Sustainable Development

February 2016

MEMBER OF
Dow Jones
Sustainability Indices
In Collaboration with RobecoSAM

EDP's distinctive equity story

Visibility on profitable growth driven by renewables

Deleverage commitment
Improved visibility of medium term FCF potential

Keeping a low risk profile:
>85% weight of EBITDA from Regulated and LT Contracted
Value of portfolio diversification by market and technology

Sustainable dividend policy
€0.185 per share as a floor (65% payout in 2014)

Keeping a distinctive profile amongst European Utilities

Business Portfolio

renováveis

Wind & Solar Power

25% of EBITDA
(10% North America; 6% Spain; 4% Portugal; 5% Other)
Listed subsidiary: EDP Renováveis (EDP has 77.5%)
IPO in Jun-08
Wind & Solar Power: 8.1GW
A worldwide renewable market leader

EDP Brasil

17% of EBITDA
Listed subsidiary: EDP Brasil (EDP has 51%)
Presence since 1996
Power generation: 1.8 GW (hydro)
2 electricity distribution concessions

Portugal

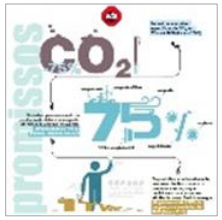
44% of EBITDA
Privatisation in 1997 (IPO)
Single electricity distributor
Power generation: 8.7 GW (ex-wind)
(from which 5.4GW is hydro)

Spain

14% of EBITDA
Presence since 2001
Power generation 3.8 GW (ex-wind)
2 in gas distribution

Note: Data as of Dec-14

EDP publicly supported an ambitious Climate Agenda for COP21: main initiatives

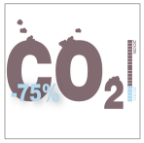
	Embraced the new Sustainable Development Goals, launched in September 2015	✓ Contributed to WBCSD SDG Compass Guide ✓ António Mexia participated in the SDG Business Forum, at the UN Sustainable Development Summit, NY
	Set 5 ambitious targets as a clear contribution to fight Climate Change	✓ Reduce CO_2 specific emissions ✓ Increase % of renewable generation ✓ Improve energy efficiency products of Clients ✓ More investment on Innovation ✓ Expand smart metering
	Joined collaborative platforms, and commitments	✓ Commit to put a price on Carbon ✓ Commit to adopt science based emission reduction targets ✓ Commit to report climate change information in mainstream reports as a fiduciary duty ✓ Support the Papal Encyclical on climate change
	Participated in several initiatives during COP21 (December 2015)	✓ COP21 LPAA, Focus on Energy, *Le Bourget* ✓ COP21, LCTPI Initiative, *Business Hub, Le Bourget* ✓ EWEA, Wind Energy Event, Paris ✓ Renewable Energy, Re-Eneergizing the Future, IRENA ✓ WBCSD, Council Meeting, Paris

EDP publicly supported an ambitious Climate Agenda for COP21: commitments

Key measures to accomplish 2ºC goal

- ✓ The existence of a global agreement binding all countries of the world.
- ✓ The direct participation of corporations in defining individual commitments.
- ✓ The creation of an integrated global emissions trading system, with clear rules, meant to reinforce the efficiency of the low carbon energy model and to ensure stability and trust.
- ✓ A significant increase in electric energy generation from renewable sources.
- ✓ The promotion of energy efficiency improvement as a key instrument to reduce CO2 emissions.
- ✓ The increase of electrification particularly relevant to urban development, in mobility solutions and in the universal access to energy.
- ✓ Fostering technological innovation to assist the transition to a new low carbon energy model.
- ✓ The use of Greenhouse Gases measurement systems and transparent reporting recognized and utilized by both companies and Governments.
- ✓ The increase of societal awareness of climate change issues and the reinforcement of their involvement in the context of their respective countries.
- ✓ The establishment of adaptation plans to minimize climate change effects, namely in the different economic sectors and in the Earth's natural capital.

EDP Commitments



1. Reduce CO_2 specific emissions by 75% before 2030 (compared to 2005 levels);

2. Contribute to the increase of electricity generation from renewable energy sources exceeding 75% of EDP Group's overall installed capacity by 2020;

3. Provide customers with continuous access to energy efficiency products and services to reduce overall consumption by 1 TWh before 2020 (against 2014 levels);

4. Encourage partnerships in promising and unproved the clean energy technologies, energy efficiency and smart grids research, by investing €200M in innovative projects by 2020;

5. Expand the installation of smart meters to more than 90% of EDP's low voltage power network delivery points in Iberia by 2030, utilizing new smart grid technology.

EDP's strategy strongly aligned with sustainability best practices

EDP is committed with…

…Environment and Society

- ✓ Assumption of social/environmental responsibilities (Involvement/alignment with communities and their representatives)
- ✓ Sustainable reduction of greenhouse gas emissions
- ✓ Energy efficiency

…People

- ✓ Professional conduct combining rigour, enthusiasm and initiative to emphases' team work
- ✓ Development of individual skills, talent capture; Ensure safety and welfare at work
- ✓ Balanced private/professional life as a key for success

…Results

- ✓ Fulfilment of commitments embraced with our stakeholders; Ensure transparency and trustful relationship
- ✓ Focus on anticipation and implementation
- ✓ Demand for excellence at all levels

…Clients

- ✓ Customers' view is important for the decision making process
- ✓ Listen to customers, providing simple/clear answers
- ✓ Anticipate customers needs

Sustainability indicators are part of EDP's management Key Performance Indicators (KPIs)
The Executive Board of Directors assesses internal sustainability indexes every 3 months

EDP Corporate Governance

EDP Corporate Bodies

General and Supervisory Board (Non-Executive):

- Oversees management activity and guarantees permanent monitoring and supervision of the executive board.
- Elected by the shareholders in the General Meeting; The appointment of a representative of a shareholder that can be considered a competitor needs the approval of >2/3 of shareholders' meeting present voting rights;
- Composed of 21 members, **12 are independent** and 9 are direct representatives of major shareholders (>2%).

Executive Board of Directors:

- **Elected by the shareholders at the General Meeting, all the members are independent** and responsible for the management of the company's business activities.
- 8 executive board members: CEO and 3 other Board Member in place since 2006; current mandate term is 2015-2017.

Remuneration of Executive Board of Directors

- Remuneration policy defined by a Remuneration Committee appointed by the General and Supervisory Board;
- The payment to be made reflects the performance of each board member in each year of term of office (annual variable remuneration), as well as performance for the duration of the term of office through the establishment of a variable component that is consistent with maximization of the long-term performance of the Company:
  - Fixed Remuneration;
  - Annual Variable Remuneration – between 0% and 80% of annual gross fixed remuneration;
  - **Multi-annual Variable Remuneration** –between 0% and 120% of annual gross remuneration**, depending on the annual accumulated assessment of the performance of the directors in achieving the economic sustainability of the EDP Group** (payment with a lag of three years regarding the exercise concerned)

(1) According to EDP's Articles of Association: "The 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 corporate provisions, with prior favourable opinion of the General and Supervisory Board shall not be deemed to be a legal person that is a competitor of EDP.

Sustainability within EDP's corporate governance

General and Supervisory Board (GSB)

Corporate Governance & Sustainability Committee (CGSC)

Purpose: monitor and supervise issue strategy related with sustainability and internal codes of ethics/conducts

Executive Board of Directors (EBD)

Purpose: Responsible for managing the company's activities, namely defining the goals and management policies

Environment & Sustainability Board

Purpose: advise the Executive Board of Directors in environment and sustainability related matters (namely on sustainability and environmental strategy definition and reports preparation)

Strategic Area: Sustainability Department

Purpose: analyze, propose and ensure proper implementation of sustainability & environmental strategy

Sustainability Committee

Purpose: namely share information upon and discuss major legislative packages; share the development of environmental performance indicators; monitor the development of the action plans and activities of the sustainability management structures of EDP Group

Companies/ Business Units

Approval of Sustainability & Environmental projects/targets

Office/ Coordinator / Environment Responsible

Operational responsibility for the execution of approved projects/targets

EDP's Sustainable Challenges

CONTINUE TO GROW | PRESERVE LOW RISK BUSINESS PROFLE | CLIMATE CHANGE | IMPROVE EFFICIENCY

1 Investments in Renewable Energy

- Growth focused on CO_2-free technologies where EDP has recognized competitive advantages: increase of electricity generation from renewable energy sources exceeding 75% of EDP Group's overall installed capacity by 2020 → CO_2 specific emissions reduction (vs. 2005): -75% before 2030.

2 Energy Efficiency

- EDP intervention in the domains of Demand Side Management (DSM), namely the leverage of Energy Efficiency, is a mean to contribute to the change of consumer behavior essential to fight climate change whilst opening new business opportunities.

3 Innovation

- Innovation strategic areas: "Smarter Grids", "Clean and Flexible Generation" and "Customer Focused Solutions".

4 Access to Energy

- Potential markets: Countries with growing energy demand, declining macro risk and sound regulatory/contractual frameworks - Latin America and Southern Africa regions.

5 Our people

- People challenges: Reinforce and align a corporate culture based on broader mobility, talent management and performance excellence, employee experience of our people and evolve the HR function.

Delivery: EDP's 2005-2014 growth performance

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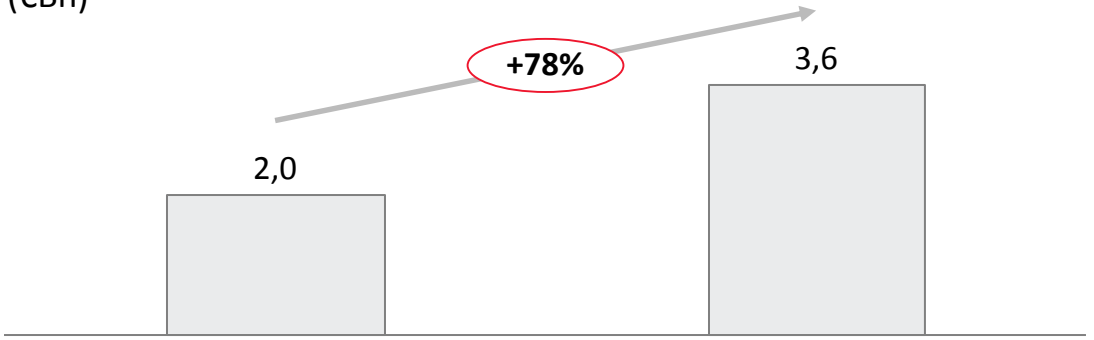
EBITDA
(€Bn)

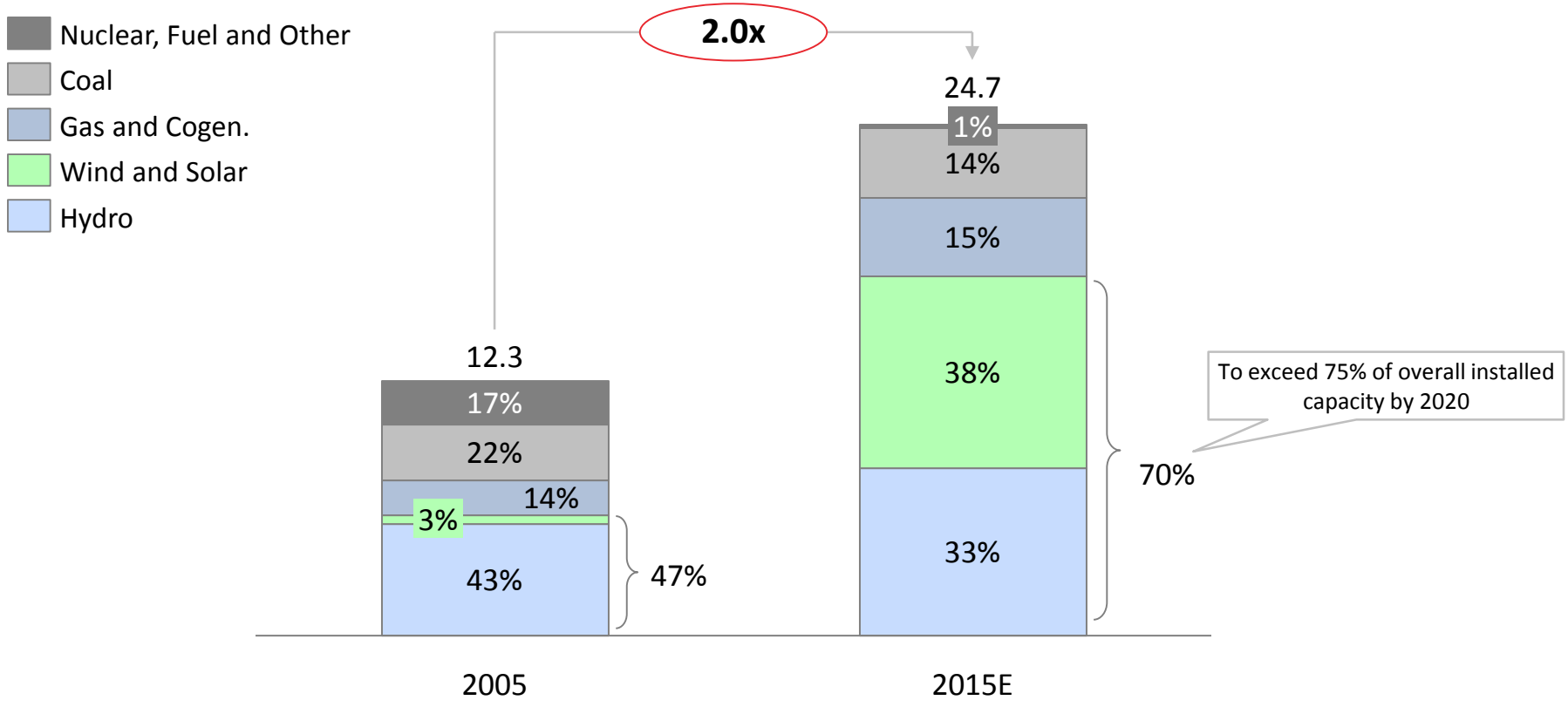


	2005	2014	Δ% 05-14
% EBITDA outside Portugal	46%	56%	+22%
% Installed capacity hydro & wind	47%	70%	+49%
Adjusted Net Debt/EBITDA	4.3x	4.0x	-0.3x
Recurrent ROE	11.8%	10.4%	-12%
EPS (€/Share)	0.16	0.25	+60%
DPS (€/share)	0.10	0.185	+85%

Asset allocation: Doubling inst. capacity in 10 years based on organic growth in competitive renewables

EDP Group installed capacity by technology(1)
(GW)

