to see their voting rights exercised or, alternatively, grant proxy to a representative designated by EDP for such purpose, in compliance with applicable legal or statutory provisions; the depository contract should regulate terms and ways for exercising the voting rights, as well as for cases in which such instructions do not exist.

According to Article 14 (10) of the Articles of Association, EDP's shareholders can only participate and vote at the General Meeting, personally or through a representative, if on the date of registration, 00:00 hours (GMT) of the fifth day of trading prior to that of the General Meeting, they own at least one share.

Proof of ownership of the shares is provided by sending the Chairman of the General Meeting, by the fifth day of trading prior to that of the General Meeting, a statement issued, certified and sent by the financial intermediary responsible for registering the shares, indicating the number of shares registered and the date of registration. It may be sent by email (Article 14 (13) of EDP's Articles of Association).

Participation in the General Meeting also requires the shareholder to express this intention to the Chairman of the General Meeting and the financial intermediary at which the individual registration account has been opened, by the end of the sixth day of trading prior to that of the General Meeting. The communication may be sent by email (Article 14 (11) of EDP's Articles of Association).

Shareholders who have expressed their intention to participate in a General Meeting pursuant to the Articles of Association and have transferred ownership of the shares between the fifth day of trading prior to that of the General Meeting and the end thereof, must inform the Chairman of the General Meeting and the CMVM immediately (Article 14 (11) of EDP's Articles of Association).

EDP's shareholders can submit a postal vote on each of the itens on the agenda in a letter addressed to the Chairman of the General Meeting, as set out in Article 14 (6) of the Articles of Association.

Pursuant to Article 14 (7) of EDP's Articles of Association, voting rights may also be exercised electronically, in accordance with the requirements necessary to ensure their authenticity, which must be defined by the Chairman of the General Meeting in the invitation to the meeting.

Shareholders can find the necessary forms for postal or electronic votes on EDP's website (www.edp.com).

EDP has taken several measures to encourage shareholders to exercise their voting rights, such as elimination of financial obstacles that may affect their exercise. These measures include:

- General circulation of the notice of meeting of the General Meeting with an express indication of the channels available for the exercise of voting rights and in publications on the CMVM website (www.cmvm.pt) and EDP website (www.edp.com) and on the NYSE Euronext Lisbon newsletter and in mailings to shareholders;

- Payment of the costs of issuing declarations of ownership of shares for all shareholders who participate in the General Meeting (directly or by post);

- Payment of the costs involved in remote voting, including postal voting.

As per EDP's Articles of Association, votes cast by a shareholder in his own name or as a representative of another exceeding 25% (twenty-five percent) of all the votes representing the share capital are not considered. This limitation applies to all decisions of the General Meeting, including those for which the law or EDP's Articles of Association provide for a qualified majority of the Company's share capital.

Pursuant to Article 14 (4) of EDP's Articles of Association, votes for which, under Article 20 (1) of the Securities Code or any legal rule that amends or replaces it, he is responsible will be considered cast by the same shareholder.

Pursuant to Article 15 (2) and (3) of the Articles of Association, EDP's shareholders are obliged to provide the Executive Board of Directors, in writing and in a complete, objective, clear, truthful form, and in a manner acceptable to the board, all information that it requests from them on facts concerning them and related to Article 20 (1) of the Securities Code. Noncompliance with this obligation shall result in prevention of the exercise of voting rights pertaining to the shares owned by the shareholder in question.

If the limitation on the counting of votes affects a number of shareholders, it will operate in proportion to the ordinary shares owned by each one (Article 14 (5) of the Articles of Association).

Furthermore, pursuant to Article 20 (1) of the Securities Code, or any legal rule that amends or replaces it, shareholders who become owners of a shareholding of 5% (five percent) or more of the voting rights or share capital, must inform the Executive Board of Directors thereof within five business days of the date on which ownership occurred. They cannot exercise their voting rights until they have made this communication (Article 15 (1) of EDP's Articles of Association).

13. MAXIMUM PERCENTAGE OF VOTING RIGHTS THAT CAN BE EXERCISED BY A SINGLE SHAREHOLDER OR SHAREHOLDERS THAT ARE RELATED IN SOME OF THE RELATIONS OF ARTICLE 20 (1)

See Item 12.

14. DECISIONS OF SHAREHOLDERS WHO, UNDER THE ARTICLES OF ASSOCIATION, CAN ONLY BE MADE BY A QUALIFIED MAJORITY OTHER THAN THOSE PROVIDED FOR BY LAW

Decisions by the General Meeting are taken by a majority of votes cast, unless the law or the Articles of Association require a qualified majority (Article 11 (3) of the Articles of Association).

Article 10 (1) of the Articles of Association defines the performance of functions in any corporate body is incompatible with:

- the status of a legal person that is a competitor of EDP or a company in a control or group relation with EDP;

- the status of a legal person or an individual related to a legal person that is a competitor of EDP;

- the exercise of functions, of any nature or for any reason whatsoever, notably by appointment to a corporate office, by employment contract or by services provision agreement, at a legal person that is a competitor of EDP or at a legal person related to a legal person that is a competitor of EDP.

Nevertheless, Article 10 (4) defines that the incompatibilities set forth in the foregoing paragraphs may also not apply to the performance of functions as a member of the general and supervisory board, to the extent permitted by law, subject to authorization given by prior resolution, with the favor of two thirds of the votes cast at the elective general shareholders' meeting. The competition relation must be expressly referred to and precisely identified in the appointment proposal, and the authorization resolution may be subject to conditions, notably to a holding of no more than 10% of EDP's share capital.

It should also be highlighted that, according to Article 10 (10) of EDP's Articles of Association, it should not be deemed to be a competitor of EDP the legal person shareholder that individually holds at least 20% of the share capital of EDP, and that, directly or through a legal person which is in a domain relationship with it, enters into and maintains a medium or long term strategic partnership of business cooperation in the activities of generation, distribution or supply of electricity or natural gas, approved in accordance with legal and statutory provisions, with prior favourable opinion of the General and Supervisory Board.

In all other cases, the deliberative quorum set out in Article 383 (2) of the Companies Code applies.

II. MANAGEMENT AND SUPERVISION

A) COMPOSITION

15. CORPORATE GOVERNANCE MODEL

EDP's governance structure is a dual model one and consists of the General Meeting, Executive Board of Directors, General and Supervisory Board and the Statutory Auditor.

The separation of management and supervision roles is embodied in an Executive Board of Directors, which is responsible for the management of the Company's business, and a General and Supervisory Board, the highest supervisory body.

The division of competences, inherent to such model, between the Executive Board of Directors and the General and Supervisory Board, has been assuring an effective management of the Company, benefitted by a constant and attentive supervision. Considering this structure, we can say that the dual model of corporate governance in place at EDP since July 2006 has allowed for an effective separation of the Company's supervision and management in pursuit of the goals and interests of EDP and its shareholders, employees and other stakeholders, thereby contributing to achieving the degree of trust and transparency necessary for its adequate functioning and optimization.

Furthermore, this model has proved appropriate to the Company's shareholder structure as it allows supervision by key shareholders on the General and Supervisory Board.

According to Article 11 (2) (b) of the Articles of Association, it is the responsibility of the General Meeting of EDP to elect and dismiss the members of the Executive Board of Directors and the General and Supervisory Board, as well as their Chairmen and Vice-Chairmen, if any, and the Statutory Auditors, based on a proposal by the General and Supervisory Board (or by delegation to the Financial Matters Committee / Audit Committee). The General Meeting also appoints the members of the Environment and Sustainability Board, on proposal of the Executive Board of Directors, and Remuneration Committee of the General Meeting, which is responsible for setting the remuneration of the members of the corporate bodies (except the Executive Board of Directors, whose remuneration is set by the Remuneration Committee appointed by the General and Supervisory Board).

For a better understanding of EDP's corporate governance, EDP's website (www.edp.com) allows shareholders and the general public to view the up-to-date Articles of Association in Portuguese and English, the Internal Regulation of the Executive Board of Directors, General and Supervisory Board and its committees, documents that were modified during 2018 in order to accommodate the principles and recommendations set forth by the Corporate Governance Code issued by the Portuguese Institute for Corporate Governance.

Worth noting also that EDP has since 2010 a Corporate Governance Manual, whose primary objective consists of registering and sharing the provisions of the Executive Board of Directors and of General and Supervisory Board regarding best practices recommendations applicable to EDP on corporate governance. The Manual has a dynamic nature. It should therefore continue to be revised periodically, considering the contributions of all interested parties in the continuous development of EDP's governance model.

The Manual for the Corporate Governance of EDP is available to shareholders and general public at its website (www.edp.com).

Considering that good practices of corporate governance are embedded in the Company's organizational culture, EDP sought to go beyond the legal requirements and regulations for this area, particularly concerning information reporting, given EDP's meticulousness and goals regarding the quality of its corporate governance practices. The Corporate Governance Manual therefore sought to serve the following purposes, in order to achieve this basic goal:

- To reflect critically on recommendations on best practices in order to contribute actively in optimising EDP's practices;
- To select the recommendations deemed most appropriate to EDP's governance model, focusing on measures taken and indicating potential measures for full adoption of good practices;
- To identify recommendations that are not appropriate to EDP's interests and give reasons for this position and indicate other ways of achieving such goals;
- To help targets of the recommendations to reflect on the best governance practices to be followed at EDP;
- To draft a formal document that will help compliance with reporting obligations on corporate governance practices, such as the annual report required by law;
- Describe EDP's governance practices that are not set out in the Corporate Governance Code but achieve the goal shared by the General and Supervisory Board and the Executive Board of Directors to develop and increase the quality of EDP's governance processes.

In what concerns prevention and fighting against harassment at work, and complementing the commitments already taken on by EDP in its Code of Ethics, available at EDP's website (www.edp.com), the Good Conduct Code for the Prevention and Fight Against Harassment at Work entered into force as of 21 November 2017 and it is applicable to all EDP Group's employees. According to this Code, other service providers and suppliers are explicitly required to uphold or adhere to the principles established, in accordance with their obligations under qualification procedures or current contracts.

Additionally, the Integrity Policy approved by the Executive Board of Directors has implemented the mandatory execution to all subsidiary, controlled or affiliated as well as to all employees and business partners of duties which aim to avoid unlawful conducts, in particular those associated with the practice of corruption acts, money laundering and terrorism financing. EDP Group is committed to promote an exempt, honest, integrated, professional and fair action and requires that its employees and contracted third-parties behave in accordance with such commitment, complying with the legislation and regulation in force. The EDP Group Companies has implemented and has disseminated prevention, detection and control measures towards any form of corruption, prevarication, conduct on conflict of interest, influence peddling, money laundering, terrorism financing and other illegal acts. In this regard, the EDP Group Companies may adopt more demanding additional measures, according to local needs, ensuring at all times the compliance with the local applicable legislation. Additionally, the Compliance Department which independence is guaranteed through the reporting to the Executive Board of Directors and to the Financial Matters Committee / Audit Committee of the General and Supervisory Board of EDP is responsible to annually review this Policy or whenever any relevant legislative change occurs, submitting those amendments to the Executive Board of Directors for approval.

EDP intends to keep materializing a pioneer role of excellence in terms of corporate governance best practice promotion, hoping that this initiative may also contribute to an enrichment of the debate on these matters, in a context of the overall organization and functioning of companies, particularly in Portugal.

16. ARTICLES OF ASSOCIATION RULES ON PROCEDURAL AND MATERIAL REQUIREMENTS FOR THE APPOINTMENT AND REPLACEMENT OF MEMBERS OF THE EXECUTIVE BOARD OF DIRECTORS AND GENERAL AND SUPERVISORY BOARD

It is the role of the General Meeting to elect and remove members of the Executive Board of Directors and the General and Supervisory Board, including their chairmen.

In the event of permanent or temporary absence of any of the members of the Executive Board of Directors, the General and Supervisory Board arranges for his/her replacement and the appointment must be ratified by the next General Meeting, under Article 22 (1) (g) of the Company's Articles of Association.

In the event of permanent absence of any of the members of the General and Supervisory Board, the substitutes on the list submitted to the General Meeting must be summoned by the Chairman of this Board to replace him/her, following the order on the list. Pursuant to Article 21 (5) (g) of EDP's Articles of Association, the substitutes on the list must all be independent. If there are no substitutes, they will be elected by the General Meeting.

17. COMPOSITION OF THE BOARD OF DIRECTORS, EXECUTIVE BOARD OF DIRECTORS AND GENERAL AND SUPERVISORY BOARD

The shareholders elected the members of the General and Supervisory Board and the Executive Board of Directors at the General Meeting of 5 April 2018, for the three-year period from 2018 to 2020. At the General Shareholders' Meeting held on 24 April 2019, the Chairman of the Board of the General Shareholders' Meeting was elected that, as per statutory inherence, is an independent member of the General Supervisory Board for the remaining of the current mandate.

GENERAL AND SUPERVISORY BOARD

In the exercise of its duties – see Article 441 of the Companies Code and Article 22 of EDP's Articles of Association - the main mission of the General and Supervisory Board is to constantly advise, monitor and supervise the management activities of EDP, cooperating with the Executive Board of Directors and the various other corporate bodies in pursuit of the Company's interests, pursuant to the Companies Code and the company's Articles of Association. It is elected by the shareholders at the General Meeting.

Pursuant to Article 21 (1) of the Articles of Association, the General and Supervisory Board consists of no fewer than nine effective members, but always more than the number of members of the Executive Board of Directors. The majority of the elected members of the General and Supervisory Board must be independent, pursuant to Article 21 (4) of the Articles of Association.

Until 24 April 2019, the General and Supervisory Board had the following composition:

GENERAL AND SUPERVISORY BOARD		INDEPENDENT MEMBERS	FIRST APPOINTMENT DATE
CHAIRMAN	**LUÍS FILIPE MARQUES AMADO**	**INDEPENDENT**	**21/04/2015**
Vice-Chairman	**China Three Gorges Corporation represented by Dingming Zhang**		**20/02/2012**
	China Three Gorges International Corp. represented by Shengliang Wu		05/04/2018
	China Three Gorges (Europe), S.A. represented by Ignacio Herrero Ruiz		20/02/2012
	China Three Gorges Brasil Energia Ltda. represented by Yinsheng Li		05/04/2018
	China Three Gorges (Portugal), Sociedade Unipessoal, Lda. represented by Eduardo de Almeida Catroga (1)		21/04/2015
	DRAURSA, S.A. represented by Felipe Fernández Fernández (2)		21/04/2015
	Fernando Maria Masaveu Herrero		20/02/2012
	Senfora BV represented by Mohammed Issa Khalfan Alhuraimel Alshamsi		21/04/2015
	Banco Comercial Português, S.A. represented by Nuno Manuel da Silva Amado (3)		21/04/2015
	Société National pour la Recherche, la Production, le Transport, la Transformation et la Commercialisation des Hydrocarbures (Sonatrach) represented by Karim Djebbour		12/04/2007
	Maria Celeste Ferreira Lopes Cardona	Independent	20/02/2012
	Ilídio da Costa Leite de Pinho	Independent	20/02/2012
	Jorge Avelino Braga de Macedo	Independent	20/02/2012
	Vasco Joaquim Rocha Vieira	Independent	20/02/2012
	Augusto Carlos Serra Ventura Mateus	Independent	06/05/2013
	João Carvalho das Neves	Independent	21/04/2015
	María del Carmen Fernández Rozado	Independent	21/04/2015
	Laurie Lee Fitch	Independent	05/04/2018
	Clementina Maria Dâmaso de Jesus Silva Barroso	Independent	05/04/2018

(1) Eduardo de Almeida Catroga was an independent member of the General and Supervisory Board in 2006-2008, 2009-2011 mandates and chairman, also independent, during the 2012-2014 mandate.

(2) Felipe Fernández Fernández was appointed as member of the General and Supervisory Board, in representation of Cajastur Inversiones, on 20 February 2012, for the 2012-2014 triennium.

(3) Nuno Manuel da Silva Amado held office in his own name after his appointment on 6 May 2013 until the term of the 2012-2014 mandate.

The representatives of the companies China Three Gorges Corporation and China Three Gorges International Corp. initiated their term of office on 11 May 2012, following the entry into force of the Strategic Partnership Agreement concluded on 30 December 2011.

At the General Shareholders' Meeting held on 24 April 2019, and following the resignation of António Manuel de Carvalho Ferreira Vitorino, a member of the General and Supervisory Board was elected for the remaining of the 2018-2020 mandate:

GENERAL AND SUPERVISORY BOARD		INDEPENDENT MEMBERS	FIRST APPOINTMENT DATE
CHAIRMAN	**LUÍS FILIPE MARQUES AMADO**	**INDEPENDENT**	**21/04/2015**
Vice-Chairman	**China Three Gorges Corporation represented by Dingming Zhang**		**20/02/2012**
	China Three Gorges International Corp. represented by Shengliang Wu		05/04/2018
	China Three Gorges (Europe), S.A. represented by Ignacio Herrero Ruiz		20/02/2012
	China Three Gorges Brasil Energia Ltda. represented by Yinsheng Li (1)		05/04/2018
	China Three Gorges (Portugal), Sociedade Unipessoal, Lda. Represented by Eduardo de Almeida Catroga (2)		21/04/2015
	DRAURSA, S.A. represented by Felipe Fernández Fernández (3)		21/04/2015
	Fernando Maria Masaveu Herrero		20/02/2012
	Senfora BV represented by Mohammed Issa Khalfan Alhuraimel Alshamsi		21/04/2015
	Banco Comercial Português, S.A. represented by Nuno Manuel da Silva Amado (4)		21/04/2015
	Société National pour la Recherche, la Production, le Transport, la Transformation et la Commercialisation des Hydrocarbures (Sonatrach) represented by Karim Djebbour		12/04/2007
	Maria Celeste Ferreira Lopes Cardona	Independent	20/02/2012
	Ilídio da Costa Leite de Pinho	Independent	20/02/2012
	Jorge Avelino Braga de Macedo	Independent	20/02/2012
	Vasco Joaquim Rocha Vieira	Independent	20/02/2012
	Augusto Carlos Serra Ventura Mateus	Independent	06/05/2013
	João Carvalho das Neves	Independent	21/04/2015
	María del Carmen Fernández Rozado	Independent	21/04/2015
	Laurie Lee Fitch	Independent	05/04/2018
	Clementina Maria Dâmaso de Jesus Silva Barroso	Independent	05/04/2018
	Luís Maria Viana Palha da Silva	Independent	24/04/2019

(1) Yinsheng Li has tendered his resignation to the functions having been replaced by Li Li with effect from 24 December 2019.

(2) Eduardo de Almeida Catroga was an independent member of the General and Supervisory Board in 2006-2008, 2009-2011 mandates and chairman, also independent, during the 2012-2014 mandate.

(3) Felipe Fernández Fernández was appointed as member of the General and Supervisory Board, in representation of Cajastur Inversiones, on 20 February 2012, for the remaining of the 2012-2014 triennium.

(4) Nuno Manuel da Silva Amado held office in his own name after his appointment on 6 May 2013 until the term of the 2012-2014 mandate.

The representatives of the companies China Three Gorges Corporation and China Three Gorges International Corp. initiated their term of office on 11 May 2012, following the entry into force of the Strategic Partnership Agreement concluded on 30 December 2011.

On 31 December 2019, the General and Supervisory Board was composed by the following members:

GENERAL AND SUPERVISORY BOARD		INDEPENDENT MEMBERS	FIRST APPOINTMENT DATE
CHAIRMAN	**LUÍS FILIPE MARQUES AMADO**	**INDEPENDENT**	**21/04/2015**
Vice-Chairman	**China Three Gorges Corporation represented by Dingming Zhang**		**20/02/2012**
	China Three Gorges International Corp. represented by Shengliang Wu		05/04/2018
	China Three Gorges (Europe), S.A. represented by Ignacio Herrero Ruiz		20/02/2012
	China Three Gorges Brasil Energia Ltda. represented by Li Li		05/04/2018
	China Three Gorges (Portugal), Sociedade Unipessoal, Lda. represented by Eduardo de Almeida Catroga		21/04/2015
	DRAURSA, S.A. represented by Felipe Fernández Fernández		21/04/2015
	Fernando Maria Masaveu Herrero		20/02/2012

	Senfora BV represented by Mohammed Issa Khalfan Alhuraimel Alshamsi		21/04/2015
	Banco Comercial Português, S.A. represented by Nuno Manuel da Silva Amado		21/04/2015
	Société National pour la Recherche, la Production, le Transport, la Transformation et la Commercialisation des Hydrocarbures (Sonatrach) represented by Karim Djebbour		12/04/2007
	Maria Celeste Ferreira Lopes Cardona	Independent	20/02/2012
	Ilídio da Costa Leite de Pinho	Independent	20/02/2012
	Jorge Avelino Braga de Macedo	Independent	20/02/2012
	Vasco Joaquim Rocha Vieira	Independent	20/02/2012
	Augusto Carlos Serra Ventura Mateus	Independent	06/05/2013
	João Carvalho das Neves	Independent	21/04/2015
	María del Carmen Fernández Rozado	Independent	21/04/2015
	Laurie Lee Fitch	Independent	05/04/2018
	Clementina Maria Dâmaso de Jesus Silva Barroso	Independent	05/04/2018
	Luís Maria Viana Palha da Silva	Independent	24/04/2019

The representatives of the companies China Three Gorges Corporation and China Three Gorges International Corp. initiated their term of office on 11 May 2012, following the entry into force of the Strategic Partnership Agreement concluded on 30 December 2011.

The representative of the member China Three Gorges Brasil Energia Ltda. Yinsheng Li has tendered his resignation to the function on 24 December 2019, having the member, on such date, appointed Li Li as its representative in the General and Supervisory Board, to exercise in her own name.

EXECUTIVE BOARD OF DIRECTORS

The Executive Board of Directors is responsible for managing the Company's activities and representing the Company, pursuant to Article 431 of the Companies Code and Article 17 of the Articles of Association and was elected by the shareholders at a General Meeting.

Pursuant to Article 16 (2) of the Articles of Association of EDP, the Executive Board of Directors must have a minimum of five and a maximum of nine members, as per statutory change approved at the Shareholders' General Meeting on 5 April 2018 which increased the maximum number from eight up to nine members.

The members of the Executive Board of Directors may not exercise executive functions in more than two companies not integrating EDP Group, and the exercise of the referred functions shall be subject to prior appraisal by the Executive Board of Directors, according to Article 6 of the Internal Regulation of such body.

At the Shareholders' General Meeting that took place on 5 April 2018, the following members of the Executive Board of Directors were elected for the mandate of the 2018-2020 triennium:

EXECUTIVE BOARD OF DIRECTORS		FIRST APPOINTMENT DATE
CHAIRMAN	**ANTÓNIO LUÍS GUERRA NUNES MEXIA**	**30/03/2006**
	João Manuel Manso Neto	30/03/2006
	António Fernando Melo Martins da Costa	30/03/2006
	João Manuel Veríssimo Marques da Cruz	20/02/2012
	Miguel Stilwell de Andrade	20/02/2012
	Miguel Nuno Simões Nunes Ferreira Setas	21/04/2015
	Rui Manuel Rodrigues Lopes Teixeira	21/04/2015
	Maria Teresa Isabel Pereira	05/04/2018
	Vera de Morais Pinto Pereira Carneiro	05/04/2018

Members elected at the General Meeting of March 30, 2006 to hold office from June 30, 2006, date of entry into force of new Articles of Association of the Company and the two-tier corporate governance model

18. INDEPENDENT MEMBERS OF THE EXECUTIVE BOARD OF DIRECTORS AND GENERAL AND SUPERVISORY BOARD

EDP's Articles of Association (Article 9 (1), Article 10 (1), Article 11 (2) (d), Article 21 (4), Article 22 (1) (a), Article 23 and Article 27) and the Internal Regulation of the General and Supervisory Board (Article 8), both available on its website (www.edp.com), lay down the rules on independence and incompatibilities for members of any of the Company's corporate bodies.

The criteria of independence set out in EDP's Articles of Association are in line with those laid down in 414 (5) of the Companies Code and determine that independence means an absence of direct or indirect relations with the Company or one of its bodies and an absence of any circumstances that might affect impartiality of analyses or decisions, e.g. because the people in question own or are acting on behalf of owners of a qualifying shareholding of 2% (two percent) or more of the share capital of EDP or have been re-elected for more than two terms of office continuously or intermittently.

Pursuant to Article 9 (1) of EDP's Articles of Association, independence is "absence of direct or indirect relations with the Company or one of its bodies and an absence of any circumstances that might affect impartiality of analyses or decisions, e.g. because the people in question own or are acting on behalf of owners of a qualifying shareholding of 2% (two percent) or more of the share capital of EDP or have been re-elected for more than two continuous or intermittent mandates".

In view of the need to clarify the aforementioned Article 414 (5) of the Company Code, as there are diverging legal opinions, *Associação de Emitentes de Valores Cotados em Mercado* ("AEM") requested an opinion from the CMVM , whose opinion was that the capacity as independent is only lost if, "on the basis of the criterion of number of terms of office, in a situation likely to affect his/her impartiality in analyses or decisions if the members of the supervisory bodies of public limited companies, having been elected for a first term of office and re-elected continuously or intermittently for a second and third term, are re-elected (for the third time, therefore) for a fourth term of office."

Pursuant to its Internal Regulation, the General and Supervisory Board has in place a specific procedure regarding compliance with a large number of rules on incompatibilities and independence applicable to positions on this board (Articles 7 and 8 of the General and Supervisory Board Internal Regulation). This procedure includes the following aspects:

- Acceptance of a position as member of the General and Supervisory Board is subject to a written statement setting out specifically (i) the inexistence of any incompatibility under the law or Articles of Association; (ii) compliance with the independence requirements set out in its Internal Regulation, if the person has been elected as an independent member; (iii) the members' obligation to report to the Chairman of the General and Supervisory Board or, for the Chairman, directly to the board any subsequent event that might generate incompatibility or loss of independence;

- Every year, the members of the General and Supervisory Board must renew their statements as to the inexistence of incompatibility and, if applicable, the compliance with the independence requirements.

Also every year, the General and Supervisory Board conducts a general assessment of compliance with the rules of incompatibility and independence by its members.

At the same time, the Internal Regulation of the General and Supervisory Board has broadened the independence criteria applicable to its members, going beyond the provisions of Article 414 (5) of the Companies Code and Article 9 of EDP's Articles of Association, and so people who directly or through their spouse or relative or similar in a straight line and to the collateral third degree, inclusive, are in one of the following situations cannot have independent status:

- Being holder, director, having contractual ties or acting on behalf or on the account of owners of a qualifying shareholding of 2% (two percent) or more of the share capital or voting rights in EDP or the same percentage in a company of which it is a subsidiary;

- Being a holder, director, having contractual ties or acting on behalf or on the account of owners of a qualifying shareholding of 2% (two percent) or more of the share capital or voting rights in a company that is a competitor of EDP;

- Having been re-elected for more than two consecutive or non-consecutive terms of office;

- Having exercised for twelve years, on a consecutive or non-consecutive basis, functions in any corporate body of the Company exception made to, from the end of its functions in any body and its new appointment, at least a three-year period has elapsed;

- Having, in the last three years, provided services or had a significant commercial relation with the Company or one of its Subsidiaries; and,

- Being a remuneration beneficiary paid by the Company or one of its Subsidiaries other than the remuneration deriving from the execution of its functions as a member of the General and Supervisory Board.

The rules of independence covering members of the General and Supervisory Board are particularly important regarding the following requirements:

- The board must consist of a majority of independent members (Article 434 (4) and Article 414 (5) and (6) of the Companies Code and Article 21 (4) of EDP's Articles of Association);
- The Financial Matters Committee/Audit Committee is entirely composed of independent members of the General and Supervisory Board (Article 23 (2) of EDP Articles of Association and Article 3 (1) of the Financial Matters Committee/Audit Committee's Internal Regulation);
- The Remuneration Committee of the General and Supervisory Board must comprise a majority of independent members (Article 27 (1) and Article 28 of the Articles of Association (1) (b) of the General and Supervisory Board's Internal Regulation).

In compliance with the above procedure, at the start of their terms of office, the members of the General and Supervisory Board stated that they were not in any of the situations of incompatibility set out in the Companies Code (Article 414-A (1) (a) to (e), (g) and (h) (ex vi Article 434 (4)) and Article 437 (1)) or under Article 9 (1), Article 10 (1), article 11 (2) (d) and Article 21 (4) of the Articles of Association and, where applicable, that they complied with the independence requirements of the Internal Regulation of the General and Supervisory Board. Of the incompatibility situations for the exercise of the role of member of the General and Supervisory Board, pursuant to the Article 414-A of the Companies' Code, it is considered the exercise of functions of administration or supervisory in five companies. Therefore, one may not be elected or designated a member of the General and Supervisory Board if holds office of administrator or supervisor in five companies.

At the end of 2019, the members of the outgoing General and Supervisory Board renewed their statements on incompatibilities and independence.

The above statements are available to the public on EDP's website, at www.edp.com.

The independent members of the General and Supervisory Board are shown in the chart in Item 17 above.

19. QUALIFICATIONS OF THE MEMBERS OF THE GENERAL AND SUPERVISORY BOARD AND EXECUTIVE BOARD OF DIRECTORS

See Annex I of this Report.

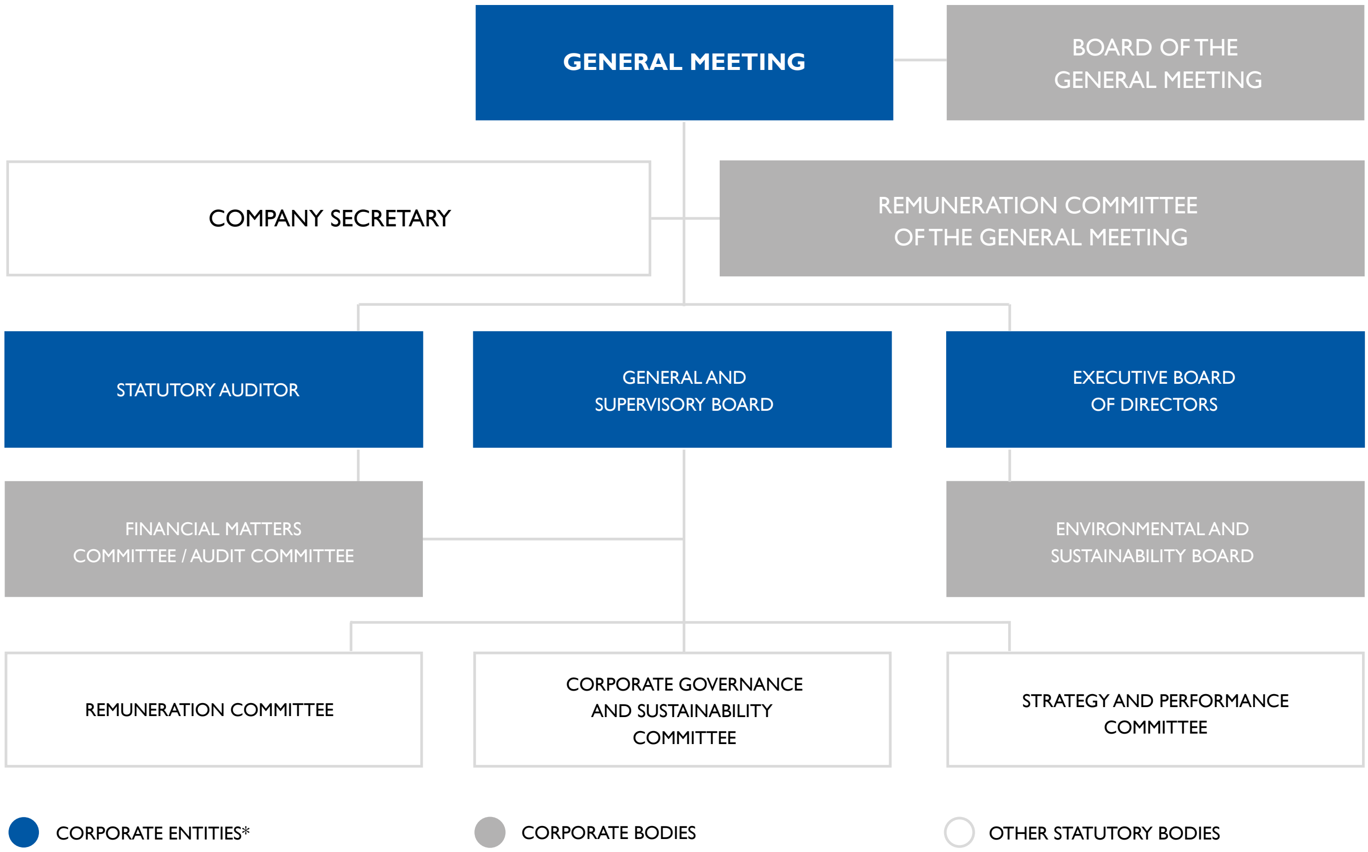
20. FAMILY, WORK-RELATED AND BUSINESS RELATIONSHIPS OF THE MEMBERS OF THE GENERAL AND SUPERVISORY BOARD AND EXECUTIVE BOARD OF DIRECTORS WITH SHAREHOLDERS OWNING A QUALIFYING SHAREHOLDING OF OVER 2% OF THE VOTING RIGHTS

As for the General and Supervisory Board, there are professional relationships between Board members and shareholders attributed a qualifying holding of more than 2% of voting rights, as described below:

- The members of the General and Supervisory Board Dingming Zhang, Shengliang Wu, Ignacio Herrero Ruiz, Eduardo de Almeida Catroga and Li Li are managers of China Three Gorges Corporation which, through its subsidiary China Three Gorges (Europe), S.A., had, on 31 December 2019, a 23.27% shareholding in EDP;
- The member of the General and Supervisory Board Fernando Masaveu Herrero is chairman of the management body of Masaveu International, S.L. which owns 55.9% of Oppidum, S.L., a company with a 7.19% shareholding in EDP. Fernando Masaveu Herrero is also chairman of the administration body of Oppidum, S.L.;
- The member of the General and Supervisory Board Felipe Fernández Fernández is a manager of Liberbank, S.A. which owns 44.1% of Oppidum, S.L., a company with a 7.19% shareholding in EDP;
- The member of the General and Supervisory Board Karim Djebbour is a manager of Société National pour la Recherche, la Production, le Transport, la Transformation et la Commercialisation des Hydrocarbures (Sonatrach) which has a 2.38% shareholding in EDP;
- The member of the General and Supervisory Board Mohammed Issa Khalfan Alhuraimel Alshamsi is a manager of Mubadala Investment Company which wholly owns Senfora, BV, a company that had on, 31 December 2019, a 2.10% shareholding in EDP;

- The member of the General and Supervisory Board Nuno Manuel da Silva Amado is a manager of Banco Comercial Português S.A. which holds indirectly a 2.07% shareholding in EDP.

21. ORGANISATION CHART, DELEGATION AND DIVISION OF POWERS



*CORPORATE ENTITIES ARE ALSO CORPORATE BODIES, PURSUING THE ARTICLE 8 OF EDP'S ARTICLES ASSOCIATION.

POWERS OF THE GENERAL AND SUPERVISORY BOARD

Pursuant to Article 22 of the Articles of Association, the General and Supervisory Board is especially responsible for:

- Permanently monitor the management of EDP and its subsidiaries and provide management advice and assistance to the Executive Board of Directors, particularly with regard to strategy, goals and compliance with the law;
- Issue opinions on the annual report and accounts;
- Permanently oversee the work of the Statutory Auditor and External Auditor and, with regard to the former, issue an opinion on their election or appointment, dismissal, independent status and other relations with the Company;
- Oversee, on a permanent basis, and evaluate internal accounting and auditing procedures, the efficacy of the risk management system, internal control system and internal auditing system, including the way in which complaints and queries are received and processed, whether originating from employees or not;
- Propose to the General Meeting the removal from office of any member of the Executive Board of Directors;
- Monitor the definition of criteria and responsibilities required or appropriate for the structures and internal bodies of the Company or Group and their impact and draft follow-up plans;

- Provide for the replacement of members of the Executive Board of Directors in the event of permanent or temporary absence, as required by law;
- Issue an opinion on their annual vote of confidence in the directors set out in Article 455 of the Company Code, on its own initiative or when requested to do so by the CEO;
- Monitor and assess matters of corporate governance, sustainability, internal codes of ethics and conduct and compliance with these codes and systems for appraising and resolving conflicts of interest, including those associated with the Company's relations with its shareholders, and issue opinions on these matters;
- Obtain the financial or other resources that it reasonably deems necessary for its work and ask the Executive Board of Directors to take any measures or make any corrections that it considers pertinent, with the power to hire independent consultants, if necessary;
- Receive regular information from the Executive Board of Directors on significant business relations between the Company or its subsidiaries and shareholders with a qualifying holding and persons related to them;
- Appoint the Remuneration Committee and Financial Matters Committee/Audit Committee;
- Represent the Company in its relations with the directors;
- Supervise the work of the Executive Board of Directors;
- Oversee compliance with the law and Articles of Association;
- Select and replace the Company's External Auditor, giving the Executive Board of Directors instructions for engagement or dismissal;
- Monitoring the bookkeeping, accounts and supporting documents and the status of any assets or securities held by the Company, as and when it deems appropriate;
- Supervise the preparation and disclosure of financial information;
- Call the General Meeting when it deems appropriate;
- Approve its Internal Regulation, which includes rules on relations with the other corporate bodies;
- Exercise any other powers that may be granted by law, the Articles of Association or by the General Meeting.

Under the corporate governance model in place at EDP, the General and Supervisory Board also has a power of particular importance. Although it does not have management powers, pursuant to Article 442 (1) of the Company Code, Article 17 (2) of the Articles of Association lays down that the approval of EDP's strategic plan and performance of the operations indicated below by EDP or its subsidiaries are subject to a prior favourable opinion from this board (see also Article 15 of the Internal Regulation of the General and Supervisory Board):

- Acquisitions and sales of assets, rights or shareholdings of significant economic value;
- Financing operations of significant value;
- Opening and closure of establishments, or important parts thereof, and substantial extensions or limitations of Company activity;
- Other transactions or operations of significant economic or strategic value;
- Formation or termination of strategic partnerships or other forms of lasting cooperation;
- Plans for splits, mergers or conversions;
- Amendments to the Articles of Association, including changes of registered office and share capital increases when on the Executive Board of Directors' initiative;

The Chairman of the General and Supervisory Board is granted particular powers, and, pursuant to Article 5 of the General and Supervisory Board Internal Regulation, is responsible for:

- Convening and presiding over meetings of the General and Supervisory Board;
- Representing the General and Supervisory Board institutionally;
- Coordinating the work of the General and Supervisory Board and ensuring the correct operation of its committees, being entitled to attend any meeting and being kept informed of their activities;
- Proposing to the plenary General and Supervisory Board the members, the Chairman and, when appropriate, the Vice-Chairman of each committee;
- Ensuring that the members of the General and Supervisory Board punctually receive the information they need for their duties;
- Requesting from the Executive Board of Directors relevant information for the General and Supervisory Board and its committees to perform their duties and ensuring that the members of the General and Supervisory Board receive it in good time;
- Taking the necessary measures to ensure that the General and Supervisory Board adequately monitors the activity of EDP and the Executive Board of Directors in particular;
- Monitoring implementation of the General and Supervisory Board's budget and managing the material and human resources assigned to it;
- Ensuring correct implementation of General and Supervisory Board decisions.

The Chairman of the General and Supervisory Board or, in his/her absence or incapacity, a member selected by the board for that purpose, may attend meetings of the Executive Board of Directors whenever s/he sees fit and take part in the discussion of matters to be submitted to the General and Supervisory Board, without having any voting rights pursuant to Article 21 (10) of EDP's Articles of Association.

The members of the Financial Matters Committee/Audit Committee have a duty to attend the meetings of the Executive Board of Directors when the accounts are appraised (see Article 10 of the Financial Matters Committee/Audit Committee Internal Regulation).

Worth also noting that the General and Supervisory Board annually performs:

- A self-assessment of its activity and performance and those of its committees, the conclusions of which are set out in its annual report (see Article 12 of the General and Supervisory Board Internal Regulation);
- An independent assessment of the activity and performance of the Executive Board of Directors, the conclusions of which are submitted to the General Meeting and are presented in an annex to the annual report of the General and Supervisory Board.

EDP, on the initiative of the General and Supervisory Board has voluntarily established a formal, impartial process to assess the activity of this board and of the Executive Board of Directors. Experience of recent years has allowed the General and Supervisory Board to make some changes in the process to make it more effective and efficient. During the 2019 financial year, the method used comprises the following stages:

- Delivery of the collective evaluation process of the General and Supervisory Board, its Specialized Committees and the Executive Board of Directors to an external entity, in order to have individual and face-to-face interviews to the General and Supervisory Board members and support to the filling in and validation of the several evaluation questionnaires supporting documents;
- In the beginning of 2020, each member of the General and Supervisory Board was individually interviewed by specialized consultants, answering to quantitative and qualitative matters, in particular on matters (i) related to the composition, organization and functioning, activity performance of the General and Supervisory Board, relationship between the General and Supervisory Board and the Specialized Committees and other EDP corporate bodies and finally, to self-assess the individual performance of each member as well as (ii) to proceed with the analysis of matters related with the composition, organization of the Executive Board of Directors, its activity performance and the relationship between the Executive Board of Directors and the General and Supervisory Board including to other interlocutors;

- Reports were produced on the General and Supervisory Board evaluation, on its Specialized Committees and on the Executive Board of Directors, which were available for assessment in the General and Supervisory Board meeting;
- In its meeting, the General and Supervisory Board issues its assessment opinions and they are included in this board's annual report;
- At the General Meeting, the Chairman of the General and Supervisory Board presents the board's opinion in the item of the agenda for assessment of the Executive Board of Directors.

POWERS OF THE EXECUTIVE BOARD OF DIRECTORS

The Executive Board of Directors is a collegial body. No director is allowed to represent more than one other director at each meeting.

The powers of the Executive Board of Directors, in accordance with the Article 17 (1) of the Articles of Association, include:

- Setting the goals and management policies of EDP and the EDP Group;
- Drawing up the annual business and financial plans;
- Managing corporate business and undertaking all actions and operations associated with the corporate object that do not fall within the responsibilities of other company bodies;
- Representing the Company in and out of court, actively and passively, with the power to waive, transact and admit guilt in any legal proceedings and make arbitration agreements;
- Buying, selling or by any other means disposing or encumbering rights or immovable assets;
- Setting up companies and subscribing, purchasing, encumbering and selling shareholdings;
- Deciding on the issue of bonds and other securities in accordance with the law and the Articles of Association, in compliance with the annual quantitative limits set by the General and Supervisory Board;
- Establishing the technical and administrative organisation of EDP and the Internal Regulation, particularly in relation to personnel and their remuneration;
- Appointing proxies with such powers as it sees fit, including the power to delegate;
- Appointing the Company Secretary and alternate;
- Hiring and dismissing the External Auditor on recommendation of the General and Supervisory Board;
- Exercising any other powers that may be granted to it by law or by the General Meeting;
- Establishing its own Internal Regulation.

Proposals to amend EDP's Articles of Association regarding share capital increases submitted by the Executive Board of Directors require a favourable prior opinion from the General and Supervisory Board, pursuant to Article 17 (2) (g) of the Articles of Association.

The Chairman of the Executive Board of Directors sends the Chairman of the General and Supervisory Board the notices of meetings, support documents and minutes of the meetings and, on request, provides appropriate, timely information, which is accessible to all the members of the General and Supervisory Board.

When so requested by other members of the corporate bodies, the Executive Board of Directors also provides all the required information in a timely and appropriate fashion. There is an information sharing portal for the Executive Board of Directors and General and Supervisory Board, which is accessible to all their members.

The Chairman of the Executive Board of Directors is granted particular powers by Article 18 of the Articles of Association. These powers are:

- Representing the Executive Board of Directors;
- Coordinating the work of the Executive Board of Directors and convening and presiding over its meetings;
- Ensuring proper execution of the decisions of the Executive Board of Directors.

The Chairman of the Executive Board of Directors is entitled to attend the meetings of the General and Supervisory Board, whenever considered appropriate, except when these concern decisions on the supervision of the work of the Executive Board of Directors and, in general, any situations that may involve a conflict of interest, pursuant to Article 18 (2) of the Articles of Association.

In the Executive Board of Directors there is a functional division of management areas to each of its members. The college of directors is responsible for making decisions on all matters within its remit. Delegated powers are not granted to directors individually, because of the board's particular nature.

As previously explained, the activity and performance of the Executive Board of Directors are assessed continuously and independently by the General and Supervisory Board on an annual basis.

On 31 December 2019, the assignment of Corporate Departments and Business Units to the members of the Executive Board of Directors was the following:

EXECUTIVE BOARD OF DIRECTORS

ANTÓNIO MEXIA

CORPORATE DEPARTMENTS

CORPORATE GOVERNANCE SUPPORT AREA
- Office of the Chairman of the Executive Board of Directors
- Internal Audit Department

STRATEGIC AREA
- Business Analysis Department

RESOURCES AREA
- PEX - *People Experience Unit*
- T&T - *Transformation and Talent Unit*
- EDP University

BRAND AND COMMUNICATION AREA
- Brand, Marketing and Communication Coordination Department
- Institutional Relations and Stakeholders Department

BUSINESS UNITS

CORPORATE SUPPORT
- EDP – Sucursal en España

BUSINESS
- EDP Inovação

JOÃO MANSO NETO

STRATEGIC AREA
- Energy Planning Department
- Markets and Regulation Department
- Studies and Competition Department

BUSINESS
- UNGE – Energy Management Business Unit
- EDP Renováveis (and respective subsidiaries)

ANTÓNIO MARTINS DA COSTA

CORPORATE GOVERNANCE SUPPORT AREA
- Office of the Ethics Ombudsman

STRATEGIC AREA
- Risk Management Department
- Sustainability Department

RESOURCES AREA
- Digital Global Unit

JOÃO MARQUES DA CRUZ

BUSINESS
- EDP Distribuição
- EDP Internacional (and respective subsidiaries)
- Labelec
- EDP International Investment and Services SL

MIGUEL STILWELL DE ANDRADE

STRATEGIC AREA
- Business Analysis Department

FINANCIAL AREA
- Financial Management Area
- Consolidation, IFRS Reporting Global Coordination Department
- Management Planning and Control Department
- Investor Relations Department

SHARED SERVICES
- Energia Re
- EDP Finance BV

MIGUEL SETAS

RESOURCES AREA
- PEX - *People Experience Unit*
- T&T - *Transformation and Talent Unit*
- EDP University

BUSINESS
- EDP Brasil (and respectivesubsidiaries)

SHARED SERVICES
- Sãvida

RUI TEIXEIRA

BUSINESS
- EDP Produção (and respective subsidiaries)
- EDP España (and electricity sector subsidiaries)

MARIA TERESA PEREIRA

CORPORATE GOVERNANCE SUPPORT AREA
- General Secretariat
- Legal Office Department
- Internal Audit Department
- Compliance Department

SHARED SERVICES
- EDP Global Solutions
- EDP Real Estate GS
- EDP - Estudos e Consultoria

VERA PINTO PEREIRA

BUSINESS
- EDP Comercial
- EDP Serviço Universal
- EDP Gás Serviço Universal

SHARED SERVICES
- EDP Soluções Comerciais

● CORPORATE AREAS ○ MANAGEMENT AREAS

EDP'S FUNCTIONAL STRUCTURE

GROUP'S ORGANISATIONAL MODEL

The Executive Board of Directors is responsible for defining the EDP Group's organisational model and splitting competences among the different Business Units, the Shared Services companies (EDP Global Solutions - Gestão Integrada de Serviços, S.A. and EDP Real Estate Global Solutions – Imobiliária e Gestão de participações, S.A.) and the central structure. This structure consists of a Corporate Centre that provides assistance to the Executive Board of Directors in defining and monitoring the execution of strategies, policies and goals.

Apart from the Corporate Centre, EDP has Business Units, allowing for optimisation and greater efficiency of the organisational structure.

The Executive Board of Directors is also assisted by specialised committees, which ensure more effective monitoring of matters and contribute to the decision-making process.

Corporate Centre

CORPORATE CENTRE • BUSINESS UNITS	
OFFICES	
Corporate Governance Support Area	
General Secretariat	Rita Ferreira de Almeida
Legal Office Department	Alexandra Cabral
Office of the Chairman of the Executive Board of Directors	Teresa Lobato
Internal Audit Department	Azucena Viñuela Hernández
Compliance Department	Rita Sousa
Office of the Ethics Ombudsman	Maria Manuela Silva
Strategic Area	
Energy Planning Department	Ana Margarida Quelhas
Business Analysis Department	Pedro Vasconcelos
Risk Management Department	António Castro
Markets and Regulation Department	Maria Joana Simões
Studies and Competition Department	Ricardo Ferreira
Sustainability Department	António Castro
Financial Area	
Financial Management Department	Paula Guerra
Consolidation, IFRS Reporting Global Coordination Department	Miguel Ribeiro Ferreira
Management Planning and Control Department	João Gouveia Carvalho
Investor Relations Department	Miguel Henriques Viana
Resources Area	
Digital Global Unit	José Ferrari Careto
People Experience Unit	Paula Carneiro
Transformation & Talent Unit	Martim Salgado
EDP University	Carlos Mata
Marketing and Communication Area	
Brand, Marketing and Communication Coordination Department	Paulo Campos Costa
Institutional Relations and Stakeholders Department	Ana Sofia Vinhas
Business Units	
Energy Management Business Unit	Pedro Neves Ferreira

The current departments and their duties are as follows:

The **General Secretariat** provides administrative and logistical assistance to the Executive Board of Directors and harmonisation of the corporate governance policies within the Group.

The **Legal Office Department** provides legal advice to EDP and to EDP Group's companies with their head offices in Portugal, in order to ensure the effective operation of the Corporate Centre, compliance with applicable legislation.

The **Office of the Chairman of the Executive Board of Directors** assists the CEO in all matters within his/her remit in order to help maximise the effectiveness of decisions and instructions.

The mission of the **Internal Audit Department** is to conduct internal audits as an independent and objective assurance and consulting activity and contribute to improve the processes of risk management, control and governance.

The **Compliance Department** is responsible for promoting and coordinating the implementation of Compliance mechanism within the Group aiming to improve and protect the value and the operations of the Group and contribute to improve the risk management procedures, control and governance of EDP Group and ensure the implementation of the Internal Financial Reporting Control System (SCIRF).

The **Ethics Ombudsman's Office** is responsible for supporting the General and Supervisory Board and the Executive Board of Directors regarding the definition, communication, implementation and assessment of objectives, policies and management instruments of corporate ethics. Additionally, it manages the processes of claims of ethical nature, regarding the commitments established concerning confidentiality and protect rights associated with these procedures.

The mission of the **Energy Planning Department** is to coordinate studies for the Group's energy portfolio development strategy in order to assist the Executive Board of Directors in building an integrated view of the portfolio and contributing to the planning of its development in the different regions in which EDP operates.

The **Business Analysis Department** coordinates studies to assist with the Group's overall business strategy and performs development operations via investments, divestitures and/or partnerships in order to assist the Executive Board of Directors in optimising EDP's business portfolio and promoting and taking new business opportunities.

The **Risk Management Department** coordinates studies to assess the Group's risk, in order to assist the Executive Board of Directors in monitoring and mitigating risk and to supply integrated analyses of return-risk.

The **Regulation and Markets Department** studies and executed the regulatory strategy of the sector essentially in Portugal but also with Mibel, coordinates projects on energy regulation for the Group, with the aim of supporting the Executive Board of Directors in decision-making and ensuring regulatory compliance by the companies covered.

The **Studies and Competition Department** coordinates studies within a strategic context within the regulatory and competition framework, with the aim of providing the Executive Board of Director in the development of a global vision on a legal and market level as well as to coordinate litigation actions on such fields.

The **Sustainability Department**'s mission is to analyse, propose and guarantee the Group's sustainability strategy in order to assist the Executive Board of Directors in policies and goals and to ensure their implementation.

The remit of the **Financial Management Department** is to propose and implement the Group's financial management policy and analyse and monitor management of its pension fund in order to optimise and guarantee financial sustainability and control financial liabilities in accordance with Group policy.

The **Consolidation, IFRS Reporting and Taxation Global Coordination Department** is in charge of the Group's IFRS reporting in order to ensure compliance with deadlines and accounting and tax processing that is appropriate and consistent in operations at all the Group companies.

The **Management Planning and Control Department** is responsible for the Group's management planning and oversight, to ensure alignment with strategic goals and monitor implementation of the business plan.

The **Investor Relations Department** communicates with analysts and investors in Group companies to ensure the sustainability of EDP's image and reputation and fulfil the information requirements of regulators and financial supervisors.

The **Digital Global Unit** is in charge of managing the Group's information and communication systems in the Iberian Peninsula and analysing and proposing the Group's ICT strategy in order to align it with the strategy and create value by providing solutions that foster efficacy, efficiency and innovation in EDP's processes.

The **People Experience Unit** proposes to design the People Management strategy of EDP Group, aligned with the Transformation and Talent Unit, and ensure the implementation of transversal policies and procedures, with the objective to promote outstanding experiences to all employees, contributing therefore to the sustainability of the business.

The **Transformation and Talent Unit** is responsible to propose and ensure, aligned with the People Experience Unit, the execution of the transformation strategy and talent management of EDP group employees, in line with the culture of EDP Group, in order to contribute for the sustainability of the business and reinforce the reference profile of EDP Group.

EDP University assures availability, retainment and sharing of knowledge in the Group in order to reinforce a common culture, foster employees' vocational development and facilitate the appearance of new talents and full use of their skills.

Brand, Marketing and Communication Global Coordination Department, whose competences are analyse, propose, coordinate and assure a strategy of global communication for EDP Group, aimed at maximising the value of the brand through a unique vision of the positioning of communication, independently of operating areas or geographies.

The **Institutional Relations and Stakeholders** assures an integrated and consistent narrative with EDP's stakeholders, aligned with the adopted vision and strategy, aimed at maximizing the potential of communication with stakeholders and in order to contribute to a fluid and systematized information regarding EDP and its actions.

The **Energy Management Business Unit** (UNGE) is responsible for negotiating physical and forward purchases of fuel and contracting transport on behalf of the appropriate EDP Group companies. It is also responsible for spot and forward purchases and sales in the electricity market of a physical or financial nature, such as energy derivatives and foreign exchange operations. It also decides on operation and dispatch programs for the EDP Group power stations whose energy management is its responsibility in order to optimise its portfolio and supply energy to customers of the EDP Group's retailers. It also manages the EDP Group's CO2 allowance operations and green certificates.

SPECIFIC EDP COMMITTEES (FUNCTIONAL STRUCTURES)

The EDP organizational model provides for management committees that contribute in two ways to the Company's decision-making process:

- They input information to assist the Executive Board of Directors in its decision-making reflecting opinions and information from the areas in the organisation most affected by the proposal in question;
- They are used by an organisational unit (belonging to the Corporate Centre, a Business Unit or shared service unit to assist in gathering information, alignment, decisions and implementation of policies and practices with an impact on a number of areas in the organization.

Considering the principle of continuous improvement that the EDP Group follows and the committees' importance in the Group's organizational model, the Executive Board of Directors approved, on 27 February 2019, a change in structure of the committees and appointed its members.

On 31 December 2019, the Committees structure configuration was as follows:

STRATEGIC CORPORATE COMMITTEES	FUNCTIONAL CORPORATE COMMITTEES	BUSINESS COMMITTEES
Risk Committee	Innovation Committee	Generation Committee
Sustainability Committee	Ethics Committee	Distribution Networks Committee
Energy Planning Committee	Information Disclosure Committee	Iberian Commercial Committee
Investments Committee	Stakeholders Committee	
Regulation Committee	Procurement Committee	
Prices and Volumes Committee	Accident Prevention and Safety Committee	
Iberian Commercial and Market Committee	Pension Plan and Fund Management Committee	

Corporate Development Committee
Human Resources and Diversity Committee
Digital and Information Technology Committee
Compliance Committee

I - STRATEGIC CORPORATE COMMITTEES

RISK COMMITTEE

The main duties of the Risk Committee are:

- Share information on the EDP Group's key risks and risk profile;
- Discuss the result of significant risk assessment projects undertaken in conjunction with the Business Units;
- Discuss and issue opinions or recommendations on policies, procedures, significant risks, risk limits and extraordinary risk situations;
- Promote and monitor maintenance of the inventory of the most significant risks (risk portal);
- Approve the periodical reporting model to be submitted by the Business Units or the Risk Management Department and other mechanisms for reporting and monitoring EDP's risks.

The Risk Committee's membership is as follows:

RISK COMMITTEE
CHAIRMAN: CHAIRMAN EBD
Secretary: Head of CC Risk Management
Member EBD (besides the Chairman):
Member EBD (Renewables, Regulation, Comp., Energy Plann. and UNGE Area)
Member EBD (IT, Organ. Develop., Sustainability, Risk and Ethics Area)
Member EBD (Financial Area)
Member EBD (HR, Sãvida and Brazil Area)
Member EBD (Generation and Spain Area)
CC and BU members (besides the Secretary):
Head of CC Energy Planning
Head of CC Financial Management
Head of CC Regulation and Markets
Head of UNGE
Head of CC Management Planning and Control
Ad-hoc members:
Board Member of EDP Produção
Board Member of EDP Distribuição
Board Member of EDP Comercial
Board Member of EDP Internacional
Board Member of EDP Global Solutions
General Management of EDP España
Rep. EDP Renováveis
Rep. EDP Energias do Brasil

The Risk Committee held three meetings in 2019.

SUSTAINABILITY COMMITTEE

The Sustainability Committee's responsibilities are as follows:

- Share information and discuss the implications of major legislative packages in the field of sustainability;
- Share the Group's environmental performance indicators and benchmarks;
- Discuss and give opinions on the annual Operational Environment and Sustainability Plans (POSA) and the annual consolidated budget;
- Discuss and give opinions on the annual action plans and the EDP Group's goals and targets;
- Monitor the progress of approved action plans and the activities of the EDP Group companies' sustainability management structures.

The Sustainability Committee's membership is as follows:

SUSTAINABILITY COMMITTEE
CHAIRMAN: CHAIRMAN EBD
Secretary: Head of CC Sustainability
Members of EBD (besides the Chairman):
Member EBD (IT, Organ. Develop., Sustainability, Risk and Ethics Area)
CC and BU members (besides the Secretary):
Board Member of EDP Produção (Envir. and Sustainability Area)
Board Member of EDP Distribuição (Envir. and Sustainability Area)
Board Member of EDP Sol. Comerciais (Envir. and Sustainability Area)
Board Member of EDP Global Solutions (Envir. and Sustainability Area)
Board Member of EDP Inovação
Head of CC Risk Management
Head of CC Investors Relation
Head of CC People Experience Unit
Head of CC Universidade EDP
Head of CC Brand, Marketing and Communication Global Coord.
Head of CC Institutional Relations and Stakeholders
Head of CC Energy Planning
Rep. CC Risk Management
Rep. Fundação EDP
Rep. EDP España (Envir., Sust. and Stakeholders)
Rep. EDP Comercial
Rep. EDP Renováveis
Rep. EDP Energias do Brasil
Rep. Fundación EDP
Rep. UNGE

The Sustainability Committee held one meeting in 2019.

ENERGY PLANNING COMMITTEE

The main tasks of the Energy Planning Committee are:

- Share up-to-date information on the different markets and businesses in which the EDP Group operates (Iberia, wind, Brazil) and the performance of its portfolio in these geographies;

- Analyse the impact of energy and environment policies, as well as different regulatory frameworks with reference to the planning of the sector and portfolio of EDP;
- Inform and propose about stances on several matters regarding strategic planning.

The Energy Planning Committee's membership is as follows:

ENERGY PLANNING COMMITTEE
CHAIRMAN: CHAIRMAN EBD
Secretary: Head of CC Energy Planning
Members of EBD (besides the Chairman):
Member EBD (Renewables, Regulation, Comp., Energy Plann. and UNGE Area)
Member EBD (Financial Area)
Member EBD (HR, Sãvida and Brazil Area)
Member EBD (Generation and Spain Area)
Member EBD (Trading Area)
CC and BU members (besides the Secretary):
Board Member of EDP Produção
Board Member of EDP Distribuição
Board Member of EDP Comercial
Board Member of EDP Renováveis
General Management of EDP España
Head of CC Business Analysis
Head of CC Management Planning and Control
Head of CC Regulation and Markets
Head of CC Studies and Competition
Head of CC Risk Management
Head of CC Sustainability
Head of CC Investors Relation
Head of UNGE
Rep. EDP Renováveis (Regulation and Markets)
Rep. EDP Energias do Brasil (Energy Planning)
Rep. EDP España (Regulation)
Ad-hoc members:
Board Member of EDP Internacional
Board Member of EDP Inovação

The Energy Planning Committee held one meeting in 2019.

INVESTMENTS COMMITTEE

The Investments Committee discusses and issues opinions on proposed investment and disinvestment projects and WACC proposals for the Business Units.

The Investments Committee's membership is as follows:

INVESTMENTS COMMITTEE
CHAIRMAN: MEMBER EBD (ÁREA FINANÇAS)
Secretary: Rep. CC Business Analysis
CC and BU members (besides the Secretary):

Head of CC Business Analysis
Head of CC Management Planning and Control
Head of CC Energy Planning
Head of CC Risk Management
Ad-hoc members:
Head of CC Consolidation, IFRS Report and Tax Global Coordination
Head of CC Investors Relation

The Investments Committee held seventy-five meetings in 2019

REGULATION COMMITTEE

The remit of the Regulation Committee is as follows:

- Share regulatory practices in the Iberian Peninsula and the rest of Europe and those followed in Brazil;
- Analyse the European Commission's energy strategy and policies and the implementation of directives by the internal market and the competition and policies, legislation, regulations and organisation of the energy sectors in Portugal and Spain;
- Analyse prices evolutions and the implications of tariff policies and decisions on regulated activities;
- Discuss and clarify the regulatory developments and modification, as well as the respective impacts.

The Regulation Committee's membership is as follows:

REGULATIONS COMMITTEE
CHAIRMAN: MEMBER EBD (RENEWABLES, REGULATION, COMP., ENERGY PLANN. AND UNGE AREA)
Secretary: Head of CC Regulation and Markets
Members of EBD (besides the Chairman):
Member EBD (Distribution, International and Labelec Area)
Member EBD (Trading Area)
CC and BU members (besides the Secretary):
Board Member of EDP Distribuição
Board Member of EDP Energias do Brasil
Board Member of EDP Energias do Brasil
Board Member of EDP Comercial
Board Member of EDP Serviço Universal
Board Member of EDP Produção
Board Member of EDP Gás SU
Board Member of EDP Soluções Comerciais
Rep. Cabinet of the EBD Chairman
Head of CC Energy Planning
Head of CC Management Planning and Control
Head of CC Institucional Relations and Stakeholders
Head of CC Investors Relation
Head of CC Business Analysis
Head of UNGE
Rep. UNGE (Regulation)
Rep. EDP España (Regulation)
Rep. EDP Distribuição (Regulation)
Rep. EDP Comercial
Rep. EDP Energias do Brasil (Regulation)
Rep. EDP Renováveis (Regulation and Markets)
Rep. CC Studies and Competition
Rep. CC Regulation and Markets
Rep. EDP Serviço Universal (Regulation)
Rep. EDP Produção

Rep. EDP Gás SU
Rep. European Compliance Project
Rep. CC Risk Management
Rep. CC Investors Relation

The Regulation Committee held nine meetings in 2019.

PRICES AND VOLUMES COMMITTEE

The Prices and Volumes Committee's main duties are:

- Share relevant, up-to-date information on recent developments in the Iberian electricity and gas markets;
- Discuss and align historical information and forecasts shared by business areas;
- Issue an opinion on the forward curve representing the EDP Group's best estimate on the growth of the wholesale market for a one to two-year horizon;
- Propose adjustments to management of the Iberian wholesale margin (in terms of risk coverage, commercial activity, placement of gas contracts, etc).

The Prices and Volumes Committee's membership are as follows:

PRICES AND VOLUMES COMMITTEE
CHAIRMAN: MEMBER EBD (RENEWABLES, REGULATION, COMP., ENERGY PLANN. AND UNGE AREA)
Secretary: Head of CC Energy Planning
Members of EBD (besides the Chairman):
Member EBD (Financial Area)
Member EBD (Generation and Spain Area)
Member EBD (Trading Area)
CC and BU members (besides the Secretary):
Board Member of EDP Produção (Regulation and Markets)
Board Member of EDP Produção (Spain)
Board Member of EDP Comercial (B2C)
Board Member of EDP Comercial (B2B)
Board Member of EDP Comercial (New Downstream)
Board Member of EDP Renováveis
General Management of EDP España
Head of CC Risk Management
Head of CC Management Planning and Control
Head of CC Regulation and Markets
Head of CC Studies and Competition
Head of CC Business Analysis
Head of CC Investors Relation
Head of UNGE
Head of DMB UNGE
Head of DME UNGE
Rep. EDP España (Regulation)
Rep. EDP España (Projects)
Rep. EDP España (Gas Supply)
Rep. EDP Produção (Planning and Control)
Rep. EDP España (Planning, Control and Trading Business Development)
Rep. EDP Renováveis (Regulation and Markets)
Rep. EDP Produção (Regulation and Markets)

The Prices and Volumes Committee held four meetings in 2019.

MARKET AND COMMERCIAL IBERIAN COMMITTEE

The Market and Commercial Iberian Committee's responsibilities are as follows:

- Share information on the energy trading market and Iberian business for the supply of electricity, gas and services in all market segments (purchase of natural gas, gas sales balance sheet, customer losses, prices, competition, etc);
- Analyse the market situation and competitiveness of prices in the different electricity and gas market in segments Portugal and Spain;
- Propose preferential segments for the placement of gas and price policies in different segments, strategies for gas auctions, gas placement or purchase goals in gas trading, measures to retain strategic customers, adaptation or correction of current commercial policies and setting or revision of intra-group transfer prices;
- Monitor the implementation of the above measures.

The Market and Commercial Iberian Committee's membership are as follows:

MARKET AND COMMERCIAL IBERIAN COMMITTEE
CHAIRMAN: MEMBER EBD (RENEWABLES, REGULATION, COMP., ENERGY PLANN. AND UNGE AREA)
Secretary: Head of UNGE
Members of EBD (besides the Chairman):
Member EBD (Generation and Spain Area)
Member EBD (Trading Area)
CC and BU members (besides the Secretary):
Board of Directors of EDP Comercial
Board Member of EDP Serviço Universal
General Management of EDP España (Trading)
Rep. UNGE (Trading)
Rep. UNGE (Supplies)
Rep. UNGE (Middle and Backoffice)
Rep. UNGE (Electricity Markets)
Rep. EDP España (Sales B2B)
Rep. EDP España (Marketing and Sales B2C)
Rep. EDP España (Planning, Control and Trading Business Development)
Rep. EDP Comercial (Sales B2B)
Rep. EDP Comercial (Energy Management)
Rep. EDP Sucursal Espanha

The Market and Commercial Iberian Committee held ten meetings in 2019.

II - FUNCTIONAL CORPORATE COMMITTEES

INNOVATION COMMITTEE

The responsibilities of the Innovation Committee are as follows:

- Discuss and propose strategic areas of innovation in the EDP Group;
- Follow the governance model and EDP's innovation results Discuss and propose changes;
- Monitor the EDP Group's ongoing innovation initiatives and EDP Group projects in progress and propose corrective action.

The Innovation Committee's membership is as follows:

INNOVATION COMMITTEE
Chairman: Chairman EBD
Secretary: Board Member of EDP Inovação
Members of EBD (besides the Chairman):
Member EBD (Trading Area)
CC and BU members (besides the Secretary):
Board Member of EDP Produção
Board Member of EDP Distribuição
Board Member of EDP Comercial
Board Member of EDP Energias do Brasil
Board Member of Labelec
General Management of EDP España
Rep. EDP Renováveis (Technical Area)
Head of CC Energy Planning
Head of CC Business Analysis
Head of CC Brand, Marketing and Communication Global Coord.
Head of CC Universidade EDP
Rep. EDP España
Rep. Fundação EDP
Ad-hoc members:
Head of CC Sustainability
Head of CC Transformation & Talent Unit
Head of CC Digital Global Unit
Head of CC People Experience Unit

The Innovation Committee held one meeting in 2019.

ETHICS COMMITTEE

The Ethics Committee, which was set up after approval of the EDP Group's Code of Ethics, is appointed by the Corporate Governance and Sustainability Committee of the General and Supervisory Board, on a proposal of the Executive Board of Directors, and its responsibilities are as follows:

- Draft and propose its Internal Regulation to the Corporate Governance and Sustainability Committee of the General and Supervisory Board;
- Submit corporate ethics instruments, policies, goals and targets to the Corporate Governance and Sustainability Committee;
- Receive and examine cases of infringement prepared by the Ethics Ombudsman and issue an opinion on them;
- Issue an opinion, when requested to do so by any of the managing bodies of the EDP Group companies and entities on practices or codes of conduct in the fields of ethics or professional conduct within the framework of specific, legal or regulatory needs;
- Analyse decisions made by the Ethics Committee of EDP Energias do Brasil, S.A. and the Ethics Committee of EDP Renováveis, S.A. referred to it according to 3.3.2 of the Regulations of the Ethics Code;
- Assess the quarterly reports on the EDP Group’s or Business Units performance in implementing the Code of Ethics;
- Annually review the Code of Ethics’ suitability to the EDP Group's needs of and draw up a report, on proposal of the Ethics Ombudsman and the Sustainability Department of the EDP Corporate Centre.

The Ethics Committee's membership is as follows:

ETHICS COMMITTEE
Chairman: Chairman EBD
Secretary: Ethics Ombudsman
Members of EBD (besides the Chairman):
Member EBD (Renewables, Regulation, Comp., Energy Plann. and UNGE Area)
Member EBD (IT, Organ. Develop., Sustainability, Risk and Ethics Area)
Member EBD (Distribution, International and Labelec Area)
Member EBD (Financial Area)
Member EBD (HR, Sãvida and Brazil Area)
Member EBD (Generation and Spain Area)
Member EBD (Global Solutions, Real Estate, Legal Office, GS, Audit and Compliance Area)
Member EBD (Trading Area)
CC and BU members (besides the Secretary):
Board Member of EDP Produção
Board Member of EDP Distribuição
Board Member of EDP Comercial
Board Member of EDP Soluções Comerciais
Board Member of EDP Global Solutions
Board Member of EDP Renováveis
Board Member of EDP Serviço Universal
Board Member of EDP Energias do Brasil
Head of CC People Experience Unit
Head of CC Compliance
Head of CC Digital Global Unit
Head of CC Risk Management
Rep. EDP España

The Ethics Committee held four meetings in 2019.

INFORMATION DISCLOSURE COMMITTEE

The Information Disclosure Committee's has two main duties:

- Analysing and assessing information that is or should be provided periodically by EDP during preparation of reports and other press releases for the market;
- Assessing the mechanisms for monitoring and disclosing information about EDP.

The Information Disclosure Committee's membership are as follows:

INFORMATION DISCLOSURE COMMITTEE
CHAIRMAN: MEMBER EBD (FINANCIAL AREA)
Secretary: Head of CC Investors Relation
CC and BU members (besides the Secretary):
Head of CC General Secretariat
Head of CC Management Planning and Control
Head of CC Financial Management
Head of CC Consolidation, IFRS Report and Tax Global Coordination
Head of CC Brand, Marketing and Communication Global Coord.
Rep. CC Brand, Marketing and Communication Global Coord. (Brand)
Rep. CC Brand, Marketing and Communication Global Coord. (Communication)
Rep. EDP Energias do Brasil (Investors Relation)
Rep. EDP Energias do Brasil (Accounting, Consolidation and Taxation)

Rep. EDP Renováveis (Investors Relation)

The Information Disclosure Committee held one meeting in 2019.

STAKEHOLDERS' COMMITTEE

The duties of the Stakeholders' Committee are as follows:

- Evaluate the alignment and consistency of stakeholder relationship strategies in the different markets and geographical areas where the EDP Group operates;
- Discuss priorities and propose guidelines and a management model for the Group's relations with stakeholders;
- Assess compliance with the Group's stakeholder management policy.

The Stakeholders Committees' membership is as follows:

STAKEHOLDERS COMMITTEE
CHAIRMAN: CHAIRMAN EBD
Secretary: Head of CC Institucional Relations and Stakeholders
Members of EBD (besides the Chairman):
Member EBD (Renewables, Regulation, Comp., Energy Plann. and UNGE Area)
Member EBD (Distribution, International and Labelec Area)
Member EBD (HR, Sãvida and Brazil Area)
Member EBD (Generation and Spain Area)
Member EBD (Trading Area)
CC and BU members (besides the Secretary):
Board Member of EDP Renováveis
Board Member of Fundação EDP
Board Member of EDP Produção
Board Member of EDP Comercial
Board Member of EDP Comercial
Board Member of EDP Soluções Comerciais
Head of CC Energy Planning
Head of CC People Experience Unit
Head of CC Brand, Marketing and Communication Global Coord.
Head of CC Sustainability
Rep. EDP España
Rep. EDP Energias do Brasil
Rep. EDP Renováveis

The Stakeholders' Committee held one meeting in 2019.

PROCUREMENT COMMITTEE

The main responsibilities of the Procurement Committee are:

- Discuss and align strategic guidelines of EDP Group's procurement activity;
- Validate proposals for amendments to policy and the procurement organizational model of the EDP Group;
- Validate the procurement annual plan to be approved by the Executive Board of Directors;
- Promote the alignment of the Business Units regarding procurement, ensuring the articulation between top management teams;

- Propose Sponsors and members of the categories of groups and committees oversee the implementation of optimization strategies of categories;
- Discuss and propose targets for "Performance indicators" and supervise the performance of the procurement activity at global and local level.

The Procurement Committee's membership are as follows:

PROCUREMENT COMMITTEE
CHAIRMAN: MEMBER EBD (FINANCIAL AREA)
Secretary: Rep. EDP Global Solutions (UPG)
Members of EBD (besides the Chairman):
Member EBD (Generation and Spain Area)
Member EBD (Global Solutions, Real Estate, Legal Office, GS, Audit and Compliance Area)
Member EBD (Trading Area)
BU members (besides the Secretary):
Board Member of EDP Produção
Board Member of EDP Distribuição
Board Member of EDP Global Solutions
Board Member of EDP Energias do Brasil
Rep. EDP Renováveis

The Procurement Committee held one meeting in 2019.

PREVENTION AND SAFETY COMMITTEE

The Prevention and Safety Committee has the following main responsibilities:

- Issue an opinion on proposals for setting the EDP Group's goals in terms of prevention and safety at work;
- Analyse the Annual Report and issue an opinion on the EDP Prevention and Safety Action Plan;
- Assess the main occupational safety indicators and propose ways of improving them;
- Issue opinions on the regulatory documents of the safety management system that cover the EDP Group as a whole or cut across different sectors.

The Prevention and Safety Committee's membership is as follows:

PREVENTION AND SAFETY COMMITTEE
CHAIRMAN: MEMBER EBD (IT, ORGAN. DEVELOP., SUSTAINABILITY, RISK AND ETHICS AREA)
Secretary: Rep. CC Sustainability
CC and BU members (besides the Secretary):
Board Member of EDP Produção
Board Member of EDP Distribuição
Board Member of EDP Global Solutions
Board Member of EDP Soluções Comerciais
Board Member of EDP Real Estate
Head of CC Universidade EDP
Head of CC Sustainability
Rep. EDP Comercial
Rep. EDP *Global Solutions* (Occupational Health)
Rep. EDP España
Rep. EDP Energias do Brasil

Rep. EDP Renováveis

The Prevention and Safety Committee held two meetings in 2019.

PENSION PLAN AND FUND COMMITTEE

The Pension Plan and Fund Committee's main responsibilities are:

- Share significant information with an impact on management of the pension fund;
- Analyse the performance of assets under management, fund profitability and management mandates and the performance of the different asset managers;
- Monitor the value of the fund's liabilities and level of financing;
- Issue an opinion on investment policy and/or management mandates, actuarial assumptions used in calculating the fund's liabilities and members' contributions to the fund.

The Pension Plan and Fund Committee's membership is as follows:

PENSION PLAN AND FUND MANAGEMENT COMMITTEE
CHAIRMAN: MEMBER EBD (FINANCIAL AREA)
Secretary: Head of CC Financial Management
CC and BU members (besides the Secretary):
Head of CC People Experience Unit
Head of CC Risk Management
Head of CC Consolidation, IFRS Report and Tax Global Coordination
Rep. CC *People Experience Unit* (Labour Relations)

The Pension Plan and Fund Committee held four meetings in 2019.

CORPORATE DEVELOPMENT COMMITTEE

The Corporate Development Committee's duties are as follows:

- Promote and monitor group-wide programmes arising from the organisational and operational priorities established at the corporate level;
- Promote and analyse organisational benchmark studies;
- Analyse, discuss and issue opinions on proposed changes to the management model of Group processes and monitor their implementation;
- Coordinate the optimisation of processes of corporate interest;
- Assess and issue opinions on the support tools and organisational efficiency to meet the common needs of the EDP companies in terms of organisation and operation.

The Corporate Development Committee's membership are as follows:

CORPORATE DEVELOPMENT COMMITTE COMMITTEE
CHAIRMAN: MEMBER EBD (IT, ORGAN. DEVELOP., SUSTAINABILITY, RISK AND ETHICS AREA)

Secretary: Head of CC Transformation & Talent Unit
Members of EBD (besides the Chairman):
Member EBD (HR, Sãvida and Brazil Area)
CC and BU members (besides the Secretary):
Board Member of EDP Produção (OD Area)
Board Member of EDP Distribuição (OD Area)
Board Member of EDP Comercial (OD Area)
Board Member of EDP Soluções Comerciais (Process)
Board Member of EDP Energias do Brasil (OD Area)
Board Member of EDP Global Solutions (Processos)
Board Member of EDP Real Estate (OD Area)
Board Member of EDP Labelec
General Management of EDP España (OD Area)
Head of CC People Experience Unit
Head of CC Digital Global Unit
Rep. EDP Renováveis (OD)
Rep. CC Transformation & Talent Unit (Organization)
Rep. CC Transformation & Talent Unit (Process)
Rep. EDP Brasil (OD & Process)

HUMAN RESOURCES AND DIVERSITY COMMITTEE

The Human Resources and Diversity Committee's responsibilities are as follows:

- Discuss and align the definition of people management strategy of the EDP Group;
- Discuss and align policies for best practices in diversity and inclusion, proposing the incorporation and compliance with the Group's policy;
- Analyze key indicators for the different potential segments, and discuss and align development policies and instruments;
- Discuss and share initiatives aimed at cultural alignment and promoting a culture of meritocracy;
- Discuss and issue an opinion on the annual budget of Human Resources EDP Group and monitor its progress.

The Human Resources and Diversity Committee's membership are as follows:

HUMAN RESOURCES AND DIVERSITY COMMITTEE
CHAIRMAN: CHAIRMAN EBD
Secretary: Head of CC People Experience Unit
Members of EBD (besides the Chairman):
Member EBD (Renewables, Regulation, Comp., Energy Plann. and UNGE Area)
Member EBD (IT, Organ. Develop., Sustainability, Risk and Ethics Area)
Member EBD (Distribution, International and Labelec Area)
Member EBD (Financial Area)
Member EBD (HR, Sãvida and Brazil Area)
Member EBD (Generation and Spain Area)
Member EBD (Global Solutions, Real Estate, Legal Office, GS, Audit and Compliance Area)
Member EBD (Trading Area)
CC and BU members (besides the Secretary):
Board Member of EDP Produção (Human Resources Area)
Board Member of EDP Distribuição (Human Resources Area)
Board Member of EDP Soluções Comerciais (Human Resources Area)
Board Member of EDP Comercial (Human Resources Area)
Board Member of EDP Global Solutions (Human Resources Area)

Board Member of EDP Renováveis (Human Resources Area)
Board Member of EDP Fundação EDP (Human Resources Area)
Board Member of EDP Serviço Universal (Human Resources Area)
Board Member of EDP Inovação (Human Resources Area)
Board Member of EDP Real Estate (Human Resources Area)
Board Member of EDP España (Human Resources Area)
Board Member of EDP Energias do Brasil (Human Resources Area)
Board Member of Labelec (Human Resources Area)
Board Member of Sãvida (Human Resources Area)
Head of CC Brand, Marketing and Communication Global Coord.
Head of CC Transformation & Talent Unit
Head of CC Digital Global Unit
Head of CC Universidade EDP
Head of CC Institucional Relations and Stakeholders
Head of CC Sustainability
Ethics Ombudsman
Ad-hoc members:
Rep. EDP Energias do Brasil
Rep. EDP Renováveis (Human Resources Area)
Rep. EDP España (Human Resources Area)

The Human Resources and Diversity Committee held one meeting in 2019.

DIGITAL AND INFORMATION TECHNOLOGY COMMITTEE

The Digital and Information Technology Committee's duties are as follows:

- Align the global strategy with Core Information technologies, including information safety;
- Define and consolidate the digital and information technology budget, including information safety;
- Monitor the main Digital and information technology projects.

The Digital and Information Technology Committee's membership is as follows:

INFORMATION TECHNOLOGY COMMITTEE
CHAIRMAN: MEMBER EBD (IT, ORGAN. DEVELOP., SUSTAINABILITY, RISK AND ETHICS AREA)
Secretary: Head of CC Digital Global Unit
CC and BU members (besides the Secretary):
Board Member of EDP Produção (IT Area)
Board Member of EDP Distribuição
Board Member of EDP Comercial (IT Area)
Board Member of EDP Soluções Comerciais (IT Area)
General Management of EDP España (IT Area)
Board Member of EDP Energias do Brasil (IT Area)
Board Member of EDP Global Solutions (IT Area)
Board Member of EDP Inovação
Board Member of EDP Serviço Universal
Board Member of EDP Inovação (EDP Ventures)
Head of CC Transformation & Talent Unit
Head of CC People Experience Unit
Head of UNGE
Rep. EDP Renováveis (IT Area)
EBD Advisor

The Digital and Information Technology Committee held two meetings in 2019.

COMPLIANCE COMMITTEE

The Compliance Committee and has the following responsibilities:

- To promote the compliance of the Group's Compliance Governance Model, policies and other compliance internal procedures;
- To support and monitor the process of creation, decision-making and implementation of the global program of compliance;
- To support and monitor the process of creation, decision-making and implementation of the local and transversal compliance specific programs in the scope of the compliance global program;
- To follow the activities of the plan of compliance;
- To follow the handling of complaints and investigation procedures;
- To propose measures to solve the non-compliance cases and monitor its resolution.

The Compliance Committee is composed as follows:

COMPLIANCE COMMITTEE
CHAIRMAN: CHAIRMAN EBD
Secretary: Head of CC Compliance
Members of EBD (besides the Chairman):
Member EBD (Renewables, Regulation, Comp., Energy Plann. and UNGE Area)
Member EBD (IT, Organ. Develop., Sustainability, Risk and Ethics Area)
Member EBD (Distribution, International and Labelec Area)
Member EBD (Financial Area)
Member EBD (HR, Sãvida and Brazil Area)
Member EBD (Generation and Spain Area)
Member EBD (Global Solutions, Real Estate, Legal Office, GS, Audit and Compliance Area)
Member EBD (Trading Area)
CC and BU members (besides the Secretary):
Head of CC General Secretariat
Head of CC Legal Office
Head of CC Risk Management
Rep. European Compliance Project

The Compliance Committee held one meeting in 2019.

III - BUSINESS COMMITTEES

GENERATION COMMITTEE

The Generation Committee's main duties are:

- Exchange information on business performance in each region, including the critical environments (regulations, etc.);
- Develop a uniform view of the business and maintain multi-region benchmarking (organisation, processes and management information);
- Foster (best) common practices in selected processes or activities;
- Share unique or specialized assets (human, technological, knowledge).

The Generation Committee's membership is as follows:

GENERATION COMMITTEE
CHAIRMAN: MEMBER EBD (GENERATION AND SPAIN AREA)
Secretary: Rep. EDP Produção
Members of EBD (besides the Chairman):
Member EBD (HR, Sãvida and Brazil Area)
CC and BU members (besides the Secretary):
Board of Directors of EDP Produção
Board Member of EDP Energias do Brasil
Head of UNGE
Head of CC Energy Planning
Head of CC Sustainability
Rep. EDP España (Projects)
Rep. EDP España (Regulation)
Ad-hoc members:
Rep. EDP Energias do Brasil (Hydroelectric)
Rep. EDP Energias do Brasil (Sustainability)
Rep. EDP Energias do Brasil (Coal)
Rep. EDP España (Generation; called back)
Rep. EDP España (Sustainability)
Rep. EDP Produção (Natural Coal)
Rep. EDP Produção (Sustainability)
Rep. EDP Produção (Coal)
Rep. EDP España (Sponsor subcommittee Hydroelectric Generation)
Rep. EDP Produção (Sponsor subcommittee Sustainability)
Rep. EDP Produção (*Sponsor* subcommittee Natural Gas)
Rep. EDP Produção (*Sponsor* subcommittee Coat Generation)

The Generation Committee held two meetings in 2019.

DISTRIBUTION NETWORKS COMMITTEE

The Distribution Networks Committee's duties are as follows:

- Exchange information on business performance in each geography, and promote the share of best practices between distribution networks companies;
- Develop a uniform view of the business, analysis business metrics and multi-geographical benchmarks;
- Identify and propose new initiatives to accelerate the adoption of best practices.

The Distribution Networks Committee’s membership is as follows:

DISTRIBUTION NETWORKS COMMITTEE
CHAIRMAN: MEMBER EBD (DISTRIBUTION, INTERNATIONAL AND LABELEC AREA)
Secretary: Board Member of EDP Distribuição
Members of EBD (besides the Chairman):
Member EBD (Generation and Spain Area)
CC and BU members (besides the Secretary):
Board of Directors of EDP Distribuição
Board Member of EDP Energias do Brasil (Distribuição Area)
Board Member of Labelec
Rep. EDP España (Distribuição Area)
Rep. EDP Distribuição
General Rep. EDP Energias do Brasil (Espírito Santo)

General Rep. EDP Energias do Brasil (São Paulo)
Ad-hoc members:
Board Member of EDP Inovação
Head of CC Universidade EDP

The Distribution Networks Committee held three meetings in 2019.

IBERIAN COMMERCIAL COMMITTEE

The Iberian Commercial Committee's duties are as follows:

- Present the business evolution in each geography and in Iberia, including the respective critical circumstances (regulation, etc.);Discuss, align and issue opinions on key-issues (such as objectives, marketing plans, etc.) for the Executive Board of Directors or General and Supervisory Board approval for trading companies;
- Discuss, align and issue opinions on key-matters (such as objectives, marketing plans, etc.) for the approval of the Executive Board of Directors or the Board of Directors of power suppliers companies;
- Develop an uniform and integrated vision of the business in Iberia and keep a multi-geographical benchmarking (marketing, products, commercial and management information);
- Promote the adoption of (best) practices common to a select range of process and activities.

The Iberian Commercial Committee's membership is as follows:

IBERIAN COMMERCIAL COMMITTEE
CHAIRMAN: MEMBER EBD (TRADING AREA)
Secretary: General Management of EDP España
Members of EBD (besides the Chairman):
Member EBD (Renewables, Regulation, Comp., Energy Plann. and UNGE Area)
Member EBD (Generation and Spain Area)
CC and BU members (besides the Secretary):
Board Member of EDP Serviço Universal
Board Member of EDP Gás SU
Board of Directors of EDP Comercial
Board Member of EDP Soluções Comerciais
Head of CC Digital Global Unit
Head of CC Brand, Marketing and Communication Global Coord.
Rep. EDP España (Sales B2B)
Rep. EDP España (Sales B2C)
Rep. EDP España (Brand, Marketing and Communication)
Rep. CC Brand, Marketing and Communication Global Coord. (Brand)
Rep. CC Brand, Marketing and Communication Global Coord. (Communication)
Ad-hoc members:
Rep. EDP Comercial (Services B2B)
Rep. EDP Comercial (Sales B2B PT)
Rep. EDP Comercial (Sales B2C PT)

The Iberian Commercial Committee held one meeting in 2019.

CUSTOMER OMBUDSMAN

The Customer Ombudsman is an independent entity that was created in 2008 to reinforce the EDP Group's customer care policy. Its responsibilities, pursuant to Article 9 of the EDP Group Companies' Customer Ombudsman Regulation, are as follows:

- Receive and examine complaints filed by customers and directly related to actions or omissions by EDP Group companies;
- Enter into dialogue with customers making a complaint;
- Arbitrate disputes and conflicts between customers and EDP Group companies;
- Issue opinions on matters relating to the activity of EDP Group companies, if requested to do so by any of their corporate bodies;
- Propose measures to improve quality of service and customer satisfaction;
- Contact third parties to obtain specialist information so that recommendations can be made to the EDP Group companies on measures to be taken to improve their customer relations.

The Customer Ombudsman's term of office is three years (Article 5 (2) of the EDP Group Companies' Customer Ombudsman Regulation). In the performance of his duties, the Customer Ombudsman has an independent Customer Ombudsman Office and an annual budget (Article 20 of the EDP Group Companies' Customer Ombudsman Regulation).

BRANCH IN SPAIN

EDP – Energias de Portugal, Sociedad Anonima, Sucursal en España (EDP Spanish Branch) aims to manage and coordinates the energy interests of the EDP Group's dependent subsidiaries in Spain. Its management and supervisory bodies ensure optimisation of synergies and creation of value in operations and activities in Spain. It is also the organisational platform to lead the Iberian integration for support services. In this regard, EDP Spanish Branch owns all the corporate holdings in EDP España, S.A.U., EDP Servicios Financieros España S.A.U. and EDP International Investments & Services, S.L. (32.97% of EDP Servicios Financieros España, S.A.U. and 67.03% of EDP Sucursal), as well as 82.56% of EDP Renováveis, S.A share capital.

EDP Spanish Branch has offices in Madrid and Oviedo. It is represented in relations with third parties by permanent representatives, who have been appointed members of the EDP Executive Board of Directors for that purpose.

The Branch's steering, coordination, management and representation structure consists of an Executive Committee and Management Committee. The Executive Committee is composed of five permanent EDP representatives, one Corporate General Director (Group Controller for activities in Spain), and front line managers in charge of the Business Units in Spain. This committee basically serves as the coordinator of the permanent representatives' activities. The Management Committee is chaired by the Group Controller and is a natural extension of the management departments at the EDP Corporate Centre, i.e. Environment, Sustainability and Innovation Department, Legal Department, Internal Audit Department, Financial, Management and Human Resources Department, a Procurement Department and Information Technology Department, Projects and Prevention Department, a Fundação EDP España Department and a Communication, Marketing, and Trademark Department for Spain and foreign subsidiaries, ensuring and regrouping homogeneously these position across Spain.

The Branch is represented in a EDP Iberian committee called Iberian Commercial and Market Committee.

Currently the directorate, coordination, management and representation of the Branch has the following composition:

EDP ENERGIAS DE PORTUGAL, SOCIEDAD ANONIMA, SUCURSAL EN ESPAÑA	
GOVERNING, COORDINATION, MANAGING STRUCTURE AND REPRESENTATION OF THE BRANCH (*)	
Executive Committee	
Permanent Representative of EDP	António Mexia (Chairman)
Permanent Representative of EDP	Rui Teixeira
Permanent Representative of EDP	João Manso Neto
Permanent Representative of EDP	António Martins da Costa
Permanent Representative of EDP	Miguel Stilwell de Andrade
Chairman of the Board of Directors of EDP España	Manuel Menéndez Menéndez
Corporate General Director	Miguel Ribeiro Ferreira
First Line Manager at EDP Energía	Javier Sáenz de Jubera

First Line Manager at EDP Renováveis	Duarte Bello
General Director for Communication, Marketing and Trademark	Paulo Campos Costa
Steering Committee	
Legal Department Directorate	Pelayo Echevarria
Administration, Budget and Human Resources Directorate	Félix Arribas
Projects and Prevention Directorate	Marcos Antuña
Information Systems Directorate	Luis Ángel Rguez Villalba
Internal Audit Directorate	Azucena Viñuela
Environment, Sustainability, Innovation and Quality Directorate	Yolanda Fdez Montes
Purchases Directorate	José María Ruiz Correa
EDP España Foundation Directorate	Vanda Martins
Communication, Marketing and Trademark Directorate for Spain and Foreign Subsidiaries	Rafael Solis Hernández / Carmen Fernández González
Secretary General	**José Luis Martínez Mohedano**

Data referring to 31 December 2019.

B) OPERATION

22. LOCATION WHERE THE OPERATING REGULATIONS OF THE GENERAL AND SUPERVISORY BOARD AND EXECUTIVE BOARD OF DIRECTORS CAN SER CONSULTED

The operations of the General and Supervisory Board and Executive Board of Directors are governed by their Internal Regulation, available on EDP's website, at www.edp.com.

23. MEETINGS AND ATTENDANCE RATE OF EACH MEMBER OF THE GENERAL AND SUPERVISORY BOARD AND EXECUTIVE BOARD OF DIRECTORS

Ordinary meetings of the General and Supervisory Board are held at least once every quarter and extraordinary meetings take place whenever convened by the Chairman, on his/her own initiative or at the request of any of its members, the Executive Board of Directors or its Chairman, pursuant to Article 24 (1) of the Articles of Association and Article 20 (1) of the Internal Regulation of the General and Supervisory Board.

The General and Supervisory Board met nine times in 2019 and minutes were kept of all the meetings. Information on the attendance of each member of the board is provided in Annex II to this Report.

Pursuant to the provisions of Article 20(1) of the Articles of Association and Article 7(1) of the Executive Board of Directors Internal Regulation, this body will have ordinarily met at least twice a month, as fortnightly meetings were compulsory. Nevertheless, the Executive Board of Directors meets weekly, as a rule.

The Executive Board of Directors met fifty-four times in 2019 and minutes were kept of all the meetings. Information on the attendance of each member of the board is provided in Annex III of this Report.

24. COMPANY BODIES WITH POWERS TO EVALUATE PERFORMANCE OF EXECUTIVE DIRECTORS

The Remuneration Committee of the General and Supervisory Board is responsible for, namely, the annual evaluation of the Executive Board of Directors, taking into account, among other factors, the fulfillment of the Company's strategy and the previously set goals, plans and budgets for the purpose of considering and determining the variable remuneration of the Chairman and of the other members of the Executive Board of Directors. It also evaluates the individual performance of each member of the Executive Board of Directors, including this evaluation the contribution of each member to the mode of operation of this body and the relationship between the various corporate bodies of the Company.

Additionally, the General and Supervisory Board evaluates the Executive Board of Directors accordingly with the abovementioned Item 21.

25. PRE-DETERMINED CRITERIA FOR PERFORMANCE EVALUATION OF EXECUTIVE DIRECTORS

These criteria for evaluating the performance of the Members of the Executive Board of Directors are set out in points 69 and 71 of the Corporate Governance Report.

26. POSITIONS HELD AT OTHER GROUP OR NON-GROUP COMPANIES BY EACH MEMBER OF THE GENERAL AND SUPERVISORY BOARD AND EXECUTIVE BOARD OF DIRECTORS

The positions held by members of the General and Supervisory Board and Executive Board of Directors in other EDP Group or non-group companies are shown in Annex I and IV of this Report.

C) COMMITTEES OF THE MANAGING OR SUPERVISORY BODY

27. COMMITTEES SET UP IN THE GENERAL AND SUPERVISORY BOARD AND EXECUTIVE BOARD OF DIRECTORS

The Internal Regulation of the General and Supervisory Board as well as the provisions of the law and of the Articles of Association regarding the Financial Matters Committee/Audit Committee provide for the establishment of standing committees and ad hoc committees, composed of some of its members, without prejudice to its responsibility for the exercise of its duties as a corporate body. These committees may be set up whenever it sees fit and appropriate and have specific duties delegated to them. It should be noted that, in the case of the Financial Matters Committee / Audit Committee, the respective existence derives from the law, taking into account the governance model in force at EDP.

The main remit of the standing and ad hoc committees is the specific and continuous monitoring of the matters entrusted to them, in order to ensure informed resolutions by the General and Supervisory Board or provide it with information on certain matters.

The committees' activity is coordinated by the Chairman of the General and Supervisory Board, who ensures proper articulation of the committees with the plenary board through their chairmen, who keep him informed by sending notices and the minutes of meetings.

The General and Supervisory Board believes that the committees are important to the regular functioning of the Company as they can perform certain delegated duties, especially monitoring the Company's financial information, reflecting on its governance system, assessing the performance of directors and evaluating its own overall performance.

The General and Supervisory Board holds four specialized committees: the Financial Matters Committee/Audit Committee, the Remuneration Committee, the Corporate Governance and Sustainability Committee and the Strategy and Performance Committee.

28. MEMBERSHIP OF THE EXECUTIVE COMMITTEE AND/OR NAME OF MANAGING DIRECTOR(S)

Not applicable to EDP's governance model.

29. DUTIES OF EACH COMMITTEE AND SUMMARY OF WORK PERFORMED WHILE CARRYING THEM OUT

A. THE COMMITTEES OF THE GENERAL AND SUPERVISORY BOARD

FINANCIAL MATTERS COMMITTEE/AUDIT COMMITTEE

The Financial Matters Committee/Audit Committee is made up of five independent members with the appropriate qualifications and experience, including at least one member with a degree in the area of the committee's duties and specific knowledge of auditing and accounting, as confirmed by the Curriculum Vitae of Chairman, which can be viewed in Annex I of the current Report.

On 31 December 2019, the Financial Committee/Audit Committee was composed as follows:

FINANCIAL MATTERS COMMITTEE / AUDIT COMMITTEE		**FIRST APPOINTMENT DATE**
CHAIRMAN	**LUÍS FILIPE MARQUES AMADO**	**06/04/2018**
Vice-Chairman	**João Carlos Carvalho das Neves**	**22/04/2015**
	Clementina Maria Dâmaso de Jesus da Silva Barroso	06/04/2018
	Maria Celeste Ferreira Lopes Cardona	18/04/2012
	María del Carmen Ana Fernández Rozado	22/04/2015

In accordance with Articles of Association and the Internal Regulation of the Financial Matters Committee/Audit Committee and under the applicable law, are assigned to this Committee, by delegation from the General and Supervisory Board, the following powers:

- Financial matters and financial practices relating to the Company;
- The internal procedures for auditing and the Internal Financial Reporting Control System (SCIRF);
- Matters relating to the internal risk management;
- The activity and the independence of the Statutory Auditor of the Company;
- Function of compliance.

The membership, role and functioning of the Financial Matters Committee/Audit Committee are in line with the European Commission Recommendation of 15 February 2005 (2005/162/EC), supplemented by the European Commission Recommendation of 30 April 2009 (2009/385/EC) as well as the recommendations provided for by the Corporate Governance Code of the Portuguese Institute for Corporate Governance.

The Financial Matters Committee/Audit Committee held seventeen meetings in 2019, as envisaged in its Activity Plan. The main matters addressed in those meetings were: supervision of the financial reporting and business of EDP, monitoring the activity of the Internal Audit activity, monitoring of the compliance activity, monitoring of the Risk Management activity, monitoring litigation procedures, monitoring the activity of the Pensions Fund of the EDP Group, monitoring the contractual relationship with the Statutory Auditor, their activities and assessing the objective conditions of their independence and monitoring reports of irregularities (whistleblowing) and the relationship with the Audit Committees of the subsidiaries.

REMUNERATION COMMITTEE OF THE GENERAL AND SUPERVISORY BOARD

The Remuneration Committee appointed by the General and Supervisory Board, pursuant to Article 27 of EDP's Articles of Association, defines the remuneration of the Executive Board of Directors as well as any supplements.

On 31 December 2019, the General and Supervisory Board Remunerations Committee was composed as follows:

REMUNERATION COMMITTEE OF THE GENERAL AND SUPERVISORY BOARD		**FIRST APPOINTMENT DATE**
CHAIRMAN	**SHENGLIANG WU**	**13/12/2018**
	Fernando Maria Masaveo Herrero	22/04/2015
	Ilídio da Costa Leite de Pinho	22/05/2012
	João Carlos Carvalho das Neves	22/04/2015
	Vasco Joaquim Rocha Vieira	22/04/2015

According to the Articles of Association, the Remuneration Committee of the General and Supervisory Board must submit a declaration on the remuneration policy followed for the members of the Executive Board of Directors and which it has approved by it.

The Remuneration Committee held two meetings during 2019, considering its duties. The following topics were discussed: (i) definition of the remuneration policy of the Executive Board Members to be submitted to the Shareholders' General Meeting and (ii) definition of the variable annual remuneration regarding 2018 financial year, as well as the multi-annual variable remuneration of the Executive Board Members. Although calculated annually, the multi-annual variable remuneration only becomes effective if, by the end of the mandate, 90% of the objectives have been achieved. The calculation was validated and certified by an external entity.

The Remuneration Committee of the General and Supervisory Board is made up of members of the General and Supervisory Board with the appropriate qualifications and experience, who are all independent from the managing body. This committee always has at least one representative at the General Meetings of Shareholders.

CORPORATE GOVERNANCE AND SUSTAINABILITY COMMITTEE

The Corporate Governance and Sustainability Committee is made up of members of the General and Supervisory Board, the majority of whom are independent, with the appropriate qualifications and experience for their duties.

On 31 December 2019, the Corporate Governance and Sustainability Committee member composition was the following:

CORPORATE GOVERNANCE AND SUSTAINABILITY COMMITTEE (*)		FIRST APPOINTMENT DATE
CHAIRMAN	**LUÍS FILIPE MARQUES AMADO**	**22/04/2015**
	Augusto Carlos Serra Ventura Mateus	06/04/2018
	Felipe Fernández Fernández	22/04/2015
	Ignacio Herrero Ruiz	13/12/2018
	Jorge Avelino Braga de Macedo	22/04/2015
	Maria Celeste Ferreira Lopes Cardona	18/04/2012

(*) Yinsheng Li has incorporated the Corporate Governance and Sustainability Committee until 24 December 2019, date in which he has tendered his resignation as member representative of the General and Supervisory Board. On the General and Supervisory Board meeting held on 23 January 2020, this Board has approved the recomposition of the Corporate Governance and Sustainability Committee, having appointed Li Li for this Committee.

The Corporate Governance and Sustainability Committee is a specialised committee of the General and Supervisory Board. Its purpose is to permanently monitor and supervise all matters related with the following:

- Corporate governance;
- Strategic sustainability;
- Internal codes of ethics and conduct;
- Systems for assessing and resolving conflicts of interests, in particular pertaining to relations between EDP and its shareholders;
- Internal proceedings and relationship between the Company and Subsidiary or Group companies and their employees, clients, providers and remaining stakeholders.

The topics covered in-depth at the five meetings held in 2019 of the Corporate Governance and Sustainability Committee, in compliance with its specific duties, were the following: analysis of potential relevant situations in terms of conflicts of interest, assessment of opinions issued by the Ethics Committee, analysis of the stakeholders management in general and relationship policy with clients in particular assessment of the human resources and succession plans, study of sustainability objectives for the Group and analysis of the strategic plan for EDP Group Foundations.

STRATEGY AND PERFORMANCE COMMITTEE

On 31 December 2019, the Strategy and Performance Committee was composed by the following members:

STRATEGY AND PERFORMANCE COMMITTEE		FIRST APPOINTMENT DATE
CHAIRMAN	EDUARDO DE ALMEIDA CATROGA	18/06/2015
	Augusto Carlos Serra Ventura Mateus	18/06/2015
	Fernando Masaveu Herrero	18/06/2015
	Ignacio Herrero Ruiz	13/12/2018
	Jorge Avelino Braga de Macedo	18/06/2015
	Karim Djebbour	18/06/2015
	Laurie Lee Fitch	06/04/2018
	Mohammed Issa Khalfan Alhuraimel Alshamsi	02/11/2017
	Nuno Manuel da Silva Amado	18/06/2015
	Shengliang Wu	06/04/2018
	Vasco Rocha Vieira	06/04/2018

The Strategy and Performance Committee supervises the following matters:

- The short-, medium- and long-term scenarios and strategies;
- The strategic implementation, business planning and the respective budgets;
- The investments and divestments;
- Debt and funding;
- Strategic alliances;
- Market and competitiveness evolution;
- Regulation;
- Analysis of the performance of the Group and the Business Units;
- The benchmarking of the Company group performance compared with the companies at the top of the sector;
- The assessment of the competitiveness of the EDP business portfolio.

In 2019, the Strategy and Performance Committee held nine meetings in which the following subjects were discussed: monitoring of the elaboration of the Business Plan 2019-2022, the performance of EDP shares in the capital markets, the financing and capital structure of EDP Group, the monitoring of strategic and business risks of EDP Group, state of play of investment projects and the operating efficiency projects; the monitoring of the strategic partnership with EDP Renováveis and Engie within the wind offshore, analysis of the strategy and performance of EDP in particular of the activities of EDP Renováveis, distribution, conventional generation and of support areas of the business and monitoring of the Budget of the Group for 2020.

B. OTHER COMPANY BODIES

ENVIRONMENT AND SUSTAINABILITY BOARD

The Environment Board was set up as a company body in 1991. Its name was changed to Environment and Sustainability Board by decision of the Annual General Meeting of 30 March 2006.

As a corporate body, the Environment and Sustainability Board has powers to advise the Executive Board of Directors on environment and sustainability matters. In particular, it provides advice and support in defining the Company's environmental and sustainability strategy and drafting opinions and recommendations on the environmental impact of projects planned by the EDP Group (Article 28 (1) of EDP's Articles of Association).

The members of the Environment and Sustainability Board, pursuant to Article 28 (2) of EDP's Articles of Association, have acknowledged competence in the field of environmental protection and sustainability.

The members of the Environment and Sustainability Board elected at the Annual General Meeting of Shareholders on 5 April 2018 for a 2018-2020 triennium mandate were the following:

ENVIRONMENTAL AND SUSTAINABILITY BOARD	
CHAIRMAN	JOSÉ MANUEL VIEGAS
	António José Tomás Gomes de Pinho
	Joana Pinto Balsemão
	Joaquim Poças Martins
	Pedro Oliveira

The Environment and Sustainability Board held two meetings in 2019.

REMUNERATION COMMITTEE OF THE GENERAL MEETING

The remuneration of the corporate bodies, with the exception of the members of the Executive Board of Directors, is defined by the Remuneration Committee elected by the General Meeting (Article 11 (2) (d) of EDP's Articles of Association).

Pursuant to this Article, the majority of the members of the Remuneration Committee of the General Meeting must be independent.

On the Shareholders' General Meeting dated 5 April 2018, the members of the Remuneration Committee of the General Meeting were re-elected for the 2018-2020 triennium, having the following composition:

REMUNERATION COMMITTEE OF THE GENERAL MEETING	
CHAIRMAN	LUÍS MIGUEL NOGUEIRA FREIRE CORTES MARTINS
	José Gonçalo Maury
	Jaime Amaral Anahory

III. SUPERVISION

A) COMPOSITION

30. THE SUPERVISORY BODY

EDP's two-tier model of corporate governance has made possible an effective separation between supervision and management of the Company. The General and Supervisory Board is the highest supervisory body.

31. MEMBERSHIP FINANCIAL MATTERS COMMITTEE - EFFECTIVE MEMBERS AND TERM OF OFFICE

The duties of the Financial Matters Committee / Audit Committee are described in Item 29 of the Corporate Governance Report.

The Financial Matters Committee / Audit Committee is made up of five independent members with the appropriate qualifications and experience, including at least one member with a degree in the area of the committee's duties and specific knowledge of auditing and accounting, as confirmed by the Curriculum Vitae of the Vice-Chairman, which, as previously stated, can be consulted in Annex I of this Report.

This Committee is always presided by the General and Supervisory Board Chairman in the case he is an independent member.

The Financial Matters Committee / Audit Committee currently has the following composition:

FINANCIAL MATTERS COMMITTEE / AUDIT COMMITTEE		FIRST APPOINTMENT DATE
CHAIRMAN	**LUÍS FILIPE MARQUES AMADO**	**06/04/2018**
Vice-Chairman	**João Carlos Carvalho das Neves**	**22/04/2015**
	Clementina Maria Dâmaso de Jesus da Silva Barroso	06/04/2018
	Maria Celeste Ferreira Lopes Cardona	18/04/2012
	María del Carmen Ana Fernández Rozado	22/04/2015

32. INDEPENDENT MEMBERS OF THE FINANCIAL MATTERS COMMITTEE

See Item 31 of this Report.

33. QUALIFICATIONS OF MEMBERS OF THE FINANCIAL MATTERS COMMITTEE

See Annex I of this Report.

B) OPERATION

34. LOCATION AT WHICH THE OPERATING PROCEDURES OF THE FINANCIAL MATTERS COMMITTEE/AUDIT COMMITTEE CAN BE VIEWED

The Financial Matters Committee / Audit Committee's work is governed by Internal Regulation, available on EDP's website at www.edp.com.

35. MEETINGS AND ATTENDANCE RATE OF EACH MEMBER OF THE FINANCIAL MATTERS COMMITTEE / AUDIT COMMITTEE

In 2019, the Financial Matters Committee/Audit Committee met, as previously stated, seventeen times and minutes of its meetings were kept. Information on the attendance rate of the Committee's members is given in Annex V of this Report as well as in the Annual General and Supervisory Board Report.

36. POSITIONS HELD IN OTHER COMPANIES WITHIN AND OUTSIDE THE GROUP BY EACH FINANCIAL MATTERS COMMITTEE / AUDIT COMMITTEE MEMBER

See Annex I of this Report.

C) POWERS AND DUTIES

37. PROCEDURES AND CRITERIA GOVERNING THE SUPERVISORY BODY'S INVOLVEMENT IN HIRING ADDITIONAL SERVICES FROM THE EXTERNAL AUDITOR

The proposal for hiring additional services of the Statutory Auditor is presented by the Executive Board of Directors to the Financial Matters Committee / Audit Committee and any contracting requires the prior authorisation of that Committee.

Internal Regulation on the Provision of Services by the Statutory Auditor of EDP are in force, in this regard, and the implications on the hiring of additional services are described in Item 46.

There are other internal regulations adopted by the Executive Board of Directors that ensure all EDP Group companies comply with the rules contained in the referred Internal Regulation.

38. OTHER DUTIES OF THE SUPERVISORY BODIES AND, IF APPLICABLE, OF THE FINANCIAL MATTERS COMMITTEE/AUDIT COMMITTEE

The duties of the Financial Matters Committee / Audit Committee delegated to it by the General and Supervisory Board pursuant to the Articles of Association and the Internal Regulation of the Financial Matters Committee / Audit Committee are described in Item 29 as well as in the Annual General and Supervisory Board Report.

IV. STATUTORY AUDITOR

39. THE STATUTORY AUDITOR AND THE CERTIFIED AUDITOR REPRESENTING IT

On 5 April 2018, PricewaterhouseCoopers & Associados - Sociedade de Revisores de Contas, Lda., statutory auditor company number 183, represented by João Rui Fernandes Ramos (auditor number 1333), was elected for the 2018-2020 triennium, having also on such date, Aurélio Adriano Rangel Amado (auditor number 1074) been elected as Alternate Statutory Auditor for the 2018 – 2020 triennium.

40. NUMBER OF YEARS FOR WHICH THE STATUTORY AUDITOR HAS WORKED CONSECUTIVELY WITH THE COMPANY AND/OR GROUP

The statutory auditor PricewaterhouseCoopers & Associados - Sociedade de Revisores de Contas, Lda has worked with the Company since 5 April 2018.

41. OTHER SERVICES PROVIDED TO THE COMPANY BY THE STATUTORY AUDITOR

The Statutory Auditor is the company body responsible for the examination of the accounting documents. It is elected by the General Meeting for a three-year term, pursuant to Article 25 of EDP's Articles of Association and Article 446 of the Portuguese Company Code.

According to the Companies Code and the Company's Articles of Association, the Statutory Auditor is responsible for checking (see Article 446 (3) of the Company Code):

- The regularity of the Company's books, accounting records and their supporting documents;
- The cash and all assets or securities belonging to the company or received by it as guarantees, deposits or for any other purpose, whenever and however it sees fit;
- The accuracy of the accounting documents;
- Whether the company's accounting policies and valuation criteria result in an accurate assessment of its assets and results.

A description of the services provided by the Statutory Auditor can be found on Item 46.

V. EXTERNAL AUDITOR

42. THE EXTERNAL AUDITOR AND CERTIFIED AUDITOR PARTNER REPRESENTING IT

Since the General Shareholders' Meeting held on 5 April 2018, date of its respective election, is PriceWaterhouseCoopers was appointed External Auditor, being João Rui Fernandes Ramos the partner in charge of overseeing and performing audits of the EDP Group's accounts, being PriceWaterhouseCoopers registered before the CMVM with the number 20161485.

The External Auditor performs the necessary audit work to ensure the reliability of the financial reporting and credibility of the accounting documents.

The External Auditor's duties include checking compliance with remuneration policies and systems, the efficacy of internal control mechanisms and reporting of any significant deficiencies to the General and Supervisory Board.

EDP takes measures specifically aimed at ensuring the independence of the External Auditor, in view of the scope of services provided by audit firms.

43. NUMBER OF YEARS FOR WHICH THE EXTERNAL AUDITOR AND CERTIFIED AUDITOR PARTNER REPRESENTING IT HAVE WORKED CONSECUTIVELY WITH THE COMPANY AND/OR GROUP

EDP's External Auditor is as from its election on 5 April 2018, PriceWaterhouseCoopers, having been appointed João Rui Fernandes Ramos as the partner in charge on such date.

44. POLICY ON AND FREQUENCY OF ROTATION OF EXTERNAL AUDITOR AND CERTIFIED AUDITOR PARTNER REPRESENTING IT

The rotation of the External Auditor and certified auditor partner representing it depends on the strict assessment by the Financial Matters Committee / Audit Committee of the independence and quality of the work done and consideration of the independence of the Statutory Auditor and External Auditor and the advantages and costs of replacing them.

Considering the rules referring to the mandatory rotation of the External Auditor and of the Statutory Auditor, pursuant to Article 54 (3)(4) of the New By-Laws of the Association of the Statutory Auditors, and the fact that the mandate of KPMG has terminated on 31 December 2017, such rotation was fulfilled for the service provision of Statutory Auditor and External Auditor for the triennium of 2018-2020.

In this sense, and under a Financial Matters Committee / Audit Committee proposal, the General and Supervisory Board resolved to launch a consultation process in order to select the Statutory Auditor of EDP Group for the 2018-2020 mandate, as well as to create two specific Committees to develop the consultation process, specifically, (i) Monitoring and Analysis Committee, with the purpose of monitoring the tender process and analyzing the proposals, as well as to prepare a summary of the respective conclusions, to report to the Assessment Committee and (ii) Assessment Committee , with the aim of assessing the results presented by the Monitoring and Analysis Committee and preparing a proposal to the Financial Matters Committee / Audit Committee.

From the work performed and from the assessment conducted to the presented proposals, both accomplished with autonomy and without third parties influence, two proposals were selected in accordance with the selection criteria identified in the consultancy program which were presented to the Annual Shareholders General Meeting, which took place on 5 April 2018, having been elected PriceWaterhouseCoopers as statutory audit for the 2018-2020 triennium.

45. BODY RESPONSIBLE FOR ASSESSING THE EXTERNAL AUDITOR AND FREQUENCY OF ASSESSMENT

The Financial Matters Committee / Audit Committee presents annually to the General and Supervisory Board the report on the assessment of the activity and independence of the External Auditor and EDP's Statutory Auditor. The result of the appreciation is published in the report of the General and Supervisory Board.

46. NON-AUDIT SERVICES DONE BY THE EXTERNAL AUDITOR FOR THE COMPANY AND/OR SUBSIDIARIES AND INTERNAL PROCEDURES FOR APPROVING HIRING OF THESE SERVICES AND REASONS FOR HIRING THEM

Proposals to hire non-audit services from the External Auditor and Statutory Auditor are presented by the Executive Board of Directors to the Financial Matters Committee / Audit Committee and their hiring requires prior authorisation from this Committee.

The Regulation on Services Provided by EDP's Statutory Auditor and External Auditor determines, regarding the contracting of non-audit services, that the Financial Matters Committee / Audit Committee may deny authorisation of those services if one such service is prohibited and/or involves a possible threat to the independence of the Statutory Auditor. The above-mentioned regulations are available on the EDP website www.edp.com.

In 2019, the following services were performed by the External Auditor:

AUDIT SERVICES AND STATUTORY AUDIT:

- Necessary services (including internal control procedures required as part of audits) for the issue of the External Auditor's annual on the accounts;

- Services required for compliance with local legislation (including internal control procedures required as part of audits) for the issue of Legal Certifications of Accounts.

OTHER ASSURANCE OF RELIABILITY SERVICES:

Services with a specific or limited purpose or scope, namely:

- Necessary services for the issue of the interim reports and quarterly information on the accounts;
- Assurance of reliability on the Internal Control System on Financial Reporting;
- Assurance of reliability on the Sustainability information;
- Assurance of reliability on annual financial information of regulated activities;
- Comfort letters issuance;
- Opinion on the Consumption Efficiency Promotion Plan (PPEC);
- Opinion over carve-out and mergers under the terms of Portuguese Companies Code.

OTHER SERVICES:

- Support on human capital benchmark;
- Support on a proposal preparation in a tender process for the development of a wind farm project;
- Support on blockchain technology.

The reasons for hiring these services were essentially related with i) better understanding of the Group's business, ensuring appropriate knowledge of the relevant information, which promotes greater agility and efficiency in providing solutions and ii) it was considered that the hiring of such services was not considered a threat to the independence of the External Auditor and did not foster any situation of personal interest in relation to the guarantee of independence given by the External Auditor.

The services that are not related with Audit and statutory audit of accounts requested by Group entities to the External Auditor and to other entities belonging to the same network, amounted to 1.339.111 Euro.

47. ANNUAL REMUNERATION PAID BY THE COMPANY AND/OR SUBSIDIARY OR GROUP COMPANIES TO THE AUDITOR AND OTHER NATURAL OR LEGAL PERSONS BELONGING TO THE SAME NETWORK AND BREAKDOWN OF PERCENTAGE FOR THE FOLLOWING SERVICES:

PriceWaterhouseCoopers is responsible for conducting an independent External Audit of all the EDP Group companies in Portugal, Spain, Brazil (only in EDP Renováveis) and USA, as well as in other countries in which the Group operates. In the subgroup of EDP Brasil independent external auditing is conducted by KPMG.

In 2019, the recognised, specialised costs of the fees of PriceWaterhouseCoopers and KPMG for audit and statutory audit of accounts, other assurance of reliability services and other services than auditing for Portugal, Spain, Brazil, United States of America and other countries were as follows:

Pricewaterhouse Coopers

EUROS	PORTUGAL	SPAIN	BRAZIL	UNITED STATES OF AMERICA	OTHER COUNTRIES	TOTAL
Audit and statutory audit of accounts	2.586.892	952.730	174.843	1.239.100	749.773	5.703.337

Other assurance of reliability services (*)	785.923		277.494		30 725		-		24 886		1.119.028	
Total of audit and assurance of reliability services	**3.372.815**		**1.230.224**		**205.568**		**1.239.100**		**774.659**		**6.822.365**	**98%**
Tax consultancy services	-		-		-		-		-		-	
Other services	6 000		-		101.016		30.944		10 500		148.460	
Total of other services	**6.000**		-		101 016		30 944		10 500		148 460	**2%**
Total	**3.378.815**	**48%**	**1.230.224**	**18%**	**306.584**	**4%**	**1.270.044**	**18%**	**785.159**	**11%**	**6.970.826**	**100%**

(*) Includes assurance of reliability services of the exclusive competence and responsibility of the Statutory Auditor and External Auditor in accordance with the regulations on services provided approved by the General and Supervisory Board.

The audit and statutory audit of accounts in Portugal include 1.660.500 Euro related with statutory audit fees, on a company and in consolidated basis, of EDP - Energias de Portugal, S.A.

KPMG

EUROS	BRAZIL		TOTAL	
Audit and statutory audit of accounts	722.552		722.552	
Other assurance of reliability services	71 623		71.623	
Total of audit and assurance of reliability services	**794.175**		**794.175**	**100%**
Tax consultancy services	-		-	
Other additional services	-		-	
Total of other services	**-**		**-**	**0%**
Total	**794.175**	**100%**	**794.175**	**100%**

C. INTERNAL ORGANISATION

I. ARTICLES OF ASSOCIATION

48. RULES ON AMENDMENTS TO THE COMPANY'S ARTICLES OF ASSOCIATION

EDP's Articles of Association do not set forth special rules on their amendment and the general rule set out in 3 Article 386 (3) of the Companies Code therefore applies, i.e. decisions to amend the Articles of Association must be approved at a General Meeting by two-thirds of the votes cast.

EDP's Articles of Association may also be amended under the powers of the Executive Board of Directors to move EDP's registered office (Article 2 (1) of EDP's Articles of Association) and increase EDP's share capital (Article 4 (3) of EDP's Articles of Association) provided that a favourable prior opinion of the General and Supervisory Board is obtained (article 17 (2) paragraph g) of EDP's Articles of Association). Pursuant to the general rule set out in Article 410 (7) of the Company Code, by reference to Article 433 of this code, these decisions by the Executive Board of Directors must be passed by a majority of the votes of the directors present or represented.

II. WHISTLEBLOWING

49. WHISTLEBLOWING POLICY AND CHANNELS

The EDP Group has consistently implemented measures to ensure the good governance of its companies, including the prevention of incorrect practices, particularly in the areas of accounting and finance and, for this purpose, updated on 24 January 2019, the Whistleblowing Procedures Regulation.

EDP provides Group employees with a channel that enables them to report any alleged unlawful practice or accounting or financial irregularity in their company directly and in confidence to the Financial Matters Committee / Audit Committee of the General and Supervisory Board.

With the creation of this channel for reporting irregular accounting and financial practices, EDP aims at:

- Ensuring that any employee can freely communicate his/her concerns in these fields to the Financial Matters Committee / Audit Committee;

- Facilitating the early detection of irregular situations that, if they occurred, might cause serious damage to the EDP Group, its employees, customers and shareholders.

The Financial Matters Committee / Audit Committee can be contacted by email, fax and post and access to information received in this regard is restricted. The members of this committee are authorized to receive these reports.

All complaints sent to the Financial Matters Committee / Audit Committee are treated in strict confidence and the complainant remains anonymous, unless this prevents investigation of the complaint.

Pursuant to the Regulation, EDP guarantees that whistleblowing employees will not suffer any reprisals or disciplinary action for exercising their right to report irregularities, provide information or assist in an investigation.

The Financial Matters Committee / Audit Committee informed the General and Supervisory Board of its work as part of the whistleblowing mechanism in 2019, having concluded that during 2019 three complaints were received and processed by the Financial Matter/Audit Committee, having a complaint received in 2018 been handled.

The communications received are related to complaints within "matters covered" as defined on the Regulation and therefore the Committee is responsible to instruct, conduct and supervise the investigation procedures regarding the complaints received, having EDP taken measures for the respective settlement, in accordance with the internal provisions in force. Regarding the pending complaint from 2018, such complaint was been closed following the conclusion of the investigation procedure.

EDP makes available, at its website, greater detail regarding the Whistle Blowing Procedures' Regulation to adopt in what concerns to Communication of Erroneous Procedures www.edp.com/en/investors/corporate-governance/whistle-blowing.

III. INTERNAL CONTROL AND RISK MANAGEMENT

50. PEOPLE, BODIES OR COMMITTEES RESPONSIBLE FOR INTERNAL AUDITS OR IMPLEMENTATION OF INTERNAL CONTROL SYSTEMS

EDP Group follows a risk governance model based on the concept of three lines of defense internal to the organization, which are complemented by an external fourth line of defense, represented by external audit and regulation/supervision:

- 1st line: Business (responsibility for risk) – daily running of business, including proactive management of risks, aligned with established risk policies. The areas involved are Business Units and Corporate Departments with decision-making responsibility.

- 2nd line: Risk (support the analysis and risk monitoring) – support in the identification, analysis, evaluation and risk monitoring. The areas involved are Risk Management Department and Compliance Department.

- 3rd line: Audit (independent supervision) – performance and coordination of audits, seeking the improvement of the risk management process, control and corporative government. The area involved is the Internal Audit Department.

From the established governance model, with the goal of identify, evaluate, follow and control risks to which the Group is exposed to, the Risk Management, Compliance and Internal Audit Departments stand out, from the Corporate Departments.

The Risk Management Department's main responsibility is to coordinate the Group's risk assessment studies in order to assist the Executive Board of Directors in controlling and mitigating them and to provide integrated risk-return analysis, according to a more detailed analysis in the respective chapter.

The Compliance Department has as main responsibilities to contribute to the improvement of management procedures associated, externally, with legal and regulatory "compliance" risks and, internally to the compliance of regulations and other internal rules in force, ensuring the implementation of the Internal Control System for Financial Reporting (SCIRF).

The activity of the Compliance Department is based in four major phases:

- Identification and analysis of *compliance* risks;
- Promotion and coordination of the implementation of Group's policies and procedures in order to mitigate the identified *compliance* risks;
- Monitoring of procedures and controls in order to assess the maintenance of their suitability;
- Periodic reporting to the Executive Board of Directors and to the Financial Matters Committee / Audit Committee of the most relevant topics that represent greater risk for the Group.

The Group's *compliance* management system considers the particularities of dimension and activity of each business unit and geography.

The Internal Control System for Financial Reporting (SCIRF) is introduced in Note 55. of this report, which details the methodology and the responsibility model adopted by the Group.

The main role of the Internal Audit Department is to perform internal audits or to ensure that they are performed in the Group, in accordance with legislation and the best international practices.

The Group's internal audits consider existing work lines, of which stand out: (i) analysis of the operations effectiveness and efficiency, (ii) the reliability and integrity of the information, both financial and operational, (iii) information systems audit and property integrity.

The Internal Audit Department periodically reports to the Executive Board of Directors and to the Financial Matters Committee / Audit Committee about its activity plan accomplishment, underlining the most relevant topics and those that represent greater risk for the Group.

In addition to the above-mentioned Departments, the Executive Board of Directors established a Risk Committee and a Compliance Committee, whose functions and composition are described in the respective chapters.

Under the law, the General and Supervisory Board permanently oversees and evaluates internal accounting and auditing procedures, the efficacy of the risk management system, the internal control system and Compliance, including the reception and treatment of complaints and queries, whether from employees or others. This duty has been assigned to the Financial Matters Committee / Audit Committee, which, among other tasks, permanently monitors and supervises:

- Financial matters and accounting practices;
- The Compliance management system and the Internal Control System for Financial Reporting;
- Internal auditing procedures;
- Matters relating to the risk management system;
- The activity and independence of the Statutory Auditor of the Company.

51. DESCRIPTION OF HIERARCHICAL AND/OR FUNCTIONAL DEPENDENCY ON OTHER COMPANY BODIES OR COMMITTEES

In the performance of their duties, the Internal Audit Department (DAI) and the Compliance Department (DCO) report hierarchically to the Executive Board of Directors, and functionally to the Financial Matters Committee / Audit Committee of the General and Supervisory Board.

The Risk Management Department reports hierarchically to the Executive Board of Directors.

52. OTHER COMPANY AREAS WITH RISK CONTROL DUTIES

The risk management is an integral part of the common practices of business management and it is the responsibility of all, from the Executive Board of Directors right down to the individual staff member. Each one is responsible for knowing the risks existing in their area of intervention and for managing them in accordance with their role, expertise and delegated responsibilities.

The EDP Group manages its meaningful risks in a portfolio approach, optimizing the risk/ return trade-off transversely across its business areas, aiming to create value and to stand out in the markets where it operates. The EDP Group also works towards a permanent progress of its risk management processes in order to reflect the evolution of its needs and to maintain its alignment with international risk management best practices.

The integration of risk management in the most relevant business and decision-making processes is promoted as part of i) strategic development, ii) investment decisions, iii) business plan and iv) operations management, with the purpose of ensuring stability in results and optimize its response to changes in context and opportunities.

The risk management process is structured around three lines of defense (business operation, risk management/ compliance and internal and external auditing), each led independently and ensuring an adequate level of segregation relative to one another. The functions of risk identification, analysis, evaluation, treatment and monitoring are followed by a set of bodies with clearly established roles and responsibilities, typified by Group policies that are approved and ratified by the competent bodies of the Group:

- **The General and Supervisory Board** (GSB), in particular the Financial Committee/ Audit Committee, is responsible for monitoring on a permanent basis and evaluating internal procedures for accounting and auditing, in addition to the efficacy of the risk management system, the internal control and the internal auditing systems, including the way in which complaints and queries are received and processed, whether originating from employees or not. The General and Supervisory Board is additionally involved in the Group's Strategic Plan, ensuring, implicitly, an alignment between management and shareholders regarding risk appetite.

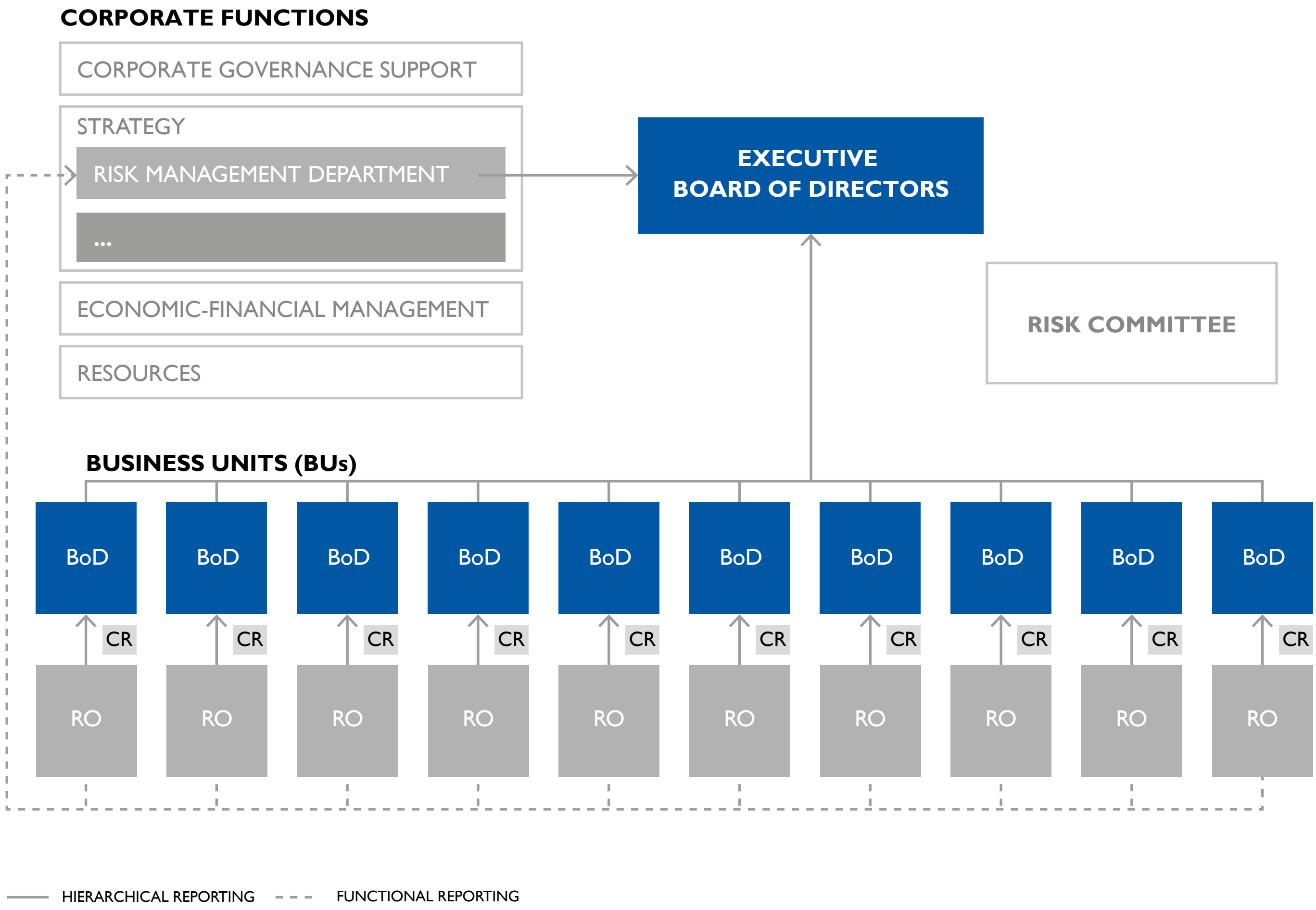
- **The Executive Board of Directors** (EBD) is the highest body responsible for risk-related decision-making, supervision and management control. It is responsible for the approval of the business plan, for setting the management objectives and policies of the EDP Group. It is responsible, among other duties, for defining the Group's risk exposure, in line with the best practices in risk management procedures and policies (namely, the respective exposition limits by risk category), as well as the allocation of resources, depending on the risk-return profile of the various options available.