1



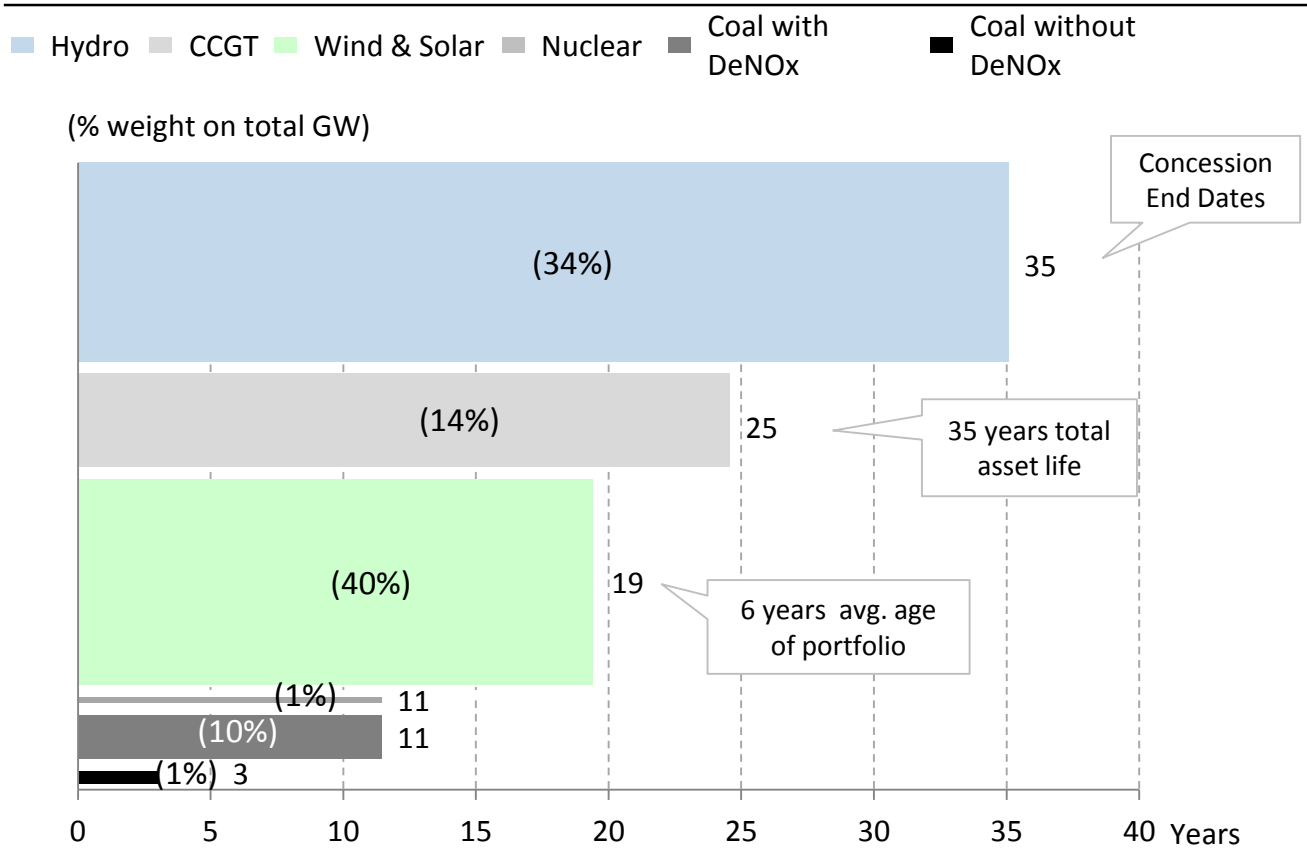
11GW of new capacity added has PPAs or feed-in tariffs reducing exposure to market volatility

Balanced approach between profitable growth and shareholder remuneration (€6.1bn of dividends paid)

(1) Does not include capacity equity method consolidated

Projects in execution reinforce competitiveness of our generation portfolio by 2017

Average Residual Useful Life of EDP's Generation Portfolio by Technology Dec-2017E (1) (Years)



Average Residual Useful Life of EDP's Generation Portfolio (Years)

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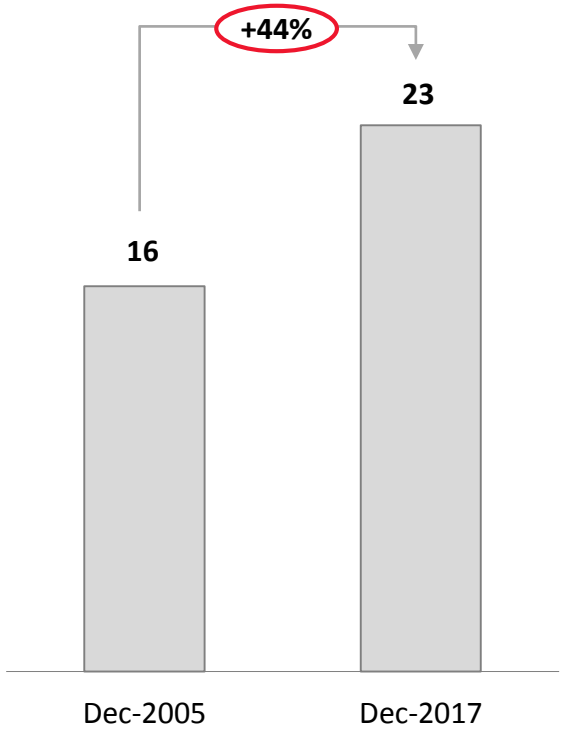

Generation portfolio with low exposure to CO_2, NOx or nuclear lifecycles

Long term contracted generation and regulated networks to represent ~70% of EBITDA by 2017

(1) Reference Date: Dec-17; Excluding: Special Regime (Mini-hydro, Cogeneration and Biomass) and Tunes (for system's backup); Including MW attributable by Equity Consolidated

Capital discipline: lower net investments in 2016-2017

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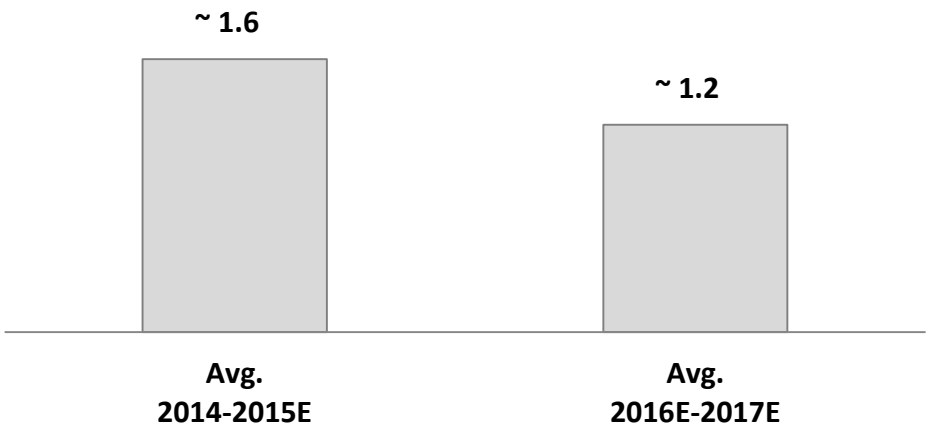
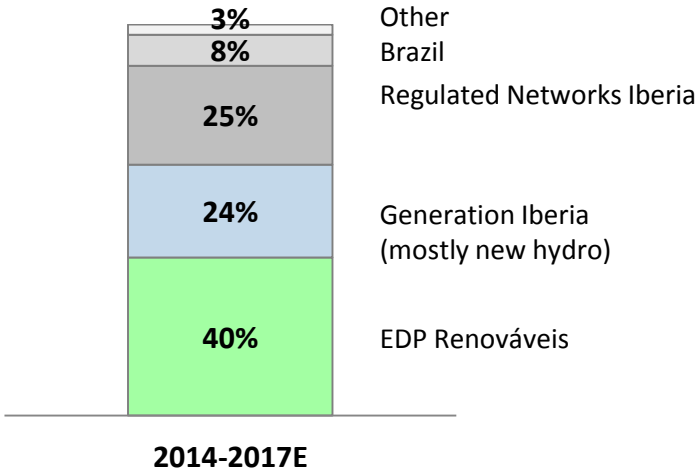
Net Investments[(1)]: 2014-2017E

(€bn)



Breakdown of accumulated consolidated Capex

(%)



Maintenance capex mostly in our regulated networks in Portugal, Spain and Brazil: stable at ~€650m /year

Net investments in wind capacity over the period at a pace of ~500MW/year (~€650m/year)

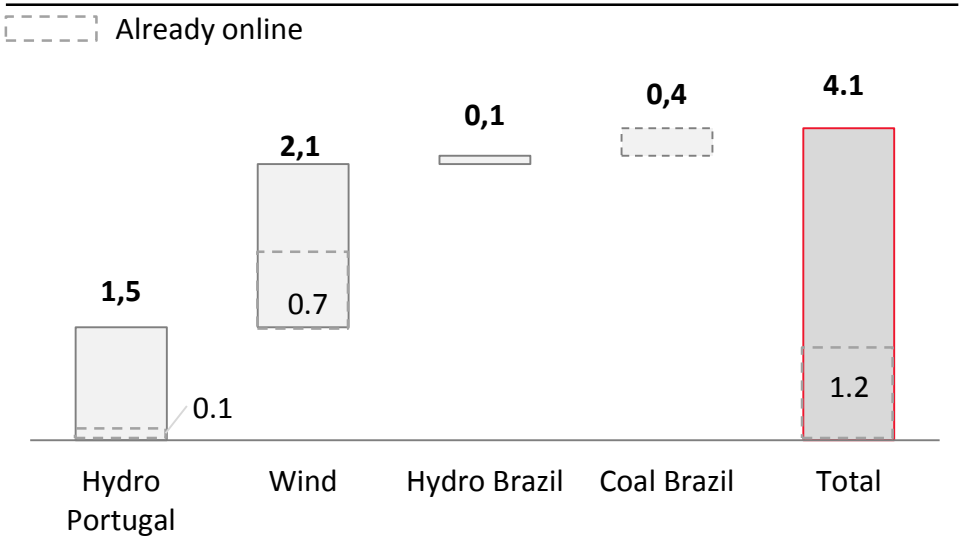
Conclusion of hydro expansion in Portugal in 2015/2016 support reduction of annual investments in 2016/2017

(1) Net Investments include capex and financial investments in the period and €0.7bn of financial divestments of minority stakes in wind farms by EDPR in 2014-17E; disposals to CTG not included in these figures

Growth projects up to 2017

Focused on wind & hydro greenfield projects

Capacity additions 2015-2017E (1) (GW)



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- **Hydro Portugal** (pumping/storage): 4 plants (91% completed) to be commissioned in 4Q15 and 2016
- **Wind** (PPA/feed-in tariff): **0.5GW under construction**; **+0.9GW PPAs awarded** mostly US, Mexico and Brazil
- **Hydro Brazil**(1) (PPA inflation linked): Cachoeira Caldeirão to start in 2H16, (São Manoel only for 2018)
- **Coal Brazil** (PPA inflation linked)**:** Opportunistic; Full consolidation since May-15 and showing improvements

CTG Partnership and disposals support capital discipline:

- **CTG partnership:** ~€1bn out of ~€2bn target of disposals/co-investment deals already executed
- **EDPR asset rotation:** €0.7bn target for 2014-2017, >70% already executed
- **Opportunistic disposals:** isolated gas distribution in Spain (1Q15); isolated mini-hydros in Brazil (1Q16E)

Focus on execution on time / at cost in order to protect investment returns

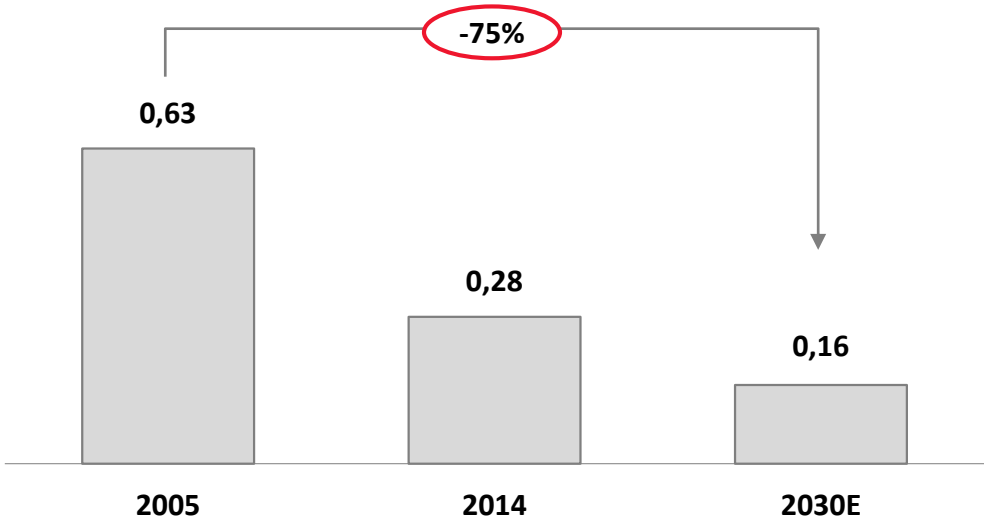
(1) Hydro Brasil: 50% stake in Cachoeira Caldeirão to be equity consolidated (São Manoel not included as its commissioning is planned for 2018); Wind capacity includes 613MW from ENEOP fully consolidated since Set-15; Coal includes 50% of Pecém acquired in May-15

CO_2 specific emissions: -75% before 2030

CO_2 emissions
(ton/MWh)

1

Accumulated growth



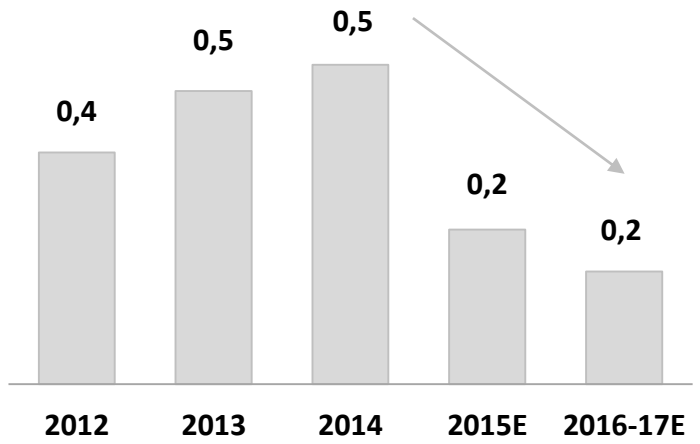
	2005	2014
Renewable Energy: % of Total output	**47%**	**71%**
Hydro factor Portugal (x)	**0.4**	**1.27**

Reduce CO_2 specific emissions by 75% before 2030 (compared to 2005 levels)

Iberia: Increase of our hydro capacity by +1.5GW in 2015-16, mostly pumping and repowering

Plant	Expected Start-up date	Type	MW	Total Output (GWh)(1)	Net of Pumping (GWh)(1)
Ribeiradio/ Ermida	Jun-15	New plant	81	139	139
Salamonde II	4Q15	Repowering With Pumping	207	386	94
Baixo Sabor	1Q16	New plant With Pumping	173 (2)	460	200
Venda Nova III	Mid-16	Repowering With Pumping	756	1,441	24
Foz Tua	2H16	New plant With Pumping	263	667	272
Total			**1,480**	**3,093**	**729**

EDP - Capex in New Hydro Capacity in Portugal(3)
(€ bn)



- **2 repowering projects** using existing reservoirs **(66% of new MW):** lower capex/MW, lower execution risk
- **4 projects have pumping capabilities (95% of new MW)**: 75% of expected electricity production will use electricity also as fuel (driven by intraday/week/month price volatility); expected net output is 0.2% of Iberian power demand
- **Pumping's profitability is driven by spreads** between off-peak and peak prices, rather than absolute prices

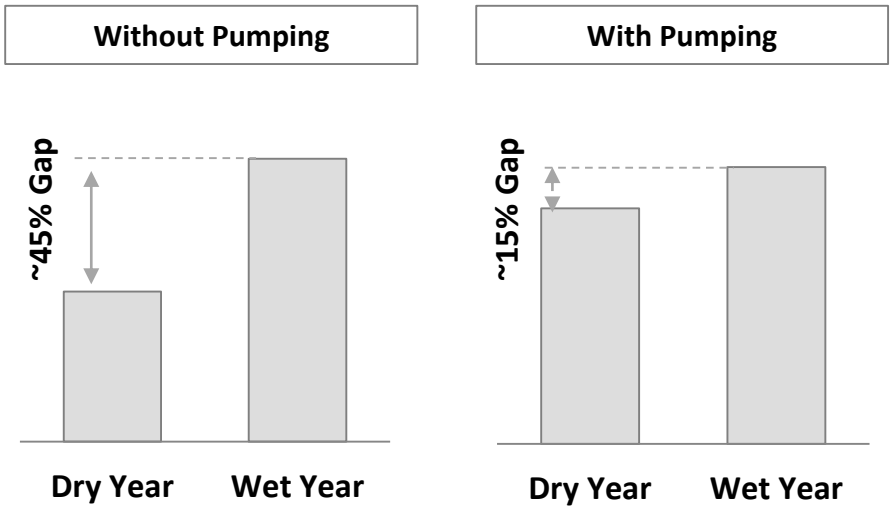
~94% of total capex incurred in the 4 plants currently under construction; €1.5bn(4) of works in progress by Sep-15

New Hydro's EBITDA 2017E at ~€125m: first full-year contribution (of which 90% from plants with pumping)

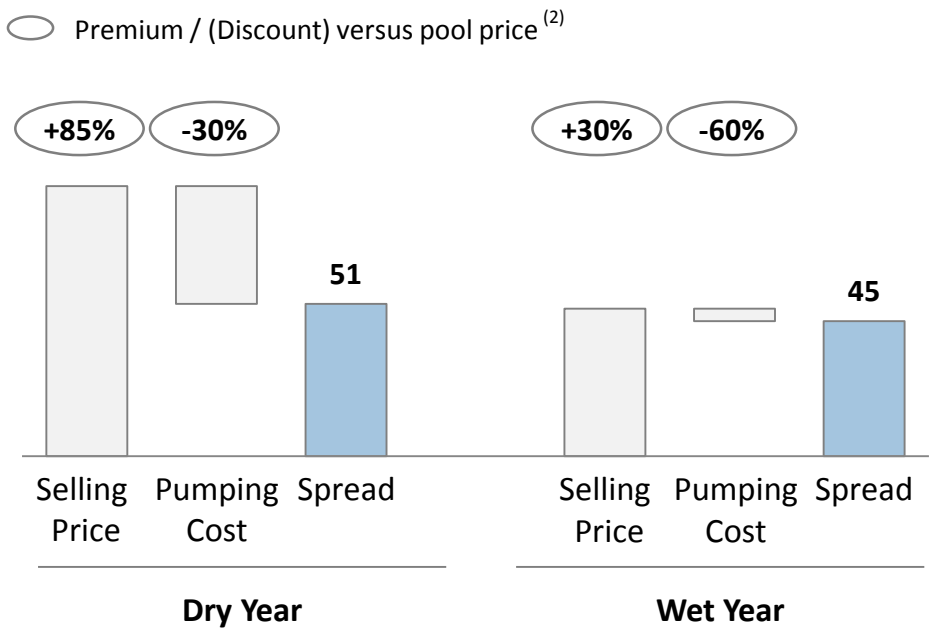
(1) On an average hydro year; (2) Of which 30MW started up in 1Q15; (3) Capacity under construction. Capex including capitalised costs;
(4) Amount of works in progress exclude investment in 30W of Baixo Sabor downstream plant that started operations in 1Q15 and in Ribeiradio/Ermida, which started operations in Jun-15

Hydro with pumping reduces portfolio risk and delivers attractive incremental returns

EDP - Hydro gross profit per MW installed [1]
(€/MW installed)



EDP Pumping activity [1] – Spreads versus avg. pool price
(€/MWh produced)



- Plants with pumping contribute to reduce the volatility of hydro gross profit between wet and dry years

- Pumping's profitability is driven by spreads between off-peak and peak prices, rather than absolute prices

Recent market dynamics in Iberia support the economics of hydro pumping and storage at adequate returns

By 2017E, 40% of overall EDP's hydro capacity will have pumping

(1) Based on years of 2012 ('Dry Year') and 2010 ('Wet Year'); Plants with Pumping based on Alqueva; Plants without pumping based on Douro-river plants and Alto Lindoso hydro plants.
(2) Average pool price: €37/MWh in 2010 ('Wet Year'), €48/MWh in 2012 ('Dry Year').

Hydro Plants in Portugal: Starting point for long term sustainable involvement with local communities

1

Reduce environmental and social impacts from new plants:
Achieve 'no net loss' or 'net gain' on biodiversity; Shared decision-making process

Avoidance, Minimisation and Compensation Measures

Environment & Agriculture, based on a local socio-economic dynamic as development factor

Promoting the creation of areas with the status of nature conservation

Creating new business opportunities and promoting local job creation

Agriculture/ecosystem services

- Guaranteed purchase of local products by contractors' workers canteens (for 8 years in average)
- Enhance new models of agriculture
  A "multiple-purpose" agriculture, based on ecosystem services provider
- Develop new distribution channels to be in place after end of construction works

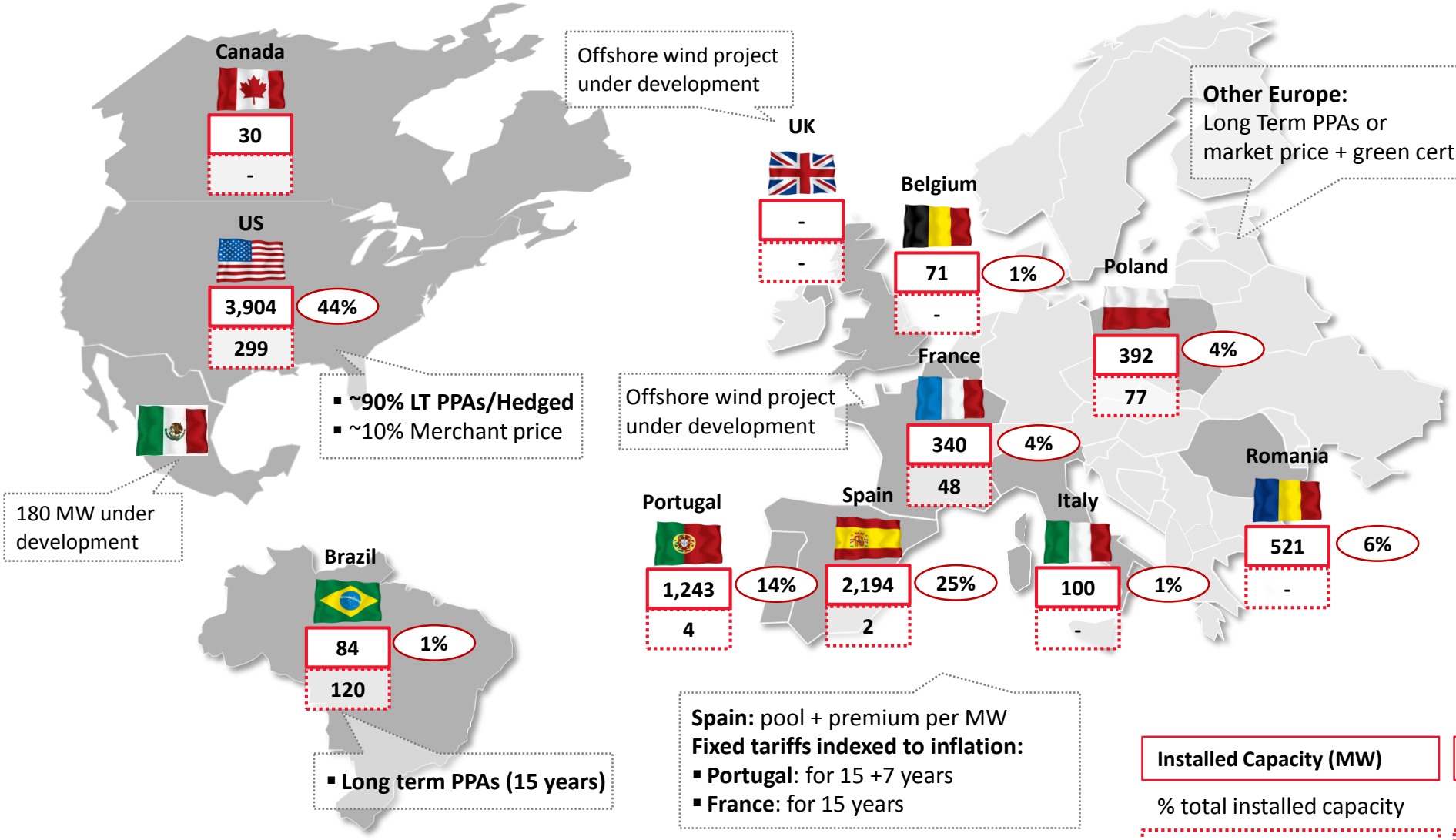
Handcraft

- Deploy design products
- Develop adequate distribution channels
- Promote higher proximity from large consumption centres
- Improve professional skills of local communities

Entrepreneurship

- Training for entrepreneurship
- Support to new businesses brainstorming sessions
- Support to new business analysis and set-up

EDPR: Diversified portfolio and stable revenue stream



Note: Data as of Sep-15

(1) Does not include 353MW consolidated through the equity method (Spain: 174MW; US 179MW)

EDPR: a market leader with a solid strategic plan

1

A worldwide renewable market leader…

Diversified portfolio	10 OPERATING COUNTRIES
Young assets with long residual life	6 YEARS AVERAGE LIFE
Quality asset base	30% LOAD FACTOR
Solid Cash-Flow generation	€0.7bn OPERATING CF

…with a solid 2014-17 strategic plan

Investing in quality projects	>500 MW/YEAR
Growth through projects with LT contracts already awarded	>90% VISIBLE
Increasing efficiency, reducing OPEX/MW	-2% CAGR
Increasing Cash Available for Growth and Distribution	>15% CAGR

Visible growth plan based on long term contracts to enable a low risk growth strategy

EDPR executing a growth plan based on projects with long-term visibility and low risk profile

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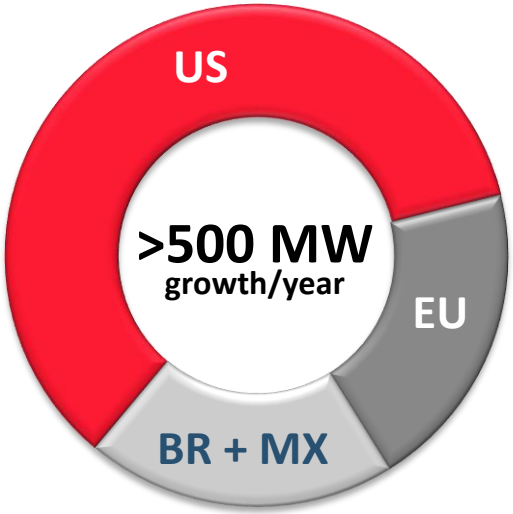
Growth Profile



Business Plan 2014-17 Targets ✓

Growth based on projects with PPAs

+329 MW	+99 MW	+299 MW	+755 MW
added in 2014	added in 9M15	under. constr.	with PPAs

LT visibility for growth in selected countries

- +250 MW mainly in France, Italy and Poland
- ENEOP +74 MW in 2014 | +80 MW from Asset Split
- Licenses with 20-year FiT for +216 MW in Portugal (*2018 projects*)

Selected projects in Emerging Wind Markets

- +377 MW of wind projects with PPAs (secured in 2011/13/14)
- +200 MW of wind projects with 25-year USD bilateral agreement

EDPR has full visibility to deliver the 2017 strategic agenda and already has secured additional options for future growth

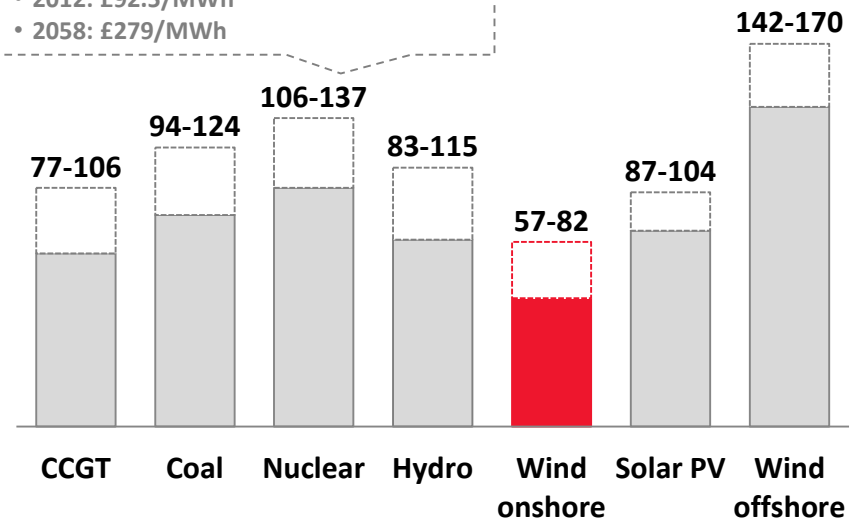
Attractiveness of wind energy onshore based on technology competitiveness and visible drivers

1

Wind competes with all technologies…

Levelised Cost of Energy (LCoE) [1] (€/MWh, 2014)

EDF CfD for new nuclear plant in UK [2]:
- 2012: £92.5/MWh
- 2058: £279/MWh



Wind onshore is today among the cheapest technology and is fully competitive

…supported by identified growth drivers

Electrification of the Economy

- OECD countries: (+) Transports' electrification; (-) Energy efficiency
- Emerging markets: (+) Economic growth and infrastructure need

Environmental Concerns

- New global agreement under preparation for the COP21
- CO_2 reduction targets in EU, US and China
- Replacement of old/retiring capacity (namely Coal)