- **The Risk Management Department**, headed by the Chief Risk-Officer, establishes an integrated and holistic view of the Group's risk position (top-down perspective), supporting the prioritization and coordination of cross-cutting initiatives, offering a segregated and business-independent view regarding key risks. Its main responsibilities are: i) to maintain and update an inventory of the Group's most significant risks and fostering their implementation in the various Business Units and Corporate Departments; ii) to promote and monitor the implementation of the management and control actions regarding the Group's most significant risks; iii) to systematically measure specific risks and conduct risk-return analyses, noting and reporting adjustment needs when necessary; iv) to define main concepts, methods and risk measures and Key Risk Indicators (KRI), supplementary to the Key Performance Indicators (KPI); v) to develop and support projects and initiatives aimed at the effective improvement of the management process of significant risks; and vi) to support the Executive Board of Directors in the risk management and business continuity areas.

- **The Management of Business Units and Corporate Departments** is the first responsible for an integrated risk management in each of their business areas. Its main responsibilities are: i) to propose and approve (through the respective Board of Directors) the definition of key principles for risk management, aligned with the orientations defined by corporate policies; ii) to ensure that the risks within the scope of their activity are identified, analyzed and evaluated broadly, rigorously and consistently throughout the Group, using established methodologies; iii) to optimize the risk/ return trade-off of their activity, aligned with the orientations established by the Executive Board of Directors, regarding the definition and implementation of risk management strategies, implementation of effective initiatives in treatment costs of key risks, the clear and equilibrated allocation between parties in case of internal or external contract of products or services and the definition of mechanisms and levels of residual risk transference (insurance); iv) to monitor and report periodically their risk position, by the definition and regular monitoring of KRIs, risk reports and the evaluation of existing risk controls; and v) to highlight key aspects of risk management to their respective risk-officers, Risk Management Department and appropriate decision makers.

- **Local structures for risk management** (risk-officers) assume a key role on operationalizing risk management. Typically, they report hierarchically to a member of the respective Board of Directors, and in coordination with EDP Group Chief Risk-Officer, acting independently from business operation. In large and/ or particularly complex Business Units local replicas of risk management corporate structure exist, articulated with the Risk Management Department. Their responsibilities include: i) to identify and characterize through quantification and qualification the materiality of key risks (both threats and opportunities), within the scope of their activity and in articulation with the business; ii) to perform studies on key strategic issues and associated risks, in close articulation with the business and the Risk Management Department; iii) to support the Board of Directors and Departments on decision making, in the perspective of risk; iv) to advise on mitigation and hedging strategies for key risks; v) to monitor and report key risks to decision makers and Risk Management Department, to implement policies and procedures, including the follow-up of expositions vs. established risk limits, the systematic register of incidents and quasi-incidents, including the characterization of events and its quantitative impact; vi) to develop and promote methodologies to analyze, evaluate and treat actual and emerging risks and support its implementation; vii) to coordinate initiatives regarding crisis management and business continuity; viii) to coordinate the existing Risk Committees (if applicable); and ix) to provide adequate risk related information to the Risk Management Department, decision makers, and remaining relevant stakeholders.

Model for risk function report at EDP Group (and communication with the corporate centre)



Furthermore, there are a number of regular forums for the discussion, analysis and issue of opinions on risk-related topics:

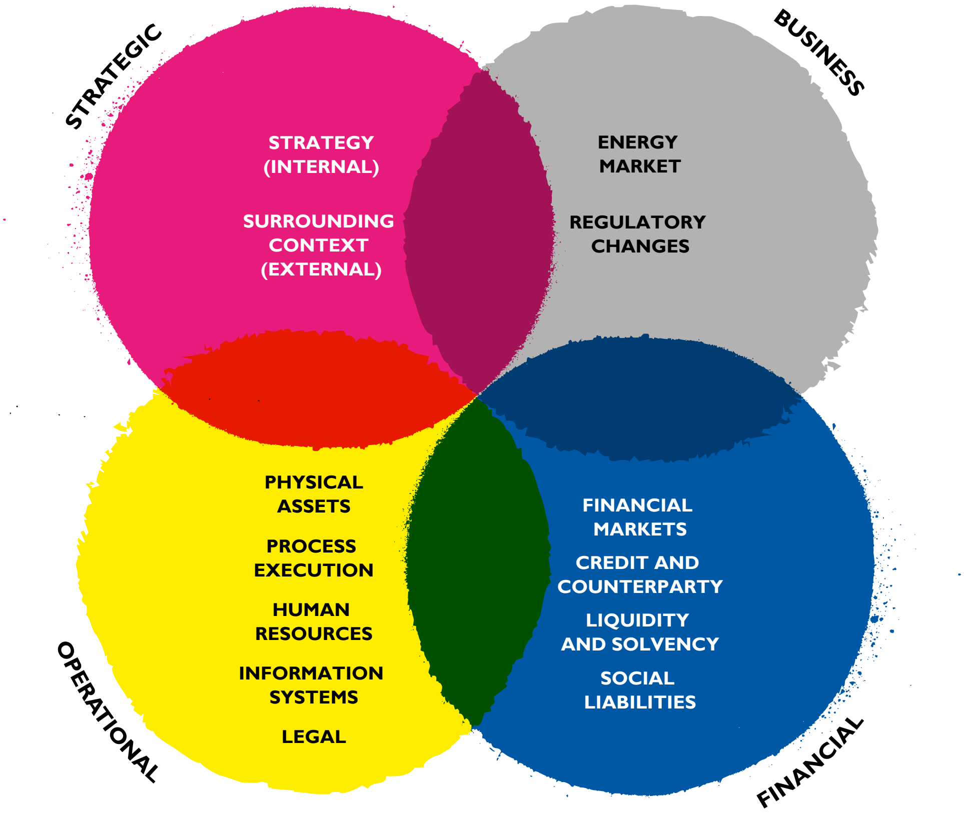
- **EDP Group Risk Committee** has the main objective of supporting the decisions of the Executive Board of Directors in the identification, assessment, management and control of risk, in terms of: i) supporting the identification of significant risks and the characterization of the EDP Group's risk profile; ii) discussing relevant risk analysis and evaluation projects results developed with Business Units and Corporate Departments; iii) advising and/ or recommending risk management strategies (e.g., regarding policies, procedures and limits); and iv) monitoring and controlling the evolution of significant risks. This Committee is held at half-yearly intervals (at least). It is composed of the key decision makers and those responsible for the Group's risk management (the Executive Board of Directors, the Corporate Centre and selected Business Units).

- **The Individual Risk Committees** are set up and held at Business Unit levels when the degree of complexity of risk management justifies such, taking on a structure replicated from the Group's Risk Committee. These Committees are composed of the key decision makers and those responsible for risks of each Business Unit, typically coordinated by the respective risk officer.

53. THE MAIN TYPES OF ECONOMIC, FINANCIAL AND LEGAL RISK TO WHICH THE COMPANY IS EXPOSED IN ITS BUSINESS

The taxonomy of risks for the EDP Group combines in an integrated approach and in common language the various mapped risks existing in relation to the Group's several Business Units, structured around four major families: strategic, business, financial and operational.

EDP Group Risk Taxonomy



STRATEGIC RISKS

The EDP Group closely monitors and reports on strategic risks, since it considers that these risks may have a significant impact if they occur. The strategic risks can be broken down into two different types:

- **Risks of the surrounding context**, associated with external developments that may have a negative material impact on the Group, in particular but not limited to, severe macro-economic, social/ or political crisis in core geographies for the Group, technological disruptions of various kinds, profound changes resulting from climate change and disruptive changes in competitive paradigm.
    - **Regarding the risk of a macro-economic**, social and/ or political crisis in the geographies where the Group is present, the stability of public deficit and of the interest rate of public debt in Portugal and Spain, as well as the stability of political context, suggest a material reduction of the probability of actual occurrence of these risks. However, some geographies

where EDP operates, namely Brazil, are living challenging macroeconomic cycles, which may be materialized in increased volatility of financial markets with direct impact in EDP operations.

- **Regarding technological disruption**, the EDP Group has sought to position itself at the forefront of technological development in the sector, looking at this issue not as a threat but as a central vehicle for promoting growth in the future. The EDP Group has accordingly actively and transversely invested in and investigated the promotion of new technologies in the various stages of the value chain (namely *EDP Inovação* activity level, and through the development of the digital acceleration program EDPX in 2018, resulting in the creation of a unit dedicated to digitalization – Digital Global Unit).

- **Regarding climate change**, such changes may have a significant and across-the-board impact on the various stakeholders over the medium to long term (e.g., in terms of average temperatures, average sea levels, structural changes in water and/or wind volumes, or the incidence of extreme climatic events). In this regard, the Group has decisively invested over the recent years in strengthening its portfolio of renewable energy as well as in a concerted strategy of environmental sustainability, which has been internationally recognized, not only in order to reduce its ecological footprint, but also to ensure its resilience to the possible materialization of risks deriving from climate change.

- **Regarding disruptive changes to the competitive paradigm**, the Group recognizes the risks associated with changes to the business model paradigm (e.g., in relation to distributed generation). The EDP Group addresses this risk through meticulous analyses and prospective investments, allowing to proactively anticipate and adapt the business model to possible market development trends.

- **Strategy risks**, associated with investment decisions, relationships with key partners (shareholders and others), internal governance and corporate planning (in its various forms).

  - **Regarding investment decisions**, EDP's growth strategy implies the constant evaluation and decision-making in relation to investment options that allow it to implement the strategy established and approved by its shareholders. Accordingly, a meticulous and consistent process is defined across the Group, with pre-established criteria[1] for analysis, decision-making and monitoring of projects. This process is conducted at the corporate level by the Business Analysis Department, locally supported by the various Business Units. Additionally, Investment Committees regularly meet to discuss, monitor and advice on i) investment analysis and decisions; ii) compliance with investment implementation schedules; and iii) evaluation of impact of detected or potential deviations. These forums are performed both at the Business Unit level and at the corporate level, involving decision-makers and key experts of the Group in the relevant fields.

  - **Regarding the relationship with partners (shareholders and others)**, the EDP Group has a solid and stable core of shareholders, which is aligned with and actively participates in the Group's strategy. On the other hand, the EDP Group is guided by strict criteria at all levels for the selection of its partners in the various countries and business areas in which it operates, the management of which is led by the Executive Board of Directors, Business Units and Institutional Relations and Stakeholders Department.

  - **Regarding internal governance**, the Group considers that the design and implementation of its various corporate bodies ensures compliance with the best international practices on this topic (see previous section for more information).

  - **Regarding corporate planning** (particularly in terms of brand and communication, investor relations, human resources, information systems, business strategy, and others) the Group believes that the current structures and processes allow it to adequately manage these risks.

BUSINESS RISKS

The business risks encompass all risk factors intrinsically related with the remuneration of the core activities of the EDP Group in the generation, distribution and sale of energy in the various countries and markets where it operates. The business risks can be broken down into two different types:

- **Energy market risks**, related to electricity prices (pool) and other commodities, renewable energy generating volumes (hydro, wind and solar power), energy consumption (associated with demand) and supply margins.

[1] Particularly related to the definition of minimum return levels, up to date and geography/ business line-specific discount rates as well as to the resilience to multiple adverse scenarios of delays, overruns, fluctuations in key business variables, political environment and regulations

- **Regarding price of electricity**, the impact is limited by the fact that a significant share of generation is contracted in the long term, especially in relation to *EDP Renováveis* and most of the installed capacity in Brazil. Currently, generation subject to market price fluctuations includes: i) all ordinary status generation in Portugal and Spain; ii) generation in Brazil in excess of or in deficit to the PPA; and iii) part of the wind energy farms of *EDP Renováveis* in Spain, US, Poland and Romania. The Energy Management Business Unit (UNGE) is responsible for proactively acting in the MIBEL2 and other forward markets (including OTC) in order to optimize the margin of market generation and limit the respective risk, according to the delegation of powers clearly established and ensuring periodic P@R - "Profit at Risk" reporting, based on a proprietary model. Energy Management Business Unit (UNGE)'s operations are adequately framed by a specific risk policy, including exposure limits.

- **Regarding the price of other commodities** (mostly fuel and CO2), subject to fluctuation due to supply and demand dynamics or changes in international legislation and relevant only to power plants exposed to market risk, this risk is monitored and proactively managed by the Energy Management Business Unit (UNGE), which negotiates and manages coal and gas contracts and CO2 allowances. It is also responsible for mitigation of the fuel prices risk via hedging (including foreign exchange risk in USD, in coordination with the Financial Management Department).

- **Regarding renewable energy generation volumes**, the EDP Group has a degree of material exposure to this risk, particularly in relation to water volume (Wind Energy Capability Index3 tends to be less volatile than the Hydroelectric Capability Index4, on an annual basis), arising from its increasing focus on a generation portfolio with ever greater renewable energy, as well as its hydro portfolio in Portugal and Brazil. It should be noted that although this risk may introduce some volatility in annual results, it has a significantly lower impact on the long-term value of EDP's generation assets portfolio, since it i) diversifies inter-annually; ii) diversifies through technologies, somehow compensating volume vs. price with the remaining technologies (lower hydro productivity is, in part, compensated by higher thermal production at typically higher prices) and iii) is uncorrelated with the market. On the other hand, exposure in Brazil is significantly mitigated by i) the fact that there is hydrological diversification throughout the country (through financial coupling mechanisms); as well as ii) the fact that a PPA on fixed energy generation is established; and iii) the fact that the Group joined, in the end of 2015, the hydro risk renegotiation mechanism, which combined with the cap on PLD price limits the exposure to the deficit of allocated energy relative to energy sold in PPA (for the Regulated Environment).

- **Regarding energy consumption** (electricity and gas), the EDP Group is subject to fluctuations in the amounts of energy sold (depending on factors such as, among others, economic activity and annual temperatures). A trend of recuperation of energy sales has been noted in the last year, as the result of a rise in economic activity in Portugal and Spain, although limited by the proliferation of energy efficient solutions. besides such economic cycle fluctuations and energy efficient solutions, consumption can also be affected by situations of rationing (as happened in Brazil in 2001) although this risk is currently low. This risk, like the previous one, is difficult to mitigate by itself. EDP chooses to manage it through diversification across multiple technologies, countries and business lines.

- **Regarding sales margins**, the current customer migration to the free market enhances the aggressiveness of offers from suppliers and can add additional volatility in terms of market shares and unit margins. Moreover, there is risk associated with deviations in actual consumption from the forecasting model adopted by the Group. These risks are managed by the Group's energy sales companies, with particular emphasis on initiatives to i) strengthening the core offer (e.g., through combined electricity and gas products); and ii) introducing innovative products and services (e.g., *Funciona* and Re:dy). In addition, the Prices and Volumes Committee evaluates and regularly makes recommendations for the dynamic management of this risk.

- **Regulatory risks**, related to changes in legislation and regulations that the Group is required to comply with in the various countries and markets in which it operates (in particular, but not limited to, sectoral packages, regulatory frameworks, environmental legislation and taxes, and other). This risk is managed proactively by the EDP Group, through monitoring and thorough preparation of the various dossiers and adopting a constructive and cooperative attitude in their discussion. This allows the materialization of options out of synch with reality in the different market contexts in which the Group operates to be anticipated and minimized.

FINANCIAL RISKS

The financial risks encompass the market risk factors linked to the (non-operational) energy business of the EDP Group in the various countries and markets where it operates. Financial risks can be divided into four different types:

[2] Iberian Electricity Market
[3] Ratio between the yearly wind energy output vs. reference year
[4] Ratio between the yearly hydro energy output vs. reference year

- **Financial variables risks**, associated with fluctuations in international markets in interest rates, exchange rates, inflation and valuation of financial assets held by the Group.

    - **Regarding interest rates**, the risk is mainly associated with the percentage of debt at floating rates, as well as any increases in costs associated with fixed rate debt refinancing needs in a context of rising current interest rates. This risk is managed and mitigated by the Group's Financial Management Department, which ensures compliance with the risk profile, using the procedures and tools provided by the Group's risk policies. Periodic reports on the evolution of these variables and sources of risk are prepared.

    - **Regarding foreign currency exchange rates**, the risk is associated with fluctuations in the cost of the purchase and sale of electricity and fuel and with the cost of investments denominated in foreign currencies, as well as fluctuations in the value of net assets, debt and income denominated in foreign currencies. The EDP Group acts proactively in order to ensure a broadly balanced net structural exposure (assets - liabilities) in USD, GBP and CAD. On the other hand, the geographical diversification (and exposure to multiple currencies) contributes for the reduction of annual result volatility. The remaining risks are managed and mitigated by the Group's Financial Management Department, in conjunction with the Energy Management Business Unit (UNGE), *EDP Renováveis* and *EDP Brasil*, in the same way as above.

    - **Regarding inflation**, the risk is mainly associated with the fluctuation of operating revenues and costs in the various countries where the EDP Group operates. In terms of mitigation, the revenue models of regulated activities as well as part of the PPAs include inflation pegging components in order to preserve adequate revenue for the business activity. A significant component of the Group's current business activities is also focused on markets with stable inflation rates. For the remaining risk, as well as active management of the various supply and services contracts, the EDP Group addresses this risk from an integrated perspective, mitigating it through an appropriate debt profile (fixed rate/floating rate) aligned with the revenues profile.

    - **Regarding the valuation of financial assets**, EDP adopts a conservative risk policy with reduced levels of exposure, based on a reduced weight of strategic financial assets and short-term cash investments mainly based on bank deposits (without market risk). This risk mainly results from the possibility of devaluation of the financial assets that EDP holds (traded on securities markets). It is managed according to the procedures and tools provided by the Group's risk policies.

- **Counterparty and credit risks**, associated with unexpected changes in the compliance capacity with obligations by customers, financial counterparties (mainly associated with deposits in financial institutions and financial derivatives) and energy counterparties.

    - **Regarding financial counterparties**, this risk is managed through: i) a careful selection of counterparties; ii) an appropriate diversification of risk over multiple counterparties; iii) an exposure based on financial instruments of reduced complexity, high liquidity and of a non-speculative nature; and iv) regular monitoring of the positions held.

    - **Regarding energy counterparties**, this risk is reduced for operations in an organized market. For operations in over-the-market markets and fuel purchases, the Energy Management Business Unit (UNGE), which is responsible for monitoring and the interface with wholesale markets, monitors transactions by applying exposure and negotiation limits that have been established and approved in advance by a higher management according to the counterparty rating (external whenever possible, or internally rated if the former is unavailable), and using clearing houses for clearing. The counterparty risk is also associated with the sale of long-term energy agreements (PPA), which is minimized by the fact that a significant proportion of counterparties in this context are sovereign entities (governments or state-owned electricity systems). Meticulous scrutiny and approval criteria are likewise applied for private counterparties.

    - **Regarding customers**, the Group is exposed to default risk in Portugal, Spain and Brazil. The average level of risk in Spain is structurally mitigated in terms of expected loss due to a mix of customers with greater weight of the B2B segment (which has less relative weight of average default). The risk in Brazil is mitigated through financial collateral to mitigate the loss (for the Free Contracting Environment), and through the partial recovery of non-compliance by the regulated tariff (for the Regulated Contracting Environment). This is monitored by *EDP Distribuição* and *EDP Comercial* (in Portugal) and EDP España, which are responsible for carrying out the meter reading cycles and cutting off the service/taking legal action and debt recovery. In addition, mitigation tools such as credit insurance and setting up bank collateral are used, whenever this is deemed necessary.

- **Liquidity/solvency risk**, associated with specific cash shortfalls, difficulties in access/ cost of credit and rating reduction risk.

    - **Regarding possible sporadic cash shortfalls**, there is a risk of possible default of the EDP Group in meeting all its short-term liabilities in the committed time periods, or just being able to do so under unfavorable conditions. This risk is mitigated through careful liquidity management, by means of: i) centralization (cash pooling) of all the Group's liquidity at the holding company except for Brazil; ii) keeping adequate levels of liquidity (cash and firmly committed credit lines) based on detailed forecasting of cash requirements (reviewed in 2016 to cover two years of refinancing); iii) an appropriate strategy to diversify funding sources; and iv) the diversification of debt type and maturity profiles.

- **Regarding access to and the cost of credit**, the EDP Group has achieved, despite the adverse economic context, all funding necessary for the usual roll over of debt and to finance the Group's business. EDP's Group has successfully continued with its strategic commitment to reduce leverage (expressed as Net Debt/EBITDA excluding Regulatory Assets) over forthcoming years. Additionally, the Group has acted throughout 2019 towards increasing the average maturity of its debt and reducing its average cost.

- **Regarding the risk of a ratings decline**, the EDP Group can be impacted in its access to and cost of financing by adverse changes in its rating profile (assigned by international agencies). EDP proactively manages this risk by maintaining a low risk profile and maintaining stable contractual standards, which assure that its liquidity position does not depend on mechanisms as financial covenants or rating triggers.

- **Social liabilities' risk**, associated with obligations relating to the capitalization of the Defined Benefit Pension Fund of the Group for Portugal, Spain and Brazil (which has a risk associated with the market value of its assets), and additional costs associated with early retirement as well as medical expenses. The liabilities for employee social benefits are calculated annually by an Independent Actuary on the basis of IFRS-IAS assumptions (taking various factors into account, including interest rate, demographic aspects, economic variables and the applicable requirements). The Defined Benefit Pension Fund is regularly monitored by the Pension Fund Committee that meets at an established frequency, in terms of the value of its assets and the variations in terms of its liabilities (e.g., actuarially related).

OPERATIONAL RISKS

The operational risks encompass the risk factors other than those linked to the energy and financial business of the EDP Group in the various countries and markets where it operates, associated with the planning, construction and operation of physical assets, implementation of processes, human resources, information systems and litigation. The operational risks can be broken down into five different types:

- **Physical assets risks**, related to unforeseen occurrences in projects under development/construction, damage to physical assets in operation and (technical and non-technical) operating losses, associated with the operation of the assets (mainly in distribution).

    - **Regarding projects under development/ construction and assets in operation**, the EDP Group is exposed to incidents derived from external causes (e.g., atmospheric phenomena, fire, damage to structures, burglary and theft, environmental pollution) or internal causes (e.g., damage caused by defects of origin and/or faulty installation), which can result in, among others, threats to the physical integrity of the Group's employees or third parties, repair or replacement costs of equipment, asset unavailability and consequential loss of profit or compensation to third parties. These risks are initially managed and mitigated by the various operational areas of the Group's Business Units, which propose and implement in an articulated manner the best practices in terms of the different policies, standards and operating procedures, inspection and regular preventive maintenance as well as crisis management plans and business continuity for catastrophic events. To this regard, it should be noted the revision of crisis management and business continuity policies in 2015, in order to ensure the continuous alignment with international best practices. Secondly, a significant portion of the remaining risk is mitigated through a comprehensive range of insurance policies (particularly in terms of property damage, civil liability, and the environment), insured in an integrated manner through a special area for this field - the Insurable Risks' Unit. This approach ensures consistency in the risk management policies, guarantees the dissemination of best practices and strengthens the negotiating position of the Group. The existing insurance policies contribute to significantly mitigate the impact of large-scale events (e.g., associated with extreme and comprehensive weather phenomena, non-availability of revenue generating assets or significant compensation to third parties) as well as much less frequent incidents with catastrophic impact (e.g., earthquakes).

    - **Regarding operating losses**, the EDP Group is, firstly, liable for regulatory penalties if it does not meet the objectives set for distribution efficiency (technical losses) and also, on the other hand, for the loss of revenue associated with increased consumption of non-invoiced energy (non-technical losses). The various energy distribution Business Units (*EDP Distribuição*, EDP España, *Espírito Santo* and *São Paulo*) are responsible for this risk. Programs are continuously developed to monitor and mitigate this risk (including the launch of comprehensive programs to combat fraud).

- **Process execution risks**, associated with irregularities in the implementation of various processes (particularly, but not limited to, commercial activities, supplier selection and management, billing and collection from customers, planning and budgeting of activities). This risk is monitored by the various Business Units. Its mitigation regarding financial reporting is controlled through the group-wide Financial Reporting Internal Control System (SCIRF), which systematically assess both quantitatively and qualitatively the existence and adequacy of the design and documentation of the various existing processes, as well as their internal control mechanisms, based on annual cycles.

- **Human Resources Risks**, associated with incidents impacting on the physical integrity of employees, the impact of unethical conduct and labor and trade union relations.

    - **Regarding incidents impacting on the physical integrity of employees**, the Group directs its activity around a zero accidents culture, with awareness of employees concerning the risks involved in the various activities, as well as continuous identification and implementation of best practices for the prevention and meticulous analysis of incidents.

    - **Regarding potentially unethical conduct by employees or other associated entities**, the EDP Group regularly develops a training course (for all employees) on ethical models of conduct and behavior in the presence of transgressions in the ethical domain. This risk is monitored by the Office of the EDP Ethics Ombudsman, which is an independent entity responsible for collecting, analyzing and assessing in the Ethics Committee all allegations of unethical conduct, under strict conditions of confidentiality and protection of the respective sources. Moreover, the EDP Group Ethics Committee is responsible for establishing the action lines to mitigate and penalize unethical conduct, whenever necessary, according to the facts collected and reported by the Ombudsman. Risks associated with the non-compliance of processes or corruption are also followed by the Compliance Department.

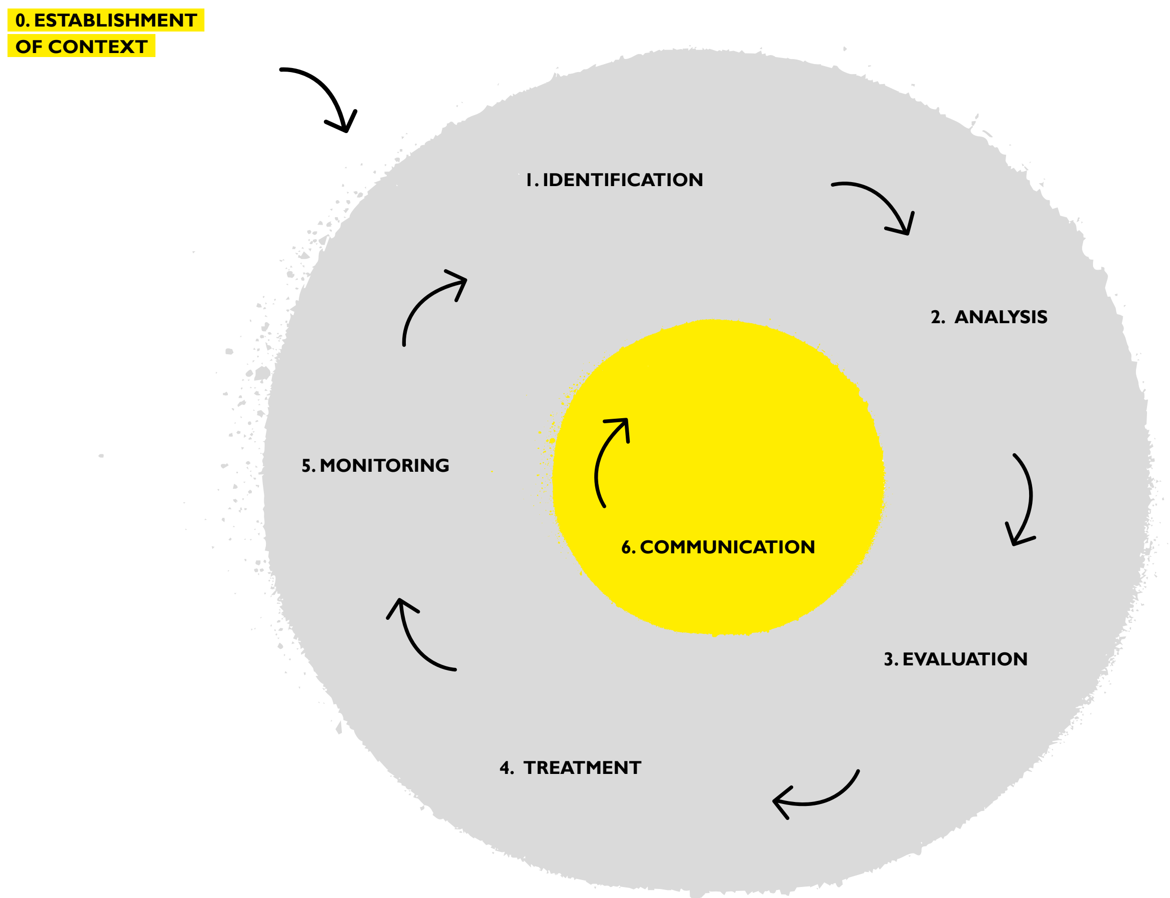
- **Information systems risks**, associated with both the non-availability of information systems, as well as failure in the integrity and security of their data, due to a growing sophistication and integration of the several informatic systems and technologies. These risks are managed by dedicated areas within each the Business Unit (centralized in the Digital Global Unit for Portugal and Spain). To mitigate IT risks, there were established in collaboration with Business Units (end-users) critical levels and maximum unavailability timings allowed for each key application. Disaster recovery redundant systems have also been sized and implemented to address the business specifications (particularly strict for critical systems related with, for example, the implementation of financial transactions, communication and grid operation and trading of energy). Business Units with operational information systems (i.e., *EDP Produção* and *EDP Distribuição*) have specialized teams to guarantee the security and integrity of systems. Additionally, regarding cyber security there has been developed a number of mitigation measures, namely i) the creation of a Security Operations Center (SOC) dedicated to the continuous monitoring of the security of IT/ OT infrastructures, ii) the creation of a cyber range to simulate and test the reaction of employees in case of cyber-attack, iii) insurance coverage of cyber risks, and iv) the development of training and other awareness initiatives about the key principles of information security.

- **Legal risks**, associated with losses arising from non-compliance with existing tax, labor, administrative, or civil legislation, or any other, that has an economic (penalties, compensation and agreements) and reputation impact. EDP Group analyses, monitors and reports the aggregate exposure and material developments to all relevant bodies, whether at the level of the Board of Directors or the General and Supervisory Board. In addition to overall exposure and by country, all cases deemed to be of a material nature (contingency over EUR 2.5 million) are collected, analyzed and reported individually. All ongoing processes are evaluated and classified individually by legal advisors as probable, possible or remote, according to their probability of resulting in a negative impact on the EDP Group. EDP and its subsidiaries' board of directors, based on the information provided by legal advisors and on the analysis of pending law suits, recognizes provisions to cover the losses estimated as probable, related with litigations in progress. This treatment includes not only ongoing disputes (litigation in courts and out-of-court), but also the main contingencies in dispute and not materialized (and which may also translate into a negative impact, through the materialization of a dispute).

54. IDENTIFICATION, ANALYSIS, EVALUATION, TREATMENT AND MONITORING OF RISKS

Given the size of EDP Group and its geographical diversity, it is important to define a common process for all Business Units that recognizes and manages the heterogeneity of businesses and activities in which the Group operates. Accordingly, risk management in the EDP Group can be divided into five major integrated and structured phases (identification, analysis, evaluation, treatment and monitoring), complemented by a previous phase of establishment of context, and adequate levels of communication between all stakeholders:

EDP Group Risk Management Process



0. ASSESSMENT OF **EXTERNAL AND INTERNAL CONTEXT • DEFINITION OF KEY PRINCIPLES** FOR RISK MANAGEMENT.
1. **MAPPING OF KEY RISKS** (AND REPRESENTATION ON A STRUCTURED TAXONOMY OF RISKS).
2. **ESTABLISHMENT OF RISK CRITERIA • QUANTITATIVE AND QUALITATIVE ANALYSIS** OF RISKS MATERIALITY.
3. **ASSESSMENT OS RISK EXPOSURE** REGARDING THE RISK APPETITE • **DEFINITION OF TREATMENT STRATEGIES** TO BE IMPLEMENTED.
4. **IMPLEMENTATION AND EXECUTION OF THE TREATMENT PLANS** PREVIOUSLY ESTABLISHED.
5. **MONITORING AND REPORT** OF KRI EVOLUTION, MATERIALIZATION OF EVENTS AND DEVELOPMENT OF TREATMENT MEASURES.
6. **CONTINUOUS AND BIDIRECTIONAL COMMUNICATION** BETWEEN RELEVANT STAKEHOLDERS.

FUNDAMENTAL PHASE   PREVIOUS/CONTINUOUS PHASE

- **The identification** of risks concerns the survey and update of the main risks associated with the Group's business, as well as their representation in a structured repository - the taxonomy of risks. Each of the Business Unit and Corporate Departments is primarily responsible for this exercise, within their scope. The Risk Management Department, in coordination with risk-officers, is responsible for the validating and integrating the different exercises and for obtaining and maintaining a global perspective (at the EDP Group level). The Group updated its top-down global risk map, based on interviews and in conjunction with the Group's main risk-owners. More recently, it also developed a reference taxonomy of risks, promoting a common language and facilitating the structure of different exercises for risk identification across all Business Units.

- **The analysis** of risks concerns the establishment of criteria to assess its nature and order of relative magnitude, as well as the analysis of individual and aggregated exposition according to the defined criteria. Each Business Unit and Corporate Department is primarily responsible for this exercise, within their scope of activity, being supported by the Risk Management Department, in coordination with risk-officers, namely through the development of adequate methodologies. This standardization and systematization of analysis and assessment criteria helps make risks of a heterogeneous nature comparable, informs the various decision makers of the orders of magnitude of the various risks and guides the prioritization of management and mitigation initiatives and the definition of clear risk management policies at various levels (including the definition of limits). In addition to this perspective, risk-return analyses are performed systematically (based on EBITDA@Risk, CF@Risk or other methods) associated with the main strategic guidelines and decisions of the Group (e.g., regarding the Group's Strategic Plan, key investment decisions or other topics deemed to be relevant).

- **The evaluation** of risks is related to the comparison between the risk profile and the risk appetite, tolerance and capacity of the Group (stated both implicitly or explicitly), as well as on the definition of adequate strategies for treatment, when necessary. This exercise is responsibility of the Executive Board of Directors and Business Units, supported by the risk-officers, who act in coordination with the business operation (or risk-owners) and the Risk Management Department (leaded by the Chief Risk-Officer). It is important to highlight the recent formalization of EDP Group's risk appetite statement, with the external objective of structuring a holistic narrative around the strategic pillar of controlled risk, as well as the internal objective of promoting a reflection on the risk-return trade-off of strategic options.

- **The treatment** of risks concerns the adequate implementation of the risk strategies previously established, including the definition of adequate mechanisms of control. This exercise is responsibility of each Business Unit and Corporate Department, within the scope of their activity.

- **The monitoring** of risks ensures the effectiveness of action on identified risks, both in terms of control and periodic reporting of the Group's position as regards several risk factors, as well as the effective implementation of the policies, standards and procedures established for risk management. This role is ensured by the Boards of Directors of the various Group Business Units. The Risk Management Department and risk-officers are responsible for promoting and enhancing risk control and management measures, disseminating best practices and supporting the disclosure of concepts, methods, risk measures and key risk indicators (KRI). Additionally, the Risk Management Department, supported by the network of risk-officers, develops a set of bi-weekly or quarterly reports sent to the Executive Board of Directors and to the Board of Directors of each Business Unit.

55. MAIN FEATURES OF THE RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS IN PLACE IN THE COMPANY FOR THE DISCLOSURE OF FINANCIAL INFORMATION

EDP Group has incorporated, into its management, the Internal Control System of Financial Reporting (SCIRF), based on criteria established by the regulatory framework of internal control issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO 2013), in relation to business processes and entity level controls, and the Control Objectives for Information and Related Technologies (COBIT), in relation to the general controls of information technology.

According to the adopted methodology and approved responsibilities model, activities were carried out related to the development, monitoring and maintaining of the internal control system, within the competence of those responsible that participating in it at the corporate level, entrepreneurial units and business unit level (business and shared services unit companies).

The monitoring and maintenance work was carried out through: (i) corporate ii) business units and (iii) shared services companies.

(I) THE ACTIVITIES AT CORPORATE LEVEL WERE AS FOLLOWS:

- Planning and monitoring cycle, maintenance and review of reference models, conceptual and methodological support to business and shared services unit companies;

- Defining SCIRF 2019 Scope based on the consolidated financial information, supported on materiality and risk criteria on a "top down" (Corporate Internal Audit and Compliance Department) and "bottom up" basis, from which the companies and Corporate Centre departments and respective processes considered relevant were identified. Autonomously, they were covered by the scope, the most relevant companies in Portugal, Spain and Brazil geographies and in aggregate, the units that make up EDP Renewables, SA, EDP Renewables Europe, SL and EDP Renewables North America, LLC;

- Support for business and shared services unit companies in the documentation and review of new controls and redesigned of the existing, resulting from the inclusion of new topics, by materiality and/or risk and legal, structural, procedural and/or accounting changes;

- Identification of relevant computer applications that support SCIRF and analysis of "service organizations", for monitoring the issuance of the ISAE 3402 reports corresponding to an independent assessment of the control environment used by EDP's information technology service providers;

- Monitoring the cycle evaluation process, by the External Auditor, in terms of work planning, interaction with business and shared services unit companies.

- Attendance and support provided to business and shared services unit companies, resolution of identified non-compliances and reporting to those internal responsible and supervisors;

- Launch and monitoring of the self-certification process, through which those responsible for the internal control of the business and shared services unit companies, declare their explicit recognition about the (i) sufficiency or insufficiency of the controls documentation in terms of updating and adjustment, (ii) its execution and maintenance of evidence, (iii) actions approval and implementation related to the resolution of non-compliance and (iv) compliance with the Code of Ethics;

- Completion of the self-assessment process for SCIRF 2019 cycle, through which the Executive Board of Directors, represented by the Chairman and the member of the Executive Board of Directors responsible for the financial areas, emit a responsibility report on the safety and reliability degree of consolidated financial statements preparation and presentation.

(II) THE ACTIVITIES AT BUSINESS UNITS AND (III) SHARED SERVICES COMPANIES LEVEL OF EDP GROUP WERE AS FOLLOWS:

- Analysis of the results of the scope model application to the financial statements on an individual basis and inclusion of new topics and relevant applications, following the risk analysis bottom up;

- Application on “stand alone” scope level for the EDP Espanha, EDP Renováveis and EDP Brasil subgroups, with the profile of materiality and risk appropriate to their size, have been published by the Auditors, the corresponding independent reports on the internal control system, in their respective annual reports, in line with the publication made in the annual consolidated report of Group;

- Identification, review and appointment of SCIRF responsible, depending on the result of the scope model application and on the review and/or update due to organizational, structural, legislative and operational changes in the business and shared services unit companies;

- Documentation of new controls and redesign of the controls documented in previous cycles, subject to revision due to changes at different levels of the business and shared services unit companies;

- Implementation of actions necessary for the resolution of non-compliances identified in the assessment tests made by the External Auditor;

- Self-certification by which the SCIRF leaders assess, at all levels of the chain, the sufficiency and updating of documentation and maintenance of evidence in the execution of control activities;

- Self-assessment by the President of the Board and by the board member in charge of the financial matters of EDP España, EDP Renewables and EDP Brasil subgroups, through the issue of responsibility reports on the degree of safety and reliability of the preparation and presentation of financial statements, in line with the issuance of the independent reports, by the External Auditor, at “stand alone” level;

- The SCIRF 2019 evaluation was made by the Group's External Auditor, PriceWaterhouseCoopers, according to the "ISAE 3000 - International Standard on Assurance Engagements" in all geographies covered by the scope model and with the support of KPMG, in the specific case of EDP Brasil.

The External Auditor issued an independent report on the Group's Internal Control System of Financial Reporting related to the financial statements of December 31, 2019, without reservations nor qualifications, presented in the annex "Reporting Principles", concluding with a reasonable degree of assurance regarding the effectiveness of internal controls system on financial reporting of EDP Group.

IV. INVESTOR RELATIONS

56. COMPOSITION, DUTIES AND INFORMATION PROVIDED BY THESE SERVICES AND THEIR CONTACT INFORMATION

The essential role of the Investor Relations Department is to act as the interlocutor between EDP's Executive Board of Directors and investors and the financial markets in general. It is responsible for all the information provided by the EDP Group, in terms of disclosure of privileged information and other market communications and publication of periodic financial statements.

In carrying out its duties, the department is in constant contact with investors and financial analysts, providing all the information that they request, while observing the applicable legal and regulatory provisions.

EDP's Investor Relations Department comprises six people and is coordinated by Miguel Viana. It is located at the Company's head office:
Avenida 24 de Julho, nº 12, 4º Piso - Poente
1249-300 Lisboa
Telephone: +351 21 001 2834
E-mail: ir@edp.com
Website: www.edp.com

The following chart shows the communication channels through which EDP provides its shareholders with information on each type of documentation.

CHANNELS	IN PERSON [1]	WWW.EDP.COM	E-MAIL	IR PHONE NUMBER [2]	BY MAIL [3]	WWW.CMVM.PT
ELEMENTS REQUIRED BY LAW OR REGULATION [4]						
Notice of meeting	√	√	√	√	√	√
Executive Board of Directors' proposals	√	√	-	√	√	√
Amendment of the Articles of Association	√	√	-	√	√	√
Other proposals	√	√	-	√	√	-
Annual Report	√	√	√	-	-	√
Management and supervisory positions held in other Group companies by company officers	√	√	-	√	-	√
ADDITIONAL ELEMENTS						
Ballots for voting by proxy	√	√	√	√	√	-
Ballots for voting by mail	√	√	√	√	√	-
Ballots for voting by e-mail	√	√	√	√	√	-
Clarification of any issues	√	√	√	√	√	-
EDP Articles of Association and Regulations	√	√	√	√	√	√

[1] AT EDP'S HEADQUARTERS
[2] IR PHONE NUMBER +351 21 001 2834;
[3] WRITTEN NOTICE FROM THE CHAIRMAN OF THE EXECUTIVE BOARD OF DIRECTORS REGARDING ANNUAL GENERAL MEETINGS
[4] ART. 289 OF COMPANIES CODE AND REGULATION OF CMVM 5/2008

57. Representative for market relations

The representative for market relations is Miguel Stilwell de Andrade.

58. PERCENTAGE OF AND RESPONSE TIME TO QUERIES RECEIVED IN THE YEAR OR PENDING FROM PREVIOUS YEARS

EDP's goal is for communication with the market to consist of objective, transparent information that is understandable to all stakeholders. In order to achieve such intent, and bearing in mind the importance of keeping a trustworthy and sustainable behavior, EDP has adopted a financial reporting policy based on transparent and consistent information properly conveyed to investors and analysts.

On 12 March 2019, EDP presented its “Strategic Update” in London, where it was announced the business plan for the period 2019-22. Additionally, during 2019, EDP participated in numerous events with analysts and investors to inform the market of the Company's strategy and operational and financial performance. These included roadshows, presentations to analysts and investors, meetings and conference calls.

Overall, 100 market communications were made in 2019. The Investor Relations Department received several requests for information during the year and the average response time to queries was less than 24 hours.

The Company's efforts have been rewarded at a number of events. In 2019, EDP received the prizes of best “Investor Relations Officer” and best “CFO in Investor Relations” by the *Investor Relations & Governance Awards* (IRGAwards), delivered by Deloitte. Additionally, it was nominated for the “IR Magazine Europe Awards 2019”, having been considered the second best company for Investor Relations in the Utilities sector and the third best in the Western Europe region, which represents the best ranking ever achieved.

V. WEBSITE

59. WEBSITE ADDRESS

EDP's website (www.edp.com) provides comprehensive legal or corporate governance information, updates on the Group's activity and complete financial and operational data in order to facilitate searches and access to information by shareholders, financial analysts and others.

The information made available through this channel in Portuguese and English includes data on the Company, financial statements and accounts, privileged information, the Articles of Association and Internal Regulation of corporate bodies, the Group’s shareholder structure, preparatory documentation for General Meetings, historical performance of EDP share prices, a calendar of Company events, the names of members of the corporate bodies and the representative for market relations, contact information for the Investor Relations Department and other information of potential interest about the Group. EDP's website also allows visitors to consult accounting documents for any financial year since 1999.

60. LOCATION OF INFORMATION ABOUT THE COMPANY, ITS STATUS AS A PUBLIC LIMITED COMPANY, HEAD OFFICE AND OTHER DETAILS MENTIONED IN ARTICLE 171 OF THE COMPANY CODE

The information set out in Article 171 of the Companies Code is available on EDP's website on:

www.edp.com/en/investors/corporate-governance/principles-govern-us#by-laws---regulations

61. LOCATION OF THE ARTICLES OF ASSOCIATION AND REGULATIONS OF BODIES OR COMMITTEES

The Articles of Association and regulations of bodies and committees are available on EDP's website on:

www.edp.com/en/investors/corporate-governance/principles-govern-us#by-laws---regulations

62. LOCATION OF INFORMATION ON THE NAMES OF MEMBERS OF THE CORPORATE BODIES, MARKET RELATIONS REPRESENTATIVE, INVESTOR RELATIONS OFFICE OR EQUIVALENT BODY, THEIR DUTIES AND FORMS OF ACCESS

The names of members of the corporate bodies, market relations representative, investor relations office or equivalent body, their duties and forms of access are available on EDP's website on:

www.edp.com/en/investors/corporate-governance/governing-bodies

www.edp.com/en/investors/corporate-governance/principles-govern-us#by-laws---regulations

63. LOCATION OF ACCOUNTING DOCUMENTS, WHICH MUST BE AVAILABLE FOR AT LEAST FIVE YEARS AND THE SIX-MONTHLY CALENDAR OF COMPANY EVENTS DISCLOSED AT THE START OF EACH HALF YEAR, INCLUDING GENERAL MEETINGS, DISCLOSURE OF ANNUAL, SIX-MONTHLY AND, IF APPLICABLE, QUARTERLY ACCOUNTS

The accounting documents and calendar of company events are available on EDP's website on:

www.edp.com/en/investors/investor-information/results-reports#reports-and-accounts

www.edp.com/en/investors-0

64. LOCATION OF NOTICE OF MEETING FOR GENERAL MEETINGS AND ALL THEIR PREPARATORY AND SUBSEQUENT INFORMATION

The notice of meeting for General Meetings and all their preparatory and subsequent information are available on EDP's website on:

https://www.edp.com/en/investors/general-meetings

65. LOCATION OF HISTORY OF DECISIONS MADE AT THE COMPANY'S GENERAL MEETINGS, THE SHARE CAPITAL REPRESENTED AND RESULT OF VOTES FOR THE PREVIOUS THREE 3 YEARS

The history of decisions made at the Company's General Meetings, the share capital represented and result of votes are available on EDP's website on:

https://www.edp.com/en/investors/general-meetings

D. REMUNERATION

I. POWER TO SET REMUNERATION

66. POWER TO SET THE REMUNERATION OF CORPORATE BODIES AND COMPANY DIRECTORS

Pursuant to the Articles of Association, payments to the company officers are fixed by a Remuneration Committee appointed by the General Meeting of Shareholders, with the exception of the remuneration to members of the Executive Board of Directors, which is fixed by a Remuneration Committee appointed by the General and Supervisory Board.

These Committees submit annually to the Shareholders' General Meeting a statement regarding the remuneration policy of the corporate bodies members, pursuant to Article (2) (1) of Law no. 28/2009, 19 June.

When establishing the remuneration of the members of the General and Supervisory Board, the Board of the General Shareholders' Meeting and the Statutory Auditor, the Remuneration Committee of the General Meeting takes account of its fixed nature and the imperative rules on its determination, in particular Article 440 (2) of the Company Code, which sets out the criteria for setting the remuneration of the General and Supervisory Board, Article 374-A of the Companies Code on the remuneration of members of the officers of the General Meeting and Article 60 of Decree-Law 224/2008 of 20 November on the remuneration of the Statutory Auditor.

II. REMUNERATION COMMITTEE

67. MEMBERSHIP OF THE REMUNERATION COMMITTEE, INCLUDING NAMES OF THE NATURAL OR LEGAL PERSONS HIRED TO ASSIST AND DECLARATION ON INDEPENDENCE OF EACH MEMBER AND CONSULTANT

The membership of the Remuneration Committee of the General Meeting and of the Remuneration Committee appointed by the General and Supervisory Board is set out in Item 29.

In 2019, no natural or legal persons were hired to the assist Remuneration Committee of the General Meeting in its functions.

In 2019, the Remuneration Committee of the General and Supervisory Board hired an external consultant – Mercer (Portugal), Lda. – for the provision of support in the validation and certification of the calculation of the annual and multi-annual variable remuneration of the Executive Board of Directors.

In January 2020, the General and Supervisory Board also hired Mercer (Portugal), Lda. for supplying services concerning the certification of the evaluation process of the abovementioned body, of its Specialized Committees and of the Executive Board of Directors. The referred certifications may be consulted at the 2019 Annual Report of the General and Supervisory Board.

68. KNOWLEDGE AND EXPERIENCE OF REMUNERATION POLICY OF THE MEMBERS OF THE REMUNERATION COMMITTEE

The Remuneration Committee of the General and Supervisory Board is composed of members of the General and Supervisory Board with qualifications and experience in remuneration policy, according to Annex I of the current Report.

III. REMUNERATION STRUCTURE

69. REMUNERATION POLICY OF MANAGEMENT AND SUPERVISORY BODIES

EXECUTIVE BOARD OF DIRECTORS

Remuneration policy for the members of the managing body is set by the Remuneration Committee appointed by the General and Supervisory Board. This committee defined the remuneration of the directors, intending for it to reflect the performance of each member of the Executive Board of Directors in each year of their term of office (annual variable remuneration) and their performance during their term by fixing a variable component that is consistent with maximisation of EDP's long-term performance (variable multi-annual remuneration).

The remuneration policy statement, as approved by the shareholders, lays down that the total variable component can reach twice the fixed component during a term of office, thereby placing a maximum limit of two-thirds of the remuneration depending on fulfilment of strict Company performance goals. Variable remuneration depends on whether the directors achieve a performance of 90% of the business plan. Only if they achieve 110% fulfilment will they receive the maximum amounts allowed by the Company's remuneration policy.

Variable remuneration is divided into annual, which may only reach 80% of fixed remuneration, and multi-annual, which may reach 120% of the fixed remuneration. The multi-annual remuneration, although calculated annually, it only becomes effective if, at the end of the term, in average, at least 90% of the fixed goals have been achieved, assessed by the performance of the Company, by its comparison with strategic benchmarks of reference and by the individual contribution of each member of the EDB for that aim.

If the remuneration goals are fully met in a term of office, 60% of the directors' variable remuneration is deferred for no less than three years.

If we compare this percentage with that set out for credit institutions and financial companies, pursuant to Directive 2010/76/EU of the European Parliament and of the Council of 24 November, as it is a paradigm that was widely analysed and discussed in Europe, we find that EDP's policy on variable remuneration is equivalent to the strictest used by these entities.

In accordance with the remuneration policy of the members of the Executive Board of Directors proposed by the Remuneration Committee of the General and Supervisory Board corresponding to the variable multi-annual remuneration may be a maximum of 120% of gross annual remuneration and it will be paid three years after the financial year in question.

Payment of the multiannual variable remuneration is conditional on the non-realization of intentional unlawful acts, known after the completion of the evaluation and that jeopardize the sustainability of the performance of the Company, being paid after the clearance and Remuneration Committee of the General and Supervisory Board approval.

The remuneration policy statement approved by the General Meeting on 24 April 2019 sets out the following:

- **Fixed annual remuneration** – EUR 800,000 gross for the CEO, EUR 560,000 gross for the administrator responsible for finance matters and for the Chief Executive Officer of EDP Renováveis Group and EUR 480,000 for each of the remaining members of the Executive Board of Directors. Maintenance of directors' retirement savings plans during their term of office, at a net amount of 10%

of their fixed annual remuneration. The characteristics of these retirement savings plans are set out in current legislation applicable to these financial products;

- **Annual variable remuneration** – for each member of the Executive Board of Directors its value is limited to 80% of their gross annual fixed remuneration. The amount is determined on the basis of the following indicators for each year in office: performance of the EDP Group's total shareholder return against Eurostoxx Utilities and PSI-20, earning per share, net debt to EBITDA ratio, operational cash flow excluding regulatory receivables, residual income and EBITDA (annual growth rate) vs. peers. The weighted average of these indicators is given an overall weight of 80% for all members of the Executive Board of Directors, when determining their annual variable remuneration. The other 20% is based on a qualitative assessment by the Remuneration Committee of the General and Supervisory Board;

- **Multi-annual variable remuneration** – also for each member of the Executive Board of Directors, this component may be between 0% and 120% of their fixed annual remuneration based on an annual accumulated assessment of the directors' performance in achieving economic sustainability for the EDP Group. The award of this multi-annual remuneration, although calculated on an annual basis, only takes effect if, at the end of the term of office, at least 90% of the strategic objectives have been achieved. These will be assessed on the basis of performance and comparison with defined strategic benchmarks, as well as the individual contribution of each member of the Executive Board of Directors to such performance. This payment component is fixed on the basis of the following factors: performance of total return for the Group's shareholders against Eurostoxx Utilities and PSI-20 in the term of office, performance of earnings per share in the term of office, performance of Net Debt to EBITDA ration in the term of office, performance of the sustainability index applied to the EDP Group, and performance of operational cash flow excluding regulatory receivables in the term of office. The weighted average of these indicators is given an overall weight of 65% for all members of the Executive Board of Directors, when determining their multi-annual variable remuneration. 35% of the remuneration that is determined by the qualitative individual assessment of the Executive Board of Directors by the Remuneration Committee of the General and Supervisory Board is reserved. Payment of the multiannual variable remuneration is deferred in time, for a period not less than three years, getting the appropriate payment conditional on the non-realization of intentional unlawful acts, known after the completion of the evaluation and that jeopardize the sustainability of the performance of the Company, being paid after the clearance and Remuneration Committee of the General and Supervisory Board approval.

GENERAL AND SUPERVISORY BOARD

Pursuant to the provision of the Article 440 of the Companies' Code, the remuneration of the members of the General and Supervisory Board is fixed, in view of their duties.

This remuneration policy is annually reviewed, and with such periodicity is subject to appreciation of the Shareholders' General Meeting.

The remuneration of the Chairman of the General and Supervisory Board was fixed on the basis of the almost full-time performance of his duties, unlike the rest of the members of such body.

This Committee has defined the remuneration policy for the members of the General and Supervisory Board, having as a guiding principle that such should be simple, transparent, moderate, adapted to the work conducted and the economic situation of the Company but also competitive and equitable in order to guarantee the purpose of creating value for shareholders and remaining stakeholders.

Based on these principles, the Committee has defined the following remuneration policy guidelines for 2019:

- A differentiation between the remuneration of the members of the General and Supervisory Board and those of the members of the Executive Board of Directors shall be maintained, and there will be no variable component or any other remunerative supplement for the General and Supervisory Board.

- It shall be taken into account the performance merit and the complexity of the functions performed by the members of each body, so that the cohesion, stability and development of the Company is not endangered.

- As to the General and Supervisory Board Chairman, it shall be particularly considered that the Chairman office's functions comprehend a strong component of institutional representation. In addition, under Article 23 (3) of the Articles of Association, the General and Supervisory Board Chairman, being independent, should also preside the Financial Matters Committee/Audit Committee.

- In what regards the Vice Chairman, it shall be considered the duties and works performed by him in other committees.

- It is also important to distinguish other specific positions in the General and Supervisory Board, namely the participation of the members of the General and Supervisory Board in other committees, as well as the functions in those committees.

- Finally, it should be considered that, historically, the remuneration of the Chairman of the General Shareholders' Meeting Board is similar to the remuneration attributed to a Committee Chairman. Therefore, the remuneration of the Chairman of the General Shareholders' Meeting Board shall be aligned accordingly.

The shareholders approved the statement of remuneration policy for the 2019 financial term on the Shareholders' General Meeting of 24 April 2019.

70. HOW REMUNERATION IS STRUCTURED TO ALLOW ALIGNMENT OF THE INTERESTS OF THE MEMBERS OF THE MANAGING BODY WITH THE COMPANY'S LONG-TERM INTERESTS AND HOW IT IS BASED ON ASSESSMENT OF PERFORMANCE AND DISCOURAGES EXCESSIVE RISK-TAKING

As set out in the remuneration policy described in Item 69, remuneration is structured to allow alignment of the interests of the members of the Executive Board of Directors with the Company's long-term interests.

The time period considered for the payment of the variable component of the remuneration (gap of three years regarding the exercise at stake), the subjection of this payment to the non-performance of unlawful willful actions known after the assessment and that jeopardize the sustainability of the Company's performance, to which is added i) the utilization of qualitative criteria looking forward for a strategic perspective and of medium term in the development of the Company, ii) the existence of a maximum limit for the variable remuneration and iii) the relative weight of this component in the total value of the remuneration, represent decisive elements to promote a performance of the Company's management focused not only in short term goals, but also that integrates in its performance the Company's and the shareholders' interests in a medium and long term perspective.

The members of the managing body have not concluded any agreements with the Company or third parties that have the effect of mitigating the risk of variability of their remuneration fixed by the Remuneration Committee.

71. REFERENCE TO A VARIABLE REMUNERATION COMPONENT AND ANY IMPACT OF PERFORMANCE EVALUATION ON THIS COMPONENT

As described above in Item 69, remuneration policy in force involves three components: i) fixed remuneration, ii) annual variable remuneration and iii) multi-annual variable remuneration.

The indicators used to assess the performance of the Executive Board of Directors in order to determine annual and multi-annual variable remuneration are as follows:

ANNUAL PERFORMANCE INDICATORS

The annual performance indicators aim to evaluate the Executive Board of Directors in a short-term perspective. For such, stock exchange indexes are considered, as well as financial performance indicators, compared against the annual budget proposed by the Executive Board of Directors and approved by the General and Supervisory Board, having each of the budgets the business plan as a starting point. This type of performance evaluation allows the measurement of the level of fulfilment of short-term objectives assumed by the Executive Board of Directors towards the shareholders.

Quantitative and qualitative component and its weight:

	KPI	WEIGHT	BENCHMARK	DESCRIPTION
QUANTITATIVE COMPONENT (80%)	Total shareholder return (TSR) vs Eurostoxx utilities and PSI20	25%	50% - PSI 20 50% - SX6E	Comparison between EDP's Total Shareholder Return (TSR) and the TSR of two major indexes (SX6E which encompasses the most important companies within the Eurozone); and the PSI 20 (the Portuguese stock market index). The indexes are equally-

				weighted and the current year-end prices, including dividends reinvestment during the year.
	Earnings per Share	20%	2019 Budget	Comparison between earning per share of the year under analysis and the one defined in the annual budget previously approved by the General and Supervisory Board.
	Net debt to EBITDA	15%	2019 Budget	Comparison between the net debt over EBITDA ratio and the ratio defined in the annual budget approved by the General and Supervisory Board.
	Operating cash flow excluding regulatory receivables	13%	2019 Budget	Comparison between this year operating cash flow, excluding the impact from regulatory receivables and the one defined in the annual budget approved by the General and Supervisory Board.
	Residual Income	3.5%	2019 Budget	Comparison between the net income minus the product between EDP's cost of capital and its net worth, excluding non-controllable interest, and the amount previously defined in the annual budget approved by the General and Supervisory Board.
	EBITDA (annual growth rate) vs peers	3.5%	Peers	Comparison between the annual growth of EBITDA of EDO with the average annual growth of EBITDA of the peers
QUALITATIVE COMPONENT (20%)	Individual Performance Assessment	20%	-	Individual assessment by the Remuneration Committee of the General and Supervisory Board, based on the individual performance for the period of each member of the Executive Board of Directors.
	Total	**100%**		

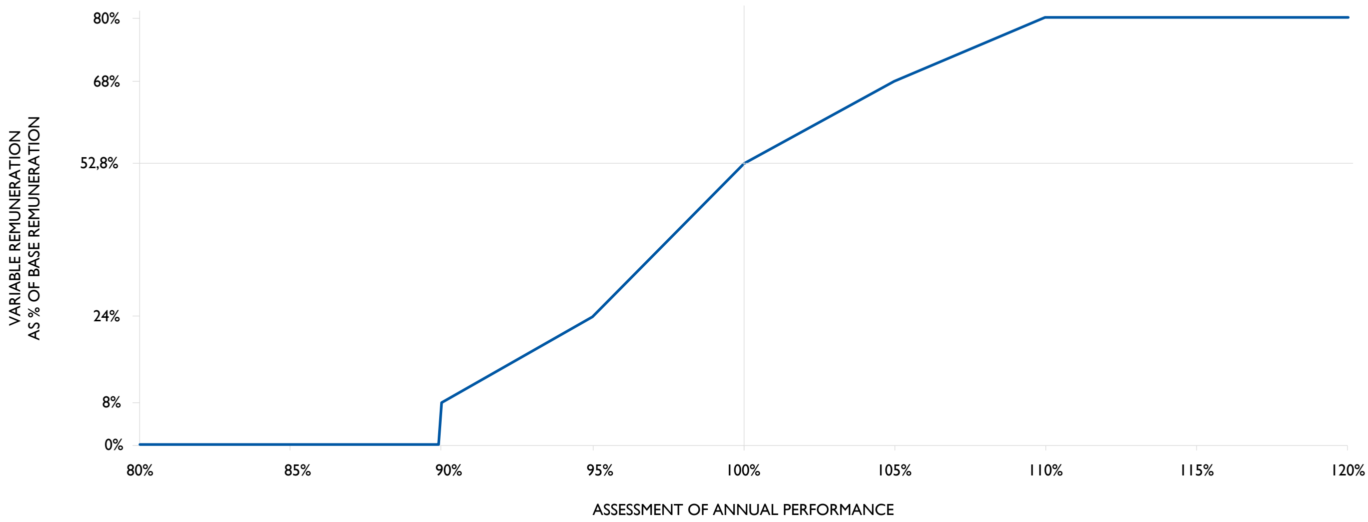
The resulting amount of the quantitative and qualitative component is then weighted, as mentioned above, by a coefficient of 80% of the annual fixed remuneration, linearly calculated as follows:

- If performance reaches less than 90% of the defined objectives, there will be no annual variable remuneration attribution;
- If the performance is between 90% and 95% of the defined objectives, it is due an amount within the range of 8% and 24% of the fixed remuneration of each member of the Executive Board of Directors;
- If performance is between 95% and 100% of the defined objectives, it is due an amount within the range of 24% and 52,8% of the fixed remuneration of each member of the Executive Board of Directors;
- If performance is between 100% and 105% of the defined objectives, it is due an amount within the range of 52,8% and 68% of the fixed remuneration of each member of the Executive Board of Directors;
- If performance is between 105% and 110% of the defined objectives, it is due an amount within the range of 68% and 80% of the fixed remuneration of each member of the Executive Board of Directors;
- If performance meets the defined objectives in more than 110% of the defined objectives, it's due an amount equal to 80% of the fixed remuneration of each member of the Executive Board of Directors.

Under the terms of the statement on the remuneration policy for the 2019 financial year approved by shareholders at the General Shareholders' Meeting on 24 April 2019, the annual performance of the Executive Board of Director is also assessed by means of establishment of minimum and maximum thresholds for each indicator separately.

Graphically:

Variable Annual Remuneration



MULTI-ANNUAL PERFORMANCE INDICATORS

The multi-annual performance indicators aim to evaluate the Executive Board of Directors in a long-term perspective. For such, stock exchange indexes are considered, as well as financial performance indicators, compared against the most recent Business Plan proposed by the Executive Board of Directors and approved by the General and Supervisory Board. This type of performance evaluation allows the measurement of the level of fulfilment of long-term objectives assumed by the Executive Board of Directors towards the shareholders. The internal business plan of EDP Group is the document sustaining the mid and long-term financial objectives of EDP, presented to the capital markets. The Business Plan for the 2019-2022 period has obtained a favourable prior opinion by the General and Supervisory Board on 11 March 2019 and was presented to the market as "Strategic Update", concerning the main financial objectives for the Company until 2022.

Quantitative and qualitative component and its weight:

	KPI	WEIGHT	BENCHMARK	DESCRIPTION
QUANTITATIVE COMPONENT (65%)	Total shareholder return (TSR) vs Eurostoxx utilities and PSI20	18,5%	50% - PSI 20 50% - SX6E	Comparison between EDP's Total Shareholder Return (TSR) and the TSR of two major indexes (SX6E which encompasses the most important companies within the Eurozone); and the PSI 20 (the Portuguese stock market index). The indexes are equally-weighted and the current year-end prices, including dividends reinvestment during the year.
	Earnings per Share	18,5%	Budget	Comparison between earnings per share of the year under analysis and the one defined in the pluriannual business plan previously approved by the General and Supervisory Board.
	Net debt to EBITDA	15,0%	Budget	Comparison between the net debt over EBIDTA ratio and the ratio defined in the pluriannual business plan approved by the General and Supervisory Board.

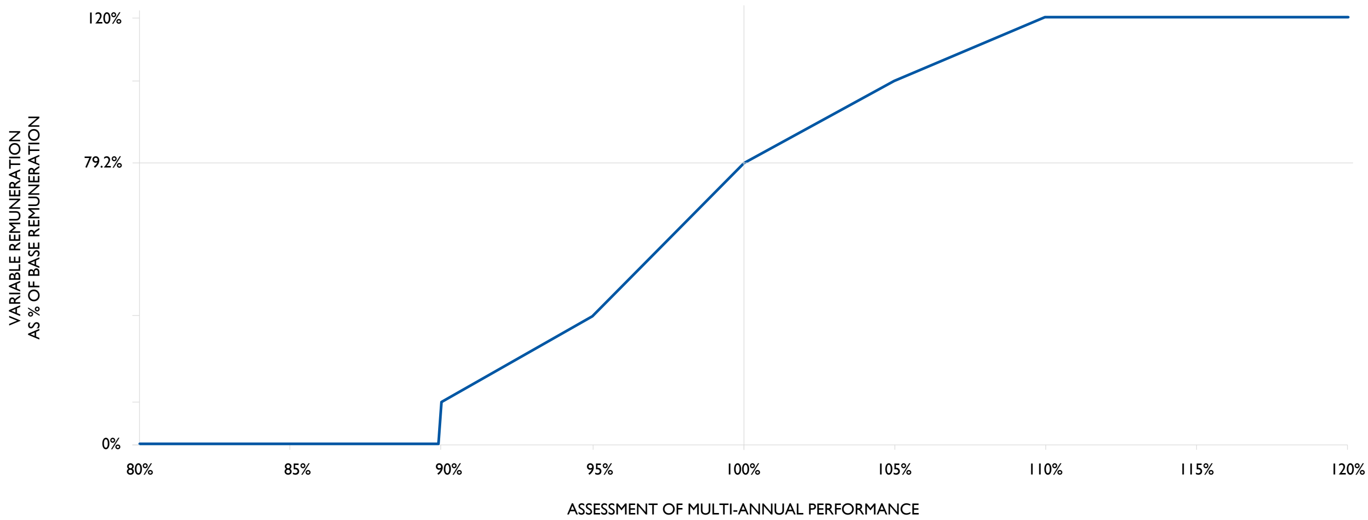
	Sustainability Performance Indicator	8%	Historic | Peers | Qualitative	This indicator evaluates EDP sustainability performance taking into account: absolute metrics' evolution over past periods, peer comparison and qualitative performance evaluation of the Remuneration Committee of the General and Supervisory Board.
	Operating cash flow excluding regulatory receivables	5%	Budget	Comparison between this year operating cash flow, excluding the impact from regulatory receivables, and the one defined in the pluriannual business plan approved by the General and Supervisory Board.
QUALITATIVE COMPONENT (35%)	Individual Performance Assessment	35%	-	Individual assessment by the Remuneration Committee of the General and Supervisory Board, based on the individual performance for the period of each member of the Executive Board of Directors.
	Total	**100%**		

The resulting amount of the quantitative and qualitative component is then weighted, as mentioned above, by a coefficient of 120% of the annual fixed remuneration, linearly calculated as follows:

- If performance is less than 90% of the defined objectives, there will be no multiannual variable remuneration attribution;
- If performance is between 90% and 95% of the defined objectives, it's due an amount within the range of 12% and 36% of the fixed remuneration of each member of the Executive Board of Directors;
- If performance is between 95% and 100% of the defined objectives, it's due an amount within the range of 36% and 79,2% of the fixed remuneration of each member of the Executive Board of Directors;
- If performance is between 100% and 105% of the defined objectives, it's due an amount within the range of 79,2% and 102% of the fixed remuneration of each member of the Executive Board of Directors;
- If performance is between 105% and 110% of the defined objectives, it's due an amount within the range of 102% and 120% of the fixed remuneration of each member of the Executive Board of Directors;
- If performance meets the defined objectives in more than 110%, it's due an amount equal to 120% of the fixed remuneration of each member of the Executive Board of Directors.

Graphically:

Variable Multi-Annual Remuneration



72. DEFERRAL OF PAYMENT OF VARIABLE COMPONENT OF REMUNERATION AND ITS LENGTH

The multi-annual variable remuneration is calculated every year and only becomes effective at the end of the term of office if at least 90% of the strategic goals have been achieved, as assessed on the basis of Company performance and its comparison with the strategic benchmarks and the individual contribution of each member of the Executive Board of Directors.

All multi-annual eventual variable remuneration is paid three years after the financial year in question.

73. CRITERIA ON ALLOCATION OF VARIABLE REMUNERATION IN SHARES AND EXECUTIVE DIRECTORS' MAINTENANCE OF THESE SHARES, ANY AGREEMENTS CONCLUDED CONCERNING THESE SHARES, SUCH AS HEDGING OR RISK TRANSFER CONTRACTS, THEIR LIMIT AND THEIR ASSOCIATION WITH TOTAL ANNUAL REMUNERATION

The members of the Executive Board of Directors do not own Company shares under variable remuneration mechanisms.

74. CRITERIA ON ALLOCATION OF VARIABLE REMUNERATION IN OPTIONS, PERIOD OF DEFERRAL AND PRICE OF EXERCISE

EDP has no variable remuneration option schemes.

75. MAIN PARAMETERS AND BASIS OF ANY ANNUAL BONUS SYSTEM AND ANY NON-MONETARY BENEFITS

Company directors do not receive any significant remuneration in the form of non-monetary benefits.

76. MAIN CHARACTERISTICS OF SUPPLEMENTARY PENSION OR EARLY RETIREMENT SCHEMES FOR DIRECTORS AND DATE OF APPROVAL INDIVIDUALLY AT A GENERAL MEETING

The remuneration fixed by the Remuneration Committee of the General and Supervisory Board sets for a retirement savings plan-type standard financial product for the members of the Executive Board of Directors, through the application of a net amount correspondent to 10% (ten percent) of their fixed annual remuneration. It was granted in accordance with the Remuneration Policy Statement approved by resolution of the General Shareholders' Meeting dated 24 April 2019. This regime does not entail any cost to EDP in the future, as it is merely a subscription to a financial product while the members of the managing body hold their positions and is not covered by Article 402 (1) of the Company Code.

IV. DISCLOSURE OF REMUNERATION

77. ANNUAL AGGREGATE AND INDIVIDUAL REMUNERATION PAID TO THE MEMBERS OF THE COMPANY'S MANAGING BODY BY THE COMPANY, INCLUDING FIXED AND VARIABLE REMUNERATION AND ITS DIFFERENT COMPONENTS

The total gross amount paid by EDP to the members of the Executive Board of Directors in 2019 was 11,055,006 Euro.

The chart below shows the gross amounts of remuneration paid individually to the members of the Executive Board of Directors in office during the 2019 financial year:

EURO	GROSS REMUNERATION PAID BY EDP	
	FIXED	VARIABLE ANNUAL (2018)
António Luís Guerra Nunes Mexia	1,015,024	325,032
João Manuel Manso Neto	684,132	221,071
António Fernando Melo Martins Costa	587,110	161,842
João Manuel Veríssimo Marques da Cruz	296,155 (*)	139,748
Miguel Stilwell de Andrade	660,379	221,071
Miguel Nuno Simões Nunes Ferreira Setas	290,589 (*)	132,473
Rui Manuel Rodrigues Lopes Teixeira	565,443	189,490
Maria Teresa Isabel Pereira	582,128	189,490
Vera de Morais Pinto Pereira Carneiro	582,128	183,960

(*) To these amounts accrues those paid by Group companies (please see item 78)

The remuneration of the Chairman and directors of the Executive Board of Directors include the amounts associated with the retirement savings plan.

The amounts of the variable remuneration were fixed on the basis of the tax treatment applicable in the director's country of tax residence. The amounts paid by EDP subsidiaries refer solely to their period of residence abroad.

As results of the policy in force, the compensation is structured to allow the alignment of the Executive Board of Directors members' interests with the long-term interests of the Company. In this way, taking into account the objective calculations associated with the approved remuneration model, the multi-annual variable component imputable to the second year of the 2015-2017 mandate was paid:

EURO	GROSS REMUNERATION PAID BY EDP
	MULTI-ANNUAL VARIABLE (2016) *
António Luís Guerra Nunes Mexia	826,407
Nuno Maria Pestana de Almeida Alves	585,541
João Manuel Manso Neto	571,429
António Fernando Melo Martins Costa	443,884
João Manuel Veríssimo Marques da Cruz	346,386
Miguel Stilwell de Andrade	474,527
Miguel Nuno Simões Nunes Ferreira Setas	305,040
Rui Manuel Rodrigues Lopes Teixeira	474,527

* Multi-annual variable remuneration regarding the performance evaluation for the 2015-2017 period, year of 2016

78. Amounts paid for any reason by other subsidiary or Group companies or companies under common control

The chart below shows the gross amounts of remuneration paid by other subsidiary or Group companies or companies to a member of the Executive Board of Directors under common control.

EUROS	FIXED	VARIABLE (2018)	GROSS REMUNERATION PAID BY EDP COMPANIES IN A CONTROL RELATIONSHIP
João Manuel Veríssimo Marques da Cruz	240,000	0	EDP Ásia - Soluções Energéticas
Miguel Nuno Simões Nunes Ferreira Setas (*)	241,551	0	EDP - Energias do Brasil, S.A.

(*) Annual fixed remuneration shall be adjusted by the end of April 2020, aiming for the correction of deviations resulting from exchange rates, so that the board member effectively receives the amount defined by the Remuneration Committee of the General and Supervisory Board.

79. REMUNERATION IN THE FORM OF PROFIT-SHARING AND/OR PAYMENT OF BONUSES AND REASONS FOR THESE BONUSES OR PROFIT SHARING

EDP has no schemes in place for payment of remuneration in the form of profit-sharing and/or payment of bonuses.

80. COMPENSATION PAID OR OWED TO FORMER EXECUTIVE DIRECTORS FOR TERMINATION IN THE FINANCIAL YEAR

There are no agreements between the Company and members of the managing and supervisory bodies providing for compensation in the event of termination, as proven by the remuneration policy statement in effect for 2019. As a result, no compensation for termination was paid or is owed to former directors.

It should also be noted that there are no contracts for severance payment in force, nor does the remuneration policy provide for such, in the event of dismissal or termination by agreement from the post of director.

In particular, the Company does not assign compensation beyond the legally required in case of dismissal from the post of director founded in inadequate performance neither was any payments made in this context during the year 2019.

81. ANNUAL AGGREGATE AND INDIVIDUAL REMUNERATION PAID TO THE MEMBERS OF THE COMPANY'S SUPERVISORY BODIES

1. GENERAL AND SUPERVISORY BOARD

The total gross amount paid by EDP to the members of the General and Supervisory Board in 2019 was 1.841.029 Euro.

The chart below shows the remuneration paid during the 2019 financial year to the members of the General and Supervisory Board:

EURO	FIXED
Luís Filipe Marques Amado	515,000
China Three Gorges (Portugal), Sociedade Unipessoal, Lda. (*)	57,000
China Three Gorges Corporation	95,000
China Three Gorges International Corp.	57,000
China Three Gorges (Europe), S.A.	67,000
China Three Gorges Brasil Energia Ltda	57,000
Banco Comercial Português, S.A.	57,000
DRAURSA, S. A.	57,000
SONATRACH	57,000
Senfora BV	57,000

EURO	FIXED
Fernando Maria Masaveu Herrero	67,000
Maria Celeste Ferreira Lopes Cardona	80,000
Ilídio Costa Leite Pinho	57,000
Jorge Avelino Braga Macedo	67,000
Vasco Joaquim Rocha Vieira	67,000
Augusto Carlos Serra Ventura Mateus	67,000
João Carvalho das Neves	115,000
María del Carmen Fernández Rozado	70,000
Laurie Lee Fitch	57,000
Clementina Maria Dâmaso de Jesus Silva Barroso	70,000
Luís Maria Viana Palha da Silva	48,028

(*) Remuneration paid to the representative Eduardo de Almeida Catroga

2. OTHER COMPANY BODIES

ENVIRONMENT AND SUSTAINABILITY BOARD

The members of the Environment and Sustainability Board are paid in attendance vouchers of EUR 1,750 per meeting. In 2019, the remuneration paid to the members of the Environment and Sustainability Board in office was as follows:

EURO	FIXED
José Manuel Caré Baptista Viegas	1,750
António José Tomás Gomes de Pinho	1,750
Joana Pinto Balsemão (*)	0
Joaquim Poças Martins	1,750
Pedro Manuel Sousa Mendes Oliveira	1,750

(*) Waived to the remuneration

REMUNERATION COMMITTEE OF THE GENERAL MEETING

The members of the Remuneration Committee of the General Meeting received the following remuneration in 2019:

EURO	FIXED
Luís Miguel Nogueira Freire Cortes Martins	15,000
José Gonçalo Ferreira Maury	10,000
Jaime Amaral Anahory	10,000

82. REMUNERATION OF THE CHAIRMAN OF THE GENERAL MEETING

The Chairman and Secretary of the General Meeting do not earn any remuneration in that capacity, given that they are remunerated as a member of the General and Supervisory Board and Company Secretary, respectively. In 2019, the Vice-Chairman of the General Meeting received the amount of EUR 23,000, as he took up the Chairman duties following the resignation of António Manuel de Carvalho Ferreira Vitorino occurred on 27 July 2018.

V. AGREEMENTS AFFECTING REMUNERATION

83. CONTRACTUAL LIMITATIONS FOR COMPENSATION PAYABLE TO DIRECTORS FOR DISMISSAL WITHOUT DUE CAUSE AND THEIR ASSOCIATION WITH THE VARIABLE COMPONENT OF REMUNERATION.

In accordance with the remuneration policy statement in effect for 2019, EDP has no existing contracts providing for payments in the event of dismissal or termination by mutual agreement of directors.

84. DESCRIPTION AND AMOUNTS OF AGREEMENTS BETWEEN THE COMPANY AND MEMBERS OF THE MANAGING BODY AND DIRECTORS, AS SET OUT IN ARTICLE 248-B (3) OF THE SECURITIES CODE, PROVIDING FOR COMPENSATION IN THE EVENT OF DISMISSAL WITHOUT DUE CAUSE OR TERMINATION OF EMPLOYMENT FOLLOWING A CHANGE OF COMPANY CONTROL

Considering Article 248-B (3) of the Securities Code, EDP has no directors other than the members of the General and Supervisory Board and of the Executive Board of Directors. In addition to these members, there are no managers who have regular access to privileged information and participate in decisions on the Company's management and business strategy.

Furthermore, we reiterate that, in accordance with the remuneration policy statement approved at a General Meeting and in effect for 2019, EDP has no existing agreements providing for payments in the event of dismissal or termination by mutual agreement of directors.

VI. STOCK PURCHASE OPTION PLANS OR STOCK OPTIONS

85. PLAN AND ITS BENEFICIARIES

There are no stock options for Company employees.

86. DESCRIPTION OF THE PLAN (CONDITIONS FOR AWARD, CLAUSES ON NON-SALEABILITY OF SHARES, SHARES PRICE CRITERIA, PRICE OF OPTIONS IN FINANCIAL YEAR, PERIOD IN WHICH OPTIONS CAN BE EXERCISED, CHARACTERISTICS OF SHARES OR OPTIONS, INCENTIVES FOR PURCHASE OF SHARES OR EXERCISE OF OPTIONS)

There are no stock options for Company employees.

87. STOCK OPTIONS OF COMPANY EMPLOYEES

There are no stock options for Company employees.

88. CONTROL MECHANISMS SET OUT IN ANY EMPLOYEE SHARE SCHEME SO THAT THEY DO NOT EXERCISE THEIR VOTING RIGHTS DIRECTLY

The Company has no such control mechanisms.

E. TRANSACTIONS WITH RELATED PARTIES

I. MECHANISMS AND PROCEDURES OF CONTROL

89. COMPANY MECHANISMS FOR MONITORING TRANSACTIONS WITH RELATED PARTIES

The General and Supervisory Board approved in 2009 objective, transparent rules on the identification, prevention and resolution of relevant corporative conflicts of interest called Framework on Handling of Conflicts of Interest.

Following a resolution made by the General and Supervisory Board, on 17 May 2010 the Executive Board of Directors approved the rules on identification, in-house reporting and procedure in the event of conflicts of interest applicable to all EDP Group employees who play a decisive role in transactions with related parties. These rules are also available on EDP's website.

As part of its improvement of governance practices, on 29 July 2010, the General and Supervisory Board approved EDP's Regulation on Conflict of Interest and Transactions between Related Parties, which was reviewed in 2015 and a new version was approved on 29 October

2015, available on EDP's website (www.edp.com). This set of rules on the prevention, identification and resolution of potential corporate conflicts of interest has a wider scope of application than that set out in CMVM Regulation 4/2013.

The Corporate Governance and Sustainability Committee is responsible for supervising enforcement of the aforementioned rules and reports on its work to the General and Supervisory Board.

90. TRANSACTIONS THAT UNDERWENT CONTROLS IN THE YEAR

Attentive to the current reporting obligations, the Executive Board of Directors, during 2019, submitted to the General and Supervisory Board the information concerning the transactions between related parties. Such information concerned the transactions listed below:

- EDP Group, through EDP España, has provided electricity and gas services to the company Cementos Tutela Veguín in the approximate amount of EUR 20.1 million (Cementos Tutela Veguín is a subsidiary of Masaveu Group which holds 55.9% of Oppidum Capital, S.L.);

- EDP Group provided electricity and gas services to Liberbank and related companies amounting to approximately EUR 5.9 million. EDP Group has also provided payment management services to Liberbank in the approximate amount of EUR 76,543.85. EDP Group has entered into a rent agreement in the total amount of EUR 16,852.08 regarding a property owned by Liberbank, located in Oviedo, Spain during eight months of 2019, period in which the registered offices of one of the EDP Group companies was in renovation works (Liberbank holds 44.1% of Oppidum Capital, S.L.);

- Grupo EDP acquired to Sonatrach natural gas under the long-term supply agreement, and for the Soto 4 Combined Cycle Power Station, entered into after the existing partnership between EDP and Sonatrach in October 2007, having been paid the amount of EUR 179.4 million.

The General and Supervisory Board noted that, with basis on the cases analyzed and information provided by the Executive Board of Directors for 2019, there was no evidence that the potential conflict of interests in EDP operations were resolved contrarily to the company's interests.

At the same time, it is important to highlight Article 17(2) of EDP Articles of Association, that defines a number of matters subject to prior opinion from the General and Supervisory Board. This corporate body has competences to set the parameters for measuring the economic or strategic value of the operations that must be submitted for its opinion, and these were approved by the referred Board on the 6 April 2018.

In this scope, during 2019 exercise, 31 operations were submitted to favourable prior opinion from the General and Supervisory Board with an average value EUR 459 million, having the transaction with the highest amount been of EUR 2 200 million. Regarding the waiver of prior opinion, were submitted to the General and Supervisory Board 15 operations, with the average value of EUR 270 million, having the transaction with the highest amount been of EUR 600 million.

In what concerns operations subject to favourable prior opinion from the General and Supervisory Board, none of transactions had inherently a transaction with a related party. Regarding operations in which there were waivers of prior opinion, none had inherently a transaction with a related party.

91. PROCEDURES AND CRITERIA APPLICABLE TO THE SUPERVISORY BODY'S PRIOR ASSESSMENT OF TRANSACTIONS BETWEEN THE COMPANY AND HOLDERS OF QUALIFYING SHAREHOLDINGS OR ENTITIES RELATED TO THEM IN ANY WAY

The current rules on the issue and waiving of a prior opinion from the General and Supervisory Board, as referred previously, were approved on 6 April 2018, along with the procedures for communication and clarifications between it and the Executive Board of Directors.

Pursuant to EDP's Articles of Association, the General and Supervisory Board fixes the parameters for measuring the economic or strategic value of operations submitted to it for an opinion and sets up speedy mechanisms for issuing an opinion in urgent cases or when the nature of the subject so warrants and the situations in which this opinion can be waived (Article 21 (7)). The mechanism for waiving a prior opinion from the General and Supervisory Board may only be used in cases of exceptional urgency or if the nature of the subject so warrants, as set out in EDP's Articles of Association and the General and Supervisory Board Internal Regulation in effect in 2011 (current Article 15 (5)).

All matters in which a prior opinion is waived are later appraised at meetings of the General and Supervisory Board.

Furthermore, the General and Supervisory Board has set out strict rules on transactions between related parties in order to prevent conflicts of interest.

For legal transactions or situations between related parties that are likely to cause a conflict of interest between those involved that will have an impact on the interests of EDP, the Executive Board has to request the preliminary opinion of the General and Supervisory Board or its waiver, and also has to provide the following information:

a) Within this scope, it should be highlighted what is defined in the Regulation on Conflict of Interest and Transactions between Related Parties in what concerns the procedures and criteria applicable to the supervision for previous evaluation of business between the Company and qualified shareholders or any entities with whom the latter are related:

- A brief description of the operations and obligations assumed by the parties.
- A statement the procedures adopted for selecting the counterparty, particularly if the operation was based on a tender/consultation or limited tendering procedure.
- In the case of a limited tendering procedure, the reasons for such decision and the measures adopted to mitigate any risks from potential conflicts of interests.
- In the case of a tender/consultation, statement of the type of contact established with potential stakeholders and identify such.
- In the event competitive offers existed, information on the terms of the different proposals and the reason for the choice made.
- Identification of the parameters to measure the operation performed under "normal market conditions for similar transactions".
- Measures taken to prevent or resolve potential conflicts of interests.
- Evidence, if applicable, of the multiannual nature of the operation, in which case the starting date of the selected tender/contract should be reported together with the date on which the supplies and/or services provided shall be provided or carried out.

b) With respect to legal business or cases that exist between related parties that are likely to give rise to a conflict of interests between those involved, which could impact the interests of EDP, these should be subject to a preliminary opinion from the General and Supervisory Board:

- If the Corporate Governance and Sustainability Committee can meet before the General and Supervisory Board meeting, an opinion from this Committee should be requested, which should be presented to the General and Supervisory Board for decision making purposes.
- If it is not possible for the Corporate Governance and Sustainability Committee to meet, the assessment of the potential conflict of interests must be made directly by the General and Supervisory Board within its decision-making authority.

c) With respect to legal business or cases that exist between related parties that are likely to give rise to a conflict of interests between those involved, which could impact the interests of EDP, which are subject to a request for waiver of the preliminary opinion from the General and Supervisory Board, at least three Members of the Committee should be consulted, and the majority have to be independent.

d) When considering the request by the Executive Board, in the event of a request to waiver the preliminary report, the Corporate Governance and Sustainability Committee, the General and Supervisory Board or the Chairman of this Board, may recommend to the Executive Board that appropriate measures must be taken to address the potential conflict of interest.

II. BUSINESS INFORMATION

92. LOCATION OF ACCOUNTING DOCUMENTS PROVIDING INFORMATION ON TRANSACTIONS WITH RELATED PARTIES, PURSUANT TO IAS 24, OR REPRODUCTION OF THE INFORMATION

Information on transactions with related parties, pursuant to IAS 24, is set out in Note 43 of the consolidated and individual financial statements.

PART II ASSESSMENT OF CORPORATE GOVERNANCE

1. CORPORATE GOVERNANCE CODE IN EFFECT

EDP – Energias de Portugal, S.A. (EDP) is a listed company whose securities are admitted to trading on the NYSE Euronext Lisbon stock market.

Following the entry into force of the Protocol between the CMVM and the Portuguese Institute for Corporate Governance, on 13 October 2017 which gave rise to the revocation of the Corporate Governance Code issued by CMVM, having been introduced changes to the Corporate Governance Code issued by the Portuguese Institute for Corporate Governance, available at www.cgov.pt,

The choice of EDP to adopt the Corporate Governance Code issued by the Portuguese Institute for Corporate Governance reflects the concern of ensuring at all times the implementation of best corporate governance practices.

According to the CMVM Circular, dated 11 January 2019, this Report is still structured in accordance with Article 1(4) of CMVM Regulation 4/2013, and therefore abides by the model in its Annex I, not including the sections not applicable to EDP's corporate governance model.

2. COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The following chart the Portuguese Institute for Corporate Governance principles and recommendations on corporate governance established in the respective Corporate Governance Code and indicating whether or not they were adopted by EDP, or the possibility of such provisions are not applicable to the Company. In case the descriptions set forth on the shareholder structure, organization and corporate governance of the report does not exhaust the scope of the underlying explanation of the respective principles or recommendations, complementary information was included.

COMPLIANCE DECLARATION

PRINCIPLES AND RECOMMENDATIONS	ADOPTED NOT ADOPTED NOT APPLICABLE	COMMENTS	REPORT DESCRIPTION
CHAPTER I · GENERAL PROVISIONS			
General Principle: Corporate Governance should promote and enhance the performance of companies, as well as of the capital markets, and strengthen the trust of investors, employees and the general public in the quality and transparency of management and supervision, as well as in the sustained development of the companies.			
I.1. Company's relationship with investors and disclosure			
Principle: Companies, in particular its directors, should treat shareholders and other investors equitably, namely by ensuring mechanisms and procedures are in place for the suitable management and disclosure of information		Regarding the disclosure of information, it is important to refer the existence of, on one hand, information flow and mechanisms and the calling and, on the other hand, binding rules of the corporate bodies and Specialized Committees for information sharing. On that regard, EDP relies on an information sharing platform between the Executive Board of Directors and the General and Supervisory Board as well as between the Specialized Committees, accessible to all members of such bodies and committees. Such information tool allows all members to have knowledge of the most important documents namely minutes and resolutions supporting documents. The Executive Board of Directors provides to all other corporate body members all the requested information in a timely and appropriate manner. Furthermore, the Investors Relations Department aims to ensure the communication with analysts and investors of the Group companies in order to guarantee a sustainable Company's image and EDP's notoriety as well as to answer all information requests of regulatory entities and financial supervisory authorities. Moreover, the Stakeholders and Institutional Relations Department ensures the institutional communication of the Company through an integrated and consistent narrative before the Group Stakeholders in line with the adopted vision and strategy in order to maximize the communication potential of the Group towards its stakeholders and to contribute to a fluid and systematized information flow among the Group and its activities. In addition to these Departments, EDP has also an Information Disclosure Committee which main functions are: (i) to analyse and assess the provided information or which information should be provided periodically by EDP when preparing its reports or other releases to the market and (ii) to assess the control and disclosure information mechanism of EDP. Finally, EDP has established a corporate centre that assumes a supporting role to the Executive Board of Directors in the definition and execution of the defined control strategies, policies and objectives. The corporate centre is organized by Corporate Departments and Business Units, allowing a better optimization and efficiency of the organisational structure.	Item 15| Item 21 | Item 22 | Item 27 | Item 29 | Item 52 | Itens 55 to 65
Recommendation I.1.1. The Company should establish mechanisms to ensure, in a suitable and rigorous form, the production **[I.1.1.(1)]**, management **[I.1.1.(2)]** and timely disclosure of information **[I.1.1.(3)]** to its governing bodies, shareholders, investors and other stakeholders, financial analysts, and to the markets in general	**ADOPTED**		Item 15 | Item 21 | Item 22| Item 27 | Item 29 | Item 52 | Itens 55 to 65
I.2. Diversity in the composition and functioning of the company's governing bodies			
Principle I.2.A Companies ensure diversity in the composition of its governing bodies, and the adoption of requirements based on individual merit, in the appointment procedures that are exclusively within the powers of the shareholders		**[I.2.1.(1)]** The respect for diversity within the governing bodies and in the appointment, procedures constitute one of the founding elements of the corporate purpose of EDP. The Internal Regulations of the corporate bodies, corporate entities and Specialized Committees which form part of EDP's structure set forth several provisions related to reputation, independence and incompatibilities applicable to the members of those corporate bodies. Regarding the General and Supervisory Board and the Executive Board of Directors, EDP has a specific policy entitled "Policy on Selection of the Members of the General and Supervisory Board and Executive Board of Directors" according to which the integration of several skills, professional experiences and knowledge, as well as genre and cultural diversity should always be assured taking into account the specificities of the Company business. Such policy establishes that the election proposal of any candidate to be submitted to the Shareholders' General Meeting should be duly substantiated, considering the candidate's profile and function to be	Item 11 | Itens 15 to 17 | Itens 30 to 33 | Annex I
Principle I.2.B Companies should be provided with clear and transparent decision structures and ensure a maximum effectiveness of the functioning of their governing bodies and commissions			Item 21 | Itens 27 to 31
Recommendation I.2.1. Companies should establish	**ADOPTED**		Item 11 | Itens 15 to 17 | Itens 30 to 33 | Annex I

PRINCIPLES AND RECOMMENDATIONS	ADOPTED NOT ADOPTED NOT APPLICABLE	COMMENTS	REPORT DESCRIPTION
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) **[I.2.1.(1)]**, these profiles should take into consideration general diversity requirements, with particular attention to gender diversity **[I.2.1.(2)]**, which may contribute to a better performance of the governing body and to the balance of its composition		performed so as to enable the verification of adequacy of the candidate's profile, knowledge and curriculum to the functions to be performed. Under the abovementioned policy, some of the general selection criteria are: (i) promotion of equality of rights and of opportunities in a context of diversity; (ii) enhancement of diversity, notably in matters of age, gender, geographical origin, skills, competences, qualifications and experience; (iii) promotion of the increase in the number of members of the under-represented gender; (iv) prevention of potential conflicts of interest. Said selection policy also foresees competences of the members of the Executive Board of Directors and of the General and Supervisory Board should have, among which we highlight the following: (i) technical-professional competences suitable for the function; (ii) Integrity, ethics and professional and personal values; (iii) sufficient knowledge of the legal, regulatory and statutory rules applicable to the its functions and to the Company; (iv) sufficient availability to comply with the respective legal and statutory functions; (v) fulfilment of the independence requirements established by law and in the Articles of Association; (vi) commitment with the provisions set forth in legal provisions, and policies and Company's Internal Regulation; (vii) commitment towards the compliance with the best practices in corporate governance; (viii) competences and experience in companies' management, risk management and supervision suitable for the function and (ix) industry knowledge and experience in the sector. **[I.2.1.(2)]** In particular, regarding gender diversity, it is convened by the compliance with Law 62/2017, of 1 August, related to the balanced representation between men and women in governing and supervisory bodies in public sector entities and listed companies. Furthermore, EDP has a diversity policy according to which it undertakes to (i) promote the mutual respect and equal opportunities before diversity, (ii) acknowledge the differences as a source of strengthen human potential and diversity enrichment in the organization, in the management and in the strategy and (iii) adoption of non-discriminatory and awareness measures not only internal but also towards the community in order to have an effective and efficient implementation of the diversity policy. Furthermore, in 2019, a new corporate department - Transformation and Talent Unit was incorporated aiming to propose and ensure the execution of the transformation strategy and talent management of EDP group employees, in line with the culture of EDP Group, in order to contribute for the sustainability of the business and reinforce the reference profile of EDP Group. The Transformation and Talent Unit department should be aligned with the People Experience Unit Department that proposes to design the People Management strategy of EDP Group and ensure the implementation of transversal policies and procedures, with the objective to promote outstanding experiences to all employees, contributing therefore to the sustainability of the business and therefore for the alignment of EDP's corporate purpose. Under the terms of Law no. 62/2017, of 1st August, and in full compliance with the applicable law, EDP shareholders have resolved in 5 April 2018 to appoint new members of the management and supervisory bodies of the Company for the 2018-2020 triennium, in order to safeguard a 20% representativeness of persons of each sex for the Executive Board of Directors and the General and Supervisory Board. As per EDP's Plan for Gender Equality (2019-2020), available at www.edp.com and at www.cmvm.pt, gender equality is of civilizational importance, as a corollary of the equality of rights, freedoms, guarantees, opportunities and recognition between genders. It is also enabling the enhancement of skills and knowledge through the inclusion of all, promoting a better and more motivating work environment and, consequently, greater levels of productivity and retention of talent. Such commitment led that the representativeness of the female gender in leadership positions has registered a 4	

PRINCIPLES AND RECOMMENDATIONS	ADOPTED NOT ADOPTED NOT APPLICABLE	COMMENTS	REPORT DESCRIPTION
		percentage points increase in the last 4 years, between 2014 and 2018.	
Recommendation I.2.2. The company's managing **[I.2.2.(1)]** and supervisory boards **[I.2.2.(2)]**, as well as their committees **[I.2.2.(3)]**, 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 **[I.2.2.(4)] / [I.2.2.(5)] / [I.2.2.(6)]** of the meetings of each of these bodies should be carried out	**ADOPTED**	The General and Supervisory Board, the Executive Board of Directors, the Financial Matters Committee / Audit Committee (FMC/AC), the Corporate Governance and Sustainability Committee (CGSC), the Strategy and Performance Committee (SPC) and the Remuneration Committee (RC) have specific Internal Regulations that establish its functioning (in particular the exercise of the respective duties, chairmanship, periodicity of meetings, functioning, duties of their members and duty to draft detailed minutes of the respective minutes) and which were updated in 2018 to adopt the best practices, in particular those principles and recommendations set forth by the Portuguese Institute for Corporate Governance. In relation to the applicable specific articles, please see charts below: **Internal Regulation EBD [I.2.2.(1)]** Duties 4 Chairmanship 5 Periodicity of meetings 7 Functioning 7 Duties of their members 4 Duty to draft Minutes 9 **[I.2.2.(4)]** **Internal Regulation GSB [I.2.2.(2)]** Duties 2 Chairmanship 5 Periodicity of meetings 4 Functioning 4 Duties of their members 11 Duty to draft Minutes 26 **[I.2.2.(5)]** **Internal Regulation FMC/AC [I.2.2.(3)]** Duties 2 Chairmanship 5 Periodicity of meetings 4 Functioning 4 Duties of their members 10 Duty to draft Minutes 4 **[I.2.2.(5)]** **Internal Regulation RC [I.2.2.(3)]** Duties 2 Chairmanship 5 Periodicity of meetings 4 Functioning 4 Duties of their members 10 Duty to draft Minutes 4 **[I.2.2.(6)]** **Internal Regulation CGSC [I.2.2.(3)]** Duties 2 Chairmanship 5 Periodicity of meetings 4 Functioning 4 Duties of their members 10 Duty to draft Minutes 4 **[I.2.2.(6)]** **Internal Regulation SPC [I.2.2.(3)]** Duties 2 Chairmanship 5 Periodicity of meetings 4 Functioning 4 Duties of their members 10 Duty to draft Minutes 4 **[I.2.2.(6)]**	Itens 22 and 23 | Itens from 27 to 29 | Item 34 | Item 61
Recommendation I.2.3. The internal regulations of the governing bodies — the managing	**ADOPTED**	In addition to Itens 34, 59 and 61, the corporate bodies and the Specialized Committees' Internal Regulations make	Item 34 | Item 59 | Item 61

PRINCIPLES AND RECOMMENDATIONS	ADOPTED NOT ADOPTED NOT APPLICABLE	COMMENTS	REPORT DESCRIPTION
body **[I.2.3.(1)]**, the supervisory body **[I.2.3.(2)]** and their respective committees **[I.2.3.(3)]** — should be disclosed, in full, on the company's website		express reference to the disclosure on EDP's institutional website of such Internal Regulations, as follows: - Internal Regulation EBD: Article 10 **[I.2.3.(1)]** - Internal Regulation GSB: Article 29 **[I.2.3.(2)]** - Internal Regulation FMC/AC: Article 15 **[I.2.3.(3)]** - Internal Regulation RC: Article 15 **[I.2.3.(3)]** - Internal Regulation CGSC: Article 15 **[I.2.3.(3)]** - Internal Regulation SPC: Article15 **[I.2.3.(3)]** All the internal regulation of the above referred corporate or social bodies are available online at www.edp.com.	
Recommendation I.2.4. The composition **[I.2.4.(1)]**, the number of annual meetings **[I.2.4.(1)]** of the managing and supervisory bodies, as well as of their committees, should be disclosed on the company's website	**ADOPTED**	**[I.2.4.(1)]** www.edp.com/en/investors/corporate-governance/governing-bodies-0 **[I.2.4.(2)]** This information is made available at EDP's website, is disclosed on EDP's Annual Report as well as on the General and Supervisory Board Annual Report.	Item 59
Recommendation I.2.5. The company's internal regulations should provide for the existence and ensure the functioning of mechanisms to detect and prevent irregularities **[I.2.5.(1)]**, as well as the adoption of a policy for the communication of irregularities (whistleblowing) **[I.2.5.(2)]** 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	**ADOPTED**	**[I.2.5.(1)]** The irregularities detection and prevention mechanisms derive from the normal functioning the regular compliance of legal, statutory and regulatory responsibilities of the corporate and social bodies of EDP, as, for instance, the Executive Board of Directors, the General and Supervisory Board and the Financial Matters Committee / Audit Committee. In effect, the organization and interconnected functioning of the several bodies of EDP allow an adequate detection and prevention of irregularities within the Company. In particular, EDP has implemented several mechanisms aiming to deter and prevent irregularities that involve the control system and risk management but also the activities of the Ethics Ombudsman who receives claims of ethic nature that arrive to EDP, instructing and documenting the respective procedure regarding each one of them and guaranteeing confidentiality on the identity of the claimant, as per information available at www.edp.com, and the EDP's Client Ombudsman whose main function is to receive and assess the claims presented by EDP's clients, directly related to the actions or omissions of EDP Group, as per information available at www.provedordocliente.edp.pt. **[I.2.5.(2)]** Furthermore, the Whistleblowing Procedures Regulation is in force. Such Regulation sets forth reception mechanisms and procedures, irregularities communication retention and processing on several matters received by the Company. Under the terms of this Regulation, the communication of irregularities is handled as confidential information, namely by the General and Supervisory Board, by the Financial Matters Committee / Audit Committee and by the supporting employees that are responsible for the operational management of reception, retention and handling mechanisms and procedures of the irregularity's communication.	Item 15 | Item 49 | Item 50 to 55
I.3. Relationships between the company bodies			
Principle: Members of the company's boards, especially directors, should create, considering the duties of each of the boards, the appropriate conditions to ensure balanced and efficient measures to allow for the different governing bodies of the company to act in a harmonious and coordinated way, in possession of the suitable amount of information to carry out their respective duties.		EDP's Article of Association expressly set forth that all corporate bodies of the Company should, to the extent of their competences, create the necessary conditions for a harmonious, articulated and informed performance of their duties. It was also implemented reporting and information sharing mechanisms in accordance with recommendation I.1.1. In addition, in the Internal Regulation of the General and Supervisory Board, on the Executive Board of Directors and on the Specialized Committees, there are several provisions that set forth reporting mechanisms namely to supervisory bodies as well as information flow systems regarding annual activity plans, resolutions and minutes.	Itens 21 to 45
Recommendation I.3.1. The bylaws, or other equivalent means adopted by the company, should establish mechanisms that, within	**ADOPTED**	This recommendation is also complied with in light of article 5 of the Executive Board of Directors Internal Regulation.	Itens 21 to 45

PRINCIPLES AND RECOMMENDATIONS	ADOPTED NOT ADOPTED NOT APPLICABLE	COMMENTS	REPORT DESCRIPTION
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.			
Recommendation I.3.2. 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.	**ADOPTED**	All Internal Regulations set forth reporting and information sharing mechanisms. In particular, it should be highlighted the relevance of the information sharing platform between the General and Supervisory Board and the Executive Board of Directors. Regarding the applicable provision, one should highlight: - By-laws: article 22.° paragraph l); - EBD Internal Regulation: articles 5.°, no. 1, paragraph e) and 9.° no. 4; - GSB Internal Regulation: article 5.° no. 1 article c) and e) and article 11.° no. 1 paragraph a); article 14.° no. 1 paragraph m) and article 17.°; - MFC / AUDC Internal Regulation: article 5.° no. 1 paragraph f), article 10.°, no. 1, paragraph a) and article 13.°; - CR Internal Regulation: article 5.° no. 1 paragraph d); article 10.° no. 1 paragraph a) and no. 2; - CGSC Internal Regulation: article 5.° no. 1 paragraph e); article 10.° no. 1 paragraph a) and no. 2 and no. 3 paragraph c); article 12.° and article 13.°; - SPC Internal Regulation: article 5.° paragraph d); article 10.° number 1 paragraph a); no. 2 and no. 3 paragraph c) e article 13.° no. 2.	Itens 21 to 45
I.4. Conflicts of interest			
Principle: The existence of current or potential conflicts of interest, between members of the company's boards or committees and the company, should be prevented. The non-interference of the conflicted member in the decision process should be guaranteed.		On 17 May 2010, the Executive Board of Directors approved rules on identification, internal reporting and respective actions to be carried out should a case of conflicts of interest occurs. This Regulation is applicable to all EDP Group employees that have a decision-making role on the completion of a transaction with related parties which was reviewed in 2015. On EDP's bodies and committees' Internal Regulations, a provision is set forth by which such bodies and committees members should inform the respective body or committee on facts that could constitute or give cause to a conflict between his/hers interests and the corporate interest. In accordance with the Regulation on Conflict of Interest and Transactions between Related Parties, the Corporate Governance and Sustainability Committee should inform the General and Supervisory Board on all activities should a conflict of interest occurs.	Item 10 | Item 18 | Item 20 | Item 21 | Item 91
Recommendation I.4.1. 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.	**ADOPTED**		Item 10 | Item 18 | Item 20 | Item 21 | Item 91
Recommendation I.4.2. 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.	**ADOPTED**	All corporate bodies and Specialized Committees' Internal Regulations set forth a specific provision on the conduct to be adopted by the respective body or committee member in case of an effective or apparent conflict of interest as well as a duty to provide information or clarifications. The respective articles that specifically set forth this recommendation are the following: - Internal Regulation GSB: Article 10 - Internal Regulation EBD: Article 8 - Internal Regulation FMC/AC: Article 9	Item 10 | Item 18 | Item 20 | Item 21 | Item 91

PRINCIPLES AND RECOMMENDATIONS	ADOPTED NOT ADOPTED NOT APPLICABLE	COMMENTS	REPORT DESCRIPTION
		- Internal Regulation RC: Article 9 - Internal Regulation CGSC: Article 9 - Internal Regulation SPC: Article 9	
I.5. Related party transactions			
Principle: Due to the potential risks that they may hold, transactions with related parties should be justified by the interest of the company and carried out under market conditions, subject to principles of transparency and adequate supervision.		**[I.5.1.(1)]** Regarding this matter, in addition to the applicable law and the statutory provisions, two internal regulation of EDP are in force. On one hand, the Conflict of Interests and Transactions with Related Parties Regulation and on the other, the criteria approved by the Executive Board of Directors on the transaction with related parties, regarding the identification, report and actions to be executed in case of	Item 10 | Itens 89 to 92
Recommendation 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 board, **[I.5.1.(1)]** and (ii) due to their increased value require an additional favourable report of the supervisory body **[I.5.1.(2)]**.	**ADOPTED**	conflicts of interest. Under the terms of the By-laws and the legislation in force, the Executive Board of Directors is responsible for the management of the company and for transactions with related parties purposes, are deemed decision-makers: (i) members of management boards (executive and non-executive) of EDP and group subsidiaries identified as such by the Executive Board of Directors, by virtue of their direct or indirect authority and responsibility for the planning, management and control of EDP Group activities as part of their duties with certain EDP Group Subsidiaries, (ii) EDP Group senior management, including top-level directors and other staff with equivalent duties or ranking in the EDP Group, provided that the company's Executive Board of Directors identifies them as such by virtue of their direct or indirect authority and responsibility for the planning, management and control of EDP Group activities and (iii) EDP Group employees on the permanent payroll of the EDP Group, on fixed or infinite individual employment contracts, including those suspended temporarily, within the scope of their duties and powers; all other employees working for EDP Group, including under secondment, on a long-term or occasional basis and regardless of the nature of the contract, on temporary assignment or under a service provision contract, as well as those on work placement or vocational training programmes, to the extent determined by the specific legal relationship established. All decision-making persons should therefore report any information deemed relevant over transactions performed or to be performed with related parties, with controlled companies or with the own decision-makers. Under the terms of the Regulation on conflict of interests and transactions with related parties, relevant situations are legal businesses or "de facto" situations existent between Related Parties that are susceptible of creating a Conflict of Interests between the involved parties with relevance for the pursuit of EDP interests, being subject to the General and Supervisory Board prior opinion, being therefore identifies the typologies and the scope of the matters subject to prior opinion. Furthermore, article 17 (2) of EDP's By-Laws sets forth a range of matters subject to favourable prior opinion of the General and Supervisory Board, having this Board to fix the parameters in terms of economic and strategic value of the transactions that should be subject to opinion, namely regarding acquisitions and disposals of goods, rights or participation of significative amount, under the terms of article 21 (7) of EDP's By-Laws and article 15 of the General and Supervisory Board Internal Regulation. The General and Supervisory Board is responsible for, under the scope of the annual and interim management EDP report assessment, and taking into consideration the activity performed by the Corporate Governance and Sustainability Committee, analyse and issue opinion under the terms of the Regulations on Conflict of Interest and Transactions between Related Parties. Its internal regulation clarifies that the final decision is up to the General and Supervisory Board, in accordance with article 12 (1) (k). EDP also displays a set of rules on the issuance and waiver of prior opinion by the General and Supervisory Board, as well as the communication procedures and clarification provision between the General and Supervisory Board and the Executive Board of Directors. Such criteria are documented in the Regulations on Conflict of Interest and Transactions	Item10 | Itens 89 to 92

PRINCIPLES AND RECOMMENDATIONS	ADOPTED NOT ADOPTED NOT APPLICABLE	COMMENTS	REPORT DESCRIPTION
		between Related Parties. In addition, and in accordance with item 5.1 of the Regulations on Conflict of Interest and Transactions between Related Parties, the Executive Board of Directors should within 20 days of the end of each quarter, inform the General and Supervisory Board of all business that constitute a relevant situation. Item 5.2 sets forth the elements that should be submitted on such information (cfr. Article 22 (1) (l) of the By-Laws and article 12 (1) (l) of the GSB Internal Regulation). As responsible for the management, and taking into consideration the existing legal framework in EDP, the management body of each company of the Group is responsible for taking the decisions regarding such, namely regarding transactions with related parties that are assessed in line with the rules in force applicable to such matter. To the extent the communication between the management and the supervision of the Company is made through the General and Supervisory and the Executive Board of Directors, any business with a related party is subject to scrutiny and monitoring of the last. The General and Supervisory Board intervention in the assessment made to such transaction is always preceded of the analysis and scrutiny of the Executive Board of Directors. **[I.5.1.(2)]** Under the terms of item 5.3 of the Regulation on Conflict of Interest and Transactions between Related Parties, the General and Supervisory Board and, more specifically, the Corporate Governance and Sustainability Committee analyse all the transactions in the amount equal or superior to: (i) EUR 75M, for subordinated and standard loans; (ii) EUR 75M for purchase, sale, marketing or supply of electricity and natural gas (and connected products and services) and (iii) EUR 5M for all other transactions.	
Recommendation I.5.2. The managing body should report **[I.5.2.(1)]** all the transactions contained in Recommendation 1.5.1. to the supervisory body, at least every six months **[I.5.2.(2)]**.	**ADOPTED**	**[[I.5.2.(1)]** For purposes of the Regulation on Conflict of Interest and Transactions between Related Parties of EDP, it is considered juridical businesses as relevant situations - legal businesses or "de facto" situations existent between Related Parties that are susceptible of creating a Conflict of Interests between the involved parties with relevance for the pursuit of EDP interests - that, in accordance to the applicable internal rules, are subject to the GSB prior opinion. As provided for in item 5 of the Regulation on Conflict of Interest and Transactions between Related Parties of EDP, available at EDP's website, the Executive Board of Directors should inform the General and Supervisory Board, within 20 days following the end of each quarter, of all transactions that are considered relevant situations. **[I.5.2.(2)]** Please see Recommendation I.5.1.	Item 10 | Itens 89 to 92
CHAPTER II – SHAREHOLDERS AND GENERAL MEETINGS			
Principle II.A As an instrument for the efficient functioning of the company and the fulfilment of the corporate purpose of the company, the suitable involvement of the shareholders in matters of corporate governance is a positive factor for the company's governance.			Item 5 | Item 6 | Item 7 | Item 10 | Item 12 to 16 | Item 56
Principle II.B The company should stimulate the personal participation of shareholders in general meetings, which is a space for communication by the shareholders with the company's boards and committees and also of reflection about the company itself.			Item 5 | Item 6 | Item 7 | Item 10 | Item 12 to 16 | Item 56
Principle II.C The company should also allow the participation of its shareholders in the general meeting through digital means, postal votes and, especially, electronic votes, unless this is			Item 5 | Item 6 | Item 7 | Item 10 | Item 12 to 16 | Item 56

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deemed to be disproportionate, namely taking into account the associated costs.			
Recommendation II.1. The company should not set an excessively high number of shares to confer voting rights **[II.1.(1)]**, 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 **[II.1.(2)]**.	**ADOPTED**	**[II.1.(1)]** EDP establishes in Article 14 (1) and (2) of its Articles of Association that to each share corresponds one vote and that all shareholders with voting rights may participate in the Shareholders' General Meeting provided that they have such capacity on registration date. **[II.1.(2)]** Not applicable.	Item 5 | Item 6 | Item 7 | Item 10 | Item 12 to 16 | Item 56
Recommendation 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**	Article 11 (3) of EDP's Articles of Association establishes that Shareholders' General Meeting resolutions are adopted by a majority of voting cast, unless a legal or statutory provision requires a qualified majority.	Item 5 | Item 6 | Item 7 | Item 10 | Item 12 to 16 | Item 56
Recommendation II.3. The company should implement adequate means for the exercise of voting rights through postal votes, including by electronic means.	**ADOPTED**	If on one hand EDP's Articles of Association enable the exercise by postal vote, by letter (Article 14 (6)), on the other hand, allow and determine the procedure for the exercise of postal vote, including by electronic means under Article 14 (6) to (8), in accordance with requirements that ensure its authenticity. As described in the Report, drafts for the correspondence vote are made available as well as minutes to the voting exercise for electronic correspondence. At EDP website (www.edp.com) shareholders may find the necessary minutes of the correspondence and electronic voting exercise.	Item 5 | Item 6 | Item 7 | Item 10 | Item 12 to 16 | Item 56
Recommendation II.4. The company should implement adequate means in order for its shareholders to be able to digitally participate in general meetings.	**ADOPTED** (Explain)	In recent years, the shareholders' participation rate in the Shareholders' General Meetings of EDP stood between 69.5% and 77.9%. From this referential, it should be pointed out that the postal vote has always represented less than 1% (exception made to the Shareholders' General Meeting that took place on 19 April 2017, in which the postal vote stood at 3.2%), which illustrates the shareholders' clear option for the on-site presence in such meetings. These data substantiate and comfort EDP's position striving for the maximization of the shareholders' participation in general meetings, as such involvement provides a direct interaction with shareholders and, therefore, represents a positive factor for the proximity to the shareholder structure, for the efficient operation of the Company and for the fulfilment of its corporate purpose. It is certain that, without prejudice of this matter being revisited in the future, the non-adoption of telematic mechanisms to date has not prevented the shareholders' significant participation on such forum, as referred above. Equally representative of such clear preference of the shareholders for the presential participation is the reduced participation rate by means of postal vote. Taking into consideration the above referred circumstances, as well as the interpretative understandings of the CAEM (Executive Commission for the Accompaniment and Monitoring) on this matter, it is misfit and disproportionate the requirement to allow the participation in the General Shareholders' Meeting through telematic means, with the risks and costs inherent to the control and authenticity safeguard procedures of voting casts through this mean.	
Recommendation 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	**NOT ADOPTED**	Over the past few years, the subject of statutory limitation on voting rights has already been discussed by the Shareholders' General Meeting of EDP on three occasions, the last occurred on 24 April 2019. The shareholders have thus been called on to decide on limiting the number of votes. The continued existence of the limitation has prevailed and the reflection on the adjustment of the relevant ceiling for counting voting rights, precisely to progressively increase this	

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years, the amendment or maintenance of this rule will be subject to a shareholder resolution **[II.5.(1)]** — 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 **[II.5.(1)]**.		level. The momentum of shareholders of the Company has thus proven to be perfectly in tune with the sense advocated in the Recommendation and sufficiently apt for pursuing its goals, avoiding rigid formulas for this review set down in the Articles of Association, which has also fostered the particularly intense scrutiny of this clause by shareholders. These circumstances confirm that the voting cap does not prevent the relevant shareholders' involvement in EDP's corporate governance, being certain that three resolutions of the General Shareholders' Meeting have been made, from 2011 to 2019, regarding this statutory limitation. **[II.5.(2)]** In effect, the voting limitation set forth in article 14 of the By-Laws reflects the express wish of EDP's shareholders through the General Meeting resolutions, in the defence of the Company's specific interests: (i) change of the limit from 5% to 20% was approved by the shareholders at the General Meeting of 25 August 2011, involving the participation of 72.25% of the capital and approval of a majority of 94.16% of the votes cast; (ii) a later increase to the current 25% was approved at the General Meeting of 20 February 2012, involving the participation of 71.51% of the capital and approval by a majority of 89.65% of the votes cast and (iii) the unblocking of the By-Laws in which was registered 64.29% of the share capital, having such modification rejected by the majority of the votes casts with 56.61% of votes against.	
Recommendation II.6. The company should not adopt mechanisms that imply payments or assumption of fees in the case of the transfer of control **[II.6.(1)]** or the change in the composition of the managing body **[II.6.(2)]**, 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**	**[II.6.(1)]** and **[II.6.(2)]** As provided for in EDP's Corporate Governance Manual, no measures that prevent free transmission of shares and free performance assessment of the members of the Executive Board of Directors are known. Identically, EDP has not entered into any significant agreements that come into force, are altered or are terminated in case of a change of control or a change to the management board occurs, as provided for in the Remuneration Policy Statement of the Executive Board of Directors.	Itens 4 and 5
CHAPTER III – NON-EXECUTIVE MANAGEMENT, MONITORING AND SUPERVISION			
Principle III.A The members of governing bodies who possess non-executive management duties or monitoring and supervisory duties should, in an effective and judicious manner, carry out monitoring duties and incentivise executive management for the full accomplishment of the corporate purpose, and such performance should be complemented by committees for areas that are central to corporate governance.			Itens from 15 to 19 | Item 21 | Item 29
Principle III.B The composition of the supervisory body and the non-executive directors should provide the company with a balanced and suitable diversity of skills, knowledge, and professional experience.		The election proposal of any candidate of the General and Supervisory Board and of the Executive Board of Directors to be submitted to the Shareholders' General Meeting should be duly substantiated, considering the candidate's profile and function to be performed so as to enable the verification of the adequacy of the candidate's profile, knowledge and curriculum to the functions to be performed. Among the established criteria are (i) the promotion of equality of rights and opportunities in a context of diversity; (ii) the enhancement of diversity, notably in matters of age, gender, geographical origin, skills, competences, qualifications and experience; (iii) the promotion of the increase in the number of members of the under-represented gender; (iv) prevention of potential conflicts of interest. As provided in recommendation I.2.1, a selection policy is in force which sets	Item 21 | Item 29 | Item 31 | Item 68

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		forth specifically the skills that the members of such bodies should have.	
Principle III.C The supervisory body should carry out a permanent oversight of the company's managing body, also in a preventive perspective, following the company's activity and, in particular, the decisions of fundamental importance.			Itens from 15 to 19 | Item 21 | Item 29
Recommendation 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.1.1.	**NOT APPLICABLE**	This recommendation is not applicable to the governance model in force.	
Recommendation III.2. The number of non-executive members in the managing body **[III.2.(1)]**, as well as the number of members of the supervisory body **[III.2.(2)]** and the number of the members of the committee for financial matters **[III.2.(3)]** 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**	**[III.2.(1)]** This sub-recommendation is not applicable to the governance model in force at the Company**. [III.2.(2)]** The General and Supervisory Board is composed of several effective members not lower than nine, but always higher than the number of directors, under Article 21 (1) of the Articles of Association. **[III.2.(3)]** The Financial Matters Committee / Audit Committee should be composed by at least three independent members according to Article 3 of the Financial Matters Committee / Audit Committee Internal Regulation which is entirely proportional to the Company features.	Item 17 | Item 21 | Item 29
Recommendation III.3. In any case, the number of non-executive directors should be higher than the number of executive directors.	**NOT APPLICABLE**	This recommendation is not applicable to the governance model in force at the Company.	
Recommendation III.4. Each company should include several non-executive directors that corresponds to no less than one third, but always plural, who satisfy the legal requirements of independence. For the purposes of this recommendation, an independent person is one who is not associated with any specific group of interest of the company, nor under any circumstance likely to affect his/her impartiality of analysis or decision, namely due to: i. having carried out functions in any of the company's bodies for more than twelve years, either on a consecutive or non-consecutive basis;	**NOT APPLICABLE**	This recommendation is not applicable to the governance model in force at the Company.	