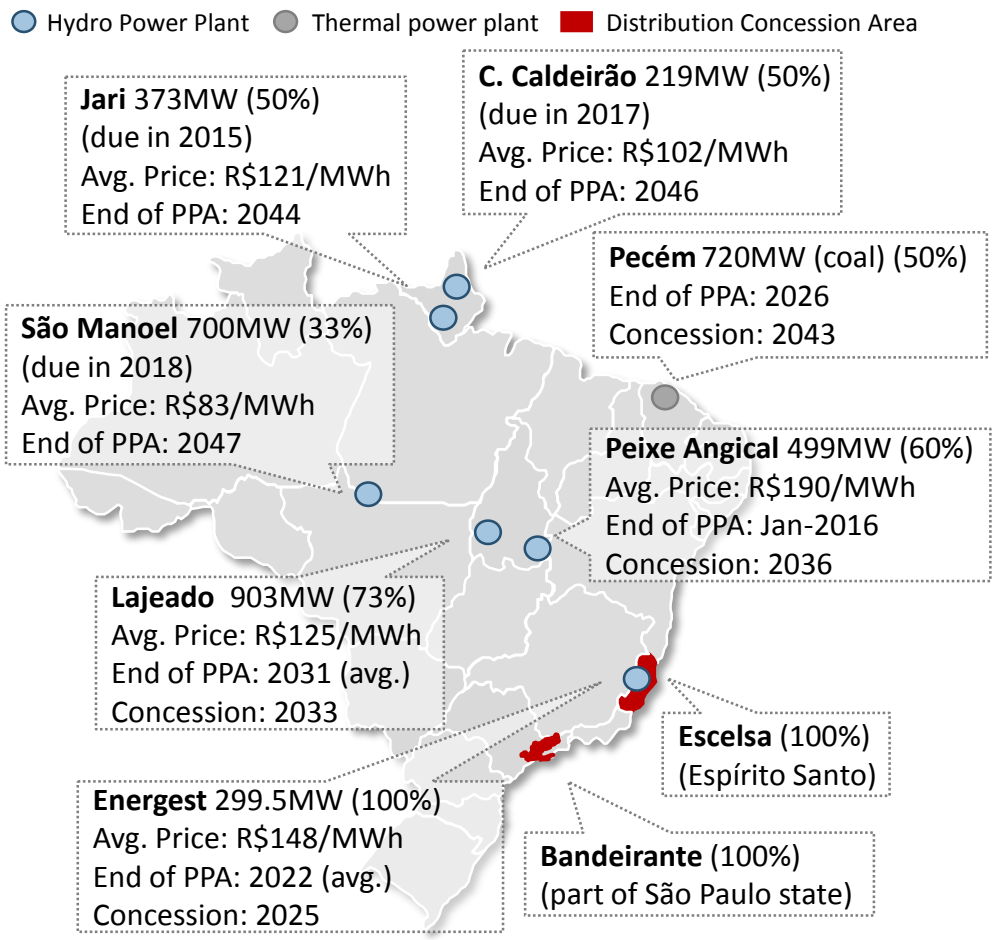
Energy Independence

- Increasing energy imports on most of the developed countries
- EU imports more than 50% of its demand, while US only 15%
- Recent events have stressed the need to reduce dependency

Notes: (1) Source: EDPR Analysis for European Market, wind onshore @ 25%-36% load factor, Brent price @65$/barrel in 2015; : Solar Photovoltaic @ 17%-21% load factor;
(2) As stated in EC document, expected CoD at c.2023, CfD for 35 years and 60 years of operational life

EDP Brasil: increase of our hydro generation by +0.5GW in 2014-18

EDP Brasil: Geographical footprint (1)



Electricity Generation:
+25%(2) capacity increase till 2017

- **Total Installed Capacity in operation: 2.2GW** (hydro & coal)
- **Energy sales by long term PPA contracts** (inflation updated prices)

Electricity Distribution:
Low risk RoRAB remuneration

- **RoRAB with efficiency incentives (CPI-X)**
- **Pass-through of non-controllable costs to clients:** deviations between forecasted and real costs are passed through to clients by annual tariff updates.

Distribution Subsidiary\	Net RAB (R$m)	Return on RAB	Regulatory Period	Next Reg. Review	Concession Term
Escelsa	1,566	7.5%	3 Years	Aug-16	2025
Bandeirante	1,545	7.5%	4 Years	Oct-15	2028

Sustainable and sound regulatory framework: Return of RAB in Distribution, long term PPAs in generation

(1) Avg. PPA Prices as of 01-Jan-14 (inflation updated at IGP-M or IPCA); (3) Energest is responsible for the PPA contracts of Mascarenhas + Suiça, Viçosa, São João, Alegre, Fruteiras, Jucu and Rio Bonito.
(2) vs. Dec-2013; Including Pecém 50% equity consolidation stake as of Dec-13, and considering 50% of Jari and Cachoeira-Caldeirão (equity consolidation) and 33.3% of São Manoel (equity consolidation);

Improvements in Brazilian Electricity System

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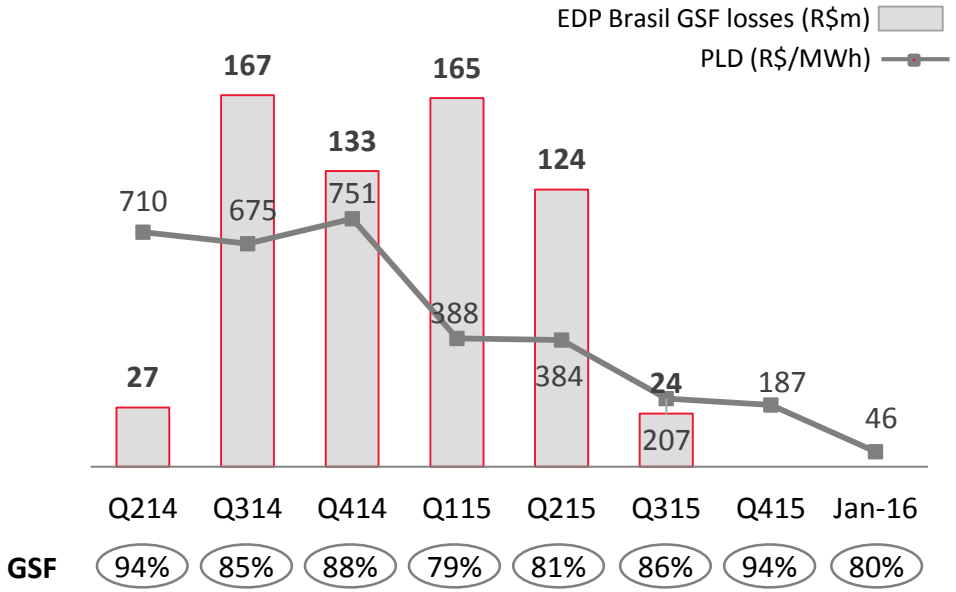
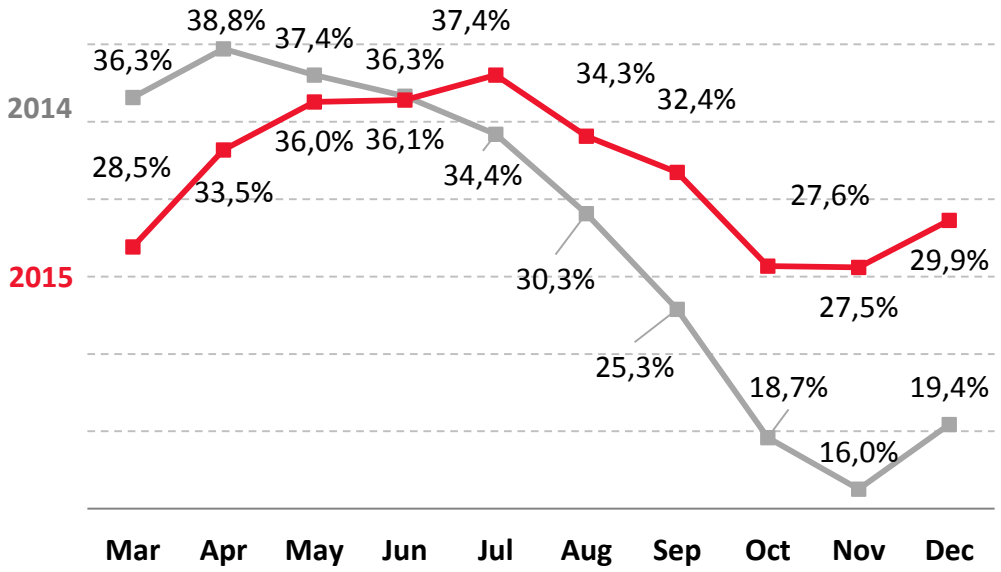
EDP Brasil: Quarterly Evolution of GSF Losses(1)

(R$m)



Hydro reservoirs – Southeast/Center-West Regions (2)

(%)



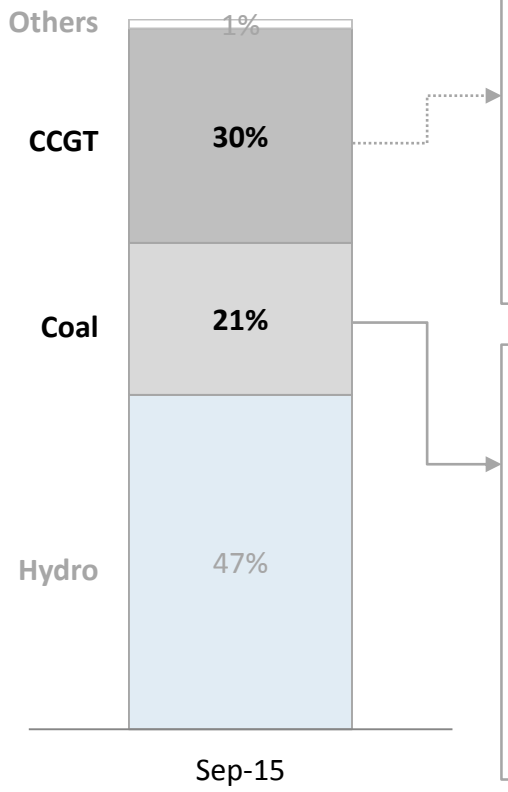
- **Lower PLD** supported by higher rainfall, lower demand (-1.0% in 2015E), new capacity and lower thermal dispatch
- **Hydrological risk solution**: agreed at a level of 92% for c.40% of the contracted capacity in the regulated market(3) with an expected impact in 2015 EBITDA of R$50m

Hydro crisis in Brazil: improved higher reservoir levels support more optimistic scenario for 4Q15

(1) GSF losses for EDP Brasil net of hedging; (2) Source: ONS; Expected October data as of January 8th, 2016 vs. December 31th, 2015; (3) Decision still pending for c.7% of the contracted capacity

EDP's Thermal Power Generation Fleet: Diversified portfolio allowing to balance market's short term risks

EDP Conventional generation – Installed capacity in Iberia
(MW in Sep-15)



- Highly competitive technical features in a context of low working hours:
  - Minimum operating level of 20%-40%, allowing to **concentrate in the best hours**;
  - Capable to move up/down by 100MW in 15 min, boding well with **ancillary services**;
  - Start-up time from idle of 20 min., boding well with **ancillary services**.
- By working fewer hours in a balanced manor, the useful lives of our CCGT fleet were extended

- 55% of capacity is merchant; 45% remunerated at 8,5% RoA real pre-taxes
- 78% of capacity with DeSOx
- Our coal fleet is the **most efficient** in Iberia: lower transportation costs and heat rates
- **Lower-cost blast-furnace gases** partially meet our Aboño needs
- **Favourable location**: Plants located close to heavy energy consumption areas
- **Spanish coal -** Soto 3 (346MW) and Aboño 2 (536MW) plants under investment (DeNox); Soto 2 (236MW) decommissioned end of 2015; Aboño 1 (342MW) to be decommissioned by 2020.

- **EDP benefits from short term weakness of CO_2 prices through higher load factors at coal plants**
- **Merchant thermal output: CCGTs output focused in the best hours and ancillary services**
- **Our portfolio of clients enhances the integrated management of generation & supply activities in Iberia**

Energy Efficiency:
Focus on demand side management and energy services

2

Demand Side Management
≈ 18 M€ invested and 173 GWh saved in 2014

Energy Efficiency | **Load optimization** | **Fuel Switching**

Energy Services Invoicing ≈ 66 M€ (1) | **PROGRAMS, PROJECTS AND INITIATIVES**

- ✓ Energy auditing and certification
- ✓ Integra (SMEs) and Funciona (B2C)
- ✓ Energy management in Buildings (e.g. Re:Dy)
- ✓ Solar thermal and PV solutions
- ✓ Distributed generation: micro and mini generation and self-consumption …

www.energia.edp.pt; www.edpenergia.es

save: to compete

Support in the implementation of EE projects in the Business Sector

6.7 M€ energy savings
57.6 GWh saved
29,567 ton CO_2 avoided

Cumulative data 2012-Jun 2015

www.savetocompete.com

Voluntary activities supported by the regulator

- ✓ Efficienct lamps
- ✓ High efficient motors
- ✓ Variable speed drive
- ✓ Public lighting …

9 million efficient lamps distributed
5.9 TWh saved
2.1 Mton CO_2 avoided

Cumulative data 2007-2014

- ✓ Efficient and safe-oriented use of Energy
- ✓ Replacement of inefficient lamps and appliances
- ✓ Solar heating systems installation
- ✓ Energy Efficiency in public buildings …

2014

31 GWh saved
13 MW reduction in peak demand

Notes: (1) Energy Services only regarding Energy Effciency (EE)

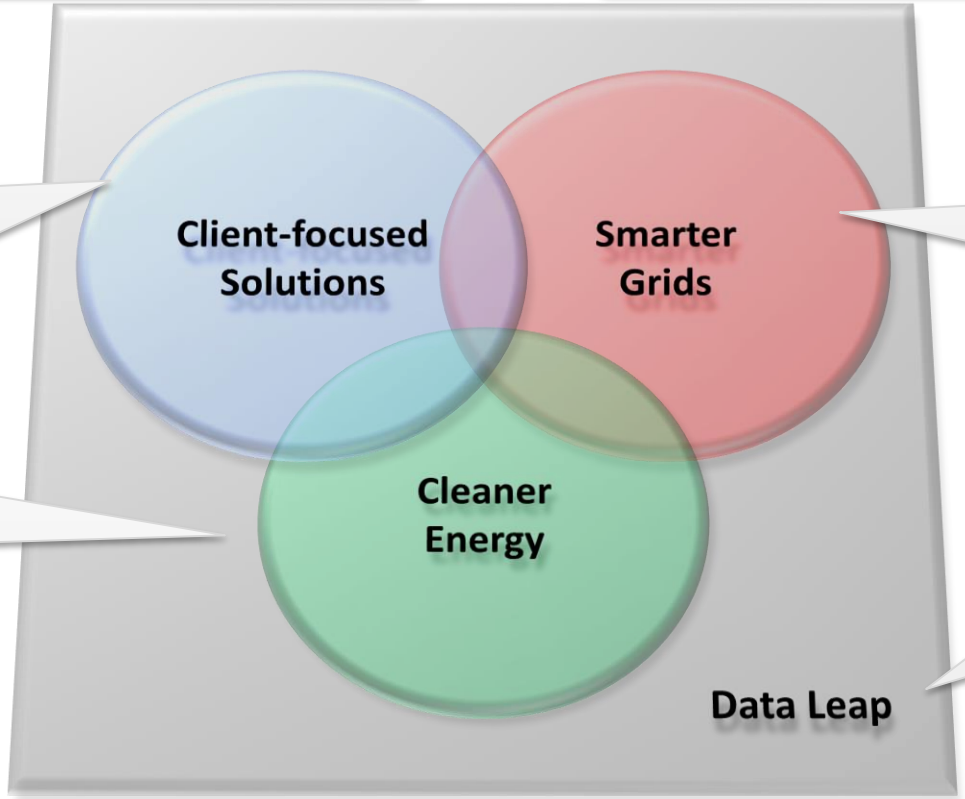
Research and Development: main strategic areas of innovation

Objective: Transform EDP into an agile client/product driven company

Objectives: Lead the development of smart grid infrastructure & applications with client/operations focus

3

Key Topics:
- Smart Pricing and Bundling
- Energy Efficiency
- Increase Electrification



Key Topics:
- Smart Grids
- Energy Management / Storage

Key Topics:
- Renewable Energy
- Thermal & Large Hydro Generation

Key Topics:
- Cloud computing
- Big data
- Web 3.0

Objectives: Enhance wind operations / yields and create options in renewable energy technologies

Objective: Leverage on ICT[(1)] developments to support innovation across all business areas

The EDP Group's expenses on R&D+i in 2014 was over €31 million (as in 2013)

Note: [(1)] Information and Communications Techonology

Offshore innovation: Windfloat Project

3

Floating Offshore Wind → key area of R&D

- **Windfloat** is the first floating wind turbine for deep offshore waters: 100% developed in Portugal by EDP and its partners (1).
- **Phase 1 (Prototype)-** In operation since December 22th, 2011 (more than 2 years). 1st year mostly for testing and inspection purposes. 2nd year focused in increasing availability and energy extraction. More than 8.2 GWh produced (energy equivalent of aprox. 3000 households' annual consumption).
- **Phase 2 (Atlantic)-** Total capacity: 24 to 28 MW capacity, (3 to 5 units equipped with turbines from 5 to 8 MWs)
- Location: off the coast of Viana do Castelo
- Water depth: ~100m
- Total investment: ~100M€ (partly funded by the EC)
- Floating structure certification: will be conducted throughout design, construction and installation by an independent party (e.g., ABS)
- Projected project lifetime: 25 years
- Strong Institutional Support:
  - EU: NER 300
  - Portugal: Feed-in Tariff, APA

(1) Principle Power, Repsol, A. Silva Matos, Vestas, Fundo de Apoio à Inovação and Portugal Ventures.

Offshore innovation: Demogravi Project

3

- EDP has just been granted European funding (Horizon 2020 programme) to develop new technology for offshore wind power.
- DEMOGRAVI3 aims to develop an innovative gravity based foundation for offshore wind turbines
- The project will last four years and will include a full-scale demonstration in a real-life environment off Aguçadoura, Póvoa de Varzim, in northern Portugal. It will take advantage of the underwater cable connecting the WindFloat turbine to a substation on land.
- Unlike the solution based on a floating platform successfully tested with Windfloat, DEMOGRAVI3 will be installed on the seabed, although it will already be assembled and floated to the mooring place. The whole structure of the turbine and its constituent elements will be assembled on shore and then transported. The main innovation of this structure thus avoids the necessity for heavy lift vessels to anchor and assemble all the turbine components in an offshore environment.

EDP is focused on harnessing cutting edge solutions for offshore wind technology

Smart Grids: key to cope with challenges of increased renewables, distributed generation and electric vehicles

3

Inovgrid is aligned with the most important world technological trends and already a reference in Europe

Benefitting costumers and offering a technological leap forward in network service and capabilities

Portugal

- Cutting-edge Smart Grid project (32,000 EDP Boxes) is being commercially tested in the Portuguese city of Évora, the 1st Iberian inovcity, with a total investment of €15m.
- Covers the entire municipality with an approximate annual consumption of 270 GWh. There are also around 140 medium voltage customers, with an annual consumption of 110 GWh.
- The pilot was extended to six new municipalities in Portugal, totaling more than 100 thousand smart meters installed so far.
- Dec-2015: Smart meters' roll-out- about 230.000 installed.

inovgrid
smart energy grid

Spain

- The city of Pola de Siero (Asturias) as a pilot to start the project InovCity in 2013, the first one of our distribution grid having all meters up to 15 kW tele-managed (7,500 smart meters and 30 concentrators).
- Dec-2015: Smart meters' roll-out- more than 300.000 already installed (~50% of EDP customers).

Brazil

- The municipality of Aparecida do Norte (state of São Paulo) was the first Brazilian city equipped with a smart grid. The project, lead by EDP Brasil, included the installation of 15,000 smart meters. This initiative was replicated in two other municipalities (State of Espirito Santo), serving 19.000 customers.
- EDP Grid in Brazil is focused on infrastructure services, fundamentally focused on electrical projects, energy efficiency projects, distributed generation and smart grids.
- In 2015, EDP Grid acquired APS Soluções de Energia, one of the main companies of energy efficiency in Brazil with 23 years in the market.

EDP is increasing its commitment with A2E (1)

EDP A2E (1)
Projects around the world

(1) Access to Energy

Kakuma refugee camp and Cabiri Solar Village projects empowers vulnerable people and covers basic energy needs

Kakuma (1)

SOLAR PV SYSTEMS FOR LIGHTING AND ICT
50 kWp | 11 public buildings; 31 street lights; 147 households; Capacity building

SOLAR LANTERNS FOR STUDENTS
4,500 units | School attendance; Study by night; School-home safety

SOLAR COOK STOVES, SOLAR WATER PURIFIERS & AGRO-FORESTRY
Women capacity in solar cooking; Potable water; Kitchen garden

Direct Impact

6,000 refugees
300 families
Savings of 50,000 l/year of diesel
700 tCO_2 emissions avoided

Cabiri (1)

Direct Impact

3,000 residents
500 families

SOLAR PV SYSTEMS FOR LIGHTING AND ICT
112 kWp | 500 households; 5 public buildings; 83 street lights; Capacity building

SOLAR LANTERNS FOR STUDENTS AND FAMILIES
500 units | Study by night; School-home safety; Work-home safety

SOLAR COOK STOVES
500 units | Women capacity in solar cooking

(1) www.edp.pt/en/sustentabilidade/acessoEnergia/projetos/Pages/Projetos.aspx

EDP is implementing a rural mini-grid project with UNEP and is also developing "Sun to Save Diesel" projects

Decentralized Energy Applications – Promoting the Uptake of Renewable Energy in Developing Countries

UNEP's ultimate objective from its current mini-grids program is to prove commercially-viable, and hence sustainable, solutions for the operation of **decentralized clean-energy applications in developing countries.**

UNEP
United Nations Environment Programme

UNEP-EDP Programme Structure (1)

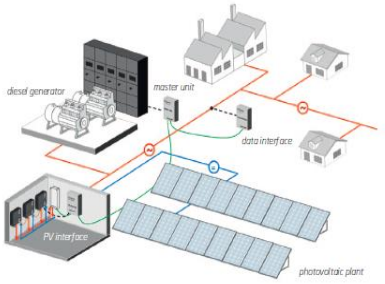
Regional focus
- **Mozambique**

Technological model
- **Hybrid Mini-grid (160 kWp)**
- **Renewable energy sources: solar and biomass**

Financial model
- **Fundraising 2M€ / A key next step is to put all permits in place and create a new mini-utility in Mozambique**
- **Fee-for-service for commercial viability**

Concept "Sun to Save Diesel"

Hybridization of 100% diesel systems with Solar PV and promotion of social and environmental responsibility developing **A2E projects** in local communities to address **access to energy limitations.**



Minimizing Cost
- **Reduction of variable costs**
  Significant reduction of Diesel consumption
- **Scalability**
  PV penetration rate can be scaled up continuously

Minimizing Risk
- **Energy Independence**
  Solar resource is always there, diesel supply can be unexpectedly interrupted
- **Budget stability**
  Less dependent on Diesel price volatility
- **A2E with renewables as a CSR enabler**
  Being greener and socially concerned as a plus for branding

(1) https://youtu.be/1s63UleLtZ4?list=PLpT3XN3jnjvN46gLIng_OhaGmkaoe31aQ

HR Strategy in EDP: design to support the business evolution and address people challenges in the Group

HR strategic axes (2014-2017)	People challenges in EDP Group	Results of our priorities in people management
	Reinforce and align one corporate culture	Organizational climate/employee satisfaction survey since 2006: 2013 = 80% overall satisfaction rate (biannual application logic).
	Broader mobility	**Corporate mobility** involved 1034 employees in the EDP Group in Nov 2015; Review Mobility Policy
	Talent management	**Trainee Program:** ~4,000 applications were received. A selection process was used to choose the 25 trainees.
	Data quality & Analytics	**Amplify** - New skills model for potential appraisal aligned with an evolutionary perspective needed to build the future of EDP Group.
	Employee Experience Management to 5 different generations	The fourth **Valuing Experience** Programme began in February 2014 and involved 142 participants.
	Evolving the Human Resources Function	Support development of the business and its culture

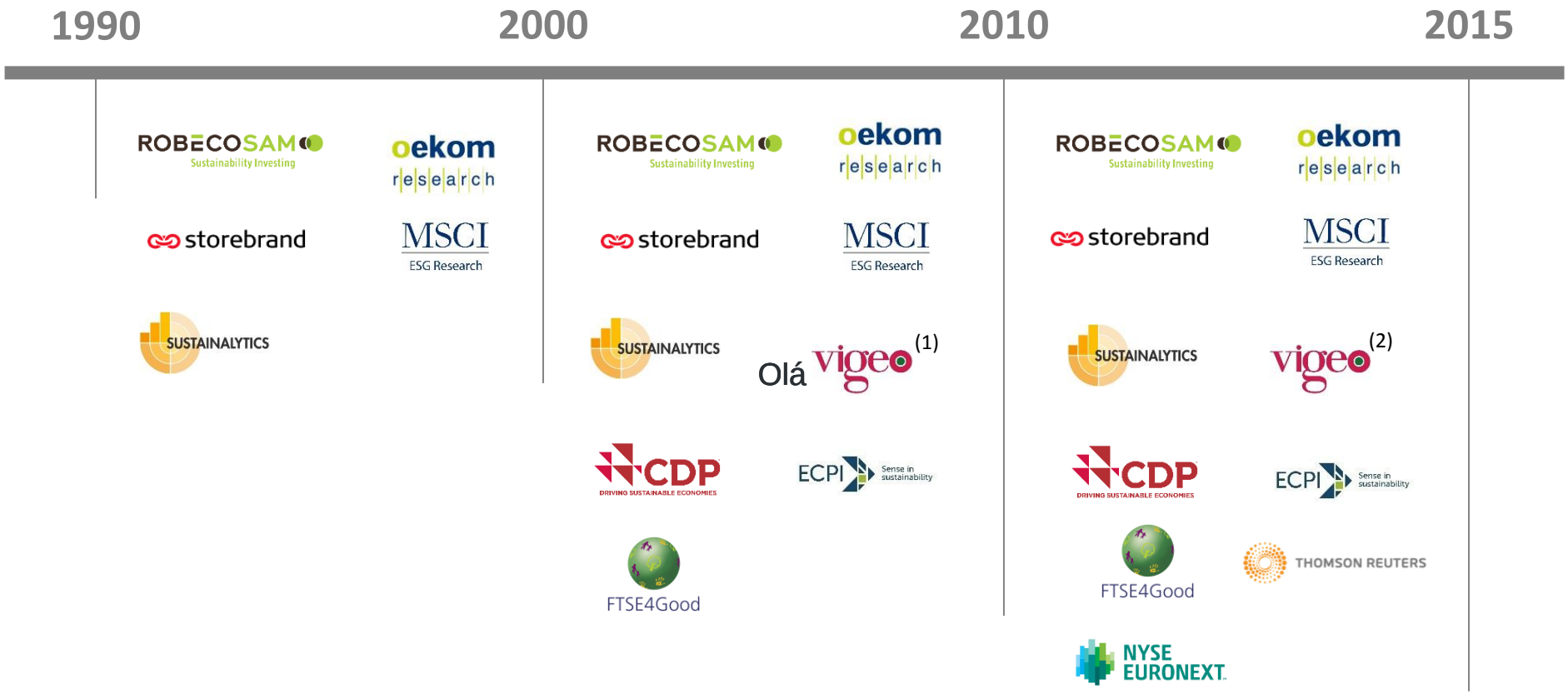
HR Fundamentals Systems & Data

Employee Relations

(1) Employee Value Proposition

Sustainability Ratings:

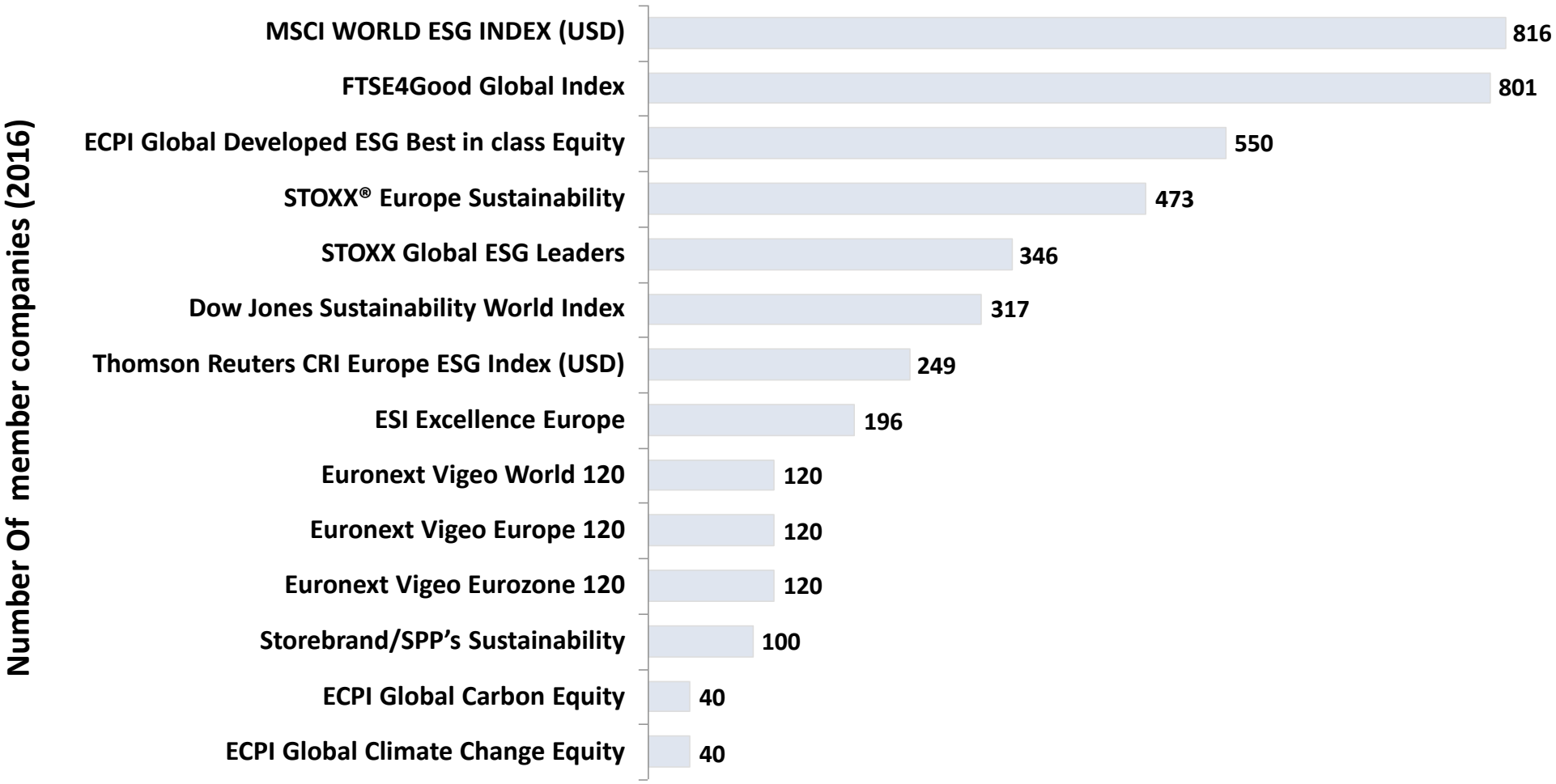
EDP is currently assessed by 11 sustainability ratings