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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 vi. having been a qualified holder or representative of a shareholder of qualifying holding.			
Recommendation III.5. 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).	**NOT APPLICABLE**	This recommendation is not applicable to the governance model in force at the Company.	
Recommendation III.6. 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.	**NOT APPLICABLE**	This recommendation is not applicable to the governance model in force at the Company.	
Recommendation III.7. 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 **[III.7.(1)]**, as well as in the assessment of the accomplishment of these actions**[III.7.(2)]**.	**ADOPTED**	**[III.7.(1)]** Under the terms of article 22 of EDP By-Laws and article 14 (1) paragraph a) of the General and Supervisory Board Internal Regulation, the General and Supervisory Board is responsible for permanently monitor the activity of the Executive Board of Directors and provide regarding such activity advise and assist. The decisions related with the matters identified in article 17 (2) of EDP By-Laws and that integrate the scope of competences of the Executive Board of Directors are subject to favourable prior opinion of the General and Supervisory Board. Among such matters, it should be highlighted the approval of EDP's strategic plan and the performance by the Company of transactions deemed strategic for the respective functioning. In this sense, it should also be noted that under the terms of article 21 (7) of EDP's	Item 21 | Item 24 | Item 29 | Itens from 49 to 55

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		Articles of Association, the General and Supervisory Board should establish the economic or strategic value parameters of the transactions that under article 17 (2) should be submitted for opinion, as well as establish effective mechanisms to issue opinions in case of urgency or if the nature of the matter concerned justifies it, and the situations in which such opinion could be waived. The General and Supervisory Board, in 6 April 2018, unanimously approved the mandatory determination parameters to prior opinion of the General and Supervisory Board as well as established the annual quantitative limits for the issuance of securities by the Executive Board of Directors. Furthermore, under article 17 (1) (g) of EDP's Articles of Association, the Executive Board of Directors may resolve on bond issuance and other securities, having to comply with annual quantitative limits set by the General and Supervisory Board. In addition, it should be highlighted as set forth in article 17 (8) and (9), the meetings held between the Chairman of the General and Supervisory Board, the General Supervisory Board with the Executive Board of Directors for the discussion of relevant matters in particular on the strategy, policies, long-term plans, business risks under the General and Supervisory Board Internal Regulation **[III.7.(2)]** The General and Supervisory Board has expressly granted to the Strategy and Performance Committee competences to monitor matters related to the execution of the strategy and business planning, as stated in article 12 of the Strategy and Performance Committee Internal Regulation. In the Annual Report of the General and Supervisory Board are described the monitoring and supervision results of the Executive Board of Directors activity, under article 19 (2) paragraph a of the General and Supervisory Board Internal Regulation. In addition, EDP has voluntarily implemented a formal and objective evaluation procedure of the Executive Board of Directors activity that allows to evaluate the compliance level of the adopted measures. This is a defining practice adopted by the General and Supervisory Board which is aligned with the evaluation criteria of the Dow Jones Sustainability Index and matches the recognition of the continuous excellence efforts of corporate governance practices that the General and Supervisory Board has been undertaking. It should be noted that this evaluation process (content, questionnaire format, individual evaluation interviews and respective conclusions) was analysed and certified by an external consultant. At the beginning of each year, the General and Supervisory Board members are invited to answer in individual interviews conducted by the external consultant a questionnaire that allows to assess each personal perception regarding the performance of the Executive Board of Directors. The anonymity of the answers is also guaranteed in order to establish maximum independence and rigour. In this questionnaire several topics are analysed: (i) composition and organization; (ii) performance of the Executive Board of Directors' activity; (iii) relation between the Executive Board of Directors and the General and Supervisory Board; (iv) relation between the Executive Board of Directors and other interlocutors. The purpose of the questionnaire is to be an objective reflection support that may be use by the General and Supervisory Board to prepare an evaluation opinion on the Executive Board of Directors performance that will then be presented to EDP shareholders to be voted. Such evaluation is available at the Annual Report of the General and Supervisory Board – Statement of the Evaluation Process of the Executive Board of Directors of EDP.	
Recommendation III.8. The supervisory body, in observance of the powers conferred to it by law, should, in particular, monitor, evaluate, and pronounce	**ADOPTED**		Item 21 | Item 24 | Item 29 | Itens from 49 to 55

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itself on the strategic lines and the risk policy defined by the managing body.			
Recommendation III.9. Companies should create specialised internal committees that are adequate to their dimension and complexity, separately or cumulatively covering matters of corporate governance, remuneration, performance assessment, and appointments.	**ADOPTED**		Item 21 | Item 29
Recommendation III.10. Risk management systems [**III.10.(1)**], internal control [**III.10.(1)**] and internal audit systems [**III.10.(1)**] should be structured in terms adequate to the dimension of the company and the complexity of the inherent risks of the company's activity.	**ADOPTED**	Under article 22 of the By-Laws, the General and Supervisory Board should permanently monitor and assess the internal procedures regarding accounting and auditing matters, as well as the risk management system efficiency, the internal control system and internal audit system. This competence is delegated by the General and Supervisory Board to the Financial Matters Committee / Audit Committee. The risk management system is composed around three defence lines (business, risk management / compliance and internal and external audit) each of them conducted independently and assuring the adequate level of disaggregation towards the remaining. In 2019, and following the best practices, EDP gave autonomy to the Internal Audit Department for the mission to execute the internal audit function as an independent and objective activity of assurance and assessment and contribute to the improvements of risk management procedures, control and governance, being the Compliance Department responsible for promoting and coordinate the implementation of Compliance mechanism within the Group aiming to improve and protect the value and the operations of the Group and contribute to improve the risk management procedures, control and governance of EDP Group and ensure the implementation of the Internal Financial Reporting Control System (SCIRF). **[III.10.(1)]** The risk identification, analysis, evaluation, treatment and monitoring functions are monitored by a set of corporate bodies with clearly defined responsibilities, namely by the General and Supervisory Board, by the Executive Board of Directors, by persons responsible and the officers of the Business Units and Corporate Departments as well as by the corporate bodies members that constitute EDP Group. In addition, there are corporate bodies suited to assess these matters – Risk Committee of EDP Group and Individual Risks Committee. **[III.10.(2)]** The matters related to internal control constitute integrated functions in the Corporate Centre, which undertakes a structural function in the support to the Executive Board of Directors under the definition and control of the strategy, policies and objectives execution. Among several Business Units and Corporate Departments of the Corporate Centre, it should be highlighted in such internal control matters, the Internal Audit Department, the Compliance Department and the Risk Management Department. **[III.10.(3)]** The Internal Audit Department is responsible for the internal audit function as an independent and objective activity of assurance and assessment.	Item 21 | Item 29 | Itens from 50 to 55
Recommendation III.11. The supervisory body and the committee for financial affairs should supervise the effectiveness of the systems of risk management **[III.11.(1)]**, internal control **[III.11.(2)]** and internal audit **[III.11.(3)]**, and propose adjustments where they are deemed to be necessary.	**ADOPTED**	Under the terms of article 14 (1) paragraph e) of the General and Supervisory Board Internal Regulation and under the scope of this body, the Financial Matters Committee / Audit Committee as set forth in the article 2 of the respective Internal Regulation are responsible for permanently monitor the efficiency of the risk management systems **[III.11.(1)]**, internal control **[III.11.(2)]** and internal audit **[III.11.(3)]** systems and, following such supervision activity, propose the adequate adjustments. The possibility to propose adjustments should be regarded as fully adopted to the extent that such	Item 15 | Item 17 | Item 21 | Item 29

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		duties derive immediately from the supervision competences that have underlined the application of article 420 of the Portuguese Companies Code, provision that does not grant any autonomy for this specific power. This possibility derives from the execution of the promotion of continuous improvement principle of the supervisory activities exercise.	
Recommendation III.12. 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 **[III.12.(1)]**, 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 **[III.12.(2)]**.	**ADOPTED**		Itens from 50 to 55
CHAPTER IV – EXECUTIVE MANAGEMENT			
Principle IV.A As way of increasing the efficiency and the quality of the managing body's performance and the suitable flow of information in the board, the daily management of the company should be carried out by directors with qualifications, powers and experience suitable for the role. The executive board is responsible for the management of the company, pursuing the company's objectives and aiming to contribute towards the company's sustainable development.			Item 17 | Item 18 | Item 19 | Item 21
Principle IV.B In determining the number of executive directors, it should be taken into account, besides the costs and the desirable agility in the functioning of the executive board, the size of the company, the complexity of its activity, and its geographical spread.			Item 17 | Item 18 | Item 19 | Item 21
Recommendation IV.1. The managing body should approve, by internal regulation or equivalent, the rules regarding the action of the executive directors **[IV.1.(1)]** and how these are to carry out their executive functions in entities outside of the group **[IV.1.(2)]**.	**ADOPTED**		Item 17 | Item 18 | Item 19 | Item 21
Recommendation IV.2. 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 **[IV.2.(1)]**; ii. the organisation and coordination of the business structure **[IV.2.(2)]**; iii. matters that should be	**NOT APPLICABLE**	This recommendation is not applicable to the governance model in force at EDP. In fact, in accordance with the dual governance model, the Executive Board of Directors does not grant any powers namely those provided for in this recommendation.	Item 17 | Item 18 | Item 19 | Item 21

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considered strategic in virtue of the amounts involved, the risk, or special characteristics **[IV.2.(3)]**.			
Recommendation IV.3. In matters of risk assumption **[IV.3.(1)]**, the managing body should set objectives and look after their accomplishment **[IV.3.(2)]**.	**ADOPTED**	The Executive Board of Directors is responsible for ensuring that the risk is identified, evaluate, controlled and managed, defining the objectives in terms of risks, setting the risk profile of the Company and coordinate the decision in relation to material risk management under the terms of article 4 (2) paragraph h) of the Executive Board of Directors Internal Regulation. The Executive Board of Directors is responsible for the approval of the Business Plan, for the definition of the risk policies, in particular the respective exposure limits by risk category and by the resources allocation according to the risk-return profile of the several available options.	Item 21 | Itens 50 to 55
Recommendation 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.	**ADOPTED**	The mission of the General and Supervisory Board as well as of the Specialized Committees involves the distribution of competences and prerogatives in order to safeguard that the exercise of such functions provide periodical controls. The General and Supervisory Board debates with the Executive Board of Directors, at least once a year, the strategy, policies and long-term plans and risks associated to the businesses of the Company and controlled companies, in particular regarding the strategic planning, as set forth in article 17 (9) of the General and Supervisory Board Internal Regulation. The Financial Matters Committee / Audit Committee monitors the significative exposures to financial risks, identifies, evaluates, controls and manages risks and assess the internal compliance level of the risk management system of EDP, having for such purpose, the right to assess information deemed relevant as well as to attend Executive Board of Directors meetings, as set forth in article 12 (2) paragraph e) and h) and article 12 (3) paragraph e) of the Financial Matters Committee / Audit Committee Internal Regulation.	Item 21 | Item 29 | Itens 51 to 55
CHAPTER V – EVALUATION OF PERFORMANCE, REMUNERATION AND APPOINTMENT			
V.1 Annual evaluation of performance			
Principle: The company should promote the assessment of performance of the executive board and of its members individually, and also the assessment of the overall performance of the managing body and its specialized committees.			Item 21 | Item 24 and 25 | Item 27 | Item 29 | Item 52 | Item 54
Recommendation V.1.1. The managing body should annually evaluate its performance **[V.1.1(1)]** as well as the performance of its committees **[V.1.1(2)]** and delegated directors **[V.1.1(3)]**, 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.	**ADOPTED**	**[V.1.1.(1)]** Under the terms of article 5 no. 4 of the Executive Board of Directors Internal Regulation, the Chairman of this Board should ensure the adoption of adequate mechanisms of the annual evaluation of the functioning of the Executive Board of Directors and the performance of each of its members. In addition, EDP has voluntarily implemented a formal and objective evaluation procedure of the Executive Board of Directors activity that allows to evaluate the compliance level of the adopted measures. This is a defining practice adopted by the General and Supervisory Board which is aligned with the evaluation criteria of the Dow Jones Sustainability Index and matches the recognition of the continuous excellence efforts of corporate governance practices that the General and Supervisory Board has been undertaking. It should be noted that this evaluation process (content, questionnaire format, individual evaluation interviews and respective conclusions) was analysed and certified by an external consultant. At the beginning of each year, the General and Supervisory Board members are invited to answer in individual interviews conducted by the external consultant a questionnaire that allows to assess each personal perception regarding the	Item 21 | Item 24 and 25 | Item 27 | Item 29 | Item 52 | Item 54

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		performance of the Executive Board of Directors. The anonymity of the answers is also guaranteed in order to establish maximum independence and rigour. In this questionnaire several topics are analysed: (i) composition and organization; (ii) performance of the Executive Board of Directors' activity; (iii) relation between the Executive Board of Directors and the General and Supervisory Board; (iv) relation between the Executive Board of Directors and other interlocutors. The purpose of the questionnaire is to be an objective reflection support that may be use by the General and Supervisory Board to prepare an evaluation opinion on the Executive Board of Directors performance that will then be presented to EDP shareholders to be voted. Such evaluation is available at the Annual Report of the General and Supervisory Board – Statement of the Evaluation Process of the Executive Board of Directors of EDP.	
Recommendation 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.	**ADOPTED**	The adoption of this recommendation derives from article 22 of the By-Laws and articles 14 (1), 15 (1) and 17 (9) of the General and Supervisory Board Internal Regulation.	Item 21 | Item 24 and 25 | Item 27 | Item 29 | Item 52 | Item 54
V.2 Remuneration			
Principle: The remuneration policy of the members of the managing and supervisory boards should allow the company to attract qualified professionals at an economically justifiable cost in relation to its financial situation, induce the alignment of the member's interests with those of the company's shareholders — taking into account the wealth effectively created by the company, its financial situation and the market's — and constitute a factor of development of a culture of professionalization, promotion of merit and transparency within the company.			Itens from 66 to 88
Recommendation V.2.1. The remuneration should be set by a committee **[V.2.1(1)]**, the composition of which should ensure its independence from management **[V.2.1(2)]**.	**ADOPTED**	**[V.2.1(1)]** The Remuneration Committee appointed by the General and Supervisory Board is independent from the management and aims to fix the remuneration of the Executive Board of Directors, in accordance with Article 27 of the Articles of Association and Article 28 (b) of the General and Supervisory Board Internal Regulation. **[V.2.1(2)]** The majority of the Remuneration Committee of the General Meeting members, responsible for setting the remuneration of all corporate bodies exception made to the Executive Board of Directors, should be independent.	Item 29
Recommendation 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 **[V.2.2.(1)]**. As to executive	**ADOPTED**	As stated in Article 12 of its Internal Regulation, the Remuneration Committee is responsible for (i) annually define the remuneration policy of the Executive Board of Directors Chairman and of the remaining members of the Executive Board of Directors, namely in line with the best practices corporate governance, setting criteria of the variable component of the remuneration, (ii) determine the several components of the fixed and variable remuneration, namely eventual benefits and complements, in particular the retirement pension benefits due to old age or disability, (iii)	Item 29 | Itens 66 to 88

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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 **[V.2.2.(2)]**.		setting remunerations according to the defined policy, allowing the Company to attract, within a reasonable economic cost, qualified professionals, induce the alignment of shareholders' interests and constitute a development factor of a professionalization culture, promotion of merit and transparency within the Company, (iv) determining the significant part of the multi-year variable remuneration to be deferred in time, at least for a period of three years. The said payment is conditional upon not undertaking intentional unlawful acts known after completion of the assessment and which jeopardise the sustainability of the Company's performance, (v) annually evaluating the executive management body considering, among other factors, compliance with the Company's strategy and previously defined objectives, plans and budgets, in order to ponder and determine the variable remuneration of the Executive Board of Directors Chairman and Directors, (vi) assessing the individual performance of each member of the Executive Board of Directors, including in this assessment the contribution of each member to the operating efficiency of the body and relations with the different bodies of the Company, (vii) monitoring the contractual changes of the mandates of the Chairman of the Executive Board of Directors and the executive directors, that reflect on their remuneration, particularly in the event of suspension or termination of those mandates, (viii) setting the maximum amount of compensation payable to the Chairman of the Executive Board of Directors and the executive directors in the event of termination of office, (ix) evaluating consequences, in the scope of the adopted remuneration policy, of the possible remuneration to Executive Board of Directors Chairman or Directors for holding an office in participated or Subsidiary Companies, (x) submitting before the annual General Meeting a statement on remuneration policy for Executive Board of Directors Chairman and Directors adopted by the Committee (xi) establish the necessary mechanisms to coordinate its activity with the Remuneration Committee elected by the General Meeting to set remuneration for the remaining social bodies and (xii) monitor definition of the remuneration policies of directors of Subsidiaries	
Recommendation V.2.3. The statement on the remuneration policy of the managing and supervisory bodies, pursuant to article 2 of Law no. 28/2009, 19th June, should additionally contain the following: i. the total remuneration amount itemised by each of its components, the relative proportion of fixed and variable remuneration, an explanation of how the total remuneration complies with the company's remuneration policy, including how it contributes to the company's performance in the long run, and information about how the performance requirements were applied **[V.2.3.(1)]**; ii. remunerations from companies that belong to the same group as the company **[V.2.3.(2)]**; iii. the number of shares and options on shares granted or offered, and the main conditions for the exercise of those rights, including the price and the exercise date **[V.2.3.(3)]**;	**ADOPTED**	Exception made to sub-paragraph (iii) **[V.2.3.(3)]** to the extent that such remuneration mechanism is inexistent at EDP, all the other sub-recommendations listed were adopted in the Statement of the Remuneration Committee of management and supervision bodies.	Itens from 69 to 74 | Itens 77 and 78 | Item 80 and 81 | Itens 83 and 84

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iv. information on the possibility to request the reimbursement of variable remuneration **[V.2.3.(4)]**; v. information on any deviation from the procedures for the application of the approved remuneration policies, including an explanation of the nature of the exceptional circumstances and the indication of the specific elements subject to derogation **[V.2.3.(5)]**; vi. information on the enforceability or non-enforceability of payments claimed in regard to the termination of office by directors **[V.2.3.(6)]**.			
Recommendation 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 **[V.2.4.(1)]**, 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 **[V.2.4.(2)]**.	**ADOPTED**	**[V.2.4.(1)]** Article 27 of EDP's Articles of Association sets forth that the General and Supervisory Board Remuneration Committee, which the majority of the members are independent, sets the directors' remunerations, as well as eventual supplements, namely retirement pension complements for old-age or disability. In this sense, the Remuneration Policy Statement approved by resolution of the Shareholders' General Meeting on 24 April 2019 sets forth that the base remuneration includes the hiring of a standard financial product, a retirement savings plan type, that the Executive Board of Directors members benefit from through the application of 10% (ten per cent) of the net amount of the respective fixed annual remuneration. **[V.2.4.(2)]** On the information regarding compensations payable to any member of a board or committee of the company due to the respective termination of office provision, the referred Remuneration Policy Statement approved by the General Shareholders' Meeting on 24 April 2019 sets forth such amount.	Item 69 | Item 76 | Item 80
Recommendation 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.	**ADOPTED**	Article 5 (2) of the Remuneration Committee Internal Regulation expressly sets forth that in order to provide information or clarification to shareholders, the Chairman, or in his absence, other Remuneration Committee member, ensures the presence in the Annual Shareholders' General Meeting or in any other Shareholders' General Meeting if the agenda covers any matter related to the Company's bodies or committees' members remuneration or if such presence is required by shareholders.	Item 29
Recommendation 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 **[V.2.6.(1)]**. 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,	**ADOPTED**	**[V.2.6.(1)]** Both the Remuneration Committee of the General and Supervisory Board and the Remuneration Committee elected by the General Meeting freely decide on the hiring by the Company of the necessary or convenient consultancy services for the exercise of the respective functions, setting forth such prerogative in particular pursuant to article 4 no. 6 of the Remuneration Committee of the General and Supervisory Board Internal Regulation. **[V.2.6.(2)]** In accordance with Article 4 (5) of its Internal Regulation, the Remuneration Committee of the General and Supervisory Board ensures that the consultancy services on remuneration matters are provided with independence and that the respective service providers are not hired for the provision of any other services to the Company or any other controlled by the Company or subsidiary of the Company without express consent of the Committee.	Item 29 | Item 67

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without the express authorization of the committee **[V.2.6.(2)]**.			
V.3 Director remuneration			
Principle: Directors should receive compensation: i) that suitably remunerates the responsibility taken, the availability and the competences placed at the disposal of the company; ii) that guarantees a performance aligned with the long-term interests of the shareholders, as well as others expressly defined by them; and iii) that rewards performance.			Itens 69 and 70
Recommendation V.3.1. 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.	**ADOPTED**		Itens 69 and 70
Recommendation V.3.2. A significant part of the variable component should be partially deferred in time, for a period of no less than three years **[V.3.2.(1)]**, thereby connecting it to the confirmation of the sustainability of the performance, in the terms defined by a company's internal regulation **[V.3.2.(2)]**.	**ADOPTED**	**[V.3.2(1)]** The adoption of the recommendation derives in particular from item 69 of this chapter. **[V.3.2(2)]** The adoption of this recommendation derives in particular from itens 69 and 70 of this chapter.	Item 69 | Itens 70 to 72
Recommendation V.3.4. 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.	**NOT APPLICABLE**	There are no stock option plans or other direct or indirect instruments dependent on stock amounts.	Itens from 85 to 88
Recommendation V.3.5. The remuneration of non-executive directors should not include components dependent on the performance of the company or on its value.	**NOT APPLICABLE**	This recommendation is not applicable to the governance model in force at the Company.	
Recommendation V.3.6. 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.	**ADOPTED**	There is no provision on payment of any amount to the corporate bodies members as compensation in case of termination of the functions before the term of the mandate, apart from those set forth in the applicable law. For this purpose, the Remuneration Policy Statement is annually approved by the General Shareholders' Meeting. During the 2019 financial year, the Remuneration Policy Statement was approved by the General Shareholders' Meeting held on 24 April 2019.	Item 80 | Item 83 and 84
V.4. Appointments			
Principle Regardless of the manner of appointment, the profile, the knowledge, and the curriculum of the members of the company's governing bodies, and			Itens from 17 to 19

PRINCIPLES AND RECOMMENDATIONS	ADOPTED NOT ADOPTED NOT APPLICABLE	COMMENTS	REPORT DESCRIPTION
of the executive staff, should be suited to the functions carried out.			
Recommendation V.4.1. 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 out.	**ADOPTED**	Taking into consideration the importance that supervision and the management of the Company assumes in the management model in force and that the composition of the General and Supervisory Board and the Executive Board of Directors – despite the fact that the competence is are considered as one of the most relevant components of the governance, a selection procedure for the members of such bodies was implemented in accordance with the best practices and aiming to implement transparent and objective selection procedures. The members of the General and Supervisory Board and of the Executive Board of Directors Members appointment results from a transparent and objective selection procedure that evaluates the adequacy of the candidates, both individually and collectively, taking into consideration the legal and statutory competences of such corporate bodies. In the scope of the selection process, it must be assured the integration of a range of skills, professional experiences, diversity of knowledges, gender and culture, in accordance with the specificities of the companies' businesses. Regarding the General and Supervisory Board and the Executive Board of Directors, EDP has a specific policy entitled "the General and Supervisory Board and Executive Board of Directors Members selection procedure" according to which the integration of several skills, professional experiences and knowledge, as well as genre and cultural diversity should always be assured taking into account the specificities of the Company. It should also be highlighted the specific competences set forth the Corporate Governance and Sustainability Committee Internal Regulation in which are granted to this Committee the powers to monitor, together with the Executive Board of Directors, the selection criteria, the fixation of necessary competences to the internal bodies structures of the Company, subsidiaries and to other entities in relation to which the Company has the right to appoint the respective composition to the corporate bodies and their repercussions to the respective composition, in articulation with the Selection Policy of EDP and the criteria of merits, adequacy and diversity to the function stated therein. In this regard, EDP effectively promotes that the presentation of resolution proposals by shareholders is made in accordance with the Selection Policy in force as the respective proposals are required to be duly grounded.	Itens from 17 to 19
Recommendation V.4.2. 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.	**NOT APPLICABLE**	This recommendation is not applicable to the governance model in force at the Company.	
Recommendation V.4.3. This nomination committee includes a majority of nonexecutive, independent members	**NOT APPLICABLE**	This recommendation is not applicable to the governance model in force at the Company.	
Recommendation V.4.4. 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	**ADOPTED**	The Corporate Governance and Sustainability Committee shall also seek to oversee the drafting, in coordination with the Executive Board of Directors, of the succession plans regarding the internal structures and bodies of the Company and its Subsidiaries, as well as of other entities in which the Company has the right to appoint corporate bodies members. In this respect, it is an objective the early identification of eventual additional human resources needs in order to ensure the continuity of the Company's regular operation. Under the selection procedure of the candidates it is considered advisable the use of external independent	Itens from 17 to 19

PRINCIPLES AND RECOMMENDATIONS	ADOPTED NOT ADOPTED NOT APPLICABLE	COMMENTS	REPORT DESCRIPTION
demands of the functions to be carried out, and who will best promote, within the organisation, a suitable diversity, including gender diversity.		consultants with specific expertise on these matters which on the identification of candidates should comply with the criteria and skills sets forth in such selection policy in force at the Company. The Corporate Governance and Sustainability Committee should carry out a periodic reflexion on the execution and compliance of the selection policy and should draft alteration proposals deemed necessary and report to the General and Supervisory Board the respective conclusions on the adoption of the provisions set forth on this policy. The members to be appointed for the General and Supervisory Board and the Executive Board of Directors shall be individuals of recognised national and/or international prestige, with adequate professional knowledge and experience for the exercise of the respective functions. The corporate bodies candidates' curricula should be made available on the institutional website of the Company. Along with the concern for each member's individual adequacy, it is also aimed at the composition of the corporate bodies demonstrates a collective adequacy, by gathering as a whole the professional and personal qualities required for the proper performance of the functions of each EDP corporate body. Likewise, in order to determine the Executive Board of Directors number it shall be weighted, in addition to the costs and the desirable operational agility of the management, the size of the Company, the complexity of its activity and the geographical dispersion.	
CHAPTER VI – RISK MANAGEMENT			
Principle Based on its mid and long-term strategies, the company should establish a system of risk management and control, and of internal audit, which allow for the anticipation and minimization of risks inherent to the company's activity.			Itens 50 to 55
Recommendation VI.1. The managing body should debate and approve the company's strategic plan **[VI.1.(1)]** and risk policy, which should include a definition of the levels of risk considered acceptable **[VI.1.(2)]**.	**ADOPTED**	**[VI.1.(1)]** The Executive Board of Directors is the highest responsible for the risk management decision-making, supervision and control, and is in charge to set objectives and management policies within EDP Group. Among other competences, the Executive Board of Directors is responsible for the Business Plan, risk policies definition namely the respective exposure limits by risk category and by resources allocation, according to risk profile. On the other hand, the General and Supervisory Board permanently monitors and assesses the risk management system efficiency. As set forth in article 17 no. 2 of the By-Laws of the Company. The strategic plan approval and the execution of relevant transactions by the Company or controlled companies of EDP are subject to favourable prior opinion of the General and Supervisory Board. **[VI.1.(2)]** As stated in article 4 (2) (k) of the its Internal Regulation, the Executive Board of Directors should "ensure that the Company risks are identified, assessed, controlled and managed, define risk objectives, set risk profiles of the Company and coordinate the decisions related to material risks managements." In this regard, the set of EDP's strategic objectives on risk assumptions should be subject to the General and Supervisory Board and the Financial Matters Committee/Audit Committee appreciation following proposal of the Executive Board of Directors, namely within the scope of the business plan appreciation. Furthermore, the Executive Board of Directors should develop a continuous effort to improve the internal control and risk management systems, assessing its efficiency and implementing measure deemed adequate to reinforce and assure the quality levels. It should also be noted that, periodically, the Executive Board of Directors reports to the General and Supervisory Board and	Itens 50 to 55

PRINCIPLES AND RECOMMENDATIONS	ADOPTED NOT ADOPTED NOT APPLICABLE	COMMENTS	REPORT DESCRIPTION
		to the Financial Matters Committee/Audit Committee the identification and evaluation of the main risks related to EDP's activity, quantifying its impact and the occurrence probability of the deemed relevant risks.	
Recommendation VI.2. 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.	**ADOPTED**	EDP has set several internal rules that set forth provisions on risk management strategies and policies. On the Group Business Risk Management Manual of EDP it should be highlighted the specific chapters on business risk management structures, on risks management procedures, on business risk management tools and on periodic updating. Regarding EDP's Risk Appetite Execution document, the objective is to formalize and to disclose EDP's risk approach, as a relevant element of alignment and transparency towards shareholders and other stakeholders, as well as further explain the controlled risk pillar. For further information please see: https://www.edp.com/en/investors/corporate-governance/risk-management https://www.edp.com/en/suppliers/sustainable-procurement/risk-management-supply-chain#risk-analysis **[VI.2.(1)]** Itens 53 and 54 of this chapter set forth the main risk that EDP is subject to in the performance of its activity. **[VI.2.(2)]** Under item 53 of this chapter, EDP identifies the probability of occurrence of each risks associated with its activity and the respective impact. **[VI.2.(3)]** Regarding the instruments and measures adopted in order to mitigate risk, EDP adopts such sus-recommendation as set out in itens 53 and 54 of this chapter. **[VI.2.(4)]** The adoption of this sub-recommendation regarding the monitoring procedures is set forth in item 54 of this chapter being the respective risk management structured in six main phases, being the "monitorization" phase the penultimate one. **[VI.2.(5)]** As referred in the comments to recommendation VI.I, the Executive Board of Directors of EDP should develop a continuous effort on improving the internal risk control and management systems, assessing their efficiency and implementing the adequate measures to reinforce the quality assurance levels. It should also be noted that, periodically, the Executive Board of Directors reports to the General and Supervisory Board and to the Financial Matters Committee / Audit Committee the identification and evolution of the main risks associated with EDP's activity, quantifying the impact and the occurrence probability of the deemed relevant risks.	Itens 53 and 54
Recommendation VI.3. The company should annually evaluate the level of internal compliance and the performance of the risk management system **[VI.3.(1)]**, as well as future perspectives for amendments of the structures of risk previously defined **[VI.3.(2)]**.	**ADOPTED**	**[VI.3.(1)]** The Financial Matters Committee/Audit Committee should according to article 12 (2) (h) of its Internal Regulation monitor with special attention the risk identification, evaluation, control and management and to assess the internal compliance standards, as well as to continuously monitor the risk management system performance and efficiency with the Executive Board of Directors, accompanied namely by the risk control policies, the key risk indicators (KRI) identification and the integrated risk assessment methodologies, having the possibility to request to the Risk Management Department and to the Risk Committee the deemed relevant information. In addition to Article 12 (1) paragraph d) of the respective Internal Regulation provision which specifically sets forth the Financial Matters Committee/Audit Committee competence to supervise the risk management, the internal control and internal audit systems efficiency **[VI.3.(2)]**, it should also be taken into consideration that the Financial Matters Committee/Audit Committee is authorized to propose to the General and Supervisory Board and to the Executive Board of Directors the measures aimed to guarantee the financial information integrity and improve the operation of financial information internal control systems, of the risk management and internal audit system, in accordance with 12 no. 3 paragraph a). It is also important to point out that, according to Article 12 (3) (f) of the respective Internal Regulation, the	Itens 50 to 55

PRINCIPLES AND RECOMMENDATIONS	ADOPTED NOT ADOPTED NOT APPLICABLE	COMMENTS	REPORT DESCRIPTION
		Financial Matters Committee/Audit Committee should annually evaluate the activity and performance of the Internal Audit Department, as well as the working conditions namely on human resources and technical means adequacy.	
CHAPTER VII – FINANCIAL INFORMATION			
VII.1 Financial Information			
Principle VII.A The supervisory body should, with independence and in a diligent manner, ensure that the managing body complies with its duties when choosing appropriate accounting policies and standards for the company, and when establishing suitable systems of financial reporting, risk management, internal control, and internal audit.		The General and Supervisory Board is responsible for the monitoring and permanent assessment of internal proceedings related to accounting and auditing matters as well the monitoring of the risk profile of the Company, the risk management system efficiency, the internal control system and the internal auditing system including the reception and processing of claims and complaints whether or not arising from employees under Article 14 (1) (e). In particular, the Financial Matters Committee/Audit Committee has the authority to (i) verify if the accounting and metrical criteria policies adopted by the Company are consistent with the general accounting principles accepted and adequate to the correct presentation of its assets, responsibilities and results under Article 12 (1) (a) and (ii) supervise the risk management system, the internal control system and the internal auditing system efficiency under Article 12 (1) (d).	Item 15 | Item 17 | Item 21 | Item 29 | Itens 30 to 41
Principle VII.B The supervisory body should promote an adequate coordination between the internal audit and the statutory audit of accounts.		The General and Supervisory Board is responsible for the monitoring and permanent evaluation of the internal procedures regarding accounting and audit matters as well as the monitoring of the risk profile of the Company, the risk management system efficiency, the internal control system and the internal audit system, including the reception and handling of complaints and claims received by employees or not (article 14 no. 1 paragraph e). In particular, the Financial Matters Committee / Audit Committee is responsible for the (i) verify that the accounting and valuation criteria policies and procedures adopted by the Company are consistent with the accounting principles generally accepted and adequate to a correct presentation of the respective assets, responsibilities and results (article 12 no. 1 paragraph a) and (ii) monitor the risk management system, internal control system and internal audit system efficiency (article 12 no. 1 paragraph d). The Financial Matters Committee/Audit Committee Internal Regulation specifically sets forth the competence to monitor, with special care, the activity and contractual relations with the Statutory Auditor, without interfering with its performance, being allowed to formulate recommendations or request clarifications under the relation with the General and Supervisory Board, the Executive Board of Directors and the Statutory Auditor, in relation with the financial information as well as the monitoring and evaluation, under the legal terms, of the objectivity and independence of the Statutory Auditor, namely regarding the provision of non-audit services under 12 (2) (i).	Item 15 | Item 17 | Item 21 | Item 29 | Itens 30 to 41
Recommendation 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**	The Financial Matters Committee/Audit Committee Internal Regulation sets forth in Article 12 (2) (f) the competence of supervising the adequacy of the preparation and financial disclosure of information process as well as to prepare a report addressed to the General and Supervisory Board which includes the analysis of the Financial Matters Committee/Audit Committee of such process, namely on the adequacy of accounting policies, estimates, judgements and relevant disclosures procedures and its consistent implementation between financial years.	Item 21 | Item 27 | Item 29 | Item 46 | Item 50 | Item 55
VII.2 Statutory audit of accounts and supervision			
Principle The supervisory body should establish and monitor		Article 14 (1) (d) of the General and Supervisory Board Internal Regulation sets forth that this body should	Item 29 | Item 42 | Itens from 44 to 46 | Item 50

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clear and transparent formal procedures on the form of selection of the company's statutory auditor and on their relationship with the company, as well as on the supervision of compliance, by the auditor. with rules regarding independence imposed by law and professional regulations.		permanently monitor the Statutory Auditor activity and give its opinion on the respective election or appointment, on its exoneration and on the terms of its independency. Particularly, the Financial Matters Committee/Audit Committee is responsible for the (i) proposal to the General and Supervisory Board of the hiring and the dismissal of the Statutory Auditor as well as its remuneration under Article 12 (1) (j), (ii) issue of a reasoned opinion in accordance with the applicable law on the renewal and extension of the Statutory Auditor mandate to be submitted to the General and Supervisory Board under Article 12 (1) (i), (iii) monitoring, with special care, of the activity and contractual relations with the Statutory Auditor, without interfering on its performance, being allowed to formulate recommendations or request clarifications under the relation with the General and Supervisory Board, the Executive Board of Directors and the Statutory Auditor, in relation with the financial information as well as the monitoring and evaluation, pursuant to the applicable law, of the objectivity and independence of the Statutory Auditor, namely regarding the provision of non-audit services under Article 12 (2) (i) and (iv) supervise the activity and the independence of the Statutory Auditor and the compliance of legal, regulatory and contractual provisions, as well as principles and good practices which regulate the statutory audit companies and its representatives operation before the audited under Article 12 (1) (l).	
Recommendation VII.2.1. Through the use of internal regulations, the supervisory body should define: i. the criteria and the process of selection of the statutory auditor **[VII.2.1.(1)]**; ii. the methodology of communication between the company and the statutory auditor **[VII.2.1.(2)]**; iii. the monitoring procedures destined to ensure the independence of the statutory auditor **[VII.2.1.(3)]**; iv. the services, besides those of accounting, which may not be provided by the statutory auditor **[VII.2.1.(4)]**.	**ADOPTED**	The duties of the Financial Matters Committee / Audit Committee are set forth in article 12 of the respective internal regulation, in which should be highlighted no. 1 paragraph f) that grants to this corporate body the duty to monitor the adequacy of the preparation and disclosure of the financial information and also prepare a report to the General and Supervisory Board that includes an analysis of the FMC/AC of this process, namely the accounting policies adequacy, estimations, judgments, relevant disclosures and this consistent application between exercises. Furthermore, EDP has an Internal Regulation on the provision of audit services by the Statutory Auditor or the Statutory Auditor Company which defines and promotes criteria and methodologies to ensure the Statutory Auditor or the Statutory Auditor Company independent provision of audit services and of non-audit services to EDP or to companies under its control. This Regulation is available at EDP website: www.edp.com/pt-pt/governo-da-sociedade/orgaos-da-sociedade/revisor-oficial-de-contas The selection process criteria of the Statutory Auditor of the Company is set forth in Annex I of the FMC/AC Internal Regulation **[VII.2.1.(1)].** Regarding the communication methodology of the company with the Statutory Auditor **[VII.2.1.(2)]** it should be combined with article 18 of the General and Supervisory Board Internal Regulation that concerns on the institutional relation between the General Supervisory Board and the Statutory Auditor with article 12 no. 1 paragraph n) of the FMC/AC Internal Regulation that sets forth the exchange of communications and documentation. The supervisory procedures aiming to ensure the independence of the Statutory Auditor **[VII.2.1.(3)]** are set forth in the Services provided by the Statutory Auditor or companies of Statutory Auditor Internal Regulation as well as in Annex II of the FMC/AC Internal Regulation that specifically sets forth the annual evaluation process of the Statutory Auditor of the Company **[VII.2.1.(4)],** it should be taken into consideration the list provided for in Annex I of the services provided by the Statutory Auditor or companies of Statutory Auditor Internal Regulation.	Itens from 39 to 41
Recommendation VII.2.2. The supervisory body should be the main interlocutor of the statutory auditor in the company and the	**ADOPTED**	**[VII.2.2.(1)]** The Financial Matters Committee/Audit Committee is responsible for the assessment of the account certification of annual reports content under Article 12 (1) (k) and **[VII.2.2.(2)]** should monitor, with special care, the	Item 21 | Item 29

PRINCIPLES AND RECOMMENDATIONS	ADOPTED NOT ADOPTED NOT APPLICABLE	COMMENTS	REPORT DESCRIPTION
first recipient of the respective reports **[VII.2.2.(1)]**, having the powers, namely, to propose the respective remuneration **[VII.2.2.(2)]** and to ensure that adequate conditions for the provision of services are ensured within the company.		activity and contractual relations with the Statutory Auditor, without interfering with its performance, being allowed to formulate recommendations or request clarifications to the General and Supervisory Board, the Executive Board of Directors and the Statutory Auditor, regarding financial information as well as to monitor and assess, pursuant to the applicable law, the Statutory Auditor objectivity and independence, namely with respect to the provision of non-audit services under Article 12 (2) (i) Furthermore, this Internal Regulation sets forth the specific competences of the Financial Matters Committee/Audit Committee to propose to the General and Supervisory Board, the hiring and dismissal of the Statutory Auditor.	
Recommendation 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**	The Financial Matters Committee/Audit Committee Internal Regulation establishes specific prerogatives and competences to annually assess the activity pursued by the Statutory Auditor namely on (i) submitting to the General and Supervisory Board the hiring and dismissal of the Statutory Auditor as well as its remuneration under Article 12 (1) (j), (ii) issuing a reasoned opinion in accordance with the applicable law on the renewal and extension of the Statutory Auditor mandate to be presented to the General and Supervisory Board under Article 12 (1) (i), (iii) monitoring with special care the activity and contractual relations with the Statutory Auditor, without interfering with its performance, being allowed to formulate recommendations or request clarifications under the relation with the General and Supervisory Board, the Executive Board of Directors and the Statutory Auditor, regarding financial information as well as to monitor and assess, pursuant to the applicable law, the Statutory Auditor objectivity and independence, namely with respect to the provision of non-audit services under Article 12 (2) (i) and (iv) supervising the activity and the independence of the Statutory Auditor and the compliance of legal, regulatory and contractual provisions, as well as principles and good practices which regulate the Statutory Auditor companies and its representatives performance before the audited under Article 12 (1) (l). During this exercise, the annual evaluation of the Statutory Auditor of EDP has been complied with under the terms set forth in Annex II of the Financial Matters Committee /Audit Committee Internal Regulation.	Item 21 | Item 29 | Item 45
Recommendation VII.2.4. The statutory auditor should, within their powers, verify the application of policies and systems of remuneration of governing bodies **[VII.2.4.(1)]**, the effectiveness and the functioning of the mechanisms of internal control **[VII.2.4.(2)]**, and report any irregularities to the supervisory body **[VII.2.4.(3)]**.	**NOT APPLICABLE**	This recommendation (including the respective sub-recommendations **[VII.2.4.(1)]**, **[VII.2.4.(2)]** and **[VII.2.4.(3)])** is addressed to statutory auditors and therefore is not applicable to companies other than statutory auditor companies.	
Recommendation 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.	**NOT APPLICABLE**	This recommendation is addressed to statutory auditors and therefore is not applicable to companies other than statutory auditor companies.	

3. OTHER INFORMATION

Attached to this report and considered part of it there are the following documents:

Annex I – General and Supervisory Board and Executive Board of Directors Members brief curricula

Annex II - Attendance list of the General and Supervisory Board

Annex III - Attendance list of the Executive Board of Directors

Annex IV - Positions held by the members of the Executive Board of Directors in other companies belonging or not to the EDP Group

Annex V - Attendance list of:

(i) The Financial Matters Committee/Audit Committee;

(ii) The Remuneration Committee;

(iii) The Corporate Governance and Sustainability Committee;

(iv) Strategy and Performance Committee

ANNEX I

GENERAL AND SUPERVISORY BOARD

Full name	LUÍS FILIPE MARQUES AMADO
Status	Independent
Position	General and Supervisory Board Chairman
Committees	Corporate Governance and Sustainability Committee Chairman
	Financial Matters Committee/Audit Committee Chairman
Skills and Experience	Degree in Economics – Lisbon University (76) | Auditor – Court of Auditors | Auditor – National Defence Institute (89-90) | Deputy – National Assembly of Portugal (el. 91/95/99/05/09)| Deputy Secretary of State – Internal Administration Minister (95-97)| Secretary of State – Foreign Affairs and Cooperation Minister (97-02) | National Defense Minister (05-06) | State and Foreign Affairs Minister (06-11) | Non Executive Board Member - Sociedade de Desenvolvimento da Madeira (13-19) | Chairman of the Board of Directors - Banco Internacional do Funchal, S.A. (12-16) | Chairman of the General Meeting Board - Banco Cabo-Verdiano de Negócios, S.A. (13-14) | Chairman of the Board of Directors - Banco Cabo-Verdiano de Negócios, S.A. (15-17) | Non executive member of the Board of Directors - Francisco Manuel dos Santos Foundation (13-17)
EDP's Historic	General and Supervisory Board Vice Chairman (April 2015 - April 2018) | General and Supervisory Board Chairman (since April 2018)
Current External Appointments	Curator - Oriente Foundation (12)| Curator - Francisco Manuel dos Santos Foundation (18) | Member of Global Advisory Board - SONAE (18) | Chairman of the General Meeting Board - Tabaqueira, S.A. (18) | Invited Professor - ISCSP (12) | Invited Professor - Paris School of International Affairs (16)

Full name	DINGMING ZHANG
Status	Non-independent
Position	General and Supervisory Board Vice Chairman
Committees	-
Skills and Experience	Bachelor's degree in Power System and Automation - Huazhong University of Science and Technology (84) | Master's degree in Management - Huazhong University of Science and Technology (01) | Deputy Director of Power Production Department - China Three Gorges Corporation (02) | Executive Vice President - China Yangtze Power Company (02-11) | Director - Guangzhou Development Industry
EDP's Historic	General and Supervisory Board Vice Chairman, in representation of China Three Gorges (February 2012 – April 2015) | General and Supervisory Board Member, in representation of CWEI (Europe), S.A. (April 2015 - April 2018) | General and Supervisory Board Member, in representation of China Three Gorges International Corporation (April 2018 - December 2018) | General and Supervisory Board Vice Chairman, in representation of China Three Gorges Corporation, since December 2018
Current External Appointments	President - Beijing Yangtze Power Capital (15)

Full name	SHENGLIANG WU
Status	Non-independent
Position	General and Supervisory Board Member
Committees	Remuneration Committee Chairman | Strategy and Performance Committee Member
Skills and Experience	Bachelor's degree in Engineering –Wuhuan University (92) | Master's degree in Technical Economics and Management – Chongqing University (00) | Secretary of Corporate Affairs Department - Gezhouba Hydropower Plant (98-00) | Deputy Director of the Board - China Yangtze Power Company (02-03) | Director of Capital Operating Department - China Yangtze Power Company (04-06) | Executive Vice-President - Beijing Yangtze Power Capital (06-11) | Deputy Director of Strategic Planning Department – China Three Gorges Corporation (11-15)
EDP's Historic	General and Supervisory Board Member, in representation of China Three Gorges International (Europe), S.A. (February 2012 – April de 2015) | General and Supervisory Board Member, in representation of China Three Gorges (Portugal), Sociedade Unipessoal, Lda. (April 2015 - April 2018) | General and Supervisory Board Member, in representation of China Three Gorges (Europe), S.A (April 2018 - December 2018) | General and Supervisory Board Vice-Chairman in representation of China Three Gorges International Corporation, since December 2018
Current External Appointments	Executive Vice-President – China Three Gorges International Corporation (15) | Chairman - China Three Gorges (Europe), S.A. (15)

Full name	IGNACIO HERRERO RUIZ
Status	Non-independent
Position	General and Supervisory Board Member
Committees	Corporate Governance and Sustainability Committee Member| Strategy and Performance Committee Member
Skills and Experience	Degree in Economics - Carlos III University (Madrid) (97) | Mergers and Acquisitions Department - Citigroup (97-98) | Mergers and Acquisitions Department - Deutsche Bank Investment (98- 03) | Mergers and Acquisitions Department - Credit Suisse (03-16)
EDP's Historic	General and Supervisory Board Member, in representation of China Three Gorges (Europe), S.A., since December 2018
Current External Appointments	Executive Vice-Chairman at China Three Gorges Corporation (Europe), S.A. (16)

Full name	Li LI
Status	Non-independent
Position	General and Supervisory Board Member
Committees	Corporate Governance and Sustainability Committee Member
Skills and Experience	Bachelor's degree in International Business with a major in Hydropower Engineering | First-class Constructor in China | Assistant Engineer at Planning Department – CWE (84-85) | Assistant Engineer/Engineer – CWE Tunisian Branch (85-89) | Engineer at Hydropower Department – CWE (89-93) | Engineer – CWE Romanian Branch (94-95) | Senior Engineer at Hydropower Department – CWE (95-99) | Project Manager (*the Odaw Drainage Channel*) – CWE (99-00) | Deputy General Manager - CWE (00-01) | Project Manager (*the Water Mains*)– CWE (01-03) | Deputy/General Manager at International Business Department – CWE (03-11) | Vice-Chairman – CWE (11-15) | Chairman – CWE (15-17) | Executive Director – CWE (17-19)
EDP's Historic	General and Supervisory Board Member, in representation of China Three Gorges Brasil Energia Ltda., since December 2019
Current External Appointments	Deputy Chief Economist – China Three Gorges Brazil (since 2019)

Full name EDUARDO DE ALMEIDA CATROGA

Status Non-independent

Position General and Supervisory Board Member

Committees Strategy and Performance Committee Chairman

Skills and Experience Degree in Finance – Instituto Superior de Economia e Gestão (66) | Program for Management Development Course - Harvard Business School (79) | Honorary Doctor – Lisbon University | Minister of Finance – Portuguese Government (93-95) | Invited Full Professor - MBA of Instituto Superior de Economia e Gestão | Director with executive and non-executive functions in particular as Chief Executive Officer and Chairman on several national and international companies in several fields namely chemical, agrochemical, major consumer products, energy and investment banking

EDP's Historic Independent member of the General and Supervisory Board (June 2006 – February 2012) | Chairman and independent member of the General and Supervisory Board (February 2012 - April 2015) | Chairman and Member of the General and Supervisory Board, in representation of China Three Gorges Corporation (April 2015 – April 2018) | General and Supervisory Board Member, in representation of China Three Gorges (Portugal), Sociedade Unipessoal, Lda., since April 2018

Current External Appointments Chairman (non-executive) of the Board of Directors – Finantipar, holding which control Finantia Bank (17) | Investment Committee Member - Portugal Venture Capital Initiative managed by the European Investment Fund (08)

Full name FELIPE FERNÁNDEZ FERNÁNDEZ

Status Non-independent

Position General and Supervisory Board Member

Committees Corporate Governance and Sustainability Committee Member

Skills and Experience Degree in Administrative and Economic Sciences – Bilbao University (75) | Professor of Business and Economic Faculty – Oviedo University (84-90) | Director of Economics and Regional Planning - Principality of Asturias (84-90) | Counsellor of Organisation of the Territory and Housing – Principality of Asturias (90-91) | Counsellor of countryside and fishing - Principality of Asturias (91-93) | Manager on several companies on in numerous fields

EDP's Historic General and Supervisory Board Member in representation of Cajastur Inversiones S.A., (February 2012 - April 2015) | General and Supervisory Board Member, in representation of DRAURSA, S.A., since April 2018

Current External Appointments Board of Director Member – Liberbank (11) | Chairman of Board of Directors - Lico Leasing (17) | Executive Commission Member - Lico Leasing (18) | Board of Director Member - Tudela Veguín (11) | Masaveu Inmobiliaria (14) | Cimento Verde do Brasil (14) | Board of Director Member – Molecular Oncology Medicine Institute of Asturias (14)

Full name	FERNANDO MARÍA MASAVEU HERRERO
Status	Non-independent
Position	General and Supervisory Board Member
Committees	Remuneration Committee Member | Strategy and Performance Committee Member
Skills and Experience	Law Degree – Navarra University (92) | Manager on several companies of Masaveu Group in numerous fields such as energy, finance, transport, environment and real state, among others.
EDP's Historic	General and Supervisory Board Member, since February 2012 (re-elected in April 2015 and April 2018)
Current External Appointments	Chairman - Masaveu Corporation | Chairman - Cementos Anónima Tudela Veguín | Chairman - Masaveu International | Board Member - Bankinter | Executive Committee Member - Bankinter |Board Member - EGEO, SGPS | Board Member - Olmea Internacional | Chairman - Maria Cristina Masaveu Peterson Foundation | Chairman - San Ignacio de Loyola Foundation | Protrector – Asturias Princess Foundation |Executive Committee Member - Asturias Princess Foundation |Chairman of the Board of Directors - Oppidum Capital

Full name	MOHAMMED ISSA KHALFAN AL-HURAIMEL AL-SHAMSI
Status	Non-independent
Position	General and Supervisory Board Member
Committees	Strategy and Performance Committee Member
Skills and Experience	Bachelor's degree in Business Administration – American University of Sharjah (01) | MBA - HEC School of Management (05) | Consultant - McKinsey & Company (05-07) | Director of Strategy & Policy - UAE Prime Minister's Office (09-11) | Board Member - Tabreed District Cooling (14) | Board Member - Jiangsu Suyadi (12-14) | Board Member - Shariket Kahraba Hadjret-En-Nous (14-16) | Board Member - SMN Power Company (13-16)
EDP's Historic	General and Supervisory Board Member, in representation of Senfora BV, since October 2017 (re-elected in April 2018)
Current External Appointments	Director of Utilities Investments - Mubadala Investments Company (11)

Full name	NUNO MANUEL DA SILVA AMADO
Status	Non-independent
Position	General and Supervisory Board Member
Committees	Strategy and Performance Committee Member
Skills and Experience	Degree in Companies Organization and Management – Advances Institute of Labour and Business Sciences (80) | Advanced Program in Management – INSEAD (04) | Audit and Consulting Department - KPMG Peat Marwick (80-85) | Citibank (85-90) | Banco Fonsecas & Burnay (90-92) | Board of Director Member - Deutsche Bank Portugal (93-97) | Executive Committee Member - Banco de Comércio e Indústria (97-04) | Vice-Chairman of the Executive Committee - Crédito Predial Português (00-04) | Vice-Chairman of the Board of Directors and Chairman of the Executive Committee - Banco Santander Totta, SGPS (06-12) | Chairman of the Executive Committee - Banco Comercial Português (12-18)
EDP's Historic	General and Supervisory Board Member, since May 2013 (re-appointed in April 2015 and April 2018)
Current External Appointments	Chairman – Banco Comercial Português (18)

Full name	KARIM DJEBBOUR
Status	Non-independent
Position	General and Supervisory Board Member
Committees	Strategy and Performance Committee Member
Skills and Experience	Degree in Agronomic Engineering - (83) | Degree in Assessment Economic and Financial Project - C.E.F.E.B Paris (89) | Several positions - Banque de l'Agriculture et du Développement Rural (84-91) | Sub-director - Ministry of Economy (91-93) | General Manager Assistant in Project Financing, Finance Director - SONATRACH's branch, General Manager (93-99) | CEO - Brown and Root Condor (07) | General Manager - SONATRACH Investissements et Participations SIP (08) | Chief of Staff of the CEO – Sonatrach (14-15)
EDP's Historic	General and Supervisory Board Member, in representation of Sonatrach, since April 2018
Current External Appointments	Official in the General Directorate – Sonatrach Group(15)

Full name	MARIA CELESTE FERREIRA LOPES CARDONA
Status	Independent
Position	General and Supervisory Board Member
Committees	Corporate Governance and Sustainability Committee Member | Financial Matters Committee/Audit Committee Member
Skills and Experience	Law Degree – Lisbon University (81) | Master degree in Law - Lisbon University (94) | Doctorate in Law - Lisbon University (15) | Assistant Professor – Lisbon University (82) | Tax Studies Center Member (83) | Portuguese Representative – Organization for Economic Cooperation and Development (85) | Justice Minister – Portuguese Government (02-04) | Non Executive Member of the Board of Directors - Caixa Geral de Depósitos, S.A. (04-08)
EDP's Historic	Independent General and Supervisory Board Member since February 2012 (re-elected in April 2015 and April 2018)
Current External Appointments	Lawyer (82) | Consultant - M. Cardona Consulting, Unipessoal, Lda. (93) | Supervisory Board Member - SIBS (12) | Associate Professor – Lusíada University (17)

Full name	ILÍDIO DA COSTA LEITE DE PINHO
Status	Independent
Position	General and Supervisory Board Member
Committees	Remuneration Committee Member
Skills and Experience	Electronic and Machinery Engineering degree – Porto Industrial Institute (64) | Non Executive member, in representation of the National Industry, of the Board of Directors – ICEP (86-91) | President – Municipal Council of Vale de Cambra (73-83) | President – General Meeting of Vale de Cambra (93-97) | Founder of COLEP Group | Founder of Nacional Gás and its associates | CEO of several companies and associations | Member of the Board of Trustees of Aveiro University | *Honoris Causa* Doctorate by Aveiro University
EDP's Historic	Independent General and Supervisory Board Member since February 2012 (re-elected in April 2015 and April 2018)
Current External Appointments	CEO – Grupo Ilídio Pinho (94) | Chairman – Ilídio Pinho Foundation

Full name	JORGE AVELINO BRAGA DE MACEDO
Status	Independent
Position	General and Supervisory Board Member
Committees	Corporate Governance and Sustainability Committee Member | Strategy and Performance Committee Member
Skills and Experience	Law Degree – Lisbon University (71) | International Relations Master degree – Yale University (73) | Doctorate in Economics – Yale University (79) | Professor – Princeton University (80-86) | Minister of Finances – Portuguese Government (91-93) | Chairman of the European Affairs Parliamentary Committee (94-95) | President – Tropical Research Institute (04-15) | Consultant – European Bank for Reconstruction and Development (96-99) |Consultant – United Nations (82-84) |Consultant – World Bank (84-88) | Trainee – International Monetary Fund (78-79)
EDP's Historic	Independent General and Supervisory Board Member since February 2012 (re-elected in April 2015 and April 2018)
Current External Appointments	Economics Professor – Nova University of Lisbon (76) | Director – Globalization and Governance Center – Economy Faculty - Universidade Nova de Lisboa (08) | Distinguished Fellow - Board of Governors of the International Centre for International Governance Innovation in Waterloo (14) | Chairman of the General Meeting Board – Sociedade de Desenvolvimento da Madeira (12)

Full name	VASCO JOAQUIM ROCHA VIEIRA
Status	Independent
Position	General and Supervisory Board Member
Committees	Remuneration Committee Member | Strategy and Performance Committee Member
Skills and Experience	Degree in Civil Engineering – Military Academia (56-64) | Course of General Staff at the Army (69-70) | Complementary Course of General Staff at the Army (70-72) | Course of Command and Direction for Official General (82-83) | Course of National Defence (84) | Brigadier (84) | General (87) | Governor of Macao (91-99) | Minister of the Republic for the Azores (86-91) | Deputy Secretary of Communications and Public Works – Macao Government (74-75) | Chief of Army Staff (76-78) | National Military Representative at NATO Supreme Headquarters Allied Powers in Europe (78-82)
EDP's Historic	Independent General and Supervisory Board Member since February 2012 (re-elected in April 2015 and April 2018)
Current External Appointments	Council Member of the Order of Engineers (00) | Member of the Representatives General Meeting of the Order of Engineers (04) | Member of Engineering Academy | ISCSP School Board Member

Full name	AUGUSTO CARLOS SERRA VENTURA MATEUS
Status	Independent
Position	General and Supervisory Board Member
Committees	Corporate Governance and Sustainability Committee Member | Strategy and Performance Committee Member
Skills and Experience	Economics Degree – Higher Economics and Management Institute (72) | Invited Professor - Higher Economics and Management Institute (72-14) | Industry Secretary of State (95-96) | Minister of Economy (96-97)
EDP's Historic	Independent General and Supervisory Board Member since May 2013 (re-elected in April 2015 and April 2018)
Current External Appointments	Consultant on macroeconomics fields, economic policies, strategy and business (86)

Full name	JOÃO CARVALHO DAS NEVES
Status	Independent
Position	General and Supervisory Board Member
Committees	Remuneration Committee Member | Financial Matters Committee/Audit Committee Vice-Chairman
Skills and Experience	Degree in Companies Organization and Management - Economics and Management College Institute - Lisbon University (81) | MBA – Economics and Management College Institute (85) | Finance and Control - IMD (86) | General Manager – CIFAG/IPE (87-02) | Management Control - HEC Paris (87) | Executive course - International Finance - INSEAD (87) | Doctorate - Manchester Business School (92) | Senior Consultant – Coopers & Lybrand (92-93) | Judicial Manager: Torralta (93-98); Casino Hotel de Tróia (94-95); TVI (98) | ROC Partner – Neves, Azevedo Rodrigues e Batalha (98-09) | Chairman Management Department – ISEG (07-08) | Director - BPN (08) | CEO and CFO - SLN (08-09) | Leadership - Kennedy Harvard Government School (09) | Leadership Development Program - Creative Leadership Center (10) | Coaching for Performance - London Business School (10) | | Chairman – Central Administration of Health System (11-14) |
EDP's Historic	Independent General and Supervisory Board Member since April 2015 (re-elected in April 2018)
Current External Appointments	Professor – Management Department - ISEG (92) | Director – Post-graduation in Management and Real Estate Evaluation - ISEG (00) | Invited Professor in Financing, Negotiation and Health Contracting - ISCSP (12) | School Board Member – ISEG Lisbon University (14) | Management Consultant in Management through the company Zenaction Business Consulting (14) | Statutory Auditor (16) | Independent non-executive member - Montepio - Valor SGFI (17) |

Full name	MARÍA DEL CARMEN FERNÁNDEZ ROZADO
Status	Independent
Position	General and Supervisory Board Member
Committees	Financial Matters Committee/Audit Committee Member
Skills and Experience	Degree in Economics and Business Administration and Political Sciences and Sociology - Complutense University of Madrid (78) | PhD in Public Finance - Complutense University of Madrid (98) | PADE Management Program MBA - IESE Business School (04-05) | State Tax Inspector (84) | Account Auditor (88) | Chief-Inspector in Spanish Ministry of Economy and Finance (85-86) | Deputy Head of the State Tax Inspection Office (87-96) | Head of the State Tax Inspection Office (96-99) | President of the Task Force for Renewable Energies, Sustainability and Carbon Markets - ARIAE (99-11) | Member of the Advisory Board - Ernst & Young ((12-13)
EDP's Historic	Independent General and Supervisory Board Member since April 2015 (re-elected in April 2018)
Current External Appointments	Consultant (11) | Independent Board member and Chairman of the Audit Committee – ACS Group (Spain 17) | Member of the Advisory Board - Beragua Capital | Professor in different universities and business schools in Spain and abroad on issues related to taxes, environment, energy and governance.

Full name	LAURIE LEE FITCH
Status	Independent
Position	General and Supervisory Board Member
Committees	Strategy and Performance Committee Member
Skills and Experience	B.A. in Arabic - American University (91) | M.A. - Georgetown University's School of Foreign Service (94) | Assistant Vice-President - Bank of New York (94-99) | Associate - Schroders plc (99-00) | Associate - UBS Warburg (00-02) | Managing Director and Director of International Equity Research - TIAA-CREF (02-06)| Senior Analyst and Partner - Artisan Partners (06-11)| Managing Director and Co-Head, Global Industrial Group, Investment Division - Morgan Stanley (12-16);
EDP's Historic	General and Supervisory Board Member since April 2018
Current External Appointments	Partner at PJT Partners (16) |Non-Executive Director and member of the Remuneration Committee - Enquest PLC (18) | Member of the Audit and Finance & Operations subcommittees - Tate Board of Trustees (15) | Chairs the Advisory Board of Georgetown University's Center for Contemporary Arab Studies (13) | Trustee of The American University in Cairo (19)

Full name	CLEMENTINA MARIA DÂMASO DE JESUS SILVA BARROSO
Status	Independent
Position	General and Supervisory Board Member
Committees	Financial Matters Committee/Audit Committee Member
Skills and Experience	Degree in Management – Advanced Institute of Labour and Business Sciences (ISCTE) (76-81) | Master in Business Management - Economy and Management Superior Institute (ISEG) (84-85) | Several positions - Banco Espírito Santo e Comercial Lisboa (88-90) | Board of Directors Member and General Director – INDEG ISCTE (99-13) | Doctorate in Advanced Company Management – ISCTE (15)
EDP's Historic	General and Supervisory Board Member since April 2018
Current External Appointments	Invited Professor - ISCTE (82) | Statutory auditor and external auditor (90) | Chairman of the Board of the General Meeting – Science4You, S.A. (14) | Non-Executive Director and Audit Committee Member – CTT Bank, S.A. (15) | Board Member - Portuguese Corporate Governance Institute (16)

Full name	LUÍS MARIA VIANA PALHA DA SILVA
Status	Independent
Position	General and Supervisory Board Member
Committees	-
Skills and Experience	Degree in Economics - Higher Institute of Economics (78) | Degree in Management – Portuguese Catholic University (81) |CFO – Covina – Companhia Vidreira Nacional, S.A.R.L (87-91) | Member of the Board of Directors - IPE – Investimentos e Participações Empresariais, SGPS, S.A. (91) | Secretary of State for Trade (91-95) | CFO – CIMPOR – Cimentos de Portugal, SGPS, S.A. (97-01) | CFO and CEO – Jerónimo Martins (01-11) | Advanced Management Program – University of Pennsylvania (05) | Vice-Chairman of the Board of Directors - Galp Energia, SGPS, S.A. (12-15) | Member of the Board of Directors - Oi, S.A. (15-18) | Chairman of the Board - AEM – Associação dos Emitentes Portugueses | Non-executive Member of the Board of Directors - NYSE Euronext | Member of the Audit Committee - NYSE Euronext | Chairman - APETRO – Associação Portuguesa de Empresas Petrolíferas
EDP's Historic	Chairman of the Board of the General Shareholders' Meeting and General and Supervisory Board Member of EDP since April 2018
Current External Appointments	Chairman of the Board of Directors and CEO - Pharol, SGPS, S.A., (since 2015) | Director in its affiliates Bratel B.V. and Bratel S.à.r.l. | Chairman of Statutory Audit Committee - Seguradoras Unidas, S.A. | Non-executive Board Member - Nutrinveste, SGPS, S.A. | Non-executive Board Member - JSC NC "KazMunayGas"

EXECUTIVE BOARD OF DIRECTORS

Full Name	ANTÓNIO LUÍS GUERRA NUNES MEXIA
Position	Executive Board of Directors Chairman elected in March 2006 (reappointed in April 2009, February 2012, April 2015 and April 2018)
Skills and Experience	Degree in Economy – Geneva University (80) | Assistant of the Economy Department | Professor at Nova University of Lisbon and Portuguese Catholic University (82-95) | Portuguese Institute for foreign Trade Vice-Chairman of the Board of Directors (88-90) | Board of Directors Member – Banco Espírito Santo de Investimentos (90-98) | Board of Directors Chairman - Gás de Portugal and Transgás (98-00) | Board of Directors Vice-Chairman - Galp Energia (00-01) | Executive Chairman - Galp Energia (01-04) | Minister of Public Works, Transport and Communications - Portuguese Government (04-05)| President - Eurelectric (15-17)
Current External Appointments	Does not hold any other office or was appointed to any executive position outside EDP Group

Full Name	JOÃO MANUEL MANSO NETO
Position	Executive Board of Directors Member elected in March 2006 (reappointed in April 2009, February 2012, April 2015 and April 2018)
Skills and Experience	Degree in Economy – Higher Institute of Economics (81) | Postgraduate in European Economy - Portuguese Catholic University (82) | Course - American Bankers Association (82) | Advanced Management Program for Overseas Bankers - Wharton School (85) | Financial and Commercial Retail South Central Director – Banco Português do Atlântico (81-95) | Financial Directorate, Large Institutional Businesses and Treasury General Director, Board Member - BCP – Investment Bank and Vice Chairman of BIG Bank Gdansk (95-02) |Board Member - Grupo Banco Português de Negócios (02-03) | General Director and Board Member - EDP Produção (03-05)
Current External Appointments	Director - OMIP – Operador do Mercado Ibérico (Portugal), SGPS, S.A. | Counsellor - Operador del Mercado Ibérico de Energía, Polo Español, S.A. (OMEL) | CEO – EDP Renováveis

Full Name
ANTÓNIO FERNANDO MELO MARTINS DA COSTA

Position
Executive Board of Directors Member elected in March 2006 (reappointed in April 2009, February 2012, April 2015 and April 2018)

Skills and Experience
Degree in civil engineering – Porto University (76) | MBA - Porto Business School (89) | Executive Course - INSEAD, Fontainebleau – (95) | PADE - AESE (00) | Advanced Management Program - Wharton School (03) |Assistant Professor –Engineering Institute of Oporto (76-89) | Hydraulic Production – EDP (81-89) | General Director - Banco Millennium BCP and Executive Board Member of several insurance, pension and financial asset management companies – BCP Group (89-03) | Executive Director - Eureko BV, Chairman - Eureko Polska and Executive Vice-Chairman – PZU (99-02) | Director and Board of Directors Vice-Chairman – EDP Brasil (03-07) | Vice-Chairman – Portuguese Chamber of Commerce in Brazil (03-07) | Chairman – Brazilian Electricity Distributors Association (03-07) | Chairman and CEO - EDP Renováveis EUA (07-09)| Member of the Board of Directors - EDP Renováveis (08-11)| Vice-Chairman - Chamber of Commerce of USA in Portugal | Vice-Chairman - Proforum| Vice-Chairman- APGEI

Current External Appointments
Does not hold any other office or was appointed to any executive position outside EDP Group

Full Name
JOÃO MANUEL VERÍSSIMO MARQUES DA CRUZ

Position
Executive Board of Directors Member elected in February 2012, (reappointed in April 2015 and April 2018)

Skills and Experience
Degree in Management – Technical University of Lisbon (84) | MBA - Technical University of Lisbon (89) | Post-graduation in Marketing and Airlines Marketing - International Air Travel Association / Bath University (92) | Several positions including General Director - TAP Air Portugal (84-99) | Director - TAPGER (97-99) | Director – EMEF and other companies - Grupo CP (00-02) | Executive Committee Chairman - Air Luxor (02-05) | President – External Trade Institute of Portugal (05-07)

Current External Appointments
Vice-Chairman - Companhia de Electricidade de Macau - CEM, S.A. | Director - KNJ Global Limitada (Macau) | Chairman – Portuguese-Chinese Chamber of Commerce and Industry | Portuguese Representative of the Supervisory Board of the European Union Chamber of Commerce in China (19)

Full Name	MIGUEL STILWELL DE ANDRADE
Position	Executive Board of Directors Member elected in February 2012, (reappointed in April 2015 and April 2018)
Skills and Experience	Degree in Mechanic Engineering – Strathclyde University (98) | MBA - MIT Sloan (03) | Mergers and Acquisitions – UBS Investment Bank (UK) (98-00) | Strategy and Corporate Development Area – EDP (00-05) | Strategy and Corporate Development Director – EDP (05-09) | Board of Directors Member – EDP Distribuição and Board Member of other companies within the Group (09-12)
Current External Appointments	Member of the Strategic Counsel – ISEG MBA (20)

Full Name	MIGUEL NUNO SIMÕES NUNES FERREIRA SETAS
Position	Executive Board of Directors Member elected in April 2015 (reappointed in April 2018)
Skills and Experience	Degree in Physics Engineering – Higher Technical Institute (93) | Masters in Electronic and Computing Engineering – Higher Technical Institute (95) | MBA – Nova University of Lisbon (96) | Consultant – McKinsey & Company (95-98) | Corporate Director - GDP - Gás de Portugal (98-00) | Board Member - Setgás (99-01) | Executive Board Member – Lisboagás (00-01) | Strategic Marketing Director – Galp Energia (01-04) | Board Member – Comboios de Portugal (04-06) | Chief of Staff of the Chairman of the Executive Board of Directors Chairman – EDP (06-07) | Board Member – EDP Comercial (07-08) | Board Member - EDP Inovação (07-08 / 12-14) | Vice-Chairman – EDP Brasil (08-13)
Current External Appointments	CEO – EDP Brasil (14)

Full Name	RUI MANUEL RODRIGUES LOPES TEIXEIRA
Position	Executive Board of Directors Member elected in April 2015 (reappointed in April 2018)
Skills and Experience	Degree in in Naval Engineering - Higher Technical Institute (95) | MBA – Nova University of Lisbon (01) | Advanced Management Program - Harvard Business School (13) | Assistant Director of the Naval Commercial Department - Gellweiler (96-97) | Project manager - Det Norske Veritas (97-01) | Consultant - McKinsey & Company (01-04) | Corporate Control and Planning Director – EDP (04-07) | Board Member – EDP Renováveis (07-15)
Current External Appointments	Does not hold any other office or was appointed to any executive position outside EDP Group

Full Name	MARIA TERESA ISABEL PEREIRA
Position	Executive Board of Directors Member elected in April 2018
Skills and Experience	Law Degree – Law School, Lisbon University (93) | Lecturer in Law of Obligations – Law School, Lisbon University (93-97) | Post-graduation in Information Society Law – Lisbon Law School (00-01) | Lawyer registered at the Portuguese Bar Association (97) | Jurist - Proet Projectos (EDP Group) (94-98) | Legal Director - ONI SGPS (98-05) | Legal Director and General Secretariat, Company Secretary – EDP (06-18)
Current External Appointments	Does not hold any other office or was appointed to any executive position outside EDP Group

Full Name	VERA DE MORAIS PINTO PEREIRA CARNEIRO
Position	Executive Board of Directors Member elected in April 2018
Skills and Experience	Economics Degree – Nova University of Lisbon (96) | Post-graduation in Economics – Nova University of Lisbon (98) | MBA – INSEAD, Fontainebleau (00) | Associate – Mercer (96-99) | Founder – Innovagency Consulting (01-03) | Television Service Director – TV Cabo – PT Multimédia (03-07) | Television Service Director – MEO (07-14) | Executive Vice-Chairman and General Director (Portugal and Spain) - Fox Networks Group (14-18)
Current External Appointments	Member of the Board – Portuguese Institute of Corporate Governance

ANNEX II

Meetings of the General and Supervisory Board and each member's attendance:

NAME	31-JAN	11-MAR	24-APR	16-MAY	25-JUL	26-SEP	30-OCT	28-NOV	19-DEC	%
Luís Filipe Marques Amado – Chairman	P	P	P	P	P	P	P	P	P	100
Dingming Zhang – Vice-Chairman	P	A	R	P	A	A	R	R	R	22
Augusto Mateus	P	P	P	P	P	A	P	P	P	89
Clementina Barroso	P	P	P	P	P	P	P	P	P	100
Eduardo de Almeida Catroga	P	P	P	P	P	R	P	P	P	89
Felipe Fernández Fernández	P	P	P	P	P	P	P	P	P	100
Fernando Masaveu Herrero	P	R	P	P	P	P	R	P	P	78
Ilídio Pinho	P	P	P	A	P	P	P	P	P	89
Ignacio Herrero Ruiz	P	P	P	P	A	A	P	P	P	78
João Carvalho das Neves	P	P	P	P	P	P	P	P	P	100
Jorge Braga de Macedo	P	P	P	P	P	P	P	P	P	100
Karim Djebbour	P	P	P	P	P	P	P	P	P	100
Laurie Fitch	P	P	P	P	P	P	P	P	P	100
Luís Palha da Silva*	-	-	-	P	P	P	P	P	P	100
Maria Celeste Cardona	P	P	P	P	P	P	P	P	P	100
María del Carmen Rozado	P	P	P	P	P	P	P	P	P	100
Mohammed Al-Shamsi	P	P	P	P	P	P	A	A	P	78
Nuno Amado	P	P	P	A	P	P	P	P	P	89
Shengliang Wu	P	P	P	P	P	A	R	R	R	56
Vasco Rocha Vieira	P	P	P	A	P	P	P	P	P	89
Yinsheng Li	P	P	R	P	A	A	P	A	A	44

* Luís Palha da Silva was appointed at the General Shareholders' Meeting held on 24 April 2019

P = Presence; A = Absence; R = Represented

Total meetings in 2019: 9

Average participation: 85%

ANNEX III

Meetings of the Executive Board of Directors and each member's attendance:

NAME	8-JAN	15-JAN	21-JAN	29-JAN	05-FEB	12-FEB	14-FEB	20-FEB	27-FEB	28-FEB	07-MAR	11-MAR	11-MAR	19-MAR	26-MAR	09-APR	16-APR	23-APR	30-APR
António Mexia	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
João Manso Neto	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
António Martins da Costa	P	P	**A**	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
João Marques da Cruz	P	P	P	P	P	P	P	**A**	P	**A**	P	P	P	P	P	P	P	P	**A**
Miguel Stilwell de Andrade	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
Miguel Setas	P	P	P	P	**A**	P	P	P	P	P	P	P	P	P	P	P	P	P	P
Rui Teixeira	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
Maria Teresa Pereira	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
Vera Pinto Pereira Carneiro	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P

NAME	03-MAY	10-MAY	14-MAY	16-MAY	21-MAY	28-MAY	04-JUN	19-JUN	25-JUN	02-JUL	16-JUL	22-JUL	23-JUL	25-JUL	30-JUL	27-AUG	03-SEP	17-SEP	20-SEP
António Mexia	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
João Manso Neto	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
António Martins da Costa	P	**A**	**A**	P	P	P	P	P	P	P	P	P	P	P	P	P	**A**	P	P
João Marques da Cruz	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
Miguel Stilwell de Andrade	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	**A**	P	P	P
Miguel Setas	P	P	P	P	P	P	**A**	P	P	P	P	P	P	P	P	P	P	**A**	P
Rui Teixeira	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
Maria Teresa Pereira	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
Vera Pinto Pereira Carneiro	P	P	P	P	P	P	P	P	P	P	P	P	P	P	**A**	P	P	P	P

NAME	01-OCT	08-OCT	15-OCT	18-OCT	24-OCT	29-OCT	30-OCT	06-NOV	19-NOV	03-DEC	09-DEC	12-DEC	17-DEC	18-DEC	18-DEC	19-DEC	% 2019
António Mexia	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	100%
João Manso Neto	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	100%
António Martins da Costa	**A**	P	P	P	P	P	P	P	P	P	**A**	P	P	P	P	P	89%
João Marques da Cruz	P	P	P	P	**A**	P	P	P	P	P	P	P	P	P	P	P	93%
Miguel Stilwell de Andrade	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	98%
Miguel Setas	P	P	P	P	P	P	**A**	P	P	P	P	P	**A**	P	P	P	91%
Rui Teixeira	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	100%
Maria Teresa Pereira	**A**	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	98%
Vera Pinto Pereira Carneiro	P	P	P	P	P	P	P	P	P	P	P	P	**A**	P	P	P	96%

P = PRESENCE; A = ABSENCE

TOTAL MEETINGS IN 2019: 54

AVERAGE PARTICIPATION: 96.1%

ANNEX IV

Positions held by the members of the Executive Board of Directors in other companies belonging or not to the EDP Group:

	ANTÓNIO MEXIA	JOÃO MANSO NETO	ANTÓNIO MARTINS DA COSTA	JOÃO MARQUES DA CRUZ	MIGUEL STILWELL ANDRADE	MIGUEL SETAS	RUI TEIXEIRA	TERESA PEREIRA	VERA PINTO PEREIRA
CNET – Centre for New Energy Technologies, S.A.	-	-	-	CBD	-	-	-	-	-
Comercializadora Energética Sostenible, S.A.U.	-	-	-	-	-	-	R	-	-
EDP - Ásia Soluções Energéticas Lda.	-	-	-	CBD	-	-	-	-	-
EDP - Energias de Portugal Sociedade Anónima, Sucursal en España	PR	PR	PR	-	PR	-	PR	-	-
EDP - Energias do Brasil, S.A.	CBD	-	-	C	C	VP/MD	-	-	-
EDP - Estudos e Consultoria, S.A.	-	-	-	-	-		-	CBD	
EDP - Gestão da Produção de Energia, S.A.	-	-	-	-	-	-	CBD	-	-
EDP - Soluções Comerciais, S.A.	-	-	-	-	-	-	-	-	CBD
EDP Comercial - Comercialização de Energia, S.A.	-	-	-	-	-	-	-	-	CBD
EDP Comercializadora de Último Recurso S.A.	-	-	-	-	-	-	CBD	-	-
EDP Energía, S.A.	-	-	-	-	-	-	CBD	-	-
EDP España, S.A.U.	-	M	-	-	M	-	VP/MD	-	M
EDP Espírito Santo Distribuição de Energia S.A.	-	-	-	-	-	CBD	-	-	-
EDP Finance BV	R	R	R	R	R	R	R	R	R
EDP Gás.Com - Comércio de Gás Natural, S.A.	-	CBD	-	-	-	-	-	-	D
EDP Global Solutions - Gestão Integrada de Serviços, S.A.	-	-	-	-	-	-	-	CBD	-
EDP Iberia, S.L.							CBD		
EDP Internacional, S.A.	-	-	-	CBD	-	-	-	-	-
EDP International Investments and Services SL	-	-	-	CBD	-	-	-	-	-
EDP IS - Investimentos e Serviços, Sociedade Unipessoal, Lda.	-	-	-	-	M	-	-	-	-
EDP Real Estate Global Solutions - Imobiliária e Gestão de Participações, S.A.	-	-	-	-	-	-	-	CBD	-
EDP Renewables Europe SL	-	CBD	-	-	-	-	-	-	-
EDP Renováveis Brasil, S.A.	-	CBD	-	-	-	-	-	-	-
EDP Renováveis Servicios Financieros S.A.	-	CBD	-	-	-	-	-	-	-
EDP Renováveis, S.A.	CBD	VP/MD	-	-	-	-	D	-	D
EDP São Paulo Distribuição de Energia S.A.	-	-	-	-	-	CBD	-	-	-
EDP Solar España, S.A.U	-	-	-	-	-	-	-	-	R
EDP Transmissão Aliança SC S.A.	-	-	-	-	-	CBD	-	-	-
EDP Transmissão MA I S.A.	-	-	-	-	-	CBD	-	-	-
EDP Transmissão MA II S.A.	-	-	-	-	-	CBD	-	-	-
EDP Transmissão S.A.	-	-	-	-	-	CBD	-	-	-
EDP Transmissão SP-MG S.A.	-	-	-	-	-	CBD	-	-	-
EDP Ventures Brasil, S.A.	-	-	-	-	-	CBD	-	-	-
EDP Ventures España, S.A.	-	-	-	-	-	-	CBD	-	
Empresa Hidroeléctrica do Guadiana, S.A.	-	-	-	-	-	-	CBD	-	-
Enagás – S.G.P.S, S.A.	-	-	CBD	-	-	-	-	-	-
Energest S.A.	-	-	-	-	-	CBD	-	-	-
Energia Ásia Consultoria, Lda.	-	-	-	CBD	-	-	-	-	-
Energia RE, S.A.	-	-	D	-	CBD	-	-	-	-
Hydro Global Investment Limited	-	-	-	CBD	-	-	-	-	-
Investco S.A.	-	-	-	-	-	CBD	-	-	-
Labelec - Estudos, Desenvolvimento e Actividades Laboratoriais, S.A.	-	-	-	CBD	-	-	-	-	-
Lajeado Energia S.A.	-	-	-	-	-	CBD	-	-	-
Pecém Operação e Manutenção de Unidades de Geração Elétrica S.A.	-	-	-	-	-	CBD	-	-	-
Porto do Pecém Geração de Energia S.A.	-	-	-	-	-	CBD	-	-	-
Sãvida - Medicina Apoiada, S.A.	-	-	-	-	-	CBD	-	-	-
SCNET – Sino-Portuguese Centre for Energy Technologies (Shangai) co., Ltd.	-	-	-	D	-	-	-	-	-
Transporte GNL, S.A.U.	-	-	-	-	-	-	R	-	-

Companhia de Electricidade de Macau - CEM, S.A.	**-**	**-**	**-**	**VP**	**-**	**-**	**-**	**-**	**-**
OMIP – Operador do Mercado Ibérico (Portugal), SGPS, S.A.	**-**	**D**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
KNJ Global Limitada (Macau)	**-**	**-**	**-**	**D**	**-**	**-**	**-**	**-**	**-**
Operador del Mercado Ibérico de Energía, Polo Español, S.A. (OMEL)	**-**	**C**	**-**	**-**	**-**	**-**	**-**	**-**	**-**

D – Director

C - Counsellor

M – Manager

CBD – Chairman Of Board Of Directors

R – Representative

PR – Permanent Representative

VP – Vice-President

VP/MD – Vice President And Managing Director

ANNEX V

List of presences of the Financial Matters Committee/Audit Committee

NAME	24-JAN	31-JAN	28-FEB	11-MAR	21-MAR	11-APR	09 MAY	16-MAY	06-JUN	27-JUN	22-JUL
Luís Filipe Marques Amado - Chairman	P	P	P	P	P	P	P	P	P	P	P
João Carvalho das Neves - Vice-Chairman	P	P	P	P	P	P	P	P	P	P	P
Clementina Dâmaso Barroso	P	P	P	P	P	P	P	P	P	P	P
Maria Celeste Ferreira Lopes Cardona	P	P	P	P	P	P	P	P	P	P	P
Maria del Carmen Fernandez Rozado	P	P	P	P	P	P	P	P	P	P	P

NAME	25-JUL	11-13-SEP	25-SEP	24-OCT	30-OCT	05-DEC	%
Luís Filipe Marques Amado - Chairman	P	P	P	P	P	P	100
João Carvalho das Neves - Vice- Chairman	P	P	P	P	P	P	100
Clementina Dâmaso Barroso	P	P	P	P	P	P	100
Maria Celeste Ferreira Lopes Cardona	P	P	P	P	P	P	100
Maria del Carmen Fernandez Rozado	P	P	P	P	P	P	100

P = PRESENCE; A = ABSENCE;
TOTAL MEETINGS IN 2019: 17
AVERAGE PARTICIPATION: 100%

List of presences of the Remuneration Committee

NAME	11-MAR	30-OCT	%
Shengliang Wu – Chairman	P	P	100
Fernando María Masaveu Herrero	A	P	50
Ilídio Pinho	P	P	100
João Carvalho das Neves	P	P	100
Vasco Joaquim Rocha Vieira	P	P	100

P = PRESENCE; A = ABSENCE; R = REPRESENTED
TOTAL MEETINGS IN 2019: 2
AVERAGE PARTICIPATION: 90%

List of presences of the Corporate Governance and Sustainability Committee

NAME	30-JAN	06-MAR	15-MAY	24-JUL	29-OCT	11-DEC	%
Luís Filipe Marques Amado - Chairman	P	P	P	P	P	P	100
Augusto Mateus	P	P	P	P	P	P	100
Felipe Fernández Fernández	P	P	P	P	A	P	83
Jorge Braga de Macedo	P	R	P	P	P	P	100
Maria Celeste Cardona	P	P	P	P	P	P	100
Ignacio Herrero Ruiz	P	P	A	A	P	P	67
Yinsheng Li	P	R	P	A	P	A	50

P = PRESENCE; A = ABSENCE; R = REPRESENTED

TOTAL MEETINGS IN 2019: 6

AVERAGE PARTICIPATION: 86%

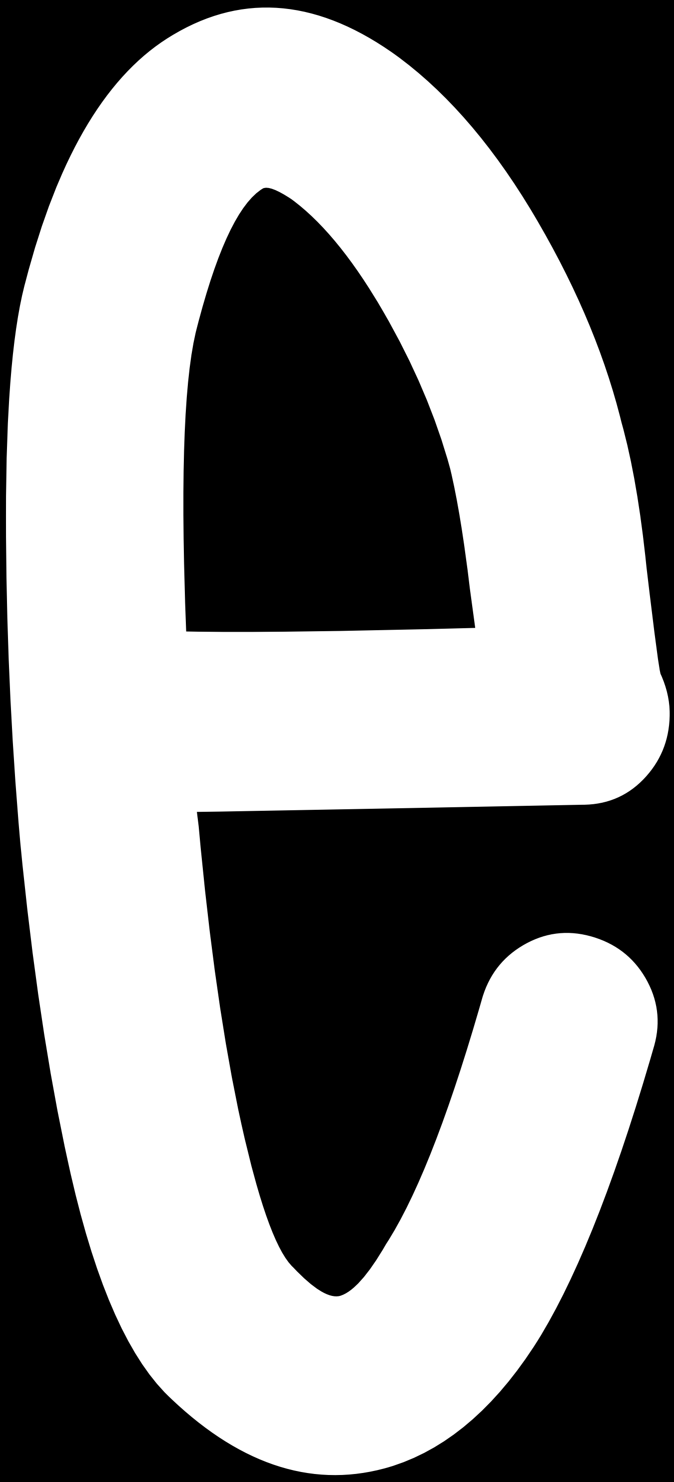
List of presences of the Strategy and Performance Committee

NAME	30-JAN	21-FEB	03-MAR	23-APR	15-MAY	24-JUL	25-SEP	29-OCT	11-DEC	%
Eduardo de Almeida Catroga - Chairman	P	P	P	P	P	P	A	P	P	89
Augusto Mateus	P	P	P	P	P	P	A	P	P	89
Fernando Masaveu Herrero	P	P	A	P	P	R	P	P	P	78
Ignacio Herrero Ruiz	P	P	P	P	P	A	A	P	P	78
Jorge Braga de Macedo	P	P	P	P	P	P	P	P	P	100
Karim Djebbour	P	A	A	P	P	P	P	P	A	67
Laurie Fitch	P	P	P	P	P	P	P	P	P	100
Mohammed Al-Shamsi	P	P	P	P	P	P	P	A	A	78
Nuno Amado	P	A	P	P	A	P	P	P	P	78
Shengliang Wu	P	A	P	P	P	A	A	R	A	44
Vasco Rocha Vieira	P	P	P	P	A	P	P	P	P	89

P = PRESENCE; A = ABSENCE; R = REPRESENTED

TOTAL MEETINGS IN 2019: 9

AVERAGE PARTICIPATION: 81%



W

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05

05 FINANCIAL STATEMENTS AND NOTES

E

Financial Statements
31 December 2019

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EDP - ENERGIAS DE PORTUGAL
CONSOLIDATED INCOME STATMENTS
FOR PERIODS ENDED AT 31 DECEMBER 2019 AND 2018

Thousand Euros	Notes	2019	2018
Revenues from energy sales and services and other	7	14,333,009	15,278,085
Cost of energy sales and other	7	-9,115,859	-10,178,903
		5,217,150	5,099,182
Other income	8	691,886	562,677
Supplies and services	9	-897,543	-956,961
Personnel costs and employee benefits	10	-620,196	-651,540
Other expenses	11	-652,473	-715,379
Impairment losses on trade receivables and debtors	25	-33,207	-20,850
		-1,511,533	-1,782,053
		3,705,617	3,317,129
Provisions	35	-101,530	-287,938
Amortisation and impairment	12	-1,765,619	-1,444,812
		1,838,468	1,584,379
Financial income	13	387,817	456,245
Financial expenses	13	-1,057,591	-1,010,390
Share of net profit in joint ventures and associates	21	25,011	10,858
Profit before income tax and CESE		1,193,705	1,041,092
Income tax expense	14	-225,901	-99,666
Extraordinary contribution to the energy sector (CESE)	15	-68,477	-65,345
		-294,378	-165,011
Net profit for the period		**899,327**	**876,081**
Attributable to:			
Equity holders of EDP		**511,751**	**519,189**
Non-controlling Interests	32	**387,576**	**356,892**
Net profit for the period		**899,327**	**876,081**
Earnings per share (Basic and Diluted) - Euros	29	0.14	0.14

LISBON, 20 FEBRUARY 2020

THE CERTIFIED ACCOUNTANT
N.º 17,713

THE MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS

The following notes form an integral part of these financial statements

EDP - ENERGIAS DE PORTUGAL
CONSOLIDATED STATMENTS OF COMPREHENSIVE INCOME
FOR THE PERIODS ENDED AT 31 DECEMBER 2019 AND 2018

	2019		2018	
Thousand Euros	Equity holders of EDP	Non-controlling Interests	Equity holders of EDP	Non-controlling Interests
Net profit for the period	511,751	387,576	519,189	356,892
Items that will never be reclassified to profit or loss (i)				
Actuarial gains/(losses) (iii)	-170,330	-30,559	-74,125	8,694
Tax effect from the actuarial gains/(losses)	53,752	10,387	22,199	-2,957
Fair value reserve with no recycling (financial assets) (ii)	6,429	-	-3,586	-
Tax effect from the fair value reserve with no recycling (financial assets) (ii)	-1,514	-	917	-
	-111,663	-20,172	-54,595	5,737
Items that may be reclassified to profit or loss (i)				
Currency translation reserve	-70,687	-3,590	-122,280	-80,484
Fair value reserve (cash flow hedge) (ii)	354,667	3,437	-164,709	-7,811
Tax effect from the fair value reserve (cash flow hedge) (ii)	-92,451	-793	42,020	1,641
Fair value reserve of assets measured at fair value throught other comprehensive income with recycling (ii)	-	71	-2,739	-35
Tax effect of Fair value reserve of assets measured at fair value throught other comprehensive income with recycling (ii)	-	-	863	-
Share of other comprehensive income of joint ventures and associates, net of taxes	-17,188	-5,825	-13,658	-2,372
	174,341	-6,700	-260,503	-89,061
Other comprehensive income for the period (net of income tax)	62,678	-26,872	-315,098	-83,324
Total comprehensive income for the period	574,429	360,704	204,091	273,568

(i) See Condensed Consolidated Statement of Changes in Equity
(ii) See Note 31
(iii) See Note 34

LISBON, 20 FEBRUARY 2020

THE CERTIFIED ACCOUNTANT N.º 17,713 — THE MANAGEMENT — THE EXECUTIVE BOARD OF DIRECTORS

EDP - ENERGIAS DE PORTUGAL
CONSOLIDATED STATMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019 AND 2018

Thousand Euros	Notes	2019	2018
Assets			
Property, plant and equipment	16	19,676,222	22,707,511
Right-of-use assets	17	828,503	-
Intangible assets	18	4,223,823	4,736,530
Goodwill	19	2,119,862	2,251,461
Investments in joint ventures and associates	21	1,098,512	951,613
Equity instruments at fair value	22	170,806	125,147
Investment property		29,944	30,973
Deferred tax assets	23	1,084,046	1,152,195
Debtors and other assets from commercial activities	25	3,424,220	2,522,640
Other debtors and other assets	26	932,578	629,620
Non-Current tax assets	27	389,037	53,728
Collateral deposits associated to financial debt	33	21,690	25,466
Total Non-Current Assets		33,999,243	35,186,884
Inventories	24	368,334	342,037
Debtors and other assets from commercial activities	25	2,858,160	3,167,479
Other debtors and other assets	26	881,779	594,808
Current tax assets	27	415,735	354,057
Collateral deposits associated to financial debt	33	39,786	167,425
Cash and cash equivalents	28	1,542,722	1,803,205
Non-Current Assets held for sale	40	2,255,887	11,065
Total Current Assets		8,362,403	6,440,076
Total Assets		42,361,646	41,626,960
Equity			
Share capital	29	3,656,538	3,656,538
Treasury stock	30	-61,220	-62,410
Share premium	29	503,923	503,923
Reserves and retained earnings	31	4,247,195	4,350,938
Consolidated net profit attributable to equity holders of EDP		511,751	519,189
Total Equity attributable to equity holders of EDP		8,858,187	8,968,178
Non-controlling Interests	32	3,773,826	3,932,149
Total Equity		12,632,013	12,900,327
Liabilities			
Financial debt	33	13,124,615	13,462,390
Employee benefits	34	1,128,155	1,099,049
Provisions	35	926,426	982,515
Deferred tax liabilities	23	503,746	574,701
Institutional partnerships in USA	36	2,289,784	2,231,249
Trade payables and other liabilities from commercial activities	37	1,644,307	1,356,245
Other liabilities and other payables	38	1,177,119	756,899
Non-current tax liabilities	39	138,212	97,637
Total Non-Current Liabilities		20,932,364	20,560,685
Financial debt	33	3,446,854	2,622,509
Employee benefits	34	183,514	308,253
Provisions	35	126,091	35,930
Trade payables and other liabilities from commercial activities	37	3,859,623	3,862,245
Other liabilities and other payables	38	623,771	770,922
Current tax liabilities	39	478,594	566,089
Non-Current Liabilities held for sale	40	78,822	-
Total Current Liabilities		8,797,269	8,165,948
Total Liabilities		29,729,633	28,726,633
Total Equity and Liabilities		42,361,646	41,626,960

LISBON, 20 FEBRUARY 2020

THE CERTIFIED ACCOUNTANT
N.º 17,713

THE MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS

EDP - ENERGIAS DE PORTUGAL
CONSOLIDATED STATMENTS OF CHANGES INEQUITY
FOR THE PERIODS ENDED AT 31 DECEMBER 2019 AND 2018

Thousand Euros	Total Equity	Share capital (i)	Share premium (i)	Legal reserve (ii)	Reserves and retained earnings	Fair value reserve (cash flow hedge) (ii)	Fair value reserve (financial assets) (ii)	Currency translation reserve (ii)	Treasury stock (iii)	Equity attributable to equity holders of EDP	Non-controlling Interests (iv)
Balance as at 31 December 2017	**13,480,260**	**3,656,538**	**503,923**	**739,024**	**5,116,253**	**-76,142**	**31,255**	**-361,956**	**-62,957**	**9,545,938**	**3,934,322**
Comprehensive income:											
Net profit for the period	876,081	-	-	-	519,189	-	-	-	-	519,189	356,892
Changes in the fair value reserve (cash flow hedge) net of taxes	-128,859	-	-	-	-	-122,689	-	-	-	-122,689	-6,170
Changes in the fair value reserve of assets measured at fair value through other comprehensive income, net of taxes	-4,580	-	-	-	-	-	-4,545	-	-	-4,545	-35
Share of other comprehensive income of joint ventures and associates net of taxes	-16,030	-	-	-	-	-14,484	-	826	-	-13,658	-2,372
Actuarial gains/(losses) net of taxes	-46,189	-	-	-	-51,926	-	-	-	-	-51,926	5,737
Exchange differences arising on consolidation	-202,764	-	-	-	-	-	-	-122,280	-	-122,280	-80,484
Total comprehensive income for the period	477,659	-	-	-	467,263	-137,173	-4,545	-121,454	-	204,091	273,568
Dividends paid	-690,517	-	-	-	-690,517	-	-	-	-	-690,517	-
Dividends attributable to non-controlling interests	-196,852	-	-	-	-	-	-	-	-	-	-196,852
Purchase and sale of treasury stock	-952	-	-	-	-	-	-	-	-952	-952	-
Share-based payments	1,393	-	-	-	-106	-	-	-	1,499	1,393	-
Impacts related with IFRS 9 and IFRS 15's adoption	-81,494	-	-	-	-60,609	-	-16,423	-	-	-77,032	-4,462
Changes resulting from acquisitions/sales, equity increases/decreases and other	-89,170	-	-	-	-14,743	-	-	-	-	-14,743	-74,427
Balance as at 31 December 2018	**12,900,327**	**3,656,538**	**503,923**	**739,024**	**4,817,541**	**-213,315**	**10,287**	**-483,410**	**-62,410**	**8,968,178**	**3,932,149**
Comprehensive income:											
Net profit for the period	899,327	-	-	-	511,751	-	-	-	-	511,751	387,576
Changes in the fair value reserve (cash flow hedge) net of taxes	264,860	-	-	-	-	262,216	-	-	-	262,216	2,644
Changes in the fair value reserve of assets measured at fair value through other comprehensive income, net of taxes	4,986	-	-	-	-	-	4,915	-	-	4,915	71
Share of other comprehensive income of joint ventures and associates net of taxes	-23,013	-	-	-	-8,706	-8,532	-	50	-	-17,188	-5,825
Actuarial gains/(losses) net of taxes	-136,750	-	-	-	-116,578	-	-	-	-	-116,578	-20,172
Exchange differences arising on consolidation	-74,277	-	-	-	-	-	-	-70,687	-	-70,687	-3,590
Total comprehensive income for the period	935,133	-	-	-	386,467	253,684	4,915	-70,637	-	574,429	360,704
Dividends paid	-690,675	-	-	-	-690,675	-	-	-	-	-690,675	-
Dividends attributable to non-controlling interests	-136,515	-	-	-	-	-	-	-	-	-	-136,515
Share-based payments	1,231	-	-	-	41	-	-	-	1,190	1,231	-
Sale with loss of control of windfarms in Europe	-289,186	-	-	-	-	172	-	-	-	172	-289,358
Changes resulting from acquisitions/sales, equity increases/decreases and other	-88,302	-	-	-	4,852	-	-	-	-	4,852	-93,154
Balance as at 31 December 2019	**12,632,013**	**3,656,538**	**503,923**	**739,024**	**4,518,226**	**40,541**	**15,202**	**-554,047**	**-61,220**	**8,858,187**	**3,773,826**

(i) See note 29
(ii) See note 31
(iii) See note 30
(iv) See note 32

LISBON, 20 FEBRUARY 2020

THE CERTIFIED ACCOUNTANT
N.º 17,713

THE MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS

EDP - ENERGIAS DE PORTUGAL
CONSOLIDATED AND COMPANY STATMENTS OF CASH FLOWS
FOR PERIODS ENDED AT 31 DECEMBER 2019 AND 2018

Thousand Euros	Notes	Group 2019	Group 2018	Company 2019	Company 2018
Operating activities					
Profit before income tax and CESE		1,193,705	1,041,092	655,758	652,102
Adjustments for:					
Amortisation and impairment	12	1,765,619	1,444,812	28,856	31,963
Provisions	35	101,530	287,938	-133	-7,475
Share of net profit in joint ventures and associates	21	-25,011	-10,858	-	-
Financial (income)/expenses	13	669,774	554,145	-685,775	-733,781
(Gains) / Losses on disposal and scope effects except Asset Rotations (i)		32,440	-56,043	-3,676	-95
Changes in working capital:					
Trade and other receivables		131,007	-107,674	75,690	-90,578
Trade and other payables		-116,077	-184,356	-54,321	103,946
Personnel		-339,684	-221,658	156	-1,078
Regulatory assets		-251,160	916,895	-	-
Other changes in assets/liabilities related with operating activities		-342,802	-274,050	35,352	-83,437
Income tax and CESE		-284,929	-255,722	46,697	77,602
Net cash flows from operations		2,534,412	3,134,521	98,604	-50,830
Net (gains) / losses with Asset Rotation (i)		-313,452	-196,447	-	-
Net cash flows from operating activities		2,220,960	2,938,074	98,604	-50,830
Investing activities					
Cash receipts relating to:					
Sale of assets/subsidiaries with loss of control (ii)		502,982	492,024	-	-
Other financial assets and investments (iii)		563,867	143,320	116	34,148
Other financial assets at amortised cost		-	-	474,188	408,617
Changes in cash resulting from consolidation perimeter variations		-	2,785	-	-
Property, plant and equipment and intangible assets		30,885	12,948	221	543
Other receipts relating to tangible fixed assets		4,894	10,857	-	21
Interest and similar income		61,308	36,229	76,964	193,436
Dividends		43,127	26,851	601,205	868,344
Loans to related parties		605,313	275,622	508,490	5,198,799
		1,812,376	1,000,636	1,661,184	6,703,908
Cash payments relating to:					
Acquisition of assets/subsidiaries		-3,133	-	-	-
Other financial assets and investments (iv)		-739,100	-215,027	-146,156	-3,600,344
Other financial assets at amortised cost		-	-	-	-541,751
Changes in cash resulting from consolidation perimeter variations (v)		-112,284	-50,183	-	-
Property, plant and equipment and intangible assets		-2,348,542	-1,708,627	-38,341	-50,109
Loans to related parties		-254,339	-205,787	-325,850	-919,384
		-3,457,398	-2,179,624	-510,347	-5,111,588
Net cash flows from investing activities		-1,645,022	-1,178,988	1,150,837	1,592,320
Financing activities					
Receipts relating to financial debt (include Collateral Deposits)		4,099,892	2,704,418	1,657,992	817,942
(Payments) relating to financial debt (include Collateral Deposits)		-3,443,363	-3,634,500	-1,729,425	-1,451,900
Interest and similar costs of financial debt including hedge derivatives		-557,270	-623,444	-266,144	-311,999
Receipts/(payments) relating to loans from non-controlling interests		-29,922	-61,907	-	-
Interest and similar costs relating to loans from non-controlling interests		-21,177	-32,458	-	-
Receipts/(payments) relating to loans from related parties		-	-	-297,485	-829,664
Interest and similar costs of loans from related parties including hedge derivatives		-	-	-4,988	-40,972
Share capital increases/(decreases) by non-controlling interests		-61,722	-71,410	-	-
Receipts/(payments) relating to derivative financial instruments		-4,946	17,796	35,365	312,433
Dividends paid to equity holders of EDP (vi)		-690,675	-690,517	-690,963	-690,805
Dividends paid to non-controlling interests		-134,726	-167,796	-	-
Treasury stock sold/(purchased) (vii)		-	-952	-	-952
Receipts/(payments) related with transactions with non-controlling interest without change of control		-20,386	-	-	-
Lease (payments) (viii)		-75,754	-	-12,533	-
Receipts/(payments) from institutional partnerships - USA (ix)		105,627	225,353	-	-
Net cash flows from financing activities		-834,422	-2,335,417	-1,308,181	-2,195,917
Changes in cash and cash equivalents		-258,484	-576,331	-58,740	-654,427
Effect of exchange rate fluctuations on cash held		-1,999	-20,541	-534	270
Cash and cash equivalents at the beginning of the period		1,803,205	2,400,077	484,603	1,138,760
Cash and cash equivalents at the end of the period*		1,542,722	1,803,205	425,329	484,603

(i) See note 8;

(ii) Relates essentially to the receivements of the sales of EDP Renewables France, S.A.S. and EDPR Participaciones, S.L to Beta Energy Investments S.A.R.L. and Beta II S.R.L. (see note 6);

(iii) Relates essentially to the receivements of the contingent prices related with the sale of 75% of the companies Nation Rise Wind Farm Gp II Inc. and Nation Rise Wind Farm Limited Partnership (see note 26), the Mayflower Wind Energy LLC capital refunds and the sales of Solar Ventures Acquisition LLC, Goldfinger Ventures LLC, Goldfinger Ventures II LLC (see note 6);

(iv) Relates essentially to payments made for the capital increases in Vento XIX, Mayflower Wind Energy LLC, Solar Ventures Acquisition LLC, Goldfinger Ventures LLC and Goldfinger Ventures II LLC (see note 21);

(v) Refers to the sale of onshore wind portfolio in Europe (see note 6) and the reclassification to assets held for sale of the cash balances of the companies included in the sell operation of Electricity generation assets, hydro in Brazil, onshore wind in Brazil and offshore wind (see note 40).

(vi) See Note 31;

(vii) See Consolidated and Company Statement of Changes in Equity;

(viii) Includes capital and interest;

(ix) On a consolidated basis, refers to the receipts and payments net of transaction costs (transactions included in note 36).

* See details of Cash and cash equivalents in note 28 and the Consolidated and Company Reconciliation of Changes in the responsibilities of Financing activities in note 51 of the Financial Statements.

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THE CERTIFIED ACCOUNTANT
N.º 17,713

THE MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS

EDP - ENERGIAS DE PORTUGAL, S.A.
COMPANY INCOME STATMENTS
FOR PERIODS ENDED AT 31 DECEMBER 2019 AND 2018

Thousand Euros	Notes	2019	2018
Revenues from energy sales and services and other	7	2,968,760	3,675,039
Cost of energy sales and other	7	-2,739,070	-3,502,579
		229,690	172,460
Other income		19,387	18,455
Supplies and services	9	-152,951	-161,194
Personnel costs and employee benefits	10	-72,800	-74,425
Other expenses		-24,630	-12,345
Impairment losses on trade receivables and debtors	25	10	-142
		-230,984	-229,651
		-1,294	-57,191
Provisions	35	133	7,475
Amortisation and impairment	12	-28,856	-31,963
		-30,017	-81,679
Financial income	13	1,252,845	1,296,027
Financial expenses	13	-567,070	-562,246
Profit before income tax		655,758	652,102
Income tax expense	14	65,158	86,484
Net profit for the period		**720,916**	**738,586**

LISBON, 20 FEBRUARY 2020

THE CERTIFIED ACCOUNTANT
N.° 17,713

THE MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS

EDP - ENERGIAS DE PORTUGAL, S.A.
COMPANY STATMENTS OF COMPREHENSIVE INCOME
FOR THE PERIODS ENDED AT 31 DECEMBER 2019 AND 2018

Thousand Euros	2019	2018
Net profit for the period	720,916	738,586
Items that will never be reclassified to profit or loss (i)		
Actuarial gains/(losses)	-538	-1,025
Tax effect from the actuarial gains/(losses)	122	249
Changes in reserves and retained earnings by liquidation of financial assets	-248	-
	-664	-776
Items that may be reclassified to profit or loss (i)		
Fair value reserve (cash flow hedge) (ii)	-90,247	-9,158
Tax effect from the fair value reserve (cash flow hedge) (ii)	20,306	2,060
	-69,941	-7,098
Other comprehensive income for the period (net of income tax)	-70,605	-7,874
Total comprehensive income for the period	650,311	730,712

(i) See Condensed Company Statement of Changes in Equity
(ii) See Note 31

LISBON, 20 FEBRUARY 2020

THE CERTIFIED ACCOUNTANT	THE MANAGEMENT	THE EXECUTIVE BOARD OF DIRECTORS
N.º 17,713		

EDP - ENERGIAS DE PORTUGAL, S.A.
COMPANY STATMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2019 AND 2018

Thousand Euros	Notes	2019	2018
Assets			
Property, plant and equipment	16	28,925	93,170
Right-of-use assets	17	110,947	-
Intangible assets		93,353	78,662
Investments in subsidiaries	20	15,684,346	15,102,046
Investments in joint ventures and associates		2	2
Equity instruments at fair value		1,252	1,537
Investment property		71,163	56,984
Deferred tax assets	23	142,907	92,659
Debtors and other assets from commercial activities		692	661
Other debtors and other assets	26	3,289,149	3,772,477
Total Non-Current Assets		19,422,736	19,198,198
Debtors and other assets from commercial activities	25	583,828	653,404
Other debtors and other assets	26	2,163,204	2,424,019
Current tax assets	27	109,676	98,092
Cash and cash equivalents	28	425,329	484,603
Total Current Assets		3,282,037	3,660,118
Total Assets		22,704,773	22,858,316
Equity			
Share capital	29	3,656,538	3,656,538
Treasury stock	30	-55,124	-56,315
Share premium	29	503,923	503,923
Reserves and retained earnings	31	2,619,244	2,642,185
Net profit for the period		720,916	738,586
Total Equity		7,445,497	7,484,917
Liabilities			
Financial debt	33	8,494,071	10,014,872
Employee benefits	34	6,696	5,683
Provisions	35	1,794	1,808
Trade payables and other liabilities from commercial activities		1,144	2,278
Other liabilities and other payables	38	348,890	349,826
Total Non-Current Liabilities		8,852,595	10,374,467
Financial debt	33	4,268,222	2,795,609
Employee benefits	34	69	1,442
Provisions	35	926	1,172
Trade payables and other liabilities from commercial activities	37	715,314	788,883
Other liabilities and other payables	38	1,393,115	1,293,180
Current tax liabilities	39	29,035	118,646
Total Current Liabilities		6,406,681	4,998,932
Total Liabilities		15,259,276	15,373,399
Total Equity and Liabilities		22,704,773	22,858,316

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THE CERTIFIED ACCOUNTANT
N.º 17,713

THE MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS

EDP - ENERGIAS DE PORTUGAL, S.A.
COMPANY STATMENTS OF CHANGES IN EQUITY
FOR THE PERIODS ENDED AT 31 DECEMBER 2019 AND 2018

Thousand Euros	Total Equity	Share capital (i)	Share premium (i)	Legal reserve (ii)	Reserves and retained earnings (ii)	Fair value reserve (cash flow hedge) (ii)	Treasury stock (iii)
Balance as at 31 December 2017	**7,444,569**	**3,656,538**	**503,923**	**739,024**	**2,596,176**	**5,770**	**-56,862**
Comprehensive income:							
Net profit for the period	738,586	-	-	-	738,586	-	-
Changes in the fair value reserve (cash flow hedge) net of taxes	-7,098	-	-	-	-	-7,098	-
Actuarial gains / (losses) net of taxes	-776	-	-	-	-776	-	-
Total comprehensive income for the period	730,712	-	-	-	737,810	-7,098	-
Dividends paid	-690,805	-	-	-	-690,805	-	-
Purchase and sale of treasury stock	-952	-	-	-	-	-	-952
Share-based payments	1,393	-	-	-	-106	-	1,499
Balance as at 31 December 2018	**7,484,917**	**3,656,538**	**503,923**	**739,024**	**2,643,075**	**-1,328**	**-56,315**
Comprehensive income:							
Net profit for the period	720,916	-	-	-	720,916	-	-
Changes in the fair value reserve (cash flow hedge) net of taxes	-69,941	-	-	-	-	- 69 941	-
Changes in reserves and retained earnings by liquidation of financial assets	-248				-248		
Actuarial gains / (losses) net of taxes	-416	-	-	-	-416	-	-
Total comprehensive income for the period	650,311	-	-	-	720,252	-69,941	-
Dividends paid	-690,963	-	-	-	-690,963	-	-
Share-based payments	1,232	-	-	-	41	-	1,191
Balance as at 31 December 2019	**7,445,497**	**3,656,538**	**503,923**	**739,024**	**2,672,405**	**-71,269**	**-55,124**

(i) See note 29
(ii) See note 31
(iii) See note 30

LISBON, 20 FEBRUARY 2020

THE CERTIFIED ACCOUNTANT
N.º 17,713

THE MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS

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1. Economic Activity of EDP Group

EDP - Energias de Portugal, S.A. (hereinafter referred to as EDP), currently with head office in Lisbon, Avenida 24 de Julho 12 and with its shares listed on the Euronext Lisbon stock exchange, results from the transformation of Electricidade de Portugal, E.P., incorporated in 1976 following the nationalization and consequent merger of the main companies in the electricity sector in Portugal. During 1994, as established by Decree-laws 7/91 and 131/94, the EDP Group (EDP Group or Group) was set up following the split of EDP, which led to a number of directly or indirectly wholly owned subsidiaries of EDP.

The Group's businesses are currently focused on the generation, transmission, distribution, supply and energy services of electricity and supply of gas. Although complementary, the Group also operates in related areas such as engineering, laboratory tests, professional training and property management.

EDP Group operates essentially in the European (Portugal, Spain, France, Poland and Romania) and American (Brazil and the United States of America) energy sectors.

Activity in the energy sector in Portugal

Portugal - Electricity

The general basis of the organization and inner workings of the National Electrical System (SEN), as well as the general bases applicable i) to the exercise of the activities of generation, transportation, distribution, supplying of electricity and operator change logistics and ii) to the organization of the electricity markets is set in Decree-Law (DL) 29/2006 of 15 February 2006, in the version published in the DL 215-A/2012 of 8 October 2012, with the changes introduced by DL 42/2016, of 28 December 2016, and further developed by the DL 172/2006 of 23 August 2006, on the version republished by the DL 215-B/2012 of 8 October 2012, with the changes introduced by the DL 114/2017 of 29 December 2017 and by DL 76/2019, of 3 June 2019.

These legal diplomas transpose to the Portuguese law, the principles of Directive 2009/72/CE, from the European Parliament and the Council of 13 July, which sets common rules for the internal electricity market and revokes the Directive 2003/54/CE, of the European Parliament and the Council, of 26 June.

The SEN integrates the activities of: i) generation, ii) transportation, iii) distribution, iv) supplying, v) organized markets operation, vi) operator change logistics and vii) other activities related with providing services related with the market integrated.

These activities are under the regulation of the Energy Services Regulatory Entity (ERSE), whose purpose is to contribute to ensure the correct efficiency and rationality regarding objectivity, transparency, non-discrimination and competition, through the continuous supervision and oversight, integrated in the goal of fulfillment of the internal electricity market.

In what concerns the transportation, distribution and last resource supplying, the law sets the right to a fixed income, dictated by ERSE, as stipulated in the Tariff Regulations, that assures the economic-financial balance given the conditions of an efficient management.

Portugal - Electricity - Generation

Background

The generation activity envolves generation in both the ordinary regime (PRO) and the special regime (PRE), being both regimes, subjected to the assignment of a generation license by the Portuguese Authority of Energy and Geology (DGEG).

The PRO regime incorporates the production that is not under a special regime, including all remunerated power plants under the PPAs (Power Purchase Agreement), CMEC (Contractual Stability Compensation) and Power Guarantee, being the energy produced sold in organized markets or through bilateral contracts.

On the other hand, PRE integrates: i) the production that is covered by special regimes such as the production of electricity through cogeneration and endogenous, renewable and non-renewable resources, micro production, mini-production and production without power injection in the network or, ii) the production that is made through endogenous, renewable and non-renewable resources, not subject to special legal regime. The energy produced under a special regime, if it is under guaranteed remuneration, is sold to the Supplier of Last Resort (CUR). Otherwise, it can be sold to any trader or market aggregator, on organized markets or through the celebration of bilateral contracts.

In Portugal, EDP Group develops the activity of PRO and the activity of PRE through EDP Gestão da Produção, S.A. and EDP Renováveis Portugal, S.A., amongst other subsidiaries.

Highlights:

Transformation from Power Purchase Agreement (PPAs) into Contractual Stability Compensation (CMEC)

The PPAs were created by the DL 182/95, of 27 July 1995, as long term contracts, signed between bound electricity generators and REN. The fix and variable costs of production were indemnified to the producer by meanings of a pre-determined remuneration which might vary considering the plants availability. These contracts assure to the electricity generators a low level of risk.

The approval of Directive 2003/54/CCE in 2004, which aimed to deepen the liberalization of the energy market, and the commitments assumed by Portuguese and Spain Governments, with a view to the construction of the Iberian Electricity Market (MIBEL), led to the revision of the sector organization, particularly regarding generation, as it was at stake the PPAs compatibility with goals pursued at the European and Iberian levels. In this context, DL 240/2004, of 27 December, established PPAs early termination, based on the implementation of a mechanism for the maintenance of the contractual equilibrium named CMEC, which consisted on the right to the payment of a compensation to the envisaged generators. This regime was notified (and authorized) by the European Commission and, also, was object of a legislation authorization, conferred to by Law 52/2004.

The PPAs maintained by EDP Group were early terminated and CMEC regime entry into force from 1 July 2007 onwards. CMECs consist of i) an initial amount, that corresponds to the difference between the present value of the PPAs (calculated at the early end of the contract (2007), and the value of expected market revenues, deducting the respective operating costs and other costs (estimated in 2007, to that year's values). The amount thus determined is paid in annuities from July 2007 up to the end date of the longest underlying PPA (December 2027); ii) annual adjustments, that correspond to the annual revisibility, calculated by the difference between the conditions underlying the initial amount and the values resulting from the valuation model (Valoragua), obtained from real data. These annual adjustments occurred during the first 10 years of the CMEC mechanism, ie between July 2007 and July 2017 and iii) a final adjustment, which reviews, reported to July 2017 date, the amount of the compensation to be paid to the electricity generator up to 2027 (the remaining PPA term with the longest duration), with a rational calculation similar to the initial amount but without any adjustments from July 2017 onwards.

In EDP Group 27 PPAs ongoing for hydro power plants and 7 PPAs for thermal power plants were early terminated in July 2007.

However, EDP Group was the only entity that accepted PPAs early termination and the remuneration through CMEC regime. The remaining entities maintain the respective PPAs into force (regarding to a coal plant and to a gas plant).

While within the scope of the PPAs, investment and availability of the plants were remunerated with full recognition of costs incurred in generation, in the CMEC regime, each plant started to be remunerated in market, being this remuneration complemented by the difference between what the plants would receive in the PPAs and what they receive in the free market in a context of an efficient management.

In 2012, several citizens presented a complaint at the European Commission on the hypothetical disconformity of the CMEC mechanism and of the hydro public domain (DPH) use rights that accompanied hydric plants. In 2017, the European Committee issued its decision, and state that the national procedures regarding to DPH connected to plants operating under CMEC regime were in accordance to european legislation on State Aid.

Meanwhile, the implementation of the CMEC regime has been object of several vicissitudes, contested by EDP Group at the adequate level, namely: (i) the calculation of the final adjustment value with basis on a different methodology than the one legally foreseen, resulting in the value approximately of 154 million Euros, homologated by the Energy Secretary of State (SEE) BY Dispatch dated 25 April 2018; (ii) the alleged existence of "innovatory aspects" regarding, in particular, the performance of tests to the CMEC plants availability from which a supposed benefit of 285 million euros, currently deducted, in the tariff context, to the values to be received by EDP; (iii) obligation of the CMEC plants to the payment foreseen in DL 74/2013 (clawback), following determination of Law 71/2008, which approves State Budget for 2019; this sets that the Government, until the end of 2019 first trimester, proceeds with the revision of clawback mechanism, which happened through DL 104/2019, of 9 August.

System Services

In addition to operating in the daily, intraday and long-term market, generators can participate in the system services markets.

The system services are adjustments to solve deviations and technical constraints in real time, in order to respond to the needs of quality, reliability and security of the network, while always maintaining the supply-demand balance.

Remuneration Regime

The generation activity is remunerated by the energy produced, by the availability of the installed capacity and by the systems services:

	Regulated Remuneration	Remuneration in Market
Energy	- PPA - CMEC - Bonus rates for special regime production	- MIBEL - Bilateral contracts
Installed Capacity	- PPA - CMEC - Power guarantee	- Capacity auctions
System services	- Direct hiring	- System services market

Social Tariff

The DL138-A/2010, of 28 December, created a social tariff scheme financed by ordinary regime producers, including large hydro plants.

Social tariff consisted of the allocation to economically vulnerable customers of a discount on the network access tariff in an amount corresponding to a discount of 20% on the transitional tariffs of sale to end customers.

In 2011, a regime of extraordinary social support to the energy consumers (ASECE) was created, which consisted of an additional discount granted to economically vulnerable customers worth 13.8% of the value of the invoice, in this case, financed by the State, in order to neutralize the VAT increase from 6% to 23% for these customers.

In 2016, ASECE was extinguished, but the value of the respective discount was incorporated into social tariff, which means it has became also financed by producers in ordinary regime and by the big hydric. Beyond that, the eligibility criteria to benefit from social tariff is broader and the respective implementation is immediate.

Considering the historic, in 2016 the number of persons benefiting from social tariff increased from around 80.000 to around 800.000 and the discount, that was of 20% come to 33,8%, situation that is still maintained actually.

Clawback

The DL 74/2013, of 4 June, introduced a regulatory mechanism to ensure the competitive balance in the wholesale electricity market in Portugal, which acts in the event of distortions resulting from extra-market events, through allocation, based on the impact registered on the price structure, of the allocation of the cost of general economic interest (CIEG) between consumers and producers of electricity - Clawback.

The electricity generators covered by this mechanism are ordinary regime producers and other producers that are not covered by the guaranteed remuneration scheme.

Clawback aims to prevent that extra markets events, as the existence of taxes existing only in one of MIBEL countries, may entail non-justified benefits for the producers that develop their activity in another country.

ERSE periodically prepares a study on the impact of electricity average price formation at Portuguese wholesale market in extra market events registered within European Union considering also national extra markets events. Concretely, it have been considered as an european extra market event the tax burden that levies over producers located in Spain and as a national extra market event the Social Tariff (funded by the PRO) and the Extraordinary Contribution on the Energetic Market. More recently, the tax over oil products was also considered as a national extra market event. This mechanism is currently framed by DL 74/2013, DL 104/2019, Ministerial Order 282/2019 and also by Dispatch 12424-A/2016 of 26 December.

The implementation of DL 74/2013 registered several amendments, namely regarding recognition of national extra market events.

Hydrological Correction Account

On 5 March, the Energy Secretary of State published Dispatch 2224/2018, which determines the creation and composition of a Working Group, designed as "Working Group for the extinction of the hydrological correction account" - for EDP - Energias de Portugal,S.A. financial statements - with the purpose of preparing a grounded report with the hydrological correction account 's annual movements and their origin, as well as of determine rights on the differentials of the updated amounts of the payments and receipts flows and the financial charges associated with the hydrological correction account. This working group was created following the extinction of an earlier working group with the same purpose, operated by Dispatch 5443/2017 of 22 June. The Working Group concluded its work and the Government, recognizing the value at stake, does not recognize to EDP its right to receive it, and this fact was already object of contest at the right place.

Reserve remuneration regime for National Electricity System (SEN)

On 27 January 2017, Ordinance 41/2017 established a new regime for the payment of the security reserve provided to the SEN through the availability services provided by electric producers and other market agents. Under this scheme, the remuneration of the security reserve is established through an annual competitive auction mechanism that pays exclusively for the availability services provided, favoring low carbon technologies. However, Law 114/2017 of 29 December 2017, that approves the State Budget for 2018, determined the postponement of the annual auction until the Portuguese State receives the unequivocal pronouncement of the European Commission regarding the compatibility of the mechanism of the SEN security reserve with the Community provisions regarding State support for the energy sector. On 3 April 2018, Order 93/2018 was published, which maintains the postponement of that auction.

Key Developments of 2019

Exemption of the oil tax (ISP) and surcharge over CO2

Ordinance 6-A/2019 was published on 4 January 2019, which sets the CO_2 surcharge rate on CO_2 emissions and the addition value for each product. The addition rate forecast in the Article 92-A of the Code of Special Taxes on Consumption, defined annually, is based on the tenders prices for the greenhouse gas emission carried out under the European Trading of Emission Allowances (CELE). The amount for 2019 is 12.74€ / tonne of CO_2 (in 2018, this amount was 6.85€/tonne of CO_2).

Clawback

On 23 January 2019, Dispatch 895/2019 of the Office of the Energy Secretary of State was published, which defines the parameter corresponding to the impact of extra market measures and events registered in the European Union in the creation of average electricity prices in the wholesale market in Portugal (clawback). The suspension of the Clawback mechanism is thus determined in the period corresponding to the suspension of the tax measures in Spain, from 1 October 2018 until 31 March 2019. In the calculation of system costs, ERSE is considering the value of 4.18€ / MWh as of 1 April 2019.

On 9 August 2019 was published DL 104/2019, of the Council of Ministers, which makes the first amendment to Decree-Law 74/2013, of 4 June 2013, regarding the clawback mechanism, clarifying the subjective scope of the mechanism, which now includes the following producers:

- Producers of electricity in the ordinary regime, except for the power plants covered by paragraph 2 a) of article 17 of that law, until the date of termination of the respective contracts for the purchase of energy;
- Electricity producers exploiting hydroelectric plants with installed capacity> = 10 MVA;
- Electricity producers that do not benefit from any guaranteed remuneration mechanism, except producers: i) that make specific compensations to SEN within the scope of the competitive procedure provided for in article 5-B of Decree-Law No. 172/2006, of 23 August 2006, as amended; and ii) whose installed capacity of each individually considered power station is <5 MW.

With the published DL it becomes possible a CIT (Corporate Income Payment) – Advanced Payment, applied to electricity producers covered by the clawback mechanism, and the unit value of the payment on account is established by the government member responsible for the energy area, under proposal from ERSE. The same Government official decides on the amounts to be invoiced to electricity producers, based on the results of a study prepared annually by ERSE on the impact on average electricity prices in the Portuguese wholesale market of measures and extra market events registered in the EU.

On 30 August 2019 it was published Ordinance 282/2019, from the Environment and Energy Transition, which regulates some aspects of the clawback mechanism, following the provisions of Decree Law 104/2019, in particular: (i) ERSE's annual study; (ii) clawback's tariff repercussions and changes to the formulas to be used and; (iii) the Advanced Payment mechanism.

On 26 September 2019, Order No. 8521/2019 of the Ministry of the Environment and Energy Transition published the CIT (Corporate Income Payment) – advanced payment for Clawback of 2.71€ / MWh for coal-fired power plants and 4.18€ / MWh for the remaining plants.

On 27 December 2019, Dispatch 12424-A / 2019, published by the Office of the Secretary of State for Energy, was published, which identifies the national extra-market events to be considered in the Study to be prepared by ERSE in 2020 (with reference to 2019) under the Clawback mechanism. The taxation of petroleum and energy products used in the production of electricity (ISP), the Extraordinary Contribution on the Energy Sector (CESE) and the Social Electricity Tariff are considered as extra-market events.

Over-equipment of wind farms

On 31 January 2019 it was published Ordinance 43/2019, of the Ministry of the Environment and Energy Transition, which changes the criteria for granting authorization for the installation of over-equipment in wind farms.

With the publication of this Ordinance, ERSE consultation (foreseen in former legislation) is dismissed if the owner of the power plant chooses to apply the energy of the over-equipment to a tariff of 45€/MWh, without update, for a period of 15 years. This Ordinance also applies to requests for authorization that, at the date of its entry into force, are still pending from the decision of DGEG.

Guarantees of origin

On 8 October 2019, Order 8965/2019 of the Office of the Secretary of State for Energy was published, which determines that REN, as the Issuer of Guarantees of Origin (EEGO), must create and maintain a platform that ensures the management of the certification of cogeneration and electricity production facilities from renewable energy sources and the issuing of guarantees of origin (GO).

Parliamentary Commission of Inquiry on the Payment of Excessive Income to Electricity Producers (CPIPREPE)

On 15 May 2019 the CPIPREPE Final report has been globally approved, with votes in favor from PS PCP, BE and PEV and votes against from PSD and CDS. The absence of unanimity in the voting process reveals the existence of divergent opinions on the issue of alleged excessive rents.

The Conclusions and Recommendations contained in the Final Report of CPIPREPE are not binding.

Other Key Developments of 2019

On 18 January 2019, Decree-Law (DL) 10/2019 was published, which establishes the new rules on the allocation of revenues from emission allowances tenders and introduces into portuguese legislation the partial transposition of the European Directive 2018/410 on the rules of the CELE.

This Decree-Law sets in 60% the value of the revenues generated from the emission licences tenders to be transferred to SEN in order to offset part of the total over-cost of the special regime (PRE) from renewable energy sources, in each year, until it reaches 100% of this extra cost (includes over cost of renewable cogeneration generation).

These revenues are allocated to National Electric System (SEN) to deduct from the Global System Use tariff, in order to reduce the consumer's energy bill. It also allows, if necessary, an additional transfer of funds from the Environmental Fund to the SEN, in case there is a significant difference between actual revenues and estimated revenues.

On 3 June 2019, DL 76/2019 of the Presidency of the Council of Ministers was published, which amends the legal regime applicable to the exercise of the activities of generation, transportation, distribution and supply of electricity and to the organization of the electricity markets. In general terms, this Decree-Law aims, among other aspects:

- Establish the legal basis for the adoption, within the PRE, of procedures of a competitive nature, maintaining as a prerequisite in the licensing the existence of injection capacity in the network;
- Allow the promoters, who so wish, to support the construction or reinforcement in the network (without burdening the system) when it does not have the necessary injection capacity, not limiting the realization of projects;
- Allow the licensing of production units in pre-existing electro-producing centers that, using a different source of renewable energy, do not require an increase in injection capacity in the Electric Public Network (RESP);
- To frame the regime applicable to Small Production Units (UPP);
- To frame the SEN's risk management and guarantees regime in the scope of the use of network infrastructures and participation in SEN's global management;
- Change the object of the concessions of the LV electricity distribution network, in order to grant an option to the grantor to include or not the public lighting network in the object of the concession.

On 6 June 2019, Dispatch 5532-B / 2019 of the Secretary of State for Energy was published, which establishes the opening of a competitive procedure, in the form of an electronic auction, for the allocation of reserve of injection capacity in RESP connection points for photovoltaic solar energy.

Portugal - Electricity - Transportation

Background

The transportation activity integrates the overall management of the system and is implemented under a public service concession, exclusively, through the exploitation of the National Transportation Network (RNT).

The RNT concession contract was awarded by the State to REN - Redes Energéticas Nacionais, SGPS, SA in 2007, for a period of 50 years.

Portugal - Electricity - Distribution

Background

The distribution activity includes the operation of the National Distribution Network (RND), which includes distribution networks in medium and high voltage, and the operation of distribution networks in low voltage, being exercised through concession contracts under a public service regime, exclusivily.

The concession contract for RND's exploration in high and medium voltage was attributed by the state to EDP Distribuição in 2009, for a period of 35 years.

The concession contracts for the operation of the low voltage electricity distribution networks were settled between the 278 Municipalities of mainland Portugal and EDP Distribuição on different dates, for a period of 20 years, according to DL 344-B/82 of 1 September with the respective amendments, namely those introduced by DL 29/2006.

The concession contracts between the 278 Municipalities and EDP Distribuição will reach their end until 2026, the majority in 2021 and 2022.

In this context, Law 31/2017, of 31 May, came to predict the launch of the public tender for the award of new concession contracts synchronously, in 2019, to territorial areas defined by municipalities or municipal entities, under proposal from ERSE.

Key Developments of 2019

ERSE Directive 5/2019 of 18 January 2019 approved tariffs and prices for electricity and other services to be in force in 2019.

On 15 April, ERSE Directive 10/2019 was published, which approves the parameters related to the connections to the electric energy networks and repeals Directive 18/2012, of 8 November, of ERSE.

On 2 August 2019, Regulation 610/2019 was published, which approves the Intelligent Electricity Distribution Services Regulation, framing the intelligent network services by network operators and suppliers.

In the Tariffs for 2020, approved in 16 December 2019, ERSE recognized the principle of profit sharing with the system and assumed the return into the tariffs of approximately 16.6 million Euros referring to half of the net gains obtained from the sale of real estate by EDP Distribuição between 2009 and 2018, having mentioned that the position to be taken by the respective grantors of the Concession Contract for the National Distribution Network (RND) and the electricity distribution network concessions in BT may determine the revision of this amount.

Subsequent to the publication of the Tariffs for 2020, the Government approved an Order that stipulates that the total value of the gains generated by the sale of real estate by EDP Distribuição between 2009 and 2018, and which were subject to remuneration for the tariffs, "reverts entirely to the grantor ", and should be" fully reflected in the electricity tariffs ".

Portugal - Electricity - Supply

Background

The commercialization activity is open to competition, being subject to prior registration.

Suppliers can freely buy and sell electricity and, in this sense, they have the right to access to the transmission and distribution networks, through the payment of regulated tariffs fixed by ERSE.

It is also legally consecrated, for the protection of consumers, a supplier of last resort, subject to the granting of a license, whose purpose is to serve as guarantor of the electricity supply to costumers, especially the most vulnerable, in terms of quality and continuity of service.

The commercialization activity is carried out by EDP Comercial, S.A and the activity of last resort supplier (CUR) is carried out by EDP Serviço Universal, SA - a company incorporated and totally owned by EDP Distribuição, S.A.

Key Developments of 2019

Self-consumption, small production units and renewable energy communities

On 15 April, Ordinance 115/2019 was published, which sets the reference tariff applicable, during the current year, to the electricity sold in its entirety to RESP, from small production units (UPP) using sources of renewable energy. It is planned to maintain the value practiced in recent years - from the entry into force of the current regime, which replaces the previous similar model of micro and mini-production -, set at 95€ /MWh, in order to guarantee investment stability and cost control for SEN.

On 17 September 2019, Resolution no. 192/2019, of the Assembly of the Republic, was published, recommending the Government the adoption of a legislative framework for collective self-consumption and for renewable energy communities (this resolution had already been approved 19 July 2019 and the new legislative framework was approved by the Council of Ministers on 5 September 2019).

On 25 October 2019, Decree-Law 162/2019 of the Presidency of the Council of Ministers was published, which establishes the legal regime applicable to self-consumption of renewable energy, individually, collectively or by renewable energy communities, proceeding, in this last part, to the partial transposition into national law of Directive 2018/2001 of the European Parliament and of the Council, of 11 December 2018, on the promotion of the use of energy from renewable sources.

This decree-law intends for Portugal to achieve the goals defined under the PNEC 2030, namely to achieve a 47% share of energy from renewable sources in gross final consumption in 2030, as well as to reduce the price of electricity consumption for those who adhere to the self-consumption. This Decree-Law takes effect in the following terms:

a) As of 1 January 2020, for individual self-consumption projects and collective self-consumption projects or CER, which cumulatively: i) have an intelligent counting system; ii) are installed at the same voltage level;

b) DGEG and ERSE publish, until 31 December 2019, the necessary regulations for the implementation of the aforementioned projects;

c) o As of 1 January 2021, related to other self-consumption projects;

d) DGEG and ERSE promote the participation of entities that intend to implement self-consumption projects, which must express such interest in the Portal, in the process of defining the regulations necessary for the implementation of this decree-law.

DGEG Order 46/2019, dated 30 December 2019, was published, which defines the operating rules of the computer platform intended for the operationalization of the prior control procedures provided for in Decree-Law 162/2019, of 25 October 2019, as well as the necessary introductory documents, applicable to self-consumption production units (UPAC), electricity use facilities (IU) associated with those and facilities related to Renewable Energy Communities (CER).

Other Key Developments of 2019

On 11 January 2019, Law 5/2019 of the National Assembly was published, which establishes the regime of compliance with the duty of information of the energy supplier to the consumer. It applies to suppliers in the supply and / or provider of services to consumers of electricity, natural gas, GPL and petroleum derived fuels. The supplier must inform the consumer of the conditions under which the supply and / or provider of services is performed in a clear and complete manner. In the electricity and natural gas sectors, this is reflected in a greater detail on the invoice information.

On 15 January 2019, ERSE Directive 4/2019 was published, approving the rules of the pilot project for consumers participation in the system services market in the regulatory reserve component. The pilot project lasts one year (starting on 2 April 2019) and aims to ensure equal treatment in the participation in the regulatory reserve market of eligible consumers and producers, thereby increasing competition in this market. The approved rules will allow consumers with an offer capacity equal to or greater than 1 MW to participate in the reserve market of SEN regulation.

On 10 April 2019, following ERSE Directive 4/2019, ERSE Directive 9/2019 was published, which approves the general conditions of the system services market access contract in the scope of the pilot project for participation of the consumption in the reserve market of regulation established in the Manual of Procedures of the Global System Management (MPGGS) of the electric sector.

On 6 May 2019, ERSE Directive 11/2019 was issued, which approves the terms and conditions for the setting of energy purchased from producers under a special regime, through an auctioning mechanism for products with a maturity term of different maturity. This mechanism allows the coverage of commercial price and supply risks by market traders and the stability of CUR's revenue conditions in the purchase and sale of electricity from the special regime production.