"Sustainability is one of the most significant trends in financial markets for decades" (3)

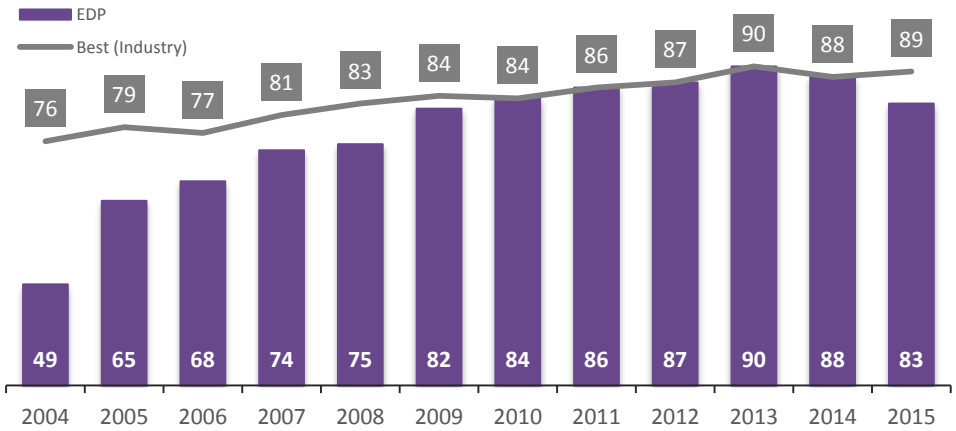
(1) In partnership with Ethibel Forum; (2) In partnership with NYSE Euronext;
(3) From the Stockholder to the stakeholder, University of Oxford and Arabesque Partners, September 2014.

Sustainability Ratings:
Sustainability Indices where EDP is present



Sustainability Ratings:
EDP performance for some sustainability indices

EDP is a Dow Jones Sustainability World Indice member since 2008 | Rating (0 – 100)



OEKOM - EDP is one of the best in the electricity sector

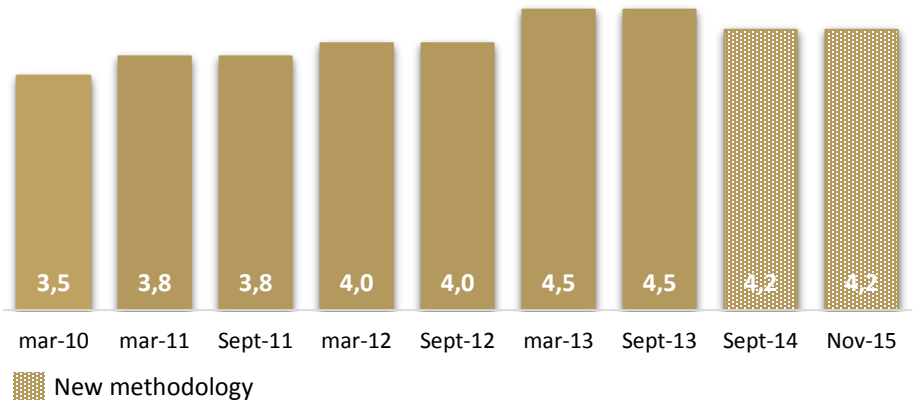
The "Prime" status is assigned to companies which are among the world's best companies within the same industry.

Corporate Responsibility Prime rated by oekom research

EDP has the "Prime" status since 2009 in OEKOM's Corporate Rating.

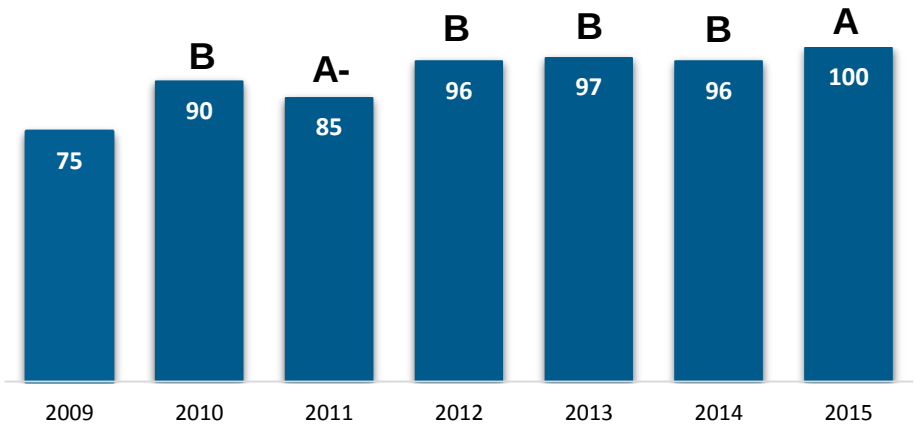
FTSE4Good Index Series (1)

Rating (0 - 5)



Carbon Disclosure Project Global 500 and CDP Iberia (2)

Performance and Score: EDP member of CDLI (Rating 0 - 100)



(1) There was a change regarding FTSE4Good methodology in 2014. Thus, the results of September 2014 are not directly comparable to the previous ratings;
(2) EDP does not integrate the CDP Global 500 index in 2011, but CDP Iberia; 1bn = 10^{12}

Sustainability Ratings:
Strengths/Weakeneses of EDP sustainability assessment

Best Score=100	**Scorecards/Measurement system** **Price risk management** **Labor practice indicators and human rights**	▪ Well defined hedging strategies. ▪ Integration of sustainability perspectives in the scorecards. ▪ Public commitment to UN Declaration of Human Rights.
Excellent scores >95	**Codes of conduct/compliance/corruption&bribery** **Biodiversity** **Stakeholder Engagement** **Human Capital Development**	▪ Fair treatment practices such as diversity guarantee, ensuring equal remuneration and freedom of association.
Some gaps	**Market Opportunities** **Anti Trust Policies**	▪ Low share of revenues from energy related products and services. ▪ Reporting antitrust cases.

EDP is a Dow Jones Sustainability World Indice member since 2008. DJSI Sustainability performance is a KPI incentive to EBD's remuneration

Conclusions

EDP is listed for the 8th year in a row in the DJ Sustainability Indices being ranked as an utility Top worldwide

Response to climate change: EDP's business case is strongly committed with COP21 challenges

EDP is present in 14 countries; 32 nationalities of employees. Guaranteed respect for equal opportunities in order to prevent discrimination and partial treatment based on nationality and ethnic origin

Commitment to constitute the energy services' offer as a new core business facing the new energy sector paradigm focused on EE and distributed generation

Commitment towards the protection of nature and biodiversity, social engagement, enhancement and achievement of certain levels of responsibility and accountability

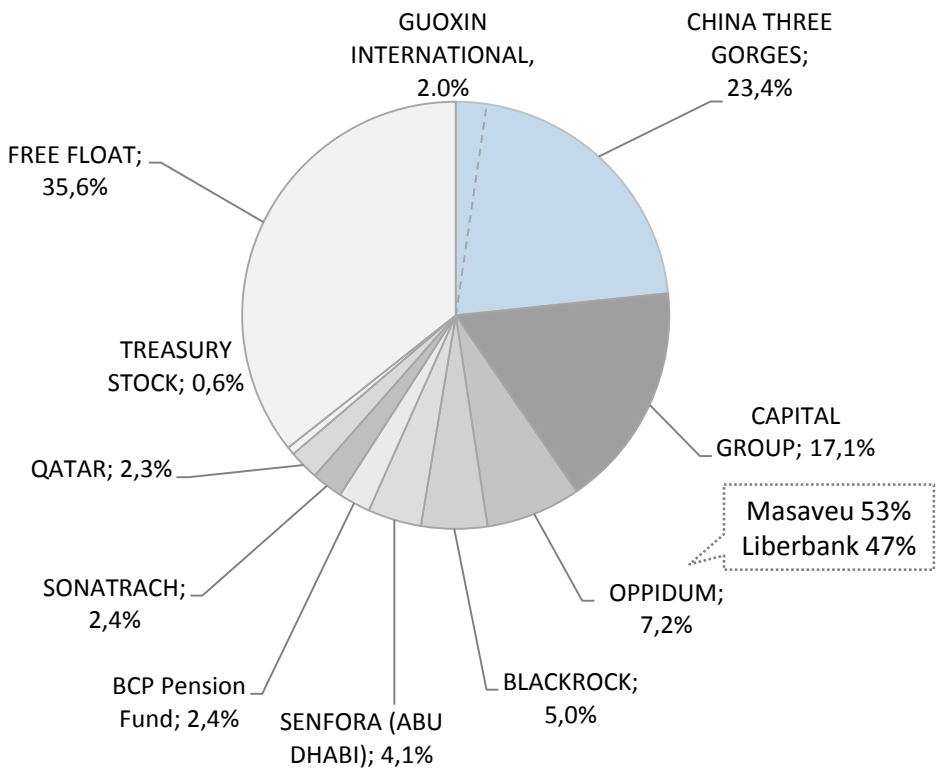
Annexes

Annex

- Financial strength
- Management of environmental issues
- Management of Human Resources
- Identification of material issues
- Performance Highlights
- EDP Sustainability Index
- EDPR business case

Sound shareholder structure

EDP Shareholder Structure
(November 10th, 2015)

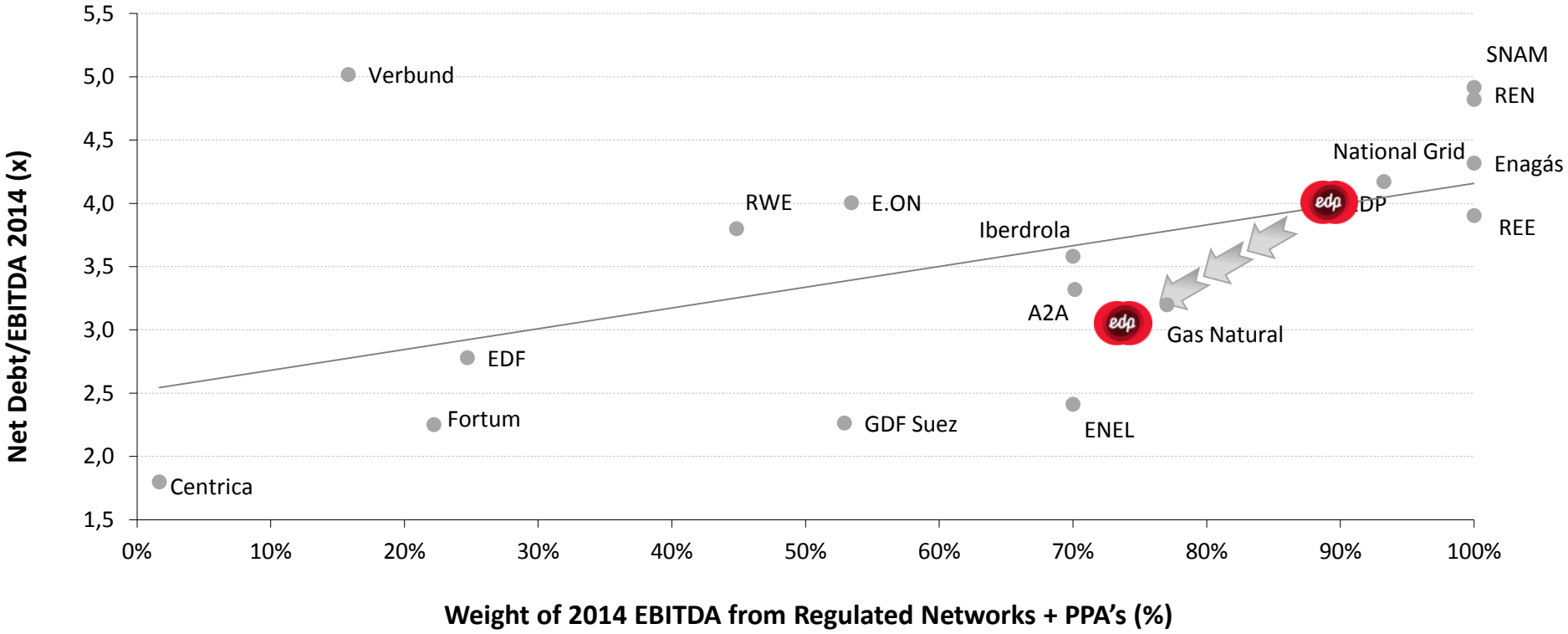


- **Dec-11: CTG won the privatisation of a 21.35% stake in EDP** (@€3.45/share: 50% above market price on date of announcement): Commitment to **4-year lock-up and standstill** period until May-2016;
- CTG represented by **5 members in the General and Supervisory Board** (non executive)
- **CTG is China's largest clean energy group** (100% owned by People's Republic of China)**:** 42.4GW of capacity + 32GW under construction, mostly large hydros
  Rating: S&P: A; Moody's: Aa3; Fitch: A+

Long term Institutional Investors have kept or reinforced their position while shareholders with overhang positions have exited or decreased their holdings

Financial deleveraging: maintenance of EDP's low risk profile

European Utilities: 2014 Net Debt/EBITDA vs. Business Mix [1]
(x;%)