DL 60/2019 of the Presidency of the Council of Ministers was published on 13 May 2019, which determines the introduction of the reduced VAT rate to the fixed component of network access tariffs for electricity supplies, corresponding to a contracted power not exceeding 3.45 kVA, and supplies of natural gas, corresponding to low-pressure consumption not exceeding 10,000 m3 per year.

On 18 July 2019, ERSE Directive No. 13/2019 was published, which approves the terms and conditions of the CUR's forward purchase mechanism, which aims to cover the risks of price variability and the stabilization of the cost conditions for the supply of the CUR for the benefit of consumers.

On 24 July 2019, ERSE Directive No. 14/2019 was published, which determines the entities authorized to be part of the diversion trading unit under the terms of the Global System Management Procedures Manual (MPGGS), related to the units of marketing schedule.

On 7 October 2019, Order 8900/2019, published by the Office of the Secretary of State for Energy, was published, which determines the discount to be applied to tariffs for access to electricity networks, applicable from 1 January 2020, which must correspond to a value that allows a 33.8% discount on the transitory tariffs for sale to final electricity customers, excluding VAT, other taxes, contributions, fees and late payment fees that may apply.

On 6 December 2019, Order 11585-A/2019, issued by the Office of the Ministry of Environment and Climate Action, was published, which establishes the parameters to the calculation of the remuneration of the five-year straightening of the extra cost with the 2020 PRE. Remuneration was set at 1.1020% for the year 2019 and 0.5553% is set for 2020.

Organized markets operation

Background

The activity of management of organized electricity markets is liberalised, being subject to approval, and is the responsibility of market operators.

Logistic operations for the change of suppliers

Background

The activity of logistic operations for the change of suppliers includes the necessary functions to change the supplier by the final consumer, at his request, and has been exercised, provisionally and temporarily, by EDP Distribuição - Energia, S.A.

However, this activity was through DL 38/2017, of 31 March, attributed to ADENE, which now exercises it for both electricity and natural gas.

Portugal - Natural Gas

Background

The general bases for the organization and operation of the national natural gas system (SNGN), as well as the general bases i) applicable to the operation of reception, storage and regasification of liquefied natural gas (GGNL), underground storage and transportation of natural gas, distribution and sale of natural gas and ii) the organization of these markets are established in DL 30/2006, of 15 February, in the version corresponding to the republishing made by DL 230/2012, of 8 October, with the changes introduced by Law 42/2016, of 28 December, and developed by DL 140/2006 of 26 July, in the corresponding republication version made by DL 231/2012, of 8 October, with the changes introduced by Law 38/2017, of 29 December.

These legal diplomas transpose into Portuguese law Directive 2009/75/CE of the European Parliament and of the Council of 13 June 2009, on common rules for the internal market in natural gas and revoking Directive 2003/55/CE.

The national natural gas system (SNGN) includes the activities of (i) receiving, storing and regasifying LNG, (ii) underground storage of natural gas, (iii) natural gas transportation, (iv) natural gas distribution, (v) natural gas supply; (vi) operation of organized natural gas markets; and (vii) natural gas supplier's logistic change operation.

These activities are subject to the regulation of the Energy Services Regulatory Agency (ERSE), whose purpose is to ensure the efficiency and rationality of activities in objective, transparent, non-discriminatory and competitive terms, through its continuous supervision and monitoring, integrated the purpose of the internal market for natural gas.

For the activities of transportation, distribution and supplying of last resort, the law establishes the right to a remuneration fixed by ERSE, in accordance with the Tariff Regulation, that ensures the economic and financial balance under the conditions of an efficient management.

Key Developments of 2019

On 4 April, ERSE Directive 8/2019 was published, which defines the reference price methodology to be applied in determining transmission network usage tariffs, the discount to be applied at points of entry from storage facilities and at exit points for storage facilities and the discount to be applied to products of standard interruptible capacity.

As part of the regulatory review in the Natural Gas sector, Regulation 362/2019 of 23 April 2019 was published by ERSE, which amends the Regulation on Access to Networks, Infrastructures and Natural Gas Interconnections, in particular with regard to matters relating to the establishment of allowable income for network and infrastructure operators in the framework of the tariff process.

Portugal - Natural Gas - Supply

Background

The supply activity is liberalised, being subject to prior registration.

The suppliers can buy and sell natural gas without restrictions . To this end, and upon the payment of a regulated tariff, they have the right of access to GNL storage facilities and terminals and to transportation networks and distribution networks.

The sale of natural gas is subject to the transitional regime established for the gradual opening of the market.

For the protection of the customers, the last resort supplier is also subject to the attribution of license and public service obligations in the areas covered by the Public Natural Gas Network (RPGN).

This supplier is subject to the obligation of supply, guaranteeing, in the areas covered by the RPGN, to all customers who request it, the satisfaction of their needs, in compliance with the applicable legislation, namely the one related to customers protection.

The liberalised trading activity is carried out in the EDP Group by EDP Comercial, S.A. and the activity of last resort supplier (CUR) is carried out by EDP Gás Serviço Universal, S.A.

Key Developments of 2019

On 10 April 2019 was issued the Dispatch 4001/2019, from the Office of the Secretary of State for Energy, which determines the maintenance of the percentage of the natural gas tariff by 31.2% on the transitional rates of sale to final customers of natural gas (excluding VAT, other taxes, contributions, fees and default interest that are applicable), and its application should not be considered for the purposes of other currently existing support.

Also in the scope of the regulatory review that took place in the Natural Gas sector, the Tariff Regulation (Regulation no. 361/2019, dated 23 April 2019, of ERSE) and the Trade Relations Regulation (Regulation (ERSE), in order to integrate a set of issues for the new regulatory period to start in January 2020.

As mentioned in the chapter of the electricity supply, DL 60/2019 of the Presidency of the Council of Ministers was published on 13 May 2019, which determines the introdution of the reduced VAT rate on natural gas supplies, corresponding to low pressure consumption not exceeding 10,000 m3 per year.

On 1 July 2019 ERSE Directive 12/2019 was published, which approves natural gas tariffs and prices for gas year 2019-2020 and the parameters for the 2020-2023 regulation period. This Directive also embodies the innovations introduced by the Tariff Regulation, in particular the changes in the methodology for the structure of tariffs for the use of the transmission system, resulting from the application of Regulation (EU) 2017/460 that approves the Network Code on tariff structures for natural gas transportation, as well as the adoption of the 4-year regulatory period (2020-2023) and the adoption of the new regulated tariff period, coinciding with the capacity allocation year.

ERSE Directive 15/2019 was published on 26 July 2019, which approves the consumption profiles applicable to connections with annual consumption up to 100 000 m3, as well as the average daily consumptions characteristic of each consumption profile, to be in force from 1 July 2019 to 30 June 2020.

Activity in the energy sector in Spain

Electricity - Spain - Supply

In Spain, EDP-España, S.A.U. (EDP-España) operates in the electricity and gas sectors. In the electricity sector generates, distributes and supplies electricity. Production is based essentially on traditional coal thermal power plants and, on a smaller scale, on hydroelectric and nuclear power plants.

Electric Sector Regulation

On 27 November 1997 the Electric Sector's Law 54/1997 was approved, which (i) implements the principles included in the Protocol signed on 11 December 1996 between the Ministry of Industry and the major electric power companies regarding greater liberalization and competition in the electricity sector and (ii) incorporates into Spanish law the provisions contained in Directive 96/92/EC on common rules for the internal electricity market. Additionally, on 6 July 2007 the Law 17/2007 of 4 July came into force, amending the Law 54/1997, to adapt it to the Directive 2003/54/EC of the European Council and Parliament of 26 June 2003 on common rules for the internal market of electricity. Law 54/1997 was updated by the Royal Decree 13/2012 of 30 March, incorporating the principles of the European Parliament and Council's Directive 2009/72/CE of 13 July that revokes the Directive 2003/54/CE. On 27 December 2013, was published in the Official State Gazette the Law (BOE) 24/2013 which replaces Law 54/1997 maintaining the principles established in previous legislation but with particular emphasis on economic and financial sustainability of the electricity sector.

Generation

Since 1 January 1998 electricity generation operates on a free market competition basis, which covers the purchase and sale of energy and other services related to the supply of electricity.

The market structure for electricity generation has been widened by Law 17/2007 of 4 July, in order to include the forward market and the intraday market, as well as technical issues, complementary services, deviations management and non-organised markets. The organisation and regulation of the market for electric power generation is defined by Royal Decree 2019/1997 of 26 December, and its implementing standards.

Electricity is paid at the system's marginal price plus a component for the adjustment services necessary to ensure an adequate supply. Additionally, the Order ITC/2794/2007 of 27 September 2007, replaced the concept of "power availability" remuneration of electricity generation by the concept of "capacity payments" stated in article 14.5 of the Law 24/2013, which sets a remuneration of the availability service (eliminated in June 2018) and the incentive to invest in long-term capacity.

The set-up of new generation units is liberalised, subject to obtaining the necessary permits.

Producers have the right to use primary energy sources in their generation units as deemed most appropriate, with the applicable environmental restrictions. On 7 April 2019, Royal Decree 244/2019 of 5 April 2019 entered into force, which regulates the administrative, technical and economic conditions of the self-consumption of electricity that replaces the previous Royal Decree 900/2015, of 9 October 2015.

The Royal Decree-Law 9/2013 regulates the remuneration scheme for facilities that use cogeneration, renewable energy sources and waste (former special regime) and, in addition of the price market sale, can be charged a specific fee to cover the costs not recovered in the market. This scheme generates a return, before tax, equal to the rate of the 10-year Spanish state bonds, plus a spread. This spread, since July 2013, is 300 basis points. The Royal Decree 413/2014 regulates the energy production through renewable energy sources, waste or cogeneration and different Ministerial Orders regulate the prices applicable to these facilities.

Due to the climate emergency and in order to contribute to the implementation of the objectives set out in the Strategic Energy and Climate Framework, Royal Decree Law 17/2019 of 22 November 2019 adopts urgent measures for the necessarychanges in the remuneration affecting the electricity system and by which it responds to the process of cessation of activity of thermal power plants. Of the fourteen coal plants on the peninsula, the Ministry of Ecological Transition is currently processing eight closure requests that will cease operation by 30 June 2020.

Transmission

Red Eléctrica de España, S.A. performs the activities of Transmission Manager and System Operator, being responsible for its technical management, to ensure the continuity of supply and efficient management of the generation and transmission systems. The responsibility for the economic management of the system is guaranteed by OMI - Polo Español, S.A.

The entities and qualified consumers have free access to the transmission and supply grids, setting out a system of "tariffs" for traffic. The remuneration for the transmission and distribution activities is set by the regulatory entity.

The Royal Decree 9/2013 establishes the methodology for calculating the remuneration of the electricity transmission activity based on the Spanish Government ten year bond yield, plus 200 basis points.

According to the Law 24/2013 the transmission activity is performed by a single entity. There is also a distinction made between the primary transmission system (facilities superior or equal to 380 kV with international networks and with extra-peninsular and insular systems) and the secondary transmission system (facilities superior or equal to 220 kV other than primary transmission systems and the facilities below 220kV with transmission functions).

Distribution

Law 54/1997 established that the remuneration for each company must respect criteria based on the costs needed to develop the activity, taking into account a model of characterization of distribution areas and other parameters. On 19 March 2008, the Royal Decree 222/2008 of 15 February entered into force, establishing a new system of remuneration for the electricity distribution activity and modified the system of "Acometidas" (system that regulates the installation that connects the distribution grid to the point of delivery of energy to the customers). This remuneration system is based on investments and increased demand of each distributor. On 1 April 2012, came into force the Royal Decree 13/2012, amending the remuneration criteria of the distribution activity related to the assets in use that are not amortised, taking as basis for their financial retribution their net amount. Additionally, the return on assets in use in the year t shall be initiated at 1 January t+2. However, since the adoption of the Royal Decree 9/2013, the distribution activity remuneration will be calculated based on the Spanish Government ten year bond yield, plus 100 basis points. during the second quarter of 2013 and 200 b.p. from 2014 forward. These principles were embodied in the new Law 24/2013 and developed in Royal Decree 1048/2013, repealing the Royal Decree 222/2008.

The application of the new methodology adopted in the Royal Decree 1048/2013 was conditioned by the approval of the standard facilities list and unit investment values and operation and maintenance, which occurred with the publication of the Order IET/2660/2015 of 11 December.

On 10 June 2016, the Spanish Government has published the Ministerial Order IET/980/2016, that has set the final compensation amount from EDP España's electricity distribution business for 2016. In addition, new regulation has set the regulatory average remaining life of EDP España's existing assets as at 31 December 2014 at 25.13 years. Consequently, EDP España evaluated the accounting criteria of the regulated activity, starting to recognise income according to the amortisation pace of its assets, considering the limit of 25.13 years.

The BOE 223/2017 published on 15 September 2017 opened the hearing process of the Order of the Minister of Energy, Tourism and Digital Agenda, introducing a "lesividad" declaration procedure for the public interest Order IET/980/2016, which established the remuneration for the electricity distribution companies until 2016. The allegation of injury to the public interest comes from the fact that this Order does not consider the penalty or reduction of the remuneration per client that was established under the Royal Decree 1048/2013 article 13 for failures in energy meters readings and measuring instruments, as well as different criteria for calculating the residual value of the assets depending on the dimension of the distribution company.

Supply

Law 54/1997 established a progressive liberalisation of electricity supply and the introduction of supply activities to enable customers to progressively choose their suppliers and liberalising the supply market from 1 January 2003. Additionally, since 1 July 2009, distributors can no longer act as suppliers (sell electricity) acting strictly as grid operators. Law 24/2013 determines that certain consumers are entitled to be provided with voluntary prices for small consumers and last resort tariffs for reference traders. The reference traders are determined according to the criteria established in Royal Decree 216/2014.

Electricity Tariffs Regime

The electrical system costs are described in Article 13.3 of Law 24/2013. These costs will be financed through the revenue from the electrical system, including access fees (which are intended to cover the remuneration of the transmission and distribution), charges for the payment of the cost of other items that are not covered by other income, may be compensated for any financial mechanism legally established, including the state budget.

Access fees, equal in all the Spanish territory, must be determined with the methodologies defined by the National Markets and Competence Commission (CNMC) considering the costs of the system as defined in the Law 24/2013. Charges applicable to consumers and producers are determined by calculation methods adopted by the Government and CNMC that will serve to cover certain costs of the system, without prejudice of what is in force for the access fees of the transport and distribution networks.

For the year 2020, electricity access tariffs are established in Ordinance TEC / 1258/2019 of 20 December 2019. Royal Decree-Law 1/2019 included urgent measures to adapt the CNMC's ("Comisión Nacional de los Mercados y la Competencia") competences to the requirements in European Parliament and Council Directive 2009/72/EC and 2009/73/EC of 13 July 2009 establishing common rules for the internal electricity market and natural gas, thereby altering the CNMC's controls by assigning to it: i) to fix annually the remuneration of electricity transmission and distribution activities; ii) approve the methodology and conditions for access and connection to the electricity transmission and distribution networks; iii) set the operating rules of the market in aspects whose approval corresponds to the national regulatory authority and; iv) define the remuneration of the electric system operator.

For the exercise of these skills, the CNMC has approved the following rules: i) Circular 2/2019, of 12 November 2019, which establishes the methodology for calculating the financial remuneration rate for the activities of electricity transmission and distribution and regasification, transportation and distribution of natural gas; ii) Circular 3/2019, of 20 November 2019, which establishes the methodologies that regulate the operation of the wholesale electricity market and the management of the operation of the system; iii) Circular 4/2019, of 27 November 2019, which establishes the remuneration methodology for the electric system operator; iv) Circular 5/2019, of December 5, 2019, which establishes the methodology for calculating the remuneration of the electricity transmission activity; v) Circular 6/2019, of December 5, 2019, which establishes the methodology for calculating the remuneration of the electricity distribution activity.

On the other hand, on 1 July 2009 the system of electricity tariffs became extinct and all consumers were transferred to the liberalised market. However, the Royal Decree 485/2009 of 3 April, provided that the consumers of low-tension, with contract capacity not exceeding 10 kW, were eligible for last resort tariff (TUR), which determines the maximum price of supply. These tariffs will be applicable by the suppliers of last resort (CUR), where EDP Comercializadora Último Recurso, S.A. is included.

Law 24/2013 replaces the concept of TUR by "voluntary price for the small consumer" and the concept of CUR by "reference supplier", leaving the term TUR reserved for reducing the rate to be applied to vulnerable consumers or rate disincentive for consumers who are temporarily without supplier. The Royal Decree 216/2014 sets out the methodology for the calculation of the voluntary price for small consumer and their legal framework of contracting, already updated by the Real Decree 469/2016 of 18 November.

Vulnerable Consumers

The previous legislation on social allowance, which imposes its financing on vertically integrated companies, was overruled by a verdict of the Supreme Court of 24 October 2016. As a consequence of the judicial decision, on 25 December 2016 entered into force the Royal Decree-Law 7/2016, of 23 December, which regulates a new financing mechanism for the cost of social allowance and other measures to protect vulnerable electricity consumers, modifying Law 24/2013.

Royal Decree 897/2017 and Order ETU/943/2017, both of 6 October, proceeded to the regulatory development of the measures adopted by Royal Decree-Law 7/2016. The application of the new social allowance is now based on an income criteria and certain personal circumstances (large family, disability, pensioners with minimal retirement, victims of gender violence or victims of terrorism), which will determine the discount applicable to the electricity bill as vulnerable consumer or consumer at risk of social exclusion. The new financing of social allowance will be assumed by the parent companies of the groups of companies that carry out the activity of electricity sale or by the companies that do so if they are not part of any corporate group and in proportion to the customers to whom they supply electricity.

On 28 September and 22 December 2017, the Ministry of Energy published the Orders ETU/929/2017 and ETU/1282/2017, respectively, which determine the refund by the Spanish State of the amount that the electricity companies contributed to the financing of the social tariff between 2014 and 2016.

Gas - Spain

Law 34/1998, approved on 7 October and amended by Law 12/2007 of 2 July identifies the suppliers as well as the companies that have access to the facilities owned by third parties, which purchase natural gas for sale to consumers or other suppliers for the purpose of international exchanges.

Law 34/1998 of the hydrocarbons sector was amended by Law 8/2015 of 21 May, with the aim of creating an organised gas market and providing greater flexibility and lower costs for traders in the management of security minimum stocks.

In accordance with Article 82 of Law 34/1998, the new last resort tariffs have been set, that can benefit consumers who are covered by the regulation (from July 2009 defined as those consuming less than 50,000 kWh/year), and which will be implemented by the suppliers that,, have an obligation as suppliers of last resort. EDP Comercializadora Último Recurso, S.A. is one of the trading companies designated by the Ministry.

For suppliers of last resort, the Royal Decree 485/2009 makes it possible for groups of companies that have the obligation to provide last-resort electricity and gas, to aggregate in a single company both obligations (EDP Comercializadora de Último Recurso, S.A. currently covers suppliers obligations of last resort for gas and electricity).

The Royal Decree 104/2010 of 5 February, regulates the supplier of last resort in the natural gas sector and establishes that the last resort tariff (TUR) became the only tariff from 1 January 2010 on, denying to suppliers of last resort the application of discounts over customers with TUR.

The main measures are: i) creation of a National Energy Efficiency Fund, for which the gas and electricity suppliers companies and petroleum products traders will have to make mandatory contributions until 2020. This fund will also be provided with resources from EU funds (FEDER) and other resources allocated by the state budget; ii) definition of the mechanism of gas deficit recovery generated until 31 December 2014 for a period of 15 years and the deficit generated from 1 January 2015 for a period of 5 years; iii) aligning remuneration of regulated activities with the demand trends; iv) elimination of the distribution remuneration update based on price and review of the compensation units; and v) cut in the remuneration of regulated activities since 5 June 2014. The parameters of the remuneration of the regasification, storage, transportation and distribution of natural gas activities will be determined by regulatory periods of 6 years, subject to adjustments every 3 years.

Law 2/2015 of 30 March, on the indexation of the Spanish economy, aims to establish a new index system, in order to monetary values of regulated prices do not be amended as a result of price index or formulas, affecting the determination of price updates related to the hire of meters, royalties, and periodic inspections. Until the approval of the Royal-Decree that will detail how these updates will be revised, the reference prices as the industrial index price and the consumer index price will be zero.

The regulation of the natural gas organised market is complete with the Resolution of 4 December 2015, of the Secretary of State for Energy, approving: (i) the market rules that determine the technical and economic management of the organized market; (ii) the accession agreement that the agents have to subscribe to operate in the market; and (iii) the resolutions relating to the operation of the market, as well by the resolution of the State Secretary of 23 December 2015, that developed the procedure for operation gas acquisition, and two other resolution of 2 August, which approved the management rules of the gas system guarantee and the structure access to the installations of the Spanish gas system.

The Decree TEC / 1259/2019, of 20 December 2019, establishes the fees and tariffs associated with third party access to gas installations and the remuneration of regulated activities for the year 2020.

Activity in the energy sector in Brazil

Electricity

In Brazil, the EDP Group generates, distributes, transmits and supplies electric energy through its subsidiary EDP Energias do Brasil, S.A. (EDP Energias do Brasil).

In early 90s, the Brazilian electricity sector has undergone major structural changes, having migrated from a monopoly run by the State to a market model, involving private capital. This market model includes the existence of two distinct systems, the regulated system and the liberalised system.

Regulated System

The Regulated Contracting Environment is for the sale of electricity between generators, energy importers or retailers, selling energy to distributors who in turn, acquire energy to ensure supply to consumers in the regulated system.

Since 2004, the main form of contracting by a distributor concessionaire is through the realization of public auctions regulated by National Electricity Agency (ANEEL). The rules of these auctions are designed so that the winner is the one with the lowest price.

The distribution companies must estimate the amount of electricity to contract in auctions and they are obliged to purchase 100% of their needs respecting the condition that, market increases must be met by energy from new ventures, contracted 3 years (Auction A-3) or 5 years (Auction A-5) in advance. Failure to comply with the supply of energy to its markets may result in severe fines.

Liberalised system

In the liberalised market, electricity is traded among production concessionaires, independent power producers, auto-producers, supply agents and free consumers. In this market, the contractual conditions, such as price, duration and amount of the contract are traded freely and negotiated between the parties (Decree No. 5,163/04). Free consumers can return to the regulated system under certain conditions.

Regulatory Changes

The Federal Government has defined changes in the electric sector through "MP". The "MP" 577, published on 31 August 2012, addresses the termination of public service concessions of electricity and the temporary service, and the intervention for the suitability of the public service of electricity. This measure results in the Law 12,767 of 27 December 2012.

Several significant changes in regulation regarding the electric sector occurred during 2012, such as the "MP" 579/2012, in which the Federal Government presented measures to reduce electric energy bill to the consumer. The expected average reduction for Brazil amounted to 20.2% due to government actions: Concession Renewals (13%) and changes of Sector charges (7%). This measure results in the Law 12,783 of 11 January 2013.

Regarding concessions renewal, the generation concessionaires in which contracts expire between 2015 and 2017 may antecipate the renewal of their concessions and shall make available their physical energy guarantee for the quotas system to be distributed proportionally to the market share of each distributor, affecting the energy acquisition contracts. The transmission concessionaires in which contracts expire between 2015 and 2017 may renew their concessions and, considering that the assets bounded to the electricity transmission service are totally depreciated, only the operation and maintenance costs will be considered for the annual allowed revenues calculation.

Some concessions attributed to distribution companies have been anticipated, so they had to enter into a new contract. Others, including EDP São Paulo and EDP Espírito Santo, regardless of the maturity of the contracts, may join the amendment proposed by ANEEL, using the methodology that is being evaluated in the Public Hearing 58/2016. This amendment brings changes in the calculation of portions A and B, namely: i) calculation of portion B shall be determined by the market of the test-year and by the tariff prevailing in the last tariff process, ceasing to be obtained by the difference between the verified revenue and portion A; ii) unrecoverable revenues, demand surplus, exceeding demand and other income are now part of Portion A; iii) National Electric System Operator (ONS) becomes part of portion B; iv) Other Transmission Facilities (DIT) losses will be allocated to the technical losses; and v) neutral energy and transportation.

The hydro concessions held by EDP Group - Energias do Brasil have been granted after February 1995, corresponding to the date of the entry into force of Law 8,987, thus they are not covered by the regulatory changes introduced. Still, these changes will influence the rules that will be applied on the renewal of these concessions in the future, in the following conditions:

- Each hydro plant should be remunerated by a tariff calculated by the ANEEL;

- Power selling (Physic guarantees) defined through production quotas dedicated exclusively to the regulated sector, that is to the distributors; and

- Compliance with the quality service standards determined by ANEEL.

On 24 January 2013, ANEEL approved the Extraordinary Tariff Review - RTE specific for the adjustment of energy costs, transmission costs and sectorial charges, from all energy distributors. Thus, the unmanageable costs and supply tariffs will be reduced, with no impact in the distributors margin. These effects were noticeable by consumers, from the end of January 2013.

On 23 January 2013, it was published the "MP" 605, whose objective was to increase the scope of application of the resources of the CDE (Energy Development Account), which began promoting resources to cover the discounts applied to the tariffs and involuntary exposure of distributors resulting from the non-adherence to the extension of part of the generation concessions. This measure amended the Law 10,438/2002 which established the application of CDE resources.

The Decree 7,891, of 23 January 2013, established more options for the implementation of CDE resources, which can be used to compensate the discount on the electricity tariffs established by law, such as the social tariff of low income, rural, water, sewage and sanitation, among others. Thus, the difference in the revenue due to the discounts no longer will be reimbursed through the tariffs of other consumers. This decree was amended on 7 March 2013, by the Decree 9,745, which increased the costs that can be incurred with funds from the Energy Development Account - CDE.

Eletrobrás, the managing company of the sector funds, among them the CDE, is responsible for monthly transferring to the distribution utilities of the costs related to: generation allocated under the Energy Relocation Mechanism - ERM (Hydrological Risk Quotas); replacement amount not covered by quotas (Involuntary Exposure) and the additional cost of the thermal power plants activation outside the order of merit (ESS - Energy Security), occurred from January to December 2013 and the annual amounts approved by ANEEL to cover, entirely or partially, the positive balances in "Conta de Compensação de Variação de Valores de Itens da Parcela A - CVA", arising from the cost of purchasing electricity and Ancillary Services Charge - ESS.

On 13 March 2014, the Ministries of Mines and Energy (MME) and Treasury announced the following measures to support the national electricity sector: (i) Establishment of Centralized Account (Account-ACR), managed by the CCEE (Electricity Trading Chamber) with the aim of preserving the consumer tariff volatility, besides relieving distributors cash flow for 2014 expenses; (ii) 4 billion Reais of additional Financial Contribution from the National Treasury in the Energy Development Account (CDE); and (iii) performance of Existing Energy Auction of the Year "A", with energy delivery in 2014, expected to be held in April and supply starting from 1 May 2014.

These measures were implemented by Decree 8,221/2014, of 2 April 2014 related with the cover of the extra costs for 2014, with retroactive effects to February, which defines the financing method and the subsequent effect on electricity tariffs. This is a non-refundable contribution cost.

From January 2015, entered into force the Flags Tariff System. This system signals to consumers the real costs of electricity generation, and consists on three flags: green, yellow and red. The green flag indicates that the cost of energy production is lower and, therefore no changes are applied to the energy tariffs. The yellow and red flags represent the increase in energy production cost, and is added an additional amount to the energy tariff. Only consumers classified as low income residential subcategory will have discount on the additional amount applied by the yellow and red flags. On a monthly basis, the operating system conditions are reassessed by the ONS, which defines the best strategy for power generation over demand.

On 4 February 2015, the Tariff Flag Resource Account was established, through the Decree 8,401. Distributors should collect the proceeds from the application of this system to this account, managed by the CCEE. Proceeds are allocated to cover the costs that are not included in the distribution tariff, such as: Energy Security of the Ancillary Service Charge - ESS, thermal dispatch, Itaipu hydrological risk and quotas, exposure to spot market and the Power Reserve Account - CONER surplus.

ANEEL should approve on a monthly basis, the transfers to the distribution companies. Any costs not covered by revenue will be considered in the next tariff process.

On 27 February 2015, through Ratifying Resolution 1,859, ANEEL established the new criteria for the additional tariff and the operation of the Flags Tariff System:

a) Green Flag: used in the months in which the value of the Variable Unit Cost - CVU of the last plant to be dispatched is less than the amount of 200 R$/MWh;

b) Yellow Flag: used in the months in which the value of the Variable Unit Cost - CVU of the last plant to be dispatched is equal to or greater than 200 R$/MWh and lower than the maximum value of the Differences Settlement Price - PLD, at the time at 388.48 R$/MWh. For the period of 1 January to 1 March 2015, the consumption proportional increase is 1.5 R$ per 100 KWh. From 2 March 2015, the consumption proportional increase is 2.5 R$ per 100 KWh; and

c) Red Flag: used in the months in which the value of the Variable Unit Cost - CVU of the last plant to be dispatched is equal to or greater than the maximum value of the PLD. For the period from 1 January to 1 March 2015, the consumption proportional increase is 3 R$ per 100 KWh. From 2 March 2015, the consumption proportional increase is 5.5 R$ per 100 KWh. After 1 September 2015, as determined by ANEEL Ratifying Resolution 1,945 of 28 August 2015, occured the approval of the red flag amount redution to 4,5 R$ per 100 KWh.

As at 26 January 2016, ANEEL approved the division of the red flag in two price levels, into force from 1 February. The first level will have a value of 3 R$ per 100 kWh consumed and will be used when the CVU of the most expensive plant to be dispatched is between 422.56 R$/MWh and 610 R$/MWh; the second level will continue to be 4.50 R$ per 100 kWh consumed and will be used when the CVU of the most expensive plant to be dispatched exceeds 610 R$/MWh.

As at 26 October 2017, ANEEL approved the increase the second level of the red flag at 5 R$ per 100 kWh consumed. The yellow flag decrease to 1 R$ per 100 kWh. The first level of the red flag remained unchange.

On 28 April 2015, through the Normative Resolution 660, ANEEL approved changes in the methodology applicable to the Periodic Tariff Review processes for distributors valid for the processes performed from 6 May 2015. The changes occurred on the following aspects: (i) general procedures; (ii) operating costs; (iii) X factor (productivity gains); (iv) non-technical losses; (v) unrecoverable revenues and (vi) other income, among with:

a) Extinction of the tariff cycle concept, starting to be used methodologies and parameters prevailing at the time of the tariff review. The update of the parameters will occur in periods of 2/4 years while the updating of the methodologies in periods of 4/8 years;

b) The weighted average cost of capital (WACC) increased from 7.5% to 8.09% (after taxes). The points considered in the update were: (i) standardisation of series; (ii) use of average credit risk of companies in the debt capital of third parties; and (iii) recalculation of the cost of capital every 3 years, with methodology review in every 6 years;

c) Remuneration for the risk associated with investment operations carried out with third-party funds (subsidies);

d) For the definition of efficient operating costs, were considered the "quality index" and "losses";

e) To define the level of non-technical losses, it was included the variable "low-income" and the database updated based on 3 statistical models;

f) The level of unrecoverable revenues (%) shall be calculated based on past 60 months of non-compliance of the reference distributors;

g) The percentage share of other revenue has been changed to 30% in the following services: (i) efficiency of energy consumption; (ii) qualified cogeneration facility; and (iii) data communication services. For the other services the share percentage was set at 60%; and

h) The calculation of the X Factor now regards commercial quality.

On 23 November 2015, ANEEL approved, through Normative Resolution 686/2015, changes to the tariff revision methodology on Regulatory Remuneration Base (BRR). The main changes are the following: (i) the exchange of BRR monetary adjustment index, from IGP-M (General Market Price Index), from FGV (Getulio Vargas Foundation), to the IPCA (Price Index Broad consumer), from IBGE (Brazilian Institute of Geography and Statistics); (ii) the assessment of hand labor costs and smaller components of investment through pre-approved regulatory values by type of equipment; and (iii) update of tariff transfer of systems, vehicles, and rentals.

On 28 March 2016, was published Normative Resolution No. 703, of 15 March 2016, through which ANEEL changed some regulatory procedures affecting the calculation of sectorial assets and liabilities relating to: (i) Variation Compensation Account of the A items amounts (CVA)"; (ii) Energy over contracting and Short Term Market Exposure (MCP); (iii) Other financial components; and (iv) Limits of the Power Purchase Costs Transfer.

The main changes with impact for the distribution companies are: (i) "glosa" calculation of the outstanding balance for power purchase CVA; (ii) exclusion of hydrological risk for the composition of contracts price in the "glosa" calculation, except for availability contracts; (iii) use of the carrying amounts of energy contracts and spot market performance for the calculation of the outstanding balance of the power purchase CVA and for the Ancillary Service Charge (ESS) and the Reserve Energy Charge (EER); and (iv) calculation of the spot market results through specific financial component.

On 19 September 2016, ANEEL approved, through Normative Resolution 733/2016, the conditions for the application of a new tariff, the White Tariff.

The White Tariff is a new option that indicates to consumers the variation of the energy value according to the day and time of consumption. This tariff is offered to low voltage consumers, known as group B. With this rate, the consumer will be able to pay different amounts depending on the time and day of the week.

On weekdays, the value of the White Tariff varies depending on three periods: peak, intermediate and off-peak. The peak, intermediate and off-peak periods are approved by ANEEL in the periodic revisions of each distributor. To adhere to the White Tariff, consumers need to formalize their choice with their distributor. Who does not opt for this system, will continue to be charged according with the Conventional Tariffs.

The adherence to this new system can be made since January 2018, as follows: (i) immediately for new connections and for consumers with average annual consumption exceeding 500 kWh/month; (ii) up to 12 months for consumers with average annual consumption exceeding 250 kWh/month; and (iii) up to 24 months for the remaining consumers. Consumers may return to the Conventional Tariff.

The MP 735/16, converted in Law 13,360 published on 18 November 2016, restructures the management of the sector funds: Energy Development Account - CDE, Global Reversion Reserve - RGR and Fuel Consumption Account - CCC, whose values today are approximately of 20 billion Reais, transferring this management from Eletrobrás to the Electric Energy Trading Chamber - CCEE, until 1 May 2017.

Nowadays, the Brazilian electricity sector is in discussion about the redefinition of the sectorial regulatory model. These initiatives, have been discussed by segments of the electricity industry and some associations, materialised in two law projects currently in progress in the national congress.

Among the changes debated, the main ones are: the opening of the liberalised market; the assessement of the supply growth; the separation of "lastro" and energy; and the revision of the sectorial subsidies.

Thus, the Ministry of Mines and Energy published the public consultation (CP 33/17) proposing significant reforms to the sectorial model, namely: self-production; opening of the liberalised market; changes in the contracting obligation; reduction of transmission and production costs; connection between price and operation; separation of "lastro" and energy; involuntary over contracting; distribution tariffs; subsidies to stimulated sources (biomass, solar, wind and small hydropower); rationalisation of discounts; risk and rationalisation of contracts; transmission compensation; quotas' withdraw and privatisation; convergence of the CDE; extension of power plants up to 50MW; hydrological risk; and installment payments of outstanding debts.

EDP Brasil conducted in-depth studies and simulations on the various topics, assisted by the consultant Bain & CO in order to actively contribute to CP 33/17.

After the contribution period, Decree 9158/17 was published, which changes the rules for the extension of power plants up to 50 MW, in line with what was proposed in the public consultation. Thus, power plants between 5 and 50 MW, under a concession or authorisation regime, may be extended, upon discretion of the granting authority, for a period of 30 years through the payment of public property use. In addition to this payment, the extension is subject to the payment of the financial compensation for the use of water resources - CFURH, which reverts to the municipalities affected by the power plant, the reversal of the assets at the end of the period and the waiver of pre-existing rights.

The MP 814, published on 29 December 2017, covers, among other topics, the electric power services in Isolated Systems and on the expansion of electric power supply, and allows the inclusion of Eletrobras Group in the National Privatisation Plan, since the measure has the force of law. The hopped solution to the recent judicialization of the electricity sector that already involves 6 billion Brazilian Reais in amounts not paid in the liberalised market, related to the deficit of generation of hydroelectric energy (GSF) was not under this MP. This MP pointed to a hydrological risk solution in the Free Contracting Environment (ACL), addressed the Eletrobras privatization, the increased costs with subsidies and charges (CCC/CDE, the increase in Social tariff regime and the "Light for All" Program) and the increase of the energy price for the continuity of Angra 3. The fear of political effects of these tariff impacts contributed to the loss of parliamentary support for MP 814/2017, which was revoked in June 2018.

On 09 February 2018, the Ministry of Mines and Energy (MME) published a proposal for a Decree-Law regarding the Modernisation and Opening of the liberalised market of Electric Energy that resulted from the discussions and contributions sent under Public Consultation 033 - Enhancement of the Legal Framework of the Electric Sector. The purpose of this Decree-Law is to improve the sector's regulatory model, namely: (i) liberalised market expansion for a wider range of customers; (ii) separation of the "lastro" of the commercialization of electric energy; (iii) reduction of distributors' responsibilities regarding the energy purchase management; and (iv) greater participation and autonomy of agents in the sector. The document is in the Civil House to be sent to the National Congress. On 16 December 2019, MME published Ordinance 465, promoting the opening to the free market: (i) from 1 January 2021 for consumers with voltage equal to or greater than 1,500 kW; (ii) as of 1 January 2022, for consumers with a voltage of 1,000 kW or more. By 31 January 2022, ANEEL and CCEE should present a study on the regulatory measures necessary to allow the opening of the free market for consumers with voltage below 500 kW, including the regulated energy supplier and a proposal for planning opening beginning 1 January 2024.

On 6 March 2018, the National Electric Energy Agency (ANEEL) defined that the weighted average cost of capital (WACC) for energy distributors will be maintained at 8.09% until 31 December 2019, anticipating the methodology review from 2020 to 2019. On the same date, ANEEL approved the new efficiencies to be applied in the definition of regulatory operational costs. EDP São Paulo maintained its efficiency level at 82% and EDP Espirito Santo increased its efficiency from 72% to 82%. The distributors' overall efficiency increased from 76% to 79%. ANEEL accepted the request to consider labour sentences and dismantling costs. Regarding the operational cost of the test year and civil sentences, ANEEL chose to postpone the discussion for the methodological review in 2020.

The Government's Law 10.322/2018 permits the privatization of six power distributors companies controlled by Eletrobras. This Government's Law takes advantage of MP 814/17 policies and is currently in process.

On 27 April 2018, ANEEL published the new criteria of the tariff flags for the cumulative distribution function (FDA) and the adjustment of the Energy Reallocation Mechanism (MRE).

On 28 December 2018, the Brazilian Government approved Decree 9.642, which gradually eliminates subsidies included in the electricity tariffs at a rate of 20% per year for 5 years. The subsidies targeted for reduction are those related to the discount for the rural, irrigation/aquaculture and water/sewage/sanitation consumers. The decree also ends with the commutativity of discounts for the beneficiaries of the rural and irrigation/aquaculture classes.

On 29 December 2018, Ordinance 514 was published, which decreases the power limits for contracting electric energy from consumers in the liberalised market. From 1 July 2019 consumers with power of 2,500 kW or more will be able to purchase energy on the open market and from 1 January 2020 the possibility will also include the power of 2,000 kW.

On 12 February 2019, it was published the Ordinance 124 of 2019 that established the Working Group in order to coordinate the development of studies to support the revision process of Annex C of the Itaipu Treaty.

On 4 April 4 2019, Ordinance 187 established the Working Group to develop proposals for the Modernization of the Electricity Sector, dealing in an integrated manner the following topics: i) market environment and viability mechanisms for the expansion of the Electricity System; ii) pricing mechanisms; iii) rationalization of costs and subventions; iv) energy reallocation mechanism; v) allocation of costs and risks; vi) adoption of new technologies; and vii) sustainability of distribution services.

Decree 9.744/2019, published by the Ministries of Mines and Energy (MME) on 3 April 2019, established the cumulative subsidies for consumers in the rural and irrigation/low voltage aquaculture consumers from the date of its publication.

Authorization Resolution 7,807/2019 of 9 May 2019, provisionally approves 370 million Reais, equivalent to six-twelfths of the budget proposed for 2019, which is part of the proposal presented by ONS for the cycle budget from January 2019 to December 2021.

On 17 October 2019, Decree No. 9,864 / 2019 was published, which regulates Law No. 10,295, that creates the Energy Efficiency Indicators and Levels Steering Committee and the Technical Group for Energy Efficiency in Constructions in the Country.

Ordinance No. 6,012 / 2019 - ANEEL - Establishes ANEEL's Special Bidding Committee - CEL, which mission is to coordinate the processes related to auctions.

Generation

The generation market is based predominantly on the existence of Power Purchase Agreements (PPA) between generators and distributors, with tenders to supply long-term demand, the adjustment of medium and short term and daily market for deviations, or spot market.

Electricity generation in Brazil relies mostly on hydroelectric technology. Power generation plants are the object of concession, permit or registration, according to the type of plant, the power capacity to be installed and the destination of the energy. Depending on the destination of energy, power generation plants can be classified as:

- Generation companies, producing electricity for public service distribution;
- Independent producers (which assume the risk of the sale of electricity with distributors or directly with free consumers);
- Auto-producers (energy generation for own consumption, the excess of which can be sold through an authorisation).

The capacity payments of a generation plant defined by the Ministry of Mines and Energy and set out in the concession agreement or authorization act, correspond to the maximum amount of energy that can be used for commercialization through contracts, in accordance with Decree 5,163 of 2004.

An unfavourable hydrological scenario could damage revenues and the results of hydroelectric production due to the lack of capacity to produce the necessary energy in order to fulfill the contractual obligations.

The systemic production deficit, by national hydroelectric plants related to the Energy Reallocation Mechanism (MRE), cause the reduction of capacity of all hydropower plants in the country, through the factor known as Generation Scaling Factor - GSF. This decrease compels those companies to buy energy in the free market to comply with the agreements with the consequent of a negative exposure in the spot market.

On 18 August 2015, the Federal Government published the MP 688 (converted into Law 13,203 at 8 December 2015) on the renegotiation of the production hydrological risk, in order to allow the hydrological risk renegotiation by hydroelectric producers participating in the MRE. The regulation of the renegotiation hydrological risk was carried out by ANEEL, through Normative Resolution REN 684 on 11 December 2015, with retroactive application to January 2015, the access to this system requires regulatory approval.

For producers operating in the regulated system (ACR), it is planned the transfer the of GSF losses for the Tariff Flag account upon a payment of a premium risk. Thus, producers will be reimbursed for losses from 2015 GSF through the exemption from the premium risk from January 2016 until the full compensation of the 2015 losses as ANEEL approval.

For producers operating in the liberalised system (ACL), will also be subject to a premium risk payment, due to the acquisition of the system backup power. The compensation of losses from the 2015 GSF will be made by the extension of the concession contract of the production company that adhere to the agreement in ACL. From 2016 the renegotiation does not exempt the producer of the GSF cost, allows only the mitigation of part of the hydrological risk through the purchase of new energy which will be available in the electrical system.

hydrological risk approval in the regulated system to ANEEL, with effect from 1 January 2015. EDP Brasil failed the renegotiation of the hydrological risk in the liberalised system. Also note that on 29 January 2016, the orders have been published that approved the renegotiation of the hydrological risk in the regulated system for other plants that were upon evaluation of EDP Brasil, namely, Santa Fé and Energest (regarding with Mascarenhas hydro plant). Enerpeixe and part of the energy related to Mascarenhas hydro plant did not had their requests approved for the energy acquired in the Energy Auction A-1. For these cases, Energest and Enerpeixe appealed against the ANEEL decision of 29 March 2016 on Macarenhas, denying the request. On 17 May, ANEEL denied the administrative appeal of Enerpeixe.

In 6 January 2018, physical guarantee of UHE Santo Antônio do Jarí was increased to 222 MW.

Normative Resolution 7017 of 15 May 2018 allowed the change in the installed capacity of Swiss Hydroelectric Plant from 33,900 kW to 35,337 kW.

On 21 June 2018, Decree No. 4915 was published with the following changes: (i) MME's competences were transferred to ANEEL: the definition in the bidding document and the reimbursement by the winner of the bid for costs incurred in studies or projects of hydroelectric projects above 50 MW were approved and; (ii) the definition of the optimal use of the above 50 MW projects to be tendered.

On 19 July 2018, Normative Resolution 822/2018 was published, which establishes the Complementary Dispatch for the Maintenance of the Operational Power Reserve, valid as of 1 October 2018. This Ancillary Service is defined as the dispatch of generating units of thermoelectric plants that are centrally controlled, to preserve the operational power reserve in the hydroelectric plants that participate in the Automatic Generation Control in any subsystem. This dispatch will be determined by ONS, which will define the systematics of price offer, a week earlier, limited to 130% of the latest value of the Unit Variable Cost (CVU), to minimize the cost operating system.

On 23 August 2018, Normative Resolution 827/2018 was published, which regulates the new formula for penalty for failure to supply fuel to thermoelectric plants with centralized dispatch. The main change is that ANEEL started to pass on the fine to the CVU. The penalty will be determined by the ratio between the total or partial unavailability of the plant due to the lack of fuel and the percentage that will be applied to the penalty. This percentage will be multiplied by the CVU and by an amount of Non-Supplementary Energy that will be calculated by the ONS, thus reaching the value of the penalty.

On 29 January 2019, the Ministerial Council for Disaster Response Supervision published Resolution 1 of 28 January 2019, which determines federal supervisory agencies to require the immediate updating of the Power Plants Safety Plans, Law 12,334 of 2010. The National Electricity Agency (ANEEL) has implemented a special operation to monitor power plants, which includes a documentary assessment and face-to-face inspection of all the power plants in operation.

On 1 March 2019, the MME published Ordinance 151 that established the dates of the energy auctions in: (i) 2019: A-4 in June and A-6 in September; (ii) 2020: A-4 in April and A-6 in September; and (iii) 2021: A-4 in April and A-6 in September. Ordinace 152 established the schedule for existing A-1 and A-2 energy auctions in December 2019, 2020 and 2021.

On 1 March 2019, Ordinance 152 was published, which establishes the estimated timetable for the promotion of Auctions to Purchase Electricity from Existing Generation Projects, for the contracting of electricity by the distribution agents of the National Interconnected System (SIN), which is dealt with in article 19, 1º-D, of Decree nº 5163, of 30 July 2004, for the years 2019, 2020 and 2021.

Normative Resolution 843 of 2 April 2019 establishes criteria and procedures for the preparation of the Monthly Energy Operation Program (PMO) and for the formation of the Settlement Price of Differences (PLD).

On 3 April 2019, Ordinace 186 was published and established the Guidelines for the Bidding for the Purchase of Electricity from New Generation Projects, named "A-4", of 2019.

On 11 April 2019, Ordinance 190/2019 published by MME, includes fixed costs in the Unit Variable Cost (CVU) for generation in Natural Gas Termoelectric Plants (UTEs). Ordinace 504, published by MME, from 19 December 2018, will become effective with the following changes: "Article 1 To authorize, on an exceptional and temporary basis, until 30 April 2020, the inclusion of fixed costs to the CVU for the generation of centrally dispatched centrally, operationally available and without Electric Power Commercialization Contract in effect on the date of publication of this Administrative Rule and whose representation of availability is null in the planning horizon of the Monthly Operating Program (PMO), considering as reference the date of publication of this Order, to trigger the order of merit or regardless of the order of merit, if there is a decision of the Committee of Monitoring of the Electric Sector (CMSE)".

On 16 April 2019, Ordinance 198/2019 extended the duration of the Working Group for thirty days in order to coordinate the development of studies to support the revision process of Annex C to the Itaipu Treaty, as defined in Ordinance 124/2019 of the MME.

Ordinance 216/2019, from 13 May 2019, amends Administrative Rule 318/2018, of the MME, regarding the Special Regime for Incentives for Infrastructure Development (REIDI), including in its framework the generation of electricity from participation bidding, in the auction mode in the Regulated Contracting Environment (ACR), including supply solutions in the Isolated Systems.

By means of Dispatch 1,251, from 2 May 2019, ANEEL partially grants the request for reconsideration of EDP Energias do Brasil SA, in face of Dispatch SRM/ANEEL 977 of 2019, to approve the adjustment of the basic price of sale of energy (CFURH) of the Electricity Trading Contracts in the Regulated Environment (CCEARs) signed by EDP Pequenas Centrais Hidroelétricas SA, backed by the Rio Bonito Small Hydroelectric Power Plant, in accordance with the Annex; and determines to the Chamber of Electric Energy Commercialization (CCEE) to make available the Additives to the CCEARs with adjustment of the basic price of sale of energy, to celebrate the contractual instruments.

Through Ordinance 222/2019, from 6 May 2019, the MME establishes the Guidelines for the Bidding for the Purchase of Electricity from New Production Undertakings, called "A-6", of 2019.

On 16 May 2019, the MME published Ordinance 226/2019, which restates the amendment to Ordinance MME 222, which establishes guidelines for the Auction for the Purchase of Electricity from New Production Undertakings, named "A-6", 2019.

On 23 May 2019, the MME published Ordinance 230/2019, which establishes the methodology to be applied in the Auction for Purchase of Electricity from New Production Projects, called the New Energy Auction "A-4", of 2019, provided for in article 1 of Ordinance MME 186 of 3 April 2019.

On 28 May 2019, ANEEL's board of directors approved the bidding for this year's A-4 generation auction (auction 03/2019). The purpose is to contract energy from new hydroelectric, wind, solar photovoltaic and thermoelectric biomass power plants, starting from January 2023.

Resolution 2,566, dated 25 June 2019, homologates the tariffs to be use for the Reference Distribution Systems (TUSD) applicable to producing power plants connected at the voltage levels of 88 kV or 138 kV for the 2019/2020 tariff cycle.

On 5 June 2019, Complementary Law 912 was enacted, which establishes the State Policy for Governance and Safety of Dams in the State of Espírito Santo.

ANEEL published the decision to modify the formula for calculating the Electricity Trading Rules in the 2017, 2018 and 2019 versions, through of Order 1,635/2019 of 6 June 2019, in order to: (i) correct the determination of unavailability of thermoelectric power plants in order of merit for the purpose of calculating energy eligible for the displacement of hydroelectric generation, pursuant to Normative Resolution 764, of 18 April 18 2017; (ii) approve the Electricity Commercialization Rules applicable to the Accounting and Settlement System, in the form of the modules of Annex I; and (iii) to determine to CCEE the accounting of short-term market operations since the beginning of the effectiveness of REN 764, in accordance with the rules approved in the previous item.

On 13 June 2019, the MME published Ordinance 144/2019, which defines new amounts of physical energy guarantee of the Hydropower Plants denominated Swiss UHE, Quebra Quebrada UHE and UHE Jirau, in the form of the Annexes of the present Ordinance.

Through Authorizing Resolution 7,886/2019 of 4 June 2019, the authorization for Cachoeira Caldeirão S.A. was published to implement the necessary resources to provide the Cachoeira Caldeirão Hydroelectric Power Station with the capacity to provide the ancillary service of the Special Protection System.

The Installed Power of UHE São Manoel was changed from 700.00 MW to 735.84 MW, according to ANEEL Order 2,674 / 2019. The new parameter was sent to MME for extraordinary review of Physical Guarantee.

Distribution

The public service concession arrangements for electricity distribution are allocated by tender and establish rules regarding price, regularity, continuity, safety, timeliness and quality of services and supplies provided to consumers and users. These arrangements also define penalties for possible irregularities.

With the publication of the Decree 8,461, of 2 June 2015, the extension of the electricity distribution concessions encompassed in the Law 12,783, of 11 January 2013, may be extended for thirty years, once met the following criteria: (i) relative efficiency to the service quality; (ii) economic and financial management efficiency; (iii) operating and economic rationality; and (iv) moderate tariffs.

The distribution concessions held by EDP - Energias do Brasil, which were granted after February 1995, date of entry into force of Law 8,987, are not covered by the regulatory changes. Still, these changes are likely to influence the rules that will be applied in the renewal of these concessions.

In most states, mainly in the North and Northeast, the concession area corresponds to the state boundaries. However, mainly in São Paulo and Rio Grande do Sul, the concessions for distribution may cover areas smaller than the state itself. In some cases, the concession area is extended beyond the geographical limits of the state where the distribution company is located.

The distribution activity operates in a fully regulated environment, with tariffs determined in the context of incentive regulation ("price cap") with a remuneration on the basis of the assets used in the distribution energy service (BRR). The tariff also includes a portion to cover the operating costs established from a standard company, the reference company (with costs that would be charged by an efficient operator at the concession area). The regulatory EBITDA has two parts: (i) regulatory depreciation of BRR assets and (ii) return on capital prudently invested multiplied by the regulatory WACC. Finally, the tariffs also consider the costs of acquiring energy, hiring the use of transmission and sector-based charges as costs to be included in the tariff. The tariff portion that includes the regulatory remuneration, the depreciation charge and the value of the operating costs is called portion B. The costs of buying energy, hiring of basic network and charges, set up the portion A of the tariffs as set out in the concession contracts for distribution companies.

Tariffs are adjusted annually based on changes in portion A costs and in the monetary correction of portion B costs, by the Market prices index (IGPM), discounted of productivity gains (factor X). The adjustment index is calculated in such a way to pass the non-controlling cost variations of the portion A and the corrected portion B. Periodically (on average every 4 years), a Periodic Tariff Review occurs, generating the recalculation of all costs, the definition of a new BRR and a new reference company, capturing productivity gains occurred in the period between revisions. At the beginning of 2010 an addendum to the concession contracts of distribution companies was signed to ensure the neutrality of sector costs. On 25 November 2014, ANEEL made addendums to the concession contracts with brazilian electric distribution companies to reduce significant uncertainties regarding to the recognition and realization of regulatory assets/liabilities and, as a consequence, to qualify them to be recognised in the financial statements. After the addendums, it was considered that the conditions are met to recognise regulatory assets/liabilities as assets and liabilities. Therefore, on 10 December 2014, EDP Brasil signed the Fourth and Fifth Addendum to the Concession Agreement with ANEEL.

The Decree 8,828/2016 of 4 August 2016, eliminated the obligation of contracting the installed capacity of the plants that correspond to the maximum load demand ("Lastro de potência") and the penalties associated with their eventual failure. In addition, it removed the limitation of transfer costs to the tariff, when it needs to recontract energy, which volume is less than 96% of the Replacement Amount, for cases when there is an excess of contracts on the supply load measured in year A-1 (Existing Energy). The exclusion of the transfer limit on over contracting situations will bring more flexibility to the distributors, making them able to mitigate - in a very limited way though - the effects of reducing the existing volume of energy in their portfolios.

Additionally, the withdrawal of the mandatory "monômia" tariff for low voltage consumers, allowed the proposal of implementation of the "binômia"(energy and demand) tariff, seeking to encourage the efficient use of the distribution' networks and ensure the expansion and the sustainability of the incentive program for renewable energy and localized production.

As one of the mitigation measures for the problem of the electricity overcontracting felt by the most distributors throughout 2016, ANEEL published some normative resolutions. Normative Resolution 711/2016 allowed distributors, in agreement with the production agents: to reduce, postpone or cancel energy trading agreements in the ACR (CCEARs). There is a charge or receipt of bonuses by the distributor for 3 years, depending on the contract price, in relation to the average purchase price of the distributor.

In addition, there was a large number of customers that went to the ACL market, especially due to the high costs of thermoelectric generation that occurred between 2014 and 2015, with a significant impact on the over-contracting of the distributors. In this context, Normative Resolution 726/2016 was published, which made it possible the contracts devolution when the customers are in new energy trading agreements in the ACR.

Normative Resolution 727/2016, in turn, and within the package of measures adopted by ANEEL regarding overcontracting, has improved the use of the New Energy Deficits and Deficit Compensation Mechanism (MCSD), with the possibility of contractual reduction by producers. The reductions will occur from the most expensive contract to the cheapest, without mechanism of charges and bonuses.

On 28 March 2017, ANEEL decided to republish the Energy Tariffs to reverse the forecast of the Reserve Energy Charge (EER) of Almirante Álvaro Alberto - Unit III (Angra III) nuclear power plant. The new tariffs became effective from 1 April 2017 until the next tariff processes of the country's distributors, scheduled during 2017. Nevertheless, it was decided to anticipate the reversal of the charge, in an extraordinary and exclusively way, in April 2017, of the amounts already collected from tariffs from 2016 until March 2017, since the Angra III nuclear power plant was scheduled to start operating in January 2016, but due to delays in construction work, the new entry forecasted is from 2019.

In April 2017, Decree 9022/2017 was published, establishing standards and guidelines for the Energy Development Account (CDE), the Global Reversion Reserve (RGR) and the National System Operator (ONS). The main reason was the change of the manager of the CDE and RGR accounts, from Eletrobrás to CCEE (Electric Energy Trading Chamber). In the same decree, rules concerning the purpose and budget for CDE and RGR, management, transparency and some provisions related to the change of the account manager were also defined. In addition, ONS received new assignments related to the load forecasting and planning of isolated systems operation.

On 22 December 2017, Normative Resolution 794 was published amending Normative Resolution 414 of 9 September 2010, which approves the revision of Modules 1 and 8 of the Procedures for the Distribution of Electricity in the National Electrical System - PRODIST and revokes REN 574/2013. With the publication of the resolution, a specific section was included in PRODIST to establish procedures for the quality of complaint handling, including a methodology for defining the limits for the years following the publication of the resolution. With the publication of the trajectory of the indicators of the distributors EDP São Paulo, the limits will be: i) 25 in 2018; (ii) 24 in 2019; (iii) 21 in 2020; (iv) 17 in 2021; and v) 12 in 2022. For EDP Espírito Santo, the limits will be: i) 23 in 2018; (ii) 23 in 2019; (iii) 21 in 2020; iv) 17 in 2021; and v) 13 in 2022. In addition, Submodules 5.1 and 5.2 of the Tariff Regulation Procedures (PRORET), which regulate the Fuel Consumption Account and the Energy Development Account (CDE) were approved, as provided for in Decree No. 9.022/2017.

On 27 April 2018, ANEEL announced the new criteria for triggering the tariff flags considering the hydrological risk thresholds defined according to the known operational history of the National Interconnected System (SIN). From 2019, the rule for the tariff coverage treatment will be revaluated based on the hydrological calendar, in April, which is the end of the rainy period. The metric will consider the definition of hydrological risk cost, where there is an indirect relationship between the depth of the hydro generation deficit (GSF) and the short-term price of electricity (PLD). The composition of these two variables causes the proposed amounts to approximate the costs incurred. The yellow flag remains R$1 per 100 kWh consumed and fractions. The red flag on level 1 is R$3 per 100 kWh and, on level 2, is R$5 per 100 kWh.

On 17 July 2018, ANEEL approved Normative Resolution 824, which redefines the mechanism for the sale of surplus and its tariff impact.

On 7 August 2018, ANEEL approved the Annual Tariff Adjustment of EDP Espírito Santo. Regarding the current tariff, the average effect to be perceived by consumers will be +15.87%, +14.99% for consumer units served in high and medium tension and +16.30% for those served in low tension. Portion B (portion managed by the distributor) was 862 million Reais.

On 16 October 2018, ANEEL approved the Annual Tariff Adjustment of EDP São Paulo. Regarding the current tariff, the average effect to be passed on to consumers will be +16.12%, being +17.84% for high and medium tension consumption and +15.13% for low tension consumption. Portion B (portion managed by the distributor) was 961 million Reais.

The budget of the Energy Development Account - CDE for the year 2019 was established by ANEEL through Normative Resolution 840, of 26 December 2018.

ANEEL decides, through Order 1.220/2019 of 26 April 2019, that: (i) The ONS shall issue a Partial Release Agreement (TLP) without any non-impeding pendencies proper to the Transmission Functions (FT) of the Concession Contract 016/2019 signed by Água Azul SPE SA - Água Azul Substation, with the right to receive 100% of the Allowed Annual Revenue (RAP) per FT released, as of 20 February 2019; (ii) Água Azul will be entitled to receive the charges for use associated to EDP São Paulo Distribuidora de Energia SA (EDP São Paulo) exclusive use line entries as of the date established in the Transmission Facility Connection Contract (CCT) signed between Água Azul and EDP São Paulo, pursuant to Normative Resolution 68, of 8 June 2004; and (iii) differences in revenue collection should be considered in the next annual revenue readjustment, pursuant to Article 4 of Normative Resolution 454 of 2011.

Through Order 1,265/2019, dated 3 May 2019, ANEEL informs that the balance of ITAIPU's Electric Energy Trading Account in 2018 was positive and requests data on a monthly basis to the concessionaires and licensees.

Through Order No. 1,241/2019 of 30 April 2019, ANEEL classifies the concessionaires and licensees of public energy distribution service of SIN as distribution agents with a market of less than 700 GWh / year for the year 2020.

Through Order 1,223 / 2019, dated 29 April 2019, ANEEL establishes the annual forecast of the System Service Charge (ESS) and the Reserve Energy Charge (EER), with the objective of tariff coverage of the distributors with a tariff process in the second quarter of 2019. Concessionaire: EDP / ES - EER = 73 Million Reais and ESS = 4 Million Reais.

Normative Resolution 845 and Homologatory Resolution 2,551, both dated 21 May 2019, establish the new bands and the additional tariff flags.

Normative Resolution 846 of 11 June 2019 approves new procedures, parameters and criteria for imposing penalties on agents of the electricity sector.

In a press release dated 20 March 2019, MME, ANEEL and CCEE announced an agreement with banks to anticipate the payment of the ACR Account loan. As a result, consumers will no longer make monthly account disbursements between October 2019 and April 2020, which would result in an average 3.7% reduction in tariff readjustments in 2019 and 1.2% in 2020. However, ANEEL underlined that the effect of this measure will not be immediately, but will be included in the subsequent tariff revisions.

Through Authorizing Resolution 7,717/2019 of 2 April 2019, ANEEL changed the limits for the commercial quality indicator FER - Equivalent Frequency of Complaint.

Order 2,581/2019 sets the average cost of energy and power traded by distribution agents in the ACR at 306.55 R$/MWh for the year 2020.

On 6 August 2019, ANEEL ratified the result of the 8th EDP Espírito Santo Periodic Tariff Review. The average effect for consumers was -4.84%. Parcel B, intended to cover the costs of electricity distribution, was set at 979 million Brazilian reais. The value of the X Factor for the T component at -1.05% and the value of the Pd component at 1.12%, to be applied in the Parcel B update in the EDP Espirito Santo tariff adjustments. Technical losses were set at 7.06% on injected energy and non-technical losses were set at a reduction path from 10.58% in 2019 to 9.58% in 2021 for the low voltage market.

On 16 August 2019, ANEEL published REN 854 changing the rule for billing electricity for public lighting for cases in which it is carried out by consumption estimate based on the installed power and the period of use. This change may reduce the billing amounts of EDP Group's distributors, as well as indirect impacts on the Non-Technical Losses and Operating Costs process.

On 23 October 2019, ANEEL approved the tariff review of EDP São Paulo. The average effect on consumers was -5.33%. Portion B was 2.7%, considering an X Factor of 0.88%. The value of the T component of the Factor X was set at 0%, the Pd at 0.96% and the Q at -0.08%. Technical losses were fixed at 5.06%, while commercial losses were set at 8.43% in relation to the low voltage market, in a downward trend of up to 8.42% until 2022.

On 17 December 2019, the ANEEL Board approved the budget for the Energy Development Account (CDE) for the year 2020, with a 24% increase in CDE. The total budget amount was 21.9 thousand millions Brazilian Reais. The increase in the fund for 2020 was provided by the increase in the costs of the Fuel Consumption Account (CCC) - 1.180 thousand millions Brazilian reais, by the forecast of the account deficit in 2019, and by the constitution of the technical reserve. The difference between the cost of the new quota for 2020 and the tariff coverage is the triggering event. Currently, there is no way of monthly transfer to the deficit tariff, and the tariff balance is achieved only in the next tariff event.

On 17 December 2019, ANEEL published Normative Resolution 868 that regulates the reduction of tariff discounts to rural consumers until its elimination in 2023.

On 23 December 2019, ANEEL published Normative Resolution 863/2019 which requires that the Group A consumer measurement system in the Regulated Contracting Environment be equivalent to the Free Contracting Environment system and both have a limited reading period to the calendar month. Billing by Group B estimate should also be limited to the calendar month. There is also the possibility of self-reading for low-voltage consumers, if they have a common agreement between the distributor and the consumer.

Supply

The electricity suppliers that do not own electric assets, are authorised to act exclusively in the free market (ACL), selling or buying energy in quantity, conditions and prices freely negotiated. The commercialization of energy with a distributor is only possible through participation in the "Auction set by the distributors", with the negotiation of contracts, for a maximum of two years, and commencement of energy delivery within a period not exceeding two years.

ANEEL approved improvements in the establishment of the short-term price of electricity (PLD), through Normative Resolution 843, of 5 April 2019, establishing the general guidelines for the process of price creation and the disclosure of data to the market, reinforcing its anticipation and transparency, as well as consolidating several agency regulations.

Order 1,635/2019 amends the Electricity Trading Rules in the 2017, 2018 and 2019 versions, to correct how the unavailability of thermal power plants is determined. It also approves the Electricity Trading Rules applicable to the Accounting and Settlement System and directs the CCEE to recount short-term market operations since the effectiveness of REN 764.

Normative Resolution 848/2019 publishes version 2018.1.2 of CCEAR's Sales Revenue Book of the Electricity Trading Rules applicable to the Accounting and Settlement System – SCL and Normative Resolution 850/2019 publishes the approval of these same rules.

Public Domain Assets

In Brazil, fixed assets used in the distribution and the supply activities are bound to these services and cannot be removed, sold, transferred or mortgaged without the prior and express consent of the regulator (ANEEL).

Transmission

The concession of the public electricity transmission service is delegated by the Granting Authority through bids and formalized through concession agreements. The remuneration for the public transmission service is denominated Annual Revenue Allowance (RAP), and it is achieved in the transmission auction itself and paid to the transmitters as they start operating.

The RAP is adjusted annually and is reviewed every four or five years, under the terms of the concession agreements. ANEEL can still calculate an additional amount to the RAP in order to remunerate the new installations through an Authorizing Resolution, whenever there is a need for reinforcements and / or improvements indicated in studies.

The revenues of the transmission companies are the result of the payment of a designated tariff TUST - Tariff of Use of the Transmission System - by users of the Basic Network of the National Interconnected System: generators, distributors, free and potentially free consumers, and suppliers importing and exporting energy.

The electricity transmission concessionaires have the quality of the service evaluated through indicators associated with the availability of the transmission system, defined by Normative Resolution 729 of 2016. These indicators are characterized as: (i) Variable Portion - PV, portion to be deducted from the transmitter's revenue due to the non-provision of the service and; (ii) additional to the RAP, a value to be added to the annual remuneration of the transmitter that presents excellent performance, with resources coming exclusively from the Variable Portion, deducted from the transmitters.

The public electricity transmission service of the National Interconnected System (SIN) includes the facilities of the Basic Network - RB and Basic Border Network - RBF. Normative Resolution 67/2004 establishes criteria for the structure of the Basic Network of the National Interconnected System and defines that the RB consists in the SIN installations with a tension level equal to or greater than 230 kV, while the RBF is made up of the transforming units of SIN power with an upper tension equal to or greater than 230 kV and a lower tension of less than 230 kVA.

Normative Resolution 68/2004 establishes the procedures for access and implementation of reinforcements in the Other Transmission Facilities - DITs.

Decree 5,597 of 26 November 2005, which regulated the criteria for access to the Basic Network, was subsequently regulated by Normative Resolution 722, dated 31 May 2017, which established criteria for access to the Basic Network.

Through Normative Resolution 831 of 30 October 30 2018, ANEEL changed the parameters for the calculation of the price limit for new auctions.

Normative Resolution 454/2011 establishes the criteria and conditions for the commercial operation and incorporation into the National Interconnected System (SIN), the increases and reinforcements in transmission facilities. REN defines that for the initiation of the tests, it is necessary to issue the Release Term for Test and for commercial entry, the Partial Release Terms - TLP or the Definitive Release Term - TLD, by ONS. The TLP indicates that there may be restrictions of its own or even third party impediment restrictions; however, it guarantees the right to receive remuneration. REN also establishes the receipt of 90% of the RAP part if the transmission facilities start commercial operation with their own non-impeding restrictions.

Normative Resolution 841/2018 will enter into force as of 1 July 2019 and will revoke REN 454/2011. The new REN creates the Revenue Release Term - TLR, which, in the case of installations capable of operating with third party impeding restrictions, will receive 100% of the RAP and will maintain the receipt of 90% of the RAP portion for the TLPs if the restrictions for more than 12 months, the transmitter will receive 80% of the RAP portion. The new REN creates the Revenue Release Term - TLR, which for the cases of facilities capable of operating with third party impediments, receives 100% of the RAP and maintains the receipt of 90% of the RAP portion for the TLPs if the for more than 12 months.

On 23 December 2018, EDP Transmissão started the commercial operation of its facilities, the Linhares - São Mateus 2 - 230kV Transmission Line, with 113 km of extension and the São Mateus 2 Substation, in the State of Espírito Santo. The beginning of commercial operation occurred twenty months prior to the date established in the Concession Agreement, an unprecedented event in the Brazilian electricity sector.

Resolution 2,514, of 19 February 2019, updates the ANEEL reference bank to be used in the authorization, concession bidding processes and revision of the annual allowed revenues of electric power transmission concessionaires.

Through Ordinance 217/2019, of 29 April 2019, MME established the schedule for the execution of the Bids for the Public Service Concession for Electric Power Transmission in the years 2019, 2020 and 2021. It is a requirement for Bidding for Basic Network Transmission Facilities to include Power Transformers with Primary Voltage equal to or greater than 230 kV and Secondary and Tertiary Voltages below 230 kV, as well as their Connections and other Equipment connected to the Tertiary, the conclusion of the Contract of Use of the Transmission System - CUST among the concessionaires, permit holders or authorized to Public Service of Distribution of Electric Energy and National Operator of the Electric System - ONS within the deadlines established in the Annex. ANEEL will inform the concessionaires, licensees or authorized for Public Service of Electric Energy Distribution regarding the existence of Transmission Facilities that depend on CUST for bidding. On 13 January 2020, through Ordinance 15/2020, six tenders were announced until the year 2022: two tenders in 2020 in July and December, two tenders in 2021 in June and December, and two in 2022 in the months of June and December. The deadline for entering into the contracts is up to seven months after completion.

Normative Resolution 847, dated 25 June 2019, revokes Normative Resolution 709, which limited the shareholder structure of the transmission concessionaire to the level of the holding company, when both jointly carried out the activity and required that the holding company keep the economic and financial information segregated in cost centers in order to identify the operational and holding activities.

Homologation Resolution No. 2,549, dated 14 May 2019, amends Homologatory Resolution 2,514 of 19 February 2019, which ratifies the new values of the Reference Price Bank to be practiced in the substation and transmission line works.

By Order 1,306 of 14 May 2019, ANEEL attests conformity of the technical characteristics of the basic design of the object transmission facilities of the Concession Agreement 39/2017-ANEEL, prepared by EDP Transmissão Aliança SC S.A.

Homologatory Resolution 2,562, of 25 June 2019, establishes the value of the Tariffs for the Use of the Transmission System (TUST) for electricity, components of the National Interconnected System for the 2019-2020 cycle.

Homologatory Resolution 2,565 of June 25, 2019 establishes the Annual Revenues Allowed for the provision of the facilities under the responsibility of concessionaires of public energy transmission service.

Normative Resolution 847 revokes Normative Resolution 709, given that ANEEL understood that the restrictions imposed could hinder the participation of agents in transmission auctions, reducing the competitiveness of the competitions. These restrictions concerned the development of operating and holding activities by the public service transmission concessionaires.

The Secretariat of Coordination and Governance of the Union's Heritage published Ordinance 02, which authorizes EDP Transmission MA II S.A to carry out the construction works of the Power Transmission Line, in the Municipality of Cantanhede/MA.

On 26 November 2019, ANEEL published Normative Resolution 861 that creates the Database of Electricity Transmission Installations - BDIT, determining that by 31 March of each year, the transmission companies must inform about the new installations. They should also send data for installations that have been in operation in the past.

Activity in the renewable energy sector

In December 2007 the EDP Group incorporated EDP Renováveis, S.L. in Spain so as to concentrate the Group's subsidiaries in the renewable energies sector. On 18 March 2008, EDP Renováveis was converted into a public limited company.

On 4 June 2008, a share capital increase of EDP Renováveis was made through an Initial Public Offering (IPO) of 196,024,306 shares. This share capital increase was not subscribed by the EDP Group, resulting in a dilution of the interest held in EDP Renováveis from 100% to 77.53%. The share capital increase amounted to 1,566,726 thousand Euros, of which 980,121 thousand Euros relates to the capital increase and 586,605 thousand Euros relates to the share premium.

On 3 August 2017, in the context of the General and Voluntary Public Tender Offer for the acquisition of shares representative of the share capital of EDP Renováveis, S.A. that was concluded on the third quarter of 2017, EDP - Energias de Portugal, S.A. total investment was 296,376 thousand Euros with added transaction costs in the amount of 3,244 thousand Euros. As a result of this transation, EDP - Energias de Portugal, S.A. holds 720,191,372 shares in EDP Renováveis, S.A., increasing its interest in the company from 77.5% to 82.6%.

Electricity

Generation

As at December 2019, EDP Renováveis, the subsidiary of EDP Group for the renewable energies sector, holds the share capital of EDP Renewables Europe, S.L. (EDPR EU, previous designated as Nuevas Energias del Ocidente, S.L.), EDP Renewables North America, LLC. (EDPR NA, previous designated as Horizon Wind Energy, LLC.) and EDP Renováveis Brasil, S.A., operating respectively in Europe, in the United States of America and in Brazil.

EDP Renewables Europe operates through its subsidiaries located in Portugal, Spain, France, Belgium, Poland, Romania, Italy and United Kingdom. EDPR EU's main subsidiaries are: EDP Renováveis Portugal, EDP Renewables España, EDP Renewables France, EDP Renewables Belgium, EDP Renewables Polska, EDP Renewables Romania, EDP Renewables Italia and EDPR UK Limited. As at 31 December 2019, Spain and Portugal are the most relevant geographical markets where EDPR EU operates.

In July 2007 the EDP Group acquired from Goldman Sachs, 100% of the share capital of EDPR NA, which develops, manages and operates wind farms in the United States of America. EDPR NA holds a series of wind farms in operation and a pipeline of projects under development for the construction of wind farms.

Regulatory framework for the activities in Spain

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

As a part or this Energy Reform, Royal Decree-Law 9/2013 was approved in July 2013. The purpose of this Royal Decree-Law was to adopt a series of measures to ensure the sustainability of the electricity system. Prior to Royal Decree-Law 9/2013, renewable generators benefited from a feed-in tariff regime in which renewable electricity could be sold at a regulated feed-in tariff or at the Spanish wholesale market price plus a variable premium.

According to the 2013 regulatory framework, renewable energy facilities are entitled to sell the electricity they generate into the Spanish wholesale market and, during their respective regulatory lives, receive additional payments per installed MW from the Spanish electricity system through the "Comisión Nacional de los Mercados y la Competencia (CNMC)" body. This regulatory system is intended to allow each standard wind farm to achieve a pre-tax rate of return (fixed at 7.398% until 2019 YE) over its regulatory life. This reasonable return was determined by reference to the 10-year Spanish government bond plus a spread of 300 basis points.

Regarding the wind sector, Decree Law 413/2014 confirmed that wind farms in operation in 2003 (or before) would not receive any further incentive, while the incentive for the rest of the wind farms would be calculated in order to reach the 7.398% return before taxes. More than 1,300 possible types of renewables installation ("standard facilities") are included in the Decree Law, 23 of them corresponding to wind farms of more than 5 MW classified by the year of first operation (from 1994 to 2016).

In October 2015, the Government approved Royal Decree 947/2015 and a Ministerial Order aimed at allowing the installation of new renewable capacity through competitive tenders.

On 14 January 2016, the first auction of renewables' capacity was held. The auction was designed to provide a similar remuneration scheme that the one that applies to current installations (RD 413/2014). Following this framework, auction participants were requested to bid on the "initial investment" (CAPEX) parameter which would then, by being plugged in the formula set by RD 413/2014 determine the "RINV" (investment premium) that would eventually be awarded.

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

In December 2016, the Energy Ministry (MINETAD) published a draft Royal Decree and a Ministerial Order defining a competitive process for the allocation of new renewable capacity. On 6 and 8 March 2017, two additional draft Resolutions were released including relevant information regarding the auction rules. The Council of Ministers approved on 31 March the RD 359/2017 launching the official call for the auction. The remuneration scheme will be in line with RD 413/2014 scheme. However there will be some differences in the distribution of the remuneration scheme when compared to previous tenders. On the one hand, the tender will be technologically neutral, meaning that projects based on different renewable energy technologies, such as wind, solar and biomass, will be able to compete for contracts.

On 22 February 2017, the Ministerial Order ETU/130/2017 was published, which includes the new remuneration parameters. In 2016 the first semi-regulatory period of RD 413/2014 ended, and therefore, the "RINV" parameter had to be adjusted in order to consider pool price deviations between the estimated price and the current price and the new pool forecasts.

In 17 May 2017, the "Operador do Mercado Ibérico - Pólo Espanhol" (OMIE) held a tender for the allocation of 3 GW of new renewable capacity. The tender had around 9 GW of competing capacity. 2,979 MW of the 3 GW auctioned were allocated to wind projects.

Following the outcome of this tender, the Spanish government decided to launch one additional tender for a maximum of 3 GW. The new tender held place on 26 July 2017 and was open exclusively to wind and solar PV technologies. The rules governing the new tender was the same as the ones for the tender held on 17 May, except for the maximum possible discount to the standard CAPEX which would be 87.08% for wind and 69.88% for solar PV.

Additionally, the royal decree ruling the tender (RD 650/2017) included the possibility to increase the allocated capacity to all capacity bidding the same discount, provided it would not create an overcost to the system. Following this, all the capacity which offered the maximum allowed discount was awarded (no tiebreaker rule was triggered). Overall, 5,037 MW were awarded, with solar power producers being the biggest winners with 3,909 MW compared to 1,120 MW for wind.

On 8 October 2018, Spanish Minister of Energy and environmental transition introduced several measures to limit the basis of electricity cost for new consumers giving a new step towards the long-term energy transition targeted by the Socialist Party. The implemented measures include the suspension of the 7% generation tax for a 6-month period, the facilitation of self-consumption and the administrative extension until March 2019 of the connection rights for the renewable plants awarded in last year´s auctions.

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

On 22 November 2019, Royal Decree Law 17/2019 was passed, introducing a series of measures aimed at guaranteeing a stable regulatory and economic framework to encourage the development of renewable energy generation in Spain. The RDL updates the "reasonable return" for renewable generation for the next regulatory period starting on 1 January 2020 at a level of 7.39% for assets before RDL 9/2013 and 7.09% for the new ones. In addition, RDL 17/2019 establishes that the period for reviewing the rest of parameters will run until 29 February 2020.

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

Regulatory framework for the activities in Portugal

The Portuguese legal provisions applicable to the generation of power from renewable sources are currently established by Decree-Law 189/88 dated 27 May, (subsequently amended by Decree-Law 168/99 of 18 May, Decree-Law 312/2001 of 10 December and Decree-Law 339-C/2001 of 29 December). Also relevant is Decree-Law 33-A/2005, of 16 February 2005 ("DL 33-A/2005"), which establishes the feed-in tariff remuneration applicable to energy produced by renewable sources.

The Portuguese Government published on 28 February 2013, the Decree Law 35/2013 that maintains the legal stability of the current feed-in tariff contracts (following Decree-Law 33-A/2005) and protects the value of the investments made by wind energy producers. However, this Decree Law granted the possibility to adhere to voluntary changes of the existing feed-in tariff. Indeed, wind generators could extend the support scheme (generally 5 or 7 years) in exchange of upfront payments or discounts on existing tariffs. EDPR chose a 7 year extension of the tariff defined as the average market price of previous twelve months, with a floor of 74€/MWh and a cap of 98€/MWh (values updated with inflation from 2021 onwards) in exchange for yearly payments from 2013 to 2020.

The Environment and Energy Ministry published, on 24 June, the Decree Law 94/2014 that allows the increase of installed capacity of wind farms up to 20%. The additional production generated from the capacity increase will have a fixed remuneration of 60 €/MWh, whilst the remaining production is remunerated at the previous tariff.

In 1 August 2017, the Portuguese Government approved Order 7087/2017 that determines the procedures for authorisation process for new equipments (SE). In particular, the Government introduced a new requirement for the authorisation: the obligation for the Direção Geral de Energia e Geologia (DGEG) to consult ERSE, which will have to assess its impact on the electricity system. Therefore, a new SE will only be authorised it does not have a negative impact on the electricity system.

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

On 31 January 2019 was published Ordinance 43/2019, of the Ministry of the Environment and Energy Transition, which changes the criteria for granting authorization for the installation of over-equipment of wind farms.

With the publication of this Ordinance, ERSE consultation is dismissed if the owner of the power plant chooses to apply the energy of the over-equipment to a tariff of 45€/MWh, without update, for a period of 15 years. This Ordinance also applies to requests for authorization that, at the date of its entry into force, are still pending from the decision of the Portuguese Authority of Energy and Geology (DGEG).

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

Portugal launched its first utility-scale renewable energy auction in June 2019, with the first round for 1.4GW of PV injection capacity held in July. Developers in the Portuguese tender could present two kinds of offer: one with a fixed price below €45/MWh and another with a variable tariff which includes a requirement to pay compensation to the electricity system, depending on spot market power prices. Both systems will be valid for 15 years from commercial operations. EDPR secured a 15-year contract for a solar project with total capacity of 142 MW.

On December 6, the DGEG (Direção-Geral de Energia e Geologia) released regulation of the Licensing Monitoring Committee (Comissão de Acompanhamento dos Processos de Licenciamento) of the solar PV plants resulting from the 2019's Auction. This Committee was set up with the aim of contributing to the fulfilmenet of the obligations arising from the tender procedure, in particular with regard to the deadline for obtaining the licences.

Regulatory framework for the activities in Romania

In 30 March 2017, the government finally approved the emergency ordinance to amend the renewable law 220/2008. As expected, the Green Certificate (GC) scheme was extended until 2031 (GC will remain valid until March 2032). The Ordinance also confirmed the GC floor would remain fixed at 29.4€ and GC cap will lose indexation and reduced to a level of 35€. Regarding wind energy, the ordinance approves the extension of the GC recovery from 2018 to 2025, while solar PV's GC postponement is extended until the end of 2024 (the recovery will take place from 2025 to 2030).

Following the approval of the Emergency Government Ordinance (EGO) 24/2017 in March, the energy regulator (ANRE) issued the Order 27/2017 establishing the mandatory quota of estimated green certificates for the period April-December 2017. This new quota is based on a new methodology, which establishes the number of GCs estimated to be issued, instead of a percentage of clean energy. The number of GC for the April-December period was defined to 11,233,667 GCs.

ANRE issued the Order 77/2017 approving the regulation on organisation and functioning of the Green Certificates (GC) market. The Order allows the trade of GCs in two different markets: (i) a centralised anonymous GC market (operational as of 1 September 2017) that comprises platforms for GCs trading (spot and forward transactions) organised by Romanian Electricity and Gas Market Operator (OPCOM), allowing participants to the GCs market to submit firm GCs sale or purchase offers with respect to quantity and price, without revealing their identity to the other participants to the trading sessions; and (ii) a centralised market for electricity from renewable energy sources benefiting from the GCs scheme (not yet operational): market platform to trade bundled GC and electricity of renewable energy sources. The electricity price will be determined competitively by the market mechanisms, while the price of the GCs associated to the sold quantity of electricity will be equal to the closing price for the last trading session on the centralised anonymous GCs market. In both markets, the transactions have a limit of 10,000 GCs per day.

On 26 June 2018 EGO 24/2017 concluded the process of co-validation within Romanian Parliament with the approval of the Chamber of Deputies (CD). During the discussions in the CD, several amendments to the text approved in March 2017 were discussed. The final set of amendments includes, among others: (i) a potential change to a Feed-in-Premium scheme for operating assets; (ii) a gradual increase in the maximum allowed impact to final consumers currently at a maximum of 11.1€/MWh; (iii) the removal of the Green Certificates (GC) loss from positive unbalances; (iv) the pro-rata allocation of GCs sold in the centralized platforms when the supply exceeds demand; and (v) modifications in the postponement of solar photo voltaic (PV) GCs.

In December 2018, the EGO 114/2018 introducing several measures affecting the Romanian electricity sector was approved. The EGO will charge companies holding licenses in the electricity sector with a tax of 2% of the annual turnover (as opposed to former charge of 0.1%). Also, the EGO sets the obligation for electricity producers to sell at regulated prices to the suppliers of last resort the quantities needed to cover the consumption of household consumers (for which regulated tariffs will apply) from 1 March 2019 to 28 February 2022.

Regulatory framework for the activities in the United States of America

The United States federal government and various state governments have been implementing policies to promote the growth of renewable energy, particularly wind power. The main federal renewable energy incentive program is the Production Tax Credit (PTC), which was created by the US Congress as part of 1992 EPACT. Additionally, several states have passed legislation, mainly in the form of renewable portfolio standards (RPS), which require utilities to purchase a certain percentage of their energy supply from renewable sources, similar to the Renewable Energy Directive in the EU.

American Recovery and Reinvestment Act of 2009 includes a number of energy measures related to tax and policy provisions to benefit the development of wind energy generation, namely (i) a three year extension of the PTC until 2012 and (ii) an option to elect a 30% Investment Tax Credit (ITC) that could replace the PTC through the duration of the extension. This ITC allows the companies to receive 30% of the cash invested in projects placed in service or with the beginning of construction in 2009 and 2010. In December 2010, the Tax Relief, Unemployment, Insurance and Reauthorization, and Job Creation Act of 2010 was approved and includes an one year of ITC extension, which allow the companies to receive 30% of the cash invested in projects with beginning of construction until December 2011 as long as placed in service until December 2012.

On 1 January 2013, the US Congress approved "The American Taxpayer Relief Act" that includes an extension of the Production Tax Credit (PTC) for wind energy, including the possibility of a 30% Investment Tax Credit (ITC) instead of the PTC. Congress set 31 December 2013 as the new expiration date of these benefits and changed the qualification criteria (projects will only qualify as long as they are under construction by year-end 2013). The legislation also includes a depreciation bonus on new equipment placed in service which allows the depreciation of a higher percentage of the cost of the project (less 50% of the Investment Tax Credit) in the year that it is placed in service. This bonus depreciation was 100% in 2011 and 50% for 2012.

On 16 December 2014, the US Congress approved the "Tax Increase Prevention Act of 2014" that included an extension of the Production Tax Credit (PTC) for wind energy, including the possibility of a 30% Investment Tax Credit (ITC) instead of the PTC. Congress set a new expiration date of 31 December 2014 and kept the qualification criteria (projects can qualify as long as they are under construction by year-end 2014).

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

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

Additionally, on 5 May 2016, the US Internal Revenue Service issued guidance that wind farms have four years from their start of construction to be placed in service and qualify for the PTC. As a result, projects that start construction prior to year-end 2019 and are placed in service prior to year-end 2023 will be eligible for the PTC. The IRS ruling also includes a provision that allows developers to secure the PTC if 5% of a project's capital components by US dollar value are safe harbored in a given year and construction is complete within 4 years. Thus, if a developer safe harbors 5% of project Capex in 2016, will be qualified for 100% of the PTC if the construction is concluded until 2020.

On 22 June 2018, the IRS released Notice 2018-59, which provides guidance to determine when a solar project begins construction for ITC purposes and specifies that projects have until 2024 to be placed in service and qualify for the ITC at levels above 10%. The ITC percentage for a solar project is determined based on the year in which construction of the project begins – provided the solar project is also placed in service before 1 January 2024 – as follows: (i) before 1 January 2020, 30%; (ii) in 2020, 26%; (iii) in 2021, 22%; and (iv) any time thereafter (regardless of the year in which the solar project is placed in service), 10%. Similar to the IRS guidance regarding the wind PTC, establishing the beginning of construction is deemed by (i) engaging significant physical work or (ii) paying or incurring 5% of the ultimate tax basis of the project. Thus, if a developer safe harbors 5% of project Capex in 2019, the project will be qualified for a 30% ITC if the construction is concluded before 1 January 2024. Similarly, if a developer safe harbors 5% of project Capex in 2021, the project will be qualified for a 22% ITC if the construction is concluded before 1 January 2024.

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

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

On 9 February 2016, the US Supreme Court suspended implementation of the Clean Power Plan (CPP) announced by the United States' Environmental Protection Agency (EPA) on 3 August 2015, a rule to cut carbon pollution from existing power plants, which is pending judicial review. On 7 December 2017, EPA Administrator Scott Pruitt announced at a hearing of the U.S. House Energy and Commerce Committee that the EPA will introduce a replacement rule to CPP. As of 29 June 2018, EPA's agenda put a final Clean Power Plan repeal date in October speculating that a replacement rule will be proposed at the same time. On 21 August 2018, the EPA proposed the Affordable Clean Energy (ACE) rule to replace the CPP to establish emissions guidelines for states to develop plans to address greenhouse gas emissions from existing coal-fired plants. The rule would allow states full discretion to set heat-rate improvements (HRI) for unit-specific emissions standards. The HRIs may be overstated, since they appear to be based on potential improvements at inefficient plants that have already retired; i.e. the existing fleet may have already applied "Best system of emission reduction" (BSER) measures and therefore do not have room for improvement.

On 1 June 2017, President Trump announced that the U.S. would withdraw from The Paris Agreement, an international accord to combat climate change. The ultimate impact of these changes on renewable demand is not yet clear for several reasons: most of these changes will be contested in court; States regulators decide on the energy mix at State level; the most important energy players are already implementing the main elements of the Clean Power Plan; and the Executive Order does not impact ITC/PTC, which is the main development driver for the US renewable energy market. On 23 January 2018, Trump signed a proclamation setting in place four years of tariffs for cell and module imports. The tariffs commence at 30% of reported value, decrease in subsequent years and don't apply to the first 2.5GW of cell imports each year. On 3 April 2018, the Trump administration released a list of more than 1,300 imported products from China that may be subject to a 25% tariff. The list of imports from China includes "wind-powered electric generating sets," which will have minimal impact on the U.S. wind industry due to the low number of wind turbines imported from China. The Trump administration also placed a 25% tariff on steel imports and a 10% tariff on aluminum imports, two raw materials that are sometimes used in manufacturing wind and solar energy components.

On 22 December 2017, President Trump signed the final bill for a tax reform law, the Tax Cuts and Jobs Act of 2017. The law made numerous changes to the U.S. tax code including some that may impact demand and financing for renewable energy. Among these are the Base Erosion Anti-Abuse Tax (BEAT) provision, which seeks to prevent multinational companies from engaging in "earnings stripping", the practice of lowering a company's U.S. tax liability by deducting interest from payments made from a foreign parent company to its U.S. subsidiary. The BEAT provision allows companies to offset up to 80% of BEAT tax payments with energy tax credits such as the PTC and ITC. Because companies are not allowed to offset the entirety of BEAT tax payments with energy tax credits, the provision may negatively impact the tax equity financing market, a key finance driver for renewable energy. The final law also reduced the corporate tax rate from 35% to 21%. This could also decrease the size of the market for tax equity financing. With regards to other new policy initiatives, White House officials have expressed a desire to introduce an infrastructure plan to be passed by Congress. While details of this plan are currently unclear, increased investment in Infrastructure could change the demand for renewables or change the value of production from existing facilities.

On 8 January 2018, the Federal Energy Regulatory Commission (FERC) rejected a proposal from the Department of Energy (DoE) to subsidize certain coal and nuclear plants by providing cost recovery for plants with onsite fuel supplies. The FERC instead asked regional grid operators to assess how best to enhance the resilience of the power system. FERC's five members unanimously rejected the proposed DoE rule. Instead, FERC asked regional grid operators to review an extensive list of quesitons about improving power system resilience and report back within 60 days. It is currently unclear as to whether or not the DoE will continue to pursue coal and nuclear subsidies and, if so, how the DoE will seek to do so.

On 3 January 2019, the 116th United States Congress convened with a Republican-majority Senate and a Democratic-majority House of Representatives. In the prior Congress, Republicans held majorities in both the Senate and the House of Representatives. With this change, a shift in governing philsophy is expected. Democratic representatives have informally proposed a range of potential legislative actions having to do with climate change. One of these proposals is a "Green New Deal" which features a 100% United States RPS standard. Such a standard, if implemented, would increase demand for renewable electricity in the U.S. However, new legislation regarding climate change and renewable energy has yet to be formally proposed and the details of such legislation, if proposed at all, are unclear. Additionally, any legislation passing the Democratic-majority House of Representatives would also to have to pass the Republican-majority Senate and be signed by President Trump before becoming law. While this "Green New Deal" is not currently a likely success, it is an indicator that Green goals are becoming bolder and seeking greater results such as, in this case, a 100% renewable mandate. On June 26, 2019, a new bill was introduced to the Senate targeting a national 50% renewable energy standard (RES) by 2035. While the bill has not been passed and currently has only a handful of sponsors, it supports the growing bipartisan trend towards climate action.

Regulatory framework for the activities in Poland

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

On the other hand, and following the delay of implementation of the RES Act Chapter 4 introduced in late December 2015, PiS' government has introduced to Polish parliament a more comprehensive amendment proposal to the RES Act in early May 2016. After having gone through Poland's parliamentary appreciation process the amendments were finally approved and published in late June, in line with the intentions to have the Chapter 4 in force since 1 July 2016. While keeping the core of the new auction system introduced by the new 2015 RES Act these new amendments have also introduced some modifications (namely introducing technology baskets for future tenders and improving the treatment of biomass, biogas and cofiring technologies).

In October 2016 the Polish Government published the Ordinance detailing the amount and value of energy to be auctioned in 2016. Wind energy was not included among the technologies allowed to participate (except for facilities below 1 MW). The auction was held in 30 December 2016.

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

During the first semester of 2017, the substitution fee was 300.03 PLN. However, with the entry into force of the amendment proposed by the Polisk Government in the third quarter of 2017 the substitution fee changed to 125% of the average market price of the green certificate from the previous year capped at 300 PLN. Given the current low prices of GCs, this rule is expected to involve a even higher price reduction.

Together with the reduction of the substituion fee, the accompanying note of the amendment proposal includes a proposal to set up (and increase) the GC's quotas up to 2020: 17.5% in 2018, 18.5% in 2019; and 19.5% in 2020. However, this specific proposal is not included in the official text of the proposal that has been approved.

On 13 December 2017, the EU Commission (through the Directorate-General for Competition) approved the Polish support scheme for renewables and therefore confirmed that the scheme is in line with the 2014 European State Aid Guidelines.

On 29 June 2018, Polish Parliament (Sejm and Senate) approved a set of amendments to the Wind Turbine Investment Act, amendments which were published in Polish Official Gazette on 30 June. The approved amendments envisaged a return to the initial taxable base of the Real Estate Tax as of January 2018. The amendments do not include any relevant changes towards operating assets and focus mainly on operative changes and clarifications to the new tender scheme. Therefore, the amendments include the budget (values and volumes) for 2018 tenders.

On 2 October 2018, the Energy Regulatory Office published a call for the first auction in Poland in which wind onshore and solar PV with capacity above 1MW can participate to get a 15 year CfD. Following this announcement, a wind and solar PV joint auction for projects exceeding 1 MW was held on 5 November 2018. All contracted power went to wind, with 31 wind projects selected at an average price of 196 PLN/MWh (around 45.4€/MWh).

On 3 January 2019, the Polish Energy Exchange published the official weighted average price of Green Certificates: 103.82 PLN/MWh. As the substitution fee should be 125% of the previous year price, its value for 2019 should be 129.8 PLN/MWh.

On 25 June 2019, the government approved a set of amendments to the Renewable Energy Sources Act, which were originally published and submitted for public consultation on 28 February 2019. The main objective pursued by the Act was to allow auctions for new renewable energy projects in 2019 (including some changes to the CfD scheme to be granted therein). The Act confirms the celebration of auctions for new assets in 2018, including proposed budget, volumes and reference prices (for onshore wind >1 MW around 2.5 GW with a reference price of 286 PLN/MWh).

Poland's energy regulator launched a wind and solar PV tender on 5 December 2019 granting 2,2 GW of new capacity (most of the capacity was granted to onwshore wind projects). Winning bids were below 233PLN/MWh with lowest bids reaching 163 PLN/MWh. EDPR was awarded 307 MW of wind power under a 15-year contract-for-difference.

The Polish government is working on a offshore wind law, that should be formally enacted in the first quarter of 2020. Poland's National Energy and Climate Plan (NECP) was sent to the European Commission on 29 December 2019. According to the information published in the Ministry's website, the country could commit to a 23% share of renewable energy in 2030 if it gets additional European funds. In addition, the share of renewables in electricity generation will rise to 32% in 2030. Onshore wind installed capacity could increase to 9,6 GW in 2030 while offshore wind to 3,8 GW in 2030 and 8 GW in 2040.

Regulatory framework for the activities in France

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

A Contract-for-difference (CfD) scheme replacing the feed-in tariff scheme was released in December 2016 for wind farms having requested a PPA in 2016. According to the decree, the strike price would be equal to the value of the current feed-in tariff (similar tenure, indexation and adjustment after year 10), plus a management fee to compensate balancing costs (2.8 €/MWh). The market reference price will be the production weighted average pool price, using a representative production profile of the wind industry in France. The settlement would be done on a monthly basis.

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

Additionally, on 24 April 2016 the French Government enacted the so-called "Programmation pluriannuelle des Investissements" (PPI) which objective is to set different renewables' capacity targets by technology, in order to achieve the objectives of the "Loi de Transition Énergétique" (decree-law meant to define the long term energetic and climate politic in France, officially aproved in August 2015). The PPI provides short-term (2018) and medium-term (2023) renewables' capacity targets and also includes a provisional timetable of the next renewable tenders to be launched between 2016 and 2019.

The French government published on 10 May, the decree for the 2017 Contract-for-Difference (CfD) for wind farms below 6 wind turbines and maximum 3 MW per turbine. These projects will be exempt from tendering.

The regulator has also disclosed the tender rules for onshore wind farms (of more than 7 wind turbines or with over 3 MW per wind turbine) for the period from November 2017 to June 2020. The rules foresee the allocation of 3 GW of wind capacity in six successive 500 MW rounds every 6 months during the next 3 years. The rules also include a calendar with the dates in which the tenders are expected to take place and the first tender was in November 2017.

Together with the disclosure of the results of the second onshore wind tender the French government and regulator introduced some changes to the tender rules including a downward revision of the maximum strike price as well as small changes to the calendar and quotas of remaining tenders to be held up to 2020.

On 27 November 2018, the "Pluriannual Energy Planning" (PPE) was released. According to the PPE, 40% of the energy could be produced from renewable sources by 2030. The PPE includes different targets for renewables: 35.6-44.5 GW of solar capacity, 34-35.6 GW of onshore wind and 4.7-5 GW of offshore wind, by 2028.

On 29 November 2018, the government approved the Decree 1054-2018 aimed at accelerating legal procedures following claims against the administrative authorizations of wind farms, by removing the two-level court system in the event of litigation.

The third offshore auction took place in March 2019 with all major players participating (grouped in 10 consortiums). On 14 June 2019, the Energy Regulation Commission "CRE" announced the result of the Dunkirk auction, being consortium made of EDF, Innogy and Enbridge the winner. The final price was 44€/MWh for a period of 20 years. François de Rugy, France's Minister for Ecologic and Solidary Transition, has confirmed that France will double its offshore wind tender schedule to 1 GW yearly between 2020 and 2023 (and potentially beyond) after bids in the latest round confirmed steep cost reductions in the sector. The PPE envisaged tenders for about 5 GW out to 2028 or about 500 MW annually.

In June 2019 also were announced the winners of the third onshore wind round. The overall capacity of winning projects was 516 MW, with the average bid price standing at 63€/MWh (vs. a maximum reference price of 71€/MWh). Successful projects will sign 20-year CfDs.

Next onshore round started in July 2019 and 500 MW was tendered. A new specification clause has been added in case that participation is low. In case that there are only 400 MW participating (or less), then the 20% less competitive projects will be automatically discarded.

The French Parliament approved on 26 September 2019 the so-called "Energy and Climate Law", committing the country to carbon-neutrality by 2050.

On 8 November 2019 the Energy and Climate Law, which sets the framework and targets of French climate policy for the next 30 years, was formally enacted. The adoption of the Energy-Climate law constitutes a major step toward achieving the government's ambition to address climate change by becoming carbon neutral by 2050. This objective represents a reduction of France's greenhouse gas emissions by a factor of more than six compared to 1990 emissions levels.

In order to achieve carbon neutrality by 2050, the Energy-Climate law provides for the reduction of fossil fuels consumption by 40% by 2030 (instead of the previous 30% target) and for the end of coal-based electricity generation by 2022. The law provides that the share of nuclear in the electricity mix should be reduced to 50% by 2035. Regarding wind energy, the law redefines the authority responsible for permitting onshore wind projects. Concerning offshore wind, the law also includes a higher target (already announced by the Energy Minister) of auctioning 1 GW of capacity until 2024 (doubling the volumes defined by France's initial energy plan published in January 2019).

Due to the high volume of projects potentially wishing to benefit from the CR 2016 Regime (the so-called "Complément de Rémuneration" which grants a 15-year CfD with a strike price at a level close to the former feed-in tariff), the Ministry of Ecological Transition (Ministère de Transition écologique et solidaire) decided in December 2019 to close the scheme once the first 1.800 MW of contracts are signed (in December 2019, around 1,23 GW of contracts had been already signed).

2. Accounting Policies

a) Basis of presentation

The accompanying consolidated and company financial statements of EDP - Energias de Portugal, S.A. reflect the results of the company's operations and its subsidiaries (EDP Group or Group) and the Group's interest in its joint ventures and associated companies, for the periods ended on 31 December 2019 and 2018 and EDP S.A.'s Executive Board of Directors approved them on 20 February 2020, after that they are subject to General Meeting approval. The financial statements are presented in thousand Euros, rounded to the nearest thousand.

In accordance with Regulation (EC) 1606/2002 of the European Council and Parliament, of 19 July 2002, as transposed into Portuguese legislation through Decree-law 35/2005 of 17 February 2005, with changes updated by the Decree-law 158/2009 of 13 July and Decree-law 98/2015 of 2 June, the company's financial statements and the Group's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), as endorsed by the European Union (E.U). IFRS comprise accounting standards issued by the International Accounting Standards Board (IASB) as well as interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and their predecessor bodies. The EDP Group's consolidated and company financial statements for the years ended 31 December 2019 and 2018 were prepared in accordance with IFRS as adopted by the E.U. and effective during 2019.

As described in note 3, the Group adopted in the preparation of company and consolidated financial statements as at 31 December 2019, the accounting standards issued by IASB and IFRIC interpretations effective since 1 January 2019. The adoption of IFRS 16 - Leases and the hedge accounting requirements from IFRS 9 - Financial Instruments by EDP Group led to several changes in the Group accounting policies, models and procedures, as well as in disclosures. The accounting policies used by the Group in preparing the consolidated financial statements described in this note were adopted in accordance. The new standards and interpretations recently issued but not yet effective and that the Group has not yet applied on its consolidated financial statements, are detailed in note 3.

The financial statements have been prepared on a going concern basis and under the historical cost convention, modified by the application of the fair value accounting to derivative financial instruments, financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income except those for which fair value is not available. Assets and liabilities that are hedged under hedge accounting are stated at fair value in respect of the hedged risk. Non-current assets and disposal groups held for sale are stated at the lower of carrying amount and fair value less costs to sell. Liabilities for defined benefit plans are recognised at the present value of the obligation net of plan assets fair value.

In accordance with IFRS 3 - Business Combinations, if the initial purchase price allocation of assets, liabilities and contingent liabilities acquired is identified as provisional, in the subsequent 12 months after the business combination transaction, the legal acquirer should make the final allocation of the purchase price related to the fair value of the assets, liabilities and contingent liabilities acquired. These adjustments with impact on the amount of goodwill determined and booked in previous periods, originate a restatement of the comparative information, which is reflected on the Statement of financial position, with effect from the date of the business combination transaction.

The preparation of financial statements in conformity with IFRS requires the Executive Board of Directors to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and related assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments regarding the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The issues involving a higher degree of judgment or complexity, or where assumptions and estimates are considered to be significant, are presented in note 4 - Critical accounting estimates and judgments in preparing the financial statements.

Accounting policies have been applied consistently by all Group companies and in all periods presented in the consolidated and company financial statements, except for the adoption of IFRS 16 and the hedge accounting requirements of IFRS 9. As at 1 January 2019, as provided by these Standards, the Group has applied the modified retrospective approach without restatement of the comparative information (see note 3).

Following the Strategic Plan Update 2019-2022 presented in March 2019, the Executive Board of Directors reorganized the business segments in order to be aligned with this new view, with effect from 1 January 2019. Despite of this change in the composition of the segments, EDP Group has not identified any significant changes in key assumptions used in impairment tests performed in the end of 2018, which could indicate that an asset may be impaired.

Change in line items on the Consolidated Income Statement

As at 31 December 2018, EDP Group separated the line "Impairment losses on trade receivables and debtors", which previously was included in "Other expenses" and "Other income" (impairment reversals).

Method change for preparing the Statement of Cash Flow

As at 31 December 2019, and also following the Strategic Plan update, EDP Group changed to the indirect method for the Statement of Cash Flow, with restatement of the comparative data.

b) Basis of consolidation

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

EDP Group applies prospectively as from 1 January 2010, IFRS 3 (revised) for the accounting of business combinations.

Controlled entities

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

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

Accumulated losses are attributed to non-controlling interests in the corresponding proportions held, implying that the Group can recognise negative non-controlling interests.

On a step acquisition process resulting in the acquisition of control the revaluation of any interest previously held is booked against the income statement when goodwill is calculated. On a partial disposal resulting in loss of control over a subsidiary, any participation retained is revalued at market value on the sale date and the gain or loss resulting from this revaluation is booked against the income statement, as well as any gain or loss resulting from the disposal.

Jointly controlled entities

EDP Group classifies an arrangement as a joint arrangement when the jointly control is contractually established. Joint control exists only when decisions about the relevant activities require the unanimous consent of the parties that collectively control the arrangement. After determining the existence of joint control, the Group classifies joint arrangements into two types - joint operations or joint ventures.

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

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

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

Entities over which the Group has significant influence

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

The existence of significant influence by the Group is usually evidenced by one or more of the following:
- Representation on the Executive Board of Directors or equivalent governing body of the investee;
- Participation in policy-making processes, including participation in decisions about dividends or other distributions;
- Existence of material transactions between the Group and the investee;
- Interchange of managerial personnel; and
- Provision of essential technical information.

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

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

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

Goodwill

Following the transition to International Financial Reporting Standards (IFRS) on 1 January 2004 and as permitted under IFRS 1 - First-time Adoption of International Financial Reporting Standards, the EDP Group decided to maintain the goodwill resulting from business combinations that occurred prior to the transition date, calculated in accordance with the Group's previous accounting policies.

Costs directly attributable to the acquisition of a subsidiary are booked directly in the income statement.

As from the transition date to IFRS (1 January 2004), total positive goodwill arising from acquisitions is recognised as an asset carried at acquisition cost and is not subject to amortisation. Goodwill arising on the acquisition of subsidiaries, joint ventures and associates is defined as the difference between the cost of acquisition and the corresponding share of the fair value of the net assets acquired.

The EDP Group has the possibility to book non-controlling interests at fair value or at cost, implying that the full amount of goodwill can be booked in the financial statements, including the portion attributable to the non-controlling interests, against non-controlling interests, if the first option is chosen. Goodwill arising on the acquisition of subsidiaries, joint ventures and associates is defined as the difference between the cost of acquisition and the total or corresponding share of the fair value of the net assets acquired, depending on the option taken.

Negative goodwill arising on an acquisition is recognised directly in the income statement in the period when the business combination occurs.

The recoverable amount of the goodwill is assessed annually, regardless of the existence of any impairment triggers. Impairment losses are recognised in the income statement. The recoverable amount is determined based on the value in use of the assets, calculated using valuation methodologies supported by discounted cash flow techniques, considering market conditions, the time value of money and the business risks.

Goodwill is not adjustable due to changes in the initial estimate of the contingent purchase price and the difference is booked in the income statement.

Purchases of non-controlling interests and dilution

In acquisitions (dilutions not resulting in a loss of control of non-controlling interests), the difference between the fair value of the non-controlling interests acquired and the consideration paid, is accounted against reserves. The acquisitions of non-controlling interests through written put options related with investments in subsidiaries held by non-controlling interests, are recorded as a liability for the fair value of the amount payable, against non-controlling interests. The fair value of the liability is determined based on the contractual price which may be fixed or variable. In case of a variable price, the changes in the liability are recognised against the income statement as well as the effect of the financial discount of the liability (unwinding).

Investments in foreign operations

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

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

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

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

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

Balances and transactions eliminated on consolidation

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

Business combinations achieved in stages

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

If applicable, the negative difference, after evaluating the consideration transferred, of the amount of any non-controlling interest recognised in the acquiree and the fair value of the previously held equity interest in the acquired business; over the net value of the identifiable assets acquired and liabilities assumed, is recognised in the income statement. The Group recognises the difference between the fair value of the previously held equity interest in the acquired business and the carrying value in consolidated results in Other income. Additionally, the Group reclassifies the deferred amounts in other comprehensive income relating to the previously held equity interest to the income statement or consolidated reserves, according to their nature.

c) Foreign currency transactions

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

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

d) Derivative financial instruments and hedge accounting

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

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

Hedge accounting

The Group uses financial instruments to hedge interest rate risk, exchange rate risk and price risk resulting from its operational and financing activities. Derivatives not qualified for hedge accounting under IFRS 9 are accounted for as trading instruments.

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

(i) The hedging relationship consists only of hedging instruments and hedged items that are eligible as per determined in IFRS 9;
(ii) At the inception of the hedge there is formal documentation of the hedging relationship and the Group's risk management objective and strategy for the hedge;
(iii) There is an economic relationship between the hedged item and the hedging instrument;
(iv) The effect of credit risk does not dominate the value changes that result from that economic relationship; and
(v) The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged assets and liabilities or group of hedged assets and liabilities that are attributable to the hedged risk. For cross currency interest rate swaps, the currency basis spread is excluded from the hedge designation, but considered as a hedging cost in other comprehensive income, in cost of hedging reserve. When the hedging relationship ceases to comply with the requirements for hedge accounting, the accumulated gains or losses concerning the fair value of the risk being hedged are amortised over the residual period to maturity of the hedged item.

Cash flow hedge

Changes in the fair value of derivatives qualified as cash flow hedges are recognised in reserves.

The cumulative gains or losses recognised in reserves are reclassified to the income statement when the hedged item affects the income statement.

When a hedging relation of a future transaction is discontinued, the changes in the fair value of derivative recognised in reserves remain recognised in reserves until the future hedged transaction occurs. When the future transaction is no longer expected to occur, the cumulative gains or losses recognised in reserves are recorded immediately in the income statement.

Net investment hedge

The net investment hedge model is applied on a consolidated basis to investments in subsidiaries in foreign currencies. This model allows that the exchange differences recognised in the currency translation reserve to be offset by the foreign exchange differences in foreign currency loans or currency derivatives contracted, recognised in Currency translation reserve - Net investment hedge. For cross currency interest rate swaps, the cross currency basis spread and forward points are not designated into the hedge relationship, but deferred as a hedging cost in other comprehensive income, in Currency translation reserve - Net investment hedge - Cost of hedging, and recognized in profit or loss over the period of the hedge. The ineffective portion of the hedging relationship is recognised in the income statement.

The accumulated foreign exchange gains and losses regarding the net investment and the related hedging instrument recognised in equity are transferred to the income statement when the foreign currency subsidiary is sold, as part of the gain or loss resulting from the disposal.

Effectiveness

For a hedge relationship to be classified as such, in accordance with IFRS 9, its effectiveness must be demonstrated. Therefore, the Group performs prospective tests at the inception date and at each balance sheet date, in order to demonstrate its effectiveness, showing that any adjustments to the fair value of the hedged item attributable to the risk being hedged are offset by adjustments to the fair value of the hedging instrument. Any ineffectiveness is recognised in the income statement when it occurs.

e) Debtors and Other assets

IFRS 9 introduced a model for the classification of financial assets based on the business model for managing the financial assets ("business model test") and their contractual cash flow characteristics ("SPPI test"). EDP Group classifies its financial assets, at the initial recognition, in accordance with the aforementioned requirements introduced by IFRS 9, on the following categories:

Financial assets at amortised cost

A financial asset is measured at amortised cost if: (i) it is held within a business model whose objective is to hold assets in order to collect its contractual cash flows; and (ii) the contractual cash flows represent solely payments of principal and interest. Financial assets included within this category are initially recognised at fair value and subsequently measured at amortised cost. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

Loans and trade receivables are generally held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest, thus they meet the criteria for amortised cost measurement under IFRS 9.

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

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

Financial assets measured at fair value through profit or loss (FVTPL)

Financial assets that do not meet the criteria to be classified under the previously referred categories, are classified at fair value through profit or loss, deemed to be a residual category under IFRS 9.

Regardless of the business model assessment, EDP Group can elect to classify a financial asset at fair value through profit or loss if doing so reduces or eliminates a measurement or recognition inconsistency ("accounting mismatch").

Changes in the business model assessment over time

Financial assets are not reclassified subsequent to their initial recognition. However, if the Company changes its business model for managing financial assets, it will classify newly originated or newly purchased financial assets under the new business model, but will keep the classification of existing assets under the previous business model.

Recognition and derecognition of financial assets

Purchases and sales of financial assets are recognised on the trade date, which is the date on which the Company commits to purchase or sell these financial assets.

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

Impairment

EDP Group recognise an impairment loss based on the Expected Credit Loss (ECL) model, before the objective evidence of a loss event from past actions. This model is the basis for the recognition of impairment losses on held financial assets that are measured at amortised cost or at fair value through other comprehensive income (which includes cash and cash equivalents, trade receivables, loans and debt securities).

The impairment methodology applied depends on whether there has been a significant increase in credit risk since initial recognition. If the credit risk on a financial asset does not increase significantly since its initial recognition, EDP Group measures the loss allowance for that financial asset at an amount equal to 12-month expected credit losses. If the credit risk increases significantly since its initial recognition, EDP Group measures the loss allowance for that financial asset at an amount equal to lifetime expected credit losses.

Regardless of the above, a significant increase in credit risk is presumed if there is an objective evidence that the financial asset is impaired, including if there is observable data that comes to the attention of the holder of the asset about the following loss events, among others: significant financial difficulty of the issuer or obligor; restructuring of an amount due to the Group in terms that it would not consider otherwise; a breach of contract, such as a default or delinquency in interest or principal payments; or it becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

As soon as the loss event occurs in terms of IFRS 9, the impairment allowance would be allocated directly to financial asset affected, that is, the asset's carrying amount is reduced and the amount of the loss is recognised in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases, the previously recognised impairment loss is reversed in profit or loss, if the decrease can be related objectively to an event occurring after the impairment loss was recognised.

Trade receivables, including contract assets

EDP Group applies the simplified approach and records lifetime expected losses on all trade receivables and contract assets, including those with a significant financing component. The estimated ECL are calculated based on actual credit loss experience over a period that, per business and type of customers, is considered statistically relevant and representative of the specific characteristics of the underlying credit risk. When applicable, EDP Group estimated the ECL rates separately for corporates and individuals.

Considering the particularities of each business, exposures are segmented based on common credit risk characteristics such as credit risk grade, geographic region and/or industry - for corporates; and type of product purchased - for individuals, as applicable. Actual credit loss experience is adjusted by scalar factors to reflect differences between economic conditions during the period over which historical data was collect, current conditions and EDP Group's view of economic conditions over the expected lives of the receivables.

Other receivables and financial assets

For receivable assets related to regulatory assets, loans, financial entities and State carried at amortised cost and FVOCI, EDP Group performes an analysis based on the general approach. On making its assessment, the company has to make assumptions about risk of default and expected loss rates, which requires judgement. The inputs used for risk assessment and for calculation of the loss allowances for financial assets includes: (i) credit ratings (as far as available) from external credit rating companies such as Standard and Poors, Moody's and Fitch; (ii) significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the Group and changes in the operating results of the borrower; (iii) public market data, namely on probabilities of default and loss given default expectations; and (iv) macroeconomic information (such as market interest rates or growth rates).

f) Trade payables and other liabilities

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

Initial measurement of the lease liabilities (rents due from lease contracts)

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

EDP Group determines the lease term as the non-cancellable period of a lease, together with both: (i) periods covered by an option to extend the lease, if the lessee is reasonably certain to exercise that option; and (ii) periods covered by an option to terminate the lease, if the lessee is reasonably certain not to exercise that option.

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

After the commencement date, the lease liabilities (rents due from lease contracts) are increased to reflect interest on the liability and reduced to reflect the lease payments made.

Remeasurement of the lease liabilities (rents due from lease contracts)

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

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

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

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

Derecognition of financial liabilities

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

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

g) Equity instruments

A financial instrument is classified as an equity instrument when there is no contractual obligation at settlement to deliver cash or other financial asset to another entity, regardless of its legal form, and there is a residual interest in the assets of an entity after deducting all its liabilities.

Costs directly attributable to the issuance of equity instruments are recognised in equity, as a deduction to the amount issued. Amounts paid or received relating to sales or acquisitions of equity instruments are recognised in equity, net of transaction costs.

Distributions related to equity instruments are deducted from equity, as dividends, when declared.

Preference shares issued by the Group are considered as an equity instrument when there is no contractual obligation to redeem the shares and dividends are paid at the discretion of the Group. Preference shares issued by subsidiaries, classified as equity instruments and held by third parties, are recognised as non-controlling interests.

Equity instruments at fair value

EDP Group classifies the equity instruments that are held for trading at fair value to profit or loss. For all other equity instruments, management has the ability to make an irrevocable election on initial recognition, on an instrument-by-instrument basis, to present changes in fair value in other comprehensive income.

If this election is made, all fair value changes, excluding dividends that are a return on investment, will be included in other comprehensive income. There is no recycling of amounts from other comprehensive income to profit and loss (for example, on sale of an equity investment) being, at that time, transferred to retained earnings.

h) Property, plant and equipment

Property, plant and equipment is stated at acquisition cost less accumulated depreciation and impairment losses. On transition to IFRS, on 1 January 2004, the Group decided to consider as deemed cost the revalued amount of Property, plant and equipment in accordance with the Group's previous accounting policy, which was comparable in general terms to the depreciated cost determined in accordance with IFRS.

Subsequent costs are recognised as property, plant and equipment only when it is probable that future economic benefits associated with the item will flow to the Group. Repair and maintenance costs are charged in the income statement as incurred, according to the accrual principle.

The Group carries out impairment tests whenever events or circumstances may indicate that the book value of an asset exceeds its recoverable amount, being any impairment recognised in the income statement.

The recoverable amount is the higher of fair value less costs to sell and value in use, the latter being calculated by the present value of the estimated future cash flows obtained from continued use of the asset and its sale at the end of its useful life.

Land is not depreciated. Depreciation of tangible assets is calculated on a straight-line basis over their estimated useful lives, as follows:

	Number of years
Buildings and other constructions	8 to 50
Plant and machinery:	
- Hydroelectric generation	30 to 75
- Thermoelectric generation	25 to 45
- Renewable generation	30 to 35
- Electricity distribution	10 to 40
- Other plant and machinery	4 to 25
Transport equipment	4 to 25
Office equipment and tools	2 to 16
Other property, plant and equipment	3 to 50

According to IFRS, the estimate of the useful life of assets should be reviewed whenever a change in the expected economic benefits flowing from the assets occurs as well as when the technical use planned for the assets differs from previous estimates. Changes occurring in the depreciation charge for the year are accounted prospectively.

Capitalisation of borrowing costs and other directly attributable costs

Borrowing costs that are directly attributable to the acquisition or construction of assets are capitalised as part of the cost of these assets. A qualifying asset is an asset that needs a substantial period of time to be ready for its intended use or sale. The amount of interest costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on those assets. The capitalisation rate corresponds to the weighted average of the borrowing costs applicable to the outstanding borrowings during the period. The capitalisation of borrowing costs begins when expenditure for the assets is being incurred, borrowing costs have been incurred and activities necessary to prepare all or part of the assets for their intended use or sale are in progress. Capitalisation ceases when substantially all the activities necessary to prepare the qualifying assets for their intended use or sale are completed. Other expenses directly attributable to the acquisition and construction of the assets, such as cost of consumed materials and personnel costs, are also capitalised as part of the cost of the assets.

Investment government grants

Investment government grants are initially booked as Trade payables and other liabilities from commercial activities - Non Current only when there is reasonable certainty that the grant will be received and that the Group will fulfil the grant term conditions. Grants that compensate the Group for expenses incurred are booked in the income statement on a linear basis, on the same period in which the expenses are incurred. Grants that compensate the Group for the acquisition of assets are recognised in the income statement over the related assets useful life.

Transfers of assets from customers

Transfers of assets from customers concession arrangement and out of the scope of IFRIC 12, in accordance with IFRS 15, are related to payments of performance obligations fulfilled over the useful life of the underlying asset. Accordingly, when they are received from the customers, they are booked as liabilities instead of revenue. The assets are recognised by the estimated construction cost and are depreciated over their useful lives. The liabilities are recognised as revenue based on the corresponding useful life of the underlying asset.

i) Intangible assets

The Group's intangible assets are booked at acquisition cost less accumulated amortisation and impairment losses.

The Group performs impairment tests whenever events or circumstances may indicate that the book value of the asset exceeds its recoverable amount, being any impairment recognised in the income statement. The recoverable amount is the higher of fair value less costs to sell and value in use, the latter being calculated by the present value of the estimated future cash flows obtained from continued use of the asset and its sale at the end of its useful life.

Acquisition and development of software

The costs of purchasing software and the costs incurred by the Group to implement it are capitalised and amortised on a straight-line basis over the expected useful life of the asset.

Costs incurred by the Group directly related to the development of software, that are expected to generate economic benefits beyond one year, are recognised as intangible assets. Such costs include employee costs directly associated to the project and are amortised on a straight-line basis over its estimated useful life.

Software maintenance costs are charged to the income statement when incurred.

Concession rights on distribution of electricity

The concession rights on distribution of electricity in Brazil are recorded as intangible assets and amortised on a straight-line basis over the concessions period, not exceeding 30 years.

Concession rights to use the public hydric domain

Portuguese concession rights to use the public hydric domain are booked as intangible assets and depreciated on a straight-line basis over the concession period, which does not exceed 74 years. EDP Group records as concession rights the financial compensations for the use of public domain assets, whenever these compensations are paid and for all the Group subsidiaries.

The accounting policy related to intangible assets assigned to concessions in the scope of IFRIC 12 is described in z), Group concession activities.

Industrial property and other rights

Industrial property and other rights are amortised on a straight-line basis over the estimated useful life of the assets, which does not exceed 6 years.

j) Leases / Right-of-use assets

Until 31 December 2018, EDP Group classified its lease transactions as finance leases or operating leases based on the substance of the transaction rather than its legal form. A lease is classified as a finance lease if it transfers to the lessee substantially all the risks and rewards incidental to ownership. All other leases are classified as operating leases.

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

Finance leases are recognised by the lessee, at the inception of the lease, as assets and liabilities at the fair value of the leased assets which is equivalent to the present value of the future lease payments. Lease payments include the interest charges and the amortisation of the outstanding principal. The interest charges are recognised as costs over the lease period in order to produce a constant periodic rate of interest on the remaining balance of the liability.

Lessors record assets held under finance leases as leased capital, by the net amount invested in the lease. Lease payments include the financial income and the amortisation of the outstanding principal. Financial results recognised reflect a constant periodic rate of return on the outstanding net balance of the lessor.

Determining whether an Arrangement contains a Lease

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

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

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

Remeasurement of right-of-use assets

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

k) Investment property

The Group classifies as investment property, property held for capital appreciation and/or for rental purposes.

Investment property is recognised initially at acquisition or production cost, including directly attributable transaction costs, and is subsequently measured at cost less accumulated depreciation and any impairment losses.

Subsequent expenditures on investment property are only added to the cost of the asset when it is probable that additional future economic benefits will arise when compared to initial recognition.

Investment property is amortised on a straight-line basis over the estimated useful life of the assets (between 8 and 50 years).

l) Inventories

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

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

CO_2 Licenses held by the Group for trade purposes are booked as inventories and measured at fair value, at each balance sheet date, against the income statement.

m) Employee benefits

Pensions

Some EDP Group companies grant post-employment benefits to employees under defined benefit and defined contribution plans, namely pension plans that grant complementary retirement benefits for age and early retirement pensions.

Defined benefit plans

In Portugal, the defined benefit plan is assured by (i) a closed pension fund managed by an external entity, covering responsibilities with benefits that are complementary to those provided under the Social Security System (namely retirement and early retirement pensions); and (ii) by a complementary specific provision, recognised in the statement of financial position. Benefits are generally determined and assigned through the combination of one or more factors, such as age, years of service and the relevant base retribution (pensionable salary).

In Brazil, EDP São Paulo and EDP Espírito Santo have defined benefit plans managed by a closed complementary welfare entity, external to EDP Group, covering responsibilities associated with retirement and early retirement pensions, according to factors such as age, years of service and the relevant base retribution.

The Group's pension liability for each plan is calculated by independent experts annually, for each plan, at the balance sheet date, using the projected unit credit method. The discount rate used in the calculation is determined based on market interest rates of high quality corporate bonds denominated in the currency in which the benefits will be paid and that have similar maturity to the related pension liability.

Actuarial gains and losses presented in consolidated statement of comprehensive income comprises: (i) the actuarial gains and losses resulting from increases or decreases in the present value of the defined benefit obligation because of changes in actuarial assumptions and experience adjustments; (ii) the return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset); and (iii) any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset).

The increase in past service costs arising from early retirements (retirements before the normal retirement age) or plan amendments is recognised in the income statement when incurred.

The Group recognises as operational results, in the income statement, current and past service costs. Net interest on the net defined benefit liability (asset) is recognised in financial results.

The assets of the plan comply with the recognition criteria established by IFRIC 14 - IAS 19 and the minimum funding requirements established by law or by contract.

Defined contribution plans

In Portugal, Spain and Brazil, some companies have defined contribution social benefit plans that complement those granted by the Social Security System, under which they pay an annual contribution to the plans, calculated in accordance with the rules established in each plan. These contributions represent a percentage of the fixed and variable remuneration of the employees included in this plan and are accounted for as cost for the period in which they are due.

Other benefits granted

Medical benefits

Some EDP Group companies provide medical benefits under which employees and immediate eligible family members have favourable conditions in medical assistance and health care services, namely:
- Concerning EDP Group companies in Portugal, through the provision of medical assistance that is complementary to the one provided under the National Health System, provided using infrastructures owned and managed internally;
- Concerning EDP Group companies in Brazil, through the share of costs in eligible medical and health expenses, in an external agreed network.

The medical benefits plans are classified as defined benefit plans.

In Portugal, the medical benefit and death benefits plan is assured by (i) a closed fund managed by an external entity, created in December 2016, and (ii) a complementary specific provision, recognised in EDP Group company's statement of financial position.

In Brazil, the liability is being covered by provisions booked in EDP Group company's statement of financial position.

Measurement and recognition of the medical benefits liabilities are similar to the defined benefit pension plans liabilities, explained above.

Other benefits

In addition, EDP Group grants other benefits, supporting charges arising from responsibilities for disability benefit's complements, survival benefits, life insurance, antiquity and retirement benefits, power tariff discounts, among others.

Benefits included in each Plan for Portugal and Brazil are detailed in EDP's Collective Labor Agreement, published in the Labor Bulletin of 8 October 2014 and in the website of the Plan management entity Enerprev (www.enerprev.com.br), respectively.

n) Provisions

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

Provisions for dismantling and decommissioning in electric power plants

The Group accounts for provisions for dismantling and decommissioning of assets at the end of the assets' useful life when there is a legal, contractual or constructive obligation. Therefore, such provisions have been booked for the electric power plants to cover the cost of restoring the location and land to their original condition. The provisions are calculated at the present amount of the expected future liability and are accounted for as part of the cost of the related property, plant and equipment being depreciated on a straight-line basis over the useful life of those assets.

Decommissioning and dismantling provisions are remeasured on an annual basis based on the best estimate of the settlement amount. The unwinding of the discount at each balance sheet date is charged to the income statement.

o) Recognition of revenue from contracts with customers

EDP Group recognises revenue to depict the transfer of control of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for these goods or services, as provided in the 5 steps methodology introduced by IFRS 15, namely: (i) identify the contract with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to performance obligations; and (v) recognise revenue when (or as) the entity satisfies a performance obligation.

Revenue in EDP Group arises essentially from electricity generation and distribution and energy (electricity and gas) supply activities.

Revenue related to the **sale of energy and access tariffs** to energy distribution network is measured at fair value of the consideration received or receivable, net of value added tax, rebates and discounts and after elimination of intra-group sales.

Regarding the **electricity generation**, the transfer of control occurs when the energy is generated and injected into the transport/distribution grids. The electricity generated is sold under free market conditions or through the establishment of medium/long term power purchase agreements.

The **energy distribution** is a regulated activity, which is remunerated through tariffs set by each country Regulatory Body (ERSE in Portugal, CNE in Spain and ANEEL in Brazil). In Portugal and Spain, revenue arises mainly from the sale of access tariffs, as well as from the recovery, from the commercialisation entities, of the costs related to the global management activity of the system. In Brazil, revenue results from the electricity sales to final consumers, in the regulated market, based on the tariffs determined by ANEEL, which are included the use of the distribution and transport system tariff, among other components. In Portugal and Brazil, these activities are subject to public service concession arrangements (see z)).

Following the Directive 13/2018, of 15 December 2018, on tariffs to be in force in 2019, and the premisses of IFRS 15, EDP Distribuição acts as an agent in the purchase and sale of access to the transmission network (CVART) and therefore, as from this date onwards the associated amounts of costs and revenues are recorded at net value in the caption Revenues and cost of Energy Sales and Services and Other.

The **energy supply** is carried out in regulated and non-regulated markets. In non-regulated market, revenue is recognised based on commercial agreements. In regulated market, revenue is recognised according to the tariffs determined by each country Regulatory Body.

For contracts with customers in which the sale of energy and access tariffs are generally expected to be the only performance obligation, EDP Group recognises the revenue at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

Revenue recognition includes two components: (i) energy sales already invoiced, based on actual consumption readings and/or in estimated consumption based on the historical data of each consumer; and (ii) estimates of energy supplied and not yet invoiced (energy into energy meter). Differences between estimated and actual amounts are recorded in subsequent periods.