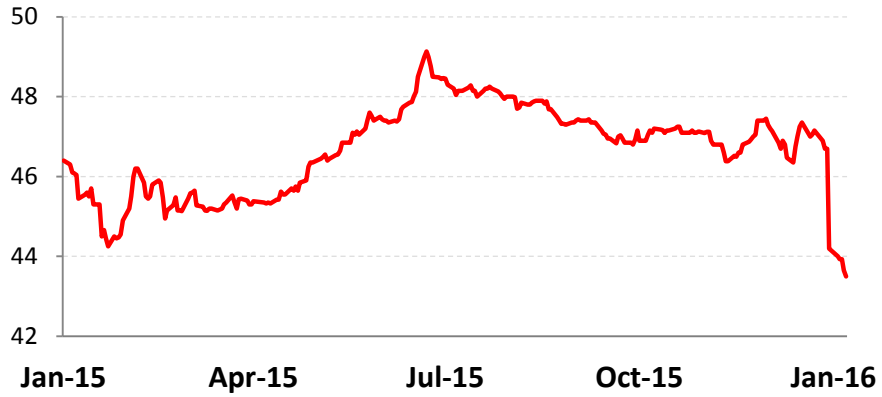
Gradual termination of PPAs and new stage of CMECs system post 2017 in Portugal:

EDP will continue to be one of the most regulated names amongst integrated European Utilities

[1] Source: Company Reports. EDP's Net Debt /EBITDA excluding regulatory receivables

EDP has a limited exposure to power prices: Liberalised activities to represent 10-15% of EBITDA in 2015/2016

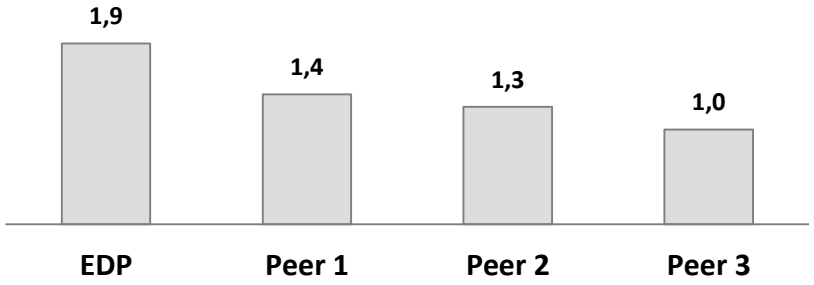
Spain – Forward baseload electricity price for 2017
(€/MWh)



Forward Energy Prices for 2016[1]
(€)

	Dec-14	Jun-15	Dec-15
Brent (€/bbl)	52.7	56.3	33.6
TTF (€/MWh)	21.0	20.7	14.5
Coal (€/Ton)	63.3	55.1	43.8
CO2 (€/Ton)	7.2	7.4	8.2

Sales to clients in Free market / Own generation in 9M15
(x)



- **Forward electricity prices in Iberia more supported** than in Northern Europe: demand recovery, higher CCGT utilization and higher taxes
- **Slightly better thermal spreads** prompted by lower commodity prices. Coal still more competitive than gas
- **EDP has a long position in clients**, with a focus on residential & SME customers

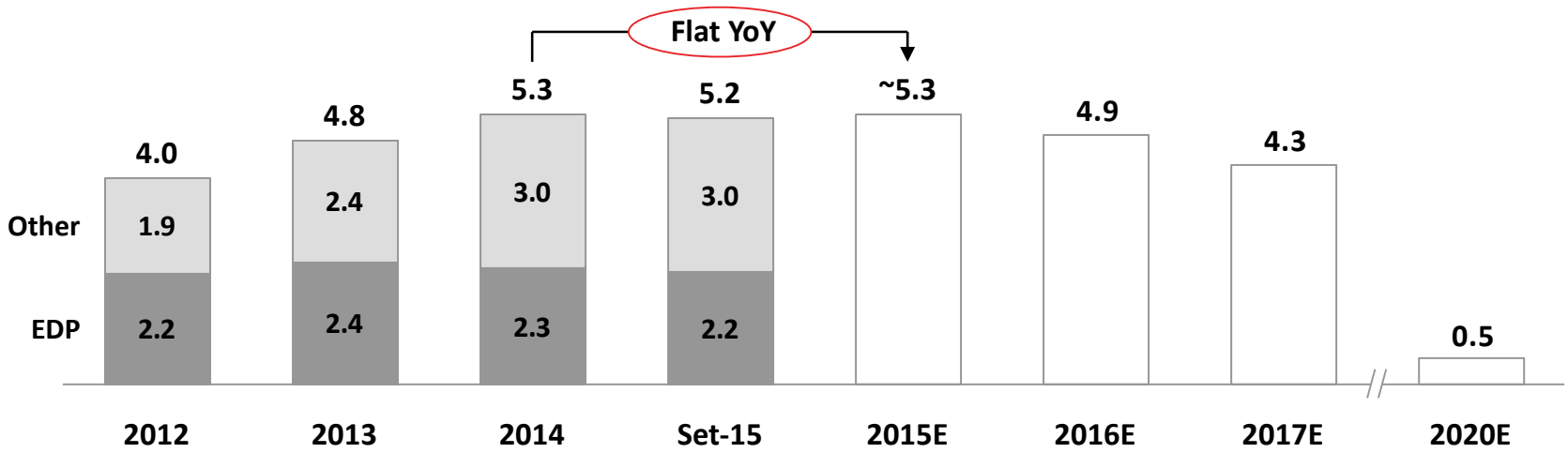
EDP keeps a risk-controlled approach to market exposure through hedging policy:
19TWh forward contracted with clients for 2016 at c€55/MWh[2]

(1) Reuters; €/USD rate: 1.087

(2) Incorporates the supply margin, energy profiling, system costs and loss factor.

Portuguese electricity system: Slight tariff surplus in 9M15; proposal for 2016 reaffirms sustainability

Portugal: Electricity System Regulatory Receivables (€bn)



			2015	
Demand[1] (YoY; %)	-1.8%	-0.1%	0.3%[2]	
Avg. Tariff (YoY; %)	2.8%	2.8%	3.3%	2.5%[3]

	2015E ERSE	2015[4]
Demand (YoY; %)	+1.8%[3]	+0.3%
Pool Price (€/MWh)	50.5	50.3
Special Regime Production (TWh)	-0.9 YoY	-1.4 YoY

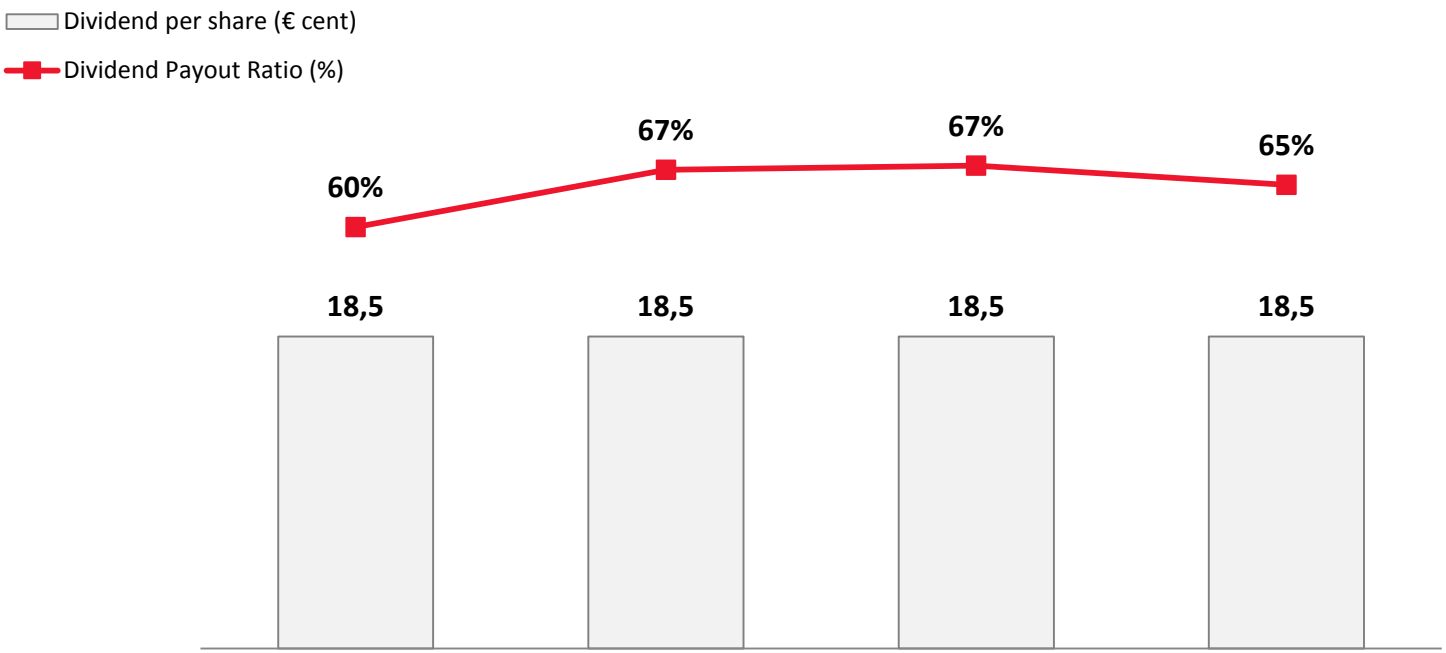
Tariff surplus of €55m in 9M15: supported by demand recovery, normalized wind volumes and stable pool price

Regulator's proposal for 2016 tariffs: Assumes €0.4bn decrease in electricity system debt in 2016

(1) Electricity distributed by EDP (2) Gross demand (REN) (3) Based on ERSE's 2016 Final Tariffs disclosed on December 15th 2015 (4) 2015 Electricity distributed 2015E by ERSE vs. 2014 real (4) Data as of December 31nd 2015

Sustainable Dividend Policy

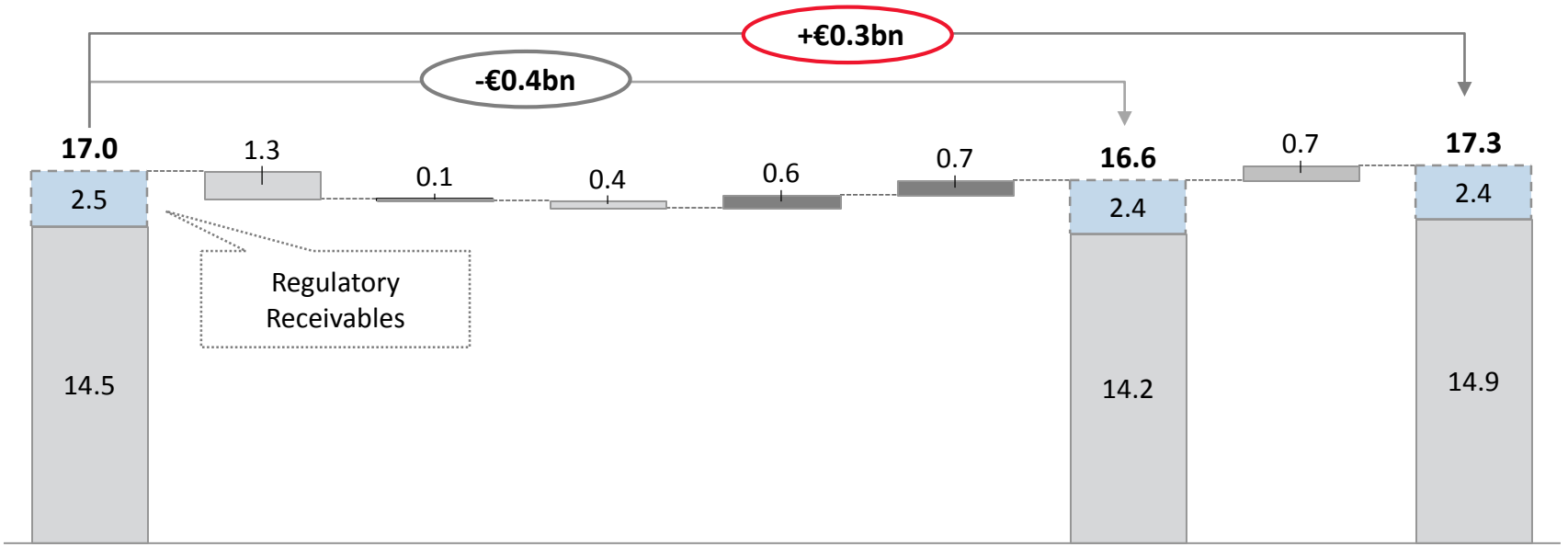
EDP's dividend performance 2011-2014
(€ cents; %)



€0.185 dividend per share as a floor; target payout ratio in the 55%-65%

Change in Net Debt 9M15

Change in Net Debt: Sep-15 vs. Dec-14
(€ billion)



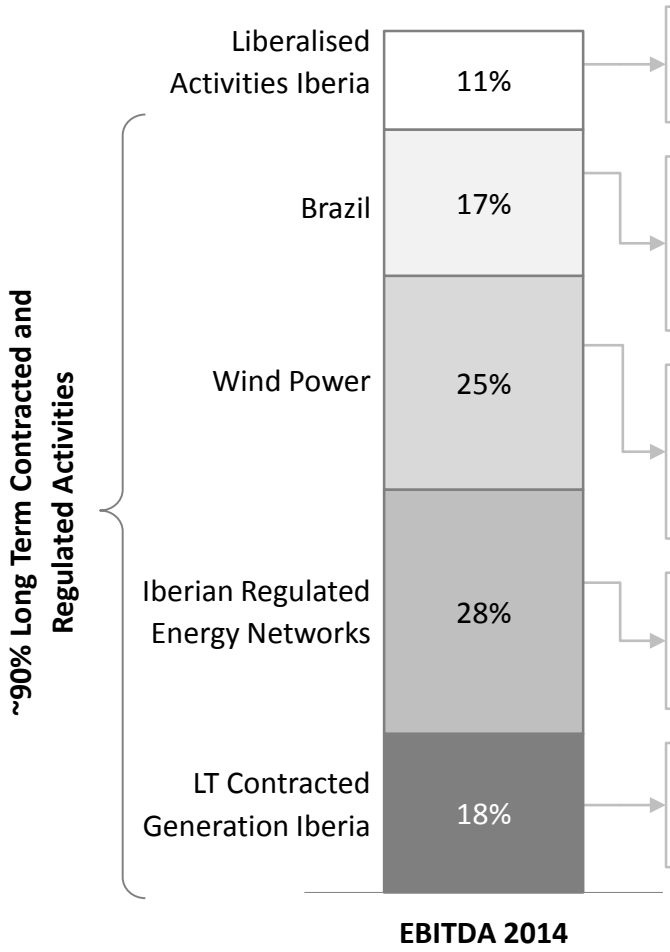
Net Debt /EBITDA	**4.7x**	**4.4x**
Adj. Net Debt /EBITDA	**4.0x**	**3.8x**

Negative impact from Pecém (+€0.7bn): 50% equity acquisition and full debt consolidation; Neutral ForEx impact

€750m hybrid bond issued in Sep-15 (50% equity content[3]): reinforcement of EDP's credit metrics