Additionally, it should be noted that, in energy distribution and supply activities, there is a tariff adjustment mechanism through which gains or losses of a certain year are recognised in the period to which they relate and recovered in the future years tariffs – Tariff Adjustments (see w)).

EDP Group recognises the revenue related with **services rendered** over time in accordance with IFRS 15, given that the customer simultaneously receives and consumes the benefits provided by the Group.

EDP Group also sells products and services as a part of an **integrated commercial offer ("bundled")**. In a bundled sale arrangement, the Group accounts the sale of each product and/or service separately if they are distinct, that is, if the product or service is separately identifiable in the context of the integrated offer and the customer benefits from it. The consideration paid is allocated between the goods or services separately identifiable based on their relative stand-alone selling prices. The stand-alone selling price is determined based on EDP Group price lists on goods or services sold separately or, if they are not listed, based on the market valuation approach.

In what concerns variable transaction prices, EDP Group only recognises revenue when it is highly probable that there will not be any significant reversal of the recognised revenue, when it becomes certaint.

EDP Group considers the facts and circumstances when analysing the terms of each contract with customers, applying the requirements that determine the recognition and measurement of revenue in a harmonized manner, when considering contracts with the same characteristics and in similar circumstances.

Contract liabilities

As provided by IFRS 15, EDP Group presents a contract liability if the Group has an obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Contract assets

As provided by IFRS 15, EDP Group presents a contract asset if the Group has a right to consideration that is conditional on something other than the passage of time. This is common when the Group has transferred goods or services to a customer usually before invoicing and the payment is due, excluding any amounts presented as a Trade receivables (unconditional rights to consideration).

Incremental costs of obtaining a contract

EDP Group establishes certain contracts with third parties for the promotion (sale) of energy and related services. These third parties act as sales agents and are paid through sales commissions. The Group recognises incremental costs of obtaining contracts with customers as an asset if the entity expects to recover these costs over the respective contracts. The costs incurred by an entity to obtain a contract with a customer are considered as incremental costs whenever it is clear that the entity would not incur these costs if the contract had not been obtained (for example, a sales commission).

Therefore, EDP Group understands that the incremental costs to obtain a contract are eligible for capitalisation, accounting for a contract asset under the caption Debtors and other assets of commercial activities - Non-current. This asset shall be recognised in the income statement as amortisation, on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Considering the analysis carried out on the set of goods and services provided by the EDP Group to which these commissions relate, the useful life allocated to them varies between 6 and 8 years.

p) Financial results

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

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

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

q) Income tax

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

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

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

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

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

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

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

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

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

r) Earnings per share

Basic earnings per share are calculated by dividing the consolidated and the company net profit attributable to the equity holders of EDP, S.A. by the weighted average number of ordinary shares outstanding during the period, excluding the average number of shares held by the Group and by EDP, S.A., respectively.

For the diluted earnings per share calculation, the weighted average number of ordinary shares outstanding is adjusted to consider conversion of all dilutive potential ordinary shares, such as convertible debt and stock options granted to employees. The dilution effect corresponds to a decrease in earnings per share resulting from the assumption that the convertible instruments are converted or the options granted are exercised.

s) Share based payments

The stock options remuneration program enables the Group's employees to acquire parent company shares. The exercise price of the options is calculated based on the listed price of the shares at the grant date.

The fair value of the options granted, determined at the grant date, is recognised in the income statement against equity during the vesting period, based on their market value calculated at the grant date.

In case the option is exercised, the Group acquires shares in the market to grant them to employees.

Shareholders of EDP Brasil structured and implemented a Share based Compensation Policy, which began in June 2016. The referred policy comprises two types of programs to be granted to certain employees (incentive and retention programs), being the eligible beneficiaries and assignment requirements subject to the conditions established.

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

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

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

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

u) Cash and cash equivalents

Cash and cash equivalents include balances with maturity of less than three months from the balance sheet date, including cash and deposits in banks. This caption also includes other short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and specific demand deposits in relation to institutional partnerships that are funds required to be held in escrow sufficient to pay the remaining construction related costs of projects in institutional equity partnerships in USA.

v) Operating segments

The Group presents the operating segments based on internal management information.

In accordance with IFRS 8, an operating segment is a Group component:

(i) that engages in business activities from which it may earn revenues and incur expenses;

(ii) whose operating results are reviewed regularly by the entity's chief operating decision maker in order to make decisions about resources to be allocated to the segment and assess its performance;

(iii) for which discrete financial information is available.

w) Tariff adjustments

Classification and measurement of regulatory assets, which qualify as financial assets in EDP Group's financial statements, follow the requirements introduced by IFRS 9. Thus, the Group performs an analysis based on the business model used in the management of the assets and the characteristics of the contractual cash flows (see e)).

In this sense, deviations and tariff deficits exclusively recovered or returned through electricity and gas tariffs, applicable to customers in subsequent periods, are recognised at amortised cost.

On the other hand, deviations or deficits that can be recovered, either through electricity rates (receipt of capital and interest) or through sales with recourse to third parties (bilateral contracts or securitization operations) are recognised at fair value through comprehensive income. This classification results from the existing history of sales to third parties and from the management's perspective regarding the existing assets.

In regulated activities, the regulator establishes, through the tariff adjustment mechanism, the criteria to recognise gains or losses of one period in future periods. The tariff adjustments accounted for in the EDP Group financial statements represent the difference between the amounts invoiced by Portuguese regulated companies (based on the applicable tariffs published by ERSE in December of the previous year) and the regulated revenue calculated based on actual costs. The assets or liabilities resulting from the tariff adjustments are recovered or returned through the electricity and gas tariffs charged to customers in subsequent periods.

Decree-Law 165/2008 of 21 August recognised the unconditional right of the regulated operators of the electric sector to recover the tariff adjustments under a regime identical to the one used for the tariff deficits. Consequently, EDP Group booked under the income statement caption Revenues from energy sales and services and other - Electricity and network access, the effects resulting from the recognition of tariff adjustments, against Debtors and other assets from commercial activities. According to the referred Decree-Law, the tariff adjustments determined annually, will be recovered by the regulated operators even in case of insolvency or cease of operations. ERSE is the entity responsible to establish the method to ensure that the entity entitled to these rights continues to recover the tariff adjustments until its complete payment. The Decree-Law also allows the transfer of the right to receive the tariff adjustment to third parties, in whole or in part, through future electricity tariffs.

Decree-Law 87/2011 of 18 July establishes the unconditional right of regulated operators in the natural gas sector to recover tariff adjustments and related interest expenses, notwithstanding the form of the future payment or situations of insolvency and cessation of operations, and allows the transfer to third parties of the right to receive tariff adjustments. The EDP Group recorded in the income statement, under the caption Revenues from energy sales and services and other - Gas, the effects of the recognition of tariff adjustments of Natural Gas, against Debtors and other assets from commercial activities and Trade payables and other liabilities from commercial activities.

x) CO2 Licenses and greenhouse gas emissions

The Group holds CO2 Licenses in order to deal with gas emissions resulting from its operational activity and Licenses for trading. The CO2 and gas emissions Licenses held for its own use are booked as intangible assets at the acquisition cost. CO2 licenses consumption is recorded in accordance with the weighted average price of the CO2 and gas emissions Licenses held for consumption in that year.

The Licenses held by the Group for trading purposes are booked under Inventories (see l)).

y) Statement of Cash Flow

The Statement of Cash Flow is presented under the indirect method, by which gross cash flows from operating, financing and investing activities are disclosed.

The Group classifies cash flows related to interest and dividends paid as financing activities and interest and dividends received as investing activities.

z) Group concession activities in the scope of IFRIC 12

The International Financial Reporting Committee (IFRIC) issued in July 2007, IFRIC 12 - Service Concession Arrangements. This interpretation was approved by the European Commission on 25 March 2009 and is applicable for the annual periods beginning after that date. In the case of the EDP Group, the first annual period after the approval date is 2010 and, therefore, the EDP Group adopted IFRIC 12 for comparative purposes as of 1 January 2009. IFRIC 12, was applied prospectively since it was impracticable to apply it retrospectively.

IFRIC 12 is applicable to public-private concession contracts in which the public entity controls or regulates the services rendered through the utilisation of certain infrastructure as well as the price for such services and also controls any significant residual interest in the infrastructure.

According to IFRIC 12, the infrastructures allocated to concessions are not recognised by the operator as property, plant and equipment or as financial leases, as the operator does not control the assets. These infrastructures are recognised according to one of the following accounting models, depending on the type of remuneration commitment of the operator assumed by the grantor within the terms of the contract:

Financial Asset Model

This model is applicable when the operator has an unconditional right to receive certain monetary amounts regardless of the level of use of the infrastructure within the concession and results in a financial asset recognition, booked at amortised cost.

Intangible Asset Model

This model is applicable when the operator, within the concession, is remunerated on the basis of the level of use of the infrastructure (demand risk) and results in an intangible asset recognition.

Mixed Model

This model is applicable when the concession includes simultaneously guaranteed remuneration and remuneration based on the level of use of the infrastructure within the concession.

Intangible assets within concessions are amortised over their respective useful lives during the concession period.

The Group carries out impairment tests to the intangible assets within concessions whenever events or circumstances may indicate that the book value of an asset exceeds its recoverable amount, being any impairment recognised in the income statement.

Grants received from customers related to assets within concessions are delivered to the Group on a definitive basis, and, therefore, are not reimbursable. These grants are deducted from the value of the assets allocated to each concession.

The concession contracts that currently exist in EDP Group are mainly based in the Intangible Asset Model, namely in the electricity special regime production concessions (PRE) in Portugal and in the Mixed Model, namely in the electricity distribution concessions in Portugal and in Brazil.

IFRIC 12 - Concessions has been amended as a result of the adoption of IFRS 15, thus EDP Group has transferred from the caption Intangible assets to the caption Debtors and other assets from commercial activities - Non current, the amounts related to the assets under construction for the electricity distribution concessions in Portugal and in Brazil, since they qualify as contractual assets (see o)).

aa) Institutional partnerships in USA

The Group has entered in several partnerships with institutional investors in the United States, through operating agreements with limited liability companies that apportion the cash flows generated by the wind farms between the investors and the Company and allocates the tax benefits, which include Production Tax Credits (PTCs), Investment Tax Credits (ITC) and accelerated depreciation, largely to the investor.

The institutional investors purchase their minority partnership interests for an upfront cash payment with an agreed targeted internal rate of return over the period that the tax credits are generated. This anticipated return is computed based on the total anticipated benefit that the institutional investors will receive and includes the value of PTC's / ITC's, allocated taxable income or loss and cash distributions received.

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

The financial instruments held by the institutional investors issued by the partnerships represent compound financial instruments as they contain characteristics of both financial liabilities and equity. The Group has determined that at the funding dates, the fair values of the original proceeds is equal to the fair values of the liabilities at that time and no value was assigned to the equity component. Subsequently, these liabilities are measured at amortized cost.

This liability is reduced by the value of tax benefits provided and cash distributions made to the institutional investors during the contracted period. The value of the tax benefits delivered, primarily accelerated depreciation and ITC are recognised as Income from institutional partnerships on a pro-rata basis over the useful life of the underlying projects (see note 8). The value of the PTC's delivered are recorded as generated. This liability is increased by an interest accrual that is based on the outstanding liability balance and the targeted internal rate of return agreed.

After the flip date, the institutional investor retains a non-significant interest for the duration of the structure. This non-controlling interest is entitled to distributions ranging from 2.5% to 6% and taxable income allocations ranging from 5% to 17%. EDPR NA has an option to purchase the institutional investor's residual interest at fair market value during a defined period following the flip date. Post flip non-controlling interests is the portion of equity that is ascribed to the institutional investor in the institutional equity partnership at flip date. This amount is reclassified from the total equity attributable to the Parent to non-controlling interests caption in the period in which the flip date takes place.

3. Recent Accounting Standards and Interpretations Issued

Standards, amendments and interpretations issued effective for the Group

The amendments to standards already issued and effective that the Group applied in the preparation of its financial statements, can be analysed as follows:

- **IFRS 16 - Leases**

IFRS 16 - Leases has been issued by International Accounting Standards Board (IASB) in January 2016 and endorsed by the EU on 31 October 2017, and became effective as of January 1, 2019. EDP Group adopted this standard on the required effective date in accordance with the modified retrospective transition approach, without adjustments to opening balance of the comparative period nor restatement of the comparative information.

This Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases, and supersedes IAS 17 - Leases and its associated interpretative guidance. IFRS 16 introduces a single, on-balance sheet lease accounting model for lessees. The most significant impact resulting from the initial application of IFRS 16 is the recognition of right of use (ROU) assets and lease liabilities (rents due from lease contracts) for the operating leases, unless the lease term is 12 months or less, or the lease is for a low-value asset. Lessor accounting remains similar to the current standard, IAS 17.

Based on the inventory of the existing lease contracts carried out, EDP Group has recognised, as at 1 January 2019, new assets and liabilities for its operating leases, unless the lease term is 12 months or less, or the lease is for a low-value asset, as detailed bellow. As provided by the standard, EDP Group has elected to measure the ROU asset at the amount of the lease liability (rents due from lease contracts) on the initial application date (adjusted for any prepaid amount or accrued lease expenses), which corresponds to the payments of that lease contracts discounted using EDP Group's incremental borrowing rate for each portfolio of leases identified. The discount rates used, on initial application date, were the following:

Currency	Minimum Rate	Maximum Rate
Euro (EUR)	0.52%	5.56%
US Dollar (USD)	4.75%	5.77%
Brazilian real (BRL)	7.22%	11.96%
Polish Zloty (PLN)	2.19%	5.68%

The ROU asset is depreciated over the asset's useful life, which in most cases corresponds to the lease term and the lease payments are broken down into interest and repayment of the liability. The change in presentation of operating lease expenses also results in a corresponding increase in cash flows operating activities and a decline in cash flows obtained from financing activities.

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

- **Summary of the impacts of the adoption of IFRS 16 in Consolidated and Company Statement of Financial Position on 1 January 2019**

	Group			Company		
Thousand Euros	01-Jan-19	Impact of IFRS 16 adoption	31-Dec-18	01-Jan-19	Impact of IFRS 16 adoption	31-Dec-18
Assets						
Property, plant and equipment	22,626,988	-80,523	22,707,511	31,113	-62,057	93,170
Right-of-use assets	828,226	828,226	-	118,961	118,961	-
Investment property	30,973	-	30,973	71,249	14,265	56,984
Debtors and other assets from commercial activities - Non-Current	2,512,326	-10,314	2,522,640	661	-	661
Others	16,365,836	-	16,365,836	22,707,501	-	22,707,501
Total Assets	42,364,349	737,389	41,626,960	22,929,485	71,169	22,858,316
Equity						
Reserves and retained earnings	4,350,938	-	4,350,938	2,642,185	-	2,642,185
Consolidated net profit attributable to equity holders of EDP	519,189	-	519,189	738,586	-	738,586
Non-controlling Interests	3,932,149	-	3,932,149	-	-	-
Others	4,098,051	-	4,098,051	4,104,146	-	4,104,146
Total Equity	12,900,327	-	12,900,327	7,484,917	-	7,484,917
Liabilities						
Other liabilities and other payables - Non-Current	1,475,427	718,528	756,899	416,544	66,718	349,826
Other liabilities and other payables - Current	789,783	18,861	770,922	1,297,631	4,451	1,293,180
Others	27,198,812	-	27,198,812	13,730,393	-	13,730,393
Total Liabilities	29,464,022	737,389	28,726,633	15,444,568	71,169	15,373,399
Total Equity and Liabilities	42,364,349	737,389	41,626,960	22,929,485	71,169	22,858,316

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

Thousand Euros		Group	Company
Right-of-use assets			
Land and natural resources		605,979	-
Buildings and other constructions		208,957	118,961
Plant and machinery		4,947	-
Transport equipment		7,530	-
Office equipment and IT		813	-
		828,226	118,961
Property, plant and equipment			
Buildings and other constructions	i)	-80,523	-62,057
Investment property			
Buildings and other constructions		-	14,265
		747,703	71,169

- **Detail of payable amounts regarding the lease liabilities (rents due from lease contracts) recognised with the adoption of IFRS 16 on 1 January**

Thousand Euros		Group	Company
Other liabilities and other payables - Non-Current			
Lease Liabilities (Rents due from lease contracts)		796,488	144,678
Lease contracts with EDP Pension and Medical and Death Subsidy Funds	i)	-77,960	-77,960
		718,528	66,718
Other liabilities and other payables - Current			
Lease Liabilities (Rents due from lease contracts)		21,424	7,014
Lease contracts with EDP Pension and Medical and Death Subsidy Funds	i)	-2,563	-2,563
		18,861	4,451
		737,389	71,169

i) Due to the adoption of IFRS 16, the balances included in the caption Lease contracts with EDP Pension and Medical and Death Subsidy Funds regarding to the building units of Porto and Lisbon headquarters, celebrated for a period of 25 years, were reclassified to the caption Right-of-use assets - Buildings and other constructions and to the captions Lease Liabilities (Rents due from lease contracts) - Non-Current and Current.

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

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

	Group	Company
Operating lease commitments as at 31 December 2018	1,403,184	225,723
Recognition exemptions		
for leases with a lease term of 12 months or less (short-term leases)	-114,621	-317
for leases of low-value assets	-	-
Effect from discounting ate the incremental borrowing rate as at 1 January 2019	-549,482	-81,534
Other	-5,589	-76,600
Lease liabilities due to initial application of IFRS 16 as at 1 January 2019	733,492	67,272
Lease liabilities from finance leases (IAS 17) as at 1 January 2019	84,420	84,420
Lease Liabilities (Rents due from lease contracts) as at 1 January 2019	817,912	151,692

- **IFRS 9 - Hedge accounting**

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

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

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

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

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

- **IFRIC 23 - Uncertainty over Income Tax Treatments**

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

The new standards that have been issued and that are already effective and that the Group has applied on its financial statements, with no significant impacts are the following:

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

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

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

- IFRS 17 - Insurance Contracts;
- Amendments to References to the Conceptual Framework in IFRS;
- IFRS 3 (Amended) - Definition of a business;
- IAS 1 (Amended) and IAS 8 (Amended) - Definition of material; and
- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7).

4. Critical Accounting Estimates and Judgements in Preparing the Financial Statements

IFRS require the use of judgement and the making of estimates in the decision process regarding certain accounting treatments, with impact in total assets, liabilities, equity, costs and income. The actual effects may differ from these estimates and judgements, namely in relation to the effect of actual costs and income.

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

Considering that in many cases there are alternatives to the accounting treatment adopted by EDP Group, the reported results could differ if a different treatment was chosen. The Executive Board of Directors believes that the choices made are appropriate and that the financial statements present fairly the Group operations in all material respects.

Financial asset related with infrastructure concession contracts in Portugal

The caption "Amounts receivable from concessions - IFRIC 12", refers to the financial assets receivable by EDP Group companies that operate infrastructures under concession contracts, and arises from the unconditional right to receive this amount regardless of the utilisation level of the infrastructures covered by the concession. In these companies is included EDP Distribuição as the National Distribution Network's (RND) concessionaire, which comprises the medium and high voltage network (MT and HT), and low voltage distribution networks (LT), being these concessions exercised exclusively through public service concession contracts.

The RND's operation, which is part of the HT and MT, is carried out through a public service concessions' attribution, by the Portuguese State. On the other hand, the right to distribute low voltage electricity is attributed to the Portuguese mainland municipalities. The legislation that establishes the basis of each concession sets up that the ownership or possession of the goods assigned to these concessions revert to the concessionaires at the end of their respective concessions. They also establish that in return for the assets returned to grantors, whether State or municipalities, compensation corresponding to the assets' book value assigned to the concession, net of amortisations, financial contributions and non-refundable subsidies will be paid. Therefore, the assets' estimated residual value at the end of each concession constitutes a financial asset, and the remaining fair value component of the concession assets is an intangible asset to be amortised over its useful life. Hence, the end date of each concession is one of the main assumptions to determine the amount of the financial and intangible assets.

In May 2017 Law 31/2017 was approved, which lays down the principles and general rules concerning the organisation of public tendering procedures for the awarding, by contract, of the municipal LT concessions' operation in the Portuguese mainland. This Law foresees the simultaneous launch, in 2019, of public tender procedures for all municipalities that do not opt for direct management of the electricity distribution activity, as well as to all municipalities whose current concession contracts reach their end before 2019, and do not opt for direct management. In these cases, both parts shall enter into a written agreement extending the term of their respective concessions until the new concession contracts enter into force. The awarding decisions will be taken by municipalities or by the territorial area's intermunicipal entity attached to the referred proceedings.

Thus, it is expected that this legislation and the concessions renewal proceedings will have a significant impact on the amount of the financial and intangible assets determined EDP Distribuição, namely through the concessions' termination anticipation, that currently extend beyond 2019. However, at this date it is not possible to predict the end date of the concession contracts currently in force, as the process is still in an initial phase, by doing studies and legislation. With reference to 31 December 2019, financial assets and intangible assets were determined based on the end dates of each of the contracts currently in force, and do not consider any changes arising from the already mentioned legislation. The use of different assumptions could result in different amounts of financial and intangible assets, with the consequential impact in the Statement of Financial Position.

Measurement criteria of the concession financial receivables under IFRIC 12 in Brazil

In 2012, the Provisional Measure 579/12 was published in Brazil, meanwhile converted into Law 12.783/13, which determines that the amount of the indemnisation payable to the distribution companies regarding the assets not amortised or depreciated at the end of each concession, should be determined based in the methodology of the Value of Replacement as New (VNR). The indemnisation amount variation is booked against Revenues from energy sales and services and other. This amount corresponds to the difference between the residual value determined based on the value of replacement as new and the residual value determined based on the historical cost.

ANEEL reviews the VNR, through the valuation report of the Regulatory Remuneration Base, every three years for EDP Espírito Santo and every four years for EDP São Paulo, as established in the concession contracts. Within these periods the distribution companies use their best estimate for the VNR. The use of different assumptions could result in different values of financial assets, with the consequent impact in the Statement of Financial Position.

Impairment

Impairment of long term assets and Goodwill

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

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

Considering the uncertainties regarding the recoverable amount of property, plant and equipment, intangible assets and goodwill as they are based on the best information available, changes in the assumptions could result in changes on the determination of the amount of impairment and, consequently, in results.

Measurement of the fair value of financial instruments

Fair values are based on listed market prices, if available. Otherwise, fair value is determined either by the price of similar recent transactions under market conditions, or determined by external entities, or based on valuation methodologies, supported by discounting future cash flows techniques, considering market conditions, time value, yield curves and volatility factors. These methodologies may require the use of assumptions or judgements in determining fair values.

Consequently, the use of different methodologies and different assumptions or judgements in applying a particular model, could generate different financial results from those reported.

Additionally, financial instruments' classification as debt or equity requires judgement in the interpretation of contractual clauses and in the evaluation of the existence of a contractual obligation to deliver cash or other financial assets.

Review of the useful life of the assets

The Group reviews annually the reasonableness of the assets' useful lives that are used to determine the depreciation rates of assets assigned to the activity. When applicable, the Group changes the depreciation charge of the year, prospectively, based on such review.

Useful lives of generation assets - Hydro independent generator in Brazil

The hydro generation assets in Brazil for independent generators are amortised during their estimated useful lives, considering the existing facts and circumstances at the date of preparation of the financial statements. This includes, among other issues, EDP's best expectations of the useful lives of such assets, which are consistent with the useful lives defined by ANEEL, the respective contractual residual indemnification values at the end of each concession period, as well as related technical and legal opinions. The remaining period of amortisation and the indemnification values at the end of the concessions may be influenced by changes in the regulatory legal framework in Brazil.

Lease Liabilities (Rents due from lease contracts)

With the adoption of IFRS 16, the Group recognises right-of-use assets (ROU assets) and lease liabilities (rents due from lease contracts), if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: i) the contract involves the use of an identified asset; ii) it has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and iii) it has the right to direct the use of the asset. EDP Group uses judgement on its assessment, namely concerning the termination and extension contract options and the determination of the incremental borrowing rate to be applied for each portfolio of leases identified.

Tariff adjustments

Portugal

Tariff adjustments in Portugal represent the difference between costs and income of the National Electricity, estimated at the beginning of each period for purposes of calculating the tariff, and the actual costs and income of the System established at the end of each period. The tariff adjustments assets or liabilities are recovered or returned through electricity and gas tariffs to customers in subsequent periods.

Decree-Law 237-B/2006 of 19 December, and Decree-Law 165/2008 of 21 August, recognised an unconditional right of the operators of the electricity sector to recover the tariff adjustments and related interest expenses, notwithstanding the form of the future payment or situations of insolvency and cessation of operations. Additionally, the legislation allows the transfer to third parties of the right to receive tariff adjustments. Therefore, under this legislation, regulated companies may provide to third parties, in whole or in part, the right to receive the tariff adjustments through the electricity tariffs. In accordance with the accounting policy in force, the EDP Group books under the caption Revenues from energy sales and services and other - Electricity and network access, the effects of the recognition of tariff adjustments in the electricity sector, against Debtors and other assets from commercial activities and Trade payables and other liabilities from commercial activities.

Brazil

On 25 November 2014, ANEEL made addendums to the concession contracts with brazilian electric distribution companies to reduce significant uncertainties regarding to the recognition and realization of regulatory assets/liabilities that existed since 2010, when the IFRS were adopted in Brazil. As a consequence, the CPC ("Comitê de Pronunciamentos Contábeis") issued on 28 November 2014, the OCPC 08 (Recognition of Certain Assets and Liabilities in Accounting and Financial Reports of Electric Distribution) which determines how to treat these regulatory assets/liabilities in the financial statements.

Therefore, on 10 December 2014, EDP Brasil signed the Fourth and Fifth Addendum to the Concession Agreement, where it was established that, in the case of concession termination, the outstanding balances of any failure of payment or reimbursement by the tariff (assets and liabilities), will be considered on the indemnity calculation, based on the regulator pre-established regulations.

EDP Group considers, based on the issued legislation (Portugal and Brazil), that the requirements for the recognition of tariff deficits as receivables and payables against the income statement of the period have been satisfied.

Revenue recognition

Energy sales revenue is recognised when the monthly energy invoices are issued, based on actual meter readings or estimated consumption based on the historical data of each consumer. Revenue relating to energy to be invoiced, regarding consumption up to the balance sheet date but not measured, is booked based on estimates that take into consideration factors such as consumption in prior periods and analysis relating to the energy balance of the operations.

The use of different estimates and assumptions could affect the Group's revenue and, consequently, its reported results.

Income taxes

The Group is subject to income taxes in several jurisdictions. Certain interpretations and assumptions are required in determining the global amount of income tax.

There are several transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. One of the most significant judgements in this area relates to the tax treatment of the new accounting standards, namely IFRS 16. It is the Group's understanding that, in general, the tax treatment follows the accounting treatment, and therefore, no significant tax adjustments have been made to the accounting records arising from the implementation of the new standards. Different interpretations and assumptions could result in a different level of income taxes, current and deferred, recognised in the period.

Pensions and other employee benefits

Determining pension and other employee benefits liabilities requires the use of assumptions, including actuarial projections, estimated rates of return on investments, discount rates and pension and salary growth and other factors that can impact the cost and liability of pension plans, medical plans and other benefits. Changes in the assumptions could materially affect the amounts determined.

Provisions for dismantling and decommissioning of power generation units

EDP considers to exist legal, contractual or constructive obligations to dismantle and decommission of property, plant and equipment assets allocated to electricity generation operations. The Group records provisions in accordance with existing obligations to cover the present value of the estimated cost to restore the locations and land where the electricity generation units are located. EDP Group provisions include the calculation of the present value of the expected future liabilities.

The use of different assumptions and judgement from those referred could lead to different financial results than those considered.

Entities included in the consolidation perimeter

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

This evaluation requires the use of judgement and assumptions in order to conclude whether the Group is in fact exposed to the variability of returns and has the ability to affect those returns through its control over the investee.

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

Business combination

Under IFRS 3 (Business Combination) in a business combination, the acquirer shall recognise and measure in the consolidated financial statements the assets acquired and liabilities assumed at fair value at the acquisition date. The difference between the purchase price and the fair value of the assets and liabilities acquired leads to the recognition of goodwill or a gain from a purchase at a low price (bargain purchase).

The fair value determination of the assets acquired and liabilities assumed is carried out internally or by independent external evaluators, using the discounted cash flows method, using the replacement cost or other fair value determination techniques, which rely on the use of assumptions including macroeconomic indicators such as inflation rates, interest rates, exchange rates, discount rates, sale and purchase prices of energy, cost of raw materials, production estimates and business projections. Consequently, the determination of the fair value and goodwill or gain from a purchase at a low price is subject to numerous assumptions and judgments and therefore changes could result in different impacts on results.

Fair value measurement of contingent consideration

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

Contractual stability compensation - CMEC

i) Contractual stability compensation - Initial Amount

Following a Portuguese Government decision to extinguish the Power Purchase Agreement (PPA), the early termination of the PPAs of EDP Produção had effect from 1 July 2007.

In accordance with the applicable legislation, in particular Decree-Law no. 240/2004, the contractual stability compensation mechanism (CMEC) was adopted, to which EDP Group committed following the signature of the Termination Agreements on 27 January 2005. The CMEC include three types of compensation: initial compensation, annual compensation (or revisibility) and final adjustment.

The Initial compensation was acknowledged once the early termination of the PPAs occur and amounted to 833,467 thousand Euros, paid in fixed annual instalments remunerated at the interest rate established by law. This compensation constitutes an asset to be received registered by the net updated amount, having as counterpart a recording of a deferred income. In each period, the initial compensation installment is acknowledged as an operational income as a counterpart of the initial deferred income. Under the law this instalment is susceptible of securitization.

ii) Contractual stability compensation – Annual revisibility mechanism

During period 1 (2007/2017) of the contractual stability compensation mechanism and pursuant to Decree-Law no 240/2004, there was a correction on an annual basis (annual revisibility), resulting from positive or negative deviations between the estimates made for the initial stability compensation calculation and actual amounts arising from an efficient performance, as results in the simulation made using actual values parameters of the "Valorágua" model. In 2014, Order 4694/2014 has amended the procedures to follow of the annual revisibility calculation with respect to the revenues from the ancillary services market (secondary regularion band) by the power plants under CMEC.

Revisibility amounts for the years 2007 to 2014 were determined and approved by the Member of the Government responsible for the energy sector, and were contested by EDP Produção:

a) As regards the approval of the 2011 and 2012 revisibilities, the fact that it did not consider the costs incurred with the social tariff in the calculation of the revisibilities; and

b) As regards the approval of the 2014 revisibility, the fact that it did not take into account in the calculation of the revisibility the costs incurred with the social tariff and CESE.

Regarding the annual revisibilities of 2015 to 2017, it is awaited approval by the Government member responsible for the energy sector, even though, by letter of 21 April 2017 from ERSE, the transfer to EDP Produção of the annual revisability of 2015 has been authorised.

iii) Contractual stability compensation – Final Adjustment

The CMEC's Final Adjustment is calculated in accordance with number 7 of article 3 and Annex IV of Decree-Law 240/2004, of 27 December. The State budget for 2017 (Law 42/2016) determined, in its article 170, that the final adjustment amount shall be calculated and justified in a study done and presented by ERSE. This entity had the technical support of the Working Group EDP Produção/REN (Working Team), legally enforced.

Accordingly, the technical group EDP/REN has presented to ERSE its report on the CMEC final adjustment calculation, which was achieved by strictly following the calculation methodology described in Decree-Law 240/2004. This calculation, performed by the technical group EDP/REN was presented to ERSE and comes to a range of amounts between 256.5 and 271 million Euros.

At the end of September 2017, ERSE has also presented to the Government its report on the calculation of the CMEC final adjustment, reaching an amount of 154 million Euros, which was provisionally considered in the document of tariffs and prices for 2018.

In the Financial statements as at 31 December 2017, EDP Group has included its best estimate of the CMEC final adjustment, by recognising an asset in the amount of 256.5 million Euros against deferred income, based on Decrew-Law 240/2004 and on the document done jointly by EDP and REN and the legal opinions obtained on this subject.

On 3 May 2018, EDP was notified (through a DGEG's letter from 25 April 2018) that the CMEC final adjustment had been officially approved, according to ERSE's proposal, in the amount of 154 million Euros. EDP reflected this reality in its financial statements as of 31 December 2018, recognising a provision by the difference in the final adjustment amounts already recognised in the Group's revenues. On 31 December 2019 EDP maintains the provision in its accounts.

Considering that the administrative act contained in the Dispatch of approval of the SSE of 25 April 2018 lacks technical, economic and legal basis, and that, in particular, it does not apply the calculation methodology contained in Decree-Law 240/2004 and which would lead to the determination of an amount close to the one determined by the technical group, on 3 September 2018, EDP Produção has legally contested it.

Clawback - Regulatory mechanism to ensure the competitive balance in the wholesale electricity market in Portugal

Following some tax changes occurred in Spain, which affected electricity generators operating in this country, Decree-Law 74/2013 was approved in Portugal, which aimed to rebalance the competition between electricity generators operating in Portugal and other players operating in Europe.

Pursuant to Decree-Law no. 74/2013 and its regulations, in order to restore such balance, the power plants operating on a market regime is situated in Portugal, which were not covered by the PPA or CMEC regime, should pay an amount per MWh produced.

The amount payable should consider an estimate of the impact that the off-market events in the EU (such as the above-mentioned tax changes in Spain) would have in pool prices, as well as off-market events in Portugal that would affect the competitiveness of electricity generators operating in Portugal. Consequently, a net competition advantage would allegedly arise to generators operating in Portugal.

Under this mechanism regulation – commonly known as clawback – Social tariff and CESE were approved by Dispatch 11566-A/2015, of 3 October 2015, as off-market events that should be considered as competitive disadvantages of generators operating in Portugal.

Dispatch 7557-A/2017, of 25 August, superseded Dispatch 11566-A/2015 (which defined the variables for the computation formula of the amount to be paid by each of the power-generating plants under Decree-Law 74/2013, of 4 June, for each injected MWh) in its entirety. It states that ERSE, after consulting DGEG, shall present proposals for a new definition of the variables, as well as reference terms for the new study.

Subsequently, in the Dispatch 9371/2017, of 24 October 2017, partially nulled of Dispatch 11566-A/2015, of 3 October 2015 from the SSE, is declared, in relation to the decisions presented under its numbers 11 and 12 (the deduction of social tariff and CESE costs in the unit price). ERSE was asked to consider in 2018 UGS tariff, the recovery, in benefit of the consumers, of the amounts allegedly unproperly included in previous years' tariffs (2016 and 2017). Dispatch 9955/2017, of 17 November, defines a new amount for the estimate of the off-market events' impact in EU, which is 4.75 €/MWh, with retroactive effects as at August 24. Following these Dispatches, the document of prices and tariffs for 2018 has included a clawback amount of around 90 million Euros to be returned to tariffs, which includes power plants operating under CMEC and estimated generation.

Based on its interpretation of the Law, as well as on legal opinions obtained in the meantime, EDP Produção considers that the Decree-Law 74/2013 aims to reestablish a situation of competition balance between generators operating in Portugal and their peers operating in other European countries, which means to consider as off-market events all the taxes and contributions that fall only over generators located outside of Portugal (particularly in Spain), as well as all the taxes and contributions that fall only over generators located in Portugal. Consequently, in the Group's understanding, Dispatch 9371/2017 and 9955/2017 have completely distorted the clawback mechanism, having filed its legal action in January 2018.

In the Financial statements as at 31 December 2018, EDP Group has included the clawback amount as calculated by EDP Produção, regarding the legislation in place in each period, namely Decree-Law 74/2013, Order 225/2015, Ordinance 9371/2017 from 24 October and Dispatch 9955/2017, from 17 November. It is important to notice that this mechanism is not applicable to power plants in 2018 still operating under CMEC regime.

On 5 October 2018, the Spanish legislature, by the sixth and seventh additional lines on Article 21 of Royal Decree-Law 15/2018, suspended the 7% tax on electricity generation approved in 2012 for a period of six months, from the beginning of October 2018 to the end of March 2019. This tax suspension correspond to the suspension of the off-market event verified within the European Union, which is considered in the clawback calculation.

Following the temporary suspension of the tax on electricity production in Spain:

- Order 895/2019 of 23 January, establishing the suspension of the "Clawback" was approved for a period of 6 months as from 1 October 2018;
- The Tariff and Price Document for 2019, published on 17 December 2018, estimates a Clawback value of € 4.18/MWh, to be applied after the end of the suspension period (more specifically from 6 April 2019);
- ERSE has informed EDP Produção that any clawback invoicing relating to the referred suspension period should be deleted or canceled;
- The State Budget Law for 2019 provided that "the Government shall, until the end of the first quarter of 2019, review the regulatory mechanism designed to ensure the balance of competition in the wholesale electricity market in Portugal, provided for under DL 74/2013, of 4 June, adapting it to the new rules of the Iberian Electricity Market, with the aim of creating harmonized regulatory mechanisms that reinforce competition and protect consumers".

During 2019:

- On 1 April, the suspension of the tax on the production of electric energy in Spain was terminated, and it became effective again;
- From that moment, the "clawback" invoiced to EDP Produção was resumed, based on a value of 4.75€/MWh;
- On August 9, Decree-Law 104/2019 was published, which makes the first amendment to Decree-Law 74/2013, by changing the scope of the clawback mechanism. Previously, "ordinary producers of electricity and other producers not covered by the guaranteed remuneration regime were subject to clawback ". With the publication of this diploma, the CMEC centrals are now included in the scope of the clawback;
- The same Decree-Law introduced the possibility to define CIT (corporate income tax) – advanced payment, and on 26 September 2019 was published the Order 8521/2019, which set the amounts of advanced payment related to the clawback mechanism at 2.71€ / MWh for coal-fired power plants and 4.18€/MWh for other power plants;
- In the Tariff and Price Document for 2020, published on 16 December 2020, ERSE considered the unit values defined in Dispatch 8521/2019, correcting only the value applicable to coal to 1.23 € / MWh, due to the increase in the ISP tax percentage and CO2 addition planned for 2020;
- On 27 December 2019, Dispatch 12424-A / 2019 was published, which identifies as national extra-market events to be considered in the Study to be prepared by ERSE until April 2020 (with reference to 2019) under the Clawback, the taxation of petroleum and energy products used in the production of electricity (ISP), CESE and the Social Electricity Tariff.

Ancillary Services

On 3 September 2018, the Portuguese Competition Authority (AdC) notified EDP Produção with Statement of Objections, under which EDP Produção is accused of abuse of a dominant position in the secondary regulation band market (a part of the ancillary services market). AdC claims that EDP Produção has deliberately limited the participation of CMEC plants in the secondary regulation market between 2009 and 2013, benefitting its non-CMEC power plants. The alleged benefit, in detriment of consumers, would be twofold: receiving higher compensation under CMEC annual adjustment regime; profiting from higher market prices in said market. AdC estimates that the alleged practice of EDP Produção has generated damages to the national electricity system and to consumers of around 140 million Euros. AdC points out that the adoption of a Statement of Objections does not determine the result of the investigation, which began in September 2016. On 28 November 2018, EDP Produção was given the opportunity to exercise its right to be heard and defend itself in relation to the alleged unlawful act and to the penalties in which it may incur.

On 13 March 2019, the Secretary of State for Energy underlined in the National Assembly, in the scope of the Parliamentary Commission of Inquiry on the Payment of Excessive Income to Electricity Producers, that this is not an innovative feature issue but a competition issue and is being handled by the Competition Authority (AdC).

On 18 September 2019, AdC informed EDP of its decision to condemn, imposing a fine of 48 million Euros, for abuse of dominant position in the secondary regulation band market in mainland Portugal between 2009 and 2013. Within the framework of the Competition the fine could amount to 153 million Euros.

According to AdC, EDP would have manipulated its offer of tele-regulation service or secondary regulation band, limiting the capacity offer of its CMEC power plants to offer it through its market power plants, benefiting in two ways:

- Highest compensation paid to CMEC plants (annual revisability), as their lower participation in the provision of secondary regulation band service would be below what would be expected (according to competitive market criteria);
- The increase of the market price of the secondary bandwidth service, as a result of the limited supply by CMEC plants, favoring market-based power plants.

The EDP Group considers that EDP Produção has not exercised any abuse of a dominant position, having acted strictly in accordance with the legal framework in force. EDP will appeal the decision to the Competition, Regulation and Supervision Court, as provided by law (see note 35), and the case is pending pronunciation of the Competition, Regulation and Supervision Court on the prosecution of the case for trial.

Innovative Features

On 9 July 2018, EDP has been notified, within the scope of a stakeholder hearing promoted by the DGEG, to present its opinion on the possibility of DGEG proposing to the Secretary of State for Energy an amount associated with the alleged "innovative features" introduced in CMEC regime regardind PPA, to a maximum amount of 357.9 million Euros. According to the DGEG, this amount shall be associated with the lack of legal scope for tests on the availability of the CMEC plants (285 million Euros) and the above mentioned ancillary services (72.9 million Euros).

On 26 September 2018, EDP Produção was notified of the Order of the SEE of 29 August, which considers as an "innovative features" the topic "procedures for calculating the verified availability coefficient", quantified at 285 million Euros. This Order refers to the alleged lack of legal forecast of availability tests of CMEC plants. Considering that the Order in question lacks technical, economic and legal basis, on 8 October 2018 EDP Produção has submitted an administrative appeal.

Subsequently, on the one hand, by letter from ERSE dated 12 November 2018 EDP Produção became aware of the Order of the SEE of 4 October, which, following the Order of 29 August, declared the annulment of the annual adjustments in the part in which they considered the alleged "innovative features" concerning the procedures for calculating the coefficient of availability. On the other hand, in the Tariff and Price Document for 2019, ERSE considered the refund of an amount of 90 million Euros for a portion of the 285 million Euros referred to, expecting that the remaining portions will be paid for a number of years that allow the CMEC to have zero tariff impact by including the 86.5 million Euros in the tariffs of 2020, 86.5 million Euros in tariffs of 2021 and 21.9 million Euros in 2022.

Without having received any response to the gracious complain filed on 1 February 2019, EDP Produção challenged in court the Orders of 29 August and 4 October and the Tariff and Price Document for 2019.

Although the EDP Group considers that there were no innovative features weighted in CMEC adjustments, this aspect was reflected in these financial statements as of 31 December 2018, by recognising a provision of 285 million Euros. In 2019 EDP made the payment of92,458 thousand Euros (see note 35), using this provision, so that at 31 December 2019 this provision amount of 192,542 thousand Euros.

Hydro power plants of Fridão and Alvito

On 17 December 2008, EDP Produção and the Portuguese State signed the Contract for the Implementation of the National Program for High Hydroelectric Potential Power Plants (PNBEPH) regarding the Hydro Power Plants of Fridão (AHF) and Alvito (AHA), with the payment, by EDP Produção of 231.7 million Euros. Of this amount, 217,798 thousand Euros relates to the right to implement and exploit the AHF.

EDP Produção followed up on the procedures for the implementation of these projects, having, in the case of the AHF, obtained a Favorable Environmental Impact Declaration and an Environmental Compliance Report of the Execution Project (RECAPE).

On 22 October 2013, EDP Produção requested to the Minister of the Environment, Land Management and Energy, based on a change of circumstances, to postpone the signing of the concession contract for the AHF. This request was formally rejected on 2 May 2014, and the terms of the concession contract, were subsequently negotiated between EDP Produção and the Portuguese Environmental Agency (APA) and a specific date for the respective signature for 30 September 2015, which was revoked by the Government without rescheduling a new date.

In 2016, following the beginning of the XXI Constitutional Government, the Government Program provided the reassessment of the PNBEPH. In this context, it was agreed to suspend for three years the execution of the Contract for the implementation of the AHF, as well as the annulment of the implementation Contract regarding AHA, through a Memorandum of Understanding signed on 5 December 2016, concluded by an agreement between the Portuguese State and EDP Produção on 11 April 2017.

This deferral decision was taken based on public interest reasons, considering the evolution of installed power and energy demand since 2008 (conclusion date of the Implementation Contract) until 2016. It is not clear that the AHF would be an energy surplus that would offset the environmental impacts resulting from its implementation.

On 16 April 2019 EDP Produção received, by email, an official letter from the Ministry of the Environment and Energy Transition, dated 11 April 2019, informing the State's conclusion that there is no need for implementation of AHF to meet national targets for Renewable Energy Source and Greenhouse Gas Reduction, as well as "that the State does not find any reason to inhibit the construction of the Fridão Hydro Power Plant".

Simultaneously, the Minister of the Environment and Energy Transition (MATE) announced at the National Assembly, in a hearing at the Environment, Land-use Planning, Decentralization, Local Power and Housing Committee, that the State's decision was not to build the AHF and that "the State will always comply with the contract but believes there are no reasons for any repayment of the amount that was given to the State ten years ago". It acknowledged, however, that there was no agreement with EDP on this matter.

EDP Produção notified the Portuguese State to return to it all the investment already made, including the consideration paid on the provisional award, and, as well, to compensate it for other losses and damages resulting from the non-compliance, to be settled in a timely manner. As at 31 December 2019 the Group reclassified these Assets under construction to Other debtors and other assets and valued in accordance with the principles defined in IFRS 9 (see notes 26 and 35).

Sale of real estate by EDP Distribuição

In the 2009-2018 period, EDP Distribuição disposed a set of real estate that were unused, in the amount of approximately 52 million Euros, obtaining a total net value of gains of 33.9 million Euros (35.7 million Euros of gains and 1.7 million Euros of losses).

In the regulated accounts sent to ERSE in June 2018, EDP Distribuição identified the amount to be returned into tariffs related to the depreciation of the properties that were sold in the period 2012-2017. ERSE did not consider this amount in the 2019 rates and submitted the topic for further analysis.

In the Tariffs for 2020, ERSE recognized the principle of profit sharing with the system and assumed the return into the tariffs of approximately 16.6 million Euros referring to half of the net gains obtained from the sale of real estate by EDP Distribuição between 2009 and 2018, having mentioned that the position to be taken by the respective grantors of the Concession Contract for the National Distribution Network (RND) and the electricity distribution network concessions in BT may determine the revision of this amount.

Subsequent to the publication of the Tariffs for 2020, the Government approved an Order that stipulates that the total value of the gains generated by the sale of real estate by EDP Distribuição between 2009 and 2018, and which were subject to remuneration for the tariffs, "reverts entirely to the grantor ", and should be" fully reflected in the electricity tariffs ".

EDP Distribuição acted in a transparent manner and within the framework of regulatory efficiency standards dictated by ERSE itself, as is evident from the values that have always been evidenced in the published Reports and Accounts and in the Regulated Accounts presented.

EDP Group Strategic Plan Update

Following the Strategic Plan Update 2019-2022, as announced by the Executive Board of Directors in March 2019, EDP Group foreseen the sale of non current assets and/or group of assets. As at 31 December 2019, the Executive Board of Directors evaluated the status of each sale plan defined, in terms of the definition of its extension, occurrence in time, identification of the target buyers and assignment to specialised entities, to determine whether the criteria for classification under IFRS 5 are met. In this sense, the assets classified as non current assets held for sale as at 31 December 2019 reflect the sale plans that, in the opinion of the Executive Board of Directors, comply with the conditions set out in IFRS 5 (see note 40). In this valuation process, there are no assets and liabilities held for sale qualifying as "Discontinued Operations".

5. Financial Risk Management Policies

Financial risk management

The EDP Group's business is exposed to a variety of financial risks, including the effect of changes in market prices, foreign exchange and interest rates. The Group's exposure to financial risks arises essentially from its debt portfolio, its investments and from the volatility of commodity prices, resulting in interest and exchange rate exposures as well as commodity market price exposure. The status and evolution of the financial markets are analysed on an on-going basis in accordance with the Group's risk management policy.

The management of financial risks of EDP, S.A. and other EDP Group entities is undertaken centrally by EDP, S.A., in accordance with policies approved by the Executive Board of Directors. The Financial Department, the Energy Management Business Unit and the Risk Management Department identify, evaluate and submit to the Board, for approval, hedging mechanisms appropriate to each exposure. The Executive Board of Directors is responsible for the definition of general risk management principles and the establishment of exposure limits.

As for the subsidiaries of EDP Energias do Brasil, the management of the financial risks inherent to the variation of interest rates, exchange rates and commodities is carried out locally, according to the rules set by EDP Energias do Brasil's Management and aligned with the principles/policies set by EDP Group for this geographical area.

Exchange-rate risk management

EDP Group operates in different geographies, therefore becoming exposed to exchange rate risk in US Dollar (USD), Brazilian Real (BRL), Polish Zloty (PLN), Romanian Leu (RON), Canadian Dollar (CAD) and Pound Sterling (GBP). Currently, these exposures result essentially from investments of EDP Group in wind parks (and solar) in the USA, Poland, Romania, Canada and United Kingdom, respectively. The exposure to Brazilian Real results essentially from investments of EDP Group in EDP Energias do Brasil and EDP Renováveis Brasil. The majority of these investments were financed with debt contracted in the respective local currency which allows to mitigate the exchange rate risk related to these assets, and such financing is complemented in certain cases with derivatives to hedge exchange-rate risk on net investment.

The policy implemented by the EDP Group consists of undertaking derivative financial instruments to hedge exchange rate risk with similar terms to those of the hedged asset or liability. The operations are revalued and monitored throughout their useful lives and, periodically, their effectiveness in controlling and hedging the risk that gave rise to them is assessed.

Investments in the Brazilian subsidiaries of EDP Energias do Brasil, whose net assets expressed in Brazilian Real expose EDP Group to the exchange rate risk from it's conversion to Euros, are monitored through analysis of the evolution of the BRL/EUR exchange rate.

In the hedge relationships, the main source of ineffectiveness is the effect of the counterparties' and the Group's own credit risk on the fair value of the forward foreign exchange contracts and cross currency interest rate swaps, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in exchange rates.

Sensitivity analysis - exchange rate

Regarding the financial instruments that result in an exchange rate risk exposure, a fluctuation of 10% in the EUR/USD exchange rate, as at 31 December 2019 and 2018, would lead to an increase/(decrease) in the EDP Group results and/or equity as follows:

	Dec 2019			
	Profit or loss		Equity	
Thousand Euros	+10%	-10%	+10%	-10%
USD	-4,499	5,498	-167,397	204,596
	-4,499	5,498	-167,397	204,596

	Dec 2018			
	Profit or loss		Equity	
Thousand Euros	+10%	-10%	+10%	-10%
USD	62,728	-76,668	-123,197	150,574
	62,728	-76,668	-123,197	150,574

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

Interest rate risk management

The aim of the interest rate risk management policies is to manage the impact on financial charges, from contracted debt, related to the exposure to interest rate risk from market fluctuations.

In the floating rate financing context, the EDP Group enters, when considered appropriate, into interest rate derivative financial instruments to hedge the cash flows associated with future interest payments, which have the effect of converting floating interest rate loans into fixed interest rate loans.

Long-term debt engaged at fixed rates are, when appropriate, converted into floating rate debt through interest rate derivative financial instruments designed to level them to current and expected market conditions.

All the operations are undertaken on liabilities in the EDP Group's debt portfolio and mainly involve perfect hedges, resulting in a high level of correlation between changes in fair value of the hedging instrument and changes in fair value of the interest rate risk or future cash flows.

In the hedge relationships, the main source of ineffectiveness is the effect of the counterparty's and the Group's own credit risk on the fair value of the interest rate swaps, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in interest rates.

The EDP Group has a portfolio of interest rate derivatives with maturities up to 16 years. The Group's Financial Departments undertake sensitivity analyses of the fair value of financial instruments to interest rate fluctuations. As at 31 December 2019, after the hedging effect of the derivatives 65% of the Group's liabilities are at fixed rate.

Sensitivity analysis - Interest rates (excluding the Brazilian operations)

Based on the Group's debt portfolio, except for Brazil, and the related derivative financial instruments used to hedge the related interest rate risk, a 50 basis points change in the reference interest rates at 31 December 2019 and 2018 would lead to an increase/(decrease) in the EDP Group results and/or equity as follows:

	Dec 2019			
	Profit or loss		Equity	
Thousand Euros	50 bp increase	50 bp decrease	50 bp increase	50 bp decrease
Cash flow effect:				
Hedged debt	-12,302	12,302	-	-
Unhedged debt	-6,054	6,054	-	-
Fair value effect:				
Cash flow hedging derivatives	-	-	7,297	-7,332
Trading derivatives (accounting perspective)	-244	206	-	-
	-18,600	18,562	7,297	-7,332

	Dec 2018			
	Profit or loss		Equity	
Thousand Euros	50 bp increase	50 bp decrease	50 bp increase	50 bp decrease
Cash flow effect:				
Hedged debt	-14,052	14,052	-	-
Unhedged debt	-7,354	7,354	-	-
Fair value effect:				
Cash flow hedging derivatives	-	-	6,202	-7,544
Trading derivatives (accounting perspective)	-2,222	1,406	-	-
	-23,628	22,812	6,202	-7,544

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

Brazil - Exchange and interest rate risk management

Stress tests and sensitivity analysis are carried out for purposes of risk management in the Brazilian subsidiaries. Through these two tools, the financial impact in different market scenarios is monitored.

For sensitivity analysis, the exposure of portfolio of operations is evaluated through 25% and 50% changes in the main risk factors, currency and interest rates. The stress test is performed on the fair value of the operations and uses as premise the interest rate curve projections of the main crises that affected the Brazilian market.

Brazil - Sensitivity analysis - exchange rate

The Brazilian subsidiaries were mainly exposed to the USD/BRL exchange rate, arising from USD debt for which the exposure was completely offset by cross currency interest rate swaps. As at 31 December 2019, both the debt and the hedging intruments have been liquidated at maturity.

Brazil - Sensitivity analysis - Interest rates

Based on the portfolio of operations, a 25% change in the interest rates, to which the Brazilian subsidiaries are exposed to, would have an impact to EDP Energias do Brasil Group, at 31 December 2019 and 2018, in the amount of:

	Dec 2019	
Thousand Euros	+ 25%	- 25%
Financial instruments - assets	9,905	-9,436
Financial instruments - liabilities	-132,773	121,285
Derivative financial instruments	-	-
	-122,868	111,849

	Dec 2018	
Thousand Euros	+ 25%	- 25%
Financial instruments - assets	6,957	-6,957
Financial instruments - liabilities	-60,614	66,225
Derivative financial instruments	-225	298
	-53,882	59,566

Counterparty credit risk management

EDP Group's policy in terms of counterparty risk on financial transactions (see note 2 e)) is managed through an analysis of the technical capacity, competitiveness, credit rating and exposure to each counterparty, avoiding significant concentrations of credit risk. Counterparties in derivative financial instruments are institutions with high credit rating so the risk of counterparty default is not considered to be significant. Therefore, guarantees and other collaterals are not typically required for these transactions.

EDP Group has documented its financial operations in accordance with international standards. Derivative financial instruments are mainly contracted under ISDA Master Agreements.

The amount receivable from customers is mainly generated by operations in Portugal, Spain and Brazil, with a diversified customer base, both geographically and in terms of segments (business clients, private and public sector) and size (Supply companies, Business to Business (B2B) and Business to Consumer (B2C)). EDP is present in 19 countries and 4 continents, with more than 9.8 million customers in the electricity sector and 1.6 million customers in the gas sector, and usually the contractual relationship with the counterparty tends to be long-lasting.

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

Thousand Euros	Dec 2019	Dec 2018
Corporate and private sector:		
Supply companies	99,019	102,418
B2B	489,589	482,338
B2C	403,616	356,421
Other	114,706	107,818
	1,106,930	1,048,995
Public sector:		
Debt with payment agreement	7,778	41,280
Debt without payment agreement	98,547	170,551
	106,325	211,831
	1,213,255	1,260,826

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

	Dec 2019					
Thousand Euros	Portugal	Spain	Brazil	USA	Other	Group
Corporate and private sector	503,135	89,616	489,013	10,585	14,581	1,106,930
Public sector	42,380	8,212	54,021	-	1,712	106,325
	545,515	97,828	543,034	10,585	16,293	1,213,255

	Dec 2018					
Thousand Euros	Portugal	Spain	Brazil	USA	Other	Group
Corporate and private sector	441,702	116,806	447,513	10,662	32,312	1,048,995
Public sector	140,629	12,988	57,120	-	1,094	211,831
	582,331	129,794	504,633	10,662	33,406	1,260,826

The amounts receivable from supply companies are concentrated mainly in Portugal, Brazil and EDP Renováveis Group, as follows:

- In Portugal, these counterparties present a significantly reduced days sales outstanding, about 20 days, and these entities are subject to the sector regulation that establishes collaterals to reduce credit risk. The collateral provided is updated based on the average of the last quarter monthly sales, which reinforces a low risk profile;

- In Brazil, it refers mainly to: (i) the amounts from sale of electricity to wholesale dealers and supply companies, (ii) accounts receivable relating to energy traded in the Electric Energy Trading Chamber - CCEE; and (iii) charges for the electricity network access;

- In EDPR EU, main customers are utilities and regulated entities in the different countries. Credit risk is not significant due to the limited average collection period for customer balances and the quality of its debtors. Additional counter-party risk comes from the countries with renewables incentives, which it is usually treated as regulatory risk;

- In EDPR NA, main customers are regulated utility companies and regional market agents in the US. As it occurs in Europe, credit risk is not significant due to the limited average collection period for customer balances and the quality of the debtors. However, the exposure due to the mark-to-market of long term contracts may be significant. This exposure is managed by a detailed assessment of the counter-party before signing any long term agreement and by a requirement of collaterals when financial soundness of the counterparty deteriorates.

Regarding the remaining receivables from companies and individual customers, resulting from the current activity of EDP Group, the credit risk is essentially the result of customers defaults, whose exposure is limited to the supply made until the possible date of supply disruption. A very criterious credit risk analysis made for new costumers, as well as the large number of customers and their diversity in terms of sectors of activity are some of the main factors that mitigate the concentration of counterparty credit risk.

Amounts receivable from public sector customers include amounts receivable from renegotiated debt with payment agreements, which, as the counterparty is a public entity and has already recognised the debt through payment protocols, present a lower risk. These amounts also include debt without payment agreements arising from the normal power supply activity similar to that described for the corporate and individual sector.

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

Regarding third-party receivables generated by the Group's day-to-day business, the credit risk arises essentially from customers default, whose exposure is limited to the Low Tension Eletricity supplied with usual delays in payments. The very criterious credit risk analysis made for new costumers, as well as the large number of customers and their diversity in terms of sectors of activity are some of the main factors that mitigate the concentration of counterparty credit risk.

EDP Group believes that the amount that best represents the Group's exposure to credit risk corresponds to the carrying amount of customers and of Contract assets related to energy sales net of the impairment losses recognised. The Group believes that the credit quality of these receivables is adequate and that no significant impaired credits exist that have not been recognised as such and provided for.

As at 31 December 2019, in accordance with the methodology for determining impairment losses on amounts receivable from the electric sector, no impairment loss has been booked. The risk levels for amounts receivable from the electric sector have been considered to be the same as the country risk levels for Brazil, Portugal and Spain, which have high credit ratings.

The maximum exposure to credit risk of Contract assets related to energy sales and Amounts receivable from the electric sector is as follows:

Thousand Euros	Dec 2019	Dec 2018
Contract assets related to energy sales:		
Contract assets receivable from energy sales contracts	1,050,707	1,218,307
	1,050,707	1,218,307
Amounts receivable from the electric sector:		
Amounts receivable from tariff adjustments - Electricity	425,396	335,156
Amounts receivable relating to CMEC	777,065	832,424
Amounts receivable from concessions - IFRIC 12	1,012,048	935,237
	2,214,509	2,102,817
	3,265,216	3,321,124

Liquidity risk management

The EDP Group undertakes management of liquidity risk through the engagement and maintenance of credit lines and financing facilities with a firm underwriting commitment with international reliable financial institutions as well as term deposits, allowing immediate access to funds. These credit lines are used to complement and backup national and international commercial paper programmes, allowing the EDP Group's short-term financing sources to be diversified (see note 33).

The table below shows the contractual undiscounted cash flows and the estimated interests due, computed using the rates available at 31 December 2019:

Thousand Euros	Dec 2020	Dec 2021	Dec 2022	Dec 2023	Dec 2024	Following years	Total
Bank loans	216,887	153,014	136,145	584,787	121,153	441,750	1,653,736
Bond loans	1,707,045	1,445,123	1,315,359	1,487,169	2,475,042	3,702,511	12,132,249
Hybrid Bond	812,271	-	-	-	-	1,000,000	1,812,271
Commercial paper	721,779	100,000	-	-	288,974	-	1,110,753
Other loans	2,382	495	34	211	-	12,821	15,943
Interest Payments (i)	224,545	392,644	291,171	273,815	190,575	292,491	1,665,241
	3,684,909	2,091,276	1,742,709	2,345,982	3,075,744	5,449,573	18,390,193

i) The coupons of the Eur 1,000M hybrid bond was included taking into consideration the earliest possible call date; for the Eur 750M the coupons were computed using the dates of the repurchase and early redemption ocurred during 2020 1st quarter.

Energy market risk management

In the sphere of its operations in the Iberian market for both electricity and gas, EDP Group purchases fossil fuels to generate electric energy which is sold in organized markets (OMIE and OMIP) as well as to third parties or, in the gas business, sells natural gas to clients either through EDP Group's trading companies or directly to third parties. As a result, the Group is fully exposed to energy market risks.

As a result of its energy management operations, EDP Group has a portfolio of operations related to electricity and gas businesses. The portfolio is managed through the engagement of operations with financial and physical settlement on the forward energy markets. The objective of the operations is to reduce volatility of the financial impact resulting from the managed positions and to benefit from arbitration or positioning within the trading limits approved by the Executive Board of Directors. The financial instruments traded include swaps (electricity, coal and gas) and futures to fix prices.

In the hedge relationships, the main source of ineffectiveness is the effect of the counterparty's and the Group's own credit risk on the fair value of the derivative financial derivatives, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in market prices.

Energy management activity is subject to a series of variables which are identified and classified based on their common uncertainty characteristics (or risk). Such risks include market price evolution risk (electricity and fuel) with impact in the expected energy volume generated, as well as credit risk of the counterparties.

Monitoring the price, volume and credit risks includes their quantification in terms of positions at risk which can be adjusted through market operations. This quantification is made by using specific models that value positions to determine the maximum loss that can be incurred, with a given probability and a determined time frame.

Risks are managed in accordance with the strategies defined by the Executive Board of Directors, which are subject to a periodic review based on the evolution of the operations, to change the profile of the positions and adjust them to the established management objectives.

Risks are monitored by means of a series of actions involving daily monitoring of the different risk indicators, of the operations grouped in the systems and the prudence limits defined by management area and risk component, as well as regular backtesting and supplementary validation of the models and assumptions used. This monitoring not only ensures the effectiveness of the strategies implemented, but also provides elements to enable initiatives to be taken to correct them, if necessary.

The main price and volume risk indicator used is the margin at risk (P@R), which estimates the impact of the variation of the different risk factors (price of electricity and hydrological) on the next 24 month's margin, P@R corresponding to the difference between an expected margin and a margin of a pessimistic scenario with a probability to occur of 5% (confidence interval of 95%) considering a time frame of 2 years. Both the volumes which are certain and those, which although uncertain, are expected, namely production of the plants and the corresponding consumption of fuel, are considered. The P@R distribution by business segment is as follows:

		P@R Distribution by business segment	
Thousand Euros		Dec 2019	Dec 2018
Business	**Portfolio**		
Electricity	Trading	536	50,559
Electricity	Trading + Hedging	87,680	216,655
Gas	Hedging	10,541	22,049
Diversification effect		-10,971	-23,063
		87,786	266,199

Regarding credit risk, the quantification of exposure considers the amount and type of transaction (e.g. swap or forward), the rating of the counterparty risk that depends on the probability of default and the expected value of credit to recover, which varies depending on the guarantees received or the existence of netting agreements. The EDP Group's exposure to credit risk rating is as follows:

	Dec 2019	Dec 2018
Credit risk rating (S&P)		
AAA to AA-	1.97%	0.16%
A+ to A-	28.46%	34.87%
BBB+ to BBB-	61.24%	61.12%
BB+ to B-	0,00%	0.87%
No rating assigned	8.33%	2.98%
	100.00%	100.00%

Capital management

EDP is not an entity subject to regulation in terms of capital or solvency ratios. Therefore, capital management is carried out within the financial risk management process of the entity.

Additionally, management describes this aspect of its strategic objectives, policies and processes to manage risks, including the financial risks, in the chapters of the Annual Report of 2019:

02 Strategic Approach

2.2.2 Strategic Guidelines Compliance - Continue Financial Deleveraging; and

2.3 Risk Management: Key Risks - Financial; Risk Appetite - Financial.

04 Corporate Governance

53 The main types of economic, financial and legal risk - Financial risks.

The Group's goal in managing capital is to safeguard the Group's capacity to continue operating as a going concern, grow steadily to meet established objectives and maintain an optimum capital structure to reduce equity cost.

In conformity with other groups operating in this sector, the Group controls its financing structure based on several control mechanisms and ratios.

6. Consolidation Perimeter

During 2019, the following changes occurred in the EDP Group consolidation perimeter:

Companies acquired:

The following acquisitions were classified as asset purchases, out of scope of IFRS 3 – Business Combinations, due to the substance of these transactions, the type of assets acquired and the very early stage of the projects:

- EDP Renováveis, S.A. acquired, in Colombia, 100% of the companies Eolos Energías, S.A.S. E.S.P. and Vientos del Norte, S.A.S. E.S.P.
- EDP Renováveis Brasil, S.A. acquired 100% of the companies Central Eólica Boqueirão I, S.A., Central Eólica Boqueirão II, S.A., Monte Verde Holding, S.A. and Jerusalém Holding, S.A.
- EDPR Offsore España, S.A.S. acquired, directly or indirectly, 100% of the companies B-Wind Polska, Sp. z o.o., C-Wind Polska, Sp. z o.o.,Ventum Ventures III Holding, B.V., Fluctus V, B.V., Fluctus VI, B.V. and Fluctus VII, B.V.
- EDP Renewables Polska, Sp. z o.o. acquired 100% of the companies Lichnowy Windfarm, Sp. z o.o., EW Dobrzyca sp.Zo.o., Winfan sp.Zo.o., Ujazd Sp.Zo.o., Kowalewo Wind, Sp. zo.o., European Wind Power Krasin, Sp. zo.o., Nowa Energia 1, Sp. zo.o. and Farma Wiatrowa Bogoria, Sp. zo.o.
- Monte Verde Holding, S.A. acquired 100% of the company Central Eólica Monte Verde VI, S.A.
- EDP - Comercialização e Serviços de Energia, Ltda. acquired 100% of the company Litoral Sul Transmissora de Energia Ltda.
- EDP Renewables Europe, S.L.U. acquired 100% of the company Aioliko Parko Fthiotidos Erimia E.P.E.

Additionally, the following companies were also acquired:

- EDP Renewables Europe, S.L.U. acquired 32% of the company Dunkerque Éoliennes en Mer, S.A.S.
- EDPR Offsore España, S.A.S. acquired 30% of the companies Frontier Beheer Nederland, B. V. and of Frontier, C.V.
- EDP Renewables Polska, Sp. z o.o. acquired 100% of the company EDPR Polska Solar Sp. z.o.o.
- EDP Renewables Polska HoldCo, S.A. acquired 100% of the company Gudziki Wind Farm Sp. z o.o.
- EDP Renovables España acquired 25% of the companies Sistemas Eólicos Tres Cruces, S.L.U. and Desarrollos Energéticos del Val, S.L.
- EDPR Offsore España, S.A.S. acquired 61% of the company Korean Floating Wind Power Co., Ltd.
- EDP Renováveis Brasil, S.A. acquired 100% of the companies Central Eólica Catanduba I, S.A. and Central Eólica Catanduba II, S.A.
- EDP Comercial - Comercialização de Energia, S.A. acquired 17% of the company Endeco Technologies Limited.

Sale of companies without loss of control:

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

Companies sold and liquidated:

- EDP Distribuição de Energia, S.A. liquidated EDP MOP - Operação de Pontos de Carregamento de Mobilidade Eléctrica, S.A.
- EDP Distribuição de Energia, S.A. liquidated EME2 - Engenharia, Manutenção e Serviços, ACE.
- EDP Renewables Europe, S.L.U. and EDPR Yield, S.A.U. sold to Beta Energy Investments S.A.R.L. and Beta II S.R.L. by 806,090 thousand Euros, which includes loans in the amount of 304,732 thousand Euros, of 51% of its direct financial interest in EDP Renewables France, S.A.S. and EDPR Participaciones, S.L.U. and indirect interests in the following companies:

  - Bon Vent de L'Ebre, S.L.U.
  - Bon Vent de Vilalba, S.L.U.
  - Centrale Eolienne Canet-Pont de Salars, S.A.S.
  - Centrale Eolienne Gueltas Noyal-Pontivy, S.A.S.
  - Centrale Eolienne Neo Truc de L'Homme, S.A.S.
  - Centrale Eolienne Patay, S.A.S.
  - Centrale Eolienne Saint Barnabé, S.A.S.
  - Centrale Eolienne Segur, S.A.S.
  - Eólica da Lajeira, S.A.
  - Eólica de Radona, S.L.U.
  - Eólica del Alfoz, S.L.U.
  - Eólica do Cachopo, S.A.
  - Eólica do Castelo, S.A.
  - Eólica do Velão, S.A.
  - Eólica Don Quijote, S.L.U.
  - Eólica Dulcinea, S.L.U.
  - Eólica La Navica, S.L.U.
  - Eolienne de Saugueuse, S.A.S.
  - GREEN WIND, S.A.
  - Neo Plouvien, S.A.S.
  - Parc Éolien de Dammarie, S.A.R.L.
  - Parc Éolien de Francourville, S.A.S.
  - Parc Éolien de Montagne Fayel, S.A.S.
  - Parc Éolien de Preuseville, S.A.R.L.
  - Parc Éolien de Roman, S.A.R.L.
  - Parc Éolien de Tarzy, S.A.R.L.
  - Parc Éolien de Varimpre, S.A.S.
  - Parc Éolien des Vatines, S.A.S.
  - Parc Éolien d'Escardes, S.A.S.
  - Parc Éolien du Clos Bataille, S.A.S.
  - SOCPE de la Mardelle, S.A.R.L.
  - SOCPE de la Vallée du Moulin, S.A.R.L.
  - SOCPE de Sauvageons, S.A.R.L.
  - SOCPE des Quinze Mines, S.A.R.L.
  - SOCPE Le Mee, S.A.R.L.
  - SOCPE Petite Pièce, S.A.R.L.

  Additionally, the Group sold the stake held by the companies Bon Vent de L'Ebre, S.L.U. and Bon Vent de Vilalba, S.L.U. in the company Aprofitament D'Energies Renovables de la Terra Alta, S.A. (9.70% and 10.42% respectively).

  This transaction has generated a gain, net of transaction costs, of 225,644 thousand Euros, which was recorded in the income statement (see note 8).

- Moray East Holdings Limited liquidated the companies Telford Offshore Windfarm Limited, MacColl Offshore Windfarm Limited and Stevenson Offshore Windfarm Limited.
- EDP Renováveis Brasil, S.A. sold in December to Allif SLP I LP by 132.227 thousand Euros (the equivalent of 597,096 thousand Brazilian Real), of 100% of its direct financial interest in Babilônia Holding, S.A. and indirect interests in the following companies:

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

  This transaction has generated a gain, net of transaction costs, of 87,078 thousand Euros, which was recorded in the income statement (see note 8).

- EDP Renewables Polska, Sp. z o.o. sold 100% of the company EDP Renewables Polska OPCO, S.A.
- EDP Gestão Produção Energia, S.A. liquidated Energin - Sociedade de Produção de Electricidade e Calor, S.A.

Companies merged:

- ECE Participações S.A. was merged into Companhia Energética do JARI-CEJA.

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

* EDP Group holds, through EDP Renováveis and its subsidiaries, a set of subsidiaries legally established in the United States without share capital and that, as at 31 December 2019, do not have any assets, liabilities or any operating activity.

Other changes:
- EDP Renewables Europe, S.L.U. acquired from RG Renovatio Group Limited 15% of the share capital of the companies Cernavoda Power, S.A., Pestera Wind Farm, S.A., VS Wind Farm, S.A. and Sibioara Wind Farm, S.R.L., increasing to 100% its share interest in the companies.
- EDP Renováveis, S.A. acquired 11% of the company Principle Power, Inc.
- EDP Renewables North America LLC (EDPR NA), through the company Solar Ventures Purchasing LLC (Solar VP), sold 50% of its interest in Solar Ventures Acquisition LLC (Solar VA) to Goldeneye SVA LLC (wholly owned by ConnectGen). Further, EDPR NA sold 50% of its interest in the companies Goldfinger Ventures LLC (Goldfinger I) and Goldfinger Ventures II LLC (Goldfinger II) to ConnectGen. Subsequent to EDPR NA's selling transaction referred for Solar VA, this joint venture acquired the companies Sunshine Valley Solar LLC (Sunshine Valley), Sun Streams LLC (Sun Streams) and Windhub Solar A LLC (Windhub Solar). Subsequent to EDPR NA's selling transaction referred above for Goldfinger I and Goldfinger II, the joint venture Solar VA sold the companies Sunshine Valley and Windhub Solar to a subsidiary of Goldfinger I and sold the company Sun Streams to a subsidiary of Goldfinger II.

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

7. Revenues and cost of Energy Sales and Services and Other

Revenues from energy sales and services and other, by sector, are as follows:

	Group		Company	
Thousand Euros	Dec 2019	Dec 2018	Dec 2019	Dec 2018
Electricity and network access	12,327,096	13,732,751	2,422,467	2,846,718
Gas and network access	757,099	701,529	24,816	-
Sales of CO2 Licenses	-	-	357,781	670,171
Revenue from assets assigned to concessions	918,826	438,920	-	-
Other	329,988	404,885	163,696	158,150
	14,333,009	15,278,085	2,968,760	3,675,039

Revenues from energy sales and services and other, by geographical market, for the Group, are as follows:

	Dec 2019					
Thousand Euros	Portugal	Spain	Brazil	USA	Other	Group
Electricity and network access	5,975,879	2,730,461	2,708,597	616,222	295,937	12,327,096
Gas and network access	286,337	470,762	-	-	-	757,099
Revenue from assets assigned to concessions	225,751	-	693,075	-	-	918,826
Other	137,297	57,373	129,545	4,200	1,573	329,988
	6,625,264	3,258,596	3,531,217	620,422	297,510	14,333,009

	Dec 2018					
Thousand Euros	Portugal	Spain	Brazil	USA	Other	Group
Electricity and network access	7,106,232	2,856,408	2,942,162	553,137	274,812	13,732,751
Gas and network access	150,487	551,042	-	-	-	701,529
Revenue from assets assigned to concessions	196,559	-	242,361	-	-	438,920
Other	279,506	47,052	77,186	-	1,141	404,885
	7,732,784	3,454,502	3,261,709	553,137	275,953	15,278,085

The caption Electricity and network access in Portugal, on a consolidated basis, includes a net revenue of 1,438,399 thousand Euros (revenue in 31 December 2018: 754,648 thousand Euros) regarding tariff adjustments of the period (see notes 25 and 37). This caption also includes a net cost of 902 thousand Euros (31 December 2018: net revenue of 61,515 thousand Euros) related to recognition of tariff adjustments for the period in Brazil (see notes 25 and 37).

Additionally, the caption Electricity and network access includes, on a consolidated basis, a positive amount of 70,354 thousand Euros (31 December 2018: positive amount of 62,192 thousand Euros) related to the contractual stability compensation (CMEC) as a result of the power purchase agreements (PPA) termination, including a income of 21,156 thousand Euros related to the CMEC final adjustment (31 December 2018: positive amount of 1,015 thousand Euros), net from the recognised provision due to the final adjustment official approval (see note 4).

The caption Electricity and network access, on a company basis, includes 1,255,951 thousand Euros (31 December 2018: 1,147,717 thousand Euros) related with energy sales under the purchase and sale agreement of evolutive energy between EDP, S.A. and EDP Comercial S.A.

The breakdown of Revenues from energy sales and services and other by segment, are as follows (see note 50 - Operating Segments).

	Dec 2019					
	Reported Operating Segments					
Thousand Euros	Renewables	Networks	Client Solutions & Energy Management	Total	Other Segments	Group
Electricity and network access	1,371,741	3,476,658	7,478,769	12,327,168	-73	12,327,095
Gas and network access	-	12,729	744,369	757,098	-	757,098
Revenue from assets assigned to concessions	-	918,813	14	918,827	-	918,827
Other	37,751	98,837	184,216	320,804	9,185	329,989
	1,409,492	4,507,037	8,407,368	14,323,897	9,112	14,333,009

	Dec 2018					
	Reported Operating Segments					
Thousand Euros	Renewables	Networks	Client Solutions & Energy Management	Total	Other Segments	Group
Electricity and network access	1,282,733	4,160,279	8,289,829	13,732,841	-89	13,732,752
Gas and network access	-	15,587	685,943	701,530	-	701,530
Revenue from assets assigned to concessions	1,810	436,861	249	438,920	-	438,920
Other	22,663	41,992	322,474	387,129	17,754	404,883
	1,307,206	4,654,719	9,298,495	15,260,420	17,665	15,278,085

The segment "Client Solutions & Energy Management" includes sales of renewable energy, hydro and wind, carried out by EDP SA's energy management business unit, as part of its intermediation activity, and sales by the last resource supplying in Portugal, EDP Serviço Universal S.A.

Revenues from energy sales and services and other by segment are considered globally as "overtime" and not as "at a point in time".

Cost of energy sales and other are as follows:

	Group		Company	
Thousand Euros	Dec 2019	Dec 2018	Dec 2019	Dec 2018
Cost of electricity	6,333,955	7,732,715	2,407,172	2,838,289
Cost of gas	1,031,410	885,988	-	-
Expenditure with assets assigned to concessions	812,539	421,911	-	-
Changes in inventories and cost of raw materials and consumables used				
Fuel, steam and ashes	371,207	581,994	-	-
Gas	152,192	36,264	24,816	-
CO2 Licenses	282,200	346,269	356,139	664,278
Own work capitalised	-13,845	-2,391	-	-
Other	146,201	176,153	-49,057	12
	937,955	1,138,289	331,898	664,290
	9,115,859	10,178,903	2,739,070	3,502,579

Cost of electricity includes, on a company basis, costs of 1,184,778 thousand Euros (31 December 2018: 1,464,385 thousand Euros) with the purchase of energy under the agreement for management, purchase and resale of energy signed between EDP, S.A. and EDP Gestão da Produção de Energia, S.A.

Under the terms of concession contracts of EDP Group to which IFRIC 12 is applicable, the construction activities are outsourced to external specialised entities. The revenue and the expenditure with the acquisition of these assets are as follows:

	Group	
Thousand Euros	Dec 2019	Dec 2018
Revenue from assets assigned to concessions	918,826	438,920
Expenditure with assets assigned to concessions		
Subcontracts and other materials	-710,793	-335,770
Personnel costs capitalised (see note 10)	-71,413	-76,924
Capitalised borrowing costs (see note 13)	-30,333	-9,217
	-812,539	-421,911

Revenue from assets assigned to concessions include 372,330 thousand Euros relative to electricity distribution concessions in Portugal and in Brazil resulting from the application of the mixed model. Additionally, it also includes the revenue related to the asset to be received by EDP Group under the transmission concessions in Brazil (see note 25).

The main varations on the captions Revenues and cost of Energy Sales and Services and Other are described in the Chapter 3 - Performance mainly in 3.1 - Group's financial analysis and 3.4 - Business area analysis.

The Directive 13/2018, of 15 December 2018, on tariffs to be in force in 2019, clarified the performance of EDP Distribuição in the purchase and sale of access to the transmission network (CVART). Therefore, as EDP Distribuição is only an agent in this activity, as of 15 December 2018, the amounts associated are recorded at net value. On a consolidated basis, the change in this accounting mainly explains the variation in Revenues and cost of Energy Sales and Services and Other and afects the Segment

On an individual basis, the change in Revenues and cost of Energy Sales and Services and Other, mainly refers to the decrease in the quantities and prices related to the CO2 licenses contracted by EDP SA's energy management business unit, as part of its intermediation activity, for the Group companies.

8. Other Income

Other income, for the Group, are as follows:

	Group	
Thousand Euros	Dec 2019	Dec 2018
Income arising from institutional partnerships - EDPR NA (see note 36)	181,570	185,171
Gains on disposals - electricity business assets - Asset Rotation	313,452	110,294
Gains on disposals - electricity business assets	-	82,865
Gains from contractual indemnities and insurance companies	26,168	19,404
Other	170,696	164,943
	691,886	562,677

Income arising from institutional partnerships - EDPR NA relates to income arising from production and investment tax credits (PTC/ITC), mostly from accelerated tax depreciation, regarding Vento I to XVIII, Sol I, Sol II and Blue Canyon I projects, in wind farms and solar plants in USA (see note 36).

The caption Gains on disposals - electricity business assets - Asset Rotation corresponds to gains from asset rotation strategy. This strategy aimed at crystallizing the value of a project by selling with loss of control, and reinvesting the proceeds in another projects, targeting greater growth. Typically, the developer may retain the role of O&M supplier. During 2019 this item refers to the gain on the sale of 51% of the financial investment in EDP Renewables France, S.A.S. and EDPR Participaciones, S.L.U., and its subsidiaries, fully owned by EDPR, in the amount of 225,644 thousand Euros (see note 6) and to the gain related to the sale of 100% of the stake in the company Babilônia Holding, S.A. and its subsidiaries in the amount of 87,078 thousand Euros (see note 6).

The caption Other includes gains on the reinsurance activity, gains in the adjustment of contingent prices of sale operations and gains on the sale of property, plant and equipment.

9. Supplies and Services

Supplies and services are as follows:

	Group		Company	
Thousand Euros	Dec 2019	Dec 2018	Dec 2019	Dec 2018
Consumables and communications	30,961	41,586	7,759	7,968
Rents and leases	32,190	95,251	6,176	13,665
Maintenance and repairs	396,278	388,318	32,587	36,244
Specialised works:				
- Commercial activity	156,906	153,698	631	655
- IT services, legal and advisory fees	96,362	91,487	43,816	43,831
- Other services	48,936	47,576	27,298	24,890
Provided personnel	-	-	9,548	8,072
Other supplies and services	135,910	139,045	25,136	25,869
	897,543	956,961	152,951	161,194

Of the decrease in Rents and leases, the amount of 62,265 thousand Euros results from the adoption of IFRS 16 on 1 January 2019 (see note 3). As at 31 December 2019 this caption includes mainly costs for variable lease payments and rental costs for short-term leases.

10. Personnel Costs and Employee Benefits

Personnel costs and employee benefits are as follows:

	Group		Company	
Thousand Euros	Dec 2019	Dec 2018	Dec 2019	Dec 2018
Personnel costs				
Board of Directors remuneration	17,981	16,250	7,062	6,897
Employees' remuneration	471,091	471,650	38,785	37,809
Social charges on remuneration	115,936	115,174	10,187	9,741
Performance, assiduity and seniority bonus	74,944	80,224	11,741	13,889
Other costs	25,014	25,004	495	301
Own work capitalised:				
- Assigned to concessions (see note 7)	-71,413	-76,924	-	-
- Other (see note 16)	-62,465	-60,468	-	-4
	571,088	570,910	68,270	68,633
Employee benefits				
Pension plans costs	22,849	28,886	1,996	3,211
Medical plans costs and other benefits (see note 34)	8,293	5,591	335	234
Pension plans past service cost (Curtailment/Plan amendments) (see note 34)	8,958	17,579	-	-
Other benefits plans past service cost (Curtailment/Plan amendments) (see note 34)	-30,820	676	-	-
Other	39,828	27,898	2,199	2,347
	49,108	80,630	4,530	5,792
	620,196	651,540	72,800	74,425

Pension plans costs include 6,159 thousand Euros (31 December 2018: 13,612 thousand Euros) related to defined benefit plans (see note 34) and 16,690 thousand Euros (31 December 2018: 15,274 thousand Euros) related with defined contribution plans.

The variation in the caption Performance, assiduity and seniority bonus, for the Company, essentially results from the bonus 2018 adjustment registered in the first quarter of 2019.

As at 31 December 2019, Pension plans past service cost (Curtailment/Plan amendments) is essentially related to the increase in liabilities under the permanent employees reduction program that covered 65 portuguese employees, from which 29 were considered as a curtailment since weren´t met the pre-retirement conditions foreseen in the ACT of 2014 (see note 34).

As at 31 December 2019, Other benefits plans past service cost (Curtailment/Plan amendments) results essentially from the change in the medical plan granted to brazilian employees (new access rules to medical procedures and variety of specialities / exams) due to the change in the operator with its own medical services network and infrastrutures (see note 34).

During 2019, EDP Group distributed treasury stocks to employees (366,619 shares) totalling 1,232 thousand Euros (see note 30).

The breakdown by management positions and category of professional staff is as follows:

	Group		Company	
	Dec 2019	Dec 2018	Dec 2019	Dec 2018
Executive Board of Directors	9	9	9	9
Senior management	827	709	101	97
Managers	783	754	28	24
Specialists	4,528	4,369	394	381
Support, Operational and Administrative Technicians	5,513	5,790	67	87
	11,660	11,631	599	598

11. Other Expenses

Other Expenses are as follows:

	Group	
Thousand Euros	Dec 2019	Dec 2018
Concession rents paid to local authorities and others	281,825	283,024
Direct and indirect taxes	230,870	293,504
Irrecoverable debts	-	12,058
Donations	22,489	21,655
Write-off of tangible assets	41,374	40,289
Other	75,915	64,849
	652,473	715,379

The caption Concession rents paid to local authorities and others includes essentially the rents paid to the local authorities under the terms of the low tension electricity distribution concession contracts and rents paid to city councils where the power plants are located.

The caption Direct and indirect taxes includes the tax of 7% over electricity generation in Spain, property tax and other taxes and levies. The variation of this caption, in what relates to its homologous period amount, reflects, in a general way, the reduction of municipal tax rates in Spain and the normal activity of the Group.

In 2019, the EDP Group proceeded to the write-off of tangible assets, which mainly relate to the abandonment of ongoing projects in EDPR NA in the amount of 16,172 thousand Euros (31 December 2018: 8,914 thousand Euros) (see note 16) and with losses in materials, equipment and discontinuation of projects in EDP Brasil in the amount of 23,472 thousand Euros (31 December 2018: 30,552 thousand Euros).

The caption Other includes losses on the reinsurance activity in the amount of 16,536 thousand Euros (31 December 2018: 14,179 thousand Euros).

12. Amortisation and Impairment

Amortisation and impairment are as follows:

	Group		Company	
Thousand Euros	Dec 2019	Dec 2018	Dec 2019	Dec 2018
Depreciation/impairment of Property, plant and equipment (see note 16)	1,294,059	1,083,264	6,057	27,667
Depreciation/impairment of Right of use asset (see note 17)	56,898	-	5,414	-
Amortisation/impairment of Intangible assets (see note 18)	418,678	363,282	13,410	1,726
	1,769,635	1,446,546	24,881	29,393
Amortisation/impairment of Investment property	356	1,894	3,975	2,570
	1,769,991	1,448,440	28,856	31,963
Compensation of depreciation Partially-funded property, plant and equipment (see note 37)	-27,003	-24,063	-	-
Amortisation of Incremental costs of obtaining contracts with customers (see note 25)	22,142	20,435	-	-
Impairment of Goodwill (see note 19)	489	-	-	-
	1,765,619	1,444,812	28,856	31,963

The partially-funded property, plant and equipment is depreciated on the same basis and at the same rates as the Group's remaining assets, being the corresponding cost compensated through the amortisation of the amounts received (booked under Trade payables and other liabilities from commercial activities) on the same basis and at the same rates as the corresponding partially-funded assets.

The Group has booked an impairment loss in the polish Property, plant and equipment in the amount of 15,376 thousand Euros (see note 16) that result from the recoverability assessment of two wind projects in Poland.

In addition, considering recent regulatory changes in Portugal occurred in 2019 related to energy generation activities and the inversion of the merit order in the Iberian Market, as well as the unfavorable revision of other costs, namely CO2 costs, EDP Group has reviewed its future estimates for production assets.

The above-mentioned impairment tests led to an impairment loss of 136,975 thousand Euros in Sines carbon thermoelectric plant in Portugal, an impairment loss of 84,183 thousand Euros in Soto 3 carbon thermoelectric plant in Spain and an impairment loss of 75,874 thousand Euros in Aboño2 carbon thermoelectric plant in Spain (see note 16).

In the scope of impairment tests on these assets, sensitivity analyzes were performed on key variables, namely discount rates. A sensitivity analysis of +0.5% in discount rate would determine an additional impairment loss of around 0,8 million Euros in Sines, an additional impairment loss of around 1,5 million Euros in Aboño 2, whereas for Soto 3 a full impairment of the asset has been considered.

13. Financial Income and Expenses

Financial income and expenses, for the Group, are as follows:

Thousand Euros	Group	
	Dec 2019	Dec 2018
Financial income		
Interest income from bank deposits and other investments	49,445	33,901
Interest from derivative financial instruments	31,632	29,335
Interest income on tariff deficit:		
- Portugal - Electricity (see note 25)	-1,658	10,221
- Brazil - Electricity (see notes 25 and 37)	4,255	6,652
Other interest income	59,862	57,571
Derivative financial instruments	8,444	39,579
Foreign exchange gains	25,763	43,043
CMEC:		
- Interest on the initial CMEC	33,658	39,616
- Financial effect considered in the calculation	11,574	12,333
Gains on the sale of financial investments	85	29,337
Gains on the sale of financial investments - Asset Rotation	-	86,153
Gains on the sale of the electricity tariff deficit - Portugal (see note 25)	3,589	8,425
Equity instruments at fair value through other comprehensive income (see note 22)	33,690	2,582
Other financial income	127,478	57,497
	387,817	456,245
Financial expenses		
Interest expense on financial debt	648,821	633,653
Bonds buyback	-	34,485
Capitalised borrowing costs:		
- Assigned to concessions (see note 7)	-30,333	-9,217
- Other (see note 16)	-17,484	-24,547
Interest from derivative financial instruments	29,547	20,691
Interest expense on tariff deficit:		
- Portugal - Electricity (see note 37)	314	526
- Brazil - Electricity (see notes 25 and 37)	1,716	2,821
Other interest expense	32,059	43,797
Derivative financial instruments	5,126	14,637
Foreign exchange losses	47,717	72,916
CMEC	13,428	15,617
Unwinding of discounted liabilities	124,000	125,943
Unwinding of lease liabilities (rents due from lease contracts) (see note 38)	38,687	-
Net interest on the net pensions plan liability (see note 34)	10,580	11,117
Net interest on the medical liabilities and other benefits (see note 34)	22,072	28,036
Other financial expenses	131,341	39,915
	1,057,591	1,010,390
Financial income/(expenses)	-669,774	-554,145

The captions Other financial income and Other financial expenses include the amount of 93,557 thousando Euros (412,918 thousand Brazilian Reais), which net impact is null, resulting from the monetary update on the exclusion of ICMS from PIS/COFINS tax assessment in EDP Espirito Santo and EDP São Paulo, which resulted in recognizing an liability of 388,998 thousand Euros (1,756,597 thousand Brazilian Reais) in Amounts payable from tariff adjustments - Electricity - Brazil caption (see note 37), against a asset in Special taxes Brazil caption (see note 27).

Capitalised borrowing costs includes the interest capitalised in assets under construction according to Group accounting policy presented in note 2h). Regarding the rate applicable to borrowing costs related with tangible/intangible assets under construction that is used in the determination of the amount of borrowing costs eligible for capitalisation (see notes 16 and 18), it varies depending on the country and currency, since EDP Group incorporates in its scope of consolidation a significant number of subsidiaries in several geographies with different currencies. Therefore, for the most representative geographies, the weighted average funding rates, in use in 2019, ranged from 0.8% e 2.4% in Portugal, from 7% in Spain and from 1.18% to 7.75% in the United States of America, depending on related assets under construction and related financing.

The Unwinding of discounted liabilities refers essentially to: (i) the unwinding of the dismantling and decommissioning provision for wind generation assets of 6,614 thousand Euros (31 December 2018: 6,143 thousand Euros) (see note 35); (ii) the implied financial return in institutional partnership in USA of 85,320 thousand Euros (31 December 2018: 80,684 thousand Euros) (see note 36); and (iii) the financial expenses related to the discount of the liability associated to the concessions of Alqueva/Pedrógão, Investco and Enerpeixe of 20,352 thousand Euros (31 December 2018: 21,467 thousand Euros).

The caption Unwinding of lease liabilities (rents due from lease contracts) includes the financial updating inherent to the lease liabilities (rents due from lease contracts) recorded at present value, with the adoption of IFRS 16 on 1 January 2019 (see notes 3 and 38).

The Derivative financial instruments caption includes income and expenses related with financial assets and liabilities measured and fair value through profit and loss, while the remaining captions of financial income and expenses are registered at amortised cost, based on the effective interest rate method.

Financial income and expenses, for the Company, are as follows:

Thousand Euros	Company	
	Dec 2019	Dec 2018
Financial income		
Interest income from loans to subsidiaries and related parties (see note 43)	67,244	152,195
Interest from derivative financial instruments	155,867	163,284
Derivative financial instruments	65,012	80,196
Income from equity investments (see note 43)	686,205	818,342
Gains on the sale of financial investments	243,349	-
Other financial income	35,168	82,010
	1,252,845	1,296,027
Financial expenses		
Interest expense on financial debt	293,889	305,981
Interest from derivative financial instruments	159,967	142,557
Derivative financial instruments	96,591	96,971
Unwinding of lease liabilities (rents due from lease contracts)	5,601	-
Other financial expenses	11,022	16,737
	567,070	562,246
Financial income/(expenses)	685,775	733,781

The caption Other financial results includes 37,547 thousand Euros related to nominal interests from bonds issued by EDP Finance B.V., repurchased by EDP S.A. in 2016, 2017 and 2018 (see notes 26 and 43). The effective interest of these instruments amounts to 8,658 thousand Euros (includes the recognition of premium and transaction costs associated with the buyback transaction by the effective interest rate method).

The caption Gains on financial assets includes the impact of the operation in EDP International Investment and Servicies, S.L., which generated a gain of 243,272 thousand Euros (see note 20).

14. Income Tax

The following note includes an analysis on the reconciliation between the theoretical and the effective income tax rate applicable at an individual level and at the level of the EDP Group, on a consolidated basis. In general terms, this analysis aims to quantify the impact of the income tax, recognised in the income statement, which includes both current and deferred tax.

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

The overall tax contribution borne by the EDP Group (which includes comments on the contributions paid to the respective states where the Group operates), as well as other relevant information (such as EDP Group's tax footprint, specific taxation over energy sector and procedures to control and manage adverse tax exposures), are disclosed on the annual Sustainability Report, available on EDP website (www.edp.com).

The general principles concerning EDP Group's mission and tax policy are also addressed in the same report. This document also describes the key principles with respect to transfer pricing policy applicable to the EDP Group, under which the Group's policy is to abide within the international rules, guidelines and best practises applicable in the various geographies where it operates.

It should be noted that, as a multinational group, the EDP Group fully complies with the annual obligation of communication and report, which results from the transposition to the Portuguese domestic Law of the disposals of Action 13 of the Base Erosion and Profit Shifting (named Country-by-Country Reporting), as a part of a set of measures adopted by OECED and G20 countries to enhance transparency for tax administrations. Furthermore, this obligation is fulfilled in Portugal by the parent company, within the deadlines foreseen by law.

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

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

	Dec 2019	Dec 2018
Europe:		
Portugal	21% - 31.5%	21% - 29.5%
Spain	25% - 26%	25% - 28%
Netherlands	25%	25%
Belgium	29.58%	29.58%
France	28% - 34.43%	28% - 34.43%
Italy	24% - 28.8%	24% - 28.8%
Poland	19%	19%
Romania	16%	16%
United Kingdom	19%	19%
America:		
Brazil	34%	34%
United States of America	24.91%	24.91%
Canada	27%	27%
Mexico	30%	30%

EDP Group companies are taxed, whenever possible, on a Group consolidated basis as allowed by the tax legislation of the respective countries.

As per the applicable legislation, in general terms, tax periods may be subject to review and reassessment by the various tax authorities during a limited number of years. Statutes of limitation differ from country to country, as follows: Portugal 4 years or, if tax losses or credits have been used, the number of years that such tax losses or credits may be carried forward; Spain 4 years; USA and The Netherlands 3 years; and Brazil 5 years. In remaining main jurisdictions, the deadline for review and reassessment by the various tax authorities ranges between 3 and 10 years.

Tax losses generated in each year are also subject to tax authorities' review and reassessment and may be used to offset yearly taxable income assessed in the subsequent periods, in the main jurisdictions in which EDP is present, as follows: in Portugal 5 years (for tax losses of 2017 and 2018); and 12 years (for tax losses of 2014, 2015 and 2016); in the Netherlands 6 years (for tax losses incurred from 2019 onwards); and 9 years (for tax losses incurred before 2018), and without term in the USA, Brazil and Spain. Moreover, in the Netherlands the tax losses of a given year may be used to recover current tax of the previous year. However, the deduction of tax losses in the USA, Portugal, Spain and Brazil may be limited to a percentage of the taxable income of each period.

EDP Group companies may, in accordance with the law, benefit from certain tax benefits or incentives in specific conditions, namely the Production Tax Credits in the USA (see note 1), which are the dominant form of wind remuneration in this country, and represent an extra source of revenue per unit of electricity, over the first 10 years of the asset's life. Wind facilities that qualify for the application of the Production Tax Credits prior to 1 January 2017, benefit from 100% of the credit ($24/MWh in 2018 and $25/MWh in 2019, being adjusted to inflaction in subsequent years). The credit amount is reduced by 20% for wind facilities qualifying in 2017, 40% in 2018 and 60% in 2019. In 20 December 2019, the Taxpayer Certainty and Disaster Tax Relief Act introduced several changes to income tax law in the USA, namely extending the aforementioned regime to wind facilities with start of construction in 2020, attributing 60% of the tax credit amount.

Corporate income tax provision

Income tax expense is as follows:

	Group		Company	
Thousand Euros	Dec 2019	Dec 2018	Dec 2019	Dec 2018
Current tax	-145,858	-245,613	18,125	88,626
Deferred tax	-80,043	145,947	47,033	-2,142
	-225,901	-99,666	65,158	86,484

Reconciliation between the theoretical and the effective income tax expense

The effective income tax rate is as follows:

	Group		Company	
Thousand Euros	Dec 2019	Dec 2018	Dec 2019	Dec 2018
Profit before tax and CESE	1,193,705	1,041,092	655,758	652,102
Income tax expense	-225,901	-99,666	65,158	86,484
Effective income tax rate	18.9%	9.6%	-9.9%	-13.3%

The difference between the theoretical and the effective income tax expense results from the application of the law provisions in the determination of the taxable base, as demonstrated below.

The reconciliation between the theoretical and the effective income tax expense for the Group, in December 2019, is as follows:

Thousand Euros	Dec 2019
Profit before income tax and CESE	1,193,705
Theoretical income tax rate *	29.5%
Theoretical income tax expense	352,143
Different tax rates (includes state surcharge) and CIT rate changes	51,604
Tax losses and tax credits	-19,559
Dividends	-16,655
Tax benefits	-21,392
Differences between accounting and fiscal provisions/depreciations	-26,476
Accounting/fiscal differences on the recognition/derecognition of assets	-73,882
Taxable differences attributable to non-controlling interests (USA)	-16,360
Other adjustments and changes in estimates	-3,522
Effective income tax expense as per the Consolidated Income Statement	225,901

* Average tax rate considering the different tax rates applicable to EDP Group companies in Portugal

The reconciliation between the theoretical and the effective income tax expense for the Group, in December 2018, is as follows:

Thousand Euros	Dec 2018
Profit before income tax and CESE	1,041,092
Theoretical income tax rate *	29.5%
Theoretical income tax expense	307,122
Different tax rates (includes state surcharge) and CIT rate changes	15,778
Tax losses and tax credits	-75,227
Dividends	-28,533
Tax benefits	-26,488
Differences between accounting and fiscal provisions/depreciations	22,551
Accounting/fiscal differences on the recognition/derecognition of assets	-95,469
Taxable differences attributable to non-controlling interests (USA)	-18,169
Other adjustments and changes in estimates	-1,899
Effective income tax expense as per the Consolidated Income Statement	99,666

* Average tax rate considering the different tax rates applicable to EDP Group companies in Portugal

The caption Accounting/fiscal differences on the recognition/derecognition of assets mainly includes the impacts inherent to transactions of electricity business assets in the several geographies in which the Group operates as a result of its business activity. As at 31 December 2019, this caption mainly covers the impact associated to the differential between the accounting and tax bases after transfer of control on EDP Renewables France, S.A.S., EDPR Participaciones, S.L.U and their subsidiaries (see note 6).

The caption Different tax rates (includes state surcharge) and CIT rate changes mainly refer to the difference between the tax rates applicable in the countries in which the EDP Group operates as compared to the tax rate used as reference for the theoretical income tax expense calculation. The caption Taxable differences attributable to non-controlling interests (USA) include the effect inherent in the attribution of taxable income to non-controllable interests in EDPR Group in the USA, as determined by the tax legislation of that geography.

The reconciliation between the theoretical and the effective income tax expense for the Company, in 2019, is as follows:

Thousand Euros	Dec 2019
Profit before income tax	655,758
Nominal income tax rate (*)	22.5%
Theoretical income tax expense	147,546
Tax losses and tax credits	2,140
Dividends	-154,396
Accounting/fiscal temporary differences on the recognition / derecognition of assets	-54,749
Other adjustments and changes in estimates	-5,699
Effective income tax expense as per the Company Income Statement	-65,158

***** Statutory Corporate Income Tax rate applicable in Portugal (21%) and municipal surcharge (1.5%), The reconciliation between the theoretical and the effective income tax expense for the Company, in 2018, is as follows:

Thousand Euros	Dec 2018
Profit before income tax	652,102
Nominal income tax rate (*)	22.5%
Theoretical income tax expense	146,723
Tax losses and tax credits	-46,078
Dividends	-184,127
Other adjustments and changes in estimates	-3,002
Effective income tax expense as per the Company Income Statement	-86,484

* Statutory Corporate Income Tax rate applicable in Portugal (21%) and municipal surcharge (1.5%),

15. Extraordinary Contribution to the Energy Sector (CESE)

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

CESE is calculated based on the companies' net assets as at 1 January, which comply, cumulatively, to: (i) property, plant and equipment; (ii) intangible assets, except industrial property elements; and (iii) financial assets assigned to concessions or licensed activities. In the case of regulated activities, CESE focuses on the value of regulated assets if it is higher than the value of those assets.

The general rate is 0.85%. However, in case of natural gas combined cycle power plants with an annual utilization equivalent of installed capacity equal or higher to 1,500 hours and lower than 3,000 hours, is expected a reduced rate of 0.565%. Nevertheless, this rate could be 0.285% in case the annual utilization of installed capacity is lower than 1,500 hours.

The CESE system has been successively extended and is now valid for 2019 through Law nº 71/2018 of 31 December. This extension presents some new themes as i) the lost of exemption for power plants which produce electricity through renewables sources and are covered by remuneration schemes and ii) the recognition of CESE as a transitory measure being this due to the evolution of National Electricity System's tariff debt and the current need to finance social and environmental policies in energy sector.

EDP Group has been paying and recognizing this contribution, which totalize, at this date, a global amount around 325 million Euros since the creation of this tax, contesting the legal basis and constitutionality of this measure and maintaining the legal challenge to this tax. For the year of 2019, EDP Group payed the total value relative to this tax on 2 January 2020 (see note 39).

As at 31 December 2019, EDP Group recorded in caption Tax Liabilities a value for this contribution of 68,477 thousand Euros.

16. Property, Plant and Equipment

In the context of the adoption of IFRS 16 the items of Property, Plant and Equipment have the following detail on 1 January 2019 (see note 3):

	Group			Company		
Thousand Euros	Balance as at 31 December 2018	Adoption of IFRS 16 (see note 3)	Balance as at 1 January 2019	Balance as at 31 December 2018	Adoption of IFRS 16 (see note 3)	Balance as at 1 January 2019
Cost						
Land and natural resources	90,996	-	90,996	4,581	-	4,581
Buildings and other constructions	484,282	-87,109	397,173	94,672	-66,125	28,547
Plant and machinery	39,125,961	-	39,125,961	450	-	450
Other	484,536	-	484,536	82,840	-	82,840
Assets under construction	1,252,074	-	1,252,074	10,255	-	10,255
	41,437,849	-87,109	41,350,740	192,798	-66,125	126,673
Accumulated depreciation and impairment losses	-18,730,338	6,586	-18,723,752	-99,628	4,068	-95,560
Carrying amount	22,707,511	-80,523	22,626,988	93,170	-62,057	31,113

This caption is as follows:

	Group		Company	
Thousand Euros	Dec 2019	1 Jan 2019	Dec 2019	1 Jan 2019
Cost				
Land and natural resources	82,310	90,996	4,581	4,581
Buildings and other constructions	374,054	397,173	28,772	28,547
Plant and machinery:				
- Hydroelectric generation	7,516,622	10,589,186	254	254
- Thermoelectric generation	8,390,486	8,453,937	-	-
- Renewable generation	17,407,729	18,423,748	-	-
- Electricity distribution	1,576,247	1,619,918	-	-
- Other plant and machinery	51,201	39,172	214	196
Other	432,248	484,536	79,335	82,840
Assets under construction	1,719,438	1,252,074	10,464	10,255
	37,550,335	41,350,740	123,620	126,673
Accumulated depreciation and impairment losses				
Depreciation charge of the period (see note 12)	-986,379	-1,037,184	-6,055	-20,650
Accumulated depreciation in previous periods	-16,203,415	-17,287,290	-80,120	-66,393
Impairment losses of the period (see note 12)	-307,680	-46,080	-3	-7,017
Impairment losses in previous periods	-376,639	-353,198	-8,517	-1,500
	-17,874,113	-18,723,752	-94,695	-95,560
Carrying amount	19,676,222	22,626,988	28,925	31,113

The movements in Property, plant and equipment, for the Group, for the period ended 31 December 2019, are as follows:

Thousand Euros	Balance at 1 January	Additions	Disposals/ Write-offs	Transfers	Exchange Differences	Perimeter Variations/ Regularisations	Balance at 31 December
Cost							
Land and natural resources	90,996	1,196	-6,157	-320	-701	-2,704	82,310
Buildings and other constructions	397,173	199	-12,575	-3,502	-3,323	-3,918	374,054
Plant and machinery	39,125,961	47,504	-248,185	-2,412,609	139,074	-1,709,460	34,942,285
Other	484,536	18,789	-15,199	13,381	1,319	-70,578	432,248
Assets under construction	1,252,074	1,247,626	-24,708	-739,070	8,805	-25,289	1,719,438
	41,350,740	1,315,314	-306,824	-3,142,120	145,174	-1,811,949	37,550,335

Thousand Euros	Balance at 1 January	Charge/ Impairment losses	Disposals/ Write-offs	Transfers	Exchange Differences	Perimeter Variations/ Regularisations	Balance at 31 December
Accumulated depreciation and impairment losses							
Land and natural resources	3,929	-	-3,929	-	-	-	-
Buildings and other constructions	164,188	9,866	-6,735	-3,724	-952	-3,006	159,637
Plant and machinery	18,093,268	1,248,142	-247,713	-1,370,997	36,052	-469,892	17,288,860
Other	383,829	30,439	-13,681	-907	1,128	-59,841	340,967
Assets under construction	78,538	5,612	-	-	499	-	84,649
	18,723,752	1,294,059	-272,058	-1,375,628	36,727	-532,739	17,874,113

Assets under construction are as follows:

Thousand Euros	Dec 2019	Dec 2018
Wind and solar farms in North America	1,003,395	521,361
Wind and solar farms in Europe	345,360	367,247
Hydric Portugal	142,573	196,206
Other assets under construction	228,110	167,260
	1,719,438	1,252,074

The capitalised costs for Property, plant and equipment for the period, except Land and natural resources, are as follows:

Thousand Euros	Dec 2019	Dec 2018
Subcontracts and other materials	1,134,284	1,453,240
Purchase price allocation	63,575	104,812
Dismantling and decommissioning costs (see note 35)	36,310	12,937
Personnel costs (see note 10)	62,465	60,468
Borrowing costs (see note 13)	17,484	24,547
	1,314,118	1,656,004

Additions include the investment in wind and solar farms by the subgroups EDPR NA, EDPR EU and EDPR BR. Additionally, EDPR SA carried out an investment in two wind power projects in Colombia. In Portugal, the Group is carrying out hydroelectric investments in the construction of several power plants (Foz Tua, Caniçada and Ribeiradio-Ermida) and improvements and repairs in thermoelectric power plants (Lares, Ribatejo and Sines).

Disposals/Write-offs include essentially 16,172 thousand Euros related to the abandonment of ongoing projects in EDPR North America (see note 11).

Transfers refer to wind and solar farms of EDP Renováveis that become operational in United States of America, Spain, France, Portugal and Italy. Additionally, this caption includes the transfer to held for sale of Electricity generation assets (Hydro Brazil, Hydro Portugal and Offshore wind) by the net amount of 1,766,492 thousand Euros (cost in the amount of 3,142,120 thousand Euros and accumulated depreciation and impairment losses in the amount of 1,375,627 thousand Euros) (see note 40).

Perimeter Variations/Regularisations include: (i) the impact of the sale of the companies EDP Renewables France, S.A.S., EDPR Participaciones, S.L.U. and their subsidiaries by the net amount of 1,045,810 thousand Euros (see note 6); (ii) the impact of the sale of the company Babilônia Holding, S.A. and its subsidiaries by the net amount of 190,365 thousand Euros (see note 6); (iii) the impact of the reclassification of concession right of Fridão hydroelectric power plant to caption Other debtors and other assets, in the amount of 17,028 thousand Euros (see note 26); and (iv) the effect of a more detailed study carried out by the Group in 2019, which resulted in the transfer of certain items of Office Equipment to Industrial property and other rights by the net amount of 22,842 thousand Euros.

Charge/Impairment losses includes impairment in termoelectric plants Soto 3, Aboño 2 and Sines as well as in wind farms in Poland (see note 12).

The movement in Exchange differences in the period results mainly from the net effect of the appreciation of US Dollar and the depreciation of Brazilian Real, against the Euro.

The movements in Property, plant and equipment, for the Group, for the period ended 31 December 2018 are as follows:

Thousand Euros	Balance at 1 January	Additions	Disposals/ Write-offs	Transfers	Exchange Differences	Perimeter Variations/ Regulari-sations	Balance at 31 December
Cost							
Land and natural resources	94,961	637	-3,284	-	-3,982	2,664	90,996
Buildings and other constructions	500,052	-51	-770	3,450	-26,680	8,281	484,282
Plant and machinery	38,106,103	33,719	-284,724	1,402,414	158,800	-290,351	39,125,961
Other	1,004,888	25,339	-12,404	71,050	2,204	-606,541	484,536
Assets under construction	1,373,994	1,596,997	-11,567	-1,476,914	2,892	-233,328	1,252,074
	41,079,998	1,656,641	-312,749	-	133,234	-1,119,275	41,437,849

Thousand Euros	Balance at 1 January	Charge/ Impairment losses	Disposals/ Write-offs	Transfers	Exchange Differences	Perimeter Variations/ Regulari-sations	Balance at 31 December
Accumulated depreciation and impairment losses							
Land and natural resources	4,032	-750	-3,282	-	-	3,929	3,929
Buildings and other constructions	156,354	14,623	-496	-	-7,022	7,315	170,774
Plant and machinery	17,378,628	979,269	-278,801	-	48,938	-34,766	18,093,268
Other	746,078	78,168	-11,453	-	2,028	-430,992	383,829
Assets under construction	64,291	11,954	-	-	-1,127	3,420	78,538
	18,349,383	1,083,264	-294,032	-	42,817	-451,094	18,730,338

Additions include the investment in wind and solar farms by the subgroups EDPR NA, EDPR EU and EDPR BR. In Portugal, the Group is carrying out hydroelectric investments in the construction of several power plants (Foz Tua, Caniçada and Ribeiradio-Ermida) and improvements and repairs in thermoelectric power plants (Lares, Ribatejo e Sines).

Disposals/Write-offs include essentially 215,502 thousand Euros in cost and accumulated amortisations related to the write-off of two groups of Setúbal thermoelectric power plant and 8,914 thousand Euros related to the abandonment of ongoing projects in EDPR North America.

Transfers refer mainly to wind and solar farms of EDP Renováveis that become operational in United States of America, Brazil, Spain, France, Italy and Portugal.

The caption Perimeter Variations/Regularisations mainly includes: (i) a decrease amounting to 300,097 thousand Euros related to the loss of control of the Vento XIX portfolio due to the sale of 80% of shareholding in the portfolio; (ii) a decrease amounting to 11,179 thousand Euros related to the loss of control of the Nation Rise project due to the sale of 75% shareholding in the project; (iii) a decrease amounting to 73,565 thousand Euros related to the sale of 100% of financial interest in Santa-Fé Energia, S.A. and EDP Pequenas Centrais Hidroelectricas S.A; (iv) a decrease amounting to 5,055 thousand Euros related to the loss of control of the Moray West Offshore project as a consequence of the sale of 33% of the project; finally, the remaining variation refers to a more detailed study carried out by the Group in 2018, which resulted in the transfer of certain items of Property, Plant and Equipment to Intangible Assets.

Charge/Impairment losses includes impairment in termoelectric plants Soto 3 and Sines as well as in wind farms in Poland.

The movement in Exchange differences in the period results mainly from the net effect of the appreciation of US Dollar and the depreciation of Brazilian Real, against the Euro.

The movements in Property, plant and equipment, for the Company, for the period ended 31 December 2019 are as follows:

Thousand Euros	Balance at 1 January	Additions	Disposals/ Write-offs	Transfers	Regulari-sations	Balance at 31 December
Cost						
Land and natural resources	4,581	-	-	-	-	4,581
Buildings and other constructions	28,547	-	-16	241	-	28,772
Other	83,290	6,765	-10,426	1,840	-1,666	79,803
Assets under construction	10,255	2,290	-	-2,081	-	10,464
	126,673	9,055	-10,442	-	-1,666	123,620

Thousand Euros	Balance at 1 January	Charge/ Impairment losses	Disposals/ Write-offs	Transfers	Regulari-sations	Balance at 31 December
Accumulated depreciation and impairment losses						
Land and natural resources	-	-	-	-	-	-
Buildings and other constructions	26,751	73	-	-	-	26,824
Other	60,292	5,981	-5,326	-	-1,596	59,351
Assets under construction	8,517	3	-	-	-	8,520
	95,560	6,057	-5,326	-	-1,596	94,695

The movements in Property, plant and equipment, for the Company, for the period ended 31 December 2018 are as follows:

Thousand Euros	Balance at 1 January	Additions	Disposals/ Write-offs	Transfers	Regulari-sations	Balance at 31 December
Cost						
Land and natural resources	7,863	3	-3,285	-	-	4,581
Buildings and other constructions	80,488	15	-649	1,353	13,465	94,672
Other	173,162	6,489	-972	15,423	-110,812	83,290
Assets under construction	37,647	34,584	-	-16,776	-45,200	10,255
	299,160	41,091	-4,906	-	-142,547	192,798

Thousand Euros	Balance at 1 January	Charge/ Impairment losses	Disposals/ Write-offs	Transfers	Regulari-sations	Balance at 31 December
Accumulated amortisation and impairment losses						
Land and natural resources	4,032	-750	-3,282	-	-	-
Buildings and other constructions	15,090	1,961	-375	-	14,143	30,819
Other	123,691	17,939	-799	-	-80,539	60,292
Assets under construction	-	8,517	-	-	-	8,517
	142,813	27,667	-4,456	-	-66,396	99,628

A more detailed study carried out by the Group in 2018 resulted in the transfer of certain items of Property, Plant and Equipment to Intangible Assets. We can see the impact of this transfer in the regularizations column.

17. Right of use assets

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

	Group			Company		
Thousand Euros	Balance as at 31 December 2018	Adoption of IFRS 16 (see note 3)	Balance as at 1 January 2019	Balance as at 31 December 2018	Adoption of IFRS 16 (see note 3)	Balance as at 1 January 2019
Cost						
Land and natural resources	-	605,979	605,979	-	-	-
Buildings and other constructions	-	208,957	208,957	-	118,961	118,961
Plant and machinery	-	4,947	4,947	-	-	-
Other	-	8,343	8,343	-	-	-
	-	828,226	828,226	-	118,961	118,961
Accumulated depreciation and	-	-	-	-	-	-
Carrying amount	-	828,226	828,226	-	118,961	118,961

This caption is as follows:

	Group		Company	
Thousand Euros	Dec 2019	1 Jan 2019	Dec 2019	1 Jan 2019
Cost				
Land and natural resources	649,050	605,979	-	-
Buildings and other constructions	220,027	208,957	115,744	118,961
Plant and machinery	4,873	4,947	-	-
Other	8,750	8,343	617	-
	882,700	828,226	116,361	118,961
Accumulated depreciation and impairment losses				
'Depreciation charge of the period (see note 12)	-56,898	-	-5,414	-
'Exchange Differences and Others	2,701	-	-	-
	-54,197	-	-5,414	-
Carrying amount	828,503	828,226	110,947	118,961

The movements in Right of use asset, for the Group, for the period ended 31 December 2019, are as follows:

Thousand Euros	Balance at 1 January	Additions	Disposals/ Write-offs	Transfers (See note 40)	Exchange Differences	Perimeter Variations/ Regularisations	Balance at 31 December
Cost							
Land and natural resources	605 979	94,147	-	-	3,544	-54,620	649,050
Buildings and other constructions	208 957	17,019	-60	-4,916	-863	-110	220,027
Plant and machinery	4 947	170	-	-	-243	-	4,873
Other	8 343	1,785	-805	-331	-242	-	8,750
	828,226	113,120	-865	-5,247	2,195	-54,730	882,700

Thousand Euros	Balance at 1 January	Charge/ Impairment losses (See note 12)	Disposals/ Write-offs	Transfers (See note 40)	Exchange Differences	Perimeter Variations/ Regularisations	Balance at 31 December
Accumulated depreciation and							
Land and natural resources	-	27,133	-	-	-47	-1,425	25,661
Buildings and other constructions	-	24,530	-26	-621	-79	-10	23,794
Plant and machinery	-	1,262	-	-	-28	-	1,234
Other	-	3,973	-347	-72	-46	-	3,508
	-	56,898	-373	-694	-199	-1,435	54,197

Additions include, essentially, new lease contracts registered under IFRS16 in the EDPR NA subgroup.

Perimeter Variations/Regularisations include the impact of the sale of the companies EDP Renewables France, S.A.S., EDPR Participaciones, S.L.U. and their subsidiaries by the net amount of 53,295 thousand Euros (see note 6).

18. Intangible Assets

This caption is as follows:

Thousand Euros	Group Dec 2019	Group Dec 2018
Cost		
Concession rights	12,727,969	12,996,364
CO2 Licenses	224,992	197,273
Other intangibles	1,047,336	906,544
Intangible assets in progress	219,004	469,372
	14,219,301	14,569,553
Accumulated amortisation and impairment losses		
Amortisation of concession rights of the period (see note 12)	-358,142	-359,246
Amortisation of other intangibles of the period (see note 12)	-60,536	-4,036
Accumulated amortisation in previous periods	-9,550,063	-9,442,698
Impairment losses in previous periods	-26,737	-27,043
	-9,995,478	-9,833,023
Carrying amount	4,223,823	4,736,530

The concession rights over the electricity distribution networks in Brazil, namely in EDP São Paulo Distribuição de Energia S.A. and in EDP Espírito Santo Distribuição de Energia S.A. are amortised on a straight-line basis over the concession period until 2028 and 2025, respectively. Concession rights in Portugal relate to the public hydric domain for hydroelectric generation (EDP Produção and Hidroeléctrica do Guadiana), which useful life does not exceed 75 years.

The concession rights over electricity generation in Brazil, namely for Lajeado Energia and Investco, are amortised over the concession period until 2032.

The movements in Intangible assets during the period ended 31 December 2019, for the Group, are as follows:

Thousand Euros	Balance at 1 January	Additions	Disposals / Write-offs	Transfers	Exchange differences	Perimeter variations / Regularisations	Balance at 31 December
Cost							
Concession rights:							
- Distribution and generation Brazil	1,007,742	14,467	-	-37,402	-5,140	-	979,667
- Hydric Portugal	1,418,887	-	-	-168,381	-	-	1,250,506
- Other	-	-	-402	2,289	-	13,295	15,182
- Assigned to concession (IFRIC 12)	10,569,735	39,998	-200,780	94,114	-23,312	2,859	10,482,614
CO2 licenses	197,273	268,850	-241,131	-	-	-	224,992
Other intangibles	906,544	40,015	-15,239	53,011	-2,339	65,344	1,047,336
Intangible assets in progress	469,372	116,535	-932	-68,662	-237	-297,072	219,004
	14,569,553	479,865	-458,484	-125,031	-31,028	-215,574	14,219,301

Thousand Euros	Balance at 1 January	Charge/ Impairment losses	Disposals / Write-offs	Transfers	Exchange differences	Perimeter variations / Regularisa-tions	Balance at 31 December
Accumulated amortisation and impairment losses							
Concession rights:							
- Distribution and generation Brazil	661,535	32,252	-	-26,150	-2,400	-	665,237
- Hydric Portugal	430,641	39,426	-	-3,020	-	-	467,047
- Other	-	299	-402	-	-	4,544	4,441
- Assigned to concession (IFRIC 12)	8,235,012	286,165	-190,216	-59,279	-17,944	5	8,253,743
Other intangibles	505,835	60,536	-14,723	-595	-498	54,455	605,010
	9,833,023	418,678	-205,341	-89,044	-20,842	59,004	9,995,478

The assets allocated to concession contracts (IFRIC 12) currently in force in EDP Group fall within the Intangible Asset Model, for the electricity special regime production concessions (PRE) in Portugal and within the Mixed Model, for the electricity distribution concessions in Portugal and in Brazil, as referred in the Group's accounting policies.

Additions of CO2 Licenses include 99,398 thousand Euros related to CO2 Licenses granted free of charge to EDP Group plants operating in Portugal and Spain and 169,452 thousand Euros of licences purchased in the market for own consumption. The Disposals/Write-offs of CO2 licences correspond, essentially, to the licences consumed during 2018 and which were delivered to regulatory authorities.

Additions of Intangible assets in progress essentially include the implementation and development of information systems projects.

Transfers refer to the intangible assets assigned to concessions that became operational, in the amount of 133,233 thousand Euros (see note 25). Additionally, this caption includes the transfer to held for sale of Electricity generation assets (Hydro Brazil and Hydro Portugal) by the net amount of 169,220 thousand Euros (cost in the amount of 258,264 thousand Euros and accumulated amortisation and impairment losses in the amount of 89,044 thousand Euros) (see note 40).

Perimeter Variations/Regularisations include: (i) the impact of the reclassification of concession right and others investment amounts of Fridão hydroelectric power plant to caption Other debtors and other assets, in the amount of 287,343 thousand Euros (see note 26); (ii) the impact of the sale of the companies EDP Renewables France, S.A.S., EDPR Participaciones, S.L.U. and their subsidiaries by the net amount of 10,927 thousand Euros (see note 6); and (iii) the impact of a more detailed study carried out by the Group in 2019 which resulted in the transfer of certain items of Industrial Property to Concession rights by the net amount of 11,558 thousand Euros and Office Equipment to Industrial property and other rights by the net amount of 22,842 thousand Euros.

The capitalised costs of the period related to construction of intangible assets are included in own work capitalised in notes 7, 10 and 13.

The movements in Intangible assets during the period ended 31 December 2018, for the Group, are as follows:

Thousand Euros	Balance at 1 January	Additions	Disposals / Write-offs	Transfers	Exchange differences	Perimeter variations / Regularisa-tions	Balance at 31 December
Cost							
Concession rights:							
- Distribution and generation Brazil	1,034,556	-	-	-	-36,063	9,249	1,007,742
- Hydric Portugal	1,418,592	-	-	295	-	-	1,418,887
CO2 Licenses	110,887	282,450	-196,064	-	-	-	197,273
Assigned to concessions (IFRIC 12):							
- Intangible assets	10,955,399	36,749	-400,451	140,726	-167,538	4,850	10,569,735
- Intangible assets in progress	153,516	311,773	1,274	-458,747	-6,765	-1,051	-
Other intangibles	311,679	19,429	-120	777	691	574,088	906,544
Other intangible in progress	342,046	12,498	-7,918	-1,072	-1,286	125,104	469,372
	14,326,675	662,899	-603,279	-318,021	-210,961	712,240	14,569,553

Thousand Euros	Balance at 1 January	Charge/ Impairment losses	Disposals / Write-offs	Transfers	Exchange differences	Perimeter variations / Regularisa-tions	Balance at 31 December
Accumulated amortisation and impairment losses							
Concession rights:							
- Distribution and generation Brazil	640,294	37,278	-	-	-14,886	-1,151	661,535
- Hydric Portugal	391,225	39,416	-	-	-	-	430,641
Assigned to concessions (IFRIC 12):	8,468,604	282,552	-390,775	-	-125,465	96	8,235,012
Other intangibles	79,192	4,036	-11	-	-749	423,367	505,835
	9,579,315	363,282	-390,786	-	-141,100	422,312	9,833,023

Additions of CO2 Licenses includes 50,901 thousand Euros refers to CO2 Licenses granted free of charge to EDP Group power plants operating in Portugal and Spain and 231,549 thousand Euros of licences purchased in the market for own consumption. The Disposals/Write-offs of CO2 licences correspond, essentially, to the licences consumed during 2017 and which were delivered to regulatory authorities.

Disposals/Write-offs of intangible assets assigned to concessions (IFRIC 12) include essentially 368,654 thousand Euros in cost and accumulated amortisations related to extraordinary write-offs since the maximum technical useful life has been exceeded.

Transfers refer to the net transfers of intangible assets in progress assigned to concessions of 125,985 thousand Euros related to increases of the financial assets under IFRIC 12, transfered to Debtors and other assets from commercial activities. Additionally, as a result of the amendment to IFRIC 12 - Concessions for the adoption of IFRS 15 by the Group, the amount of 192,036 thousand Euros related to assets under construction assigned to concessions, which qualify as the new category of contractual assets, was reclassified to the caption Debtors and other assets from commercial activities - Non-Current.

A more detailed study carried out by the Group in 2018, has resulted in the transfer of certain items of Property, Plant and Equipment to Intangible Assets. We can see the impact of this transfer in the regularizations column.

19. Goodwill

Goodwill for the Group, resulting from the difference between the acquisition price and the fair value of the net assets acquired, at the acquisition date, is organized by corporate structure, and is as follows:

	Group	
Thousand Euros	Dec 2019	Dec 2018
EDP España Group	884,574	884,574
EDP Renováveis Group	1,198,498	1,325,850
EDP Brasil Group	29,903	34,150
Other	6,887	6,887
	2,119,862	2,251,461

The movements in Goodwill, during the period ended at 31 December 2019, are analysed as follows:

Thousand Euros	Balance at 1 January	Increases	Decreases	Impairment (see note 12)	Exchange differences	Balance at 31 December
EDP España Group	884,574	-	-	-	-	884,574
EDP Renováveis Group	1,325,850	-	-140,196	-	12,844	1,198,498
EDP Brasil Group	34,150	-	-3,654	-489	-104	29,903
Other	6,887	-	-	-	-	6,887
	2,251,461	-	-143,850	-489	12,740	2,119,862

The movements in Goodwill, during the period ended 31 December 2018, are as follows:

Thousand Euros	Balance at 1 January	Increases	Decreases	Impairment	Exchange differences	Balance at 31 December
EDP España Group	884,574	-	-	-	-	884,574
EDP Renováveis Group	1,295,515	-	-	-	30,335	1,325,850
EDP Brasil Group	45,644	-	-10,604	-	-890	34,150
Other	6,935	-	-48	-	-	6,887
	2,232,668	-	-10,652	-	29,445	2,251,461

EDP Renováveis Group

The goodwill held in EDP Renováveis Group is as follows:

	EDP Renováveis Group	
Thousand Euros	Dec 2019	Dec 2018
Goodwill in EDPR Europe Group	494,805	635,161
Goodwill in EDPR North America Group	702,817	689,799
Other	876	890
	1,198,498	1,325,850

EDPR Europe Subgroup

The decrease in goodwill in EDP Renováveis Group is, substantially, due to the sale of the financial investment in EDPR Participaciones S.L.U. and EDP Renewables France S.A.S. and their subsidiaries in the amount of 138,703 thousand Euros (see note 6).

EDPR North America Subgroup

The goodwill movement in EDPR North America relates with the appreciation of the US Dollar against the Euro.

EDP Brasil Group

During the year of 2019, goodwill related to Energest S.A. from EDP Brasil Group was reclassified to non-current assets held for sale in the amount of 3,654 thousand Euros (see note 40).

Goodwill impairment test analysis – EDP Group

The recoverable amount of the goodwill in subsidiaries is assessed annually, as at 30 September, independently of the existence of any indicators of impairment. The recoverable amount is determined based on the value in use of the assets, calculated using valuation methodologies supported by discounted cash flow techniques, considering market conditions, the time value of money and the business risks. Any impairment losses are recognised in the income statement for the period.

The EDP Group is composed by a significant number of subsidiaries in several locations, as mentioned in its consolidation perimeter. Therefore, the impairment tests at subgroup level are carried out for each cash generating unit (CGU) identified in each country where the EDP Group develops its activities, namely:

- EDP Espanã - Distribution and Generation of electricity, Supply of electricity and gas;
- EDPR Europe – Renewable generation;
- EDPR North America and EDPR Brasil - Renewable generation;
- EDP Brasil - Generation, Distribution and Supply of electricity.

For the purposes of these tests, the EDP Group has defined a set of assumptions to determine the recoverable amount of the main investments by each cash generating unit, being presented by aggregation in each business units after the impairment tests carried out at each subgroup/cash generating unit.

Goodwill impairment test analysis – EDP España Group

The discount rates after taxes used by EDP España Group in the impairment test analysis range between 3.6% and 4.6% (2018: between 3.7% and 4.8% respectively).

Regarding the generation business, the evaluation of the assets (power plants) considers a portfolio logic based in the future cash flow projection of the remaining useful life. In the electricity distribution business the cash flow projection period considers the perpetuity of the business as assets are operating under a license with no foreseen end date. For the retail segment a perpetuity of the business was also considered.

The main assumptions on which impairment tests are based are as follows:

- In the generation business, the estimated energy produced by the power plants considers the best estimate of future market demand and total installed capacity;

- Prices of electricity, gas and coal were defined considering the market expectations regarding future price curves and considering current regulation and the best expectation for the future. For gas and coal prices were also used the contracted prices for future long term purchases, namely the acquisition contracts for gas;

- Investment costs: the best available estimates of the future investments were used in order to guarantee a regular use of existing assets, as well as the estimates that resulted from legislative changes;

- Operating costs: operating costs were projected consistent with the company's historical experience and internal models;

- In the regulated business, the electricity distribution, we use the most recent proposal from CNMC regarding allowed returns, considering the regulated mechanisms for the annual remuneration updates. In generation, the elimination of generation taxes would occur in 2023 and capacity payments have been considered from 2021 onwards;

- The projections for the generation and electricity distribution businesses are based on the long-term estimates of the various assumptions used in the analysis;

- The long-term projections for the electricity and gas supply business were extrapolated through a Margin/EBITDA estimate which changes with the inflation rate;

- Discount rate: the discount rates used reflect EDP Group's best estimate regarding the specific risks associated to each CGU.

The Group has performed a series of sensitivity analyses to the results of impairment tests in respect to the discount rates. The sensitivity analysis results show that an increase of 50 bps on the discount rate do not result in any impairment indicators in Goodwill.

Goodwill impairment test analysis – EDP Renováveis Group

The future cash flows projection used is based in the useful life of the assets. This projection also incorporates the long-term energy sale contracts in place and long-term estimates of energy prices, for the assets with market exposure.

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

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

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

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

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

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

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

	2019	2018
Europe	3.1% - 6.0%	3.3% - 6.4%
North America	4.8% - 6.0%	5.1% - 6.6%
Brazil	8.8%	9.9%

Impairment tests were performed taking into account the regulation changes in each country, disclosed in note 1.

A series of sensitivity analysis were performed on the results of impairment tests namely in some of the key variables, such as:

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

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

Goodwill impairment test analysis – EDP Brasil Group

For EDP Brasil Group, cash flows' projections include the assumption of the extension of concession contracts in generation and distribution businesses. These cashflows are estimated by considering production and consumption volumes, installed capacity, tariff evolution prospects in the different markets and power purchase agreements.

The discount rates used reflect the specific risks for each activities and range between 8.0% to 9.1% for the different business of the Group (2018: between 9.2% and 10.4%).

The terminal value of the distribution business corresponds to the present value of the assets at the end of the concession period (Regulatory Asset Base). In the supply business, it is considered the perpetuity of the business.

A sensitivity analysis increasing 50 basis points in the discount rate used has not determined the existence of impairment indicators for goodwill and concession rights.

For generation companies, the sensitivity analysis has been performed to 50 basis points increase over the discount rate used in base case. This sensitivity analysis has not determined any existence of impairment in goodwill or concession rights.

For distribution companies, the sensitivity analysis has also been performed to 50 basis points increase over the discount rate used in the base case. This sensitivity analysis have not determined any existence of impairment in goodwill and concession rights.

20. Investments in Subsidiaries (Company Basis)

This caption is as follows:

	Company	
Thousand Euros	Dec 2019	Dec 2018
Acquisition cost	16,700,420	16,118,120
Effect of equity method (transition to IFRS)	-785,593	-785,593
Equity investments in subsidiaries	15,914,827	15,332,527
Impairment losses on equity investments in subsidiaries	-230,481	-230,481
	15,684,346	15,102,046

On the date of transition to IFRS, EDP, S.A. ceased to apply the equity method of accounting to its investments in its separate financial statements, having considered this method in the determination of the deemed cost at transition date.

Investments in subsidiaries are as follows:

	Company	
	Dec 2019	Dec 2018
Thousand Euros	Net amount	Net amount
Equity investments in subsidiaries:		
EDP Renováveis, S.A.	4,154,431	4,154,431
EDP Gestão de Produção de Energia, S.A.	5,756,366	5,756,366
EDP España, S.A.U.	2,105,002	2,105,002
EDP Distribuição de Energia, S.A.	1,686,158	1,686,158
EDP Servicios Financieros España, S.A.U.	482,695	482,695
EDP Comercial - Comercialização de Energia, S.A.	299,091	299,091
EDP International Investments and Services, S.L.	988,849	281,854
EDP Serviço Universal, S.A.	145,104	-
EDP IS - Investimentos e Serviços, Sociedade Unipessoal, Lda.	-	269,799
Other	66,650	66,650
	15,684,346	15,102,046

The variation in the caption Investments in subsidiaries on a company basis results from the acquisition of EDP Serviço Universal for an amount of 145,104 thousand Euros and the contribution in kind in the EDP International Investments and Services, S.L. of a total amount of 706,995 thousand Euros. This contribution in kind corresponds to the shares and and loans of EDP IS - Investimentos e Serviços, Sociedade Unipessoal, Lda. This transaction was made at market value and generated a gain on a company basis of EDP, SA in the amount of 243,272 thousand Euros (see note 13).

In the context of impairment tests carried out at EDP Group, the financial investments held by EDP, S.A. in subsidiaries are reviewed, based on the higher of the value in use and the fair value less costs related to the sale. The main assumptions considered in the valuation models of the main financial holdings in Portugal of EDP, S.A. (EDP Produção and EDP Comercial) are as follows:

- The discount rates used reflect the best estimate regarding the specific risks associated to each subsidiary activity within a range between 3.6% and 4.8% (2018: between 3.8% and 5.0%);

- In regulated business, officially approved asset remuneration was used, considering the regulated mechanisms for the annual remuneration updates, the concession renewals expectation and the best CAPEX and regulatory framework evolution estimates;

- The estimates for the prices of electricity, brent, gas, coal and CO2 licenses were defined considering the market expectations regarding future price curves and the application of curve prices internal models considering the regulation in force and the best estimate of its future evolution. For gas and coal prices were also used the contracted prices for future long term purchases, namely the acquisition contracts for gas. Assets from generation business were evaluated from a portfolio perspective and an individual analysis of recoverability, based on the market share development estimate.

- The long-term projections for the electricity and gas supply business were extrapolated through a Margin/EBITDA estimate which changes with the inflation rate;

- In generation business, estimates were based on an average hydrologic year over the projection period for hydro plants, estimated demand evolution, market share projections and current installed capacity, as well as the best estimate for decommissioning plants in the projection period. Additionally, it was considered other system costs such as: ISP and the surcharge over CO2, CESE, clawback, g-charge and social tariff;

- Operating costs considered were based on extrapolations of current operating costs (knowledge acquired in each activity).

Sensitivity analysis were performed, such as a 50 basis points increase in the discount rate did not determined the existence of evidence of impairment in EDP S.A.'s financial investments.

The assumptions used in the valuation models of EDP S.A.'s financial holdings in other geographies, as well as the respective sensitivity analyses are described in note 19.

21. Investments in Joint Ventures and Associates

This caption is as follows:

	Group	
Thousand Euros	Dec 2019	Dec 2018
Investments in joint ventures	936,496	805,381
Investments in associates	162,016	146,232
	1,098,512	951,613

As at 31 December 2019, for the Group, this caption includes goodwill in investments in joint ventures of 42,226 thousand Euros (31 December 2018: 42,226 thousand Euros) and goodwill in investments in associates of 20,045 thousand Euros (31 December 2018: 11,084 thousand Euros).

The movement in Investments in joint ventures and associates, for the Group, is as follows:

	Group	
Thousand Euros	Dec 2019	Dec 2018
Balance as at 1 January	951,613	843,082
Acquisitions/Entries	6,982	174,914
Increases/Decreases of share capital	260,298	7,119
Disposals	-	-16,954
Share of profit in joint ventures and associates	25,011	10,858
Dividends	-45,771	-26,015
Exchange differences	107	-39,676
Cash flow hedging reserve	-10,334	-17,543
Transfer to Assets hel for sale (see note 40)	-90,270	-
Other	876	15,828
Balance as at 31 December	1,098,512	951,613

The movement in Investments in joint ventures and associates during 2019 is mainly explained by: (i) the capital increase in Mayflower Wind Energy LLC in the amount of 71,009 thousand Euros; (ii) the capital increase in Goldfinger Ventures LLC in the amount of 69,213 thousand Euros; (iii) the capital increase in Goldfinger Ventures II LLC in the amount of 93,124 thousand Euros; and (iv) the reclassification of the financial investment in a portfolio of EDPR Group offshore companies to non-current assets held for sale in the amount of 90,280 thousand Euros (see note 40).

In 2018, the movement in Investments in joint ventures and associates is mainly explained by: (i) the sale of the investment in EDP Produção Bioeléctrica, S.A. in the amount of 16,952 thousand Euros for the Group and in the amount of 6,595 thousand Euros for the Company, corresponding to its historical acquisition cost; (ii) the positive impact of 48,707 thousands Euros due to the sale of 80% of the financial investment of 2018 Vento XIX LLC, which began to be treated as a joint venture; (iii) the positive impact of 10,468 thousands Euros due to the sale of 75% of the financial investment of Nation Rise Wind Farm GP Inc., which began to be treated as a joint venture; and (iv) difference between the acquisition price and the variation of equity method of Centrais Elétricas de Santa Catarina, S.A. - Celesc in the amount of 111,990 thousand Euros.

The following table resumes the companies' financial information of joint ventures whose investment is included under the equity method in the Group consolidated accounts, as at 31 December 2019:

Thousand Euros	Companhia Energética do Jari	Energia Cachoeira Caldeirão	Energia São Manoel	Flat Rock Windpower II	Flat Rock Windpower	Hydro Global Investment
Companies' financial information of joint ventures						
Non-Current Assets	360,192	293,592	827,401	94,214	231,447	214,741
Current Assets	33,627	25,649	49,765	1,465	1,547	106,022
Cash and cash equivalents	12,995	13,838	25,009	635	593	105,674
Total Equity	204,749	134,131	436,552	92,251	225,323	120,573
Long term Financial debt	119,820	160,808	388,141	-	-	154,324
Non-Current Liabilities	152,049	166,340	404,360	1,516	4,001	169,664
Short term Financial debt	13,010	12,727	25,841	-	-	1,855
Current Liabilities	37,021	18,770	36,254	1,912	3,670	30,526
Revenues	5,273	31,547	86,665	3,203	8,378	-
Property plant and equipment and intangibles amortization/impairment	-3,346	-10,178	-29,515	-5,512	-14,119	-74
Other financial expenses	-1,649	-17,242	-42,021	-26	-56	-62,796
Income tax expense	571	2,757	1,530	-	-	-753
Net profit for the period	21,157	-5,386	-2,994	-7,534	-18,771	-10,477
Amounts proportionally attributed to EDP Group						
Net assets	139,593	67,402	145,520	46,125	121,606	48,329
Goodwill	-	-	-	-	-	-
Dividends paid	7,809	-	-	-	12,688	-

Thousand Euros	Compañía Eólica Aragonesa	CIDE HC Energía	Grupo EDP Asia	Portfólio Vento XIX	Outras
Companies' financial information of joint ventures					
Non-Current Assets	115,362	1,999	119,157	493,326	774,060
Current Assets	7,883	47,193	1	25,138	63,078
Cash and cash equivalents	6,263	820	1	16,732	12,860
Total Equity	100,909	17,630	119,158	100,274	394,992
Long term Financial debt	-	-	-	-	60,309
Non-Current Liabilities	19,621	3,889	-	377,751	347,227
Short term Financial debt	-	-	-	198	11,655
Current Liabilities	2,715	27,673	-	40,439	94,919
Revenues	19,262	245,031	-	25,063	32,106
Property plant and equipment and intangibles amortization/impairment	-12,469	-47	-	-12,258	-3,367
Other financial expenses	-342	-767	-	-13,616	-718
Income tax expense	1,359	-1,775	1,820	-	-4,568
Net profit for the period	1,018	4,464	22,901	22,701	46,366
Amounts proportionally attributed to EDP Group					
Net assets	45,830	8,864	92,305	51,837	169,085
Goodwill	39,558	-	-	-	2,668
Dividends paid	3,086	1,000	7,178	3,289	1,473

The following table resumes the companies' financial information of joint ventures whose investment is included under the equity method in the Group consolidated accounts, as at 31 December 2018:

Thousand Euros	Jari Group	Energia Cachoeira Caldeirão	Energia São Manoel	Flat Rock Windpower II	Flat Rock Windpower	Hydro Global Investment
Companies' financial information of joint ventures						
Non-Current Assets	389,451	310,332	862,799	97,703	240,383	141,796
Current Assets	21,872	27,984	29,982	2,358	7,537	88,680
Cash and cash equivalents	7,701	13,363	10,158	1,906	5,576	88,272
Total Equity	185,976	141,645	433,518	96,826	239,426	68,906
Long term Financial debt	134,088	169,667	402,905	-	-	121,732
Non-Current Liabilities	194,054	176,865	419,898	1,462	3,870	148,616
Short term Financial debt	12,308	10,713	23,783	-	-	-
Current Liabilities	31,293	19,806	39,365	1,773	4,624	12,954
Revenues	59,816	35,951	73,201	4,820	12,541	-
Property plant and equipment and intangibles amortization/impairment	-12,060	-10,605	-29,278	-5,097	-13,359	-86
Other financial expenses	-17,005	-18,865	-46,007	-24	-53	-19,223
Income tax expense	-1,320	1,609	11,527	-	-	770
Net profit for the period	9,677	-3,135	-22,400	-5,618	-14,388	-3,160
Amounts proportionally attributed to EDP Group						
Net assets	132,320	71,176	144,509	48,413	132,198	34,462
Goodwill	-	-	-	-	-	-
Dividends paid	850	-	-	-	7,200	-

Thousand Euros	Compañía Eólica Aragonesa	CIDE HC Energía	EDP Asia Group	Moray Offshore East	Portfolio Vento XIX	Others
Companies' financial information of joint ventures						
Non-Current Assets	120,245	2,311	109,650	534,988	300,878	217,196
Current Assets	6,203	46,947	2	87,152	27,812	61,455
Cash and cash equivalents	4,106	1,273	2	62,826	25,150	21,174
Total Equity	106,064	14,573	107,872	-73,943	-7,107	98,313
Long term Financial debt	-	-	-	412,546	-	23,405
Non-Current Liabilities	17,483	4,359	-	587,743	170,949	126,348
Short term Financial debt	-	-	-	294	95	6,555
Current Liabilities	2,901	30,326	1,780	108,340	164,848	53,989
Revenues	19,451	258,638	-	-	1,277	45,502
Property plant and equipment and intangibles amortization/impairment	-11,922	-66	-	-	-	-3,707
Other financial expenses	-138	-572	-	-3,666	-	-572
Income tax expense	1,057	-1,145	-1,724	-	-	-714
Net profit for the period	1,922	2,896	19,737	-1,331	1	3,376
Amounts proportionally attributed to EDP Group						
Net assets	48,408	7,209	91,179	-	48,643	46,864
Goodwill	39,558	-	-	-	-	2,668
Dividends paid	5,288	-	7,231	-	-	1,501

The following table resumes the companies' financial information of associates whose investment is included in the Group consolidated accounts under the equity method, as at 31 December 2019:

Thousand Euros	Mabe Brasil	Celesc	Parque Eólico Belmonte	Parque Eólico Madero	Principle Power Inc.	Other
Companies' financial information of associates						
Non-Current Assets	2,540	445,094	20,849	47,410	19,485	49,244
Current Assets	17,138	9,239	6,196	13,810	3,813	42,473
Total Equity	-4,892	437,046	7,047	34,419	15,363	47,253
Non-Current Liabilities	21,668	1,004	13,708	5,446	5,742	34,557
Current Liabilities	2,902	16,283	6,290	21,355	2,193	9,906
Revenues	-	-	4,057	11,109	6,954	55,237
Net profit for the period	-1,446	49,453	1,384	3,662	-3,424	7,915
Amounts proportionally attributed to EDP Group						
Net assets	-	110,797	3,830	14,456	6,778	26,155
Goodwill	-	-	1,726	-	5,091	13,228
Dividends paid	-	4,979	339	-	-	3,930

Other include companies with financial statements as of 31 December 2019, with the exception of companies that have no activity or are in liquidation process, and Portsines whose financial statements are for the period ended 30 November 2019, since the accounts as at 31 December 2019 were not timely approved.

The following table resumes the companies' financial information of associates whose investment is included in the Group consolidated accounts under the equity method, as at 31 December 2018:

Thousand Euros	Mabe Brasil	Celesc	Parque Eólico Belmonte	Parque Eólico Madero	Principle Power Inc.	Other
Companies' financial information of associates						
Non-Current Assets	2,402	448,022	19,417	50,083	18,858	54,283
Current Assets	17,744	8,594	5,462	18,548	9,448	28,138
Total Equity	-3,536	452,386	6,798	30,757	18,571	42,083
Non-Current Liabilities	20,691	1,491	12,182	5,258	3,811	30,809
Current Liabilities	2,991	2,739	5,900	32,616	5,924	9,530
Revenues	220	-	3,870	11,565	3,714	38,881
Net profit for the period	-1,664	42,323	925	3,527	-3,012	8,157
Amounts proportionally attributed to EDP Group						
Net assets	-	106,573	3,758	12,918	2,827	20,156
Goodwill	-	-	1,726	-	967	8,391
Dividends paid	-	-	-	-	-	3,945

Other include companies with financial statements as of 31 December 2018, with the exception of companies that have no activity or are in liquidation process, and Portsines whose financial statements are for the period ended 30 November 2018, since the accounts as at 31 December 2018 were not timely approved.

As at 31 December 2019, the significant companies' financial information of joint ventures and associates presents the following reconciliation of net assets proportionally attributed to EDP Group:

Thousand Euros	Equity	% EM	Fair Value Adjustments	Goodwill	Other	Net Assets
Companhia Energética do JARI	204,749	50.00%	37,218	-	-	139,593
Empresa de Energia Cachoeira Caldeirão S.A.	134,131	50.00%	336	-	-	67,402
Empresa de Energia São Manoel S.A.	436,552	33.33%	-	-	-	145,520
Flat Rock Windpower II LLC	92,251	50.00%	-	-	-	46,125
Flat Rock Windpower LLC	225,323	50.00%	-	-	8,944	121,606
Hydro Global Investment, Ltda	120,573	50.00%	-	-	-11,958	48,329
Compañía Eólica Aragonesa, S.A.	100,909	50.00%	-4,625	-	-	45,830
CIDE HC Energía, S.A.	17,630	50.00%	-	-	49	8,864
EDP ASIA - Investimento e Consultadoria, Lda	119,158	50.00%	32,726	-	-	92,305
Portfolio Vento XIX	100,274	20.00%	31,782	-	-	51,837
Mabe Construções e Administração Projetos, Lda	-4,892	50.00%	-	-	2,446	-
Centrais Elétricas de Santa Catarina, S.A. - Celesc	437,046	25.35%	-	-	-	110,797
Parque Eólico de Belmonte, S.A.	7,047	29.90%	-	1,726	-3	3,830
Parque Eólico Sierra del Madero S.A.	34,419	42.00%	-	-	-	14,456
Principle Power, Inc.	15,363	32.51%	-	5,091	-3,308	6,778

As at 31 December 2018, the significant companies' financial information of joint ventures and associates presents the following reconciliation of net assets proportionally attributed to EDP Group:

Thousand Euros	Equity	% EM	Fair Value Adjustments	Goodwill	Other	Net Assets
Companhia Energética do JARI	185,976	50.00%	39,332	-	-	132,320
Empresa de Energia Cachoeira Caldeirão S.A.	141,645	50.00%	353	-	-	71,176
Empresa de Energia São Manoel S.A.	433,518	33.33%	-	-	-	144,509
Flat Rock Windpower II LLC	96,826	50.00%	-	-	-	48,413
Flat Rock Windpower LLC	239,426	50.00%	-	-	12,485	132,198
Hydro Global Investment, Ltda	68,906	50.00%	-	-	9	34,462
Compañía Eólica Aragonesa, S.A.	106,064	50.00%	-4,624	-	-	48,408
CIDE HC Energía, S.A.	14,573	50.00%	-	-	-78	7,209
EDP ASIA - Investimento e Consultadoria, Lda	107,872	50.00%	37,243	-	-	91,179
Moray Offshore East	-73,943	33.30%	19,611	-	5,012	-
Portfolio Vento XIX	-7,107	20.00%	50,064	-	-	48,643
Mabe Construções e Administração Projetos, Lda	-3,536	50.00%	-	-	1,768	-
Centrais Elétricas de Santa Catarina, S.A. - Celesc	452,386	23.56%	-	-	-	106,573
Parque Eólico de Belmonte, S.A.	6,798	29.90%	-	1,726	-	3,758
Parque Eólico Sierra del Madero S.A.	30,757	42.00%	-	-	-	12,918
Principle Power, Inc.	18,571	21.39%	-	967	-2,113	2,827

As at 31 December 2019 and 2018, commitments and contingent liabilities assumed by the Group in respect of its joint ventures and associates, including its share of commitments assumed jointly with other investors, are disclosed by maturity as follows:

	Dec 2019				
	Capital outstanding by maturity				
Thousand Euros	Total	Less than 1 year	From 1 to 3 years	From 3 to 5 years	More than 5 years
Commitments and contingent liabilities in respect of joint ventures and associates	126,246	83,257	14,349	3,242	25,398
	126,246	83,257	14,349	3,242	25,398

	Dec 2018				
	Capital outstanding by maturity				
Thousand Euros	Total	Less than 1 year	From 1 to 3 years	From 3 to 5 years	More than 5 years
Commitments and contingent liabilities in respect of joint ventures and associates	177,499	127,445	28,542	2,824	18,688
	177,499	127,445	28,542	2,824	18,688

Commitments and contingent liabilities in respect of joint ventures and associatess include EDPR commitments to provide funding to Offshore projects and to the construction of solar farms facilities in USA, and to commitments assumed by EDP Brasil related to its joint ventures operating obligations.

The summarised financial information for subsidiaries with material non-controlling interests, namely EDP Brasil and EDP Renováveis, as at 31 December 2019, are disclosed in the Annex I.

22. Equity Instruments at Fair Value

As at 31 December 2019, this caption is analysed as follows:

	Group	
Thousand Euros	Dec 2019	Dec 2018
Equity Instruments at Fair Value through OCI (see note 22.1)	102,814	93,287
Equity Instruments at Fair Value through PL (see note 22.2)	67,992	31,860
	170,806	125,147

Under IFRS 13 (see note 44), equity instruments at fair value are classified into three levels of fair value: level 1 includes essentially financial investments that are indexed to quoted market prices; level 2 includes the fund of stocks and bonds held by Energia RE; and level 3 covers all other equity instruments at fair value. As at 31 December 2019, there are no equity instruments at fair value within level 1.

22.1 Equity Instruments at Fair Value through Other Comprehensive Income (OCI)

As a result of the analysis of the applicable business model, the EDP Group classified equity instruments held for long-term strategic purposes as Equity instruments measured at fair value through other comprehensive income.

The Zephyr Fund represents the participation units in a fund of stocks and bonds held by Energia RE, as a result of its reinsurance activity. During 2019, Zephir had an increase in its fair value, that was booked against fair value reserves, in the amount of 5,544 thousand Euros (see note 31).

In 2019, the movements in Equity Instruments at Fair Value through OCI are as follows:

Thousand Euros	Balance at 1 Jan	Acquisitions	Disposals	Change in fair value (See note 30)	Other variations	Balance at 31 December
Zephyr Fund (Energia RE portfolio)	74,535	-	-	5,544	-	80,079
Other	18,752	3,425	-369	958	-31	22,735
	93,287	3,425	-369	6,502	-31	102,814

In 2018, the movements in Equity Instruments at Fair Value through OCI are as follows:

Thousand Euros	Balance at 1 Jan	Acquisitions	Disposals	Change in fair value	Other variations	Balance at 31 December
Zephyr Fund (Energia RE portfolio)	77,573	5,000	-4,289	-3,749	-	74,535
Other	18,717	697	-940	129	149	18,752
	96,290	5,697	-5,229	-3,620	149	93,287

As at 31 December 2019, the fair value reserve attributable to the Group is as follows:

Thousand Euros	Dec 2019	Dec 2018
Zephyr Fund (Energia RE portfolio)	11,997	6,453
Other	6,458	5,573
	18,455	12,026

22.2 Equity Instruments at Fair Value through Profit or Loss (PL)

As a result of the analysis of the applicable business model, the EDP Group decided to classify the remaining equity instruments held for trading purposes as equity instruments measured at fair value through PL.

Regarding Feedzai - Consultadoria e Inovação Tecnológica, S.A., the fair value of 46,814 thousand Euros was determined according to the last transaction sales of the society EQ/sales amounting to 9,6x. The sensitivity analysis, considering a reduction or increase of 0,5x in the multiple, determines a fair value of 44,4 million Euros and 49,3 million Euros, respectively. Regarding EDA - Electricidade dos Açores, S.A., the fair value of 750 thousand Euros was determined according to the Dividend Discounted model. The sensitivity analysis, considering a reduction or increase of 50bp in the discounted rate, determines a fair value of 13,3 million Euros and 15,7 million Euros, respectively.

During 2019 a increase in the fair value in the amount of 33,690 thousand Euros was booked against Profit or Loss (see notes 13 and 44).

In 2019, the movements in Equity Instruments at Fair Value through Profit or Loss are as follows:

Thousand Euros	Balance at 1 Jan	Acquisitions	Disposals	Change in fair value	Other variations	Balance at 31 December
EDA - Electricidade dos Açores, S.A.	13,666	-	-	750	-	14,416
Feedzai - Consultadoria e Inovação Tecnológica, S.A.	15,526	-	-	31,288	-	46,814
Other	2,668	2,870	-	1,652	-428	6,762
	31,860	2,870	-	33,690	-428	67,992

In 2018, the movements in Equity Instruments at Fair Value through Profit or Loss are as follows:

Thousand Euros	Balance at 1 Jan	Acquisitions	Disposals	Change in fair value	Other variations	Balance at 31 December
EDA - Electricidade dos Açores, S.A.	13,045	-	-	621	-	13,666
Feedzai - Consultadoria e Inovação Tecnológica, S.A.	13,565	-	-	1,961	-	15,526
Others	1,097	1,571	-	-	-	2,668
	27,707	1,571	-	2,582	-	31,860

23. Deferred Tax Assets and Liabilities

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

Net Deferred Tax Assets					
Thousand Euros	**Balance at 01.01.2019**	**Mov. Results**	**Mov. Reserves**	**Perimeter variations, exchange differences and others**	**Balance at 31.12.2019**
Tax losses and tax credits	983,530	59,624	-	24,584	1,067,738
Provisions for social benefits, bad debts and other risks	698,426	(91,176)	63,915	(4,399)	666,766
Financial instruments	109,159	(11,494)	(12,173)	(641)	84,851
Property plant and equipment	204,030	80,579	-	(5,708)	278,901
Financial and equity instruments at fair value	438	-	(196)	6	248
Tariff adjustments and tariff deficit	39,906	(27,449)	-	1,991	14,448
Allocation of fair value to assets and liabilities acquired	24,762	(8,832)	-	(2,681)	13,249
Fiscal revaluations	464,070	(56,876)	-	(14,322)	392,872
Use of public property	24,068	769	-	(400)	24,437
Other temporary differences	44,296	38,384	3,872	262	86,814
Assets/liabilities compensation of deferred taxes	(1,440,490)	(73,718)	(3,903)	(28,167)	(1,546,278)
	1,152,195	-90,189	51,515	-29,475	1,084,046

Net Deferred Tax Liabilities					
Thousand Euros	Balance at 01.01.2019	Mov. Results	Mov. Reserves	Perimeter variations, exchange differences and others	Balance at 31.12.2019
Provisions for social benefits, bad debts and other risks	16,163	(636)	1,314	(466)	16,375
Financial instruments	36,264	4,636	81,607	(241)	122,266
Property plant and equipment	434,119	12,677	-	(42,338)	404,458
Reinvested gains	3,213	(21)	-	-	3,192
Financial and equity instruments at fair value	3,993	6,558	-	-	10,551
Tariff adjustments and tariff deficit	80,337	26,830	-	1,991	109,158
Allocation of fair value to assets and liabilities acquired	698,042	43,721	-	(77,908)	663,855
Fiscal revaluations	70,138	(3,981)	-	(4,605)	61,552
Deferred income relating to CMEC	198,055	(20,444)	-	-	177,611
Gains from institutional partnerships in USA wind farms	336,895	6,203	58	6,488	349,644
Use of public property	7,500	(432)	-	(110)	6,958
Fair value of financial assets	35,505	22,546	-	(1,074)	56,977
Other temporary differences	94,966	(34,085)	7,356	(811)	67,426
Assets/liabilities compensation of deferred taxes	(1,440,490)	(73,718)	(3,903)	(28,167)	(1,546,278)
	574,701	-10,146	86,432	-147,241	503,746

As at a 31 December 2018, on a consolidated basis, the movement by nature of Net Deferred Tax Assets and Liabilities are as follows:

Net Deferred Tax Assets					
Thousand Euros	Balance at 01.01.2018	Mov. Results	Mov. Reserves	Perimeter variations, exchange differences and others	Balance at 31.12.2018
Tax losses and tax credits	900,167	38,745	-	44,618	983,530
Provisions for social benefits, bad debts and other risks	635,138	57,429	10,830	(4,971)	698,426
Financial instruments	45,694	954	62,222	289	109,159
Property plant and equipment	207,160	(3,533)	-	403	204,030
Financial and equity instruments at fair value	595	(101)	(53)	(3)	438
Tariff adjustments and tariff deficit	69,788	(29,882)	-	-	39,906
Allocation of fair value to assets and liabilities acquired	33,684	(8,897)	-	(25)	24,762
Fiscal revaluations	463,086	425	-	559	464,070
Use of public property	25,842	1,065	-	(2,839)	24,068
Other temporary differences	33,488	12,984	-	(2,176)	44,296
Assets/liabilities compensation of deferred taxes	(1,583,974)	(33,593)	(2,196)	179,273	(1,440,490)
	830,668	35,596	70,803	215,128	1,152,195

Net Deferred Tax Liabilities					
Thousand Euros	Balance at 01.01.2018	Mov. Results	Mov. Reserves	Perimeter variations, exchange differences and others	Balance at 31.12.2018
Provisions for social benefits, bad debts and other risks	17,282	364	(975)	(508)	16,163
Financial instruments	29,626	(2,590)	11,344	(2,116)	36,264
Property plant and equipment	405,612	15,849	79	12,579	434,119
Reinvested gains	3,213	-	-	-	3,213
Financial and equity instruments at fair value	3,902	395	(304)	-	3,993
Tariff adjustments and tariff deficit	252,542	(171,342)	(863)	-	80,337
Allocation of fair value to assets and liabilities acquired	649,487	15,616	-	32,939	698,042
Fiscal revaluations	74,564	(4,454)	-	28	70,138
Deferred income relating to CMEC	185,631	12,424	-	-	198,055
Gains from institutional partnerships in USA wind farms	291,041	36,746	(5,619)	14,727	336,895
Use of public property	8,869	(307)	-	(1,062)	7,500
Fair value of financial assets	34,717	4,611	-	(3,823)	35,505
Other temporary differences	88,779	15,930	(8,030)	(1,713)	94,966
Assets/liabilities compensation of deferred taxes	(1,583,974)	(33,593)	(2,196)	179,273	(1,440,490)
	461,292	-110,351	-6,564	230,324	574,701

As referred under accounting policies, note 2 q), the compensation between deferred tax assets and liabilities is performed at each subsidiary, and therefore the consolidated financial statements reflect in its assets the total of the deferred tax of subsidiaries that have deferred tax assets and in its liabilities the total of the deferred tax of subsidiaries that have deferred tax liabilities.

On a Company basis, EDP, S.A. records the tax effect arising from temporary differences between the assets and liabilities determined on an accounting basis and on a tax basis. As at a 31 December 2019, on a Company basis, the movement by nature of Net Deferred Tax Assets and Liabilities are as follows:

Net Deferred Tax Assets Thousand Euros	Balance at 01.01.2019	Mov. Results	Mov. Reserves	Perimeter variations, exchange differences and others	Balance at 31.12.2019
Tax losses and tax credits	89,383	44,893	-	(17,793)	116,483
Provisions for social benefits, bad debts and other risks	6,945	(1,571)	122	569	6,065
Financial instruments	21,431	-	26,906	-	48,337
Property plant and equipment	4,322	-	-	8	4,330
Other temporary differences	3,083	-	-	3	3,086
Assets/liabilities compensation of deferred taxes	(32,505)	(2,889)	-	-	(35,394)
	92,659	40,433	27,028	-17,213	142,907

Net Deferred Tax Liabilities Thousand Euros	Balance at 01.01.2019	Mov. Results	Mov. Reserves	Perimeter variations, exchange differences and others	Balance at 31.12.2019
Financial instruments	21,042	-	6,600	-	27,642
Allocation of fair value to assets and liabilities acquired	3,546				3,546
Fiscal revaluations	199	(7)	-	-	192
Other temporary differences	7,718	(3,704)	-	-	4,014
Assets/liabilities compensation of deferred taxes	(32,505)	(2,889)	-	-	(35,394)
	-	-6,600	6,600	-	-

As at a 31 December 2018, on a Company basis, the movement by nature of Net Deferred Tax Assets and Liabilities are as follows:

Net Deferred Tax Assets Thousand Euros	Balance at 01.01.2018	Mov. Results	Mov. Reserves	Perimeter variations, exchange differences and others	Balance at 31.12.2018
Tax losses and tax credits	75,681	(531)	-	14,233	89,383
Provisions for social benefits, bad debts and other risks	7,266	(571)	249	1	6,945
Financial instruments	15	-	21,415	1	21,431
Property plant and equipment	4,188	134	-	-	4,322
Other temporary differences	3,074	9	-	-	3,083
Assets/liabilities compensation of deferred taxes	(11,966)	(20,539)	-	-	(32,505)
	78,258	-21,498	21,664	14,235	92,659

Net Deferred Tax Liabilities Thousand Euros	Balance at 01.01.2018	Mov. Results	Mov. Reserves	Perimeter variations, exchange differences and others	Balance at 31.12.2018
Financial instruments	1,687	-	19,355	-	21,042
Allocation of fair value to assets and liabilities acquired	3,546	-	-	-	3,546
Fiscal revaluations	205	(6)	-	-	199
Other temporary differences	6,528	1,189	-	1	7,718
Assets/liabilities compensation of deferred taxes	(11,966)	(20,539)	-	-	(32,505)
	-	-19,356	19,355	1	-

Taxes recorded against reserves are as follows:

Thousand Euros	Group		Company	
	Dec 2019	Dec 2018	Dec 2019	Dec 2018
Financial instruments and fair value	-93,244	43,661	20,306	2,060
Actuarial gains and losses	64,139	19,242	122	249
Changes in fair value of financial assets held for sale	-1,514	1,780	-	-
Transactions with non-controlling interests and Others	-4,298	12,684	-	-
	-34,917	77,367	20,428	2,309

The Group tax losses carried forward are analysed as follows:

Thousand Euros	Group	
	Dec 2019	Dec 2018
Expiry date:		
2019	-	6,585
2020	9,131	15,151
2021	47,691	50,102
2022	17,101	21,698
2023	36,081	36,394
2024	541,209	40,238
2025 a 2039	2,288,413	2,234,996
Without expiry date	1,032,844	1,374,629
	3,972,470	3,779,793

Of the total of EDP Group's tax losses available to carry forward as at 31 December 2019, the amount of 447,248 thousand Euros does not have deferred tax asset, in accordance with the applicable accounting standards since, at the present date, there is still not sufficient visibility about the future period in which such tax losses will be used.

24. Inventories

This caption is as follows:

Thousand Euros	Group	
	Dec 2019	Dec 2018
Merchandise	54,368	48,194
Finished, intermediate products and sub-products	37,785	38,910
Raw and subsidiary materials and consumables (coal and other fuels)	150,465	132,428
Nuclear fuel	15,562	16,159
CO2 licenses (see note 45)	-	-
Other	110,154	106,346
	368,334	342,037

The caption CO2 Licenses, includes licenses held for trading, measured at the lower of acquisition cost and net realisable value, which corresponds to the market quote, as described in accounting policy 2 x).

25. Debtors and Other Assets from Commercial Activities

Debtors and other assets from commercial activities - Non-Current, are as follows:

	Group	
Thousand Euros	Dec 2019	Dec 2018
Assets measured at amortised cost:		
Amounts receivable from tariff adjustments - Electricity - Portugal	254,482	7,691
Amounts receivable from tariff adjustments - Electricity - Brazil	29,105	27,551
Amounts receivable relating to CMEC	579,160	647,667
Amounts receivable from concessions - IFRIC 12	954,132	882,087
Other assets measured at amortised cost	44,935	35,585
Impairment losses on other assets measured at amortised cost	-2,895	-2,895
	1,858,919	1,597,686
Trade receivables at amortised cost:		
Trade receivables	49,305	116,479
Impairment losses on trade receivables	-16,285	-52,629
	33,020	63,850
Assets measured at fair value through other comprehensive income:		
Amounts receivable from tariff adjustments - Electricity - Portugal	6,292	9,743
Assets measured at fair value through profit or loss:		
Amounts receivable from concessions - IFRIC 12	664,489	519,544
Contract assets:		
Contract assets receivable from energy sales contracts	1,355	2,093
Incremental costs of obtaining contracts with customers	63,752	66,850
Contract assets receivable from concessions - IFRIC 12	743,111	192,036
	808,218	260,979
Other assets:		
Other assets out of scope of IFRS 9 (*)	53,282	70,838
	3,424,220	2,522,640

(*) *As at 31 December 2019, the variation in Other assets out of scope of IFRS 9 - Non-current includes the reclassification, to Right of use assets, of 10,314 thousand Euros referring to prepayments of leases of land in EDP Renováveis Portugal, under the adoption of IFRS 16, in 1 of January of 2019 (see notes 3 and 17).*

Debtors and other assets from commercial activities - Current, are as follows:

	Group		Company	
Thousand Euros	Dec 2019	Dec 2018	Dec 2019	Dec 2018
Assets measured at amortised cost:				
Amounts receivable from tariff adjustments - Electricity - Portugal	82,166	204,626	-	-
Amounts receivable from tariff adjustments - Electricity - Brazil	50,486	82,392	-	-
Receivables relating to other goods and services	32,201	30,864	26,509	25,081
Amounts receivable relating to CMEC	197,905	184,757	-	-
Amounts receivable from concessions - IFRIC 12	57,916	53,150	-	-
Other assets measured at amortised cost	155,600	141,708	62,754	129,927
Impairment losses on other assets measured at amortised cost	-2,694	-5,897	-	-153
	573,580	691,600	89,263	154,855
Trade receivables at amortised cost:				
Trade receivables	1,480,280	1,497,576	237,424	190,047
Impairment losses on trade receivables	-302,687	-304,237	-215	-306
	1,177,593	1,193,339	237,209	189,741
Assets measured at fair value through other comprehensive income:				
Amounts receivable from tariff adjustments - Electricity - Portugal	2,865	3,153	-	-
Contract assets:				
Contract assets receivable from energy sales contracts	1,051,994	1,219,851	252,885	307,087
Other assets:				
Other assets out of scope of IFRS 9	52,128	59,536	4,471	1,721
	2,858,160	3,167,479	583,828	653,404

The movement for the period in Amounts receivable from tariff adjustments - Electricity - Portugal (Non-current and Current) is as follows:

Thousand Euros	Non-Current	Current
Balance as at 31 December 2018	17,434	207,779
Receipts through the electricity tariff	-	-213,271
Sale of 2019 overcosts for the special regime generators	-	-1,070,052
Tariff adjustment of the period (see note 7)	254,164	1,194,795
Interest income (see note 13)	-	-1,658
Transfer to/from tariff adjustment payable (see note 37)	1,449	-44,835
Transfer from Non-Current to Current	-12,273	12,273
Balance as at 31 December 2019	260,774	85,031

During the second quarter of 2019, EDP Serviço Universal, S.A. sold the 2019 tariff deficit in the amount of 1,070,052 thousand Euros. This tariff deficit resulted from the deferral, for the period of 5 years, of the recovery of the 2019 over costs related to the acquisition of electricity from special regime generators (including the adjustments for 2017 and 2018). In this sale transaction of assets, EDP Serviço Universal, S.A. gave in fully and without recourse, the right to receive such amounts and interest. The sale price amounted to 1,024 million Euros and generated a gain net of transaction costs of 3,589 thousand Euros (see note 13).

As at 31 December 2019, the caption Assets measured at fair value through other comprehensive income includes the amount of the tariff deficit classified and measured at fair value through other comprehensive income. According to IFRS 13, the tariff deficit fair value is classified as level 2 (see note 44).

The following table provides details for the caption Amounts receivable from tariff adjustments - Electricity - Portugal, by nature and year of establishment, as well as presents the amounts of tariff deficit that have been sold during the period ended 31 December 2019:

Thousand Euros	Deficit	Tariff adj.	Sales	Total
Year:				
2016	7,691	1,449	-	9,140
2017	-	-	-	-
2018	7,435	-46,081	-	-38,646
2019	1,071,773	373,590	-1,070,052	375,311
	1,086,899	328,958	-1,070,052	345,805

As at 31 December 2019, in accordance with the methodology for determining impairment losses on amounts receivable from regulatory assets (see note 2 e)), no impairment loss related to the amounts included in the captions Amounts receivable from tariff adjustments - Electricity, Amounts receivable relating to CMEC and Amounts receivable from concessions was recognised.

The caption Amounts receivable from tariff adjustments - Electricity - Brazil corresponds to tariff adjustments recognised in EDP São Paulo - Distribuição de Energia S.A. and EDP Espírito Santo - Distribuição de Energia S.A. in the accumulated amount, as at 31 December 2019, of 33,190 thousand Euros (31 December 2018: 74,099 thousand Euros) and 46,401 thousand Euros (31 December 2018: 35,844 thousand Euros), respectively. The variation occurred includes the tariff deficit for the period with a positive impact of 47,992 thousand Euros (see note 7), transfer from tariff adjustment payable of 85,066 thousand Euros (see note 37), amounts received through the electricity tariff of 179,641 thousand Euros, unwinding in the amount of 17,316 thousand Euros (see note 13) and the exchange differences due to depreciation of Brazilian Real against Euro with a negative impact of 1,085 thousand Euros.

The caption Amounts receivable relating to CMEC amounts to 777,065 thousand Euros, and includes 579,160 thousand Euros as non-current and 197,905 thousand Euros as current. The amount receivable relating to CMEC includes 394,759 thousand Euros as non-current and 44,167 thousand Euros as current, which correspond to the initial CMEC granted to EDP Produção (833,467 thousand Euros), deducted from the annuities for the years 2007 to 2017, and 184,401 thousand Euros as non-current and 52,486 thousand Euros as current, relating with the final adjustment recognised in accordance with the result achieved by the EDP/REN working group. The remaining 101,252 thousand Euros as current correspond to the amounts receivable through the revisibility calculation from 2014 to 2017. The revisibility calculation for 2015 to 2017 is still waiting the official approval.

The caption Amounts receivable from concessions - IFRIC 12 in the amount of 1,676,537 thousand Euros (31 December 2018: 1,454,781 thousand Euros) relates to the financial asset to be received by the EDP Group regarding the electricity distribution concessions in Portugal and Brazil, resulting from the application of the mixed model, and the asset related to electricity transmission concessions in Brazil. The variation of the period includes: (i) the effect of the depreciation of Brazilian Real against Euro in the amount of 12,223 thousand Euros; (ii) transfers from Contract assets receivable from concessions in the amount of 162,369 thousand Euros; and (iii) the re-measurement of IFRIC 12 indemnity amount in Brazil concessions of 66,308 thousand Euros.

The movements in Impairment losses on other assets measured at amortised cost are as follows:

Thousand Euros	Group		Company	
	Non-current	Current	Non-current	Current
Balance as at 31 December 2017	3,182	12,416	-	788
Impact of IFRS 9 adoption	-	924	-	-
Balance as at 1 January 2018	3,182	13,340	-	788
Charge of the period	-	2,965	-	7
Reversal of impairment losses	-264	-1,301	-	-68
Charge-off	-	-1,314	-	-574
Exchange differences	-23	-286	-	-
Perimeter variations/Other regularisations	-	-7,507	-	-
Balance as at 31 December 2018	2,895	5,897	-	153
Charge of the period	-	121	-	-
Reversal of impairment losses	-	-554	-	-10
Charge-off	-	-2,720	-	-143
Exchange differences	-	-3	-	-
Perimeter variations/Other regularisations	-	-47	-	-
Balance as at 31 December 2019	2,895	2,694	-	-

The geographical market Trade receivables' breakdown and the credit risk analysis are disclosed in note 5, under the Counterparty credit risk management.

As at 31 December 2019 and 2018, on a company basis, trade receivables are from Portugal geographical market.

The movements in Impairment losses on trade receivables are as follows:

Thousand Euros	Group		Company	
	Non-current	Current	Non-current	Current
Balance as at 31 December 2017	61,929	305,909	-	9,699
Impact of IFRS 9 adoption	-	52,289	-	-56
Balance as at 1 January 2018	61,929	358,198	-	9,643
Charge of the period	1,080	91,484	-	215
Reversal of impairment losses	-4,447	-68,667	-	-12
Charge-off	-5,456	-64,528	-	-9,540
Exchange differences	-535	-6,406	-	-
Perimeter variations/Other regularisations	58	-5,844	-	-
Balance as at 31 December 2018	52,629	304,237	-	306
Charge of the period	929	95,306	-	-
Reversal of impairment losses	-12,121	-50,474	-	-
Charge-off	-25,060	-49,020	-	-91
Exchange differences	-103	-1,809	-	-
Perimeter variations/Other regularisations	11	4,447	-	-
Balance as at 31 December 2019	16,285	302,687	-	215

Contract assets receivable from energy sales contracts - Current include contract assets relating to energy delivered and not yet invoiced, amounts receivable from REN regarding the CMEC Revisibility of 2016 and 2017 which are awaiting approval, and accruals from UNGE's energy management business. The impairment losses on Trade receivables includes impairment losses related to Contract assets receivable from energy sales contracts.

The caption Incremental costs of obtaining contracts with customers includes contract assets from the recognition of incremental costs of obtaining contracts with customers, which are capitalised and amortised under IFRS 15 (see note 12).

The caption Contract assets receivable from concessions - IFRIC 12 refers to the investment in assets under construction assigned to concessions, with the biggest increase, during 2019, in Brazil.The variation of the period includes the investment of the period, in the amount of 770,907 thousand Euros, and the transfer from assets assigned to concessions which began operation to intangible assets, in the amount of 133,233 thousand Euros (see note 18), and to Amounts receivable from concessions - IFRIC 12, in the amount of 162,369 thousand Euros.

26. Other Debtors and Other Assets

Other debtors and other assets are as follows:

	Group		Company	
Thousand Euros	Dec 2019	Dec 2018	Dec 2019	Dec 2018
Debtors and other assets - Non-Current				
Assets measured at amortised cost:				
Loans to subsidiaries	-	-	3,016,108	2,951,030
Loans to related parties	9,070	42,973	90	90
Guarantees rendered to third parties	107,744	64,162	-	-
Other financial assets at amortised cost (i)	46,382	46,244	46,900	560,358
Assets measured at fair value through profit or loss:				
Derivative financial instruments (see note 41)	201,349	191,923	225,947	260,931
Contingent price	155,353	170,953	-	-
Other assets:				
Excess of the pension fund financing (see note 34)	55,506	59,840	104	68
Other debtors and sundry operations	357,174	53,525	-	-
	932,578	629,620	3,289,149	3,772,477
Debtors and other assets - Current				
Assets measured at amortised cost:				
Loans to subsidiaries	-	-	297,616	748,855
Dividends attributed by subsidiaries	-	-	85,000	-
Loans to related parties	13,257	20,738	-	-
Receivables from the State and concessors	27,955	28,655	-	-
Guarantees rendered to third parties	70,809	77,580	43,980	45,198
Subsidiary companies	-	-	69,318	190,042
Group's financial system (see note 43)	-	-	612,063	675,997
Other financial assets at amortised cost (i)	23,025	16,457	526,428	460,956
Assets measured at fair value through profit or loss:				
Derivative financial instruments (see note 41)	363,943	96,517	439,143	302,971
Other financial investments measured at fair value	29,938	39,258	-	-
Contingent price	129,161	290,900	-	-
Other assets:				
Other debtors and sundry operations	223,691	24,703	89,656	-
	881,779	594,808	2,163,204	2,424,019
	1,814,357	1,224,428	5,452,353	6,196,496

Loans to subsidiaries - Non-Current and Current, for the Company, mainly includes 1,369,908 thousand Euros (31 December 2018: 1,580,629 thousand Euros) of loans granted to EDP - Gestão da Produção de Energia, S.A. and 1,503,715 thousand Euros (31 December 2018: 1,808,458 thousand Euros) of loans granted to EDP Distribuição de Energia, S.A. (see note 43).

For the Loans to subsidiaries, EDP, S.A. performs an analysis to evaluate impairment based on the general approach. The company uses several inputs on making its assessment of the credit risk related to these assets, such as the analysis of the historical possible delays and/or impairment losses indications, rating companies (when applicable) and market and macroeconomic data that may change the probability of default and the expectation of delays in the receivable amounts. According to the analysis performed, as per 31 December 2019 there are no expected credit losses accounted for related to loans with subsidiaries.

Variation in Loans to related parties – Non current is mainly related to the reclassification of the offshore wind segment to assets held for sale (see note 40) of the loans granted to Éoliennes en Mer Dieppe - Le Tréport, S.A.S., Éoliennes en Mer Îles d'Yeu et de Noirmoutier, S.A.S., Moray Offshore Renewable Power Ltd and Windplus S.A.

(i) Other financial assets at amortised cost

On a consolidated basis, this caption includes the securities issued by Tagus - Sociedade de Titularização de Créditos, S.A. (a limited liability company incorporated under the laws of Portugal for the purpose of carrying out securitization transactions through the acquisition, management and transmission of credits and the issuance of securitized bonds for the payment of the acquired credits, which share capital is fully owned by Deutsche Bank Aktiengesellschaft), in the context of the transmission of the right to receive tariff adjustments (deviations and deficits) of the National Electricity System, owned by EDP Distribuição, S.A. and EDP Serviço Universal, S.A. were classified as financial assets measured at amortised cost.

In Portugal, Decree - Law 237-B/2006 of 19 December 2006 and Decree - Law 165/2008 of 21 August 2008, refer to the transfer to third parties of the right to receive tariff adjustments (deviations and deficits) of the National Electricity System, through which the EDP Group has made, since 2008, a number of transfer operations of financial assets.

Under the following operations, assets were transferred to securitisation companies, that financed their purchases through debt securities registered in the Securities Commission (CMVM):

• In August 2016, EDP - Serviço Universal, S.A. sold without recourse to Tagus, the right to receive part of the tariff adjustment related to the 2016 overcost of the acquisition of electricity activity from special regime production, in the amount of 598,883 thousand Euros. The transaction was performed by the amount of 599,987 thousand Euros, generating a loss of 7,417 thousand Euros, net of expenses. This transaction also involved the acquisition by EDP Serviço Universal of Class R Notes issued by Tagus at par value in the amount of 381 thousand Euros and Liquidity Notes issued by Tagus at par value in the amount of 3,635 thousand Euros, both maturing in 2021. These Notes are instruments that aim to establish a settlement account and a reserve for administrative expenses. As at 31 December 2019, the amortised cost of these Notes corresponds to 1,386 thousand Euros.

• In December 2017, EDP - Serviço Universal, S.A. sold without recourse to Tagus, the right to receive part of the tariff adjustment related to the 2017 overcost of the acquisition of electricity activity from special regime production, in the amount of 583,539 thousand Euros. The transaction was performed by the amount of 600,000 thousand Euros, generating a gain of 13,004 thousand Euros, net of expenses. This transaction also involved the acquisition by EDP Serviço Universal of Class R Notes issued by Tagus at par value in the amount of 372 thousand Euros, Liquidity Notes issued by Tagus at par value in the amount of 1,275 thousand Euros and Senior Notes issued by Tagus at par value in the amount of 30,000 thousand Euros, all maturing in 2021. The Liquidity and Class R Notes are instruments that aim to establish a settlement account and a reserve for administrative expenses. As at 31 December 2019, the amortised cost of the Notes corresponds to 17,468 thousand Euros.

• In June 2018, EDP - Serviço Universal, S.A. sold without recourse to Tagus, the right to receive part of the tariff adjustment related to the 2018 overcost of the acquisition of electricity activity from special regime production, in the amount of 641,069 thousand Euros. The transaction was performed by the amount of 650,000 thousand Euros, generating a gain of 1,204 thousand Euros, net of expenses. This transaction also involved the acquisition by EDP Serviço Universal of Class R Notes issued by Tagus at par value in the amount of 375 thousand Euros, Liquidity Notes issued by Tagus at par value in the amount of 1,788 thousand Euros and Senior Notes issued by Tagus at par value in the amount of 32,500 thousand Euros, all maturing in 2023. The Liquidity and Class R Notes are instruments that aim to establish a settlement account and a reserve for administrative expenses. As at 31 December 2019, the amortised cost of the Notes corresponds to 27,533 thousand Euros.

• In June 2019, EDP - Serviço Universal, S.A. sold without recourse to Tagus, the right to receive part of the tariff adjustment related to the 2019 overcost of the acquisition of electricity activity from special regime production, in the amount of 470,052 thousand Euros. The transaction was performed by the amount of 475,000 thousand Euros, generating a gain of 516 thousand Euros, net of expenses. This transaction also involved the acquisition by EDP Serviço Universal of Class R Notes issued by Tagus at par value in the amount of 490 thousand Euros, Liquidity Notes issued by Tagus at par value in the amount of 831 thousand Euros and Senior Notes issued by Tagus at par value in the amount of 23,800 thousand Euros, all maturing in 2024. The Liquidity and Class R Notes are instruments that aim to establish a settlement account and a reserve for administrative expenses. As at 31 December 2019, the amortised cost of the Notes corresponds to 22,983 thousand Euros.

On a company basis, this caption includes the bonds issued by EDP Finance B.V. reacquired on market by EDP, S.A.

On 6 December 2016, EDP, S.A. has bought an amount of 500,000 thousand American Dollars of nominal debt, related to a couple of bonds issued by EDP Finance B.V. in a market operation, in the total amount of 500,624 thousand Euros. This amount includes a premium paid over the nominal debt of 21,101 thousand Euros and accrued interest as at the acquisition date. On 15 December 2017, EDP, S.A. has bought an amount of 500,000 thousand Dollars of nominal debt, related to a couple of bonds issued by EDP Finance B.V. in a market operation, in the total amount of 446,802 thousand Euros. This amount includes a premium paid over the nominal debt of 18,016 thousand Euros and accrued interest as at the acquisition date. On 11 December 2018, EDP, S.A. has bought an amount of 499,998 thousand Euros of nominal debt, related to a couple of bonds issued by EDP Finance B.V. in a market operation, in the total amount of 541,751 thousand Euros. This amount includes a premium paid over the nominal debt of 33,705 thousand Euros and accrued interest as at the acquisition date.

During 2019 EDP Finance B.V. repaid, at maturity, in the second quarter 650 million Euros of securities issued, of which EDP, S.A. had already reacquired 98,809 thousand Euros, and 1,000 million Dollars of securities issued in the third quarter, of which EDP, S.A. had already reacquired 363,462 thousand american Dollars.

The detail of these bonds is as follows:

Issuer	Maturity date	Currency	Interest rate	Nominal value in Currency '000	Acquired in Currency '000
EDP Finance B.V.	29 Jun 2020	EUR	4.13%	300,000	66,628
EDP Finance B.V.	14 Sep 2020	EUR	4.88%	750,000	287,778
EDP Finance B.V.	20 Jan 2021	EUR	4.13%	600,000	46,783
					401,189
EDP Finance B.V.	15 Jan 2020	USD	4.13%	750,000	167,076
					167,076

As at 31 December 2019, these investments' fair value amounts to 577,957 thousand Euros (31 December 2018: 1,006,402 thousand Euros).

The caption Contingent prices - Non Current refers, mainly, to the fair value of the contingent price related to the Naturgás sale and to the fair value of the remaining contingent prices related to the sale of 13.5% of the companies Eoliennes en Mer Dieppe - Le Tréport, S.A.S. e Eoliennes en Mer Iles d'Yeu et de Noirmoutier, S.A.S. The caption Contingent prices - Current refers, mainly, to the fair value of contingent prices related to the sale 75% of the companies Nation Rise Wind Farm Gp II Inc. e Nation Rise Wind Farm Limited Partnership.

The caption Other debtors and sundry operations - Non Current includes 217,798 thousand Euros related to the financial consideration paid in advance for the exploitation of the hydro power plants of Fridão and other amounts invested in such hydro power plant (see note 4).

The caption Other debtors and sundry operations - Current includes 132,227 thousand Euros for the sale of Babilônia Holding, S.A. and its subsidiaries (see note 6) and the receivable of 54,506 thousand Euros related with the acquisition of the certain projects by the Joint Ventures Goldfinger Ventures and Goldfinger Ventures II (see note 6).

The caption Other debtors and sundry operations - Current, on individual basis, relates to the amount receivable resulting from the assignment of the credit right related to part of the 2016 Annual Adjustment.

27. Tax Assets

Current tax assets are as follows:

	Group		Company	
Thousand Euros	Dec 2019	Dec 2018	Dec 2019	Dec 2018
Income tax	186,869	239,465	108,799	90,092
Value added tax (VAT)	87,431	78,580	-	7,123
Special taxes Brazil	521,829	85,420	-	-
Other taxes	8,643	4,320	877	877
	804,772	407,785	109,676	98,092

The detail of this item is analysed as follows:

	Group		Company	
Thousand Euros	Dec 2019	Dec 2018	Dec 2019	Dec 2018
Non-Current	389,037	53,728	-	-
Current	415,735	354,057	109,676	98,092
	804,772	407,785	109,676	98,092

The Special taxes Brazil caption relates to the following taxes: CSLL (Social Contribution on net profits), PIS (Social integration programme) and COFINS (Social Security Financing Contribution).

On 3 April 2019, EDP Espírito Santo and EDP São Paulo were granted with a favourable judicial decision, which recognises the right the non-inclusion of the amounts of VAT borne in the basis of calculation of PIS and COFINS, as well as, the right to reacquire the previously collected amounts. EDP Espírito Santo and EDP São Paulo recognised the amount to be recovered, updated based on a monetary basis, of 388,998 thousand Euros (1,756,597 thousand Brazilian Reais), based on the Consultation no. 13/2018 of the COSIT, in the Special taxes Brazil caption. On the other hand, the same amount was recognised in the Amounts payable for tariff adjustments caption (see note 37), in order to pass through this amount to the customers. Both companies are waiting for authorisation by the Brazilian Fiscal Authorities on the possibility of an alleged compensation of future tax liabilities in this regard and is also expecting a definition by the regulatory entity in what concerns the model of pass through to the costumers.

In December 2014, the distribution companies EDP São Paulo and EDP Espírito Santo began to recognise tariff adjustments as payable and receivable amounts, considering that the triggering event for the recognition of the various taxes (e.g. IRPJ, CSLL, PIS and COFINS) would only be verified when the respective energy was consumed, in accordance with the legal opinion of independent consultants. This understanding was consistent with the interpretation of Brazilian Fiscal Authorities ("Receita Federal do Brasil" - RFB), made public through the consultation no. 26/02 of the COSIT.

On 30 June 2016, RFB approved the COSIT opinion no. 101/16 where it concluded that the receivables over tariff adjustments should integrate the basis for tax calculation at the time of the accounting recognition. Thus, companies requested independent consultants to update their legal opinions, and they kept their initial understanding.

In the third quarter of 2017, considering that the new COSIT procedure is more conservative and the possibility of appealing to the Tax Regularisation Special Programme ("Programa Especial de Regularização Tributária" - PERT), created by Provisional Measure no. 783/17 and regulated by Normative Instruction RFB 1711/17, the distribution companies changed their criteria and started to recalculate all taxes since the initial recognition of payable and receivable amounts related with tariff adjustments.

Additionally, Enerpeixe identified energy sale contracts, signed before 31 December 2003, with the possibility of being integrated in the cumulative fiscal regime with the consequential application of a PIS and COFINS tax rate of 3.65% compared to the 9.25% previously considered. These contracts were submitted to the evaluation of an independent consultant, who demonstrated that the pre-determined price did not decrease, in accordance with Law 11196/05 and Normative Instruction RFB 658/06.

Following these operations, the companies recognized tax receivables totaling 159,173 thousand Euros (718,779 thousand Brazilian Reais) and tax payables totaling 113,870 thousand euros (514,203 thousand Brazilian Reais) (see note 39).

As at 31 December 2019, the captions Income tax and Special taxes Brazil include the amount of 22,796 thousand Euros (102,938 thousand Brazilian Reais), corresponding to the recognised asset of 159,173 thousand Euros net of compensations.

28. Cash and Cash Equivalents

Cash and cash equivalents are as follows:

	Group		Company	
Thousand Euros	Dec 2019	Dec 2018	Dec 2019	Dec 2018
Cash	298	258	41	33
Bank deposits				
Current deposits	943,578	1,167,042	167,288	334,570
Term deposits	537,869	552,982	-	-
Specific demand deposits in relation to institutional partnerships	60,977	82,923	-	-
	1,542,424	1,802,947	167,288	334,570
Operations pending cash settlement				
Current deposits	-	-	258,000	150,000
	1,542,722	1,803,205	425,329	484,603

Specific demand deposits in relation to institutional partnerships corresponds to funds required to be held in escrow sufficient to pay the remaining construction related costs of projects in institutional equity partnerships (see note 36), under the Group accounting policy.

As at 31 December 2019, on a company basis, the caption Operations pending cash settlement represents commercial paper issued by EDP, S.A., which is booked as financial debt at the issuance trade date, under the Group accounting policy. This caption of 258,000 thousand Euros (31 December 2018: 150,000 thousand Euros) refers to commercial paper issued on 30 December 2019, acquired by EDP Finance B.V., which settlement date occurred on 2 January 2020.

29. Share Capital and Share Premium

EDP, S.A. was incorporated as a State-owned company and started its privatisation process in 1997. The second and third phases of the privatisation process were carried out in 1998, the fourth phase in 2000, the fifth phase consisting of a capital increase in 2004 and a sixth phase in 2005. In December 2007, the State issued bonds convertible into shares of EDP, S.A. under the seventh phase of the privatisation process.

On 11 May 2012, regarding EDP's eighth privatisation phase, the Portuguese State sold to China Three Gorges (Europe), S.A. (former - CWEI (Europe), S.A.), the ownership of 780,633,782 shares representing 21.35% of the share capital and the voting rights of EDP, S.A.

On 21 February 2013, Parpública – Participações Públicas (SGPS) S.A. (Parpública) notified EDP that, on 19 February 2013, it sold 151,517,000 shares, which correspond to 4.14% of EDP's share capital.

As a result of these last two transactions, Parpública no longer has a qualified shareholding position in EDP share capital.

On 29 September 2017, China Three Gorges (Europe), S.A. acquired 70,143,242 shares representing around 1.92% of EDP's share capital and voting rights. After this acquisition, an off-market transaction, CTG Europe became the holder of 850,777,024 shares.

The share capital amounts to 3,656,537,715 Euros and is represented by 3,656,537,715 fully paid up ordinary shares of 1 Euro each.

EDP - Energias de Portugal S.A. shareholder structure as at 31 December 2019 is as follows:

	No. of Shares	% Capital	% Voting
China Three Gorges Corporation	850,777,024	23.27%	23.27%
Oppidum Capital, S.L.	263,046,616	7.19%	7.19%
BlackRock, Inc.	182,979,291	5.00%	5.00%
Alliance Bernstein	107,505,681	2.94%	2.94%
State Street Corporation	94,861,715	2.59%	2.45%
Paul Elliott Singer	89,650,554	2.45%	2.45%
Sonatrach	87,007,433	2.38%	2.38%
Qatar Investment Authority	82,868,933	2.27%	2.27%
Norges Bank	81,100,067	2.22%	2.22%
Mubadala Investment Company	76,787,292	2.10%	2.10%
Millennium BCP Group and Pension Funds	75,615,918	2.07%	2.07%
EDP (Treasury Stock)	21,405,347	0.59%	
Remaining Shareholders	1,642,931,844	44.93%	
	3,732,153,633	**100.00%**	

This breakdown should be read together with note 46 – Relevant or subsequent events, where the changes occurred in the shareholder structure after 31 December 2019 are disclosed.

Share capital and Share premium are as follows:

	Group and Company	
Thousand Euros	Share capital	Share premium
Balance as at 1 January	3,656,538	503,923
Movements during the period	-	-
Balance as at 31 December	3,656,538	503,923

The earnings per share (EPS) attributable to the equity holders of EDP are as follows:

	Group		Company	
	Dec 2019	Dec 2018	Dec 2019	Dec 2018
Net profit attributable to the equity holders of EDP (in Euros)	511,750,938	519,189,303	720,916,031	738,586,257
Net profit from continuing operations attributable to the equity holders of EDP (in Euros)	511,750,938	519,189,303	720,916,031	738,586,257
Weighted average number of ordinary shares outstanding	3,635,010,162	3,634,649,659	3,636,523,162	3,636,162,660
Weighted average number of diluted ordinary shares outstanding	3,635,010,162	3,634,649,659	3,636,523,162	3,636,162,660
Basic earnings per share attributable to equity holders of EDP (in Euros)	0.14	0.14		
Diluted earnings per share attributable to equity holders of EDP (in Euros)	0.14	0.14		
Basic earnings per share from continuing operations (in Euros)	0.14	0.14		
Diluted earnings per share from continuing operations (in Euros)	0.14	0.14		

EDP Group calculates basic and diluted earnings per share attributable to equity holders of EDP using the weighted average number of ordinary shares outstanding during the period, net of changes in treasury stock during the period. Basic earnings per share and diluted earnings per share are equal because there are no dilution factors.

The average number of shares is determined as follows:

	Group		Company	
	Dec 2019	Dec 2018	Dec 2019	Dec 2018
Ordinary shares issued at the beginning of the period	3,656,537,715	3,656,537,715	3,656,537,715	3,656,537,715
Effect of shares issued during the period	-	-	-	-
Average number of realised shares	3,656,537,715	3,656,537,715	3,656,537,715	3,656,537,715
Effect of treasury stock	-21,527,553	-21,888,056	-20,014,553	-20,375,055
Average number and diluted average number of shares during the period	3,635,010,162	3,634,649,659	3,636,523,162	3,636,162,660

30. Treasury Stock

This caption is as follows:

	Group		Company	
	Dec 2019	Dec 2018	Dec 2019	Dec 2018
Book value of EDP, S.A.'s treasury stock (thousand Euros)	61,220	62,410	55,124	56,315
Number of shares	21,405,347	21,771,966	19,892,347	20,258,966
Market value per share (in Euros)	3.864	3.049	3.864	3.049
Market value of EDP, S.A.'s treasury stock (thousand Euros)	82,710	66,383	76,864	61,770

Shares' transactions occurred between 1 January and 31 December 2019:

	EDP, S.A.	Energia RE
Volume acquired (number of shares)	-	-
Average purchase price (in Euros)	-	-
Total purchases (thousand Euros)	-	-
Volume sold (number of shares) i)	-366,619	-
Average selling price (in Euros)	3.360	-
Total sales (thousand Euros) i)	1,232	-
Final position (number of shares)	19,892,347	1,513,000
Highest market price (in Euros)	3.902	-
Lowest market price (in Euros)	3.000	-
Average market price (in Euros)	3.415	-

i) Includes the distribution of treasury stocks to employees (see note 10).

The treasury stock held by EDP, S.A. is within the limits established by the Company's articles of association and by the "Código das Sociedades Comerciais" (Portuguese Commercial Companies Code). Treasury stock is recognised at acquisition cost.

31. Reserves and Retained Earnings

This caption is as follows:

	Group		Company	
Thousand Euros	Dec 2019	Dec 2018	Dec 2019	Dec 2018
Legal reserve	739,024	739,024	739,024	739,024
Fair value reserve (cash flow hedge)	58,716	-285,739	-91,909	-1,662
Tax effect of fair value reserve (cash flow hedge)	-18,175	72,424	20,640	334
Fair value reserve of assets measured at fair value through other comprehensive income	18,455	12,026	-	-
Tax effect of the fair value reserve of assets measured at fair value through other comprehensive income	-3,253	-1,739	-	-
Currency translation reserve - Exchange differences arising on consolidation	62,094	35,507	-	-
Currency translation reserve - Net investment hedge	-594,947	-518,917	-	-
Currency translation reserve - Net investment hedge - Cost of hedging	-21,194	-	-	-
Treasury stock reserve (EDP, S.A.)	55,124	56,315	55,124	56,315
Other reserves and retained earnings	3,951,351	4,242,037	1,896,365	1,848,174
	4,247,195	4,350,938	2,619,244	2,642,185

Legal reserve

In accordance with article no. 295 of "Código das Sociedades Comerciais" (Portuguese Commercial Companies Code) and EDP, S.A.'s articles of association, the legal reserve must be increased by a minimum of 5% of the annual profit until it reaches 20% of the company's share capital. This reserve can only be used to cover losses or to increase share capital.

Fair value reserve (cash flow hedge)

This reserve includes the effective portion of the cumulative net change in the fair value of the cash flow hedging financial derivative instruments.

Fair value reserve (financial assets at fair value through other comprehensive income)

The changes in this consolidated caption for the period are as follows:

Thousand Euros	Group FV reserve
Balance as at 31 December 2018	12,026
Positive changes in fair value	6,528
Negative changes in fair value	-99
Balance as at 31 December 2019	18,455

Changes in fair value reserve attributable to the EDP Group during the period ended 31 December 2019 are as follows:

Thousand Euros	Increases	Decreases
Zephyr Fund (Energia RE portfolio) (see note 22)	5,544	-
Other (see note 22)	984	-99
	6,528	-99

Currency translation reserve - Exchange differences arising on consolidation

Exchange differences arising on consolidation corresponds to the amounts resulting from changes in the value of net assets of subsidiaries, joint ventures and associated companies resulting from changes in exchange rates. The exchange rates used in the preparation of the financial statements are as follows:

		Exchange rates at Dec 2019		Exchange rates at Dec 2018	
Currency		**Closing**	**Average**	**Closing**	**Average**
US Dollar	USD	1.123	1.120	1.145	1.181
Brazilian Real	BRL	4.516	4.414	4.444	4.307
Macao Pataca	MOP	9.010	9.035	9.237	9.537
Canadian Dollar	CAD	1.460	1.486	1.561	1.529
Polish Zloty	PLN	4.257	4.298	4.301	4.261
Romanian Leu	RON	4.783	4.745	4.664	4.654
Pound Sterling	GBP	0.851	0.878	0.895	0.885
South African Rand	ZAR	15.777	16.177	16.459	15.615
Mexican Peso	MXN	21.220	21.560	22.492	22.709
Colombian peso	COP	3,685.713	3,673.675	3,749.886	3,482.922
Chinese Yuan	CNY	7.821	7.736	7.875	7.808
Corean Won	WON	1,296.280	1,305.210	n.a.	n.a
Japanese Yen	JPY	121.940	122.021	n.a.	n.a.

Currency translation reserve - Net investment hedge and Cost of hedging

The changes in these captions, net of income tax, for the period are as follows:

Thousand Euros	Net investment hedge	Cost of hedging
Balance as at 31 December 2018	-518,917	-
Changes in fair value	-76,030	-21,194
Balance as at 31 December 2019	-594,947	-21,194

The caption Net investment hedge corresponds to the amounts resulting from the application of hedge accounting to investments in subsidiaries in foreign currencies, mainly in the subsidiary EDPR North America, through financial derivative instruments (see note 41) and debt in foreign currency. The caption Cost of hedging corresponds to the amounts determined in accordance with accounting policies - note 2 d).

Treasury stock reserve (EDP, S.A.)

In accordance with the article 324º of "Código das Sociedades Comerciais" (Portuguese Commercial Companies Code), EDP, S.A. has created an unavailable reserve with an amount equal to the book value amount of treasury stock held in the company statements.

Dividends

On 24 April 2019, the Shareholders General Meeting of EDP, S.A. approved the dividends distribution to shareholders of the net profit for the year 2018 in the amount of 694,742 thousand Euros, corresponding to a dividend of 0.19 Euros per share (including the treasury stock dividend owned by EDP, S.A. and Energia RE in the amount of 3,780 thousand Euros and 287 thousand Euros, respectively). This distribution occurred on 15 May 2019.

32. Non-Controlling Interests

This caption is as follows:

	Group	
Thousand Euros	Dec 2019	Dec 2018
Non-controlling interests in income statement	387,576	356,892
Non-controlling interests in equity and reserves	3,386,250	3,575,257
	3,773,826	3,932,149

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

	Group	
Thousand Euros	Dec 2019	Dec 2018
EDP Renováveis Group	2,547,411	2,738,878
EDP Brasil Group	1,266,635	1,225,164
Other	-40,220	-31,893
	3,773,826	3,932,149

The movement in non-controlling interests of EDP Renováveis Group is mainly related to: (i) profits attributable to non-controlling interests of 217,945 thousand Euros; (ii) a negative impact of 55,355 thousand Euros related to dividends attributable to non-controlling interests; (iii) a positive impact of 15,198 thousand Euros resulting from exchange differences; (iv) a negative impact of 58,231 thousand Euros resulting from share capital increases/decreases and other acquisitions/sales without change of control; (v) a negative impact of 289,358 thousand Euros resulting from the sale, with loss of control, of EDPR EU subsidiaries (see note 6); and (vi) a negative impact of 19,307 thousand Euros resulting from the acquisition of the remaining 15% of EDPR subsidiaries in Romania (see note 6).

The movement booked in non-controlling interests of EDP Brasil Group includes: (i) 177,469 thousand Euros of profits attributable to non-controlling interests; (ii) an decrease of 18,791 thousand Euros resulting from exchange differences; (iii) a negative impact of 81,160 thousand Euros related to dividends attributable to non-controlling interests; (iv) a negative impact of 12,340 thousand Euros from share capital increases/decreases and other acquisitions/sales without change of control; and (v) a negative impact of 20,146 thousand Euros from recognised actuarial losses (net of taxes).

33. Financial Debt

This caption is as follows:

Thousand Euros	Group		Company	
	Dec 2019	Dec 2018	Dec 2019	Dec 2018
Debt and borrowings - Non-current				
Bank loans:				
- EDP, S.A	-	225,704	-	225,704
- EDP Finance B.V.	439,261	381,030	-	-
- EDP Brasil Group	285,520	331,722	-	-
- EDP Renováveis Group	688,708	767,821	-	-
	1,413,489	1,706,277	-	225,704
Non-convertible bond loans:				
- EDP, S.A	-	-	7,400,000	8,850,000
- EDP Finance B.V.	9,190,998	9,724,157	-	-
- EDP Brasil Group	1,060,453	969,699	-	-
	10,251,451	10,693,856	7,400,000	8,850,000
Hybrid bonds:				
- EDP, S.A.	994,071	739,168	994,071	739,168
	994,071	739,168	994,071	739,168
Commercial paper:				
- EDP, S.A.	100,000	200,000	100,000	200,000
- EDP Finance B.V. **	222,539	-	-	-
- EDP Brasil Group	66,435	45,005	-	-
	388,974	245,005	100,000	200,000
Other loans	13,557	13,890	-	-
	13,061,542	13,398,196	8,494,071	10,014,872
Accrued interest	8,528	5,195	-	-
Other liabilities:				
- Fair value of the issued debt hedged risk	54,545	58,999	-	-
Total Debt and Borrowings	13,124,615	13,462,390	8,494,071	10,014,872
Collateral Deposits - Non-current *	-21,690	-25,466	-	-
	13,102,925	13,436,924	8,494,071	10,014,872

* Deposits constituted as collateral for financial guarantee

** Issued under EDP S.A./EDP Finance B.V. 5-Year Commercial Paper Programe, which will be repaid by EDP Finance B.V. and drawn by EDP S.A. in January 2020.

	Group		Company	
Thousand Euros	Dec 2019	Dec 2018	Dec 2019	Dec 2018
Debt and borrowings - Current				
Bank loans:				
- EDP, S.A	-	64,973	-	64,973
- EDP Brasil Group	125,956	126,592	-	-
- EDP Renováveis Group	79,825	113,705	-	-
- Other	17	2,325	-	-
	205,798	307,595	-	64,973
Non-convertible bond loans:				
- EDP, S.A.	-	-	850,000	-
- EDP Finance B.V.	1,213,181	1,272,547	-	-
- EDP Brasil Group	282,301	117,385	-	-
	1,495,482	1,389,932	850,000	-
Hybrid bonds:				
- EDP, S.A.	739,258	-	739,258	-
	739,258	-	739,258	-
Commercial paper:				
- EDP, S.A	100,000	218,341	2,582,000	2,658,341
- EDP Finance B.V.	618,750	400,000	-	-
- EDP Brasil Group	-	49,505	-	-
	718,750	667,846	2,582,000	2,658,341
Other loans	1,198	2,544	-	-
	2,421,228	2,367,917	3,432,000	2,723,314
Accrued interest	279,568	252,952	96,964	72,295
Other liabilities:				
- Fair value of the issued debt hedged risk	6,800	1,640	-	-
Total Debt and Borrowings	3,446,854	2,622,509	4,268,222	2,795,609
Collateral Deposits - Current *	-39,786	-167,425	-	-
	3,407,068	2,455,084	4,268,222	2,795,609

* Deposits constituted as collateral for financial guarantee

Commercial Paper non-current refers to a Commercial Paper program with firm underwriting commitment for a period of over one year, in the amount of 100,000 thousand Euros, 250,000 thousand US Dollars and 300,000 thousand Brazilian Reais.

Main events of the period:

In January 2019, EDP issued a non-callable up to 5 years subordinated hybrid greenbond in the amount of 1,000 millions of Euros, with final maturity date in April 2079.

In September 2019, under the "Debt Issuance Program (MTN)", EDP issued a green bond of 600 million Euros maturing in September 2026.

In December 2019, EDP SA early repaid three bilateral loans contracted with BEI, with the total amount of 226 millions of Euros.

The nominal value of outstanding Bond loans placed with external counterparties, as at 31 December 2019, is as follows:

Issuer	Issue date	Interest rate	Type of hedge	Conditions / Redemption	Nominal Value in Million Currency	Thousand Euros	
						Group	Company
Hybrids by EDP S.A.							
EDP, S.A. (iv)	Sep-15	Fixed rate EUR 5.375%	n.a.	Mar/20	750 EUR	750,000	750,000
EDP, S.A. (v)	Jan-19	Fixed rate EUR 4.496% (vi)	n.a.	Apr-79	1,000 EUR	1,000,000	1,000,000
						1,750,000	1,750,000
Issued under the Euro Medium Term Notes program (EMTN)							
EDP Finance B.V.	Dec-02	Fixed rate EUR (iii)	n.a.	Dec-22	93 EUR	93,357	-
EDP Finance B.V.(i)(ii)	Jun-05	Fixed rate EUR 4.125%	n.a.	Jun-20	233 EUR	233,372	-
EDP Finance B.V.(i)	Nov-08	Fixed rate GBP 8.625%	Fair Value	Jan-24	325 GBP	410,314	-
EDP Finance B.V.	Nov-08	Zero coupon EUR (iii)	n.a.	Nov-23	160 EUR	160,000	-
EDP Finance B.V.(i)(ii)	Sep-13	Fixed rate EUR 4.875%	Fair Value	Sep-20	462 EUR	462,222	-
EDP Finance B.V.(ii)	Nov-13	Fixed rate EUR 4.125%	n.a.	Jan-21	553 EUR	553,217	-
EDP Finance B.V.	Jan-14	Fixed rate USD 5.25%	Net Investment	Jan-21	750 USD	667,616	-
EDP Finance B.V.(i)	Sep-14	Fixed rate EUR 2.625%	Fair Value	Jan-22	1,000 EUR	1,000,000	-
EDP Finance B.V.(ii)	Nov-14	Fixed rate USD 4.125%	Net Investment	Jan-20	583 USD	518,893	-
EDP Finance B.V.(i)	Apr-15	Fixed rate EUR 2.00%	Fair Value	Apr-25	750 EUR	750,000	-
EDP Finance B.V.	Mar-16	Fixed rate EUR 2.375%	n.a.	Mar-23	600 EUR	600,000	-
EDP Finance B.V.(i)	Aug-16	Fixed rate EUR 1.125%	n.a.	Feb-24	1,000 EUR	1,000,000	-
EDP Finance B.V.	Jan-17	Fixed rate EUR 1.875%	n.a.	Sep-23	600 EUR	600,000	-
EDP Finance B.V.	Jun-17	Fixed rate USD 3.625%	Net Investment	Jul-24	1,000 USD	890,155	-
EDP Finance B.V.	Nov-17	Fixed rate EUR 1.50%	n.a.	Nov-27	500 EUR	500,000	-
EDP Finance B.V.	Jun-18	Fixed rate EUR 1.625%	n.a.	Jan-26	750 EUR	750,000	-
EDP Finance B.V.	Oct/18	Fixed rate EUR 1.875%	n.a.	Oct/25	600 EUR	600,000	-
EDP Finance B.V.	Sep/19	Fixed rate EUR 0.375%	n.a.	Sep/26	600 EUR	600,000	-
						10,389,146	-

(i) These issues by EDP Finance B.V. are associated with interest rate swaps and/or currency swaps.
(ii) Consolidated nominal value after the repurchase of securities by EDP - Energias de Portugal, S.A.
(iii) These issues correspond to private placements.
(iv) EDP decided to early repay this issue in March 2020 (see note 46).
(v) There is a call option exercisable at par by EDP at January 2024 and subsequently, on each interest payment date.
(vi) Fixed rate in the first 5,25 years, subsequently updated every 5 years.

Issuer	Issue date	Interest rate	Type of hedge	Conditions / Redemption	Nominal Value in Million Currency	Thousand Euros	
						Group	Company
Issued by the EDP Energias do Brasil Group in the Brazilian domestic market							
EDP Espírito Santo	Aug-14	CDI + 1.80%	n.a.	Aug-20	71 BRL	15,661	-
Energias do Brasil	Sep/15	IPCA + 8.8201%	n.a.	Sep-21	144 BRL	31,795	-
Energias do Brasil	Sep/15	IPCA + 8.7608%	n.a.	Sep-24	58 BRL	12,746	-
Energias do Brasil	Apr-16	IPCA + 8.3479%	n.a.	Apr-22	285 BRL	63,103	-
Enerpeixe	Nov-16	100% * CDI + 0.43%	n.a.	May/20	88 BRL	19,377	-
Pecém	Dec-16	CDI + 2.95%	n.a.	Nov-21	330 BRL	73,078	-
EDP São Paulo	Apr-17	108.75% * CDI	n.a.	Apr-22	150 BRL	33,217	-
EDP Espírito Santo	Apr-17	108.75% * CDI	n.a.	Apr-22	190 BRL	42,075	-
Enerpeixe	Nov-17	116.00% * CDI	n.a.	Dec-22	320 BRL	70,864	-
EDP São Paulo	Dec-17	107.50% * CDI	n.a.	Jan-21	100 BRL	22,145	-
EDP Espírito Santo	Dec-17	107.50% * CDI	n.a.	Jan-21	120 BRL	26,574	-
Lajeado Energia	Dec-17	109.00% * CDI	n.a.	Dec-20	100 BRL	22,145	-
Lajeado Energia	Dec-17	113.70% * CDI	n.a.	Dec-22	200 BRL	44,290	-
EDP São Paulo	Jan-18	107.50% * CDI	n.a.	Jan-21	100 BRL	22,145	-
EDP Espírito Santo	Jan-18	107.50% * CDI	n.a.	Jan-21	100 BRL	22,145	-
EDP Transmissão	May-18	IPCA + 7.0267%	n.a.	May/33	122 BRL	26,938	-
EDP Espírito Santo	Aug/18	IPCA + 5.91%	n.a.	Jul/25	197 BRL	43,638	-
EDP São Paulo	Aug/18	IPCA + 5.91%	n.a.	Aug/25	269 BRL	59,533	-
EDP Transmissão	Oct/18	IPCA + 6.72%	n.a.	Oct/28	1,238 BRL	274,251	-
Lajeado Energia	Nov/18	109.25% * CDI	n.a.	Oct/22	100 BRL	22,145	-
Enerpeixe	Dec/18	112.48% * CDI	n.a.	Nov/23	255 BRL	56,470	-
EDP Transmissão	Jan/19	CDI + 0.02%	n.a.	Jun/20	250 BRL	55,362	-
EDP São Paulo	Apr/19	106.58% * CDI	n.a.	Mar-24	200 BRL	44,290	-
EDP Espírito Santo	Apr/19	106.90% * CDI	n.a.	Mar/24	300 BRL	66,435	-
EDP Transmissão	Aug/19	IPCA + 4.45%	n.a.	Jul/39	802 BRL	177,644	-
Lajeado Energia	Nov/19	CDI + 0.20%	n.a.	Nov/20	100 BRL	22,145	-
						1,370,211	-
						13,509,357	1,750,000

Some of the loans contracted by the EDP Group, mainly debt issued under the EMTN, include some usual clauses in this type of operations, namely, "change-of-control", "negative pledge", "pari-passu" and "cross-default" clauses, each one only applicable under a restricted set of circumstances.

The Group has project finance loans with the usual guarantees for such loans, namely pledges or promissory pledges over shares, bank accounts and assets relating to the projects. As at 31 December 2019, these loans amounted to 771,854 thousand Euros (31 December 2018: 891,475 thousand Euros).

EDP Group has several credit facilities it uses for liquidity management. EDP Group has short-term credit facilities of 256 million Euros, indexed to Euribor for the agreed period of use with spread conditions agreed in advance, all with a firm underwriting commitment, which as at 31 December 2019 were totally available. EDP Group also has a Commercial Paper program of 50 million Euros with guaranteed placement, which as at 31 December 2019 was totally available. Regarding medium-term credit facilities with a firm underwriting commitment, EDP Group has three Revolving Credit Facilities, namely (i) 75 million Euros, maturing in 2021 and totally available as at 31 December 2019; (ii) 3,300 million Euros, of which 3,295 million Euros mature in 2024 while the remaining amount matures in 2023, and totally available as at 31 December 2019; and (iii) 2,240 million Euros, of which 2,095 million Euros mature in 2025 while the remaining amount matures in 2023, which as at 31 December 2019 is available in 1,790 million Euros.

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

Thousand Euros	Dez 2020	Dec 2021	Dec 2022	Dec 2023	Dec 2024	Following years	Total
Bank loans:							
Euro	40,840	43,687	43,997	492,832	39,302	117,166	777,824
Brazilian Real	149,710	86,692	65,750	61,580	47,558	140,975	552,265
US Dollar	12,472	12,605	12,348	12,612	12,720	150,836	213,593
Other	13,859	10,033	14,049	17,763	21,572	32,778	110,054
	216,881	153,017	136,144	584,787	121,152	441,755	1,653,736
Bond loans:							
Euro	842,859	553,217	1,203,888	1,375,147	1,414,671	3,227,070	8,616,852
Brazilian Real	304,290	224,285	111,472	112,022	170,217	475,439	1,397,725
US Dollar	559,901	667,616	-	-	890,155	-	2,117,672
	1,707,050	1,445,118	1,315,360	1,487,169	2,475,043	3,702,509	12,132,249
Hybrid Bonds:							
Euro	812,271	-	-	-	-	1,000,000	1,812,271
	812,271	-	-	-	-	1,000,000	1,812,271
Commercial paper:							
Euro	719,089	100,000	-	-	-	-	819,089
Brazilian Real	-	-	-	-	66,435	-	66,435
US Dollar	2,690	-	-	-	222,539	-	225,229
	721,779	100,000	-	-	288,974	-	1,110,753
Other loans:							
Euro	1,333	104	34	211	-	-	1,682
Brazilian Real	1,050	393	-	-	-	12,818	14,261
	2,383	497	34	211	-	12,818	15,943
Origination Fees:	-13,510	-3,221	-9,908	-50,555	-12,068	-64,221	-153,483
	3,446,854	1,695,411	1,441,630	2,021,612	2,873,101	5,092,861	16,571,469

As at 31 December 2018, future debt and interest payments and origination fees, by type of loan and currency, are as follows:

Thousand Euros	Dec 2019	Dec 2020	Dec 2021	Dec 2022	Dec 2023	Following years	Total
Bank loans:							
Euro	117,636	97,363	89,216	248,898	131,563	152,720	837,396
Brazilian Real	151,765	79,717	76,947	73,171	64,049	254,979	700,628
US Dollar	12,495	12,175	12,368	12,115	191,889	160,471	401,513
Other	36,931	11,151	12,236	12,651	12,929	27,866	113,764
	318,827	200,406	190,767	346,835	400,430	596,036	2,053,301
Bond loans:							
Euro	696,005	710,984	553,217	1,199,620	1,360,000	4,027,221	8,547,047
Brazilian Real	132,232	195,549	222,048	110,867	107,390	353,896	1,121,982
US Dollar	769,916	509,104	655,022	-	-	873,362	2,807,404
	1,598,153	1,415,637	1,430,287	1,310,487	1,467,390	5,254,479	12,476,433
Hybrid Bond:							
Euro	32,140	-	-	-	-	750,000	782,140
	32,140	-	-	-	-	750,000	782,140
Commercial paper:							
Euro	400,070	-	200,000	-	-	-	600,070
Brazilian Real	49,505	45,723	-	-	-	-	95,228
US Dollar	222,539	-	-	-	-	-	222,539
	672,114	45,723	200,000	-	-	-	917,837
Other loans:							
Euro	1,335	109	64	-	-	-	1,508
Brazilian Real	2,396	705	383	-	-	12,629	16,113
	3,731	814	447	-	-	12,629	17,621
Origination Fees:	-2,456	-4,284	-6,025	-13,070	-61,772	-74,826	-162,433
	2,622,509	1,658,296	1,815,476	1,644,252	1,806,048	6,538,318	16,084,899

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

	Dec 2019		Dec 2018	
Thousand Euros	Carrying amount	Market value	Carrying amount	Market value
Debt and borrowings - Non-Current	13,124,615	13,844,538	13,462,390	14,046,767
Debt and borrowings - Current	3,446,854	3,475,279	2,622,509	2,646,263
	16,571,469	17,319,817	16,084,899	16,693,030

In accordance with the Group's accounting policies, the financial liabilities whose risks are being hedged by derivative financial instruments and that comply with hedge accounting requirements of IFRS 9, are accounted at fair value. The financial liabilities are booked at amortised cost.

For fair value of debt purposes, the 1,000 million Euros Hybrid bond issued in 2019 was valued considering the maturity of the first call date (January 2024).

34. Employee Benefits

Employee benefits are as follows:

	Group		Company	
Thousand Euros	Dec 2019	Dec 2018	Dec 2019	Dec 2018
Provisions for pension liabilities	630,790	759,376	2,243	5,225
Provisions for medical liabilities and other benefits	680,879	647,926	4,522	1,900
	1,311,669	1,407,302	6,765	7,125

This caption is as follows:

	Group		Company	
Thousand Euros	Dec 2019	Dec 2018	Dec 2019	Dec 2018
Non-Current	1,128,155	1,099,049	6,696	5,683
Current	183,514	308,253	69	1,442
	1,311,669	1,407,302	6,765	7,125

The movement in Provisions for employee benefits liabilities for EDP Group is as follows:

	Pensions		Medical and Other Benefits	
Thousand Euros	Dec 2019	Dec 2018	Dec 2019	Dec 2018
Balance at the beginning of the period	759,376	763,249	647,926	759,004
Charge for the period	16,739	24,729	30,365	33,627
Past service cost (Curtailment/Plan amendments)	8,958	17,579	-30,820	676
Actuarial (gains)/losses	86,498	98,411	114,391	-32,980
Charge-off	-137,461	-144,479	-35,104	-22,951
Fund contributions	-	-	-141,660	-69,006
Surplus/(Deficit) pension funding (see note 26)	-4,334	888	-	-
Transfers, reclassifications and exchange differences	-98,986	-1,001	95,781	-20,444
Balance at the end of the period	630,790	759,376	680,879	647,926

A more detailed analysis has been carried out by the EDP Group in 2019, which has resulted in the transfer of the amount of liabilities with employee benefits in Spain from Provisions for pension liabilities to Provisions for medical liabilities and other benefits. We can see the impact of this transfer along the several details presented.

The breakdown of actuarial gains and losses is as follows:

	Pensions		Medical and Other Benefits	
Thousand Euros	Dec 2019	Dec 2018	Dec 2019	Dec 2018
Actuarial gains and losses arising from:				
- changes in financial assumptions	136,357	-28,304	137,855	-8,341
- experience adjustments	51,967	97,665	-1,277	-36,508
Actuarial gains and losses arising from return on plan assets	-101,950	29,385	-22,187	11,869
Actuarial gains and losses of asset ceiling	124	-335	-	-
	86,498	98,411	114,391	-32,980

The components of the consolidated net cost of the pension plans recognised during the period are as follows:

	Dec 2019			
Thousand Euros	Portugal	Spain	Brazil	Group
Current service cost (see note 10)	6,564	-	-405	6,159
Past service cost (Curtailment/Plan amendments) (see note 10)	8,958	-	-	8,958
Operational component	15,522	-	-405	15,117
Net interest on the net pensions plan liability	9,238	-	1,342	10,580
Financial component (see note 13)	9,238	-	1,342	10,580
	24,760	-	937	25,697

	Dec 2018			
Thousand Euros	Portugal	Spain	Brazil	Group
Current service cost (see note 10)	7,234	6,905	-527	13,612
Past service cost (Curtailment/Plan amendments) (see note 10)	17,579	-	-	17,579
Operational component	24,813	6,905	-527	31,191
Net interest on the net pensions plan liability	9,381	1,146	590	11,117
Financial component (see note 13)	9,381	1,146	590	11,117
	34,194	8,051	63	42,308

The components of the consolidated net cost of the medical and other benefits plans recognised during the period are as follows:

	Dec 2019			
Thousand Euros	Portugal	Espanha	Brazil	Group
Current service cost (see note 10)	5,163	2,426	704	8,293
Past service cost (Curtailment/Plan amendments) (see note 10)	260	-	-31,080	-30,820
Operational component	5,423	2,426	-30,376	-22,527
Net interest on the net medical liabilities and other benefits	6,902	1,398	13,772	22,072
Financial component (see note 13)	6,902	1,398	13,772	22,072
Net cost for the period	12,325	3,824	-16,604	-455

	Dec 2018			
Thousand Euros	Portugal	Espanha	Brazil	Group
Current service cost (see note 10)	4,765	-	826	5,591
Past service cost (Curtailment/Plan amendments) (see note 10)	676	-	-	676
Operational component	5,441	-	826	6,267
Net interest on the net medical liabilities and other benefits	9,529	-	18,507	28,036
Financial component (see note 13)	9,529	-	18,507	28,036
Net cost for the period	14,970	-	19,333	34,303

In accordance with accounting policies - note 2 m), the EDP Group opted, upon transition to IFRS, to charge to reserves, the total amount of the deferred actuarial losses existing at that date, for the several employee benefits plans. The impact in reserves at 31 December 2004 amounted to 1,162,000 thousand Euros. In the following periods, actuarial gains and losses were recognised directly in reserves. As at 31 December 2019 losses of 200,889 thousand Euros (31 December 2018: losses of 65,431 thousand Euros).

During 2019, under the employees' reduction program, EDP Group entered into early retirement and anticipation of retirement agreements with 29 portuguese employees. This increase in liabilities with employee benefits was measured and recognised in the income statement in the amount of 9,218 thousand Euros.

The weighted average duration of the defined benefit liabilities in Portugal is 10 years.

Assumptions used to determine EDP Group liabilities related to employee benefits

The following financial and actuarial assumptions used in the calculation of the liability for employees defined benefit plans, were updated considering the evolutions occurred in the financial markets during 2019 and 2018, respectively:

	Dec 2019			Dec 2018		
	Portugal	Spain	Brazil	Portugal	Spain	Brazil
Assumptions						
Discount rate	0.95%	1.00%	7.56%	1.75%	1.75%	9.83%
Salary increase rate	1.75%	not applicable	4.90%	1.50% until 2020 // 1.75% after 2021	not applicable	5.40%
Pension increase rate	1.50%	not applicable	4.03%	1.50%	not applicable	4.52%
Social Security salary appreciation	1.50%	not applicable	4.03%	2019 - 1.40% // after 2019 - 1.50%	not applicable	4.52%
Inflation rate	1.50%	3.00%	4.03%	1.50%	2.00%	4.52%
Annual increase rate of medical service costs	1.50%	not applicable	10.27% (b)	1.50%	not applicable	10.79% (d)
Estimated administrative expenses per beneficiary per year (Euros)	297 €/ano (c)	not applicable	not applicable	209 €/year (e)	not applicable	not applicable
Mortality table	Nasc.< 1950 -- TV99/01 (+1) // Nasc.>= 1950 -- TV99/01	PERM/F-2000P	AT-2000 / RP-2000 Geracional	Born< 1950 -- TV99/01 (+1) // Born>= 1950 -- TV99/01	PERM/F-2000P	AT-2000 / RP-2000 Geracional
Disability table	50%EKV 80	not applicable	Muller / TASA 1927	50%EKV 80	not applicable	Muller / TASA 1927
Expected % of eligible employees accepting early retirement	(a)	not applicable	not applicable	(a)	not applicable	not applicable

(a) 45% of the eligible population (employees entitled to early retirement, as stated in the Collective Labour Agreement: 37 years of service with at least 61 years of age or 40 years of service at any age).
(b) 10.27% in the first year, decreasing to 6.11% in 8 years.
(c) Decrease of 2.7% for 2021, decrease of 2.4% for 2024, decrease of 0.4% for 2023 and an increase after that date.
(d) 10.79% in the first year, decreasing to 6.61% in 9 years.
(e) Decrease of 10% for 2020, decrease of 2.3% for 2021 and an increase after that date.

The discount rates used for the EDP Group pension plan were selected based on an analysis of the rates of return available on the date for the high quality corporate bonds. Bonds with maturities and ratings considered appropriate were selected considering the amount and the periods that the benefits are expected to be paid.

As at 31 December 2019 the amount of future benefits expected to be paid, related to the activity in Portugal, Spain and Brazil, is as follows:

Thousand Euros	Portugal			Spain	Brazil		
Years	Pensions	Medical and other benefits	Total	Other Benefits	Pensions	Medical and Other Benefits	Total
2020	191,485	35,051	226,536	8,748	16,901	8,379	25,280
2021	170,149	33,774	203,923	6,094	17,567	8,864	26,431
2022	145,955	33,267	179,222	6,094	18,272	9,502	27,774
2023	124,322	33,081	157,403	6,094	18,971	10,073	29,044
2024	102,656	33,182	135,838	6,094	19,681	10,703	30,384
2025 and following	273,798	164,237	438,035	71,241	110,336	63,780	174,116

In 2019, the pensions paid by the funds in Portugal amounted 79,938 thousand Euros (31 December 2018: 81,721 thousand Euros) and in Brazil amounted to 16,368 thousand Euros (31 December 2018: 15,943 thousand Euros). The contributions made to the Pension funds in Brazil amounted to 1,447 thousand Euros (31 December 2018: 1,144 thousand Euros), which were fully paid in cash.

Following the decision and implementation of the autonomisation of the Medical Plan and Death Subsidy Plan in Portugal, EDP Group has made contributions of 141,660 thousand Euros in 2019 ((31 December 2018: 69,006 thousand Euros). In the following years, until the end of 2027, the Group estimates to make additional contributions in the approximate total amount of 172,801 thousand Euros, of which approximate 23,040 thousand Euros in 2020, in line with the financing plan approved by Insurance and Pension Funds Supervisory Authority (ASF).

The Pension Plans in Portugal and in Brazil are subject to several risks, in which are included the risk of changes in market rates (which impacts the discount rate and the fixed rate of return rate on assets), the risk of changes on the expected lifetime of plan participants, the risk of changes on the pension increase rate and the risk of changes on the social security pension increase, to which are made the following sensitivity analysis for the liabilities at the end of the period:

	Portugal		Brazil	
Thousand Euros	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	-49,444	53,558	-18,128	20,115
Pension increase (0.5% movement)	340,656	-134,899	-	-
Social Security Pension increase (0.5% movement)	-102,335	233,540	-	-
Mortality (increase of 1 year in expected lifetime of plan participants)	46,672		3,855	

The solvency level of the fund for the financing of pension plan liabilities in Portugal may vary not only from the risks described above, but also from the performance of the different classes of assets that comprise it. Considering the nature of the defined benefit of the plan and despite the fund's low risk profile (mostly composed of fixed income assets), the joint materialization of adverse risks (including those above referred) may lead to the need for additional contributions to the fund.

The medical care and other benefits Plans in Portugal and in Brazil are subject to several risks, in which are included the risk of changes in market rates (which impacts the discount rate and the fixed rate of return rate on assets), the risk of changes in the health care costs and the risk of changes on the expected lifetime of plan participants, to which are made the following sensitivity analysis for the liabilities at the end of the period:

	Portugal		Brazil	
Thousand Euros	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	-59,257	66,699	-9,929	11,073
Health care cost trend (0.5% movement)	14,207	-12,898	-	-
Mortality (increase of 1 year in expected lifetime of plan participants)	25,531		7,838	

The level of solvency of the fund for the financing of post-employment medical care liabilities in Portugal may vary not only from the risks described above, but also from the performance of the different classes of assets that comprise it. Considering the nature of the defined benefit of the plan and despite the fund's low risk profile (mostly composed of fixed income assets), the joint materialization of adverse risks (including those above referred) may lead to changes in the financing plan approved by ASF.

Composition of the assets portfolio funds

The assets of the pension funds, medical care and death subsidy in Portugal are as follows:

	Fund assets by nature					
Thousand Euros	Liquidity	Bonds	Shares	Property	Other	Total
31 December 2019	-3,357	538,441	466,278	198,285	91,268	1,290,915
31 December 2018	-5,605	454,242	391,824	199,448	85,651	1,125,560

	Fund assets by nature					
%	Liquidity	Bonds	Shares	Property	Other	Total
31 December 2019	-0.26%	41.71%	36.12%	15.36%	7.07%	100.00%
31 December 2018	-0.50%	40.35%	34.81%	17.72%	7.62%	100.00%

The portfolio of shares and bonds have a quoted market price in an active market.

Properties included in the fund, that are being used by the Group amount to 183,708 thousand Euros as at 31 December 2019 (31 December 2018: 182,905 thousand Euros). Bonds includes 3,018 thousand Euros (31 December 2018: 5,573 thousand Euros) relating to bonds issued by EDP Finance B.V. and EDP, S.A.

As at 31 December 2018, Shares included securities issued by Group companies, namely by EDP Renováveis, in the amount of 10,551 thousand Euros.

The real return rate on assets of the pension Fund in 2019 was positive in 9.71% (2018: negative in 2.45%).

The assets of the pension fund in Brazil are as follows:

	Fund assets by nature					
Thousand Euros	Liquidity	Bonds	Shares	Property	Other	Total
31 December 2019	-	315,397	12,879	2,420	-	330,696
31 December 2018	-	274,051	10,207	2,717	-	286,975

	Fund assets by nature					
%	Liquidity	Bonds	Shares	Property	Other	Total
31 December 2019	-	95.37%	3.90%	0.73%	-	100.00%
31 December 2018	-	95.50%	3.55%	0.95%	-	100.00%

The portfolio of shares and bonds have a quoted market price in an active market.

Employee benefit plans

Some EDP Group companies grant post-retirement benefits to employees, under defined benefit and defined contribution plans, namely pension plans that pay retirement complements of age, disability and surviving pensions, as well as early retirement pensions. In some cases healthcare is provided during retirement and early retirement, through mechanisms complementary to those provided by the National Health Service.

The following is a summary of the nature of the plans and the companies covered, as well as financial and economic data of the plans:

I. Defined benefit pension plans

The EDP Group companies in Portugal resulting from the EDP spin-off in 1994 have a social benefits plan funded by a closed Pension Fund, complemented by a specific provision. The EDP Pension Fund is managed by an external entity as well as the management of its assets is subcontracted to external asset management entities.

This Pension Fund covers the liability for retirement pension complementary benefits for age. The responsibilities for early retirement are not covered by the fund's assets, being adequately provisioned through a specific provision.

EDP São Paulo in Brazil has two defined benefit plans managed by a closed complementary welfare entity, sponsored by companies of EDP Brasil Group, in order to manage a set of benefit plans for employees and ex-employees of the company:

- Bandeirante (BD) plan in force up to 31 March 1998, a Balanced Benefit Plan that grants Balanced Proportional Supplementary Benefits (BSPS) in the form of an annuity payable to participants enrolled until 31 March 1998, of an amount defined in proportion to accumulated past service up to that date, based on compliance with the regulatory granting requirements. The company is fully liable to fund this plan;

- BD plan in force after 31 March 1998, grants an annuity in proportion to the accumulated past services after 31 March 1998, on the basis of 70% of the average actual monthly wage for the last 36 months in service. In the event of death or disability caused by a labour accident, the benefits incorporate all the past service (including that accumulated up to 31 March 1998), and not only past service accumulated after 31 March 1998. The Company and the participants are equally responsible for funding the Plan.

EDP Espírito Santo, EDP São Paulo and Energest have Defined Benefit Plans that grant complementary pensions for retirement and early retirement.

In the pension plans in Portugal, and according with the Pension Funds regulation, the surplus amount of the assets fund, under certain conditions, can be reimbursed to the company.

In the pension plans in Brazil, the surplus amount of the assets fund generally can not be reimbursed to the company, since there are very strict rules on the amount that can be recovered, therefore the asset amount to be recognised is greatly reduced.

The number of participants covered by the pension plans and similar obligations is as follows:

	2019			2018		
	Portugal	Spain	Brazil	Portugal	Spain	Brazil
Retirees and pensioners	18,003	-	1,632	17,974	1,242	1,790
Active workers	3,044	-	720	3,468	1,456	820
	21,047	-	2,352	21,442	2,698	2,610

The liability for retirement pensions and related coverage for the Group is as follows:

	Dec 2019			
Thousand Euros	Portugal	Spain	Brazil	Group
Liability at the end of the period	1,404,188	-	315,247	1,719,435
Plan assets at the end of the period	-864,350	-	-330,696	-1,195,046
Surplus/(Deficit) pension funding (see note 26)	55,506	-	-	55,506
Asset ceiling	-	-	50,895	50,895
Provision at the end of the period	595,344	-	35,446	630,790

	Dec 2018			
Thousand Euros	Portugal	Spain	Brazil	Group
Liability at the end of the period	1,436,616	98,481	249,424	1,784,521
Plan assets at the end of the period	-849,606	-	-286,975	-1,136,581
Surplus/(Deficit) pension funding (see note 26)	59,840	-	-	59,840
Asset ceiling	-	-	51,596	51,596
Provision at the end of the period	646,850	98,481	14,045	759,376

The evolution of the present value of the plan liability and fair value of the plan assets of the related Funds is as follows:

Thousand Euros	2019	2018	2017	2016	2015
Liability at the end of the period	1,719,435	1,784,521	1,882,891	1,948,791	1,979,411
Plan assets at the end of the period	-1,195,046	-1,136,581	-1,236,791	-1,248,017	-1,182,979
Surplus / (Deficit) pension funding	55,506	59,840	58,952	57,585	58,724
Asset ceiling	50,895	51,596	58,197	56,905	27,113
Provision at the end of the period	630,790	759,376	763,249	815,264	882,269

The experience adjustments (effects of the differences between the previous actuarial assumptions and what has really occurred) for the Portugal Pension Funds are as follows:

Thousand Euros	2019	2018	2017	2016	2015
Experience adjustments for the Plan liabilities	-46,993	-91,575	-55,281	-51,686	-16,902
Experience adjustments for the Plan assets	60,914	-37,567	64,044	-2,061	16,025

The experience adjustments (effects of the differences between the previous actuarial assumptions and what has really occurred) for the Brazil Pension Funds are as follows:

Thousand Euros	2019	2018	2017	2016	2015
Experience adjustments for the Plan liabilities	-4,974	-6,090	15,354	-8,941	-2,271
Experience adjustments for the Plan assets	41,036	8,182	6,278	30,772	-9,465

The past service liability of the pension plans for the Group is as follows:

	Dec 2019			
Thousand Euros	Portugal	Spain	Brazil	Group
Liability at the beginning of the period	1,436,616	98,481	249,424	1,784,521
Current service cost	6,564	-	-405	6,159
Net interest on the pensions plan liability	23,543	-	23,946	47,489
Benefits paid	-196,095	-81	-18,127	-214,303
Past service cost (Curtailment/Plan amendments) (see note 10)	8,958	-	-	8,958
Actuarial (gains)/losses	124,467	-	63,042	187,509
Exchange differences	-	-	-5,582	-5,582
Other	135	-98,400	2,949	-95,316
Liability at the end of the period	1,404,188	-	315,247	1,719,435

	Dec 2018			
Thousand Euros	Portugal	Spain	Brazil	Group
Liability at the beginning of the period	1,541,225	89,208	252,458	1,882,891
Current service cost	7,234	6,905	-527	13,612
Net interest on the pensions plan liability	24,691	1,146	23,235	49,072
Benefits paid	-193,517	-10,763	-15,878	-220,158
Past service cost (Curtailment/Plan amendments)	17,579	-	-	17,579
Actuarial (gains)/losses	39,382	11,984	17,400	68,766
Exchange differences	-	-	-27,511	-27,511
Other	22	1	247	270
Liability at the end of the period	1,436,616	98,481	249,424	1,784,521

The evolution of the consolidated assets of the Pension Funds is as follows:

	Dec 2019			
Thousand Euros	Portugal	Spain	Brazil	Group
Assets value at the beginning of the period	849,606	-	286,975	1,136,581
Group contribution	-	-	1,447	1,447
Plan participants contributions	-	-	676	676
Benefits paid	-60,474	-	-16,368	-76,842
Interest on the pensions plan assets	14,305	-	22,604	36,909
Actuarial gains/(losses)	60,914	-	40,221	101,135
Exchange differences	-	-	-4,859	-4,859
Other variations	-1	-	-	-1
Assets value at the end of the period	864,350	-	330,696	1,195,046

	Dec 2018			
Thousand Euros	Portugal	Spain	Brazil	Group
Assets value at the beginning of the period	933,337	-	303,454	1,236,791
Group contribution	-	-	1,144	1,144
Plan participants contributions	-	-	588	588
Benefits paid	-61,468	-	-15,943	-77,411
Interest on the pensions plan assets	15,310	-	22,645	37,955
Actuarial gains/(losses)	-37,573	-	7,593	-29,980
Exchange differences	-	-	-32,668	-32,668
Other variations	-	-	162	162
Assets value at the end of the period	849,606	-	286,975	1,136,581

The caption Asset ceiling refers to the unrecognised assets in the respective accounting periods. The reconciliation between the opening balance and the closing balance is as follows:

	Group	
Thousand Euros	Dec 2019	Dec 2018
Asset ceiling at the beginning of the period	51,596	58,197
Effect of changes in restricted net assets of benefits to the asset ceiling	124	-335
Exchange differences	-825	-6,266
Asset ceiling at the end of the period	50,895	51,596

To determine the amount of provisions for pension funds, it has been deducted from the assets funds the value of the asset ceiling of 50,895 thousand Euros (229,829 thousand Reais). As at 31 December 2018, the asset ceiling amounted to 51,596 thousand Euros (229,294 thousand Reais).

The actuarial gains/losses in Brazil include the positive amount of 124 thousand Euros (550 thousand Reais) related to actuarial gains and losses of the asset ceiling not recognised in reserves (31 December 2018: negative in 335 thousand Euros).

II. Defined Contribution Pension Plan

EDPR Europe and EDP España in Spain, EDP São Paulo in Brazil and several subsidiaries in Portugal, have defined contribution plans for their employees that complement those granted by the Social Welfare Systems, under which they pay annual contributions to these plans, calculated in accordance with the rules established in each case.

III. Liability for Medical Care and Other Benefits Plans - Defined Benefit Type

The EDP Group companies in Portugal resulting from the EDP spin-off in 1994 have a Medical Care and Death Subsidy Plans partially funded by a closed Pension Fund, complemented by a specific provision. The responsibilities regarding the remaining defined benefit plans are fully covered by a provision.

In Brazil, EDP Espírito Santo, Energest and Investco also have Medical and other benefits plans for retired employees which are also fully covered by provisions.

In addition, EDP Group grants other benefits, supporting charges arising from responsibilities for disability benefit's complements, survival benefits, life insurance, antiquity and retirement benefits, power and gas tariff discounts, among others.

The number of participants covered by the medical and other benefits plans is as follows:

	2019			2018		
	Portugal	Spain	Brazil	Portugal	Spain	Brazil
Retirees and pensioners	18,013	-	2,755	17,962	-	1,366
Active workers	5,819	1,417	845	5,903	-	747
	23,832	1,417	3,600	23,865	-	2,113

The provision for medical liabilities and other benefits and related coverage for the Group is as follows:

	Dec 2019			
Thousand Euros	Portugal	Spain	Brazil	Group
Liability at the end of the period	835,882	104,364	167,198	1,107,444
Plan assets at the end of the period	-426,565	-	-	-426,565
Provision at the end of the period	409,317	104,364	167,198	680,879

	Dec 2018			
Thousand Euros	Portugal	Spain	Brazil	Group
Liability at the end of the period	763,960	-	159,920	923,880
Plan assets at the end of the period	-275,954	-	-	-275,954
Provision at the end of the period	488,006	-	159,920	647,926

The evolution of the present value of the liability for Medical care and other benefits for the Group is as follows:

Thousand Euros	2019	2018	2017	2016	2015
Liability at the end of the period	1,107,444	923,880	994,273	993,506	940,046
Plan assets at the end of the period	-426,565	-275,954	-235,269	-81,925	-
Provision at the end of the period	680,879	647,926	759,004	911,581	940,046

The experience adjustments (effects of the differences between the previous actuarial assumptions and what really occurred) for the Portugal medical and other benefits Liabilities are as follows:

Thousand Euros	2019	2018	2017	2016	2015
Experience adjustments for the Plan liabilities	3,214	-1,265	-452	-5,816	1,087
Experience adjustments for the Plan assets	22,187	-11,869	8,368	-8	-

The experience adjustments (effects of the differences between the previous actuarial assumptions and what really occurred) for the Brazil Medical Care Liabilities are as follows:

Thousand Euros	2019	2018	2017	2016	2015
Experience adjustments for the Medical Plan liabilities	-1,937	37,773	-2,565	-6,245	-24,833

The past service liability of medical and other benefits plans for the Group is as follows:

	Dec 2019			
Thousand Euros	Portugal	Spain	Brazil	Group
Liability at the beginning of the period	763,960	-	159,920	923,880
Current service cost	5,163	2,426	704	8,293
Net interest on the net medical liabilities and other benefits	13,130	1,398	13,772	28,300
Benefits paid	-34,825	-9,859	-9,884	-54,568
Past service cost (Curtailment/Plan amendments) (see note 10)	260	-	-31,080	-30,820
Actuarial (gains)/losses	88,068	8,717	39,793	136,578
Exchange differences	-	-	-6,028	-6,028
Other	126	101,682	1	101,809
Liability at the end of the period	835,882	104,364	167,198	1,107,444

	Dec 2018			
Thousand Euros	Portugal	Spain	Brazil	Group
Liability at the beginning of the period	796,501	-	197,772	994,273
Current service cost	4,765	-	826	5,591
Net interest on the net medical liabilities and other benefits	13,327	-	18,507	31,834
Benefits paid	-33,826	-	-9,378	-43,204
Past service cost (Curtailment/Plan amendments)	676	-	-	676
Actuarial (gains)/losses	-17,483	-	-27,366	-44,849
Exchange differences	-	-	-20,428	-20,428
Other	-	-	-13	-13
Liability at the end of the period	763,960	-	159,920	923,880

The evolution of the consolidated assets of the Medical care and Death subsidy Funds is as follows:

	Portugal	
Thousand Euros	Dec 2019	Dec 2018
Assets value at the beginning of the period	275,954	235,269
Group contribution	141,660	69,009
Benefits paid	-19,464	-20,253
Interest on the pensions plan assets	6,228	3,798
Actuarial gains/(losses)	22,187	-11,869
Assets value at the end of the period	426,565	275,954

35. Provisions

Provisions are as follows:

	Group		Company	
Thousand Euros	Dec 2019	Dec 2018	Dec 2019	Dec 2018
Provision for legal and labour matters and other contingencies	110,034	92,034	2	-
Provision for customer guarantees under current operation	1,029	15,686	-	-
Provision for dismantling and decommissioning	485,990	480,508	-	-
Provision for other liabilities and charges	455,464	430,217	2,718	2,980
	1,052,517	1,018,445	2,720	2,980

This caption is as follows:

	Group		Company	
Thousand Euros	Dec 2019	Dec 2018	Dec 2019	Dec 2018
Non-Current	926,426	982,515	1,794	1,808
Current	126,091	35,930	926	1,172
	1,052,517	1,018,445	2,720	2,980

The changes in the Provisions for legal and labour matters and other contingencies are as follows:

	Group	
Thousand Euros	Dec 2019	Dec 2018
Balance at the beginning of the period	92,034	85,049
Charge for the period	22,365	18,257
Reversals	-8,588	-8,300
Charge-off for the period	-18,601	-14,155
Exchange differences and other	24,100	11,183
Reclassification to Liabilities Held for Sale (see note 40)	-1,276	-
Balance at the end of the period	110,034	92,034

EDP and its subsidiaries' Board of Directors, based on the information provided by its legal advisors and on the analysis of pending law suits, have recognised provisions to cover the losses estimated as probable, related with litigations in progress.

Provision for legal and labour matters and other contingencies includes provisions for litigation in progress and other labour contingencies, which are related essentially with:

i) Requests for the refund of tariff increases paid by industrial consumers of the brazilian subsidiaries EDP São Paulo and EDP Espírito Santo in the amount of 13,102 thousand Euros (31 December 2018: 12,112 thousand Euros). These requests result from the application of Administrative Orders DNAEE no. 38 of 27 February 1986 and no. 45 of 4 March 1986 - Plano Cruzado, effective from March to November 1986;

ii) In 2012, following the decision by the arbitration court, which partially accepted Terriminas' claim, and condemned EDP Produção to pay the amount of 1,329 thousand Euros regarding the price differential for 1985 and 1986, EDP Group has booked a provision to cover this contingency. Therefore, as at 31 December 2016, the estimated liability amounted to 5,836 thousand Euros, corresponding to the indemnity discounted amount. The appeal presented by EDP Produção was denied, and confirmed the court sentence that determined the legitimacy for Terriminas to collect the amount in which EDP Produção was condemned. EDP Produção paid 6,371 thousand Euros and appeal for the payment of the remaining amount of 1,629 thousand Euros (interest from 2 February 2013 to 30 September 2017) for lack of an enforceable instrument. On February 2019, a decision was delivered regarding EDP's claim, considering it as an undue payment. On May 2019, the court decided in favour of EDP Group claim. As at 31 December 2019 this process is closed. Also in May 2019, Terriminas filed a new claim against EDP Produção, asking for the payment of interests. This contingency was assessed in the amount of 1,154 thousand Euros with a possible risk of loss;

iii) The remaining legal litigations correspond mainly to indemnities for damages allegally suffered in consequence of interruption of electricity supply, power accidents and fires.

In accordance with IFRS 3, during an acquisition, the acquiring company shall recognise, at the acquisition date, a contingent liability for the present obligations resulting from past events which fair value can be reliably measured. Within the process of acquisition of control of Porto do Pecém in 2015, the Board of Directors identified a contingency, which estimated responsibility amounts to 4,815 thousand Euros (31 December 2018: 4,893 thousand Euros).

The movement in Provision for customer guarantees under current operations is as follows:

	Group	
Thousand Euros	Dec 2019	Dec 2018
Balance at the beginning of the period	15,686	6,235
Charge for the year	400	-
Charge-off for the period	-11,496	-4,988
Exchange differences and other	-3,561	14,439
Balance at the end of the period	1,029	15,686

Provisions for customer guarantees under current operations include essentially provisions for commercial losses.

The movement in Provision for dismantling and decommissioning is as follows:

	Group	
Thousand Euros	Dec 2019	Dec 2018
Balance at the beginning of the period	480,508	463,556
Perimeter variations (see note 6)	-35,865	-3,725
Unwinding (see note 13)	6,614	6,143
Increase of the responsibility (see note 16)	36,310	12,937
Reversals	-	-537
Exchange differences and other	-1,577	2,134
Balance at the end of the period	485,990	480,508

As at 31 December 2019, Provision for dismantling and decommissioning includes the following situations:

i) The Group has recognised a provision of 44,375 thousand Euros (31 December 2018: 44,205 thousand Euros) to cover the cost of dismantling the Trillo Nuclear Plant from the final close down until its transfer to Enresa, the company that will dismantle it. The assumptions used in the calculation of the provision include an inflation rate of 1.87% and a discount rate of 0.76%. Enresa has the responsibility of decommissioning nuclear power plants, as well as of treating and accommodating radioactive waste, within three years after the conclusion of the operational activity of nuclear power plants;

ii) Provisions for dismantling wind farms and solar parks of 270,353 thousand Euros (31 December 2018: 288,503 thousand Euros) to cover the costs of bringing the sites to their original conditions, of which 128,615 thousand Euros refer to the wind farms and solar parks in North America, 139,475 thousand Euros refer to the wind farms and solar parks in Europe and 2,263 thousand Euros refer to the wind farms in Brazil.

Discount and Inflation rates used for 2019 are:

	Europe	North America	Brazil
Discount Rate	[0.00% - 4.53%]	[1.56% - 2.32%]	[4.46% - 6.61%]
Inflation Rate	[0.85% - 3.90%]	[2.00% - 3.75%]	[4.37% - 5.72%]

iii) Under the current and future social/economical trends and the practices followed by the EDP Group in matters of sustainability and environment, the Group recognises provisions to cover the costs with the decommissioning, dismantlement and environmental rehabilitation of electric power plants. As at 31 December 2019, the provision amounts to 83,972 thousand Euros and 85,244 thousand Euros for the electric power plants located in Portugal and Spain, respectively. According to accounting policy referred in note 2 n), these provisions are calculated at the present value of the future liability and are accounted against an increase in property, plant and equipment and are depreciated on a straight line basis over the useful life of the assets. The calculation of these provisions was based on an inflation rate between 1.60% and 1.87% and discount rates between 0% and 1.31%.

iv) The caption Perimeter Variations during 2019 mainly represents the impact of the sale of the companies EDP Renewables France, S.A.S., EDPR Participaciones, S.L.U., Central Eólica Babilônia I, S.A. and their subsidiaries (see note 6).

The movement in Provision for other liabilities and charges is as follows:

	Group		Company	
Thousand Euros	Dec 2019	Dec 2018	Dec 2019	Dec 2018
Balance at the beginning of the period	430,217	180,364	2,980	10,455
Charge for the period	7,179	297,499	940	618
Reversals	-6,015	-18,981	-1,075	-8,093
Charge-off for the period	-10,246	-3,217	-127	-
CESE Charge-off	-	-131,053	-	-
CESE	-	65,446	-	-
Innovative Features Charge-off (see note 4)	-92,458	-	-	-
Hydro power plants of Fridão (see note 4)	86,189	-	-	-
CMEC	15,977	36,090	-	-
"Lesividad"	12,020	12,020	-	-
Reclassification to Assets and Liabilities Held for Sale (see note 40)	-176	-	-	
Exchange differences and other	12,777	-7,951	-	-
Balance at the end of the period	455,464	430,217	2,718	2,980

The BOE 223/2017 published during the third quarter of 2017 opened the hearing process of the Order of the Minister of Energy, Tourism and Digital Agenda of 13 September, introducing a "lesividad" declaration procedure for the public interest Order IET/980/2016, which established a remuneration for electricity distribution companies until 2016. Thus, the remuneration that was determined was allegedly higher than it should be for 2016. Due to the fact that the remuneration for the distribution activity in 2017, 2018 and 2019 was not yet fixed, EDP España has been calculating the remuneration based on the remuneration of 2016. As at 31 December 2019, EDP España recorded a provision in the amount of 12,020 thousand Euros (31 December 2018: 12,020 thousand Euros) and the total value of this contingency at this point is 48,080 thousand Euros related to the potential "lesividad" effect for 2016, 2017, 2018 and 2019.

On 3 May 2018, it has come to EDP's knowledge (through a DGEG's letter) that the CMEC final adjustment had been officially approved, according to ERSE's proposal, in the amount of 154 million Euros. EDP reflected this reality in its financial statements as of 31 December 2018, recognising a provision by the difference in the final adjustment amounts already recognised in the Group's revenues. On 31 December 2019 EDP maintains the provision in its accounts (see note 4).

On 26 September 2018, DGEG notified EDP about a dispatch issued by the Secretary of State for Energy (SSE) on 29 August 2018, which quantifies at 285 million Euros the alleged overcompensation of EDP related to the calculation of the real availability factor of the plants under the CMEC regime. Considering that the Order in question lacks technical, economic and legal basis, on 8 October 2018 EDP Produção has submitted an administrative appeal, and on 1 February 2019, EDP Produção challenged in court these Orders .Although the EDP Group considers that there were no innovative features weighted in CMEC adjustments, this has been reflected in the financial statements as at 31 December 2018, through a provision of the same amount. During 2019, EDP made payments of 92,458 thousand Euros, using this provision. As at 31 December 2019, the value of this provision is 192,542 thousand Euros (see note 4).

In their ordinary course of business, EDP Group subsidiaries are involved in several litigations and contingencies (of possible risk) of administrative, civil, tax, labour and other natures. These legal, arbitration or other actions, involve customers, suppliers, employees, administrative, central, municipal, tax, environmental or other authorities. In EDP Group and its legal advisors' opinion, the risk of a loss in these actions is not probable, and the outcome will not affect on a material way its consolidated financial position.

The processes whose losses were considered as possible, do not require the recognition of provisions and are periodically reassessed. The detail of possible contingencies is analised as follows:

	Dec 2019			
Thousand Euros	Portugal	Spain	Brazil	Total
Administrative and Civil	34,447	7,133	198,331	239,911
Fiscal	48,571	6,017	434,375	488,963
Other	94,025	2,676	29,771	126,472
	177,043	15,826	662,477	855,346

	Dec 2018			
Thousand Euros	Portugal	Spain	Brazil	Total
Administrative and Civil	39,653	5,304	197,240	242,197
Fiscal	4,763	1,294	422,226	428,283
Other	29,700	1,021	28,352	59,073
	74,116	7,619	647,818	729,553

The possible contingencies more relevant in Portugal, are as follows:

respect to the urbanistic reconversion and intervention area in Parque Expo 98. In this context, Parque Expo 98 claims that, between 1996 and 2014, it supported the costs that are responsibility of EDP Distribuição. In November 2015, Parque Expo 98 in liquidation addressed EDP Distribuição a separate judicial notice, in order to interrupt the limitation period (which would occur 20 years from the date of the referred agreement). Meanwhile Parque Expo 98, in liquidation, claims a reimbursement from EDP Distribuição of those costs in the amount of 15,811 thousand Euros. EDP Distribuição contested this claim on 28 June 2017 and is still waiting for further developments.

ii) On 29 July 2016, the Portuguese Competition Authority (AdC) has notified EDP, S.A. and EDP Comercial, S.A. with a notice for alleged violation of competition laws, regarding the process about the commercial campaign done in partnership with Modelo Continente, designated as "Plano EDP Continente". This was an occasional campaign, limited to two years, which was one of several campaigns usually performed by several other market agents. On 5 May 2017, EDP, S.A. and EDP Comercial, S.A. received AdC final decision which applied a fee of 2,900 thousand Euros to EDP,S.A. and 25,800 thousand Euros to EDP Comercial. EDP Group is convinced that this campaign has brought real benefits to consumers and competition in markets and that no transgression has been committed. The companies filed their appeal on 19 June 2017 and are still awainting sentence. Subsequently, a dispatch was delivered by Competing, Regulation and Supervision Court (TCRS) that considered unconstitutional the law from AdC which demanded a fine payment or a security before a decision about the case. This view was confirmed with a Constitutional Court judgment on 4 October 2018. The Public Prossecuters as well as AdC presented a new appeal about this judgement for Constitutional Court, with EDP, S.A and EDP Comercial presenting its counter-allegations. On 17 December 2019, EDP S.A. and EDP Comercial were notified of the Constitutional Court Judgment, which reversed the previous Judgment of the same Court, concluding that the aforementioned Competition Law rule was not unconstitutional. The case records will be sent from the Constitutional Court to the TCRS, for scheduling the trial hearing. EDP and EDP Comercial will submit a request to the TCRS to provide a security deposit, pending a decision.

iii) Within EDP Distribuição there is a contingency established by Gás Natural Comercializador, S.A. (GNC), for the undue payment of tariffs for access to networks charged by EDP Distribuição and surplus consumption by Repsol Polimeros, S.A. The situation is related with the attribution of a proper consumption producer status to Repsol Polimeros, S.A. in June 2014, being this energy invoiced only from October 2015 onwards. Regarding the year 2015, GNC was reimbursed for the over paid amounts, therefore the claim is only on payments about the second half of 2014, in the amount of 5,724 thousand Euros. As at 31 December 2019, the value of this contingency is divided between a probable risk of loss in the amount of 2,308 thousand Euros and the remain value with a classification of risk as possible.

iv) On 3 September 2018, the Portuguese Competition Authority (AdC) notified EDP Produção with Statement of Objections, under which EDP Produção is accused of abuse of a dominant position in the secondary regulation band market (a part of the ancillary services market). AdC claims that EDP Produção has deliberately limited the participation of CMEC plants in the secondary regulation market between 2009 and 2013, benefitting its non-CMEC power plants. The alleged benefit, in detriment of consumers, would be twofold: receiving higher compensation under CMEC annual adjustment regime; profiting from higher market prices in said market. AdC has estimated that the alleged practice of EDP Produção has generated damages to the national electricity system and to consumers of around 140 million Euros. AdC pointed out that the adoption of a Statement of Objections did not determine the result of the investigation, which began in September 2016 and is still in course. On 28 November 2018, EDP Produção presented to AdC its facts about the accusation, awaiting a final decision from AdC. On 18 September 2019, AdC has notified EDP Produção for an alleged infraction to competition rules. This contingency was estimated with a value of 48 million Euros and it graduation was assessed as possible (see note 4). On 30 October 2019, EDP Produção presented an appeal against this decision to the TCRS and it is waiting the counter-allegations of AdC. As at 31 December 2019, the value and the risk of loss about this contingency remain unchanged.

The possible contingencies more relevant in Brazil, are as follows:

i) Investco is involved in a legal action of a civil nature mostly related with indemnity claims resulting from the filling of the hydroelectric reservoir, in the amount of 24,879 thousand Euros (31 December 2018: 21,720 thousand Euros);

ii) There is a public civil action filed against EDP São Paulo and EDP Espírito Santo by ADIC – Associação de Defesa dos Interesses Colectivos, claiming a compensation arising from a tariff readjustment on part A from 43 concessionaires. The estimated value attributable to EDP São Paulo and EDP Espirito Santo amounts to 52,668 thousand Euros (31 December 2018: 45,939 thousand Euros);

iii) EDP São Paulo is a party to a lawsuit related to the COFINS (Contribution for social security financing) from 1993 to 1995 in joinder with AES Eletropaulo, where is discussed the application of the tax amnesty introduced by the Provisional Measures paragraphs 1858-6 and 1858-8, granted to taxpayers who did not collect COFINS, considering it improper. In the trial of 2nd Instance, was partially confirmed the right to amnesty, and applied the Decree-Law 1,025/69, which established the payment of procedural costs in favor of the National Treasury. From this decision, an appeal was presented, which holds trial. The updated amount as at 31 December 2019 is 16,905 thousand Euros (31 December 2018: 16,957 thousand Euros)

iv) EDP São Paulo and EDP Espírito Santo have administrative and judicial actions regarding tax compensations not ratified by the Brazilian Federal Revenue Bureau, which: (i) are protected by judicially recognised credits (IRPJ - Corporate tax income and CSLL - Social Contribution on net profits) and (ii) that result from tax contributions in 2001 of IRPJ, CSLL, PIS (Social integration programme) and COFINS considered to be excessive as a consequence of the application of "Parecer COSIT 26/2002" (Extraordinary Tariff Adjustment - RTE) published by the Brazilian Tax Authorities. According to this opinion, the amounts resulting from tariffs updated under RTE should be recognised and taxed only as of 2002. As at 31 December 2019, the updated values amount to 86,023 thousand Euros (31 December 2018: 83,758 thousand Euros);

v) Lajeado has a judicial tax action initiated by the Brazilian Tax Authorities in 2014 aimed at collecting tax contributions (IRPJ and CSLL) resulting from the disallowance of expenses regarding goodwill arising from a business combination (acquisition). As at 31 December 2019, this contingency amounts to 28,918 thousand Euros (31 December 2018: 24,799 thousand Euros);

vi) Porto do Pecém was subject to a tax execution procedure in the amount of 19,995 thousand Euros, related to an alleged non-taxation under IRPJ and CSLL of prior years' financial income and exchange rate gains (31 December 2018: 18,688 thousand Euros);

vii) The companies of EDP Group – Energias do Brasil (Energest, Lajeado, Investco, Enerpeixe, Santa Fé, Porto do Pecém and Costa Rica), through the Brazilian Association of Independent Power Producers - APINE and the Brazilian Association of Power Generation - ABRAGEL, filed a lawsuit seeking to suspend the effects of CNPE Resolution 03/13, which established the apportionment among all agents of the electricity market of part of the costs incurred with the excessive use of energy from thermic sources (oil, coal and gas), due to the scarcity of the rainfall regime (ancillary service Charge - ESS). As at 31 December 2018, the value associated to this contingency was 37,295 thousand Euros. On 3 June 2019 EDP Group companies were notified with a favorable decision. For this reason, as at 31 December 2019 this process is closed.

viii) Following a period of drought in the State of Ceará, the local government, through Decree 32,044 of 16 September 2016, introduced an extraordinary rate called the Emergency Water Charge (EHE) over the actual water consumption of thermoelectric power plants, and in particular the Porto do Pecém. On 13 October 2016, the Porto do Pecém submitted an administrative request to ANEEL for the purpose of transferring this additional cost to the Unit Variable Cost (CVU), in order to restore the economic-financial balance of the contract (CCEAR). ANEEL, through Order 3,293 of 16 December 2016, denied the request of the Porto do Pecém, which initiated proceedings against ANEEL.

As at 31 December 2019, the lawsuit against ANEEL requiring the guarantee of the economic-financial balance of the CCEARs by transferring the EHE to the CVU awaits judgment, and the likelihood of the contingency associated with the eventual need to return the now classified amount graduated as possible and the estimated total amount of 23,738 thousand Euros (31 December 2018: 14,966 thousand euros), referring to the estimate of EHE values during the period of validity of the first decree (1 October 2016 until 31 August 2017). The variation ocurred during this period is related with the revision of assumptions used to calculate the contingency which previously was considering the estimative of the value of EHE to be paid following the historical average. The new calculation is based on the claim effective risk considering the transference of CVU.

Finally, even EDP Group classifies its risk as remote, it is important to identify the following litigation:

i) On 27 October 2009 and 5 January 2010, the EDP Group received two tax settlements regarding 2005 and 2006 taxable income for the EDP tax Group, which included an adjustment of 591 million Euros regarding its subsidiary, EDP Internacional SGPS, related to the tax treatment considered by the EDP Group in relation to a capital loss generated with the liquidation of a subsidiary, whose main assets consisted of investments in operating subsidiaries in Brazil, namely EDP Espírito Santo and Enersul. As at 31 December 2019, the amount of this tax contingency amounts to 290 million Euros (31 December 2018: 282 million Euros).

Considering the analysis made, the technical advice received and a favourable binding opinion obtained from the tax authorities in relation to the nature of the transaction occurred in the year of the assessment, the EDP Group considers as remote the risk associated with this matter. Under this analysis, the capital loss is tax deductible for income tax purposes as established in article 75 no. 2 of the Corporate Income Tax Code ("Código do IRC") based on the wording of the law in force at that date (existing article 81).

Given the above, and considering that the EDP Group's tax procedures comply with applicable Portuguese tax legislation at the date of the events, the Group is currently using all available legal means to contest these additional settlements. Thus, following the implied rejection of the hierarchical appeal, EDP presented a judicial claim, on 6 June 2012. In November 2018, EDP Group was notified with a decision in favour. The Treasuary filed an appeal on that decision.

ii) EDP São Paulo through the Power Industry Union of the State of São Paulo - SindiEnergia, filed two claims against the Treasury Department of the State of São Paulo, seeking the suspension of the effects of Decrees 55.421/2010 and 55.867/2010. Both claims deal with VAT incidence on energy technical losses (theft, deviation or fraud) and obtained a favourable decision. These decisions are still subject of appeal to higher courts, however, given that the higher courts jurisprudence supports the thesis discussed in this process, the EDP Group classifies as remote the risk of losing this action. The estimated value at 31 December 2019 amounts to 133,613 thousand Euros (31 December 2018: 120,488 thousand Euros).

36. Institutional Partnerships in USA

The caption Institutional partnerships in USA is as follows:

	Group	
Thousand Euros	Dec 2019	Dec 2018
Deferred income related to benefits provided	1,002,871	961,783
Liabilities arising from institutional partnerships in USA	1,286,913	1,269,466
	2,289,784	2,231,249

EDPR North America recognises under this caption the receipts of institutional investors associated with wind and solar projects. This liability is reduced by the amount of tax benefits provided and payments made to the institutional investors during the period. The amount of tax benefits provided is booked as a non-current deferred income, and recognised over the useful life of the related projects (see note 8). Additionally, this liability is increased by the estimated interest based on the liability outstanding and the expected rate of return of the institutional investors (see note 13).

The movements in Institutional partnerships in USA are as follows:

Thousand Euros	Group Dec 2019	Group Dec 2018
Balance at the beginning of the period	2,231,249	2,163,722
Proceeds received from institutional investors	188,490	402,046
Cash paid for deferred transaction costs	-2,087	-3,011
Cash paid to institutional investors	-80,776	-173,682
Other Income (see note 8)	-181,570	-185,171
Unwinding (see note 13)	85,320	80,684
Exchange differences	42,848	101,530
Loss of control of companies with institutional partnerships	-	-162,123
Other	6,310	7,254
Balance at the end of the period	2,289,784	2,231,249

During 2019, EDPR NA, has secured and received proceeds amounting to 188,490 thousand Euros related to institutional equity financing from Bank of America, in exchange for an interest in the 405 MW onshore wind projects located in the state of Illinois.

During 2018, EDPR NA has received proceeds amounting to 228,537 thousand Euros (269,908 thousand US Dollars) related to institutional equity financing from a leading financial institution, in exchange for an interest in the Arkwright and Tutle Creek projects, both located in the state of New York. Additionally, EDPR NA has secured and received proceeds amounting to 163,860 thousand Euros (193,522 thousand US Dollars) related to institutional equity financing from a leading financial institution, in exchange for an interest in the Meadow Lake VI project that is located in the state of Indiana. After this funding being executed, EDPR NA has lost control over this project upon the completion of the sale of 80% of equity shareholding.

Under these partnerships, EDP Group provides operating guarantees to institutional investors in wind and solar projects in USA, which are typical of this type of structure. As at 31 December 2019 and 2018, the liabilities associated with these guarantees are not expected to exceed the amounts already recognized under the caption Liabilities arising from institutional partnerships in USA.

37. Trade payables and other liabilities from commercial activities

Trade payables and other liabilities from commercial activities - Non-Current are as follows:

Thousand Euros	Group Dec 2019	Group Dec 2018
Contract liabilities:		
Energy sales contracts - EDPR NA	9,148	11 496
Deferred income - CMEC	208,535	283,530
	217,683	295,026
Other liabilities:		
Investment government grants	566,450	583,603
Amounts payable for tariff adjustments - Electricity - Portugal	-	77,447
Amounts payable for tariff adjustments - Electricity - Brazil	464,823	38,678
Amounts payable for concessions	199,772	201,527
Property, plant and equipment suppliers	5,101	8,233
Other creditors and sundry operations	190,478	151,731
	1,426,624	1,061,219
	1,644,307	1,356,245

Trade payables and other liabilities from commercial activities - Current are as follows:

	Group		Company	
Thousand Euros	Dec 2019	Dec 2018	Dec 2019	Dec 2018
Contract liabilities:				
Deferred income - CMEC	74,995	80 897	-	-
Amounts received from the Fund for systemic sustainability of the energy sector		155,594	-	-
	74,995	236,491	-	-
Other liabilities:				
Suppliers	919,745	956,608	412,388	412,960
Accrued costs related with commercial activities	633,664	704,975	253,650	314,433
Property, plant and equipment suppliers	1,196,186	1,028,188	961	837
Holiday pay, bonus and other charges with employees	151,917	160,847	30,370	30,201
CO2 emission Licenses	203,085	137,746	-	-
Amounts payable for tariff adjustments - Electricity - Portugal	43,626	8,840	-	-
Amounts payable for tariff adjustments - Electricity - Brazil	-	253	-	-
Amounts payable - securitisations	136,933	134,841	-	-
Amounts payable - CMEC	221,955	222,245	-	-
Other creditors and sundry operations	277,517	271,211	17,945	30,452
	3,784,628	3,625,754	715,314	788,883
	3,859,623	3,862,245	715,314	788,883

At the moment of EDPR NA acquisition, the contracts signed between this subsidiary and its customers, determined under the terms of the Purchase Price Allocation, were valued through discounted cash flow models and market assumptions at 190,400 thousand US Dollars, being booked as a non-current liability under Energy sales contract - EDPR NA, and amortised over the useful life of the contracts in Other operating income - Other.

Deferred income - CMEC Non-current and Current, in the amount of 283,530 thousand Euros (31 December 2018: 364,427 thousand Euros) includes the amount of 119,792 thousand Euros corresponding to the initial CMEC amount (833,467 thousand Euros) deducted from the amortisation of initial CMEC during the years 2007 to 2017 and accrued with unwinding (see note 13), and the amount of 163,738 thousand Euros relating with the final adjustment recognised in accordance with the result achieved by EDP/REN working group (256,539 thousand Euros), deducted from amortisation charges of the period and accrued with corresponding unwinding (see note 13).

The Amounts received from the Fund for Systemic Sustainability of the Energy Sector referred, as at 31 December 2018, to amounts transferred to EDP SU related with the electricity tariffs for 2019, which represented CESE amounts intended to reduce the National Electric System's tariff debt. During 2019, these amounts were settled through the tariff.

Investment government grants are amortised through the recognition of a revenue in the income statement over the useful life of the related assets, which amounts to 27,003 thousand Euros as at 31 December 2019 (see note 12). This caption includes grants received by EDPR NA subgroup under the "American Recovery and Reinvestment Act" promoted by the United States of America Government.

The movement for the period in Amounts payable for tariff adjustments - Electricity - Portugal (Non-current and Current) is as follows:

Thousand Euros	Non-Current	Current
Balance at the beginning of the period	77,447	8,840
Payment through the electricity tariff	-	-8,841
Tariff adjustment of 2018	-	-1,309
Tariff adjustment of the period (see note 7)	-	10,560
Interest expense (see note 13)	-	314
Transfer to/from tariff adjustment receivable (see note 25)	1,449	-44,835
Transfer from Non-Current to Current	-78,896	78,897
Balance at the end of the period	-	43,626

The caption Amounts payable for tariff adjustments - Electricity - Brazil, refers to tariff adjustments recognised in EDP São Paulo - Distribuição de Energia S.A. and EDP Espírito Santo - Distribuição de Energia S.A. in the accumulated amount of 276,341 thousand Euros (31 December 2018: 28,681 thousand Euros) and 188,482 thousand Euros (31 December 2018: 10,250 thousand Euros), respectively. The variation occurred includes the tariff deficit of the period with a positive impact of 48,894 thousand Euros (see note 7), the transfer to tariff adjustment receivable of 85,066 thousand Euros (see note 25), the unwinding in the amount of 14,776 thousand Euros (see note 13), the recognition of 388,998 thousand Euros (1,756,597 thousand Brazilian Real), against tax receivable as a result of the non-inclusion of the amounts of VAT borne in the basis of calculation of PIS and COFINS (see note 27), the decrease of the amount returned through the tariff of 110,354 thousand Euros and the exchange differences due to depreciation of Brazilian Real against Euro with a negative impact of 1,488 thousand Euros.

The caption Amounts payable for concessions includes the concession rights for the operation of the hydric domain of Alqueva and Pedrógão transferred by EDIA in the amount of 134,496 thousand Euros (31 December 2018: 137,237 thousand Euros) and the financial compensation for the use of the public domain related to concession agreements of Investco, S.A. and Enerpeixe, S.A. in Brazil in the amount of 65,276 thousand Euros (31 December 2018: 64,291 thousand Euros).

The caption Property, plant and equipment suppliers - Current refers mainly to the amounts due related with the construction of windfarms and solar parks in USA in the amount of 968,998 thousand Euros (31 December 2018: 701,846 thousand Euros), in Canada in the amount of 34,566 thousand Euros (31 December 2018: 924 thousand Euros), and in Italy in the amount of 28,902 thousand Euros (31 December 2018: 39,155 thousand Euros) .

The caption CO2 emission licenses includes the CO2 consumptions during 2019 in Portugal and Spain, in the amount of 116,752 thousand Euros and 86,333 thousand Euros, respectively (31 December 2018: 81,701 thousand Euros and 56,045 thousand Euros). The variation includes the consumptions of 2019 and the delivery in 2019 of the 2018 consumption licenses, which are returned to regulatory authorities until April of the year following its consumption.

In the energy distribution activity, the subsidiaries of EDP Group in Portugal and Spain recover the deficits and tariff adjustment assets through the tariffs charged to their customers. The caption Amounts payable - securitizations includes the amounts payable to entities that have acquired the right to receive these assets in securitisation or direct sales operations in Portugal, and the caption Other creditors and sundry operations - Current included, as at 31 December 2018, the settlements to be made to the regulatory entity in Spain , which amounted to 9,538 thousand Euros. These liabilities refer to the assets recovered through the tariffs that will be transferred to these entities. During the second quarter of 2019, settlements were made to the regulatory entity in Spain.

The caption Amounts payable - CMEC refers to amounts received by EDP Distribuição, through the tariff, regarding the CMEC Revisibility of 2016 and 2017, which delivery to REN is awating approval (see note 4).

The caption Other creditors and sundry operations - Non-current includes the amount of 62,258 thousand Euros related with the reinsurance activity (31 December 2018: 69,178 thousand Euros). The caption Other creditors and sundry operations - Current includes the amount of 14,317 thousand Euros related to tariff adjustment payable (31 December 2018: 14,317 thousand Euros).

38. Other Liabilities and Other Payables

Other liabilities and other payables are as follows:

	Group		Company	
Thousand Euros	Dec 2019	Dec 2018	Dec 2019	Dec 2018
Other liabilities and other payables - Non-Current				
Loans from non-controlling interests	215,023	401,257	-	-
Derivative financial instruments (see note 41)	169,008	196,496	215,510	205,570
Group companies	-	-	-	66,297
Amounts payable and contingent prices for acquisitions/sales	18,303	75,234	-	-
Lease contracts with EDP Pension and Medical and Death Subsidy Funds (a)	-	77,959	-	77,959
Lease Liabilities (Rents due from lease contracts) (a)	762,725	-	133,378	-
Other creditors and sundry operations	12,060	5,953	2	-
	1,177,119	756,899	348,890	349,826
Other liabilities and other payables - Current				
Loans from non-controlling interests	117,327	241,617	-	-
Dividends attributed to related companies	58,749	57,752	-	-
Derivative financial instruments (see note 41)	213,363	155,848	547,312	188,502
Group companies	-	-	70,288	31,339
Group's financial system (see note 43)	-	-	711,835	1,030,481
Amounts payable and contingent prices for acquisitions/sales	151,975	303,459	-	-
Lease contracts with EDP Pension and Medical and Death Subsidy Funds (a)	-	6,496	-	6,496
Lease Liabilities (Rents due from lease contracts) (a)	75,004	-	12,390	-
Other creditors and sundry operations	7,353	5,750	51,290	36,362
	623,771	770,922	1,393,115	1,293,180
	1,800,890	1,527,821	1,742,005	1,643,006

(a) *Due to the adoption of IFRS 16, the balances included in the caption Lease contracts with EDP Pension and Medical and Death Subsidy Funds are now included in the new item Lease Liabilities (Rents due from lease contracts) (see note 3).*

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

i) loans granted by ACE Portugal (CTG Group) due to the sale in 2017 of 49% of shareholding in EDPR PT – Parques Eólicos S.A and subsidiaries for a total amount of 32,302 thousand Euros, including accrued interests (31 December 2018: 31,108 thousand Euros), bearing interest at a fixed rate of 3.75% (see note 43);

ii) loans granted by ACE Poland (CTG Group) due to the sale in 2016 of 49% of shareholding in EDP Renewables Polska HoldCo, S.A. and subsidiaries for a total amount of 109,245 thousand Euros, including accrued interests (31 December 2018: 119,826 thousand Euros), bearing interest at a fixed rate of a range between 1.33% and 7.23% (see note 43);

iii) loans granted by ACE Italy (CTG Group) due to the sale in 2016 of 49% of shareholding in EDP Renewables Italia, S.r.l. and subsidiaries for a total amount of 55,474 thousand Euros, including accrued interests (31 December 2018: 63,304 thousand Euros), bearing interest at a fixed rate of 4.5% (see note 43);

iv) loans granted by CITIC CWEI Renewables (CTG Group) due to the sale in 2013 of 49% of shareholding in EDP Renováveis Portugal, S.A. for a total amount of 38,696 thousand Euros, including accrued interests (31 December 2018: 50,202 thousand Euros), bearing interest at a fixed rate of 5.5% (see note 43); and

v) loans from Sonatrach to Central Térmica Ciclo Combinado Grupo 4 in the amount of 58,220 thousand Euros (31 December 2018: 58,220 thousand Euros).

The significant decrease in the caption loans from non-controlling interests Non-Current and Current is mainly related to the sale of EDPR Participaciones S.L.U., EDP Renewables France S.A.S. and its subsidiaries (see note 6). As at 31 December 2018, loans granted by Vortex Energy Investments II due to the sale in 2016 of 49% of shareholding in EDPR Participaciones S.L.U. and subsidiaries amounted to 215,620 thousand Euros. Additionally, loans granted by Vortex Energy Investments I due to the sale in 2014 of 49% of shareholding in EDP Renewables France S.A.S. and subsidiaries amounted to 52,258 thousand Euros as at 31 December 2018.

The variation of the caption Amounts payable and contingent prices for acquisitions/sales Non-Current and Current mainly relates from costs actually incurred in the construction of the windfarm projects as foreseen in the context of the sale, in December 2018, of 80% of the shareholding in the company 2018 XIX Wind LLC and its subsidiaries (decrease of 142.193 thousand Euros) and the sale of 75% of the shareholding in the companies Nation Rise Wind Farm Gp II Inc. and Nation Rise Wind Farm Limited Partnership (decrease of 45,626 thousand Euros), as well as the update of the contingent prices related to the sale of the gas distribution business in Spain and Portugal in 2017 (decrease of 8,905 thousand Euros and decrease of 8,093 thousand Euros, respectively).

The caption Lease Liabilities (Rents due from lease contracts) - Non-Current and Current, includes the amount of 718,528 thousand Euros and 18,861 thousand Euros, respectively, as a result of the adoption of IFRS 16 on 1 January 2019 (see note 3). As at 31 December 2019, the variation includes: (i) 113,928 thousand Euros corresponding to lease liabilities (rents due from lease contracts) starting after 1 January 2019; (ii) negative 53,128 thousand Euros related to the sale of EDPR Participaciones S.L.U., EDP Renewables France S.A.S. and its subsidiaries (see note 6); (iii) negative 69,555 thousand Euros corresponding to payments rents made; and (iv) 38,687 thousand Euros corresponding to the financial update of the liability (see note 13).

As at 31 December 2019, the nominal value of the lease liabilities (rents due from lease contracts) is detailed as follows: (i) less than 5 years: 327,166 thousand Euros; (ii) from 5 to 10 years: 280,719 thousand Euros; (iii) from 10 to 15 years: 280,857 thousand Euros; and (iv) more than 15 years: 564,647 thousand Euros.

The caption Lease Liabilities (Rents due from lease contracts), on a Company basis, includes lease contracts with EDP Pension and Medical and Death Subsidy Funds regarding to the building units of Porto headquarters acquired by EDP Pension Fund in December 2015 and the Lisbon headquarters building given as an in-kind contribution to EDP Medical and Death Subsidy Fund in September 2017. These contracts were celebrated for a period of 25 years (see note 43).

39. Tax Liabilities

Tax liabilities are as follows:

	Group		Company	
Thousand Euros	Dec 2019	Dec 2018	Dec 2019	Dec 2018
Income tax	47,100	162,835	1,456	114,820
Withholding tax	36,785	41,465	1,801	1,150
Value Added Tax (VAT)	116,799	130,588	24,725	1,655
Special taxes Brazil	228,312	188,899	-	-
CESE (see note 15)	63,775	-	-	-
Other taxes	124,035	139,939	1,053	1,021
	616,806	663,726	29,035	118,646

This caption is as follows:

	Group		Company	
Thousand Euros	Dec 2019	Dec 2018	Dec 2019	Dec 2018
Non-Current	138,212	97,637	-	-
Current	478,594	566,089	29,035	118,646
	616,806	663,726	29,035	118,646

As at 31 December 2019, the captions Income tax and Special taxes Brazil include the amount of 82,552 thousand Euros (372,778 thousand Brazilian Reais), corresponding to the recognised liability value of 113,870 thousand Euros (514,917 thousand Brazilian Reais) net of payments (see note 27).

With regard to 31 December 2019, the main variation to highlight are the record of CESE (note 15). This amount was fully paid on 2 January 2020 (see note 15).

40. Non-Current Assets and Liabilities Held for Sale

The criteria for classifying assets and liabilities as held for sale, as well as their presentation in EDP Group's consolidated financial statements, are described in the Group's accounting policies.

This caption is as follows:

	Group	
Thousand Euros	Dec 2019	Dec 2018
Assets held for sale		
Electricity generation assets - Hydro Brazil	90,517	-
Electricity generation assets - Hydro Portugal	1,951,176	-
Electricity generation assets - Offshore wind	214,194	7,546
Other assets	-	3,519
	2,255,887	11,065
Liabilities held for sale		
Electricity generation assets - Hydro Brazil	16,924	-
Electricity generation assets - Hydro Portugal	35,147	-
Electricity generation assets - Offshore wind	26,751	-
	78,822	-
	2,177,065	11,065

In 2017, EDPR Group committed to the plan of selling and consequent loss of control of Moray Offshore Windfarm (East) Limited, so, according to the analysis performed under IFRS 5, this sale was considered highly probable, and as at 30 June 2017, its assets and liabilities were classified as held for sale. During 2017 and 2018, EDPR Group finished the following sales of the equity shareholding and shareholder loans: 23.3% to Engie, 33.4% to Diamond Generation Europe Limited and 10% to China Three Gorges (Europe) S.A. As at 31 December 2018, 10% of the assets attributable to the remaining capital shares and respective loans that will be disposed were recognised in non-current assets held for sale in the amount of 7,546 thousand Euros.

In May 2019, EDPR Group signed a strategic memorandum of understanding with ENGIE to create a co-controlled 50/50 joint venture in fixed and floating offshore wind segment. The new entity will be the exclusive vehicle of investment of EDPR and ENGIE for offshore wind opportunities worldwide. As at 31 December 2019, the assets and liabilities associated with the companies included in this segment were presented in non-current assets and liabilities held for sale.

During the first semester of 2019, the EDP Brasil Group started the process of selling Energest, S.A. Assets and liabilities associated with this company were presented in non-current assets and liabilities held for sale.

In the last quarter of 2019, the EDP Group agreed to sell a portfolio of 6 large hydro plants in Portugal to a consortium of investors formed by Engie, Crédit Agricole Assurances and Mirova – Natixis Group. The disposed hydro portfolio comprises 1,689 MW of installed capacity in the Douro river basin (Miranda, Picote, Bemposta, Foz Tua, Baixo Sabor and Feiticeiro). Assets and liabilities associated with this transaction were presented in non-current assets and liabilities held for sale. This transaction is based on a set of potential price adjustments and it fair value will be determined on the date of the transaction.

As at 31 December 2019 the following reclassifications were made to held for sale:

	Dec 2019			
Thousand Euros	Hydro Brazil	Hydro Portugal	Offshore wind	Total
Assets				
Property, plant and equipment (see note 16)	-44,991	-1,710,427	-11,074	-1,766,492
Right-of-use assets (see note 17)	-174	-	-4,379	-4,553
Intangible assets (see note 18)	-12,075	-157,145	-	-169,220
Goodwill (see note 19)	-3,654	-	-1,507	-5,161
Investments in joint ventures and associates (see note 21)	-	-	-90,270	-90,270
Other assets	-22,007	-83,604	-89,172	-194,783
Cash and cash equivalents	-7,616	-	-10,246	-17,862
Assets Held for Sale	90,517	1,951,176	206,648	2,248,341
	-	-	-	-
Liabilities				
Employee Benefits	-3,188	-	-	-3,188
Provisions (see note 35)	-1,341	-	-111	-1,452
Other liabilities	-12,395	-35,147	-26,640	-74,182
Liabilities Held for Sale	16,924	35,147	26,751	78,822
	-	-	-	-

All assets and liabilities held for sale are part of the Renewables segment.

These reclassifications were made only for financial statement presentation purposes, without impact on the measurement of these assets and liabilities, as it is expected that the fair value less costs to sell is higher than its book value, in accordance with IFRS 5.

41. Derivative Financial Instruments

In accordance with IFRS 9, the Group classifies derivative financial instruments as fair value hedge of a recognised asset or liability (Fair value hedge), as cash flow hedge of recognised liabilities and highly probable future transactions (Cash flow hedge), as net investment hedge in foreign operations (Net investment hedge), or as held for trading, if or when they are not eligible for hedge accounting.

The fair value of the derivative financial instruments in EDP Group is as follows:

	Dec 2019		Dec 2018	
Thousand Euros	Assets	Liabilities	Assets	Liabilities
Net Investment hedge				
Cross-currency interest rate swaps	9,343	-54,085	35,466	-34,818
Currency forwards	5,026	-	2,696	-15
Fair value hedge				
Interest rate swaps	84,762	-	90,091	-
Cross-currency interest rate swaps	50,213	-	27,354	-1,593
Cash flow hedge				
Interest rate swaps	122	-15,383	3,626	-19,530
Swaps related to gas commodity	131,719	-148,416	406	-189,011
Electricity swaps	25,213	-30,132	13,020	-89,642
Currency forwards for commodities	95,434	-5,240	67,507	-2,001
Trading				
Interest rate swaps	7,682	-1,958	10,758	-724
Cross-currency interest rate swaps	-	-55	5,168	-421
Commodity swaps	123,013	-116,937	28,752	-10,946
Currency forwards	1,573	-1,233	1,553	-442
Commodity forwards	28,583	-8,932	2,043	-
Commodity options	2,609	-	-	-3,201
	565,292	-382,371	288,440	-352,344

As at 31 December 2019, EDP Group holds contracts for the purchase and sale of commodities traded on futures exchange market, namely Chicago Mercantile Exchange, Intercontinental Exchange, European Energy Exchange and OMIP, whose fair value of the contracted operations is settled on a daily basis, and therefore it is not included in the Statement of Financial Position. The notional amount of these futures contracts amount to 3,394,113 thousand Euros with maturities ranged between 2019 and 2024 (31 December 2018: 1,950,088 thousand Euros, with maturity in 2019 and 2024), and the fair value held in EDP Group cash flow hedge reserves related to these operations is a positive amount of 27,453 thousand Euros (31 December 2018: negative amount of 76,482 thousand Euros).

The management of financial risk of EDP, S.A. and other EDP Group companies, is carried out centrally by EDP, S.A. (note 5). On this basis, EDP, S.A. negotiates derivative financial instruments with external entities to hedge its own individual business risks, as well as for other companies of the Group, performing for these entities' as an intermediate in their contracting.

The fair value of the derivative financial instruments at Company level is as follows:

	Dec 2019		Dec 2018	
Thousand Euros	Assets	Liabilities	Assets	Liabilities
Cash flow hedge				
Swaps related to gas commodity	7,392	-82,537	-	-95,180
Electricity swaps	4,157	-95,770	31,921	-
Currency forwards for commodities	86,380	-	59,890	-3
Trading				
Interest rate swaps	91,067	-86,739	99,066	-91,357
Cross-currency interest rate swaps	53,946	-57,922	94,298	-30,003
Commodity swaps	369,978	-405,701	233,550	-129,685
Currency forwards	2,806	-5,296	10,931	-9,415
Commodity forwards	46,757	-26,358	30,826	-35,225
Commodity options	2,607	-2,499	3,420	-3,204
	665,090	-762,822	563,902	-394,072

The fair value of derivative financial instruments is booked in Other debtors and other assets (see note 26) and Other liabilities and other payables (see note 38), according to its nature.

Fair value of derivative financial instruments is based on quotes indicated by external entities, which are compared in each date of report to fair values available in common financial information platforms. Therefore, according to IFRS 13 requirements, the fair value of the derivative financial instruments is classified as of level 2 (see note 44) and no changes of level were made during this period. These entities use generally accepted discounted cash flow techniques and data from public markets.

Derivative financial instruments classified as trading are financial hedging instruments contracted for economic hedging at EDP Group level (see note 5), however such instruments are not eligible for hedge accounting under IFRS.

In 2019, the notional amounts per measurement unit of the derivative financial instruments in EDP Group, are as follows:

Thousand Units	Unit	2020	2021	2022	2023	Following years	Total
Net Investment hedge							
Cross-currency interest rate swaps	Euros	77,093	75,416	49,558	75,720	1,183,694	1,461,481
Currency forwards	Euros	772,434	-	-	-	-	772,434
Fair value hedge							
Interest rate swaps	Euros	450,000	-	1,000,000	-	600,000	2,050,000
Cross-currency interest rate swaps	Euros	-	-	-	-	410,314	410,314
Cash flow hedge							
Interest rate swaps	Euros	108,087	112,905	146,423	74,511	217,539	659,465
Swaps related to gas commodity	MWh	46,792	27,269	22,738	18,956	18,956	134,711
Electricity swaps	MWh	10,087	7,171	5,212	3,645	5,600	31,715
Currency forwards for commodities	Euros	195,566	166,997	155,983	130,374	129,372	778,292
Trading							
Interest rate swaps	Euros	600,000	-	-	-	300,000	900,000
Cross-currency interest rate swaps	Euros	-	6,075	-	-	-	6,075
Swaps related to gas commodity	MWh	63,822	975	-	-	-	64,797
Electricity swaps	MWh	5,232	1,897	1,160	515	2,630	11,434
Currency forwards	Euros	87,848	22,887	-	-	-	110,735
CO2 forwards	MT	1,194	-	-	-	-	1,194
Currency forwards for commodities	Euros	612,462	3,686	-	-	-	616,148
Options purchased and sold	MWh	439	-	-	-	-	439

In 2018, the notional amounts per measurement unit of the derivative financial instruments in EDP Group, were as follows:

Thousand Units	Unit	2019	2020	2021	2022	Following years	Total
Net Investment hedge							
Cross-currency interest rate swaps	Euros	108,272	77,093	77,505	49,558	816,321	1,128,749
Currency forwards	Euros	567,352	-	-	-	-	567,352
Fair value hedge							
Interest rate swaps	Euros	350,000	450,000	-	1,000,000	600,000	2,400,000
Cross-currency interest rate swaps	Euros	-	-	-	-	410,314	410,314
Cash flow hedge							
Interest rate swaps	Euros	109,678	118,326	120,560	151,091	288,992	788,647
Swaps related to gas commodity	MWh	32,850	40,262	24,482	22,713	37,913	158,220
Electricity swaps	MWh	10,870	5,018	1,831	772	585	19,076
Currency forwards for commodities	Euros	432,906	290,214	180,144	155,983	259,746	1,318,993
Trading							
Interest rate swaps	Euros	-	600,000	-	-	300,000	900,000
Cross-currency interest rate swaps	Euros	192,191	-	-	-	-	192,191
Swaps related to gas commodity	MWh	5,911	3,182	-	-	-	9,093
Electricity swaps	MWh	3,584	2,332	718	530	3,145	10,309
Currency forwards	Euros	79,438	10,744	-	-	-	90,182
CO2 forwards	MT	1,956	-	-	-	-	1,956
Options purchased and sold	MWh	438	439	-	-	-	877

In 2019, the notional amounts per measurement unit of the derivative financial instruments at Company level, are as follows:

Thousand Units	Unit	2020	2021	2022	2023	Following years	Total
Cash flow hedge							
Swaps related to gas commodity	MWh	2,247	22,706	22,713	18,956	18,956	85,578
Electricity swaps	MWh	13,520	403	192	139	1,287	15,541
Currency forwards for commodities	Euros	-	165,069	155,983	130,374	129,372	580,798
Trading							
Interest rate swaps	Euros	1,500,000	-	2,000,000	-	1,500,000	5,000,000
Cross-currency interest rate swaps	Euros	154,189	126,932	135,164	151,440	1,867,388	2,435,113
Swaps related to gas commodity	MWh	162,834	11,905	79	-	-	174,818
Coal swaps	MT	4,314	-	-	-	-	4,314
Electricity swaps	MWh	15,635	3,276	1,396	792	7,138	28,237
Currency forwards	Euros	508,883	45,774	-	-	-	554,657
CO2 forwards	MT	10,624	-	-	-	-	10,624
Currency forwards for commodities	Euros	1,182,484	3,686	-	-	-	1,186,170
Options purchased and sold	MWh	878	-	-	-	-	878

In 2018, the notional amounts per measurement unit of the derivative financial instruments at Company level, were as follows:

Thousand Units	Unit	2019	2020	2021	2022	Following years	Total
Cash flow hedge							
Swaps related to gas commodity	MWh	-	22,698	22,706	22,713	37,913	106,030
Electricity swaps	MWh	15,785	659	-	-	-	16,444
Currency forwards for commodities	Euros	2,623	174,117	165,069	155,983	259,746	757,538
Trading							
Interest rate swaps	Euros	700,000	1,550,000	-	2,000,000	1,500,000	5,750,000
Cross-currency interest rate swaps	Euros	541,869	154,187	155,010	99,116	1,132,641	2,082,823
Swaps related to gas commodity	MWh	76,722	41,514	3,849	-	-	122,085
Coal swaps	MT	2,889	-	-	-	-	2,889
Electricity swaps	MWh	13,148	6,579	876	438	3,068	24,109
Currency forwards	Euros	1,898,520	224,036	-	-	-	2,122,556
CO2 forwards	MT	14,246	-	-	-	-	14,246
Options purchased and sold	MWh	876	878	-	-	-	1,754

In 2019, the future undiscounted cash flows of the derivative financial instruments in EDP Group, are as follows:

Thousand Euros	2020	2021	2022	2023	Following years	Total
Net Investment hedge						
Cross-currency interest rate swaps	-34,570	-35,122	-29,961	-30,078	-62,614	-192,345
Currency forwards	5,026	904	-	-	-	5,930
	-29,544	-34,218	-29,961	-30,078	-62,614	-186,415
Fair value hedge						
Interest rate swaps	28,940	17,868	27,379	6,105	11,228	91,520
Cross-currency interest rate swaps	17,487	17,569	17,527	17,527	740	70,850
	46,427	35,437	44,906	23,632	11,968	162,370
Cash flow hedge						
Interest rate swaps	-5,299	-4,376	-2,851	-1,751	-2,102	-16,379
Swaps related to gas commodity	54,580	-12,046	-24,728	-16,897	-19,847	-18,938
Electricity swaps	2,241	-2,830	-1,200	-462	-419	-2,670
Currency forwards for commodities	7,509	19,738	24,551	19,385	19,010	90,193
	59,031	486	-4,228	275	-3,358	52,206
Trading						
Interest rate swaps	7,198	-357	-359	-356	-535	5,591
Cross-currency interest rate swaps	-83	-99	-	-	-	-182
Commodity swaps	-7,511	2,556	446	-43	8,246	3,694
Commodity forwards	-2,027	-	-	-	-	-2,027
Currency forwards	-563	-	-	-	-	-563
Currency forwards for commodities	21,759	-67	-10	-	-	21,682
Options purchased and sold	3,083	-	-	-	-	3,083
	21,856	2,033	77	-399	7,711	31,278
	97,770	3,738	10,794	-6,570	-46,293	59,439

In 2018, the future undiscounted cash flows of the derivative financial instruments in EDP Group, are as follows:

Thousand Euros	2019	2020	2021	2022	Following years	Total
Net Investment hedge						
Cross-currency interest rate swaps	-33,469	-21,016	-20,018	-17,344	-53,959	-145,806
Currency forwards	2,681	-	-	-	-	2,681
	-30,788	-21,016	-20,018	-17,344	-53,959	-143,125
Fair value hedge						
Interest rate swaps	32,263	27,032	16,538	26,557	16,011	118,401
Cross-currency interest rate swaps	15,847	15,741	15,867	15,825	-6,158	57,122
	48,110	42,773	32,405	42,382	9,853	175,523
Cash flow hedge						
Interest rate swaps	-6,606	-5,495	-4,426	-2,799	-224	-19,550
Swaps related to gas commodity	-72,592	-57,701	-30,197	-17,948	-14,124	-192,562
Electricity swaps	-48,899	-21,641	-6,327	-477	-726	-78,070
Currency forwards for commodities	3,160	15,215	16,968	13,337	18,223	66,903
	-124,937	-69,622	-23,982	-7,887	3,149	-223,279
Trading						
Interest rate swaps	2,687	7,508	-89	-90	-223	9,793
Cross-currency interest rate swaps	3,022	-	-	-	-	3,022
Commodity swaps	-1,582	6,773	2,785	1,437	12,234	21,647
Currency forwards	835	466	80	-	-	1,381
Options purchased and sold	-2,538	-664	-	-	-	-3,202
	2,424	14,083	2,776	1,347	12,011	32,641
	-105,191	-33,782	-8,819	18,498	-28,946	-158,240

In 2019, the future undiscounted cash flows of the derivative financial instruments at Company level, are as follows:

Thousand Euros	2020	2021	2022	2023	Following Years	Total
Cash flow hedge						
Swaps related to gas commodity	-190	-16,053	-24,716	-16,897	-19,847	-77,703
Electricity swaps	-92,161	-657	484	486	382	-91,466
Currency forwards for commodities	-	25,406	24,484	18,947	17,543	86,380
	-92,351	8,696	252	2,536	-1,922	-82,789
Trading						
Interest rate swaps	5,804	-357	-359	-356	-535	4,197
Cross-currency interest rate swaps	-10,723	-11,132	-11,080	-11,324	2,798	-41,461
Commodity swaps	-38,158	-5,104	-1,416	88	8,939	-35,651
Currency forwards	-3,054	904	-	-	-	-2,150
Commodity forwards	-2,422	-	-	-	-	-2,422
Currency forwards for commodities	30,279	-67	-10	-	-	30,202
Commodity options purchased and sold	110	-	-	-	-	110
	-18,164	-15,756	-12,865	-11,592	11,202	-47,175
	-110,515	-7,060	-12,613	-9,056	9,280	-129,964

In 2018, the future undiscounted cash flows of the derivative financial instruments at Company level, are as follows:

Thousand Euros	2019	2020	2021	2022	Following Years	Total
Cash flow hedge						
Swaps related to gas commodity	-	-35,186	-30,281	-17,948	-14,124	-97,539
Electricity swaps	26,193	5,677	-	-	-	31,870
Currency forwards for commodities	-3	13,820	14,509	13,337	18,223	59,886
	26,190	-15,689	-15,772	-4,611	4,099	-5,783
Trading						
Interest rate swaps	1,691	6,144	-89	-90	-223	7,433
Cross-currency interest rate swaps	32,398	-10,177	-10,167	-10,177	-81	1,796
Commodity swaps	49,491	38,447	3,058	1,437	12,234	104,667
Currency forwards	1,240	466	80	-	-	1,786
Commodity forwards	-4,397	-	-	-	-	-4,397
Commodity options purchased and sold	110	110	-	-	-	220
	80,533	34,990	-7,118	-8,830	11,930	111,505
	106,723	19,301	-22,890	-13,441	16,029	105,722

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

Thousand Euros	Hedging instrument	Hedged risk	2019 Changes in fair value Instrument	2019 Changes in fair value Risk	2018 Changes in fair value Instrument	2018 Changes in fair value Risk
Net investment (i)	Cross-curr. int. rate swaps	Subsidiaries in PLN, BRL, GBP, USD and CAD	-45,390	17,970	-41,540	49,430
Net investment	Currency forwards	Subsidiaries in USD	2,345	-2,345	2,681	-2,681
Fair value	Interest rate swap	Interest rate	-5,329	5,311	-4,320	4,347
Fair value	Cross-curr. int. rate swaps	Exchange and interest rate	24,452	-18,190	-21,205	19,739
Cash flow	Interest rate swap	Interest rate	643	-643	4,776	-4,776
Cash flow	Currency forwards	Exchange rate	24,688	-24,688	73,693	-73,693
Cash flow (ii)	Commodity swaps	Commodity prices	243,611	-276,212	-227,460	227,460
			245,020	-298,797	-213,375	219,826

(i) Fair value variation of the hedging instrument on Cross currency interest rate swaps for Net investment includes a negative amount of 27,124 thousand Euros related to the cost of hedging (21,194 thousand Euros net of tax effect), recorded in reserves (see note 31), and ineffectiveness of a negative amount of 296 thousand Euros.

(ii) Fair value variation of the hedging instrument on Commodity swaps for Cash flow includes a negative amount of 32,601 thousand Euros related to ineffectiveness, and in the company level a negative amount of 11,682 thousand Euros.

Considering that hedging derivative financial instruments are contracted with a high correlation of critical terms, namely in the same currency and at the same indexes, the hedge ratio between the hedging instruments and the hedged instruments is 1:1.

As at 31 December 2019 and 2018, the following market inputs were considered for the fair value calculation:

Instrument	Fair value indexed to the following market inputs
Cross-curr. int. rate swaps	Euribor 3M, Euribor 6M, Libor 3M, Libor 6M, Daily CDI, Wibor 3M and Robor 3M; and exchange rates: EUR/GBP, EUR/BRL, EUR/PLN, EUR/CAD, USD/BRL, USD/JPY, EUR/RON and EUR/USD.
Interest rate swaps	Euribor 3M, Euribor 6M, Wibor 6M, US Libor 3M and CAD Libor 3M.
Currency forwards	EUR/USD, EUR/PLN, EUR/BRL, EUR/GBP and USD/BRL.
Commodity swaps	Brent, NBP Natural Gas, Electricity, Henry Hub, TTF, Coal and CO2.

The changes in the fair value reserve related to cash flow hedges in 2019 and 2018 by nature of derivative financial instruments in EDP Group, were as follows:

Thousand Euros	Interest rate swaps	Commodity swaps	Currency forwards for commodities	Gross Amount	Deferred Tax	Total
Balance as at 31 December 2017	-33,494	-60,694	-9,390	-103,578	27,436	-76,142
Fair value changes	16,220	-167,554	70,290	-81,044	22,206	-58,838
Transfer to results from hedging	6,409	-125,832	1,503	-117,920	30,217	-87,703
Transfers included in the initial cost of inventories from hedging of commodity prices	-	34,262	-7	34,255	-10,403	23,852
Comprehensive Income changes in associates	-17,452	-	-	-17,452	2,968	-14,484
Balance as at 31 December 2018	-28,317	-319,818	62,396	-285,739	72,424	-213,315
Fair value changes	11,765	385,329	26,590	423,684	-111,094	312,590
Transfer to results from hedging	-39	3,453	-	3,414	-1,577	1,837
Transfers included in the initial cost of inventories from hedging of commodity prices	-	-60,442	5,710	-54,732	17,174	-37,558
Comprehensive Income changes in associates	-27,911	-	-	-27,911	4,898	-23,013
Balance as at 31 December 2019	-44,502	8,522	94,696	58,716	-18,175	40,541

The changes in the fair value reserve related to cash flow hedges in 2019 and 2018 by nature of derivative financial instruments at Company level, were as follows:

Thousand Euros	Commodity swaps	Currency forwards for commodities	Gross Amount	Deferred Tax	Total
Balance as at 31 December 2017	7,496	-	7,496	-1,726	5,770
Fair value changes	13,251	59 886	73,137	-16,456	56,681
Transfer to results from hedging	-82,295	-	-82,295	18,516	-63,779
Balance as at 31 December 2018	-61,548	59 886	-1,662	334	-1,328
Fair value changes	-362,506	26,493	-336,013	75,604	-260,409
Transfer to results from hedging	245,765	-	245,765	-55,297	190,468
Balance as at 31 December 2019	-178,289	86,379	-91,910	20,641	-71,269

Changes in fair value for the period, on consolidated and individual basis, in the fair value reserve include: (i) contracts for the purchase and sale of commodities traded on futures exchange market whose fair values are settled on a daily basis, and therefor are not in the statement of financial position; and (ii) fair value variation of derivative financial instruments contracted and settled within the same period.

The gains and losses on the financial instruments portfolio, excluding accrued interest, booked in the Income Statement in 2019 and 2018 are as follows:

	Group		Company	
Thousand Euros	Dec 2019	Dec 2018	Dec 2019	Dec 2018
Commodity derivatives held for trading	43,061	10,055	49,078	-1,816
Debt derivatives held for trading	32,832	10,390	-	-16,774
Net investment hedge - ineffectiveness	-296	9,583	-	-
Fair value hedges:				
-Derivatives	21,802	-25,525	-	8,033
-Hedged liabilities	-15,540	24,086	-	-8,033
Cash flow hedges:				
-Transfer to results from hedging of financial liabilities	-39	6,409	-	-
-Transfer to results from hedging of commodity prices	-23,071	-75,443	-245,765	82,295
	58,749	-40,445	-196,687	63,705

The amount transferred to the Income Statement related to the hedging of commodity derivatives is included in the caption of Revenues and cost of Energy Sales and Services and Other.

The effective interest rates of the derivative financial instruments relating to financing operations at 31 December 2019 are as follows:

	Group			
	Notional Euro'000	Currency	EDP Pays	EDP Receives
Interest rate contracts:				
Interest rate swaps	3,486,543	EUR	[3.67% - -0.92%]	[4.88% - -0.83%]
Interest rate swaps	42,760	PLN	[2.78% - 2.48%]	-1.79%
Interest rate swaps	47,925	USD	1.86%	-2.10%
Interest rate swaps	12,253	CAD	2.59%	-1.97%
Currency and interest rate contracts:				
CIRS (currency interest rate swaps)	434,798	EUR/GBP	[3.67% - 0.98%]	[8.63% - -0.41%]
CIRS (currency interest rate swaps)	199,422	EUR/PLN	[4.69% - -0.40%]	[2.03% - -0.40%]
CIRS (currency interest rate swaps)	29,345	EUR/BRL	[5.95% - 5.94%]	[-0.40% - -0.44%]
CIRS (currency interest rate swaps)	44,307	EUR/CAD	[2.45% - -0.40%]	[-0.31% - -0.41%]
CIRS (currency interest rate swaps)	1,169,997	USD/EUR	[3.81% - 2.43%]	[1.50% - 0.38%]

The effective interest rates of the derivative financial instruments relating to financing operations at 31 December 2018 were as follows:

	Group			
	Notional Euro'000	Currency	EDP Pays	EDP Receives
Interest rate contracts:				
Interest rate swaps	3,974,360	EUR	[4.45% - -0.83%]	[4.88% - -0.83%]
Interest rate swaps	50,189	PLN	[2.78% - 2.48%]	1.81%
Interest rate swaps	50,311	USD	1.86%	1.00%
Interest rate swaps	13,788	CAD	2.59%	2.02%
Currency and interest rate contracts:				
CIRS (currency interest rate swaps)	428,723	EUR/GBP	3.67%	8.63%
CIRS (currency interest rate swaps)	79,460	USD/JPY	6.80%	3.11%
CIRS (currency interest rate swaps)	214,560	EUR/PLN	[4.69% - 1.60%]	[2.13% - -0.37%]
CIRS (currency interest rate swaps)	150,000	EUR/RON	[3.79% - 3.34%]	[-0.31% - -0.32%]
CIRS (currency interest rate swaps)	32,724	EUR/BRL	[6.01% - 5.94%]	-0.31%
CIRS (currency interest rate swaps)	42,192	BRL/USD	[9.13% - 7.60%]	[5.38% - 4.72%]
CIRS (currency interest rate swaps)	33,595	EUR/CAD	[2.7% - 2.39%]	[-0.31% - -0.37%]
CIRS (currency interest rate swaps)	750,000	USD/EUR	[3.68% - 3.20%]	[1.5% - 1.130%]

The contracted prices of the derivative financial instruments relating to commodities at 31 December 2019 were as follows:

	Unit	2020	2021	2022	2023	Following Years
Electricity swaps	Euros/MWh	[6.74 - 26.21]	[8.69 - 25.36]	[8.16 - 21.25]	[8.33 - 16.90]	[8.56 - 16.80]
Swaps related to gas commodity	Euros/MWh	[44.00 - 59.25]	[44.00 - 53.00]	[44.00 - 45.25]	[44.00 - 45.25]	[37.00 - 45.25]
CO2 forwards	Euros/MT	[23.64 - 28.95]	n.a.	n.a.	n.a.	n.a.

42. Commitments

Operating guarantees granted by EDP Group, not included in the consolidated statement of financial position nor in the Notes, are as follows:

	Group		Company	
Thousand Euros	Dec 2019	Dec 2018	Dec 2019	Dec 2018
Operating guarantees				
EDP, S.A.	453,005	420,194	453,295	420,194
EDP España Group	105,283	77,770	-	-
EDP Brasil Group	270,421	226,070	-	-
EDP Renováveis Group	1,435,821	998,308	-	-
	2,264,530	1,722,342	453,295	420,194

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

Additionally to the above guarantees, there are guarantees of operational nature related to the companies EDPR Participaciones S.L.U., EDP Renewables France S.A.S. and subsidiaries, whose sale occured in June 2019, and to the companies Babilônia Holding, S.A. and its subsidiaries, whose sale occured in December 2019 (see note 6), in the amount of 5,274 thousand Euros and 199 thousand Euros, respectively, for which EDPR temporarily assumes responsibility until they are effectively replaced.

In addition to the guarantees identified above, EDP Group provides financial and operating guarantees related to liabilities assumed by joint ventures and associates in the amount of 604,590 thousand Euros and 341,301 thousand Euros, respectively (31 December 2018: 459,889 thousand Euros and 220,988 thousand Euros).

The remaining financial and operating guarantees granted by EDP Group have underlying liabilities that are already reflected in its consolidated statement of financial position and/or disclosed in the Notes.

In the Group, the commitments relating to future cash outflows not reflected in the measurement of the lease liabilities (rents due from lease contracts) and purchase obligations are disclosed, by maturity, as follows:

	Dec 2019				
		Capital outstanding by maturity			
Thousand Euros	Total	Less than 1 year	From 1 to 3 years	From 3 to 5 years	More than 5 years
Future cash outflows not reflected in the measurement of the lease liabilities (rents due from lease contracts)	300,347	22,773	65,895	58,665	153,014
Purchase obligations	23,762,667	4,772,858	5,354,099	2,824,157	10,811,553
	24,063,014	4,795,631	5,419,994	2,882,822	10,964,567

	Dec 2018				
		Capital outstanding by maturity			
Thousand Euros	Total	Less than 1 year	From 1 to 3 years	From 3 to 5 years	More than 5 years
Operating lease commitments	1,403,184	77,800	134,956	125,572	1,064,856
Purchase obligations	22,489,188	4,293,287	4,732,110	2,910,149	10,553,642
	23,892,372	4,371,087	4,867,066	3,035,721	11,618,498

The Group's contractual commitments shown above relate essentially to agreements and commitments required for current business activities. Specifically, the majority of the commitments are established to guarantee adequate supply of energy to the customers in Europe, United States of America and Brazil and to comply with medium and long term investment objectives of the Group.

With the adoption of IFRS 16 - Leases, as at 1 January 2019, the EDP Group recognised in the consolidated statement of financial position the operating lease commitments (see note 3), unless the lease term is 12 months or less, or the lease is for a low-value asset. Additionally, as at 31 December 2019, there are commitments from future cash outflows not reflected in the measurement of the lease liabilities (rents due from lease contracts) which refer to future rents of lease contracts already signed but not yet commenced.

The commitments related to the joint ventures are disclosed in note 21.

Purchase obligations include 12,328,055 thousand Euros essentially related with very long-term contracts for energy acquisition in the brazilian market (by regulatory imposition) which are updated with the respective projected rates and discounted at present value by a rate that represents the weighted average cost of capital (WACC) of the EDP Brasil Group, as follows:

Thousand Euros	Dec 2019	Dec 2018
Purchase obligation - Present value	12,328,055	12,451,745
Purchase obligation - Nominal amount	17,121,883	17,630,575

Purchase obligations also include obligations of long term contracts relating to the supply of products and services under the Group's ordinary course of business. Prices defined under forward contracts are used in estimating the amount of contractual commitments.

The nature of purchase obligations breaks down as follows:

Thousand Euros	Dec 2019	Dec 2018
Fuel acquisition	6,994,412	7,000,047
Electricity acquisition	11,294,873	11,387,475
O&M contracts	902,040	1,085,743
Fixed assets, equipment and miscellaneous materials acquisition	2,159,439	1,814,828
Supply and assembly contract	1,340,568	377,339
Other supplies and services	1,071,335	823,756
	23,762,667	22,489,188

The commitments for fuel and electricity acquisition are disclosed, by maturity, as follows:

	Dec 2019				
		Capital outstanding by maturity			
Thousand Euros	Total	Less than 1 year	From 1 to 3 years	From 3 to 5 years	More than 5 years
Fuel acquisition	6,994,412	657,713	1,071,616	734,854	4,530,229
Electricity acquisition	11,294,873	1,431,081	2,207,412	1,904,441	5,751,939
	18,289,285	2,088,794	3,279,028	2,639,295	10,282,168

	Dec 2018				
		Capital outstanding by maturity			
Thousand Euros	Total	Less than 1 year	From 1 to 3 years	From 3 to 5 years	More than 5 years
Fuel acquisition	7,000,047	1,037,552	1,280,406	883,382	3,798,707
Electricity acquisition	11,387,475	1,275,773	2,112,075	1,817,071	6,182,556
	18,387,522	2,313,325	3,392,481	2,700,453	9,981,263

Some of the transactions related to the disposal of non-controlling interests while retaining control, carried out in previous years, incorporate contingent assets and liabilities according to the terms of the corresponding agreements. Additionally, some of the assets acquisition transactions foresee contingent liabilities which depend on certain milestones and, although EDP Group has recognized the fair value of these liabilities in the consolidated financial statements, changes in the assumptions could change these liabilities.

At Company level, the commitments relating to future cash outflows not reflected in the measurement of the lease liabilities (rents due from lease contracts) and purchase obligations are disclosed, by maturity, as follows:

	Dec 2019				
		Capital outstanding by maturity			
Thousand Euros	Total	Less than 1 year	From 1 to 3 years	From 3 to 5 years	More than 5 years
Future cash outflows not reflected in the measurement of the lease liabilities (rents due from lease contracts)	362	362	-	-	-
Purchase obligations	5,645,372	310,741	603,311	525,902	4,205,418
	5,645,734	311,103	603,311	525,902	4,205,418

	Dec 2018				
		Capital outstanding by maturity			
Thousand Euros	Total	Less than 1 year	From 1 to 3 years	From 3 to 5 years	More than 5 years
Operating lease commitments	225,723	11,966	18,615	18,645	176,497
Purchase obligations	4,469,958	62,003	523,792	474,556	3,409,607
	4,695,681	73,969	542,407	493,201	3,586,104

The caption Purchase obligations relates mainly to gas purchase contracts.

43. Related Parties

Shares held by company officers

The number of shares of EDP S.A. held or attributable to company officers as at 31 December 2019 and 2018 are as follows:

	2019 Nr. of shares	2018 Nr. of shares
General and Supervisory Board		
China Three Gorges Corporation (represented by Dingming Zhang)	850,777,024	850,777,024
China Three Gorges International Corp. (represented by Shengliang Wu)	850,777,024	850,777,024
China Three Gorges (Europe), S.A. (represented by Ignacio Herrero Ruiz)	850,777,024	850,777,024
Draursa, S.A. (represented by Felipe Fernández Fernández)	1,350	1,350
Fernando Maria Masaveu Herrero	265,065,136	265,065,136
Mubadala Investment Company (represented by Mohammed Issa Khalfan Alhuraimel Alshamsi)	76,787,292	115,236,553
Sonatrach (represented by Karim Djebbour)	87,007,433	87,007,433
Vasco Joaquim Rocha Vieira	3,203	3,203
Banco Comercial Português, S.A. (represented by Nuno Manuel da Silva Amado)	75,615,918	88,989,949
João Carvalho das Neves	7,429	7,429
Luís Maria Viana Palha da Silva[1]	5,050	-
Executive Board of Directors		
António Luís Guerra Nunes Mexia	91,000	91,000
António Fernando Melo Martins da Costa	54,299	54,299
João Manuel Manso Neto	1,268	1,268
João Manuel Veríssimo Marques da Cruz	-	79,578
Miguel Nuno Simões Nunes Ferreira Setas	7,382	7,382
Miguel Stilwell de Andrade	140,000	140,000
Maria Teresa Isabel Pereira	71,281	71,281
Rui Manuel Rodrigues Lopes Teixeira	31,733	31,733

[1] Representative after 24 April 2019 therefore no information was reported related to 2018.

EDP, S.A bonds and the number of shares of other EDP group companies held or attributable to company officers are disclosed in part I section X - Ownership structure of chapter X - Corporate governance.

During 2019, João Manuel Veríssimo Marques da Cruz, member of the Executive Board of Directors (EBD), sold 79,578 shares representative of EDP - Energias de Portugal, S.A. share capital.

Remuneration of company officers

In accordance with the Company's by-laws, the remuneration of company officers is set by a Remunerations Committee appointed by the Shareholders' General Meeting, except for the remuneration of the members of the Executive Board of Directors (EBD), which is set by a Remunerations Committee appointed by the General and Supervisory Board (GSB).

Short-term employee benefits

During 2019, the annual fixed and variable remuneration cost accounted for the members of the EBD and the fixed remuneration of the GSB, was as follows:

Thousand Euros	EBD	GSB
President	1,340	515
Members	5,687	1,326
	7,027	**1,841**

The remuneration costs accounted with the EBD includes the amount of 2,688 thousand Euros related to the annual variable remuneration. This amount was calculated considering the best estimation of the variable remuneration for the year of 2019, in accordance with Remunerations Committee policy of the GSB, deducted from the correction of the accrual from the previous year compared with the amount paid.

Additionally, the Remunerations Committee policy of the GSB foresees, in certain circumstances, a variable multi-annual remuneration to the EBD members, corresponding to the current mandate (2019-2021). On this basis, an estimated amount of 12,745 thousand Euros was accrued (31 December 2018: 12,835 thousand Euros).

During 2019, the remuneration costs of the members of the Remunerations Committee of the General Assembly and Sustainability Committee amounted to 35,000 Euros and 7,000 Euros, respectively.

Post-employment benefits

EDP has no specific retirement benefits system in place for its directors. The remuneration fixed by the Remuneration Committee of the General and Supervisory Board provides for a retirement savings plan-type standard financial product for the members of the Executive Board of Directors, who contribute 10% (ten percent) of their net fixed annual remuneration. It was granted by decision of the General Meeting of 24 April 2019 as part of the remuneration policy statement. This financial product does not entail any cost to EDP in the future, as it is merely a subscription to a financial product while the members of the managing body hold their positions and is not covered by Article 402 (1) of the "Código das Sociedades Comerciais" (Portuguese Commercial Companies Code).

Audit and non audit fees

In 2019, PwC fees relating to external audit and statutory audit of all subsidiaries of EDP Group, except EDP Brasil Group, amounted to 5,703,337 Euros. Additionally, the total fees charged by PwC for other assurance services, which include quarterly reviews, and other non audit services amounted to 1,119,028 Euros and 47,444 Euros, respectively.

In 2019, PwC Portugal fees relating to external audit and statutory audit of all subsidiaries of EDP Group in Portugal, amounted to 2,586,892 Euros. The total fees charged by PwC Portugal for other assurance of reliability services, which include quarterly reviews and other non audit services to subsidiaries of EDP Group in Portugal amounted to 785,923 Euros and 6,000 Euros, respectively.

Business operations between the Company and the members of the Executive Board of Directors and General and Supervisory Board with qualifying holdings and companies in the group or control relationship with EDP

In the course of its activity and regardless of their relevance, EDP concludes businesses and operations under normal market conditions for similar transactions with different entities, namely financial institutions, including holders of qualified shareholdings in EDP's share capital and those related parties.

On 11 May 2012, after the Strategic Partnership Agreement concluded with China Three Gorges Corporation (CTG) came into effect in December 2011, this company (and three other group companies) became part of EDP's General and Supervisory Board.

Under the Strategic Partnership Agreement with China Three Gorges Corporation, on 28 June 2013, EDP Renováveis, S.A. sold for a total final price of 368 million Euros to a CTG Group company (CITIC CWEI Renewables S.C.A.) a 49% shareholding in EDP Renováveis Portugal and 25% of the shareholder loans capital and supplementary capital contributions under the applicable rules for additional contributions granted to this company.

Also under this partnership, on 6 December 2013, EDP Brasil signed a Memorandum of Understanding with CWE Investment Corporation (CWEI), currently designated as China Three Gorges Corporation, a wholly owned subsidiary of CTG, setting out the main guidelines for a future partnership in joint investments between EDP Brasil and CWEI and that governs parties' participation in joint projects in Brazil. These investments by CWEI Brasil were considered for purposes of fulfilment of the Strategic Partnership Agreement in relation to the total investment of 2 billion Euros made by CTG up to 2015 (including co-funding of operating investments) in ready-to-build and operational renewable energy generation projects.

On 19 May 2015, EDP Renováveis, S.A. completed the sale to CTG, of a 49% equity shareholding in selected wind farms in Brazil. This transaction was recognised as a sale without loss of control, having the Group recognised non-controlling interests of 50,943 thousand Euros and an impact in reserves attributable to the Group of 10,337 thousand Euros in 2015.

On 27 October 2016, the transaction relating with the sale of the minority interest in the wind generation assets of EDP Renováveis in Italy and Poland to CTG, which purchase and sale agreement was signed on 28 December 2015 was concluded. CTG, through ACE Poland S.A.R.L. and ACE Italy S.A.R.L., both owned in 100% by ACE Investment Fund LP, an entity owned by China Three Gorges Hong Kong Ltd, subsidiary of CTG, formalised the payment of approximately 363 million Euros corresponding to the final price agreed between the parties.

On 30 June 2017, EDP Renewables, SGPS, S.A. completed the sale to ACE Portugal S.A.R.L. (CTG Group), of a 49% equity shareholding in EDPR PT-PE. This transaction was recognised as a sale without loss of control, having the Group recognised non-controlling interests of 135,679 thousand Euros and an impact in reserves attributable to the Group of 74,419 thousand Euros in 2017.

On 28 December 2018, EDP Renováveis S.A. completed the sale to CTG, of a 10% equity stake and respective shareholder loans on Moray Offshore Windfarm (East) Limited, for the total amount of 37.6 million Pounds.

Balances and transactions with companies of China Three Gorges Group

In accordance with the EDP/CTG strategic partnership, EDPR Group completed the sale of 49% of EDPR Portugal, EDPR Brasil, EDPR PT-PE, EDPR Italia and EDPR Polska to CTG Group.

Following these transactions, CTG Group granted shareholders loans to the EDPR Group in the amount of 235,717 thousand Euros including accrued interests (31 December 2018: 264,440 thousand Euros) (see note 38).

During 2019, EDPR Portugal distributed dividends to CTG in the amount of 22,050 thousand Euros.

Balances with EDP Pension and Medical and Death Subsidy Funds

In December 2015, EDP, S.A. signed a lease contract related with the building units of the Porto headquarters (sold to the EDP Pension Fund in December 2015) for a period of 25 years. As at 31 December 2019, the present value of the lease liability (rents due from lease contracts), as a result of the adoption of IFRS 16 on 1 January 2019, amounts to 48,232 thousand Euros (31 December 2018: 30,221 thousand Euros) (see note 38).

In September 2017, EDP, S.A. signed a lease contract related with the building of the Lisbon headquarters (given as an in-kind contribution to the EDP Medical and Death Subsidy Funds) for a period of 25 years. As at 31 December 2019, the present value of the lease liability (rents due from lease contracts), as a result of the adoption of IFRS 16 on 1 January 2019, amounts to 89,280 thousand Euros (31 December 2018: 54,198 thousand Euros) (see note 38).

Following the decision and implementation of the autonomisation of the Medical Plan and Death Subsidy Plan in Portugal, EDP Group has made contributions of 141,660 thousand Euros in 2019 (see note 34). In the following years, until the end of 2027, the Group estimates to make additional contributions in the approximate total amount of 173 million Euros, in line with the financing plan approved by Insurance and Pension Funds Supervisory Authority (ASF).

Balances and transactions with subsidiaries, joint ventures and associates

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

The credits and debits over subsidiaries, joint ventures and associates, at Company level, are as follows:

Credits held

	31 December 2019			
Thousand Euros	Intra-Group Financial Mov.	Loans and Interests receivable	Other Credits	Total
EDP Comercial, S.A.	56,945	75,831	275,210	407,986
EDP Distribuição, S.A.	-	1,503,715	25,434	1,529,149
EDP España, S.A.U.	-	-	107,479	107,479
EDP Finance, B.V.	-	560,077	39,458	599,535
EDP Produção, S.A.	-	1,369,908	188,855	1,558,763
Hidrocantábrico Distribucion Eléctrica, S.A.U.	-	-	31,823	31,823
EDP Renováveis, S.A.	-	-	5,257	5,257
EDP Servicios Financieros España, S.A.U.	523,825	-	1,522	525,347
EDP Serviço Universal, S.A.	-	300,157	5,595	305,752
EDP Renewables Europe, S.L.U.	-	-	15,237	15,237
EDP Comercializadora, S.A.U.	-	-	40,429	40,429
EDP GÁS.COM - Comércio de Gás Natural, S.A.	7,807	10,038	7,177	25,022
Other	23,486	54,165	45,060	122,711
	612,063	3,873,891	788,536	5,274,490

The amount of 560,077 thousand Euros refers to the repurchase in market by EDP, S.A. of four bond issues issued by EDP Finance B.V.

	31 December 2018			
Thousand Euros	Intra-Group Financial Mov.	Loans and Interests receivable	Other Credits	Total
EDP Comercial, S.A.	-	75,479	240,528	316,007
EDP Distribuição, S.A.	-	1,808,458	35,446	1,843,904
EDP España, S.A.U.	-	-	7,153	7,153
EDP Finance, B.V.	-	979,173	59,306	1,038,479
EDP Produção, S.A.	-	1,580,629	302,922	1,883,551
EDP Real State Global Solutions, S.A.	753	-	1,490	2,243
EDP IS, Lda.	-	192,714	3,925	196,639
EDP Renováveis, S.A.	-	-	6,214	6,214
EDP Servicios Financieros España, S.A.U.	634,299	-	2,464	636,763
EDP Serviço Universal, S.A.	-	-	132,655	132,655
EDP Renewables Europe, S.L.U.	-	-	64,444	64,444
EDP Comercializadora, S.A.U.	-	-	77,693	77,693
EDP GÁS.COM - Comércio de Gás Natural, S.A.	9,827	10,038	7,277	27,142
Other	31,118	32,657	53,966	117,741
	675,997	4,679,148	995,483	6,350,628

Debits held

Thousand Euros	31 December 2019 Intra-Group Financial Mov.	Loans and Interests payable	Other Debits	Total
EDP Distribuição, S.A.	225,055	-	5,712	230,767
EDP Comercial, S.A.	-	-	459	459
EDP Finance, B.V.	-	10,836,891	87,808	10,924,699
EDP Renováveis Servicios Financieros, S.A.	-	-	1,311	1,311
EDP Produção, S.A.	289,981	-	614,484	904,465
EDP Renováveis, S.A.	-	-	4,099	4,099
EDP Serviço Universal, S.A.	157,645	-	36,920	194,565
EDP España, S.A.U.	-	-	20,428	20,428
EDP Comercializadora, S.A.U	-	-	127,524	127,524
Other	39,154	-	77,807	116,961
	711,835	10,836,891	976,552	12,525,278

The amount of 10,836,891 thousand Euros includes 8,284,603 thousand Euros related to six intragroup bonds issued by EDP Finance BV and acquired by EDP S.A., with fixed and variable rate at medium-long term (3, 5, 7 and 10 years).

Thousand Euros	31 December 2018 Intra-Group Financial Mov.	Loans and Interests payable	Other Debits	Total
EDP Distribuição, S.A.	596,126	-	11,195	607,321
EDP Comercial, S.A.	32,669	-	939	33,608
EDP Finance, B.V.	-	11,423,451	106,359	11,529,810
EDP Produção, S.A.	355,986	-	463,736	819,722
EDP Renováveis, S.A.	-	-	6,261	6,261
EDP Serviço Universal, S.A.	-	-	9,976	9,976
EDP España, S.A.U.	-	-	6,359	6,359
EDP Comercializadora, S.A.U	-	-	4,441	4,441
Other	45,700	-	46,611	92,311
	1,030,481	11,423,451	655,877	13,109,809

Expenses and income related to Subsidiaries, Joint Ventures and Associates, at Company level, are as follows:

Expenses

Thousand Euros	31 December 2019 Interest on Intra-Group Financial Mov.	Interest on Loans Obtained	Other Losses	Total
EDP Finance, B.V.	-	152,228	130,808	283,036
EDP Produção, S.A.	-	-	1,190,204	1,190,204
EDP España, S.A.U.	-	-	152,442	152,442
EDP Comercializadora, S.A.U.	-	-	278,097	278,097
Other	8	-	132,489	132,497
	8	152,228	1,884,040	2,036,276

Thousand Euros	31 December 2018 Interest on Intra-Group Financial Mov.	Interest on Loans Obtained	Other Losses	Total
EDP Finance, B.V.	-	251,060	98,812	349,872
EDP Produção, S.A.	-	-	1,845,253	1,845,253
EDP España, S.A.U.	-	-	195,031	195,031
EDP Comercializadora, S.A.U.	-	-	22,189	22,189
Other	65	2	62,393	62,460
	65	251,062	2,223,678	2,474,805

Income

Thousand Euros	31 December 2019			
	Interest on Intra-Group Financial Mov.	Interest on Loans Granted	Other Gains	Total
EDP Comercial, S.A.	82	2,225	1,296,096	1,298,403
EDP Distribuição, S.A.	-	33,459	106,878	140,337
EDP España, S.A.U.	-	-	684,450	684,450
EDP Produção, S.A.	8	24,959	578,889	603,856
EDP Soluções Comerciais, S.A.	75	-	11,929	12,004
EDP Finance, B.V.	-	37,547	58,527	96,074
Hidrocantábrico Distribución Eléctrica S.A.U.	-	-	22,791	22,791
EDP Comercializadora, S.A.U	-	-	78,952	78,952
EDP Renováveis, S.A.	-	314	69,857	70,171
EDP Renewables Europe, S.L.U.	-	-	27,726	27,726
Other	94	6,028	176,441	182,563
	259	104,532	3,112,536	3,217,327

Other gains include income from equity investments of 686,205 thousand Euros (see note 13).

Thousand Euros	31 December 2018			
	Interest on Intra-Group Financial Mov.	Interest on Loans Granted	Other Gains	Total
EDP Comercial, S.A.	26	2,471	1,172,184	1,174,681
EDP Distribuição, S.A.	61	59,876	121,186	181,123
EDP España, S.A.U.	-	-	918,145	918,145
EDP Produção, S.A.	141	74,760	515,936	590,837
EDP Soluções Comerciais, S.A.	128	-	23,907	24,035
EDP Finance, B.V.	-	24,060	97,721	121,781
Hidrocantábrico Distribución Eléctrica S.A.U.	-	-	19,707	19,707
EDP Comercializadora, S.A.U	-	-	127,631	127,631
EDP Renováveis, S.A.	-	-	93,301	93,301
EDP Renewables Europe, S.L.U.	-	-	53,608	53,608
Other	191	14,541	73,958	88,690
	547	175,708	3,217,284	3,393,539

Assets, liabilities and transactions with related companies, for the Group, are as follows:

Assets and Liabilities

Thousand Euros	31 December 2019		
	Assets	Liabilities	Net Value
Joint Ventures			
Companhia Energética do JARI - CEJA	3,522	467	3,055
Porto do Pecém Transportadora de Minérios S.A.	1,418	343	1,075
Cide HC Energía, S.A.	3,275	6,470	-3,195
SCNET - Sino-Portuguese Centre	-	1,080	-1,080
HC Tudela Cogeneración, S.L.	2,298	1,294	1,004
Other	2,943	954	1,989
	13,456	10,608	2,848
Associates			
MABE Construção e Administração de Projectos, Ltda.	5,407	-	5,407
Parque Eólico Sierra del Madero, S.A.	8,150	-	8,150
Other	6,983	2,426	4,557
	20,540	2,426	18,114
	33,996	13,034	20,962

	31 December 2018		
Thousand Euros	Assets	Liabilities	Net Value
Joint Ventures			
Hydro Global Investment, Ltda.	12,891	-	12,891
Empresa de Energia Cachoeira Caldeirão, S.A.	755	58	697
Empresa de Energia São Manoel, S.A.	451	605	-154
Cide HC Energía, S.A.	3,752	2,094	1,658
Éoliennes en Mer Dieppe - Le Tréport, S.A.S.	8,131	-	8,131
Moray West Holdings Limited	5,149	-	5,149
Windplus, S.A.	5,652	-	5,652
HC Tudela Cogeneración, S.L.	1,970	1,716	254
Other	12,880	1,691	11,189
	51,631	6,164	45,467
Associates			
MABE Construção e Administração de Projectos	5,126	-	5,126
Parque Eólico Sierra del Madero	12,785	-	12,785
Other	7,259	1,660	5,599
	25,170	1,660	23,510
	76,801	7,824	68,977

Transactions

	31 December 2019			
Thousand Euros	Operating Income	Financial Income	Operating Expenses	Financial Expenses
Joint Ventures				
Cide HC Energía, S.A.	90,553	12	113	-
HC Tudela Cogeneración, S.L.	5,192	28	3,146	-
Empresa de Energia São Manoel, S.A.	35	-	8,559	-
Comercializador de Referencia Energético, S.L.U.	5,949	-	17	-
Porto do Pecém Transportadora de Minérios S.A.	259	-	5,294	-
Other	9,694	991	1,569	-
	111,682	1,031	18,698	-
Associates				
MABE Construção e Administração de Projectos, Ltda.	-	304	-	-
Desarrollos Eólicos de Canarias, S.A.	227	-	18	-
Parque Eólico Sierra del Madero	8	345	-	-
Parque Eólico Belmonte, S.A.	695	34	-	-
Other	48	217	120	-
	978	900	138	-
	112,660	1,931	18,836	-

	31 December 2018			
Thousand Euros	Operating Income	Financial Income	Operating Expenses	Financial Expenses
Joint Ventures				
Cide HC Energía, S.A.	101,547	19	131	-
Empresa de Energia Cachoeira Caldeirão, S.A.	4,970	-	-	-
Empresa de Energia São Manoel, S.A.	2,620	-	11,696	-
Moray East Holdings Limited	-	1,564	-	-
Porto do Pecém Transportadora de Minérios S.A.	305	-	6,610	-
Other	19,789	1,077	9,332	-
	129,231	2,660	27,769	-
Associates				
MABE Construção e Administração de Projectos, Ltda.	110	312	-	-
Desarrollos Eólicos de Canarias, S.A.	139	-	34	-
Parque Eólico Sierra del Madero	9	456	-	-
Parque Eólico Belmonte, S.A.	667	31	-	-
Other	-	255	34	34
	925	1,054	68	34
	130,156	3,714	27,837	34

44. Fair Value of Financial Assets and Liabilities

Fair value of financial instruments is based, whenever available, on listed market prices. Otherwise, fair value is determined through quotations supplied by third parties or through internal models, which are based on cash flow discounting techniques and option valuation models. These models are developed considering the market variables which affect the financial instruments, namely yield curves, exchange rates and volatility factors, including credit risk.

Market data is obtained from stock exchange and suppliers of financial data (Bloomberg).

As at 31 December 2019 and 2018, the following table presents the interest rate curves of the major currencies to which the Group is exposed used for cash flow discount (in addition to the rates listed below, the Group adjusts discount rates for credit risk):

	2019		2018	
	Currency		Currency	
	EUR	USD	EUR	USD
3 months	-0.38%	1.91%	-0.31%	2.81%
6 months	-0.32%	1.91%	-0.24%	2.88%
1 year	-0.25%	2.00%	-0.12%	3.01%
2 years	-0.29%	1.70%	-0.17%	2.66%
3 years	-0.24%	1.69%	-0.07%	2.59%
4 years	-0.18%	1.70%	0.06%	2.57%
5 years	-0.11%	1.73%	0.20%	2.57%
6 years	-0.05%	1.76%	0.34%	2.60%
7 years	0.02%	1.80%	0.47%	2.62%
8 years	0.08%	1.83%	0.59%	2.65%
9 years	0.15%	1.86%	0.71%	2.68%
10 years	0.21%	1.90%	0.81%	2.71%

The fair value of financial assets and liabilities is as follows:

	Dec 2019			Dec 2018		
Thousand Euros	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
Assets						
Equity instruments at fair value	170,806	170,806	-	125,147	125,147	-
Debtors/other assets from commercial activities	6,282,380	6,282,380	-	5,690,119	5,690,119	-
Other debtors and other assets	1,249,065	1,249,065	-	935,988	935,988	-
Derivative financial instruments	565,292	565,292	-	288,440	288,440	-
Collateral deposits/financial debt	61,476	61,476	-	192,891	192,891	-
Cash and cash equivalents	1,542,722	1,542,722	-	1,803,205	1,803,205	-
	9,871,741	9,871,741	-	9,035,790	9,035,790	-
Liabilities						
Financial debt	16,571,469	17,319,817	748,348	16,084,899	16,693,030	608,131
Suppliers and accruals	2,115,931	2,115,931	-	1,984,796	1,984,796	-
Institutional partnerships in USA	2,289,784	2,289,784	-	2,231,249	2,231,249	-
Trade payables and other liabilities from commercial activities	2,821,549	2,821,549	-	2,650,091	2,650,091	-
Other liabilities and other payables	1,418,519	1,418,519	-	1,175,477	1,175,477	-
Derivative financial instruments	382,371	382,371	-	352,344	352,344	-
	25,599,623	26,347,971	748,348	24,478,856	25,086,987	608,131

Given that EDP Group's financial assets and liabilities, recognised at amortised cost, are predominantly short-term and level 2, changes in fair value were not considered. Fair value of EDP Group's loans was determined considering current market interest rates.

The market value of loans is calculated based on the discounted cash flows at market interest rates at the balance sheet date, increased by the best estimate, at the same date, of market conditions applicable to Group's debt, based on its average term.

According to IFRS 13 requirements, EDP Group established the way it obtains the fair value of its financial assets and liabilities. The levels used are defined as follows:

- Level 1 – Fair value based on the available listed price (not adjusted) in the identified active markets for assets and liabilities;
- Level 2 – Fair value based in market inputs not included in level 1, but observable in the market for the asset or liability, either directly or indirectly;
- Level 3 – Fair value of the assets and liabilities calculated with inputs that are not based on observable market information.

	Dec 2019			Dec 2018		
Thousand Euros	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets						
Equity instruments at fair value through						
other comprehensive income (note 22.1)	-	80,079	22,735	-	74,535	18,752
profit or loss (note 22.2)	-	-	67,992	-	-	31,860
Tariff deficit at fair value through other comprehensive income (see note 25)	-	9,157	-	-	12,896	-
Amounts receivable from concessions-IFRIC 12 at fair value through profit or loss (see note 25)	-	664,489	-	-	519,544	-
Derivative financial instruments (see note 41)	-	565,292	-	-	288,440	-
	-	1,319,017	90,727	-	895,415	50,612
Financial liabilities						
Derivative financial instruments (see note 41)	-	382,371	-	-	352,344	-
	-	382,371	-	-	352,344	-

The market value of the amounts of tariff deficit at fair value through other comprehensive income is calculated based on the cash flows associated with these assets, discounted at rates which, at the balance sheet date, better reflect the assets risk considering the average term of the assets.

The amounts receivable from concessions - IFRIC 12 at fair value through profit or loss are valued based in the methodology of the Value of Replacement as New (VNR). This method requires that each asset is valued, at current prices, for all the expenses needed for its replacement by equivalent asset that performs the same services and has the same capacity as the existing asset. The valuation for each asset is based on (i) Data Bank of Referential Prices - which is defined in the Tariff Adjustment Procedures - PRORET; or (ii) Data Bank of Prices from the Distribution company - which is formed based on the company's own information; or (iii) Referential Budget – that corresponds to the calculation by comparison of market data, relating to other assets with similar characteristics. ANEEL reviews the VNR, through the valuation report of the Regulatory Remuneration Base, every three years for EDP Espírito Santo and every four years for EDP São Paulo, as established in the concession contracts.

The movement in financial assets and liabilities included in Level 3 is as follows:

	At fair value through	
Thousand Euros	other comprehensive income	profit or loss
Balance at beginning of period	18,752	31,860
Change in fair value (see note 22)	958	33,690
Acquisitions	3,425	2,870
Disposals	-369	-
Other changes	-31	-428
Balance at the end of the period	22,735	67,992

The assumptions used in the determination of Equity Instruments at Fair Value are described in note 22, as required by IFRS 13.

45. CO2 Licenses

The movements in the portfolio of CO2 Licenses held for trading and classified as inventories are as follows:

	Group	
CO2 (Ton)	Dec 2019	Dec 2018
CO2 Licenses held for trading on 1 January	-	-
Licenses negotiated in the market	7,677,267	15,967,000
Emission Licenses transferred from trading portfolio to intangibles	-7,677,267	-15,967,000
CO2 Licenses held for trading on 31 December	-	-
CO2 Licenses for trading on 31 December (in thousand Euros)	-	-

Purchases and sales of Licenses are booked based on the listed price on the transaction date. Emission Licenses transferred to the trading portfolios are classified as Inventories (see note 24), in accordance with Accounting policy - note 2 x).

Fair value corresponds to the spot price (closing price) at the end of December in each period.

46. Relevant or Subsequent Events

EDP secures a 66 MW PPA for a solar project in Brazil

On 13 January 2020, EDP disclosed that, through its subsidiary EDP Renováveis, it had secured a 19-year private PPA to sell the energy to be produced by Lagoa solar

Lagoa solar power plant is located in the Brazilian State of Paraíba and has a total capacity of 66 MW while the start of operations is expected for 2022.

EDP issues green hybrid of 750 million Euros and repurchases green hybrid in the same amount

On 13 January 2020, EDP - Energias de Portugal S.A. issued 750 million Euros of subordinated notes, with an early redemption option exercisable 5,25 years after the issue date, final maturity date in July 2080 and a yield of 1.75% (cupon 1.7%) up to the first reset date to happen 5 years and 6 months after issuance. At that same date, the company launched a cash tender offer for outstanding 750 million Euros of subordinated notes with final maturity date in 2075, of which 680,8 million Euros were repurchased and 69,2 million Euros will be early redeemed.

EDP and ENGIE sign a an agreement to create a co-controlled joint venture for offshore wind

On 23 January 2020, EDP announced, through its subsidiary EDP Renováveis, the signing of an agreement with ENGIE to create a co-controlled 50/50 joint-venture focused in fixed and floating offshore wind.

As agreed, EDP and ENGIE, are combining their offshore wind assets and project pipeline in this new entity, starting with a total of 1.5 GW under construction and 3.7 GW under development, and working together to become a global top leader in the sector.

EDPR awarded 109 MW in Italy

EDP Renováveis secured 20-year Contract-for-Difference at the Italian energy auction to sell electricity produced by 109 MW of the 3 wind farms, located in that country. The expected beginning of commercial operations is set for 2021.

Amendment of qualified shareholding - BlackRock

On 6 February 2020, BlackRock notified EDP that it had surpased the qualifying shareholding of 5% of EDP's share capital on 31 January 2020.

47. EDP Branch in Spain

The aim of EDP - Energias de Portugal - Sociedade Anónima, Sucursal en España is to manage and coordinate the energy interests of subsidiaries depending from EDP Group in Spain, organised through managing and monitoring structures, in order to ensure the maximum synergy and value creation in the operations and activities in Spain, also assuming itself as an organizational platform to lead the Iberian integration of shared and support services (back and middle offices). On this basis, interests in EDP Servicios Financieros (España), S.A.U. and EDP España, S.A.U. are directly allocated to the assets of EDP Sucursal, as well as the majority interest in EDP Renováveis, S.A.

The Spanish branch of EDP has offices in Madrid and Oviedo. From a formal and legal point of view, the representation of the Spanish branch of EDP before third parties is ensured through the permanent representatives, which are members of the Executive Board of Directors of EDP, mandated for that purpose.

The structure of direction, coordination, management and representation of the Spanish branch of EDP is composed by an Executive Committee, a Management Committee and by direct representation on iberian scope EDP Management Committees.

The Executive Committee is composed essentially by five permanent representatives, a Corporate General Director (Group Controller for the activities in Spain) and by first line directors of the business units in Spain, which constitute the main direction and coordination body of the Branch, being responsible for the coordination of the activities of the permanent representatives and of the Management Committee. The Management Committee is chaired by the Corporate General Director and is composed by the natural extension of the Departments of the Corporate Centre of EDP in Spain, namely the Department of M&A ("Direcção de Projectos e Novos Negócios"), Department of Legal Affairs ("Direcção de Assessoria Jurídica"), Department of Internal Audit ("Direcção de Auditoria"), Department of Administration and Finance ("Direcção de Administração e Finanças"), Department of Human Resources ("Direcção de Recursos Humanos"), Department of EDP Spain Foundation ("Direcção da Fundação EDP Espanha"), Department of Regulation ("Direcção de Regulação"), IT Department ("Direcção de Sistemas de Informação") and Department of Environment, Sustainability, Innovation and Quality ("Direcção de Ambiente, Sustentabilidade, Inovação e Qualidade") ensuring in a homogeneous way the functions of these departments transversally to the Spanish territory, being provided with 214 human resources as at 31 December 2019, including 114 in its own payroll. Lastly, the Spanish branch of EDP has direct representation on iberian scope EDP Management Committees, particularly the Energy Planning, Price and Volume, Markets, Distribution Networks, Commercial and Production Committees.

The consolidated Statement of Financial Position of the Branch is as follows:

	EDP Branch	
Thousand Euros	Dec 2019	Dec 2018
Investments in subsidiaries:		
- EDP Renováveis, S.A.	4,154,431	4,154,431
- EDP España, S.A.U.	2,105,002	2,105,002
- EDP Servicios Financieros (España), S.A.U.	482,695	482,695
- EDP International Investments and Services, S.L.	988,849	281,854
Deferred tax assets	66,972	86,314
Other debtors and others assets	9,702	9,693
Total Non-Current Assets	7,807,651	7,119,989
Other debtors and others assets	656,576	666,695
Tax receivable	79,517	84,972
Cash and cash equivalents	136	67
Total Current Assets	736,229	751,734
Total Assets	8,543,880	7,871,723
Equity	8,442,024	7,724,853
Employee benefits	2,225	2,258
Other liabilities and other payables	1,501	67,351
Total Non-Current Liabilities	3,726	69,609
Employee benefits	17	1,299
Other liabilities and other payables	96,521	74,021
Tax payable	1,592	1,941
Total Current Liabilities	98,130	77,261
Total Liabilities	101,856	146,870
Total Equity and Liabilities	8,543,880	7,871,723

48. Environmental Matters

Expenses of an environmental nature are those identified and incurred to avoid, reduce or repair damage of an environmental nature resulting from the company's normal activity.

Expenses of an environmental nature are booked as expenses for the period, except if they qualify to be recognised as an asset according with IAS 16.

Investments of an environmental nature booked as Property, plant and equipment and intangible assets during 2019 and 2018, in the Group, are as follows:

	Group	
Thousand Euros	Dec 2019	Dec 2018
Air and climate protection	777	2,056
Water management	376	116
Waste management	118	346
Soil, subterranean and surface water protection	1,290	1,966
Noise and vibration reduction	735	262
Biodiversity protection	13,499	12,283
Landscape protection	14,784	15,687
Energetic efficiency	21,643	19,259
Radiations management	-	6
Research and development in the environmental area	17	105
Other environmental management and protection activities	35,078	16,901
	88,317	68,987

The variation of the caption Other environmental management and protection activities corresponds essentially to investment in construction and license of transmission lots in Brazil.

During 2019 and 2018, the Group recognised expenses that are as follows:

	Group	
Thousand Euros	Dec 2019	Dec 2018
Air and climate protection	205,589	144,146
Water management	13,186	13,987
Waste management	13,487	12,493
Soil, subterranean and surface water protection	1,910	1,182
Noise and vibration reduction	225	224
Biodiversity protection	4,973	4,188
Landscape protection	13	38
Energetic efficiency	13,877	7,703
Radiations management	66	10
Research and development in the environmental area	547	668
Other environmental management and protection activities	12,006	10,857
	265,879	195,496

Under current and future socioeconomic trends and practices followed by the EDP Group regarding to environmental sustainability, the group accounts for provisions to cover the costs of dismantling, decommissioning, restoring and decontaminating land where electric power plants are located, of 83,972 thousand Euros and 85,244 thousand Euros for thermoelectric power plants located in Portugal and Spain, respectively. Regarding the liability to dismantle and restore the land where wind farms are located to its original condition, as at 31 December 2019, the provisions amount to 270,353 thousand Euros. Additionally, the provision to dismantle the Trillo nuclear power plant amounts to 44,375 thousand Euros (see notes 2 n) and 35).

Environmental income recognised in 2019 relates to the sale of environmental waste of 4,535 thousand Euros (31 December 2018: 6,606 thousand Euros) and the sale of by-products of 127 thousand Euros (31 December 2018: 248 thousand Euros).

49. Investigation process about CMEC and DPH

In 2012, the European Commission (EC) and the Portuguese authorities (Public Prosecution Services) received complaints concerning the early termination of the Power Purchase Agreements (PPAs) and the methodology of the costs for the contractual stability compensation mechanism (CMEC), as well as in respect of EDP's rights to use the Public Hydro Domain (DPH).

In 2003, changes in European Union legislation occurred aiming to deepen the liberalization of the energy sector. In parallel, the Government of Portugal and Spain assumed the commitment for the implementation of MIBEL. Aiming to achieve such objectives, Decree-Law no. 240/2004 was published, which provided for the early termination of PPAs that were signed in 1996. As a result of this required early termination, EDP and REN - Rede Eléctrica Nacional, S.A. (REN) agreed in 2005 (and with amendments in 2007) to the early termination of their long-term PPAs, with effect from 1 July 2007. The methodology which was used to determine the amount of the compensation that EDP was entitled to receive in connection with such early termination, the CMEC, was approved by the EC in 2004 (Decision N161/2004) which considered the compensation as effectively and strictly necessary.

On 8 March 2008, following the provision of Decree-Law no. 226-A/2007 that aimed to the regularization of historic rights regarding the use of DPH, the Government, REN and EDP Produção signed several service concession arrangements for which EDP Produção paid approximately 759 million Euros as consideration of the economic and financial balance for the use of the DPH. The additional payment obligation did not exist within the 2004 legal framework that granted to hydroelectric power centers holders the option to continue to exploit such centers until the end of the respective service life.

Following the complaint received, the EC requested clarifications from the Portuguese State in relation to the early termination of the PPAs and its replacement for the CMEC, having concluded in September 2013 that the compensation payments received for early termination did not exceed what was necessary to repay the shortfall in investment costs repayable over the asset's lifetime, and determined that the implementation of the CMEC remains in keeping with the terms notified to and approved by the EC in 2004. Thus, the EC decided that no in-depth investigation into the CMEC process was require. Nevertheless, in the same document, the EC considered relevant to perform in-depth investigation regarding the concession rights of DPH by EDP plants.

On 15 May 2017, the EC formally concluded its in-depth investigation into the DPH concession rights having concluded that the compensation paid by EDP was compatible with market conditions. The EC concluded that the financial methodology used to assess the price of the concessions was appropriate and resulted in a fair market price, and therefore, no state aid had been granted to EDP.

On 2 June 2017, EDP became aware of Portugal's Public Prosecution Services investigation in relation to the amounts due to EDP for the termination of the PPAs and compensation paid by EDP for the DPH concessions. Portugal's Public Prosecution Services stated that the investigations continue and the facts may relate to active and passive corruption and economic participation in business and searches were conducted at the offices of EDP, grid operator REN and the local division of a consulting group. In the context of the Investigation, the Portuguese Public Prosecution Services stated that certain members of EDP's Executive Board of Directors, as well as former EDP directors, that had signed the relevant contracts were named as targets of the Investigation.

EDP does not accept any accusations of wrongdoing on its part nor on the part of any member of the EDP Group and believes that the amounts due for the termination of PPAs under the CMEC and the amount paid for the DPH concession rights were fair and in compliance with market conditions and based on arm's length transactions. However, it is difficult to predict any outcome at this early stage in the process as well as any potential impacts in the financial statements.

50. Operating Segments

In accordance with IFRS 8, an operating segment is a Group component:
(i) that engages in business activities from which it may earn revenues and incur expenses;
(ii) whose operating results are reviewed regularly by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and
(iii) for which discrete financial information is available.

The Group develops a set of regulated and liberalised activities in the energy sector, with special emphasis in generation, distribution and supply of electricity.

The Executive Board of Directors regularly reviews segmental reports, using Operating Profit to assess and release each business operating performance, as well as to allocate resources.

The management of financial activities of all EDP Group entities (except Brazil) is undertaken centrally by the Financial Department at holding level, in accordance with policies approved by the Executive Board of Directors. As a result of this management, all financial operations and financial results are disclosed only at Group level.

Following the Strategic Plan Update 2019-2022, annouced in the last 12 March 2019, the Executive Board of Directors reorganized the business segments in order to be aligned with this new view, with effect from 1 January 2019.

For comparability purposes and regarding the changes occurred in the segments composition, a corresponding restatement of the previous year information was made.

The segments defined by the Group are the following:
• Renewables;
• Networks;
• Client Solutions & Energy Management.

The Renewables segment corresponds to the activity of generation of electricity from renewable sources, mainly hydro, wind and solar. This segment includes, but not limited to, the following companies:

• EDP - Gestão da Produção de Energia, S.A. (hydro activity);
• EDP España, S.A.U. (hydro activity);
• EDP Renováveis, S.A. and all subsidiaries of the EDPR Group;
• Enerpeixe, S.A.;
• Investco, S.A.;
• Lajeado Energia, S.A.

The Networks segment corresponds to the activities of electricity distribution and transmission, including last resort suppliers. This segment includes, but not limited to, the following companies:

• EDP Distribuição - Energia, S.A.;
• EDP Serviço Universal, S.A.;
• Electra de Llobregat Energía, S.L.;
• Hidrocantábrico Distribucion Eléctrica, S.A.U.;
• EDP Gás Serviço Universal, S.A.;
• EDP Espírito Santo Distribuição de Energia S.A.;
• EDP São Paulo Distribuição de Energia S.A.;
• EDP Transmissão, S.A.;
• EDP Transmissão Aliança SC, S.A.;
• EDP Transmissão SP-MG, S.A.

The Client Solutions & Energy Management segment includes the following activities: generation of electricity from non-renewable sources, mainly coal and gas; electricity and gas supply and related energy solutions services to clients; and energy management businesses responsible for management of purchases and sales of energy in iberian and brazilian markets, and also for the related hedging transactions. This segment includes, but not limited to, the following companies:

• EDP - Gestão da Produção de Energia, S.A. (thermal activity);
• EDP España, S.A.U. (thermal and intermediation activities);
• UNGE - Unidade de Negócio de Gestão de Energia Ibérica (EDP, S.A.);
• Porto do Pecém Geração de Energia, S.A.;
• EDP Comercial - Comercialização de Energia, S.A.;
• EDP - Comercialização e Serviços de Energia, Ltda.

Segment Definition

The amounts reported in each operating segment result from the aggregation of the subsidiaries and business units defined in each segment perimeter and the elimination of transactions between companies of the same segment.

The statement of financial position captions of each subsidiary and business unit, as well as income statement captions for each operating segment, are determined based on the amounts booked directly in the companies that compose the segment, including the elimination of balances between companies of the same segment, and excluding the allocation in the segments of the adjustments between segments.

In each business segment, Assets include the Property, Plant and Equipment, Right-of-use assets, Intangible Assets and Goodwill. The remaining assets are presented in the "Reconciliation of information between Operating Segments and Financial Statements".

Under IFRS 8, the EDP Group discloses as Operating investment, additions in non-current assets, except for financial instruments, deferred tax assets and post-employment benefit assets. Therefore, in each business segment, the Operating Investment caption includes increases in Property, Plant and Equipment; Intangible Assets; and Amounts receivable from concessions - IFRIC 12 under the financial asset model, excluding CO2 licenses and Green certificates, net of increases in Government grants, customers contributions for investment and sales of properties in the period. Goodwill is disclosed in note 19.

In consolidated financial statements, Joint Ventures and associated companies are accounted under the equity method, in accordance with the Group accounting policy disclose in note 2. These equity accounted investees are disclosed by business segment under IFRS 8 and presented in the business segment correspondent to its operating activity.

Geographic information

The Group manages its activity based on business segments mentioned above, however has business in several geographical locations, being its main office located in Portugal.

Revenues from energy sales and services and other by geographic market, for EDP Group, are presented in note 7. Additionally, the geographical information bellow, details the Non-current assets excluding Financial instruments, Deferred tax assets and Employee benefits. In the disclosure of this information, the Revenues from energy sales and services and other, as well as the Non-current assets, are based on companies' geographical location where the Assets are booked.

Non-current assets by geographical market for the Group EDP, are as follows:

	Dec 2019					
Thousand Euros	Portugal	Spain	Brazil	USA	Other	Group
Property, plant and equipment	4,149,543	3,787,643	1,701,371	7,880,618	2,157,047	19,676,222
Right-of-use assets	244,002	87,505	24,188	418,736	54,072	828,503
Intangible assets	3,194,391	149,498	677,804	65,162	136,968	4,223,823
Goodwill	49,889	1,246,112	30,780	702,818	90,263	2,119,862
	7,637,825	5,270,758	2,434,143	9,067,334	2,438,350	26,848,410

	Dec 2018					
Thousand Euros	Portugal	Spain	Brazil	USA	Other	Group
Property, plant and equipment	6,515,345	4,356,962	2,005,096	7,280,402	2,549,706	22,707,511
Intangible assets	3,742,535	96,980	720,645	60,233	116,137	4,736,530
Goodwill	49,889	1,348,317	35,040	689,799	128,416	2,251,461
	10,307,769	5,802,259	2,760,781	8,030,434	2,794,259	29,695,502

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EDP Group Operating Segments Information as at 31 December 2019

Thousand Euros	Renewables	Networks	Client Solutions & Energy Management	Total Segments
Revenues from energy sales and services and other	2,782,845	6,195,333	8,639,171	17,617,349
Revenues inter-segments	1,373,353	1,688,296	231,803	3,293,452
Revenues from third parties	1,409,492	4,507,037	8,407,368	14,323,897
Gross Profit	2,408,761	1,816,351	1,001,334	5,226,446
Other income	604,286	43,932	30,106	678,324
Supplies and services	-364,884	-351,632	-285,495	-1,002,011
Personnel costs and employee benefits	-181,836	-199,583	-128,897	-510,316
Other costs	-179,158	-305,805	-122,931	-607,894
Impairment losses on trade receivables and debtors	-1,505	-11,875	-19,904	-33,284
Gross Operating Profit	2,285,664	991,388	474,213	3,751,265
Provisions	-82,141	-14,132	-5,628	-101,901
Amortisation and impairment	-815,631	-356,184	-538,923	-1,710,738
Operating Profit	1,387,892	621,072	-70,338	1,938,626
Equity method in joint ventures and associates	11,377	5,580	5,679	22,636
Assets	20,532,246	3,654,007	3,124,385	27,310,638
Financial assets - Investments in joint ventures and associates	812,696	110,846	20,401	943,943
Operating Investment	1,167,576	911,972	123,683	2,203,231

Reconciliation of information between Operating Segments and Financial Statements for 31 December 2019

Thousand Euros	
Total Revenues from energy sales and services and other of Reported Segments	**17,617,349**
Revenues from energy sales and services and others from Other Segments	258,560
Adjustments and Inter-segments eliminations*	-3,542,900
Total Revenues from energy sales and services and other of EDP Group	**14,333,009**
Total Gross Profit of Reported Segments	**5,226,446**
Gross Profit from Other Segments	251,546
Adjustments and Inter-segments eliminations*	-260,842
Total Gross Profit of EDP Group	**5,217,150**
Total Gross Operating Profit of Reported Segments	**3,751,265**
Gross Operating Profit from Other Segments	-43,945
Adjustments and Inter-segments eliminations*	-1,703
Total Gross Operating Profit of EDP Group	**3,705,617**
Total Operating Profit of Reported Segments	**1,938,626**
Operating Profit from Other Segments	-83,386
Adjustments and Inter-segments eliminations*	-16,772
Total Operating Profit of EDP Group	**1,838,468**
Total Assets of Reported Segments	**27,310,638**
Assets Not Allocated	14,414,724
Financial Assets	4,030,891
Trade Receivables and Other Debtors	6,282,380
Inventories	368,334
Tax Assets	1,888,818
Other Assets	1,844,301
Assets from Other Segments	531,633
Inter-segments assets eliminations*	104,651
Total Assets of EDP Group	**42,361,646**
Total Equity accounted Investments in joint ventures and associates of Reported Segments	**943,943**
Equity accounted Investments in joint ventures and associates from Other Segments	154,569
Total Equity accounted Investments in joint ventures and associates of EDP Group	**1,098,512**
Total Operating Investment of Reported Segments	**2,203,231**
Operating Investment from Other Segments	55,155
Total Operating Investment of EDP Group	**2,258,386**
Dismantling/discomission of PP&E	36,310
CO2 Emission Licenses and Green Certificates	295,676
Concession Rights - IFRIC 12 **	-770,907
Investment Grants	-1,633
Other Investments	-22,653
Total Fixed Assets additions of EDP Group (Notes 16 and 18)	**1,795,179**

	Total of Reported Segments	Other Segments	Adjustments and Inter-segments eliminations*	Total of EDP Group
Other income	**678,324**	40,238	-26,676	**691,886**
Supplies and services	**-1,002,011**	-178,477	282,945	**-897,543**
Personnel costs and employee benefits	**-510,316**	-116,706	6,826	**-620,196**
Other costs	**-607,894**	-40,621	-3,958	**-652,473**
Impairment losses on trade receivables and debtors	**-33,284**	76	1	**-33,207**
Provisions	**-101,901**	371	-	**-101,530**
Amortisation and impairment	**-1,710,738**	-39,813	-15,068	**-1,765,619**
Equity method in joint ventures and associates	**22,636**	2,137	238	**25,011**

* Mainly related with intragroup balances and transactions eliminations.
** See Note 25 - Debtors and Other Assets from Commercial Activities

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EDP Group Operating Segments Information as at 31 December 2018

Thousand Euros	Renewables	Client Solutions & Energy Management	Networks	Total Segments
Revenues from energy sales and services and other	2,775,169	6,637,136	9,873,652	19,285,957
Revenues inter-segments	1,467,963	1,982,417	575,157	4,025,537
Revenues from third parties	1,307,206	4,654,719	9,298,495	15,260,420
Gross Profit	2,494,707	1,714,742	897,051	5,106,500
Other income	472,824	32,165	23,905	528,894
Supplies and services	-407,461	-383,392	-272,596	-1,063,449
Personnel costs and employee benefits	-178,767	-213,897	-132,744	-525,408
Other costs	-185,212	-304,285	-171,518	-661,015
Impairment losses on trade receivables and debtors	530	-14,284	-31,827	-45,581
Gross Operating Profit	2,196,621	831,049	312,271	3,339,941
Provisions	-187,492	-13,836	-91,795	-293,123
Amortisation and impairment	-791,323	-334,372	-263,555	-1,389,250
Operating Profit	1,217,806	482,841	-43,079	1,657,568
Equity method in joint ventures and associates	-3,779	6,716	4,311	7,248
Assets	22,913,774	3,707,830	3,486,273	30,107,877
Financial assets - Investments in joint ventures and associates	697,643	106,636	11,523	815,802
Operating Investment	1,354,551	502,492	124,319	1,981,362

Reconciliation of information between Operating Segments and Financial Statements for 31 December 2018

Thousand Euros	
Total Revenues from energy sales and services and others of Reported Segments	**19,285,957**
Revenues from energy sales and services and others from Other Segments	325,506
Adjustments and Inter-segments eliminations*	-4,333,378
Total Revenues from energy sales and services and others of EDP Group	**15,278,085**
Total Gross Profit of Reported Segments	**5,106,500**
Gross Profit from Other Segments	323,766
Adjustments and Inter-segments eliminations*	-331,084
Total Gross Profit of EDP Group	**5,099,182**
Total Gross Operating Profit of Reported Segments	**3,339,941**
Gross Operating Profit from Other Segments *	-8,020
Adjustments and Inter-segments eliminations*	-14,792
Total Gross Operating Profit of EDP Group	**3,317,129**
Total Operating Profit of Reported Segments	**1,657,568**
Operating Profit from Other Segments	-42,909
Adjustments and Inter-segments eliminations*	-30,280
Total Operating Profit of EDP Group	**1,584,379**
Total Assets of Reported Segments (31 December 2018)	**30,107,877**
Assets Not Allocated	10,979,847
Financial Assets	2,132,308
Trade Receivables and Other Debtors	5,690,119
Inventories	342,037
Tax Assets	1,559,980
Other Assets	1,255,401
Assets from Other Segments	422,949
Inter-segments assets eliminations*	116,287
Total Assets of EDP Group (31 December 2018)	**41,626,960**
Total Equity accounted Investments in joint ventures and associates of Reported Segments (31 December 2018)	**815,802**
Equity accounted Investments in joint ventures and associates from Other Segments	135,811
Total Equity accounted Investments in joint ventures and associates of EDP Group (31 December 2018)	**951,613**
Total Operating Investment of Reported Segments	**1,981,362**
Operating Investment from Other Segments	49,805
Total Operating Investment of EDP Group	**2,031,167**
Discomission of Property, plant and equipment	12,937
CO2 Licenses and Green Certificates	301,393
Investment Grants	-62,660
Other Investments	36,703
Total Fixed Assets additions of EDP Group	**2,319,540**

	Total of Reported Segments	Other Segments	Adjustments and Inter-segments eliminations*	Total of EDP Group
Other income	**528,894**	69,035	-35,252	**562,677**
Supplies and services	**-1,063,449**	-234,089	340,577	**-956,961**
Personnel costs and employee benefits	**-525,408**	-139,262	13,130	**-651,540**
Other costs	**-661,015**	-43,369	-10,995	**-715,379**
Other costs	**-45,581**	15,899	8,832	**-20,850**
Provisions	**-293,123**	5,185	-	**-287,938**
Amortisation and impairment	**-1,389,250**	-40,074	-15,488	**-1,444,812**
Equity method in joint ventures and associates	**7,248**	3,610	-	**10,858**

* Mainly related with intragroup balances and transactions eliminations

51. Reconciliation of Changes in the responsibilities of Financing activities at 31 December 2019

	Group					
	Financial debt and Derivative financial instruments (including Collateral Deposits)					
Thousand Euros	Loans obtained (Note 33)	Collateral Deposits (Note 33)	Derivative financial instruments (Note 41)*	Institutional partnerships in USA (Note 36)	Lease Liabilities (Rents due) (Note 38)	Loans from non-controlling interests (Note 38)
Balance as at 31 de December 2017	**16,917,765**	**-45,255**	**-111,376**	**2,163,722**	**-**	**712,802**
Cash flows:						
Receipts relating to financial debt (including Collateral Deposits)	2,695,774	8,644	-	-	-	-
(Payments) relating to financial debt (including Collateral Deposits)	-3,471,386	-163,114	-	-	-	-
Interest and similar costs of financial debt including hedge derivatives	-635,329	-	11,885	-	-	-
Receipts/(payments) relating to loans from non-controlling interests	-	-	-	-	-	-61,907
Interest and similar costs relating to loans from non-controlling interests	-	-	-	-	-	-32,458
Receipts/(payments) relating to derivative financial instruments	-	-	17,796	-	-	-
Receipts/(payments) from institutional partnerships - USA	-	-	-	225,353	-	-
Perimeter variations	-32,197	-	-254	-162,123	-	-4,649
Exchange differences	-2,157	6,834	-318	101,530	-	-2,903
Fair value changes	-21,747	-	-28,258	-	-	-
Interests and accrued and deferred costs	634,176	-	-8,644	7,254	-	31,989
Unwinding	-	-	-	80,684	-	-
ITC/PTC recognition	-	-	-	-185,171	-	-
Balance as at 31 de December 2018	**16,084,899**	**-192,891**	**-119,169**	**2,231,249**	**-**	**642,874**
Cash flows:						
Receipts relating to financial debt (including Collateral Deposits)	3,974,474	125,418	-	-	-	-
(Payments) relating to financial debt (including Collateral Deposits)	-3,436,259	-7,104	-	-	-	-
Interest and similar costs of financial debt including hedge derivatives	-564,876	-	7,606	-	-	-
Receipts/(payments) relating to loans from non-controlling interests	-	-	-	-	-	-29,922
Interest and similar costs relating to loans from non-controlling interests	-	-	-	-	-	-21,177
Receipts/(payments) relating to derivative financial instruments	-	-	-4,946	-	-	-
Receipts/(payments) from institutional partnerships - USA	-	-	-	105,627	-	-
Lease (payments)	-	-	-	-	-75,754	-
Perimeter variations	-190,675	13,009	-1,489	-	-53,128	-283,427
Exchange differences	109,730	92	-109	42,848	-1,890	1,260
Fair value changes	-6,561	-	34,184	-	-	-
Interests and accrued and deferred costs	600,737	-	-2,084	6,310	-	22,742
Unwinding	-	-	-	85,320	39,061	-
ITC/PTC recognition	-	-	-	-181,570	-	-
New lease contracts/Increments in rent values	-	-	-	-	112,254	-
Transition IFRS 16	-	-	-	-	822,001	-
Reclassification to Liabilities held for sale	-	-	-	-	-4,815	-
Balance as at 31 December 2019	**16,571,469**	**-61,476**	**-86,007**	**2,289,784**	**837,729**	**332,350**

* The Group considers as financing activities all derivative financial instruments excluding derivatives related with commodities.

	Company				
	Financial debt and Derivative financial instruments				
Thousand Euros	Loans obtained (Note 33)	Derivative financial instruments (Note 41)*	Group's financial system (Notes 26 and 38)	Lease Liabilities (Rents due) (Note 38)	Group companies (Note 38)
Balance as at 31 de December 2017	**13,488,297**	**-408,886**	**-490,904**	**-**	**1,790,390**
Cash flows:					
Receipts relating to financial debt (including Collateral Deposits)	817,971	-	-	-	-
(Payments) relating to financial debt (including Collateral Deposits)	-1,451,929	-	-	-	-
Interest and similar costs of financial debt including hedge derivatives	-309,874	-2,125	-	-	-
Receipts/(payments) relating to loans from related parties	-	-	845 951	-	-1,675,615
Interest and similar costs of loans from related parties including hedge derivatives	-	22,524	-	-	-63,496
Receipts/(payments) relating to derivative financial instruments	-	312,433	-	-	-
Perimeter variations	-	-	- 563	-	-
Exchange differences	9,879	-	-	-	8,032
Fair value changes	-	23,262	-	-	-
Interests and accrued and deferred costs	256,137	-20,728	-	-	38,325
Balance as at 31 December 2018	**12,810,481**	**-73,520**	**354,484**	**-**	**97,636**
Cash flows:					
Receipts relating to financial debt (including Collateral Deposits)	1,657,992	-	-	-	-
(Payments) relating to financial debt (including Collateral Deposits)	-1,729,425	-	-	-	-
Interest and similar costs of financial debt including hedge derivatives	-266,094	-50	-	-	-
Receipts/(payments) relating to loans from related parties	-	-	- 254 712	-	-42,773
Interest and similar costs of loans from related parties including hedge derivatives	-	-	-	-	-4,988
Receipts/(payments) relating to derivative financial instruments	-	35,365	-	-	-
Lease (payments)	-	-	-	-12,533	-
Exchange differences	4,416	-	-	-	-
Fair value changes	-	36,241	-	-	-
Unwinding	-	-	-	5 601	-
Interests and accrued and deferred costs	284,923	4,102	-		20,413
New lease contracts/Increments in rent values	-	-	-	1,008	-
Transition IFRS 16	-	-	-	151,692	-
Balance as at 31 December 2019	**12,762,293**	**2,138**	**99,772**	**145,768**	**70,288**

* The Group considers as financing activities all derivative financial instruments excluding derivatives related with commodities.

52. Explanation Added for Translation

These financial statements are a free translation of the financial statements originally issued in Portuguese in accordance with International Financial Reporting Standards as adopted by the European Union. In the event of discrepancies, the Portuguese language version prevails.

Annex I. Companies in the Consolidation Perimeter

The subsidiary companies where the Group exercises control as at 31 December 2019 are as follows:

Subsidiaries	Head Office	Share capital / Currency	Assets 31-Dec-19 Euro'000	Liabilities 31-Dec-19 Euro'000	Equity 31-Dec-19 Euro'000	Revenues 31-Dec-19 Euro'000	Net Profit/(Loss) 31-Dec-19 Euro'000	% Group	% Company
Group's parent holding company and Related Activities:									
Portugal:									
EDP - Energias de Portugal, S.A. (Empresa-Matriz do Grupo EDP)	Lisbon	3,656,537,715 EUR	21,017,376	15,211,834	5,805,542	109,564	57,084	100.00%	-
CEO - Companhia de Energia Oceânica, S.A.	Póvoa do Varzim	65,435 EUR	1,347	653	695	-	-242	52.07%	-
EDP Estudos e Consultoria, S.A	Lisbon	50,000 EUR	4,939	1,235	3,703	4,190	-101	100.00%	100.00%
EDP Real Estate Global Solutions - Imobiliária e Gestão de Participações, S.A.	Lisbon	10,000,000 EUR	23,693	8,571	15,122	7,223	2,915	100.00%	100.00%
EDP Inovação, S.A.	Lisbon	50,000 EUR	55,167	50,749	4,419	4,876	-1,550	100.00%	100.00%
EDP Internacional, S.A.	Lisbon	50,000 EUR	13,958	1,992	11,966	2,214	-970	100.00%	100.00%
EDP IS – Investimentos e Serviços, Sociedade Unipessoal, Lda	Lisbon	140,309,500 EUR	444,041	197,186	246,855	-	12,867	100.00%	-
EDP Ventures, S.G.P.S., S.A.	Lisbon	50,000 EUR	74,966	36,685	38,281	25	24,006	100.00%	-
ENAGÁS - S.G.P.S., S.A.	Lisbon	299,400 EUR	6,687	960	5,727	-	-23	60.00%	-
Fundo EDP CleanTech FCR	Lisbon	23,096,705 EUR	22,184	764	21,420	-	-1,013	60.00%	-
Labelec - Estudos, Desenvolvimento e Actividades Laboratoriais, S.A.	Sacavém	2,200,000 EUR	18,229	9,407	8,822	15,754	1,299	100.00%	100.00%
Sãvida - Medicina Apoiada, S.A	Lisbon	450,000 EUR	15,454	9,161	6,293	24,460	839	100.00%	100.00%
Other Countries:									
EDP - Ásia Soluções Energéticas Limitada	Macao	1,500,000 MOP	2,452	22	2,430	571	-1	100.00%	5.00%
EDP Finance, B.V.	Amsterdam	2,000,000 EUR	13,708,511	13,596,827	111,684	-	-14,749	100.00%	100.00%
EDP International Investments and Services, S.L.	Oviedo	6,979 EUR	1,258,850	156,063	1,102,787	-	18,905	100.00%	36.07%
EDP Servicios Financieros España, S.A.U.	Oviedo	10,300,058 EUR	2,770,449	2,272,873	497,576	-	5,361	100.00%	100.00%
Energia RE - Sociedade Cativa de Resseguro, S.A.	Luxembourg	3,000,000 EUR	146,486	92,346	54,139	8	82	100.00%	100.00%
Electricity and Gas Activity - Portugal:									
Electricity Generation:									
EDP - Gestão da Produção de Energia, S.A.	Lisbon	1,650,000,000 EUR	8,610,096	3,242,033	5,368,063	871,451	-298,449	100.00%	100.00%
Empresa Hidroeléctrica do Guadiana, S.A.	Lisbon	72,047,035 EUR	409,486	237,741	171,745	33,077	-24,439	100.00%	-
FISIGEN - Empresa de Cogeração, S.A.	Lisbon	50,000 EUR	23,025	20,703	2,322	23,970	2,064	51.00%	-
Greenvouga - Soc. Gest. do Aproveit. Hidroel. de Ribeiradio-Ermida, S.A.	Lisbon	1,000,000 EUR	240,773	181,320	59,453	8,597	-3,474	100.00%	-
Tergen - Operação e Manutenção de Centrais Termoeléctricas, S.A.	Carregado	250,000 EUR	3,798	2,492	1,306	6,703	167	100.00%	-
Electricity Distribution:									
EDP Distribuição de Energia, S.A.	Lisbon	200,013,000 EUR	4,396,451	3,254,493	1,141,958	1,249,697	78,377	100.00%	100.00%
Electricity Supply:									
EDP Comercial - Comercialização de Energia, S.A.	Lisbon	20,842,695 EUR	798,192	682,022	116,170	3,174,977	28,250	100.00%	100.00%
EDP Serviço Universal, S.A.	Lisbon	10,104,000 EUR	808,439	793,590	14,849	2,880,541	-17,988	100.00%	100.00%
Gas Distribution:									
EDP Gás Serviço Universal, S.A.	Oporto	1,050,996 EUR	16,671	7,407	9,264	12,738	-520	100.00%	100.00%
Gas Supply:									
EDP GÁS.Com - Comércio de Gás Natural, S.A.	Lisbon	50,000 EUR	101,674	73,451	28,222	400,535	5,451	100.00%	100.00%
Shared Services:									
EDP - Soluções Comerciais, S.A.	Lisbon	50,000 EUR	34,353	32,374	1,978	42,342	1,181	100.00%	100.00%
EDP Global Solutions - Gestão Integrada de Serviços, S.A.	Lisbon	4,550,000 EUR	82,810	74,654	8,156	44,932	999	100.00%	100.00%
Other Activities:									
CNET - Centre for New Energy Technologies, S.A.	Sacavém	300,000 EUR	1,985	1,522	463	246	72	60.00%	-
EDP Mediadora, S.A.	Lisbon	50,000 EUR	7,485	2,147	5,338	4,165	2,424	100.00%	-
EDP Ventures - Sociedade de Capital de Risco, S.A.	Lisbon	125,000 EUR	971	101	869	384	239	100.00%	-
SGORME – Soc. Gestora de Operações da Rede de Mobilidade Eléctrica, S.A.	Lisbon	500,000 EUR	145	848	-703	-	-11	91.00%	-
Save to Compete, S.A.	Lisbon	60,714 EUR	912	346	566	480	211	94.61%	-
Electricity and Gas Activity - Spain:									
Electricity Generation:									
EDP España, S.A.U. (EDP España Subgroup Parent Company)	Oviedo	421,739,790 EUR	3,015,404	950,896	2,064,508	1,388,500	151,493	100.00%	100.00%
Central Termica Ciclo Combinado Grupo 4, S.L.	Oviedo	2,117,000 EUR	146,231	361,483	-215,252	48,707	-33,836	75.00%	-
EDP Iberia, S.L.	Bilbao	130,260,000 EUR	2,374,894	75,057	2,299,837	1,851	-73,613	100.00%	-
Iberenergia, S.A.U.	Oviedo	60,200 EUR	199,680	173,569	26,111	58,378	1,809	100.00%	-
Naturgas Cogeneración, S.A.	Oviedo	1,000,000 EUR	9,175	8,726	449	6,477	-551	100.00%	-
Electricity Distribution:									
Electra Llobregat Energía, S.L.	Barcelona	90,000 EUR	4,723	3,190	1,533	393	75	75.00%	-
Electricity Supply:									
EDP Comercializadora de Ultimo Recurso, S.A.	Oviedo	240,000 EUR	24,639	27,022	-2,384	102,760	-5,181	100.00%	-
EDP Energía Ibérica, S.A.	Oviedo	60,200 EUR	62	12,987	-12,925	71	-9	100.00%	-
EDP Energía, S.A.U.	Oviedo	1,000,000 EUR	210,180	147,576	62,605	589,929	2,544	100.00%	-
EDP Solar España, S.A.	Oviedo	1,000,000 EUR	1,868	2,099	-231	53	-1,231	100.00%	-
Hidrocantábrico Distribucion Eléctrica, S.A.U.	Oviedo	44,002,000 EUR	1,041,689	603,395	438,294	223,705	87,648	100.00%	-
Gas Supply:									
EDP Comercializadora, S.A.U.	Bilbau	1,487,895 EUR	594,806	421,224	173,581	1,599,721	10,777	100.00%	-
Other activities:									
EDP Ventures España, S.A.	Oviedo	60,000 EUR	59	0	59	-	-1	100.00%	-
Electricity and Gas Activity - Other Countries:									
Electricity Supply:									
EDP Energia Italia S.R.L.	Milan	10,000 EUR	683	941	-257	103	-259	100.00%	-
EDP Energie France	Paris	10,000 EUR	22	50	-28	-	-27	100.00%	-
EDP Energia Polska	Warsaw	8,505,000 EUR	2,617	30	2,587	-	-376	100.00%	-
Electricity Activity - Brazil:									
Parent company and Related Activities:									
EDP Energias do Brasil, S.A. (EDP Brasil Subgroup Parent Company)	Sao Paulo	4,682,715,947 BRL	2,328,268	275,657	2,052,611	1,050	301,806	51.38%	-
Electricity Generation:									
Energest, S.A.	Sao Paulo	48,204,770 BRL	74,687	21,526	53,161	105,822	25,196	51.38%	-
Enerpeixe, S.A.	Sao Paulo	219,735,967 BRL	449,837	309,066	140,771	92,344	27,248	30.83%	-
Investco, S.A.	Tocantins	804,458,842 BRL	253,049	49,393	203,655	42,608	16,331	20.95%	-
Lajeado Energia, S.A.	Sao Paulo	6,867,541 BRL	273,492	148,269	125,223	189,892	39,721	28.70%	-
Porto do Pecém Geração de Energia, S.A.	Ceará	2,368,998,621 BRL	926,701	378,473	548,228	449,506	42,314	51.38%	-
Resende Engenharia e Assessoria, Ltda.	Sao Paulo	21,553,318 BRL	4,698	4	4,693	-	-3	51.38%	-
Electricity Distribution:									
EDP Espírito Santo Distribuição de Energia S.A.	Espírito Santo	650,572,403 BRL	1,132,010	895,545	236,465	868,901	89,005	51.38%	-
EDP São Paulo Distribuição de Energia S.A.	Sao Paulo	596,669,107 BRL	1,225,678	945,626	280,051	997,727	77,199	51.38%	-

Subsidiaries	Head Office	Share capital / Currency	Assets 31-Dec-19 Euro'000	Liabilities 31-Dec-19 Euro'000	Equity 31-Dec-19 Euro'000	Revenues 31-Dec-19 Euro'000	Net Profit/(Loss) 31-Dec-18 Euro'000	% Group	% Company
Electricity Supply:									
EDP - Soluções em Energia, S.A.	Rio Grande do Sul	84,822,773 BRL	30,025	12,470	17,556	9,223	117	51.38%	-
EDP - Comercialização e Serviços de Energia, LTDA.	Sao Paulo	32,606,383 BRL	185,848	136,954	48,894	881,397	14,081	51.38%	-
EDP Comercialização Varejista, Ltda	Sao Paulo	4,531,000 BRL	1,640	564	1,076	1,326	-132	51.38%	-
Transmission of Electricity:									
EDP Transmissão, S.A.	Espírito Santo	8,630,148 BRL	53,376	45,011	8,365	19,353	8,562	51.38%	-
EDP Transmissão Aliança SC, S.A.	Espírito Santo	26,500,999 BRL	364,441	353,237	11,204	170,881	6,323	46.25%	-
EDP Transmissão SP-MG, S.A.	Espírito Santo	33,000,999 BRL	339,167	320,878	18,289	214,022	14,506	51.38%	-
EDP Transmissão MA I, S.A.	Espírito Santo	37,300,999 BRL	58,922	48,256	10,666	50,410	3,152	51.38%	-
EDP Transmissão MA II, S.A.	Espírito Santo	29,727,420 BRL	42,860	35,570	7,290	35,891	1,185	51.38%	-
Litoral Sul Transmissora de Energia Ltda.	Sao Paulo	14,609,356 BRL	11,231	10,114	1,117	5,306	-1,527	51.38%	-
Other Activities:									
EDP Grid Gestão de Redes Inteligentes de Distribuição, S.A.	Espírito Santo	83,086,011 BRL	58,056	39,639	18,417	5,696	-374	51.38%	-
EDP Ventures Brasil S.A.	Sao Paulo	3,000,999 BRL	1,320	808	512	-	-141	51.38%	-
Renewable Energy Activity:									
Parent company and Related Activities:									
EDP Renováveis, S.A. (EDP Renováveis Subgroup Parent Company)	Oviedo	4,361,540,810 EUR	7,239,937	1,881,214	5,358,723	49,222	-9,098	82.56%	82.56%
EDP Renováveis Servicios Financieros, S.A.	Oviedo	84,691,368 EUR	2,985,438	2,564,042	421,396	51	16,616	82.56%	-
Europe Geography / Platform:									
Spain:									
EDP Renewables Europe, S.L.U. (EDPR EU Subgroup Parent Company)	Oviedo	249,498,800 EUR	2,829,329	129,878	2,699,451	63,650	336,688	82.56%	-
Acampo Arias, S.L.	Zaragoza	3,314,300 EUR	47,408	40,923	6,485	8,648	2,621	78.43%	-
Aplicaciones Industriales de Energías Limpias, S.L.	Zaragoza	131,288 EUR	1,413	0	1,413	-	847	50.78%	-
Aprofitament D'Energies Renovables de la Terra Alta, S.A.	Barcelona	1,994,350 EUR	29	0	29	-	16	36.40%	-
Bon Vent de Corbera, S.L.U.	Barcelona	7,255,000 EUR	55,718	32,014	23,703	12,223	3,543	82.56%	-
Desarrollos Eólicos de Teruel, S.L.	Zaragoza	60,100 EUR	1,303	1,243	60	-	-	42.11%	-
EDP Renovables España, S.L.U.	Oviedo	46,128,100 EUR	1,384,613	591,583	793,030	169,969	86,310	82.56%	-
EDPR Amaris S.L.U.	Madrid	3,000 EUR	2	0	2	-	-1	82.56%	-
EDPR FS Offshore, S.A.	Oviedo	3,500,000 EUR	7,095	3,592	3,503	-	5	82.56%	-
EDPR Offshore España, S.L.	Oviedo	1,865,500 EUR	23,002	9,093	13,909	190	-2,978	82.56%	-
EDPR Suvan S.L.U.	Madrid	3,000 EUR	2	0	2	-	-1	82.56%	-
EDPR Terral S.L.U.	Madrid	3,000 EUR	2	0	2	-	-1	82.56%	-
EDPR Yield, S.A.U.	Oviedo	99,405,403 EUR	274,286	4,766	269,520	-	116,752	82.56%	-
Eólica Arlanzón, S.A.	Madrid	4,508,980 EUR	16,983	5,294	11,689	3,544	436	70.18%	-
Eólica Campollano, S.A.	Madrid	6,559,994 EUR	65,963	40,293	25,670	13,495	2,910	61.92%	-
Eólica Fontesilva, S.L.U.	La Coruña	6,860,000 EUR	42,202	26,691	15,511	7,393	1,571	82.56%	-
Eólica La Brújula, S.A.	Madrid	3,294,000 EUR	44,637	23,457	21,179	9,541	2,301	82.56%	-
Eólica La Janda, S.L.U.	Madrid	4,525,000 EUR	160,778	135,750	25,029	34,043	9,799	82.56%	-
Eólica Sierra de Ávila, S.L.	Madrid	12,977,466 EUR	96,530	55,884	40,646	15,928	3,368	82.56%	-
Iberia Aprovechamientos Eólicos, S.A.	Zaragoza	1,918,728 EUR	20,220	15,171	5,049	4,892	1,172	77.61%	-
Parc Eòlic de Coll de Moro, S.L.U.	Barcelona	7,808,920 EUR	77,453	66,318	11,136	11,669	2,552	82.56%	-
Parc Eòlic de Torre Madrina, S.L.U.	Barcelona	7,754,897 EUR	70,702	54,542	16,160	12,607	3,718	82.56%	-
Parc Eòlic de Vilalba dels Arcs, S.L.U.	Barcelona	3,065,739 EUR	32,488	23,183	9,305	6,837	2,255	82.56%	-
Parc Eòlic Serra Voltorera, S.L.U.	Barcelona	3,458,010 EUR	21,873	10,809	11,064	3,926	890	82.56%	-
Parque Eólico Altos del Voltoya, S.A.	Madrid	6,434,349 EUR	23,466	4,841	18,625	5,588	1,150	76.37%	-
Parque Eólico la Sotonera, S.L.	Zaragoza	2,000,000 EUR	12,809	5,200	7,609	3,095	1,071	57.66%	-
Parque Eólico Los Cantales, S.L.U.	Zaragoza	1,963,050 EUR	18,739	13,838	4,901	4,889	1,693	82.56%	-
Parque Eólico Santa Quiteria, S.L.	Zaragoza	63,006 EUR	18,488	5,028	13,461	4,176	1,033	69.32%	-
Renovables Castilla la Mancha, S.A.	Madrid	60,102 EUR	25,286	20,633	4,653	5,904	1,807	74.31%	-
Tébar Eólica, S.A.	Madrid	4,720,400 EUR	14,968	5,355	9,613	5,961	2,332	82.56%	-
Portugal:									
EDP Renováveis Portugal, S.A.	Oporto	7,500,000 EUR	484,635	340,055	144,580	148,449	60,673	42.11%	-
EDP Renewables, SGPS, S.A.	Oporto	50,000 EUR	174,396	43,581	130,815	-	9,849	82.56%	-
EDPR PT - Parques Eólicos, S.A.	Oporto	50,000 EUR	121,997	68,272	53,725	0	2,800	42.11%	-
EDPR PT - Promoção e Operação, S.A.	Oporto	57,500 EUR	17,925	10,966	6,959	14,682	-501	82.56%	-
Eólica do Alto da Teixosa, S.A.	Cinfães	50,000 EUR	27,148	18,826	8,322	5,432	1,990	42.11%	-
Eólica da Alagoa, S.A.	Arcos de Valdevez	50,000 EUR	8,352	2,804	5,547	3,511	1,911	25.26%	-
Eólica da Coutada, S.A.	Vila Pouca de Aguiar	50,000 EUR	159,857	116,962	42,895	29,430	10,779	42.11%	-
Eólica da Serra das Alturas, S.A.	Boticas	50,000 EUR	12,444	5,085	7,359	3,216	1,428	21.10%	-
Eólica das Serras das Beiras, S.A.	Arganil	50,000 EUR	99,229	68,789	30,440	18,822	6,710	42.11%	-
Eólica da Terra do Mato, S.A.	Oporto	50,000 EUR	46,372	36,969	9,403	8,339	2,639	42.11%	-
Eólica de Montenegrelo, S.A.	Vila Pouca de Aguiar	50,000 EUR	20,183	8,622	11,560	5,907	2,756	21.10%	-
Eólica do Alto da Lagoa, S.A.	Oporto	50,000 EUR	23,670	12,628	11,042	5,298	2,189	42.11%	-
Eólica do Alto do Mourisco, S.A.	Boticas	50,000 EUR	23,868	16,498	7,370	4,837	1,960	42.11%	-
Eólica do Espigão, S.A.	Miranda do Corvo	50,000 EUR	27,136	14,120	13,016	6,429	2,705	42.11%	-
Eólica do Sincelo, S.A.	Oporto	150,000 EUR	7,108	3,324	3,784	-	-171	82.56%	-
Eólica dos Altos de Salgueiros-Guilhado, S.A.	Vila Pouca de Aguiar	50,000 EUR	12,033	8,810	3,222	2,420	949	42.11%	-
Eólica da Linha, S.A.	Oporto	100,000 EUR	106,772	103,029	3,743	14,603	5,937	82.56%	-
Fotovoltaica Lote A, S.A.	Oporto	50,000 EUR	557	529	28	-	-22	82.56%	-
Malhadizes - Energia Eólica, S.A.	Oporto	50,000 EUR	18,953	9,497	9,457	5,660	2,376	42.11%	-
France:									
Bourbriac II, S.A.S.	Paris	1,000 EUR	71	99	-28	-	-11	82.56%	-
EDPR France Holding, S.A.S.	Paris	19,900,000 EUR	164,219	106,393	57,826	-	-7,698	82.56%	-
EDPR Offshore France, S.A.S.	Paris	1,307,527 EUR	2,025	866	1,159	-	-599	82.56%	-
Parc Eolien de Dionay, S.A.S.	Paris	37,004 EUR	5	46	-41	-	-28	82.56%	-
Parc Eolien Louvières, S.A.R.L.	Paris	1,000 EUR	2,126	2,193	-67	-	-5	82.56%	-
La Plaine de Nouaille, S.A.S.	Paris	8,000 EUR	443	460	-16	-	-4	82.56%	-
Le Chemin de la Corvée, S.A.S.	Paris	123,000 EUR	1,151	1,089	62	-	-2	82.56%	-
Le Chemin de Saint Druon, S.A.S.	Paris	92,000 EUR	268	191	78	-	-3	82.56%	-
Monts de la Madeleine Energie, S.A.S.	Paris	37,000 EUR	1,215	1,199	16	-	-12	82.56%	-
Monts du Forez Energie, S.A.S.	Paris	37,000 EUR	917	949	-32	-	-33	82.56%	-
Parc Éolien de Boqueho-Plouagat, S.A.S.	Paris	1,000 EUR	11,857	10,453	1,405	1,812	299	82.56%	-
Parc Éolien d'Entrains-sur-Nohain, S.A.S.	Paris	451,000 EUR	516	82	434	-	-9	74.31%	-
Parc Éolien de Flavin, S.A.S.	Paris	2,501,000 EUR	16,159	12,398	3,761	2,098	753	82.56%	-
Parc Éolien de la Champagne Berrichonne, S.A.R.L.	Paris	3,700 EUR	19,035	16,750	2,285	2,526	255	82.56%	-
Parc Éolien de la Côte du Cerisat, S.A.S.	Paris	27,448 EUR	35,332	35,413	-81	-	-94	82.56%	-
Parc Éolien de La Hetroye, S.A.S.	Paris	37,004 EUR	1	20	-19	-	-4	82.56%	-
Parc Éolien de Marchéville, S.A.S.	Paris	1,000 EUR	5,932	6,057	-125	-	-119	82.56%	-
Parc Éolien de Mancheville, S.A.R.L.	Paris	1,000 EUR	6,276	6,056	220	766	-94	82.56%	-
Parc Éolien de Prouville, S.A.S.	Paris	1,000 EUR	1	20	-20	-	-14	82.56%	-
Parc Éolien des 7 Domaines, S.A.S.	Paris	5,000 EUR	210	221	-10	-	-5	82.56%	-
Parc Éolien des Longs Champs, S.A.R.L.	Paris	1,201,000 EUR	8,266	6,927	1,339	515	-11	82.56%	-
Parc Éolien de Paudy, S.A.S.	Paris	3,537,000 EUR	23,629	19,192	4,437	2,302	368	82.56%	-

Subsidiaries	Head Office	Share capital / Currency	Assets 31-Dec-19 Euro'000	Liabilities 31-Dec-19 Euro'000	Equity 31-Dec-19 Euro'000	Revenues 31-Dec-19 Euro'000	Net Profit/(Loss) 31-Dec-18 Euro'000	% Group	% Company
Poland:									
EDP Renewables Polska, Sp. z o.o.	Warsaw	435,045,000 PLN	252,060	59,844	192,215	9,624	172	82.56%	-
B-Wind Polska, Sp. z o.o.	Gdynia	60,000 PLN	1,047	1,139	-92	-	-34	82.56%	-
C-Wind Polska, Sp. z o.o.	Gdynia	1,850,000 PLN	2,587	2,724	-137	-	-56	82.56%	-
EDP Renewables Polska HoldCo, S.A.	Warsaw	100,100 PLN	256,425	87,658	168,766	-	-16,318	42.11%	-
EDP Renewables Polska Solar, Sp. Zo.o.	Warsaw	5,000 PLN	15	108	-94	-	-94	82.56%	-
Elektrownia Wiatrowa Kresy I, Sp. z o.o.	Warsaw	70,210 PLN	116,214	36,660	79,554	16,271	5,840	42.11%	-
European Wind Power Krasin, Sp. zo.o.	Warsaw	7,190,000 PLN	1,675	99	1,577	-	-	82.56%	-
EW Dobrzyca, sp.z o.o.	Warsaw	674,000 PLN	8,277	710	7,566	-	-7	82.56%	-
Farma Wiatrowa Bogoria, Sp. zo.o.	Warsaw	2,395,300 PLN	2,921	305	2,616	-	-	82.56%	-
Farma Wiatrowa Starozreby, Sp. z o.o.	Warsaw	466,000 PLN	342	3	340	-	-21	82.56%	-
Gudziki Wind Farm sp. z o.o.	Warsaw	5,000 PLN	1	3	-2	-	-3	42.11%	-
Rowy-Karpacka Mala Energetyka, Sp. z o.o.	Warsaw	50,000 PLN	178	591	-413	-	-33	82.56%	-
Korsze Wind Farm, Sp. z o.o.	Warsaw	38,855,000 PLN	107,455	78,022	29,433	14,917	6,232	42.11%	-
Kowalewo Wind, Sp. zo.o.	Warsaw	89,900 PLN	929	382	547	-	-	82.56%	-
Lichnowy Windfarm, Sp. z o.o.	Warsaw	865,500 PLN	8,414	7,399	1,016	-	-206	82.56%	-
Masovia Wind Farm I, Sp. z o.o.	Warsaw	1,258,000 PLN	335	280	55	-	-9,917	82.56%	-
Miramit Investments, Sp. z o.o.	Warsaw	55,000 PLN	515	321	194	-	-1	82.56%	-
Molen Wind II, Sp. z o.o.	Warsaw	14,600 PLN	64,029	53,325	10,704	9,780	2,513	42.11%	-
Morska Farma Wiatrowa Neptun, Sp. z o.o.	Warsaw	220,000 PLN	6	8	-2	-	-11	82.56%	-
Nowa Energia 1, Sp. zo.o.	Warsaw	83,300 PLN	10,443	10,062	381	-	-	82.56%	-
Radziejów Wind Farm, Sp. z o.o.	Warsaw	27,605,000 PLN	31,254	28,821	2,433	3,531	81	42.11%	-
Relax Wind Park I, Sp. z o.o.	Warsaw	46,540,000 PLN	129,449	110,593	18,856	21,579	6,706	42.11%	-
Relax Wind Park III, Sp. z o.o.	Warsaw	59,603,000 PLN	128,387	112,599	15,788	11,909	-750	42.11%	-
Relax Wind Park IV, Sp. z o.o.	Warsaw	4,490,000 PLN	100	8	92	-	-12	82.56%	-
Rampton, Sp. z o.o.	Warsaw	1,005,000 PLN	312	117	195	-34	-40	82.56%	-
Ujazd Sp.Zo.o.	Warsaw	4,648,016 PLN	202	5	197	-	-	82.56%	-
Winfan sp.Zo.o.	Warsaw	20,000 PLN	279	99	180	-	-	82.56%	-
Romania:									
EDPR RO PV, S.r.l.	Bucharest	225,000,000 RON	47,603	3,826	43,777	-	-242	82.56%	-
Cernavoda Power, S.A.	Bucharest	335,692,400 RON	164,334	109,098	55,236	15,450	1,291	82.56%	-
Cujmir Solar, S.A.	Bucharest	41,806,000 RON	20,282	1,688	18,594	1,405	2,188	82.56%	-
EDPR România, S.R.L.	Bucharest	840,007,180 RON	241,837	37,686	204,151	24,967	9,392	82.56%	-
Foton Delta, S.A.	Bucharest	14,304,000 RON	7,406	1,583	5,823	508	316	82.56%	-
Foton Epsilon, S.A.	Bucharest	17,304,840 RON	11,442	1,133	10,309	938	1,169	82.56%	-
Pestera Wind Farm, S.A.	Bucharest	269,955,070 RON	97,103	56,644	40,459	9,475	2,636	82.56%	-
Potelu Solar, S.A.	Bucharest	30,468,040 RON	13,915	1,189	12,725	918	1,269	82.56%	-
Sibioara Wind Farm, S.r.l.	Bucharest	81,900,600 RON	39,412	32,883	6,529	3,792	7	82.56%	-
Studina Solar, S.A.	Bucharest	32,130,000 RON	16,241	1,440	14,801	1,120	1,791	82.56%	-
Vanju Mare Solar, S.A.	Bucharest	38,660,000 RON	15,810	1,382	14,428	1,067	1,551	82.56%	-
VS Wind Farm, S.A.	Bucharest	216,170,000 RON	76,133	28,659	47,474	8,000	1,782	82.56%	-
Great Britain:									
EDPR UK Limited	London	9,578,002 GBP	43,726	42,082	1,644	832	-2,902	82.56%	-
Moray Offshore Renewable Power Limited	London	23,027,589 GBP	64,501	10,768	53,733	-	611	82.56%	-
Italy:									
EDP Renewables Italia Holding, S.r.l.	Milan	347,000 EUR	94,375	40,807	53,568	18	-3,330	82.56%	-
EDP Renewables Italia, S.r.l.	Milan	34,439,343 EUR	190,236	130,048	60,188	16,445	11,203	42.11%	-
AW 2, S.r.l.	Milan	100,000 EUR	26,977	23,179	3,799	827	-98	82.56%	-
Breva Wind S.R.L.	Milan	7,100,000 EUR	8,751	2,475	6,276	-	-28	82.56%	-
Conza Energia, S.r.l.	Milan	456,000 EUR	41,390	37,343	4,048	1,659	441	82.56%	-
Custolito, S.R.L.	Milan	10,000 EUR	96	100	-5	-	-15	82.56%	-
EDPR Sicilia PV, S.R.L.	Milan	10,000 EUR	10	3	7	-	-3	82.56%	-
EDPR Sicilia Wind, S.r.l.	Milan	10,000 EUR	10	3	7	-	-3	82.56%	-
EDPR Villa Galla, S.R.L.	Milan	9,000,000 EUR	102,807	34,741	68,066	20,769	8,364	42.11%	-
Lucus Power, S.r.l.	Milan	10,000 EUR	27,457	22,990	4,467	2,682	496	82.56%	-
Re Plus, S.r.l.	Milan	100,000 EUR	696	641	55	-	-45	82.56%	-
San Mauro, S.r.l.	Milan	70,000 EUR	20,499	17,139	3,360	2,022	102	82.56%	-
Sarve, S.r.l.	Milan	10,000 EUR	255	262	-6	-	-14	82.56%	-
T Power, S.p.A.	Milan	1,000,000 EUR	2,964	94	2,871	-	-15	82.56%	-
TACA Wind, S.r.l.	Milan	1,160,000 EUR	29,924	23,125	6,799	3,213	435	82.56%	-
Tivano, S.r.l.	Milan	100,000 EUR	21,669	19,628	2,042	2,888	899	82.56%	-
WinCap, S.r.l.	Milan	2,550,000 EUR	35,234	27,694	7,540	2,436	154	82.56%	-
Greece:									
Aioliko Parko Fthiotidos Erimia E.P.E.	Agia Paraskevi	4,500 EUR	9	13	-4	-	-0	82.56%	-
EDPR Hellas 1 M.A.E.	Attica	1,150,000 EUR	1,241	198	1,043	-	-107	82.56%	-
EDPR Hellas 2 M.A.E.	Attica	240,000 EUR	335	195	139	-	-101	82.56%	-
Energiaki Arvanikou E.P.E.	Athens	772,380 EUR	505	221	284	-	-213	82.56%	-
Wind Park Aerorrachi M.A.E.	Athens	210,000 EUR	316	270	46	-	-119	82.56%	-
Other Countries:									
EDP Renewables Belgium, S.A.	Brussels	286,500 EUR	6,641	5,952	689	-	-297	82.56%	-
EDPR International Investments, B.V.	Amsterdam	20,000 EUR	12,382	36	12,346	-	2,995	82.56%	-
Fluctus V, B.V.	Zwolle	100 EUR	0	-	0	-	-	82.56%	-
Fluctus VI, B.V.	Zwolle	100 EUR	0	-	0	-	-	82.56%	-
Fluctus VII, B.V.	Zwolle	100 EUR	0	0	0	-	-	82.56%	-
Ventum Ventures III Holding, B.V.	Zwolle	100 EUR	0	0	0	-	-	82.56%	-

Subsidiaries	Head Office	Share capital / Currency	Assets 31-Dec-19 Euro'000	Liabilities 31-Dec-19 Euro'000	Equity 31-Dec-19 Euro'000	Revenues 31-Dec-19 Euro'000	Net Profit/(Loss) 31-Dec-18 Euro'000	% Group	% Company
North America Geography / Platform:									
United States of America:									
EDP Renewables North America LLC (EUA Subgroup Parent Company)	Delaware	4,335,869,033 USD	4,586,155	847,692	3,738,464	41,628	-42,787	82.56%	-
17th Star Wind Farm LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
2007 Vento I LLC	Delaware	593,070,220 USD	575,796	2,306	573,491	8,343	3,586	82.56%	-
2007 Vento II LLC	Delaware	416,139,854 USD	366,099	413	365,686	-	-155	42.11%	-
2008 Vento III LLC	Delaware	515,448,780 USD	452,890	188	452,702	-	-539	42.11%	-
2009 Vento IV LLC	Delaware	203,973,285 USD	180,454	157	180,298	-	-125	82.56%	-
2009 Vento V LLC	Delaware	43,161,288 USD	37,314	46	37,268	-	-31	42.11%	-
2009 Vento VI LLC	Delaware	126,437,244 USD	111,524	50	111,474	-	-117	82.56%	-
2010 Vento VII LLC	Delaware	149,844,776 USD	132,398	27	132,371	-	-125	82.56%	-
2010 Vento VIII LLC	Delaware	146,753,179 USD	129,524	47	129,477	-	-124	82.56%	-
2011 Vento IX LLC	Delaware	91,587,880 USD	80,730	126	80,604	-	-122	42.11%	-
2011 Vento X LLC	Delaware	98,475,026 USD	86,852	70	86,782	-	-122	82.56%	-
2014 Sol I LLC	Delaware	70,076,868 USD	62,001	29	61,972	-	-83	42.11%	-
2014 Vento XI LLC	Delaware	263,436,094 USD	234,620	188	234,431	-	-25	42.11%	-
2014 Vento XII LLC	Delaware	147,419,741 USD	131,164	15	131,150	-	-13	42.11%	-
2015 Vento XIII LLC	Delaware	308,114,895 USD	273,683	54	273,629	-	-106	42.11%	-
2015 Vento XIV LLC	Delaware	268,375,840 USD	239,024	548	238,476	-	-120	42.11%	-
2016 Vento XV LLC	Delaware	490,100,206 USD	435,956	44	435,912	-	-138	82.56%	-
2016 Vento XVI LLC	Delaware	184,176,386 USD	163,732	113	163,619	-	-124	82.56%	-
2017 Sol II LLC	Delaware	106,334,045 USD	95,110	542	94,569	-	-69	82.56%	-
2017 Vento XVII LLC	Delaware	567,703,694 USD	505,244	148	505,096	-	-123	82.56%	-
2018 Vento XVIII LLC	Delaware	506,012,205 USD	453,029	2,814	450,215	-	-189	82.56%	-
2019 SOL V LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
2019 Vento XX LLC	Delaware	37,373,408 USD	33,268	-	33,268	-	0	82.56%	-
2019 Vento XXI LLC	Delaware	- USD	-0	0	-1	-	-1	82.56%	-
Alabama Ledge Wind Farm LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Alabama Solar Park LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Antelope Ridge Wind Power Project LLC	Delaware	12,828,809 USD	-	-	-	-	1	82.56%	-
Arbuckle Mountain Wind Farm LLC	Delaware	152,443,207 USD	140,801	9,585	131,215	7,585	-1,763	42.11%	-
Arkwright Summit Wind Farm LLC	Delaware	192,035,760 USD	195,449	20,690	174,759	13,978	5,985	82.56%	-
Arlington Wind Power Project LLC	Delaware	86,856,358 USD	107,929	7,845	100,084	13,166	2,855	42.11%	-
Aroostook Wind Energy LLC	Delaware	45,721,058 USD	36,027	168	35,859	-	-31	82.56%	-
Ashford Wind Farm LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Athena-Weston Wind Power Project II LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Athena-Weston Wind Power Project LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Avondale Solar Park LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
AZ Solar LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Bayou Bend Solar Park LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
BC2 Maple Ridge Holdings LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
BC2 Maple Ridge Wind LLC	Delaware	281,815,105 USD	213,996	-	213,996	-	-9,385	82.56%	-
Big River Wind Power Project LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Black Prairie Solar Park LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Black Prairie Wind Farm II LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Black Prairie Wind Farm III LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Black Prairie Wind Farm LLC	Delaware	1,177,368 USD	1,046	1	1,046	-	-0	82.56%	-
Blackford County Solar Park LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Blackford County Wind Farm LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Blackstone Wind Farm II LLC	Delaware	212,286,838 USD	291,209	101,307	189,902	19,844	1,137	82.56%	-
Blackstone Wind Farm III LLC	Delaware	6,275,439 USD	-	-	-	-	8	82.56%	-
Blackstone Wind Farm IV LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Blackstone Wind Farm LLC	Delaware	97,123,207 USD	133,383	46,072	87,311	10,440	911	82.56%	-
Blackstone Wind Farm V LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Blue Canyon Wind Power VII LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Blue Canyon Windpower II LLC	Texas	113,839,510 USD	113,324	6,942	106,381	5,656	-2,273	82.56%	-
Blue Canyon Windpower III LLC	Texas	- USD	-	-	-	-	-	82.56%	-
Blue Canyon Windpower IV LLC	Texas	- USD	-	-	-	-	-	82.56%	-
Blue Canyon Windpower V LLC	Texas	41,894,711 USD	118,569	8,419	110,150	19,192	9,318	42.11%	-
Blue Canyon Windpower VI LLC	Delaware	95,856,860 USD	110,131	8,451	101,680	11,678	1,950	82.56%	-
Blue Harvest Solar Park LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Blue Marmot I LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Blue Marmot II LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Blue Marmot IV LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Blue Marmot IX LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Blue Marmot V LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Blue Marmot VI LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Blue Marmot VII LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Blue Marmot VIII LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Blue Marmot Solar Park LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Blue Marmot XI LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Bright Stalk Solar Park LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Broadlands Wind Farm II LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Broadlands Wind Farm III LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Broadlands Wind Farm LLC	Delaware	42,998,618 USD	80,034	41,776	38,258	-	-17	82.56%	-
Buffalo Bluff Wind Farm LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Cameron Solar LLC	Delaware	34,044,121 USD	37,281	6,737	30,544	1,914	1,021	82.56%	-
Casa Grande Carmel Solar LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Castle Valley Wind Farm LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Chateaugay River Wind Farm LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Cielo Solar Park LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Clinton County Wind Farm LLC	Delaware	222,308,688 USD	197,882	-	197,882	-	-	82.56%	-
Cloud County Wind Farm LLC	Delaware	173,082,807 USD	200,418	13,813	186,605	21,888	5,524	42.11%	-
Crossing Trails Wind Power Project II LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Duff Solar Park LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Eastmill Solar Park LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
EDPR Solar Ventures IV LLC	Delaware	105,812,085 USD	94,147	-	94,147	-	-42	82.56%	-
EDPR Wind Ventures XX LLC	Delaware	- USD	33,268	187,414	-154,145	-	129	82.56%	-
EDPR Wind Ventures XXI LLC	Delaware	36,045 USD	-	-32	32	-	-	82.56%	-
Lowland Solar Park LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Moonshine Solar Park LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Sedge Meadow Solar Park LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Plum Nellie Wind Farm LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Coldwater Solar Park LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Coos Curry Wind Power Project LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Crittenden Wind Farm LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Cropsey Ridge Wind Farm LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Crossing Trails Wind Power Project LLC	Delaware	1 USD	3,783	3,783	-	-	-0	82.56%	-
Dairy Hills Wind Farm LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Diamond Power Partners LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Drake Peak Solar Park LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Dry Creek Solar Park LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
East Klickitat Wind Power Project LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
EDPR CA Solar Park II LLC	Delaware	- USD	-	-	-	-	-	82.56%	-

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EDPR CA Solar Park III LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
EDPR CA Solar Park IV LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
EDPR CA Solar Park LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
EDPR CA Solar Park V LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
EDPR CA Solar Park VI LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
EDPR Offshore North America LLC	Delaware	73,225,540 USD	75,124	10,316	64,808	-	-376	82.56%	-
EDPR Solar Ventures I LLC	Delaware	41,885,982 USD	65,925	24,436	41,489	-	906	42.11%	-
EDPR Solar Ventures II LLC	Delaware	44,142,274 USD	94,654	54,023	40,631	-	959	82.56%	-
EDPR Solar Ventures III LLC	Delaware	82,280,079 USD	73,180	-	73,180	-	-62	82.56%	-
EDPR Solar Ventures V LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
EDPR South Table LLC	Nebraska	- USD	-	-	-	-	-	82.56%	-
EDPR Vento I Holding LLC	Delaware	298,040,549 USD	265,302	-	265,302	-	-	82.56%	-
EDPR Vento IV Holding LLC	Delaware	68,995,105 USD	61,416	-	61,416	-	-	82.56%	-
EDPR WF LLC	Delaware	49,317,020 USD	43,900	-	43,900	-	-	82.56%	-
EDPR Wind Ventures X LLC	Delaware	27,882,950 USD	89,839	12,400	77,439	-	9,011	82.56%	-
EDPR Wind Ventures XI LLC	Delaware	72,512,452 USD	234,499	133,153	101,346	-	10,272	42.11%	-
EDPR Wind Ventures XII LLC	Delaware	39,315,134 USD	131,226	91,648	39,578	-	2,115	42.11%	-
EDPR Wind Ventures XIII LLC	Delaware	79,282,689 USD	274,270	181,937	92,333	-	6,882	42.11%	-
EDPR Wind Ventures XIV LLC	Delaware	33,804,061 USD	238,896	186,592	52,304	-	7,327	42.11%	-
EDPR Wind Ventures XV LLC	Delaware	149,951,188 USD	436,265	262,470	173,795	-	14,410	82.56%	-
EDPR Wind Ventures XVI LLC	Delaware	71,664,499 USD	163,946	95,064	68,881	-	2,394	82.56%	-
EDPR Wind Ventures XVII LLC	Delaware	131,410,378 USD	505,344	344,540	160,804	-	18,887	82.56%	-
EDPR Wind Ventures XVIII LLC	Delaware	238,401,621 USD	450,429	229,505	220,924	-	7,081	82.56%	-
EDPR Wind Ventures XIX LLC	Delaware	- USD	20,055	-	20,055	-	-78,577	82.56%	-
Esker Solar Park LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Estill Solar I LLC	Delaware	37,257,070 USD	38,768	5,534	33,234	1,725	1,036	82.56%	-
Five-Spot LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Ford Wind Farm LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Franklin Wind Farm LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Goldfinger Ventures III LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Greenbow Solar Park LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Green Country Wind Farm LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Green Power Offsets LLC	Delaware	10,515 USD	-	-	-	-	-	82.56%	-
Gulf Coast Windpower Management Company LLC	Delaware	- USD	-	-	-	-	-	61.92%	-
Hampton Solar II LLC	Delaware	35,539,478 USD	36,819	3,949	32,871	1,837	1,775	82.56%	-
Headwaters Wind Farm LLC	Delaware	263,571,553 USD	303,321	26,357	276,964	27,677	7,439	42.11%	-
Headwaters Wind Farm II LLC	Delaware	151 USD	14,385	14,385	-	-	-0	82.56%	-
Headwaters Wind Farm III LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Headwaters Wind Farm IV LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Helena Harbor Solar Park LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Hidalgo Wind Farm II LLC	Delaware	151 USD	45,255	45,257	-3	-	-3	82.56%	-
Hidalgo Wind Farm LLC	Delaware	350,762,397 USD	341,849	20,830	321,019	19,824	-2,038	82.56%	-
High Prairie Wind Farm II LLC	Delaware	69,747,032 USD	102,616	16,440	86,176	12,228	4,311	42.11%	-
High Trail Wind Farm LLC	Delaware	159,180,253 USD	231,301	16,244	215,057	18,008	-3,181	82.56%	-
Hog Creek Wind Project LLC	Delaware	100,676,508 USD	102,898	8,949	93,949	8,367	2,007	82.56%	-
Holly Hill Solar Park LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Horizon Wind Chocolate Bayou I LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Horizon Wind Energy Midwest IX LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Horizon Wind Energy Northwest I LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Horizon Wind Energy Northwest IV LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Horizon Wind Energy Northwest VII LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Horizon Wind Energy Northwest X LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Horizon Wind Energy Northwest XI LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Horizon Wind Energy Panhandle I LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Horizon Wind Energy Southwest I LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Horizon Wind Energy Southwest II LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Horizon Wind Energy Southwest III LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Horizon Wind Energy Southwest IV LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Horizon Wind Energy Valley I LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Horizon Wind MREC Iowa Partners LLC	Delaware	- USD	-	-	-	-	-	61.92%	-
Horizon Wind Ventures I LLC	Delaware	172,744,556 USD	745,915	165,360	580,554	-	-3,356	82.56%	-
Horizon Wind Ventures IB LLC	Delaware	- USD	370,429	229,020	141,408	-	-24,785	42.11%	-
Horizon Wind Ventures IC LLC	Delaware	276,091,659 USD	458,829	47,237	411,592	-	2,220	42.11%	-
Horizon Wind Ventures II LLC	Delaware	140,598,296 USD	181,568	40,576	140,992	-	2,456	82.56%	-
Horizon Wind Ventures III LLC	Delaware	- USD	38,420	10,392	28,028	-	4,391	42.11%	-
Horizon Wind Ventures IX LLC	Delaware	50,262,850 USD	81,527	39,420	42,108	-	1,596	42.11%	-
Horizon Wind Ventures VI LLC	Delaware	71,513,246 USD	112,549	37,034	75,514	-	1,871	82.56%	-
Horizon Wind Ventures VII LLC	Delaware	92,531,870 USD	133,385	38,646	94,739	-	1,854	82.56%	-
Horizon Wind Ventures VIII LLC	Delaware	98,007,111 USD	130,633	35,979	94,654	-	1,729	82.56%	-
Horizon Wind Freeport Windpower I LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Horizon Wyoming Transmission LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Horse Mountain Wind Farm LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Indiana Crossroads Wind Farm II LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Meadow Lake Wind Farm VIII LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Indiana Crossroads Wind Farm LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Jericho Rise Wind Farm LLC	Delaware	138,693,829 USD	141,506	8,344	133,162	9,350	-1,106	82.56%	-
Juniper Wind Power Partners LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Leprechaun Solar Park LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Lexington Chenoa Wind Farm II LLC	Delaware	799,166 USD	285	109	176	-	-0	82.56%	-
Lexington Chenoa Wind Farm III LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Lexington Chenoa Wind Farm LLC	Delaware	158,255,660 USD	310,954	169,790	141,164	596	366	82.56%	-
Little Brook Solar Park LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Loblolly Hill Solar Park LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Loki Solar Park LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Loma de la Gloria Solar Park LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Lone Valley Solar Park I LLC	Delaware	25,333,660 USD	25,521	1,801	23,721	1,664	249	42.11%	-
Lone Valley Solar Park II LLC	Delaware	44,104,670 USD	47,499	3,550	43,949	3,162	823	42.11%	-
Long Hollow wind Farm LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Lost Lakes Wind Farm LLC	Delaware	125,285,966 USD	124,985	12,576	112,409	16,584	2,535	82.56%	-
Loyal Wind Farm LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Machias Wind Farm LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Madison Windpower LLC	Delaware	16,745,879 USD	4,455	491	3,964	1,045	-776	82.56%	-
Marathon Wind Farm LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Marble River LLC	Delaware	222,300,933 USD	333,749	104,063	229,686	18,324	3,366	82.56%	-
Martinsdale Wind Farm LLC	Delaware	4,721,258 USD	4,265	87	4,178	-	-	82.56%	-
Meadow Lake Solar Park LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Meadow Lake Wind Farm II LLC	Delaware	148,735,841 USD	132,083	13,240	118,843	10,023	-1,171	82.56%	-
Meadow Lake Wind Farm III LLC	Delaware	97,996,500 USD	142,128	48,874	93,253	9,818	1,422	82.56%	-
Meadow Lake Wind Farm IV LLC	Delaware	89,950,033 USD	114,537	39,384	75,152	7,263	130	82.56%	-
Meadow Lake Wind Farm LLC	Delaware	198,780,613 USD	244,419	84,364	160,056	17,503	388	82.56%	-
Meadow Lake Wind Farm V LLC	Delaware	158,584,571 USD	160,180	12,752	147,429	10,920	3,226	82.56%	-
Mesquite Wind LLC	Delaware	125,720,256 USD	184,821	10,564	174,257	20,329	2,472	82.56%	-
Mineral Springs Solar Park LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
New Trail Wind Farm LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Nine Kings Transco LLC	Delaware	- USD	-	-	-	-	-	82.56%	-

Subsidiaries	Head Office	Share capital / Currency	Assets 31-Dec-19 Euro'000	Liabilities 31-Dec-19 Euro'000	Equity 31-Dec-19 Euro'000	Revenues 31-Dec-19 Euro'000	Net Profit/(Loss) 31-Dec-18 Euro'000	% Group	% Company
North River Wind LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
North Slope Wind Farm LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Number Nine Wind Farm LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Old Trail Wind Farm LLC	Delaware	166,252,489 USD	242,528	16,146	226,382	35,058	13,726	42.11%	-
OPQ Property LLC	Delaware	-28,865 USD	155	-	155	-	-	82.56%	-
Pacific Southwest Wind Farm LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Paulding Wind Farm II LLC	Delaware	90,691,229 USD	145,743	19,672	126,071	18,598	5,960	42.11%	-
Paulding Wind Farm III LLC	Delaware	183,199,714 USD	189,826	17,776	172,050	14,184	1,540	82.56%	-
Paulding Wind Farm IV LLC	Delaware	25,979,139 USD	168,990	145,539	23,452	382	343	82.56%	-
Paulding Wind Farm LLC	Delaware	29,067 USD	0	1	-0	-	-	82.56%	-
Paulding Wind Farm V LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Paulding Wind Farm VI LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Peterson Power Partners LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Pioneer Prairie Wind Farm I LLC	Delaware	248,837,422 USD	363,117	32,931	330,186	49,784	14,170	42.11%	-
Pleasantville Solar Park LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Poplar Camp Wind Farm LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Post Oak Wind LLC	Delaware	144,438,977 USD	207,445	8,164	199,281	23,009	1,849	42.11%	-
Prospector Solar Park LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Quilt Block Wind Farm II LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Quilt Block Wind Farm LLC	Delaware	147,998,130 USD	156,298	13,532	142,766	11,987	4,429	82.56%	-
Rail Splitter Wind Farm LLC	Delaware	202,722,482 USD	144,709	15,417	129,292	8,340	-4,218	82.56%	-
Redbed Plains Wind Farm LLC	Delaware	158,262,389 USD	148,993	9,600	139,393	7,511	-1,665	82.56%	-
Reloj del Sol Wind Farm LLC	Delaware	5,983,341 USD	9,289	3,974	5,315	-	-11	82.56%	-
Renville County Wind Farm LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Rio Blanco Wind Farm LLC	Delaware	3,037,930 USD	2,706	3	2,703	-	-1	82.56%	-
Rising Tree Wind Farm II LLC	Delaware	27,937,305 USD	31,373	2,199	29,174	3,013	866	42.11%	-
Rising Tree Wind Farm III LLC	Delaware	154,761,255 USD	165,377	3,055	162,321	20,993	5,440	42.11%	-
Rising Tree Wind Farm LLC	Delaware	118,922,647 USD	135,268	3,329	131,939	18,812	7,667	42.11%	-
Riverstart Solar Park II LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Riverstart Solar Park III LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Riverstart Solar Park IV LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Riverstart Solar Park LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Riverstart Solar Park V LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Rolling Upland Wind Farm LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Rosewater Wind Farm LLC	Delaware	- USD	14,476	14,476	-	-	-	82.56%	-
Rush County Wind Farm LLC	Delaware	2,710,533 USD	2,443	31	2,413	-	-	82.56%	-
Rye Patch Solar Park LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Saddleback Wind Power Project LLC	Delaware	1,349,914 USD	-	-	-	-	-0	82.56%	-
Sagebrush Power Partners LLC	Delaware	145,507,051 USD	120,632	8,928	111,704	12,295	1,161	82.56%	-
San Clemente Solar Park LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Sardinia Windpower LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Shullsburg Wind Farm LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Signal Hill Wind Power Project LLC	Delaware	4,502 USD	-	-	-	-	-	82.56%	-
Simpson Ridge Wind Farm II LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Simpson Ridge Wind Farm III LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Simpson Ridge Wind Farm IV LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Simpson Ridge Wind Farm LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Simpson Ridge Wind Farm V LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Solar Ventures Purchasing LLC	Delaware	- USD	1,216	40,830	-39,614	-	23,408	82.56%	-
Spruce Ridge Wind Farm LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Stinson Mills Wind Farm LLC	Delaware	4,461,465 USD	3,968	85	3,883	-	-	82.56%	-
Sustaining Power Solutions LLC	Delaware	84,124,079 USD	14,946	10,707	4,239	40,258	-10,834	82.56%	-
Sweet Stream Wind Farm LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Telocaset Wind Power Partners LLC	Delaware	28,886,993 USD	104,239	9,189	95,051	17,742	7,730	42.11%	-
Timber Road Solar Park LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Tug Hill Windpower LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Tumbleweed Wind Power Project LLC	Delaware	4,003 USD	-	-	-	-	-	82.56%	-
Turtle Creek Wind Farm LLC	Delaware	287,793,223 USD	291,675	30,593	261,082	14,799	4,645	82.56%	-
Waverly Wind Farm II LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Waverly Wind Farm LLC	Delaware	268,519,531 USD	274,122	15,065	259,057	20,275	4,030	42.11%	-
Western Trail Wind Project I LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Wheat Field Holding LLC	Delaware	2,992,806 USD	2,582	14	2,568	-	-26	42.11%	-
Wheat Field Wind Power Project LLC	Delaware	2,901,172 USD	93,329	29,388	63,941	12,841	5,532	42.11%	-
Whiskey Ridge Power Partners LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Whistling Wind WI Energy Center LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
White Stone Solar Park LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Whitestone Wind Purchasing LLC	Delaware	3,981,575 USD	2,765	541	2,224	-	-264	82.56%	-
Wildcat Creek Wind Farm LLC	Delaware	250,255 USD	4,156	3,988	168	-	-55	82.56%	-
Wilson Creek Power Project LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Wind Turbine Prometheus LP	Delaware	5,990 USD	-	-	-	-	-	82.56%	-
Wrangler Solar Park LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
WTP Management Company LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Canada:									
EDP Renewables Canada, Ltd. (Canada Subgroup Parent Company)	British Columbia	67,247,170 CAD	76,973	3,186	73,787	-	4,334	82.56%	-
Blue Bridge Solar Park GP Ltd	British Columbia	- CAD	-	-	-	-	-	82.56%	-
Blue Bridge Solar Park LP	British Columbia	- CAD	0	199	-199	-	-63	82.56%	-
Bromhead Solar Park GP Ltd	British Columbia	- CAD	-	-	-	-	-	82.56%	-
Bromhead Solar Park LP	Saskatchewan	- CAD	0	199	-199	-	-63	82.56%	-
EDP Renewables Canada Management Services Ltd	British Columbia	- CAD	3,437	6,044	-2,607	-	-	82.56%	-
EDP Renewables Sask SE GP Ltd	British Columbia	- CAD	-	-	-	-	-	82.56%	-
EDP Renewables Sask SE Limited Partnership	Ontario	- CAD	0	371	-371	-	-232	82.56%	-
EDP Renewables SH II Project GP Ltd	British Columbia	- CAD	-	-	-	-	-	82.56%	-
EDP Renewables SH II Project LP	Alberta	- CAD	-	-	-	-	-	82.56%	-
EDP Renewables Sharp Hills Project GP, Ltd.	British Columbia	- CAD	-	-	-	-	-	82.56%	-
EDP Renewables Sharp Hills Project LP	Alberta	196,380 CAD	17,570	17,909	-339	-	-188	82.56%	-
Halbrite Solar Park GP Ltd	British Columbia	- CAD	-	-	-	-	-	82.56%	-
Halbrite Solar Park LP	Saskatchewan	- CAD	0	199	-199	-	-63	82.56%	-
Kennedy Wind Farm GP Ltd	British Columbia	- CAD	-	-	-	-	-	82.56%	-
Kennedy Wind Farm LP	Saskatchewan	- CAD	0	199	-199	-	-63	82.56%	-
Nation Rise Wind Farm GP II Inc.	British Columbia	4,910 CAD	1	-	1	-	-2	82.56%	-
Quatro Limited Partnership	Ontario	49,097,174 CAD	10,493	1	10,492	-	-22,737	82.56%	-
SBWF GP, Inc.	British Columbia	887 CAD	2	0	2	-	-0	42.11%	-
South Branch Wind Farm II GP Inc.	British Columbia	- CAD	-	-	-	-	-	82.56%	-
South Branch Wind Farm II LP	Ontario	272,651 CAD	1,248	1,462	-213	-	-186	82.56%	-
South Dundas Wind Farm LP	Ontario	21,413,563 CAD	51,227	20,005	31,222	6,907	3,377	42.11%	-
Mexico:									
EDPR Servicios de México, S. de R.L. de C.V.	Mexico City	81,187,656 MXN	2,339	644	1,695	-	-151	82.56%	-
Eólica de Coahuila, S.A. de C.V.	Mexico City	7,189,723 USD	274,932	249,142	25,791	42,422	4,190	42.11%	-
Vientos de Coahuila, S.A. de C.V.	Mexico City	2,421 USD	7,462	7,667	-205	-	-105	82.56%	-

Subsidiaries	Head Office	Share capital / Currency	Assets 31-Dec-19 Euro'000	Liabilities 31-Dec-19 Euro'000	Equity 31-Dec-19 Euro'000	Revenues 31-Dec-19 Euro'000	Net Profit/(Loss) 31-Dec-18 Euro'000	% Group	% Company
South America Geography / Platform:									
Brazil:									
EDP Renovaveis Brasil, SA (Empresa-Matriz de Subgrupo EDPR BR)	Sao Paulo	861,804,658 BRL	332,707	63,092	269,615	1,522	75,563	82.56%	-
Aventura Holding, S.A.	Sao Paulo	500 BRL	8,147	8,245	-98	-	-81	82.56%	-
Central Eólica Aventura I, S.A.	Sao Paulo	81,678,829 BRL	31,886	13,481	18,405	3,584	-180	42.10%	-
Central Eólica Aventura II, S.A.	Sao Paulo	371,500 BRL	2,348	2,394	-46	-	-24	82.56%	-
Central Eólica Aventura III, S.A.	Sao Paulo	1,050 BRL	2,798	2,913	-114	-	-17	82.56%	-
Central Eólica Aventura IV, S.A.	Sao Paulo	10,000 BRL	2,983	3,113	-130	-	-18	82.56%	-
Central Eólica Aventura V, S.A.	Sao Paulo	10,000 BRL	2,830	2,960	-130	-	-18	82.56%	-
Central Eólica Baixa do Feijão I, S.A.	Sao Paulo	39,216,713 BRL	28,356	17,175	11,181	3,805	-191	42.11%	-
Central Eólica Baixa do Feijão II, S.A.	Sao Paulo	40,551,200 BRL	27,708	16,070	11,639	3,433	-246	42.11%	-
Central Eólica Baixa do Feijão III, S.A.	Sao Paulo	67,416,713 BRL	33,368	17,623	15,744	3,358	-926	42.11%	-
Central Eólica Baixa do Feijão IV, S.A.	Sao Paulo	44,433,110 BRL	27,596	15,959	11,637	3,107	-540	42.11%	-
Central Eólica Boqueirão I, S.A.	Sao Paulo	50 BRL	0	-	0	-	-	82.56%	-
Central Eólica Boqueirão II, S.A.	Sao Paulo	50 BRL	0	-	0	-	-	82.56%	-
Central Eólica Catanduba I, S.A.	Sao Paulo	500 BRL	0	-	0	-	-	82.56%	-
Central Eólica Catanduba II, S.A.	Sao Paulo	500 BRL	0	-	0	-	-	82.56%	-
Central Eólica Jerusalém I, S.A.	Sao Paulo	50 USD	357	598	-241	-	-2	82.56%	-
Central Eólica Jerusalém II, S.A.	Sao Paulo	50 USD	335	576	-241	-	-2	82.56%	-
Central Eólica Jerusalém III, S.A.	Sao Paulo	50 USD	394	635	-241	-	-2	82.56%	-
Central Eólica Jerusalém IV, S.A.	Sao Paulo	50 USD	335	576	-241	-	-2	82.56%	-
Central Eólica Jerusalém V, S.A.	Sao Paulo	50 USD	334	575	-241	-	-2	82.56%	-
Central Eólica Jerusalém VI, S.A.	Sao Paulo	50 USD	379	655	-276	-	-2	82.56%	-
Central Eólica Monte Verde I, S.A.	Lagoa Nova	10,000 BRL	737	1,284	-547	-	-2	82.56%	-
Central Eólica Monte Verde II, S.A.	Lagoa Nova	10,000 BRL	733	1,280	-547	-	-2	82.56%	-
Central Eólica Monte Verde III, S.A.	Lagoa Nova	10,000 BRL	677	1,156	-479	-	-2	82.56%	-
Central Eólica Monte Verde IV, S.A.	Lagoa Nova	10,000 BRL	585	961	-376	-	-2	82.56%	-
Central Eólica Monte Verde V, S.A.	Lagoa Nova	10,000 BRL	390	663	-273	-	-1	82.56%	-
Central Eólica Monte Verde VI, S.A.	Lagoa Nova	10,000 BRL	69	69	-0	-	-2	82.56%	-
Central Eólica SRMN I, S.A.	Sao Paulo	1,050 BRL	1,723	1,880	-157	-	-28	82.56%	-
Central Eólica SRMN II, S.A.	Sao Paulo	1,050 BRL	2,277	2,409	-132	-	-18	82.56%	-
Central Eólica SRMN III, S.A.	Sao Paulo	1,050 BRL	1,518	1,668	-149	-	-19	82.56%	-
Central Eólica SRMN IV, S.A.	Sao Paulo	1,050 BRL	1,596	1,746	-150	-	-20	82.56%	-
Central Eólica SRMN V, S.A.	Sao Paulo	500 BRL	1,035	1,150	-115	-	-17	82.56%	-
Central Eólica Jau, S.A.	Sao Paulo	174,051,904 BRL	93,523	44,576	48,947	10,493	512	42.11%	-
Central Nacional de Energia Eólica, S.A.	Sao Paulo	12,396,000 BRL	5,183	836	4,347	2,459	1,263	42.11%	-
Central Solar Pereira Barreto I, S.A.	Pereira Barreto	1,000,000 USD	272	61	211	-	-11	82.56%	-
Central Solar Pereira Barreto II, S.A.	Pereira Barreto	1,010,000 USD	274	61	213	-	-11	82.56%	-
Central Solar Pereira Barreto III, S.A.	Pereira Barreto	1,010,000 USD	275	62	213	-	-11	82.56%	-
Central Solar Pereira Barreto IV, S.A.	Pereira Barreto	1,010,000 USD	274	61	213	-	-11	82.56%	-
Central Solar Pereira Barreto V, S.A.	Pereira Barreto	1,010,000 USD	274	60	215	-	-9	82.56%	-
Elebrás Projetos, S.A.	Sao Paulo	103,779,268 BRL	53,086	20,911	32,174	19,400	7,358	42.11%	-
Jerusalém Holding, S.A.	Sao Paulo	500 BRL	1,899	1,910	-11	-	-11	82.56%	-
Monte Verde Holding, S.A.	Sao Paulo	500 BRL	2,172	2,183	-11	-	-11	82.56%	-
SRMN Holding, S.A.	Sao Paulo	500 BRL	3,847	3,951	-104	-	-106	82.56%	-
Colombia:									
Eolos Energías, S.A.S. E.S.P.	Bogota	34,214,100 COP	376	479	-103	-	-199	82.56%	-
Vientos del Norte, S.A.S. E.S.P.	Bogota	47,510,000 COP	297	413	-116	-	-245	82.56%	-
Other Geographies:									
EDPR Japan GK	Tokyo	24,400,001 JPY	95	12	83	-	-117	82.56%	-
Korean Floating Wind Power Co., Ltd.	Seoul	10,000,000 KRW	254	1,082	-828	-	-813	50.57%	-

The companies main financial data of joint ventures as at 31 December 2019 are as follows:

Joint Ventures entities *	Head Office	Share Capital / Currency	% Group	% Company
Electricity Generation:				
Bioastur, A.I.E.	Serin	60,101 EUR	50.00%	-
Seprastur, A.I.E.	Oviedo	360,607 EUR	46.86%	-
Companhia Energética do JARI - CEJA	Sao Paulo	850,823,746 BRL	25.69%	-
Empresa de Energia Cachoeira Caldeirão, S.A.	Amapá	728,600,000 BRL	25.69%	-
Empresa de Energia São Manoel, S.A.	Rio de Janeiro	2,409,974,102 BRL	17.13%	-
HC Tudela Cogeneración, S.L.	Aboño - Carreño	306,030 EUR	50.10%	-
Pecém Operação e Manutenção de Unidades de Geração Eletrica, S.A.	Ceará	1,527,000 BRL	25.69%	-
Pecém Transportadora de Minérios, S.A.	Ceará	3,364,018 BRL	25.69%	-
Electricity Supply:				
CHC Comercializador de Referencia, S.L.U.	Madrid	72,000 EUR	50.00%	-
CIDE HC Energía, S.A.	Madrid	500,000 EUR	50.00%	-
Renewable Energy Activity:				
2018 Vento XIX LLC	Delaware	483,122,053 USD	16.51%	-
2019 SOL III LLC	Delaware	246,422,986 USD	41.28%	-
2019 SOL IV LLC	Delaware	333,609,989 USD	41.28%	-
Compañía Eólica Aragonesa, S.A.	Zaragoza	6,701,165 EUR	41.28%	-
Desarrollos Energéticos Canarios, S.A.	Las Palmas	15,025 EUR	41.20%	-
Desarrollos Energéticos del Val, S.L.	Soria	137,070 EUR	20.64%	-
Dunkerque Éoliennes en Mer, S.A.S.	Montpellier	10,000 EUR	26.42%	-
Éoliennes en Mer Dieppe - Le Tréport, S.A.S.	Bois Guillaume	31,436,000 EUR	24.36%	-
Éoliennes en Mer Îles d'Yeu et de Noirmoutier, S.A.S.	Nantes	36,376,000 EUR	24.36%	-
Evolución 2000, S.L.	Albacete	117,994 EUR	40.58%	-
Flat Rock Windpower II LLC	Delaware	211,171,187 USD	41.28%	-
Flat Rock Windpower LLC	Delaware	536,426,287 USD	41.28%	-
Frontier Beheer Nederland, B. V.	Zwolle	1,000 EUR	24.77%	-
Frontier, C.V.	Zwolle	1,000 EUR	24.77%	-
Goldfinger Ventures LLC	Delaware	154,978,239 USD	41.28%	-
Goldfinger Ventures II LLC	Delaware	208,565,999 USD	41.28%	-
Les Eoliennes en Mer Services, S.A.S.	Courbevoie	40,000 EUR	24.36%	-
Les Eoliennes Flottantes du Golfe du Lion, S.A.S.	Montpellier	40,000 EUR	28.90%	-
Mayflower Wind Energy LLC	Delaware	159,000,000 USD	41.28%	-
Meadow Lake Wind Farm VI LLC	Delaware	273,341,071 USD	16.51%	-
Moray East Holdings Limited	London	10,000,000 GBP	27.49%	-
Moray Offshore Windfarm (East) Limited	London	10,000,000 GBP	27.49%	-
Moray Offshore Windfarm (West) Limited	London	1,000 GBP	55.32%	-
Moray West Holdings Limited	London	1,000 GBP	55.32%	-
Nation Rise Wind Farm GP, Inc.	British Columbia	1,276 CAD	20.64%	-
Nation Rise Wind Farm LP	Ontario	62,024,174 CAD	20.64%	-
Prairie Queen Wind Farm LLC	Delaware	191,095,968 USD	16.51%	-
Sistemas Eólicos Tres Cruces, S.L.U.	Soria	50,000 EUR	20.64%	-
Solar Ventures Acquisition LLC	Delaware	- USD	41.28%	-

Joint Ventures entities *	Head Office	Share Capital / Currency	% Group	% Company
Sun Streams LLC	Delaware	333,609,989 USD	41.28%	-
Sunshine Valley Solar LLC	Delaware	208,520,098 USD	41.28%	-
Windhub Solar A LLC	Delaware	37,902,128 USD	41.28%	-
Windplus, S.A.	Lisbon	1,250,000 EUR	44.91%	-
Other Activities:				
ARQUILED Group	Mora	231,000 EUR	49.91%	-
Energia Ásia Consultoria, Limitada	Macao	200,000 MOP	50.00%	49.00%
Hydro Global Investment, Ltda.	Hong Kong	136,066,000 USD	50.00%	-
Sino - Portuguese Centre for New Technologies (Shangai) CO., Ltd	Shanghai	21,600,000 CNY	40.00%	-

The companies main financial data of joint ventures as at 31 December 2018 are as follows:

Joint Ventures entities *	Head Office	Share Capital / Currency	% Group	% Company
Electricity Generation:				
Bioastur, A.I.E.	Serin	60,101 EUR	50.00%	-
Ceprastur, A.I.E.	Oviedo	360,607 EUR	46.86%	-
Companhia Energética do JARI - CEJA	Sao Paulo	778,823,746 BRL	25.63%	-
Empresa de Energia Cachoeira Caldeirão, S.A.	Amapá	728,600,000 BRL	25.63%	-
Empresa de Energia São Manoel, S.A.	Rio de Janeiro	2,351,974,102 BRL	17.09%	-
HC Tudela Cogeneración, S.L.	Oviedo	306,030 EUR	50.10%	-
Pecém Operação e Manutenção de Unidades de Geração Eletrica, S.A	Ceará	1,527,000 BRL	25.63%	-
Pecém Transportadora de Minérios, S.A.	Ceará	3,364,018 BRL	25.63%	-
Electricity Distribution:				
EME2 - Engenharia, Manutenção e Serviços, ACE	Lisbon	- EUR	60.00%	-
Electricity Supply:				
CHC Comercializador de Referencia, S.L.U.	Madrid	72,000 EUR	50.00%	-
CIDE HC Energía, S.A.	Madrid	500,000 EUR	50.00%	-
Renewable Energy Activity:				
2018 Vento XIX LLC	Delaware	182,057,308 USD	16.51%	-
Compañía Eólica Aragonesa, S.A.	Zaragoza	6,701,165 EUR	41.28%	-
Éoliennes en Mer Dieppe - Le Tréport, S.A.S.	Dieppe	31,436,000 EUR	24.36%	-
Éoliennes en Mer Îles d'Yeu et de Noirmoutier, S.A.S.	Nantes	36,376,000 EUR	24.36%	-
Evolución 2000, S.L.	Albacete	117,994 EUR	40.58%	-
Desarrollos Energéticos Canarios, S.A.	Las Palmas	15,025 EUR	41.20%	-
Flat Rock Windpower II LLC	Delaware	209,967,187 USD	41.28%	-
Flat Rock Windpower LLC	Delaware	536,426,287 USD	41.28%	-
Les Eoliennes en Mer Services, S.A.S.	Courbevoie	40,000 EUR	24.36%	-
Les Eoliennes Flottantes du Golfe du Lion, S.A.S.	Montpellier	40,000 EUR	28.90%	-
MacColl Offshore Windfarm Limited	Cardiff	1 GBP	27.49%	-
Mayflower Wind Energy LLC	Delaware	- USD	41.28%	-
Meadow Lake Wind Farm VI LLC	Delaware	95,277,580 USD	16.51%	-
Moray East Holdings Limited	London	10,000,000 GBP	27.49%	-
Moray Offshore Windfarm (East) Limited	Cardiff	10,000,000 GBP	27.49%	-
Moray Offshore Windfarm (West) Limited	London	1,000 GBP	55.32%	-
Moray West Holdings Limited	London	1,000 GBP	55.32%	-
Nation Rise Wind Farm GP, Inc.	British Columbia	- CAD	20.64%	-
Nation Rise Wind Farm LP	Ontario	17,089,826 CAD	20.64%	-
Prairie Queen Wind Farm LLC	Delaware	58,091,097 USD	16.51%	-
Stevenson Offshore Windfarm Limited	Cardiff	1 GBP	27.49%	-
Telford Offshore Windfarm Limited	Cardiff	1 GBP	27.49%	-
Windplus, S.A.	Lisbon	1,250,000 EUR	44.91%	-
Other Activities:				
ARQUILED Group	Mora	231,000 EUR	49.91%	-
Energia Ásia Consultoria, Limitada	Macao	200,000 MOP	50.00%	49.00%
Hydro Global Investment, Ltda.	Hong Kong	88,500,000 USD	50.00%	-
Sino - Portuguese Centre for New Technologies (Shangai) CO., Ltd	Shanghai	21,600,000 CNY	40.00%	-

* The companies financial data of joint ventures are disclosed in note 21.

The companies where the Group has significant influence as at 31 December 2019 are as follows:

Associated companies *	Head Office	Share capital / Currency	% Group	% Company
Electricity Generation:				
Carriço Cogeração - Sociedade de Geração de Electricidade e Calor, S.A	Lisbon	50,000 EUR	35.00%	-
Kosorkuntza, A.I.E.	Bilbao	- EUR	25.00%	-
Solar Siglo XXI, S.A.	Ciudad Real	80,000 EUR	20.64%	-
Electricity Distribution:				
AMBERTREE - Tecnologia para Redes de Energia Electrica, Lda	Lisbon	5,000 EUR	26.00%	-
Renewable Energy Activity:				
Aprofitament D'Energies Renovables de L'Ebre, S.L.	Barcelona	14,933,030 EUR	10.98%	-
Biomasas del Pirineo, S.A.	Huesca	454,896 EUR	24.77%	-
Blue Canyon Windpower LLC	Texas	- USD	25.00%	-
Desarrollos Eólicos de Canarias, S.A.	Gran Canaria	1,817,130 EUR	36.94%	-
Nine Kings Wind Farm LLC	Delaware	- USD	41.28%	-
Parque Eólico Belmonte, S.A.	Madrid	120,400 EUR	24.69%	-
Parque Eólico Sierra del Madero, S.A.	Madrid	7,193,970 EUR	34.68%	-
Solar Works! B.V.	Rotterdam	3 EUR	16.67%	-
Other Activities:				
Centrais Elétricas de Santa Catarina, S.A. - Celesc	Santa Catarina	1,340,000,000 BRL	13.03%	-
Comercializadora de Equipamentos y Materiais MABE, Ltda.	Chile	- BRL	25.69%	-
EIDT-Engenharia, Inovação e Desenvolvimento Tecnológico, S.A.	Oporto	221,794 EUR	33.50%	-
Endeco Technologies Limited	Dublin	15,633,266 EUR	16.90%	-
MABE Construção e Administração de Projectos, Ltda.	Ceará	520,459,000 BRL	25.69%	-
Portsines - Terminal Multipurpose de Sines, S.A.	Sines	4,200,000 EUR	39.60%	-
Principle Power, Inc	Seattle	356,066 USD	32.51%	-
Vertequip, Equipamentos e Trabalhos Verticais, Lda	Chamusca	347,139 EUR	23.66%	-
WPVT, S.A.	Oporto	75,000 EUR	20.00%	-

The companies where the Group has significant influence as at 31 December 2018 are as follows:

Associated companies *	Head Office	Share capital / Currency	% Group	% Company
Electricity Generation:				
Carriço Cogeração - Sociedade de Geração de Electricidade e Calor, S.A	Lisbon	50,000 EUR	35.00%	-
Kosorkuntza, A.I.E.	Bilbao	- EUR	25.00%	-
Solar Siglo XXI, S.A.	Ciudad Real	80,000 EUR	20.64%	-
Electricity Distribution:				
AMBERTREE - Tecnologia para Redes de Energia Electrica, Lda	Lisbon	5,000 EUR	26.00%	-
Renewable Energy Activity:				
Aprofitament D'Energies Renovables de L'Ebre, S.L.	Barcelona	3,870,030 EUR	10.97%	-
Biomasas del Pirineo, S.A.	Huesca	454,896 EUR	24.77%	-
Blue Canyon Windpower LLC	Texas	35,309,480 USD	25.00%	-
Desarrollos Eólicos de Canarias, S.A.	Gran Canaria	1,817,130 EUR	36.94%	-
Nine Kings Wind Farm LLC	Delaware	- USD	41.28%	-
Parque Eólico Belmonte, S.A.	Asturias	120,400 EUR	24.69%	-
Parque Eólico Sierra del Madero, S.A.	Soria	7,193,970 EUR	34.68%	-
Solar Works! B.V.	Rotterdam	3 EUR	16.67%	-
Other Activities:				
Centrais Elétricas de Santa Catarina, S.A. - Celesc	Santa Catarina	1,340,000,000 BRL	12.08%	-
Comercializadora de Equipamentos y Materiais MABE, Ltda.	Chile	- BRL	25.63%	-
EIDT-Engenharia, Inovação e Desenvolvimento Tecnológico, S.A.	Porto	221,794 EUR	33.50%	-
MABE Construção e Administração de Projectos, Ltda.	Ceará	520,459,000 BRL	25.63%	-
Portsines - Terminal Multipurpose de Sines, S.A.	Sines	4,200,000 EUR	39.60%	-
Principle Power, Inc	Seattle	356,066 USD	21.39%	-
Vertequip, Equipamentos e Trabalhos Verticais, Lda	Chamusca	347,139 EUR	23.66%	-
WPVT, S.A.	Porto	75,000 EUR	20.00%	-

* The companies financial data of associated companies are disclosed in note 21.


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06

06 ANNEXES

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FINAL REFERENCES

The Executive Board of Directors expresses its gratitude to all those who have supported and followed, directly or indirectly, the activity of EDP Group over the year of 2019.

First of all, we would like to thank the shareholders for the trust and support given to the Executive Board of Directors and to each of its members in the exercise of its activity.

To all the members of the Corporate Bodies, responsible for the auditing and supervision of the Group, a special thanks is also due, for the support given over the year. A special word to the General and Supervisory Board for the guidance provided to the activity of the Executive Board of Directors.

The successful results of the Group and the intrepid defense of all stakeholders' interests clearly demonstrate that the governance model is fully consolidated.

Additionally, as a result of the support granted to the group's activities during last year, the Board thanks the members of the governmental bodies and the public authorities of countries in which EDP is present, for the continued support provided.

Within the energy sector, it is also important to refer the constant and constructive dialogue between EDP and the different energy sector regulators. Particularly with the Regulatory Body for Energy Services (ERSE) and the Directorate-General for Energy and Geology (DGEG) in Portugal, as well as to other regulators in countries where the activity of the EDP group is most visible, such as CNE in Spain, ANEEL in Brazil and FERC and NERC in the USA.

The Executive Board of Directors also extends its gratitude to all the other entities that interacted with the group during 2019, namely, the financial markets regulators, the sectorial associations and the social and environmental non-government organizations.

It is also imperative to thank our customers and reaffirm our full commitment to seek continuous improvement of our offer, as well as to achieve excellence in the service delivery. We are focused and determined to satisfy our customers' needs.

The Board's gratitude is also extended to suppliers, as well as to the social media that followed the company throughout the year.

Lastly, a special thanks to all EDP employees. Their knowledge, determination, and commitment were crucial for the company to achieve its results.

The Executive Board of Directors

António Luís Guerra Nunes Mexia (Chairman)

João Manuel Manso Neto

António Fernando Melo Martins da Costa

João Manuel Veríssimo Marques da Cruz

Miguel Stilwell de Andrade

Miguel Nuno Simões Nunes Ferreira Setas

Rui Manuel Rodrigues Lopes Teixeira

Maria Teresa Isabel Pereira

Vera de Morais Pinto Pereira Carneiro

PROPOSAL FOR THE APPROPRIATION OF PROFITS

Under the terms of the Article 30, number 1, of the Company constitution, the Executive Board of Directors proposes to the shareholders that the Net Profit of 2019, amounting to € 720.916.030,82 is appropriated as follows:

Dividends *	€	694.742.165,85
Donations to Fundação EDP **	€	6,200,000.00
Retained Earnings	€	19.973.864,97

* The proposed dividend per share is € 0.19.

** The proposed ammount maintains the reduction made in 2019

HISTORIC OPERATIONAL INDICATORS

RENEWABLES	UN	2019	2018	2017	2016
HYDRO INSTALLED CAPACITY					
Installed Capacity	**MW**	**8,785**	**8,785**	**9,019**	**8,106**
Portugal	MW	6,759	6,759	6,847	5,934
Spain	MW	426	426	426	426
Brazil	MW	1,599	1,599	1,746	1,745
Capacity under Construction	**MW**	**-**	**-**	**1,019**	**1,161**
Portugal	MW	-	-	1,019	1,161
EQUITY HYDRO INSTALLED CAPACITY [1]					
Installed Capacity	**MW**	**551**	**539**	**364**	**296**
Brazil	MW	551	539	364	296
Capacity under Construction	**MW**	**78**	**78**	**173**	**231**
Brazil	MW	-	-	173	231
Peru	MW	78	78	-	-
HYDRO NET ELECTRICITY GENERATION					
Electricity Generation	**GWh**	**14,096**	**19,296**	**11,424**	**21,138**
Portugal	GWh	9,087	12,648	6,948	15,761
Spain	GWh	880	1,054	472	930
Brazil	GWh	4,129	5,594	4,004	4,448
HYDRO TECHNICAL AVAILABILITY					
Portugal	%	91	91	91	94
Spain	%	100	100	100	100
Brazil	%	98	94	95	95

[1] Share of the MW installed in plants owned by companies equity consolidated

RENEWABLES	UN	2019	2018	2017	2016
WIND AND SOLAR INSTALLED CAPACITY					
Installed Capacity	**MW**	**10,812**	**11,301**	**10,676**	**10,052**
Portugal	MW	1,164	1,309	1,253	1,251
Spain	MW	1,974	2,312	2,244	2,194
Rest of Europe	MW	1,263	1,652	1,564	1,541
North America	MW	5,944	5,562	5,284	4,861
Brazil	MW	467	467	331	204
Capacity under Construction	**MW**	**664**	**344**	**828**	**248**
Portugal	MW	6	47	55	3
Spain	MW	18	29	68	-
Rest of Europe	MW	130	69	88	18
North America	MW	509	199	480	100
Brazil	MW	-	-	137	127
Equity Installed Capacity [1]	**MW**	**550**	**371**	**331**	**356**
Portugal	MW	-	-	-	-
Spain	MW	152	152	152	177
Rest of Europe	MW	-	-	-	-
North America	MW	398	219	179	179
Brazil	MW	-	-	-	-
WIND AND SOLAR NET ELECTRICITY GENERATI(	**GWh**	**30,041**	**28,359**	**27,621**	**24,473**
Portugal	GWh	3,160	2,995	2,912	3,047
Spain	GWh	5,298	5,164	5,095	4,926
Rest of Europe	GWh	3,333	3,321	3,662	3,257
North America	GWh	16,492	15,644	15,091	12,576
Brazil	GWh	1,757	1,235	861	666
WIND AND SOLAR TECHNICAL AVAILABILITY		**97**	**97**	**98**	**98**
Portugal	%	98	98	98	98
Spain	%	97	97	97	97
Rest of Europe	%	97	97	98	98
North America	%	96	97	98	98
Brazil	%	98	98	98	99

[1] Share of the MW installed in plants owned by companies equity consolidated

NETWORKS	UN	2019	2018	2017	2016
DISTRIBUTION					
ELECTRICITY DISTRIBUTED	**GWh**	**79,519**	**80,426**	**78,736**	**78,214**
Portugal	GWh	45,666	46,059	44,753	44,599
Spain	GWh	8,262	9,360	9,331	9,190
Brazil	GWh	25,591	25,007	24,652	24,425
ELECTRICITY SUPPLY POINTS	**'000**	**10,470**	**10,343**	**10,228**	**10,121**
Portugal	'000	6,277	6,226	6,187	6,142
Spain	'000	668	666	664	663
Brazil	'000	3,524	3,451	3,377	3,316
ELECTRICITY SUPPLIED	**GWh**	**31,363**	**35,331**	**35,191**	**32,390**
Portugal	GWh	2,658	3,016	3,243	4,202
Spain	GWh	461	444	446	477
Brazil	GWh	28,243	31,871	31,501	27,712
ELECTRICITY CUSTOMERS	**'000**	**4,786**	**4,797**	**4,818**	**4,941**
Portugal	'000	1,034	1,125	1,223	1,399
Spain	'000	229	221	219	227
Brazil	'000	3,523	3,450	3,376	3,315
GRID EXTENSION	**Km**	**340,744**	**339,177**	**338,179**	**337,492**
Portugal	**Km**	**226,823**	**226,308**	**226,027**	**225,397**
Overhead lines	Km	177,841	177,491	177,321	176,890
Underground lines	Km	48,981	48,817	48,706	48,507
Spain	**Km**	**20,766**	**20,709**	**20,613**	**20,520**
Overhead lines	Km	15,729	15,723	15,695	15,677
Underground lines	Km	5,037	4,986	4,918	4,842
Brazil	**Km**	**93,155**	**92,160**	**91,538**	**91,576**
Overhead lines	Km	92,899	91,906	91,293	91,337
Underground lines	Km	256	254	245	239
GRID LOSSES					
Portugal	%	9.6	9.6	10.0	9.5
Spain	%	3.6	3.4	3.5	4.0
Brazil	%	9.9	9.9	10.5	11.0
SERVICE QUALITY					
Portugal					
Installed Capacity Equivalent Interruption Time [1]	Min	56	61	53	50
Spain					
Installed Capacity Equivalent Interruption Time [1]	Min	26	17	20	24
Brazil					
Average Interruption Duration per Consumer					
EDP São Paulo	Hours	7.0	7.8	7.9	9.0
EDP Espírito Santo	Hours	8.2	8.3	8.6	9.3
Frequency of Interruptions per Consumer					
EDP São Paulo	#	4.5	4.8	5.0	5.7
EDP Espírito Santo	#	4.8	4.8	5.3	5.6
TRANSMISSION					
GRID EXTENSION	**Km**	**1,441**	**1,299**	**1,299**	**-**
Grid extension in Operation	**Km**	**113**	**113**	**-**	**-**
Grid extension Under Construction	**Km**	**1,328**	**1,186**	**1,299**	**-**

[1] ICEIT in MV grid, excluding extraordinary events

CLIENT SOLUTIONS AND ENERGY MANAGEMENT	UN	2019	2018	2017	2016
THERMAL INSTALLED CAPACITY					
Installed Capacity	**MW**	**7,084**	**7,058**	**7,058**	**7,065**
Portugal	**MW**	**3,236**	**3,236**	**3,236**	**3,243**
CCGT	MW	2,031	2,031	2,031	2,039
Coal	MW	1,180	1,180	1,180	1,180
Cogeneration	MW	24	24	24	24
Spain	**MW**	**3,128**	**3,102**	**3,102**	**3,102**
CCGT	MW	1,698	1,698	1,698	1,698
Coal	MW	1,250	1,224	1,224	1,224
Nuclear	MW	156	156	156	156
Cogeneration and Waste	MW	25	25	25	25
Brazil	**MW**	**720**	**720**	**720**	**720**
Coal	MW	720	720	720	720
Equity Installed Capacity [1]	**MW**	**10**	**10**	**41**	**41**
Portugal	MW	-	-	32	32
Spain	MW	10	10	10	10
THERMAL NET ELECTRICITY GENERATION					
Net Electricity Generation	**GWh**	**22,533**	**24,308**	**30,955**	**24,400**
Portugal	**GWh**	**10,021**	**12,341**	**15,486**	**11,840**
CCGT	GWh	5,837	4,091	5,941	3,602
Coal	GWh	4,020	8,067	9,426	8,082
Cogeneration	GWh	163	182	119	156
Spain	**GWh**	**8,805**	**8,512**	**10,872**	**8,128**
CCGT	GWh	4,346	1,242	2,087	1,640
Coal	GWh	3,129	5,948	7,421	5,150
Nuclear	GWh	1,223	1,196	1,236	1,239
Cogeneration and Waste	GWh	107	126	128	100
Brazil	**GWh**	**3,707**	**3,455**	**4,597**	**4,432**
Coal	GWh	3,707	3,455	4,597	4,432
THERMAL TECHNICAL AVAILABILITY					
Portugal	%	**90**	**89**	**93**	**92**
CCGT	%	90	86	93	93
Coal	%	90	94	94	92
Cogeneration	%	94	97	65	78
Espanha	%	**95**	**96**	**94**	**89**
CCGT	%	95	99	97	97
Coal	%	97	93	91	79
Nuclear	%	92	90	92	92
Cogeneration	%	100	100	92	99
Waste	%	81	92	95	94
Brazil	%	**95**	**80**	**92**	**88**
Coal	%	95	80	92	88

[1] Share of the MW installed in plants owned by companies equity consolidated

CLIENT SOLUTIONS AND ENERGY MANAGEMENT	UN	2019	2018	2017	2016
ELECTRICITY CUSTOMERS	**'000**	**5,042**	**5,052**	**5,068**	**4,865**
Portugal	**'000**	**4,104**	**4,119**	**4,153**	**4,024**
Spain	**'000**	**937**	**933**	**914**	**840**
Brazil	**'000**	**0.4**	**0.3**	**0.3**	**0.3**
Social Tariff	**'000**	**803**	**798**	**880**	**871**
Portugal	'000	588	615	661	663
Spain	'000	51	39	57	59
Brazil	'000	164	144	162	149
Special Needs	**'000**	**0.9**	**2.4**	**1.0**	**1.0**
Portugal	'000	0.1	1.7	0.6	0.5
Brazil	'000	0.775	0.694	0.4	0.484
Green Tariff	**'000**	**1,131**	**1,026**	**932**	**829**
Portugal	'000	73	3	3	3
Spain	'000	1,058	1,023	929	825
Brazil	'000	n.a.	n.a.	n.a.	n.a.
ELECTRICITY SUPPLIED	**GWh**	**43,996**	**48,327**	**49,607**	**47,494**
Portugal	**GWh**	**17,995**	**18,119**	**18,246**	**18,291**
Market Share EDP - Liberalised Market	%	n.a.	42	n.d.	46
Spain	**GWh**	**11,901**	**12,106**	**13,556**	**16,222**
Market Share EDP - Liberalised Market	%	6	7	7	9
Brazil	**GWh**	**14,100**	**18,102**	**17,804**	**12,980**
Liberalised Market	GWh	14,100	18,102	17,804	12,980
Social Tariff	**GWh**	**631**	**523**	**604**	**528**
Portugal	GWh	173	199	213	52
Spain	GWh	111	117	117	120
Brazil	GWh	348	208	275	355
Green Tariff	**GWh**	**5,456**	**5,546**	**5,553**	**4,795**
Portugal	GWh	174	10	9	9
Spain	GWh	5,282	5,536	5,544	4,786
Brazil	GWh	n.a.	n.a.	n.a.	n.a.
GAS CUSTOMERS	**'000**	**1,599**	**1,595**	**1,585**	**1,498**
Portugal	**'000**	**696**	**700**	**702**	**647**
Last Resort	'000	37	41	45	51
Liberalised Market	'000	659	659	658	596
Spain	**'000**	**903**	**895**	**883**	**851**
Last Resort	'000	52	51	52	54
Liberalised Market	'000	851	844	831	796
GAS SUPPLIED	**GWh**	**19,389**	**18,997**	**18,904**	**23,176**
Portugal	**GWh**	**3,995**	**3,854**	**3,890**	**4,046**
Last Resort	GWh	202	249	262	318
Liberalised Market	GWh	3,793	3,605	3,628	3,728
Market Share EDP - Liberalised Market	%	n.a.	10	n.d.	n.a.
Spain	**GWh**	**15,394**	**15,143**	**15,014**	**19,129**
Last Resort	GWh	247	261	244	236
Liberalised Market	GWh	15,147	14,882	14,770	18,893
Market Share EDP - Liberalised Market	%	4	3	4	3

CONCEPTS AND DEFINITIONS

A

ADJUSTED NET DEBT
Net Debt adjusted by Regulatory Receivables.

ADJUSTED NET DEBT/EBITDA
Number of times/years needed to pay the Adjusted Net Debt with the EBITDA generated by the Company.

ASSET ROTATION
Strategy aimed at crystallizing the value of a project by selling a stake in an asset and reinvesting the proceeds in another asset, targeting greater growth. Typically the developer retain the role as an O&M supplier.

AVERAGE COST OF DEBT
Considers (Interest expense on financial debt +/- Income and Expenses with Interest from derivative financial instruments) / Average Financial Gross Debt in the period (Total debt and borrowings - Accrued Interest - Fair value of the issued debt hedged risk). Includes 50% of the interest expense and of the nominal amount of hybrid debt.

C

CAGR (COMPOUND ANNUAL GROWTH RATE)
Annual growth rate over a specified period of time longer than one year

CAPEX (CAPITAL EXPENDITURE)
Capex includes increases in Property, Plant and Equipment and in Intangible Assets, excluding CO_2 licenses and Green certificates, net of increases in Government grants, Customers contributions for investment and Sales of properties in the period.

CDI (INTERBANK DEPOSIT CERTIFICATE RATE)
Brazilian reference interest rate constructed from the daily average overnight interbank loans**.** The CDI rate is commonly used as the reference in short-term securities.

CDS (CLEAN DARK SPREAD)
Theoretical gross margin of a coal-fired power plant per unit of electricity after deducting variable production costs (fuel, emission allowances, transport charges, variable O&M, per-unit taxes, etc.).

CESE (EXTRAORDINARY CONTRIBUTION TO THE ENERGY SECTOR)
Extraordinary contribution created in 2014, in Portugal, with the objective of financing mechanisms that promote the energy sector systemic sustainability. This contribution focuses generally on the economic operators that develop the following activities: (i) generation, transportation or distribution of electricity; (ii) transportation, distribution, storage or wholesale supply of natural gas; and (iii) refining, treatment, storage, transportation, distribution and wholesale supply of crude oil and oil products.

CLAWBACK
Mechanism of financial compensation established by the Portuguese government on electricity generators operating in Portugal. This mechanism has as its objective the restitution to the electricity system of part of the income derived from the tax differences in electricity generation between Portugal and Spain.

COD (COMMERCIAL OPERATION DATE)
Date upon which the project starts operating officially, after the testing and commissioning period.

CONTRACTING LEVEL
Ratio that returns the percentage of market commitment of Brazilian electricity distribution companies that is properly covered by energy purchase contracts registered in CCEE. Non-compliance generates penalties provided for in the rules and procedures of commercialization. The penalties apply when the ratio is above 105% or below 95%.

CSS (CLEAN SPARK SPREAD)

Theoretical gross margin of a gas-fired power plant per unit of electricity after deducting variable production costs (fuel, emission allowances, transport charges, variable O&M, per-unit taxes, etc.).

D

D/E (DEBT-TO-EQUITY RATIO)

Debt-to-equity (D/E) ratio is calculated by dividing a company's total liabilities by its shareholder equity. The ratio is used to evaluate a company's financial leverage being an important metric used in corporate finance. It is a measure of the degree to which a company is financing its operations through debt versus wholly-owned funds.

DEC

Equivalent interruption time of energy per consumed unit. Refers only to medium voltage.

DIVIDEND PAY-OUT RATIO

Measures the percentage of a company's net income that is given to shareholders in the form of dividends (Total Dividends per Share of period "n"/ Earnings per Share of period "n-1").

DIVIDEND YIELD

Considers the ratio between gross dividend per share and its share price.

DPS (DIVIDEND PER SHARE)

Dividend per share (DPS) is the sum of declared dividends issued by a company for every ordinary outstanding share. DPS is calculated by dividing the total dividends paid out by a business, including interim dividends, over a period of time by the number of outstanding ordinary shares issued.

E

EBIT

Earnings before Interest and Tax: EBITDA deducted from provisions, amortisations and impairments.

EBITDA

Earnings before Interest, Tax, Depreciations and Amortizations: Gross Profit - Supplies and services - Personnel costs and employee benefits +/- Other income/expenses.

EBITDA@risk

Estimated loss of EBITDA, in a given period of time and for a given confidence interval. Usually it is used an horizon of 12 months and a level of confidence of 95%.

EOLICITY

Indicator that allows to quantify the deviation of the total value of energy produced by wind in a given period, in relation to an average wind regime.

ENERGY BOX

Energy Box is a household energy manager that does much more than metering energy, being endowed with technology that supports the supply of electricity services, namely, in remote communications.

EPS (EARNINGS PER SHARE)

The portion of a company's net profit allocated to each outstanding share of common stock.

F

FEC

Equivalent interruption frequency of energy per consumed unit. Refers only to medium voltage.

FEED IN TARIFFS
Remuneration framework that guarantees that a company will receive a set price, applied to all of the electricity they generate and provide to the grid.

FFO
Funds from Operations: EBITDA – Interest on debt and on TEI liabilities – Current taxes +/- Income from equity investments +/- other residual adjustments resulting from accruals/deferrals.

FFO/NET DEBT
Funds from Operations (FFO) over Net Debt. For this purpose, Net Debt includes Nominal Debt of the company + Pension and Medical care liabilities post tax + Tax Equity financial liabilities + Present value of leasing and other financial commitments.

FOREX
Foreign Exchange (forex or FX) is the trading of one currency for another. For example, one can swap the U.S. dollar for the euro. Foreign exchange transactions can take place on the foreign exchange market, also known as the Forex Market.

G

GC (GREEN CERTIFICATE)
Tradable commodity resulting from electricity 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.

GROSS PROFIT
Includes Revenues from energy sales and services and other minus Cost of energy sales and other.

GSF (GENERATION SCALING FACTOR)
Ratio of the deficit of hydroelectric companies' actual generation volumes to their assured energy delivery.

GW (GIGAWATT)
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, indexes or securities.

HYDRO COEFFICIENT
Indicator that allows to quantify the deviation of the total value of hydroelectric energy produced in a given period, in relation to an average hydro regime. Values above "1" translate a period with inflows and energy generated above the average ("wet" period) and bellow "1" the reverse ("dry" period).

I

ICEIT (INSTALLED CAPACITY EQUIVALENT INTERRUPTION TIME)
Indicator that represents the equivalent interruption time of installed power per geographical area of the operator of the distribution network in a given period, excluding extraordinary events (the extraordinary weather events that exceed the conditions for which was dimensioned).

IGP-M (GENERAL MARKET PRICE INDEX)
Index used to comprehensively measure the fluctuation of prices of goods and services practiced in the Brazilian market. Calculated by FGV (Getúlio Vargas Foundation), this index is used to update the prices of some goods and services, namely electricity.

INSTALLED CAPACITY
Installed Capacity is the sum of capacity (MW) installed in power plants owned by companies fully consolidated.

INSTALLED CAPACITY EQUITY
Installed Capacity Equity also includes the respective share of the MW installed in power plants owned by company's equity consolidated.

IPCA (EXTENDED NATIONAL CONSUMER PRICE INDEX)
Is the name given to the Consumer Price Index in Brazil being a measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food and medical care.

ITC (INVESTMENT TAX CREDIT)
Tax incentive in the US in the form of an one-shot tax credit that covers a percentage of the investment.

K

KRI (KEY RISK INDICATOR)
Risk indicator that follows a variable risk factor, allowing the early warning of changes in risk exposure and the identification of potential risks or opportunities.

L

LIQUIDITY
Total amount of Cash and Equivalents, Credit Lines available and Financial assets at fair value through profit or loss.

LOSSES
The total losses of electric energy are calculated by the differential between the energy entered in the electrical network and the distributed energy (% Global losses = (Energy Input - Distributed Energy) / Distributed Energy). They consist of technical losses related to the magnetization of the power transformers, the Joule effect, the consumption of meters, etc. and non-technical losses related to theft, fraud, anomalies in counting equipment or in systems

M

MW (MEGAWATT)
Unit of electric power equal to 10^6 watts.
MWh
Equal to 10^6 watts of electricity used continuously for one hour.

N

NCF (NET CAPACITY FACTOR)
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. From 2017 onwards it includes Financial Debt, Cash and Equivalents, Short-term financial assets at fair-value and fair value hedge and collateral deposits associated to financial debt and 50% of the amount related with the issuance of a subordinated debt instrument (hybrid). Until 31 December 2016, it included the fair value of derivatives designated for Net Investments hedge.

NET INVESTMENTS
Considers Capex + organic Financial Investments - Asset Rotations + granted and/or sold shareholder loans.

O

OPEX (OPERATING EXPENDITURE)
Includes Supplies and Services and Personnel costs and Employee Benefits.

OPEX/GROSS PROFIT
Efficiency ratio that compares the cost to operate with the income generated computed by OPEX (excluding Restructuring costs) over Gross Profit (including income from institutional partnerships in EDPR-NA).

ORGANIC CASH-FLOW
Cash generated from organic activities. Includes cash flows from operating activities (excluding changes in Regulatory Receivables), net of maintenance CAPEX, interest payments associated with debt, payments to institutional partnerships in the US and payments to minorities (such as dividends, capital distributions and payments of capital/interests on shareholder loans), not excluding gains arised from Sell-Down .

P

PLD (SETTLEMENT PRICE FOR THE DIFFERENCES)
Price used to value the energy exchanged in the spot market. This price is calculated weekly for each submarket and load periods, based on the marginal cost of generation. It is limited by a minimum and maximum value.

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.

PUMPING
Pumping activity is the act of pushing back to the dam reservoir the water that had already been turbinated before. This action intends to increase the hydro output and thus generate higher operational results as water is pushed back when electricity market prices are low and turbinated again when those prices reach higher levels.

R

RAB (REGULATORY ASSET BASE)
Corresponds to the net book value of the distribution companies' regulated fixed assets (gross value less accumulated depreciation, net of reimbursements).

RECURRING
Which occurs periodically or repeatedly. It aims to normalize indicators into more predictable ones and which can be counted on in the future with a high degree of certainty. Indicators such as EBITDA, Net Profit, FFO, Organic Cash-Flow are referred to as recurring when adjusted by one-off events. One-off events include non-recurrent amounts materially relevant resulting from, for instance, impairments and capital gains/losses on assets, retroactive regulatory changes, HR and debt restructuring costs and CESE.

REGULATORY RECEIVABLES
Amounts pending to be received from the electricity system and related with tariff adjustments and tariff deficits from regulated activities in Iberia and Brazil (Generation in Portugal and Spain, Distribution and Last Resort Supply of electricity in Portugal and Distribution in Brazil).

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.

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.

RESERVOIR LEVEL
Volume of water stored in a dam reservoir measured in total amount of electrical power it can produce if turbinated (GWh).

RESIDUAL INCOME
Is the amount of net income generated in excess of the minimum rate of return. Residual income concepts have been used in a number of contexts, including as a measurement of internal corporate performance whereby a company's management team evaluates the return generated relative to the company's minimum required return.

ROE (RETURN ON EQUITY)
Earnings before non-controlling interests over average total equity of the period.

ROIC (RETURN ON INVESTED CAPITAL)
ROIC gives a sense of how a company uses its money to generate returns. ROIC = EBIT Adjusted over annual average Invested Capital. EBIT Adjusted is EBIT + share of net profit in joint ventures and associates + impairments + provisions +/- capital losses/gains (except related to sell downs) + HR restructuring costs – Price Purchase Allocation amortizations – other one-off events. Invested Capital includes net fixed assets – assets under construction + working capital.

ROIC CASH (CASH RETURN ON INVESTED CAPITAL)
Similar to ROIC but focuses on cash return rather than profit. EBIT adjusted is EBIT – (nominal tax rate x EBIT) + share of net profit in joint ventures and associates. Invested Capital as in ROIC.

ROIC LEVELIZED
Similar to ROIC but focuses on the average life of Invested Capital rather than in accounted Invested Capital. EBIT Adjusted as in ROIC. Invested Capital assumes 50% amortization of assets for all businesses except networks.

ROR (RATE OF RETURN)
Corresponds to the rate to be applied to the distribution companies' RAB accepted for capital remuneration purposes, with the respective formula defined by the Regulator at the beginning of each regulatory period.

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

SAIDI (SYSTEM AVERAGE INTERRUPTION DURATION INDEX)
Is the average outage duration for each served customer.

SELL-DOWN
Strategy aimed at developing and selling a majority stake in an asset, crystallizing the value of a project, and reinvesting the proceeds in another asset, targeting greater growth. Typically, the developer may retain the role of O&M supplier.

SOLAR PV (PHOTOVOLTAIC)
Generation of 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.

SUPPLY POINTS
Points of the grid where the delivering or reception of electricity is made to the costumer, producer or other grid installation.

SUSTAINABILITY INDEX
The Sustainability Index (SI) is a measurement system of sustainability performance, composed by 33 indicators organized in 3 dimensions: Economic, Environmental and Social. The weights assigned to each dimension of the sustainable development reflect the importance given by RobecoSAM (investment specialist focused exclusively on Sustainability Investing).

T

TEI (TAX EQUITY INVESTORS)
Tax Equity Investors are the agents that are willing to trade on PTC.

TSR (TOTAL SHAREHOLDER RETURN)
Measures the return that the stock provides to the shareholder, including dividends paid and the stock price appreciation.

V

VALUE@RISK
Estimated loss of the asset value, in a given period of time and for a given confidence interval. Usually it is used a horizon of 12 months and a level of confidence of 95%.

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 TARIFF
Average price of energy sold per MWh produced.

EDP – Energias de Portugal, S.A.
Executive Board of Directors

STATEMENT

With reference to 2019 financial year, and according to No. 1, item c) of article 245º of the Portuguese Securities Code, the signers hereby, acting as members of the Executive Board of Directors, declare that, to the best of their knowledge, the information foreseen in No. 1 item a) of the article mentioned above, was prepared according to the applicable accounting standards, presenting a fair view of the assets, liabilities, financial situation and results of EDP – Energias de Portugal, S.A. ("EDP"), and the subsidiaries included in the respective consolidation perimeter, and that the Management Financial Analysis Report clearly discloses the evolution of the business, the performance and position of EDP, and the subsidiaries included in the respective consolidation perimeter, enclosing a description of the major risks and uncertainties to which they are exposed.

Lisbon, 20th of February 2020

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António Luís Guerra Nunes Mexia, Chairman

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João Manuel Manso Neto

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António Fernando Melo Martins da Costa

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João Manuel Veríssimo Marques da Cruz

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Miguel Stilwell de Andrade

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Miguel Nuno Simões Nunes Ferreira Setas

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Rui Manuel Rodrigues Lopes Teixeira

____
Maria Teresa Isabel Pereira

____
Vera de Morais Pinto Pereira Carneiro

EDP – Energias de Portugal, S.A.

Miguel Tiago Perestrelo da Câmara Ribeiro Ferreira

Senior Accounting Officer - Corporate Centre

STATEMENT

With reference to 2019 financial year, and according to nº 1, item c) of article 245º of the Portuguese Securities Code, I hereby declare that, to the best of my knowledge, the information foreseen in No. 1 item a) of article mentioned above, was prepared according to the applicable accounting standards, presenting a fair view of the assets, liabilities, financial situation and results of EDP – Energias de Portugal, S.A. ("EDP"), and the subsidiaries included in the respective consolidation perimeter, and that the Management Financial Analysis Report clearly discloses the evolution of the business, the performance and position of EDP, and the subsidiaries included in the respective consolidation perimeter, enclosing a description of the major risks and uncertainties to which they are exposed.

Lisbon, 20th of February 2020

Statutory Audit Report and Auditors' Report

Report on the audit of the consolidated financial statements

Opinion

We have audited the accompanying consolidated financial statements of EDP – Energias de Portugal, S.A. (the Group), which comprise the consolidated statement of financial position as at December 31, 2019 (which shows total assets of Euro 42,361,646 thousand and total equity of Euro 12,632,013 thousand including a consolidated net profit attributable to equity holders of EDP of Euro 511,751 thousand), the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly in all material respects, the consolidated financial position of EDP – Energias de Portugal, S.A. as at December 31, 2019, and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and other technical and ethical standards and recommendations issued by the Institute of Statutory Auditors. Our responsibilities under those standards are described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section below. In accordance with the law we are independent of the entities that are included in the Group and we have fulfilled our other ethical responsibilities in accordance with the ethics code of the Institute of Statutory Auditors.

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	*Summary of the Audit Approach*
Estimated energy sales	
Disclosures related to sales of electricity and gas presented in notes 2, 4, 7 and 25 of the consolidated financial statements Revenue recognition of electricity sales occurs at the time of delivery and incorporates three distinct aspects (i) sales of electricity billed based on actual consumption, (ii) sales of electricity billed based on estimated consumption based on each customer's history, and (iii) estimate of electricity supplied and not billed The Group calculates the estimated volumes using an algorithm in line with the criteria defined by the regulatory entity The algorithm is based on the average daily consumption of each customer, weighted by historical consumption profiles and adjusted for climatic factors and estimated energy losses The Group also tests the algorithm using a telecounted sample of consumptions, also validating the estimate by comparison to the energy balance sheet that is based on the energy vloumes that are reported as being input to the network by the operator of the transmission network A "rollback" analysis of real consumption is also carried out retrospectively Valuation of the estimated quantities is carried out based on the historical average prices according to the tariff, type of customer, contracted power, among other factors Given the high complexity of the methodology used by the Group to estimate the energy consumed by its customers and the degree of judgment involved, in particular in relation to volumes consumed and associated average prices, this issue was considered to be a relevant matter for the purposes of our audit	Our audit procedures included, among others, identifying and testing the design and operational efficiency of key controls related to the recognition of revenue associated with energy sales, and in particular those related to estimated sales at the end of each period The algorithm including the estimated volumes was obtained having been verified, on a sample basis for each type of customer and tariff, that the criteria defined by the regulator were being met and that the adjustments made were reasonable Regarding the average prices used to value the estimated volumes for each type of costumer, a sample of historical data was also verified The energy balance sheet was also obtained and the differences between the energy inputs to the network and the energy billed and estimated by the Group were evaluated In order to complement the procedures described above, we also tested the reasonableness of the estimation of unbilled consumed energy on previous years' considering the billing records of the year We also reviewed the adequacy of the disclosures presented in the financial statements, based on the applicable accounting standards and in what we considered relevant

Key Audit Matter	*Summary of the Audit Approach*
Transactions of equity stakes	
Disclosures related to transactions of equity stakes presented in notes 2, 4, 6, 8, 13, 21, 26, 32, 38 and 40 of the consolidated financial statements As a result of its activity and as part of its strategy, the Group proceeds to the disposal of equity stakes in controlled entities with the main objective of reinvesting the funds obtained in new projects It also acquires equity stakes and other rights in entities considered relevant to its business portfolio and of value creation to the shareholders Disposals may or may not result in a loss of control and acquisitions may or may not result in a gain in control, depending on the percentage of capital sold or acquired, shareholder agreements and effective control exercised Given the amounts involved and the level of judgment involved in assessing the loss or gain of control, measuring contingent clauses resulting from the transactions, determining the acquisition value and allocating the acquisition price to identified assets / liabilities, this issue was considered to be a relevant matter for the purposes of our audit	Our audit procedures included, among others, holding meetings with the management of the geographies where the transactions took place, in order to obtain an adequate understanding of each of the relevant transactions, as well as the respective supporting documentation Purchase and sale agreements, shareholder agreements and other associated documentation were analyzed in detail The accounting treatment given to each of the operations was assessed based on the applicable accounting standards and the mathematical accuracy of the calculations that originate the records was tested Key controls related to acquisitions and disposals of equity stakes were also identified and tested Regarding disposals of equity stakes, the ownership of control and the valuation of contingent clauses, where applicable, were specifically analyzed and evaluated In relation to the acquisition of equity stakes, control ownership was also evaluated, as well as the allocation of the purchase price to the fair value of identifiable assets and liabilities We also reviewed the accounting treatment and the adequacy of the disclosures related to each of transactions analysed, based on the applicable accounting standards and in what we considered relevant
Recoverability of non current assets	
Disclosures related to the non current assets in question presented in notes 2, 4, 12, 16, 18, 19 and 21 of the consolidated financial statements As of 31 December 2019, goodwill, tangible fixed assets, intangible assets and investments in joint ventures and associates presented in	Our audit procedures included, among others, evaluating the adequacy of the impairment models used by the Group and testing the mathematical accuracy of the calculations We assessed the reasonableness of the assumptions used and verified the approval of

Key Audit Matter	Summary of the Audit Approach
EDP's consolidated financial statements amounted to Euro 2,120 million, Euro 19,676 million, Euro 4,224 million and Euro 1,099 million, respectively In accordance with International Accounting Standard (IAS) 36, and as disclosed in the notes to the financial statements, the Group performs impairment tests on tangible and intangible assets whenever there are facts or circumstances that may indicate that the net book value may not be recoverable, except when allocated to cash generating units with allocated goodwill, in which case they are tested for impairment together with the associated goodwill on an annual basis or whenever there is evidence of impairment Given the dispersion of the Group's operating activity across the world, these impairment tests are carried out for the cash-generating units identified in each of the geographies where EDP Group operates The recoverable amount of each of the non-current assets tested for impairment, namely tangible fixed assets used in the production and distribution of electricity, intangible assets related to concession rights and goodwill and financial investments, is determined based on discounted cash flow models, which imply a high level of judgment given the uncertatinty of the underlying data, namely the economic and market projections and assumptions used relating to discount rates, exchange rates, growth rates and inflation rates, country risk, commodity prices, among others Given the amounts involved, the complexity of the valuation models and the associated high level of judgment, this issue was considered to be a relevant matter for the purposes of our audit	the future cash flows included in the models of each company and geographies where the Group has assets subject to impairment tests The reasonableness of the definition of cash-generating units subject to impairment tests was also evaluated We challenged the management regarding the appropriateness of the assumptions with the greatest sensitivity in determining the value in use, namely electricity price pools, prices of other commodities, regulatory frameworks and the respective impact on the cash flows of each geography and the discount rate An analysis of the discount rate was carried out in each of the geographies, using peer information and other information available in the market Sensitivity analysis were also carried out on the main assumptions in order to determine the level of variations that, individually or together, could lead to impairment losses on assets tested for impairment The procedures described above, aimed at evaluating the assumptions and the methodology associated with the impairment models used by the Group, were carried out with the support of our team of specialists The design and effectiveness of key controls related to impairment of non-current assets were also evaluated The adequacy of the associated disclosures was also reviewed, in particular the ones related to estimates and assumptions that present higher sensitivity in the calculation of the value in use, based on the applicable accounting standards and in what we considered relevant
Derivative financial instruments	
Disclosures related to derivative financial instruments presented in notes 2, 4, 7, 13, 26,	Our audit procedures included the identification and testing of the design and operational

Key Audit Matter	Summary of the Audit Approach
31, 38, 41 and 44 of the consolidated financial statements As mentioned in the consolidated financial statements, the exposure of EDP Group to financial risks lies essentially in its debt portfolio and in the commodity price volatility, resulting in interest rate, exchange rate and market price risks Risk management of EDP Group is carried out centrally at EDP S A , which uses a set of derivative financial instruments to cover these risks As of 31 December 2019, derivative financial instruments presented in the balance sheet (fair value as defined in International Financial Reporting Standard (IFRS) 13 - Fair value) amounted to Euro 565 million of assets and Euro 382 million of liabilities The valuation of financial instruments classified as level 2, particularly derivative financial instruments, is carried using observable market data and valuation models based on discounted cash flow techniques, which usually involve a high degree of judgment in defining the assumptions to be used Therefore, changes in the assumptions used by the Executive Board of Directors may give rise to material impacts on the the fair value of the mentioned financial instruments Additionally, in accordance with IFRS 9, the Group prepares efficiency tests on its hedging derivative financial instruments portfolio on an annual basis, in order to assess the accounting effectiveness of the hedges, which also involves the assumption of significant judgments and estimates Given the relevance of the derivative financial instruments in the context of the Group's consolidated financial statements, together with the degree of judgment associated with its valuation and the complexity associated with its	efficiency of the controls related to contracting, monitoring and settling derivative financial instruments, to their classification, and to the preparation of supporting documentation and effectiveness tests , when applicable In this context, controls tested included access policies, system management, approvals, confirmations with financial institutions and reconciliations with counterparties Regarding the computation of the fair value of derivative financial instruments, in particular the models developed by the Group for this purpose, we evaluated their suitability and the suitability of the assumptions and data used by comparing observable data with information collected from external and independent sources, and we analyzed the contractual information External confirmations of counterparties were also performed in order to validate open positions as of the date of the statement of financial position The documentation prepared by the Group regarding the hedge accounting was evaluated and compliance with the requirements of IFRS 9 was verified The adequacy of the accounting entries for each of the analyzed situations as well as the adequacy of the own use exemption provided in IFRS 9 for the use of commodities in the operational activity and related impacts on the consumption calculation were also verified The adequacy of the disclosures associated with financial derivative instruments, particularly the ones related to fair value and liquidity was also reviewed, based on the applicable accounting standards and in what we considered relevant

Key Audit Matter	*Summary of the Audit Approach*
accounting treatment, this issue was considered to be a relevant matter for the purposes of our audit	
Regulatory and legal framework	
Disclosures related to the regulatory and legal framework presented in notes 1, 2, 4, 7, 11, 15, 25, 35, 37, 42 and 49 of the consolidated financial statements Given its geographic dispersion, the activity of the Group is subject to several regulatory and legal frameworks, which vary in accordance to the country and the activity performed In this context, and particularly in Portugal, there has been an increase in the regulatory complexity associated with the activities in which the Group operates, which has given rise to several disputes and potential contingencies, namely related to the CMEC final adjustment, innovative aspects, costs with clawback, social tariff and CESE and other dispatches and published orders related to regulatory matters These situations require the management to assess its potential impacts and to exercise, with the support of its legal counsels, a high degree of judgment as to its outcome, which may lead to additional provisions and to disclose additional information to the market, following the requirements of IAS 37 - Provisions, Contingent Liabilities and Contingent Assets Given the increasing complexity of the regulatory and legal frameworks and the degree of judgment involved in assessing the outcome of the identified contingencies, this issue was considered to be a relevant matter for the purposes of our audit	Our audit procedures included identifying and testing the design and operational efficiency of controls related to identifying and monitoring litigation and other regulatory and legal contingencies and to the categorization of risk Several meetings were held with those in charge of the Regulatory and Legal Departments in order to obtain their understanding of the most relevant disagreements, litigations and contingencies and to inspect the relevant documentation The assumptions used by the management to categorize and value the identified risks and their inclusion in the consolidated financial statements, were assessed and evaluated External confirmations from legal advisors and attorneys that are advising on regulatory and legal processes were also obtained, and the consistency of the information received with the risk assessment performed by the management was verified Foi ainda revista a adequabilidade das divulgações associadas, nomeadamente no que respeita ao enquadramento regulatório e legal da atividade do Grupo, tendo por base o enunciado no normativo contabilístico aplicável e os fatores considerados relevantes The adequacy of the associated disclosures, namely the ones concerning the legal and regulatory framework of the Group's activity, was also reviewed based on the applicable accounting standards and in what we considered relevant

Key Audit Matter	*Summary of the Audit Approach*
Pensions and post employment benefits	
Disclosures related to pensions and post employment benefits presented in notes 2, 4, 10, 26, 31 and 34 of the consolidated financial statements As of 31 December 2019, net liabilities with pensions and post-employment benefits presented in the consolidated financial statements of EDP Group amounted to Euro 1,312 million, mainly comprising benefits with retirement and early retirement pensions, and healthcare services These liabilities are estimated for each plan based on actuarial valuations performed annually by an independent expert in accordance with the Projected Credit Unit Method These valuations incorporate a set of financial and actuarial assumptions, namely the discount rate, the inflation rate, the mortality and disability tables, the growth rates of pensions and salaries, amongst others, defined by the Executive Board of Directors considering the characteristics of the benefits attributed, the employees covered and the current and expected behaviour of these variables In the specific case of the discount rate used in the actuarial studies, it is determined on the basis of the market rates for high-quality corporate bonds in terms of credit risk, denominated in the currency in which the benefits will be paid and with a maturity similar to the termination date of the payment of the benefits of the plan In this context, future changes in the financial and actuarial assumptions used may give rise to material impacts on the net liabilities and on the assets associated with these benefits, and for that reason this issue was considered to be a relevant matter for the purposes of our audit	Our audit procedures included identifying and testing the design and operational efficiency of the controls implemented by the Group in order to determine liabilities with pension and post employment benefits, in particular the ones related to the assumptions used and to data sent to the actuary Meetings were held with the management to identify the methodologies and options considered in defining the main financial and actuarial assumptions Given the relevance of the judgments required to the Executive Board of Directors, we assessed the reasonableness of the main assumptions, comparing them with the data that we were able to independently obtain We also reviewed the adequacy of (i) the employee information, used for the calculation of liabilities, and (ii) the recognition of costs related to past services and actuarial deviations resulting from changes in assumptions and gains in experience The fair value of the assets of the fund was independently validated by our internal experts We have also read the actuarial report prepared with reference to 31 December 2019 and evaluated the main assumptions used, namely discount rate, inflation rate, growth rates of pensions and salaries and mortality and disability tables, using information developed internally and market benchmarks We also confirmed the registration with ASF (Autoridade de Supervisão de Seguros e Fundos de Pensões) of the actuary responsible and confirmed the existence of the actuary's declaration of independence regarding the report as of 31 December 2019 The adequacy of the disclosures associated with post employment benefits, was also reviewed based on the applicable accounting standards and in what we considered relevant

Responsibilities of management and supervisory board for the consolidated financial statements

Management is responsible for

a) the preparation of the consolidated financial statements, which present fairly the financial position, the financial performance and the cash flows of the Group in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union,

b) the preparation of the Directors' Report, including the Corporate governance Report, in accordance with the applicable law and regulations,

c) the creation and maintenance of an appropriate system of internal control to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error,

d) the adoption of appropriate accounting policies and criteria, and

e) the assessment of the Group's ability to continue as going concern, disclosing, as applicable, events or conditions that may cast significant doubt on the Group's ability to continue its activities

The supervisory board is responsible for overseeing the process of preparation and disclosure of the Group's financial information

Auditor's responsibilities for the audit of the consolidated financial statements

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit We also

a) identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control,

b) obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control,

c) evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management,

d) conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion Our conclusions are based on the audit evidence obtained up to the date of our auditor's report However, future events or conditions may cause the Group to cease to continue as a going concern,

e) evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation,

f) obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements We are responsible for the direction, supervision and performance of the Group audit We remain solely responsible for our audit opinion,

g) communicate with those charged with governance, including the supervisory board, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit,

h) of the matters we have communicated to those charged with governance, including the supervisory board, we determine which one's were the most important in the audit of the consolidated financial statements of the current year, these being the key audit matters We describe these matters in our report, except when the law or regulation prohibits their public disclosure, and

i) confirm to the supervisory board that we comply with the relevant ethical requirements regarding independence and communicate all relationships and other matters that may be perceived as threats to our independence and, where applicable, the respective safeguards

Our responsibility also includes verifying that the information included in the Directors' report is consistent with the consolidated financial statements and the verification set forth in paragraphs 4 and 5 of article No 451 of the Portuguese Company Law

Report on other legal and regulatory requirements

Directors' report

In compliance with paragraph 3 e) of article No 451 of the Portuguese Company Law, it is our opinion that the Directors' report has been prepared in accordance with applicable requirements of the law and regulation, that the information included in the Directors' report is consistent with the audited consolidated financial statements and, taking into account the knowledge and assessment about the Group, no material misstatements were identified

Non-financial information set forth in article No. 508-G of the Portuguese Company Law

In compliance with paragraph 6 of article No 451 of the Portuguese Company Law, we hereby inform that the entity stated in its Directors' report that it will prepare a separate report of the Directors' report that will include the non-financial information set forth in article No 508-G of the Portuguese Company Law, which should be published on its website until the legal deadline

Corporate governance report

In compliance with paragraph 4 of article No 451 of the Portuguese Company Law, it is our understanding that the Corporate governance report includes the information required under article No 245-A of the Portuguese Securities Market Code, that no material misstatements were identified in the information disclosed in this report and that it complies with paragraphs c), d), f), h), i) and m) of that article

Additional information required in article No. 10 of the Regulation (EU) 537/2014

In accordance with article No 10 of Regulation (EU) 537/2014 of the European Parliament and of the Council, of April 16, 2014, and in addition to the key audit matters referred to above, we also provide the following information

a) We were first appointed auditors of EDP – Energias de Portugal, S A in the Shareholders' General Meeting of April 5, 2018 for the period from 2018 to 2020

b) The management has confirmed to us it has no knowledge of any allegation of fraud or suspicions of fraud with material effect in the financial statements We have maintained professional scepticism throughout the audit and determined overall responses to address the risk of material misstatement due to fraud in the consolidated financial statements Based on the work performed, we have not identified any material misstatement in the consolidated financial statements due to fraud

c) We confirm that our audit opinion is consistent with the additional report that was prepared by us and issued to the Group's supervisory board as of February 20, 2020

d) We declare that we did not provide any prohibited non-audit services referred to in paragraph 8 of article No 77 of the by-laws of the Institute of Statutory Auditors ("Estatutos da Ordem dos Revisores Oficiais de Contas") and that we remain independent of the Group in conducting our audit

February 20, 2020

PricewaterhouseCoopers & Associados
- Sociedade de Revisores Oficiais de Contas, Lda
represented by

João Rui Fernandes Ramos, R O C

Statutory Audit Report and Auditors' Report

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of EDP – Energias de Portugal, S.A. (the Entity), which comprise the company statements of financial position as at December 31, 2019 (which shows total assets of Euro 22,704,773 thousand and total equity of Euro 7,445,497 thousand including a net profit for the period of Euro 720,916 thousand), the company income statement, the company statement of comprehensive income, the company statement of changes in equity and the company statements of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly in all material respects, the financial position of EDP – Energias de Portugal, S.A. as at December 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and other technical and ethical standards and recommendations issued by the Institute of Statutory Auditors. Our responsibilities under those standards are described in the "Auditor's responsibilities for the audit of the financial statements" section below. In accordance with the law we are independent of the Entity and we have fulfilled our other ethical responsibilities in accordance with the ethics code of the Institute of Statutory Auditors.

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

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda. pertence à rede de entidades que são membros da PricewaterhouseCoopers International Limited, cada uma das quais é uma entidade legal autónoma e independente.

Key Audit Matter	*Summary of the Audit Approach*
Recoverability of investments in subsidiaries	
Disclosures related to investments in subsidiaries presented in notes 2, 4, 13, 20 and 43 of the financial statements As of 31 December 2019, investments in subsidiaries presented in EDP's financial statements amounted to Euro 15,684 million As disclosed in the notes to the financial statements, in the context of the impairment tests carried out at EDP Group level, financial investments held by EDP, S A in subsidiaries are reviewed for impairment based on the higher of the value in use and the fair value less costs to sell The value in use of each of the investments tested for impairment is determined based on discounted cash flow models, which imply a high level of judgment given the uncertatinty of the underlying data, namely the economic and market projections and assumptions used relating to discount rates, exchange rates, growth rates and inflation rates, country risk, commodity prices, among others These assumptions are disclosed in the financial statements Given the amounts involved, the complexity of the valuation models and the associated high level of judgment, this issue was considered to be a relevant matter for the purposes of our audit	Our audit procedures included, among others, evaluating the adequacy of the impairment models used by the Group and testing the mathematical accuracy of the calculations We assessed the reasonableness of the assumptions used and verified the approval of the future cash flows included in the models of each company and geographies where EDP has investments in subsidiaries subject to impairment tests We challenged the management regarding the appropriateness of the assumptions with the greatest sensitivity in determining the value in use, namely electricity price pools, prices of other commodities, regulatory frameworks and the respective impact on the cash flows of each geography and the discount rate An analysis of the discount rate was carried out in each of the geographies, using peer information and other information available in the market Sensitivity analysis were also carried out on the main assumptions in order to determine the level of variations that, individually or together, could lead to impairment losses on investments in subsidiaries tested for impairment The procedures described above, aimed at evaluating the assumptions and the methodology associated with the impairment models used by the Group, were carried out with the support of our team of specialists The design and effectiveness of key controls related to impairment of non-current assets were also evaluated The adequacy of the associated disclosures was also reviewed, in particular the ones related to estimates and assumptions that present higher sensitivity in the calculation of the value in use, based on the applicable accounting standards and in what we considered relevant

Key Audit Matter	*Summary of the Audit Approach*
Derivative financial instruments	
Disclosures related to derivative financial instruments presented in notes 2, 4, 7, 13, 26, 31, 38, 41 and 44 of the consolidated financial statements As mentioned in the financial statements, the exposure of EDP Group to financial risks lies essentially in its debt portfolio and in the commodity price volatility, resulting in interest rate, exchange rate and market price risks Risk management of EDP Group is carried out centrally at EDP S A , which uses a set of derivative financial instruments to cover these risks As of 31 December 2019, derivative financial instruments presented in the balance sheet (fair value as defined in International Financial Reporting Standard (IFRS) 13 - Fair value) amounted to Euro 665 million of assets and Euro 763 million of liabilities The valuation of financial instruments classified as level 2, particularly derivative financial instruments, is carried using observable market data and valuation models based on discounted cash flow techniques, which usually involve a high degree of judgment in defining the assumptions to be used Therefore, changes in the assumptions used by the Executive Board of Directors may give rise to material impacts on the the fair value of the mentioned financial instruments Additionally, in accordance with IFRS 9, the Group prepares efficiency tests on its hedging derivative financial instruments portfolio on an annual basis, in order to assess the accounting effectiveness of the hedges, which also involves the assumption of significant judgments and estimates Given the relevance of the derivative financial instruments in the context of EDP's separate	Our audit procedures included the identification and testing of the design and operational efficiency of the controls related to contracting, monitoring and settling derivative financial instruments, to their classification, and to the preparation of supporting documentation and effectiveness tests , when applicable In this context, controls tested included access policies, system management, approvals, confirmations with financial institutions and reconciliations with counterparties Regarding the computation of the fair value of derivative financial instruments, in particular the models developed by the Company for this purpose, we evaluated their suitability and the suitability of the assumptions and data used by comparing observable data with information collected from external and independent sources, and we analyzed the contractual information External confirmations of counterparties were also performed in order to validate open positions as of the date of the statement of financial position The documentation prepared by the Company regarding the hedge accounting was evaluated and compliance with the requirements of IFRS 9 was verified The adequacy of the accounting entries for each of the analyzed situations as well as the adequacy of the own use exemption provided in IFRS 9 for the use of commodities in the operational activity and related impacts on the consumption calculation were also verified The adequacy of the disclosures associated with financial derivative instruments, particularly the ones related to fair value and liquidity was also

Key Audit Matter	Summary of the Audit Approach
financial statements, together with the degree of judgment associated with its valuation and the complexity associated with its accounting treatment, this issue was considered to be a relevant matter for the purposes of our audit	reviewed, based on the applicable accounting standards and in what we considered relevant

Responsibilities of management and supervisory board for the financial statements

Management is responsible for

a) the preparation of the financial statements, which present fairly the financial position, the financial performance and the cash flows of the Entity in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union,

b) the preparation of the Directors' Report, including the Corporate governance Report, in accordance with the applicable law and regulations,

c) the creation and maintenance of an appropriate system of internal control to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error,

d) the adoption of appropriate accounting policies and criteria, and

e) the assessment of the Entity's ability to continue as a going concern, disclosing, as applicable, events or conditions that may cast significant doubt on the Entity's ability to continue its activities

The supervisory board is responsible for overseeing the process of preparation and disclosure of the Entity's financial information

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit We also

a) identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control,

b) obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control,

c) evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management,

d) conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion Our conclusions are based on the audit evidence obtained up to the date of our auditor's report However, future events or conditions may cause the Entity to cease to continue as a going concern,

e) evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation,

f) communicate with those charged with governance, including the supervisory board, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit,

g) of the matters we have communicated to those charged with governance, including the supervisory board, we determine which one's were the most important in the audit of the financial statements of the current year, these being the key audit matters We describe these matters in our report, except when the law or regulation prohibits their public disclosure, and

h) confirm to the supervisory board that we comply with the relevant ethical requirements regarding independence and communicate all relationships and other matters that may be perceived as threats to our independence and, where applicable, the respective safeguards

Our responsibility also includes verifying that the information included in the Directors' report is consistent with the financial statements and the verification set forth in paragraphs 4 and 5 of article No 451 of the Portuguese Company Law

Report on other legal and regulatory requirements

Directors' report

In compliance with paragraph 3 e) of article No 451 of the Portuguese Company Law, it is our opinion that the Directors' report has been prepared in accordance with applicable requirements of the law and regulation, that the information included in the Directors' report is consistent with the audited financial statements and, taking into account the knowledge and assessment about the Entity, no material misstatements were identified

Non-financial information set forth in article No. 66-B of the Portuguese Company Law

In compliance with paragraph 6 of article No 451 of the Portuguese Company Law, we hereby inform that the entity stated in its Directors' report that it will prepare a separate report of the Directors' report that will include the non-financial information set forth in article No 66-B of the Portuguese Company Law, which should be published on its website until the legal deadline

Corporate governance report

In compliance with paragraph 4 of article No 451 of the Portuguese Company Law, it is our understanding that the Corporate governance report includes the information required under article No 245-A of the Portuguese Securities Market Code, that no material misstatements were identified in the information disclosed in this report and that it complies with paragraphs c), d), f), h), i) and m) of that article

Additional information required in article No. 10 of the Regulation (EU) 537/2014

In accordance with article No 10 of Regulation (EU) 537/2014 of the European Parliament and of the Council, of April 16, 2014, and in addition to the key audit matters referred to above, we also provide the following information

a) We were first appointed auditors of the Entity in the Shareholders' General Meeting of April 5, 2018 for the period from 2018 to 2020

b) The management has confirmed to us it has no knowledge of any allegation of fraud or suspicions of fraud with material effect in the financial statements We have maintained professional scepticism throughout the audit and determined overall responses to address the risk of material misstatement due to fraud in the financial statements Based on the work performed, we have not identified any material misstatement in the financial statements due to fraud

c) We confirm that our audit opinion is consistent with the additional report that was prepared by us and issued to the Entity's supervisory board as of February 20, 2020

d) We declare that we did not provide any prohibited non-audit services referred to in paragraph 8 of article No 77 of the by-laws of the Institute of Statutory Auditors ("Estatutos da Ordem dos Revisores Oficiais de Contas") and that we remain independent of the Entity in conducting our audit

February 20, 2020

PricewaterhouseCoopers & Associados
- Sociedade de Revisores Oficiais de Contas, Lda
represented by

João Rui Fernandes Ramos, R O C

pwc

Independent Reasonable Assurance Report on the Internal Control System over to the Financial Reporting of EDP Group

To the Executive Board of Directors of
EDP – Energias de Portugal, S.A.

Introduction

We were engaged by the Executive Board of Directors of EDP – Energias de Portugal, S.A. ("EDP" or "the Company") to perform a reasonable assurance engagement on the internal control system over the consolidated financial reporting ("SCIRF") of the Company and its subsidiaries ("EDP Group"), for the financial year ended December 31, 2019, implemented based on the criteria established in the internal control framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO 2013") in relation to business processes and global controls, and by the Control Objectives for Information and related Technologies ("COBIT") in relation to information technology general controls.

Responsibilities of the Executive Board of Directors

It is the responsibility of the Executive Board of Directors, the implementation and maintenance of an appropriate internal control system to enable the preparation of consolidated financial statements free of material misstatement due to fraud or error.

Responsibilities of the auditor

Our responsibility consists in issuing a reasonable assurance report, professional and independent, based on the procedures performed and stated in the paragraphs below, on the effectiveness of the internal control system over EDP Group's consolidated financial reporting.

Our procedures were conducted, with reference to the financial year ended December 31, 2019, in order to obtain a reasonable degree of assurance about the effectiveness of the internal control system implemented by the Company's Executive Board of Directors, to ensure that the consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS) and present fairly and appropriately the financial position of the EDP Group, its financial performance and its consolidated cash flows, as well as the use of appropriate accounting policies and criteria. The internal control system also includes policies and procedures established by the Company's Executive Board of Directors that guarantee, with reasonable assurance:

i) an adequate maintenance of records which reliably reflect, and in reasonable detail, the acquisitions and disposals of assets of EDP Group;
ii) that transactions are recorded in order to allow the preparation of consolidated financial statements in accordance with the applicable accounting standards;

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PricewaterhouseCoopers & Associados - Sociedade de Revisores Oficiais de Contas, Lda. pertence à rede de entidades que são membros da PricewaterhouseCoopers International Limited, cada uma das quais é uma entidade legal autónoma e independente

iii) that receipts are fully recorded and that payments made by EDP Group are made only with the authorization of the members of the Executive Board of Directors and Directors of EDP, or Directors and Management of EDP subsidiaries; and
iv) the prevention or timely detection of unauthorized acquisitions or disposals or the inappropriate use of assets of EDP Group which may have a material effect on the consolidated financial statements.

The work performed was conducted in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (reviewed) "Reliability Assurance Engagements that Are Not Audits or Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standards Board of the International Federation of Accountants and with the additional standards and technical guidance issued by the Institute of Statutory Auditors ("Ordem dos Revisores Oficiais de Contas – OROC"). These Standards require that we plan and perform the assurance engagement to obtain reasonable assurance on whether the internal control system, implemented on the basis of "COSO 2013" and "COBIT", allows the consolidated financial reporting ("SCIRF") to be prepared free from material misstatement. For this purpose, the above mentioned work consisted of:

i) obtaining an understanding of the internal control system over EDP Group's consolidated financial reporting;
ii) assessing the risk of existence of material deficiencies in the internal control system over the consolidated financial reporting, based on the criteria of "COSO 2013" and "COBIT";
iii) carrying out tests related to the design, effectiveness and operation of controls based on the risk assessment performed; and
iv) carrying out other procedures which we considered necessary under the circumstances.

We believe that the procedures performed provide a reasonable basis for our conclusion.

Quality control and independence

We apply the International Standard Quality Control 1 (ISQC1) and, accordingly, maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants (IESBA) and of the ethics code of the Institute of Statutory Auditors ("*Ordem dos Revisores Oficiais de Contas – OROC*").

Conclusion

Based on the work performed, it is our opinion that EDP Group maintained, in all relevant material aspects, an internal control system adequate and effective related to its consolidated financial reporting ("SCIRF"), for the financial year ended December 31, 2019, and in accordance with the criteria established in the internal control framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO 2013") in relation to business processes and global controls, and by the Control Objectives for Information and related Technologies ("COBIT") in relation to information technology general controls.

Other matters

i) On February 20, 2020 we issued the audit report on the consolidated financial statements of EDP Group with reference to the financial year ended December 31, 2019, in which we expressed an unqualified opinion.

ii) Due to the inherent limitations to any internal control system, there is a possibility that the internal control system over the consolidated financial reporting does not prevent or detect errors or irregularities that may arise, either due to collusion, errors in judgment, human error, fraud or malpractice. Additionally, projections over the evaluation of the effectiveness of the internal control system related to the consolidated financial reporting, applicable to future periods, are subject to the risk that controls may become inadequate due to changes in conditions or that the degree of compliance with the policies and procedures may deteriorate.

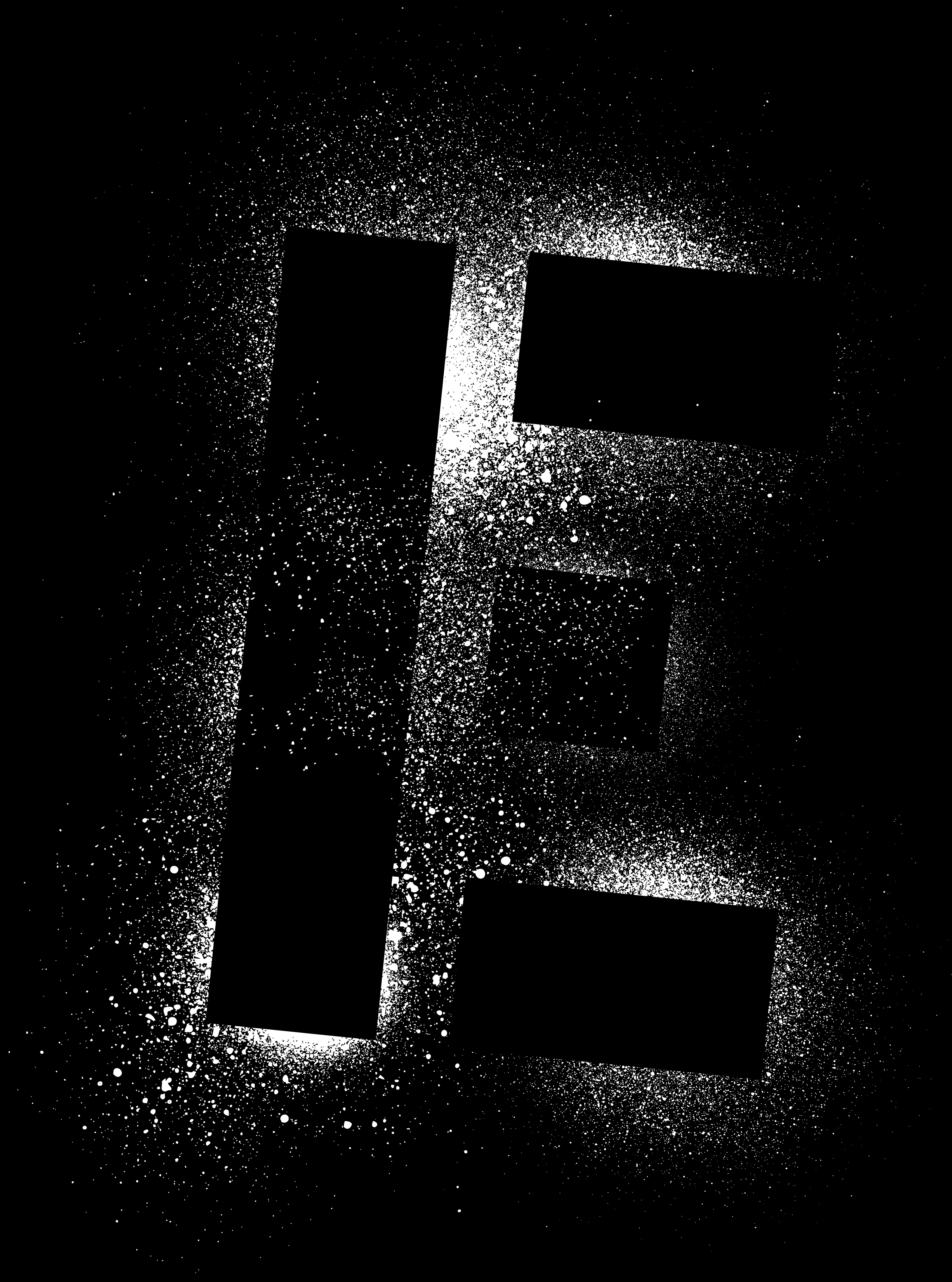
Restriction on distribution and use

This report has been prepared solely for information and use of the Executive Board of Directors of EDP, under the agreed terms and described in paragraph 1 above, and should not be used for any other purpose. We will not assume any responsibilities towards third parties for our work and for the conclusion expressed in this report.

March 12, 2020

PricewaterhouseCoopers & Associados
- Sociedade de Revisores Oficiais de Contas, Lda.
represented by:

João Rui Fernandes Ramos, R.O.C.



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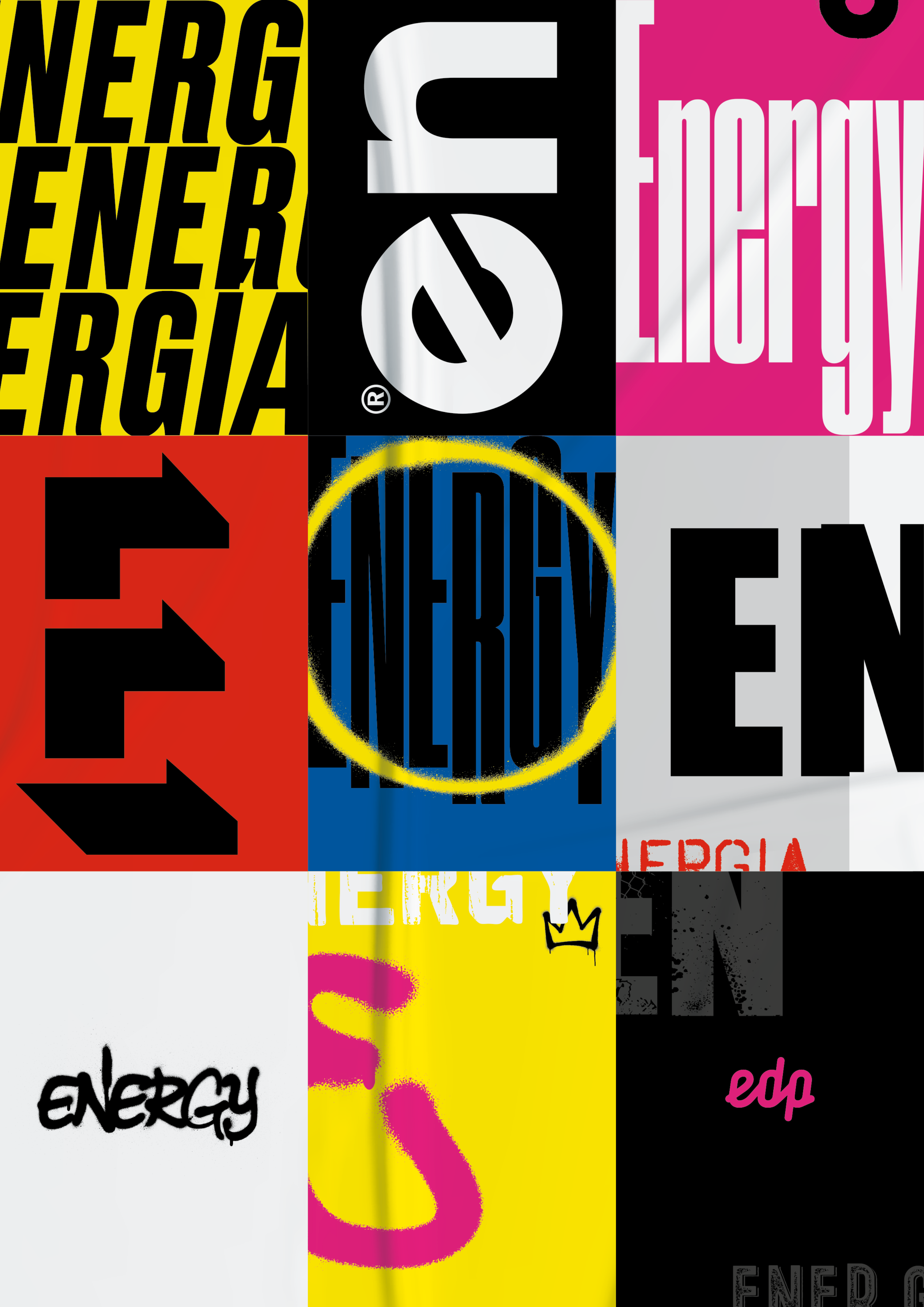
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