(1) EBITDA - Maintenance capex - Interest paid - Income taxes + Chg. in work. capital (excluding regulatory receivables); (2) Expansion capex (including impact from ENEOP consolidation), Net financial investments (excluding Pecém I acquisition) and Chg. in work. capital from equip. suppliers; (3) According to the methodology followed by rating agencies

EDP has a low risk operating profile with low sensitivity to economic cycles



Liberalised generation and supply in Portugal and Spain:

- 7.8GW: 48% CCGT; 19% Coal; 31% Hydro; 2% Nuclear

EBITDA: ~50% electricity generation; ~50% electricity distribution

- Generation: 1.8GW hydro; PPA contracts (inflation updated)
- Distribution: regulated return on RAB with efficiency incentives

EBITDA: 40% North America, 25% Spain, 15% Portugal, 5% Brazil and 15% Rest of Europe

- Spain, Portugal & France: 3.2GW with feed-in tariffs (inflation updated)
- USA: 3.8GW mostly long term contracts + tax incentives

Electricity and gas distribution in Portugal and Spain: EBITDA ~2/3 from electricity Portugal

- Regulated return on RAB with efficiency incentives or regulated revenues annually updated

Generation under PPA/CMEC contracts or Feed-in tariffs

- 4.5 GW under PPA/CMEC in Portugal (8.5% RoA): 74% hydro and 26% coal;

LT Contracted and Regulated activities represent > 85% of EBITDA: Support for a resilient performance

Main risks to EDP's Business Plan 2014-17

	Risks	Mitigation
Market environment	▪ Recovery of demand ▪ Decrease of inflation with negative impact in regulated activities ▪ Energy market prices	⇨ Progressively recovering ⇨ Hedge provided by floating rates (~49%) ⇨ Hedging Policy
ForEx and Interest rate	▪ Market volatility in credit spreads ▪ ForEx exposure on P&L - Brazilian real and US dollar	⇨ Strong financial liquidity ⇨ Funding in local currency
Regulatory Framework	▪ Further material regulatory/fiscal measures in Iberia ▪ Regulatory review in Brazilian distribution	⇨ Balanced electricity systems reduces probability ⇨ To be aligned with country risk evolution
Regulatory Receivables	▪ Lower securitization deals than expected ▪ Brazil - Continuing drought and resulting higher-than-expected costs with energy	⇨ Low probability in the current market context ⇨ Several mitigating mechanisms: tariff adjustments, CCEE/ACR contributions, tariff flags
Disposals Plan	▪ Investments by China Three Gorges ▪ EDPR's minority disposals to other investors: market appetite	⇨ CTG/EDP with aligned interests ⇨ €0.7bn of investments conditioned by disposals (target already exceeded by €0.1bn)

EDP to preserve its low risk profile and proceed portfolio diversification

Annex

- Financial strength
- Management of environmental
- Management of Human Resources
- Identification of material issues
- Performance Highlights
- EDP Sustainability Index
- EDPR business case

What does Environment mean for our business?

Strengths

- Strong experience on renewable energies
- Environment integrated at strategic level
- High technical competences of our HR
- Transparency and trust , associated with EMS - Environmental Management System
- High public exposure
- Member of WBCSD

Weaknesses

- High negative impacts on environment
- Operations on high sensitive ecological regions (Biodiversity Hotspots) and inside protected areas/high ecological habitats.
- Strong dependences on ecosystem services
- Internal expertise increasingly externalized
- High public exposure

Opportunities

- International lobby to involve private sector on finding solutions
- Competitive advantage from external recognition, ex: DJSI
- Increase efficiency (more tools available to support business, anticipate risks)
- Increase reputation (high awareness of society)
- Ability to attract and retain employees

Threats

- Increase operational costs due to licensing delays
- High level international agreements to reduce biodiversity loss (e.g. the future EU initiative on “no net loss of biodiversity and ecosystem services”, in which the public consultation lasted until October 2014)
- Increase regulations constrains
- Increase lending requirements (access to capital)
- Damage to brand (external stakeholder pressure)
- Challenge to social “license to operate”
- Green tax

EDP Policies for Environment and Biodiversity

4 major focus areas

1 Fostering Knowledge

- Biodiversity Chair
- Biodiversity Fund
- Long term studies

2 Adaptive Management

- Local community engagement in the implementation of compensatory measures
- Scientific follow up (monitoring)
- Habitat and Ecosystems orientation
- LOAM – Landscape Outcomes Assessment Methodology
- COMPRO Project – stakeholder engagement

3 Long term Vision

- LCA – Life Cycle Assessment
- LTER – Long Term Evaluation Research
- Social and Economic integration
- EVI – Ecosystem Valuation Initiative
- WBCSD

4 Transparent Reporting

- Biodiversity Report
- Peer Review on scientific work
- Browsedp – repository of biodiversity information
- WEB-SIG Platform of Baixo Sabor (Geo-referenced data base with all the information produced by the monitoring programs).
- Corporate environment management system according to ISO 14001
- CDP and WDP disclosed and internationally evaluated

Increasing stakeholder engagement allows stakeholders to experience the benefits and assume the ownership of the initiatives in a sustainable way

Annex

- Financial strength
- Management of environmental
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HR Strategy in EDP: Corporate culture and employee engagement seen as key competitive advantages (1/4)

Plan, Attract & Recruit

- **Recognizing the importance of guaranteeing that the human capital and talent management strategies run parallel to our business goals as a multinational company, EDP runs a global workforce planning exercise annually.**
- **EDP has promoted many programs to attract talent based on its relationship with the institutions that are its main sources of recruitment (e.g., open days, job shops).**
- It has also established partnerships with various national and international associations and communities, including Best - Board of European Students of Technology and CEMS - Community of European Management School **-, and developed business challenges that target as participants potential future talent (e.g., Global Management Challenge, Powertrade).**
- **EDP has also significantly invested in going digital and branding on demand, by being strongly present in social networks such as LinkedIn.**
- **From 2015 on, EDP formalizes a global recruitment model, to reinforce our brand as a global employer and to facilitate our philosophy of attracting and recruiting for the Group, rather than for the specific role itself.**
- EDP considers in the **recruitment and selection process** not only the technical/specific skills defined for the role, but also behavioral skills, on the basis of organizational culture.

HR Strategy in EDP: Corporate culture and employee engagement seen as key competitive advantages (2/4)

Employee Engagement Measurement Model

Manage & Retain

- Clear and promising direction
- Confidence in leaders
- Quality and customer focus
- Respect and recognition
- Compensation and benefits
- Development opportunities

Engagement – Commitment Discretionary effort

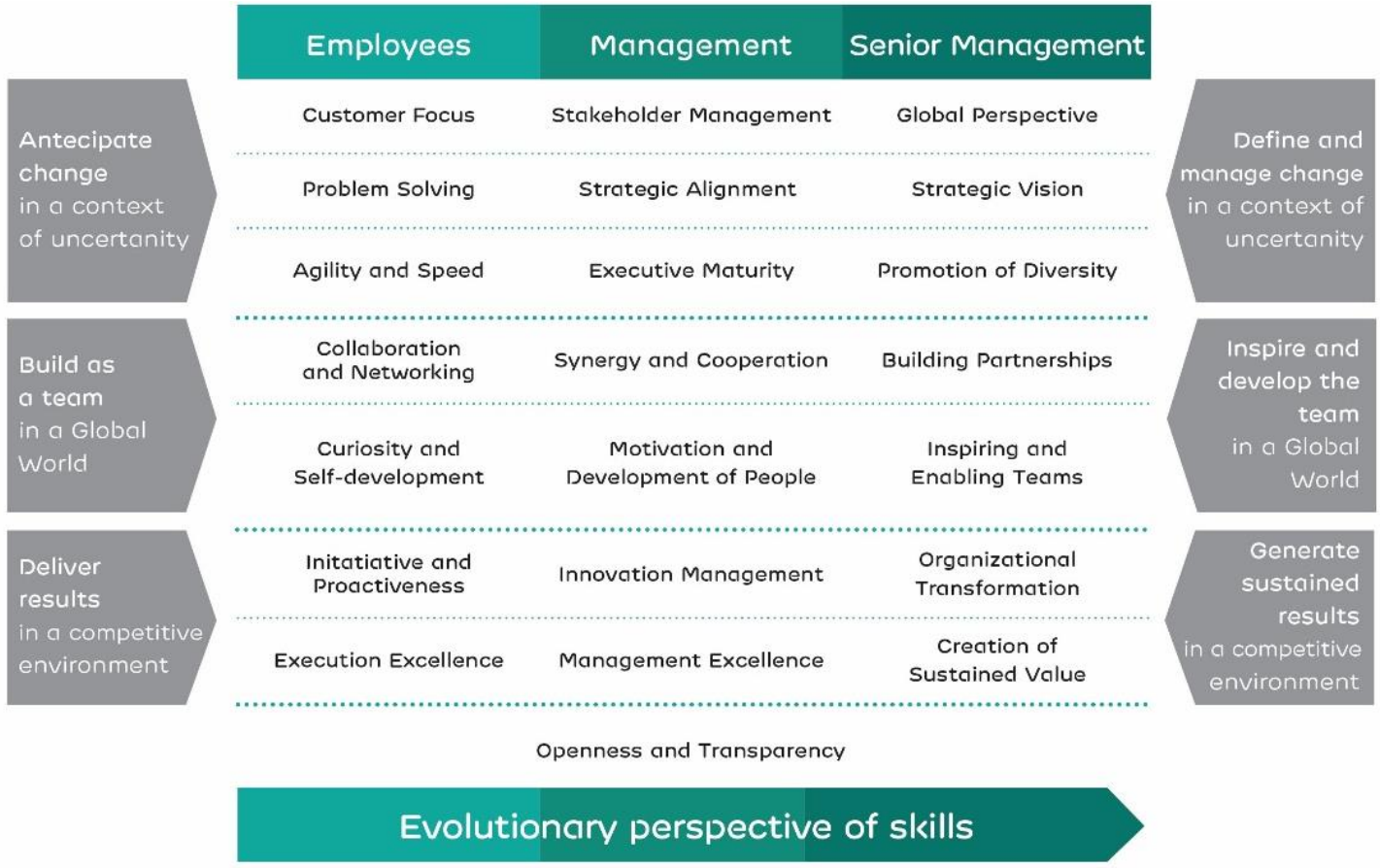
Enablement – Optimized roles Supportive environment

- Performance management
- Authority and empowerment
- Resources
- Training
- Collaboration
- Work, structure, and process

HR Strategy in EDP: Corporate culture and employee engagement seen as key competitive advantages (3/4)

Develop

Amplify – EDP Group's skills model



HR Strategy in EDP: Corporate culture and employee engagement seen as key competitive advantages (4/4)

Reward

- In **EDP recognition and reward policies** play an essential role in attracting and keeping the best talent, as they contribute significantly to the construction of a work environment that motivates the best people to work enthusiastically and productively.
- We manage our policies globally while respecting **local specificities and challenges** in order to ensure that they are aligned with the best practices of the markets in which we operate.
- Being market-aware, our **compensation policy** positions EDP as a competitive employer in the various markets in which we operate, especially in the technical segments.
  - Base Salary: All employees are placed in a salary band, and everyone is familiar with the criteria of career progression and promotion.
  - Bonus: There are annual profit-sharing awards and occasional merit prizes.

Annex

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Social dimension: Stakeholders Segmentation Model

Highlights

- During 2014 EDP developed its own **Stakeholder Management Methodology** . This methodology was formalized in 2015 and applied in all EDP's Portuguese BUs, arousing the need to perform the alignment of this methodology in all EDP geographies.
- This alignment began through an effort of clarification and disclosure of EDP's Methodology, **Stakeholders Relations Policy** and **Stakeholders Segmentation Model.** This alignment was reinforced by **EDP's Stakeholders Report**, published in 2014, and disclosed to the BUs administrations and offices that coordinate the relationship with stakeholders.

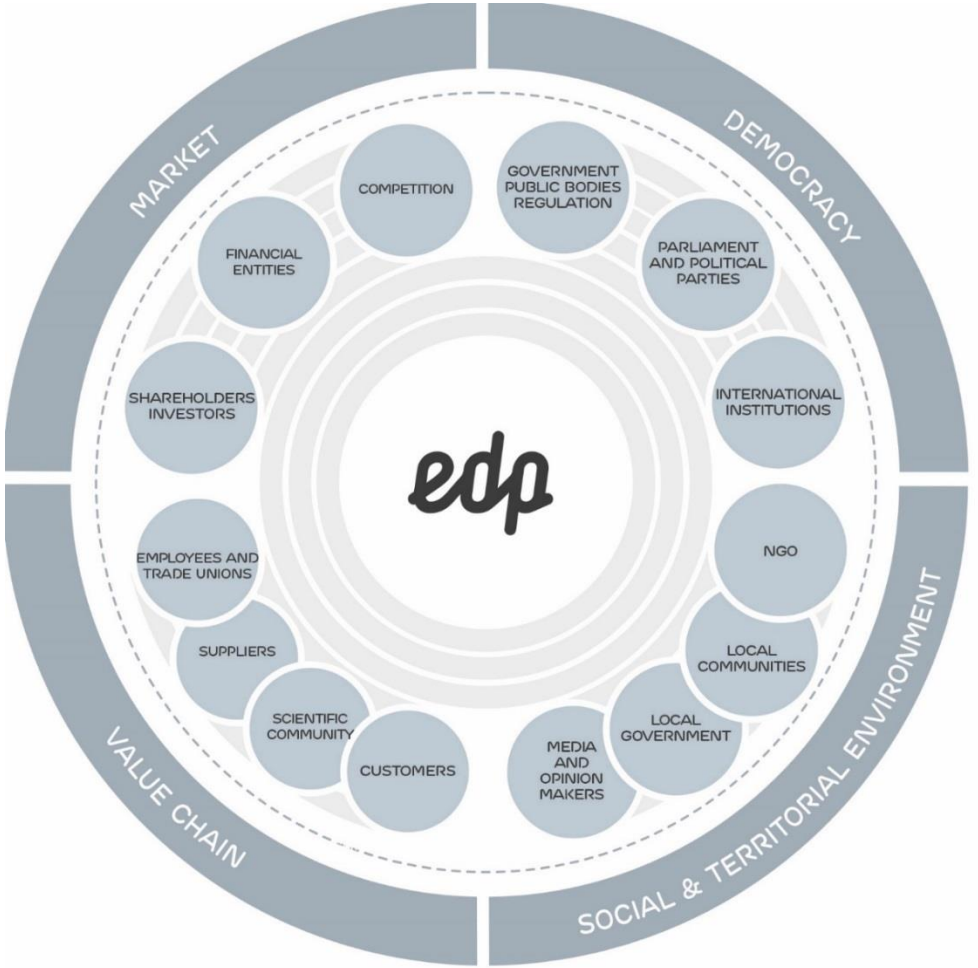
To guarantee the total cover of stakeholders, EDP promotes different channels to reinforce dialog with all stakeholders, such as:

Ethics Ombudsman channel;

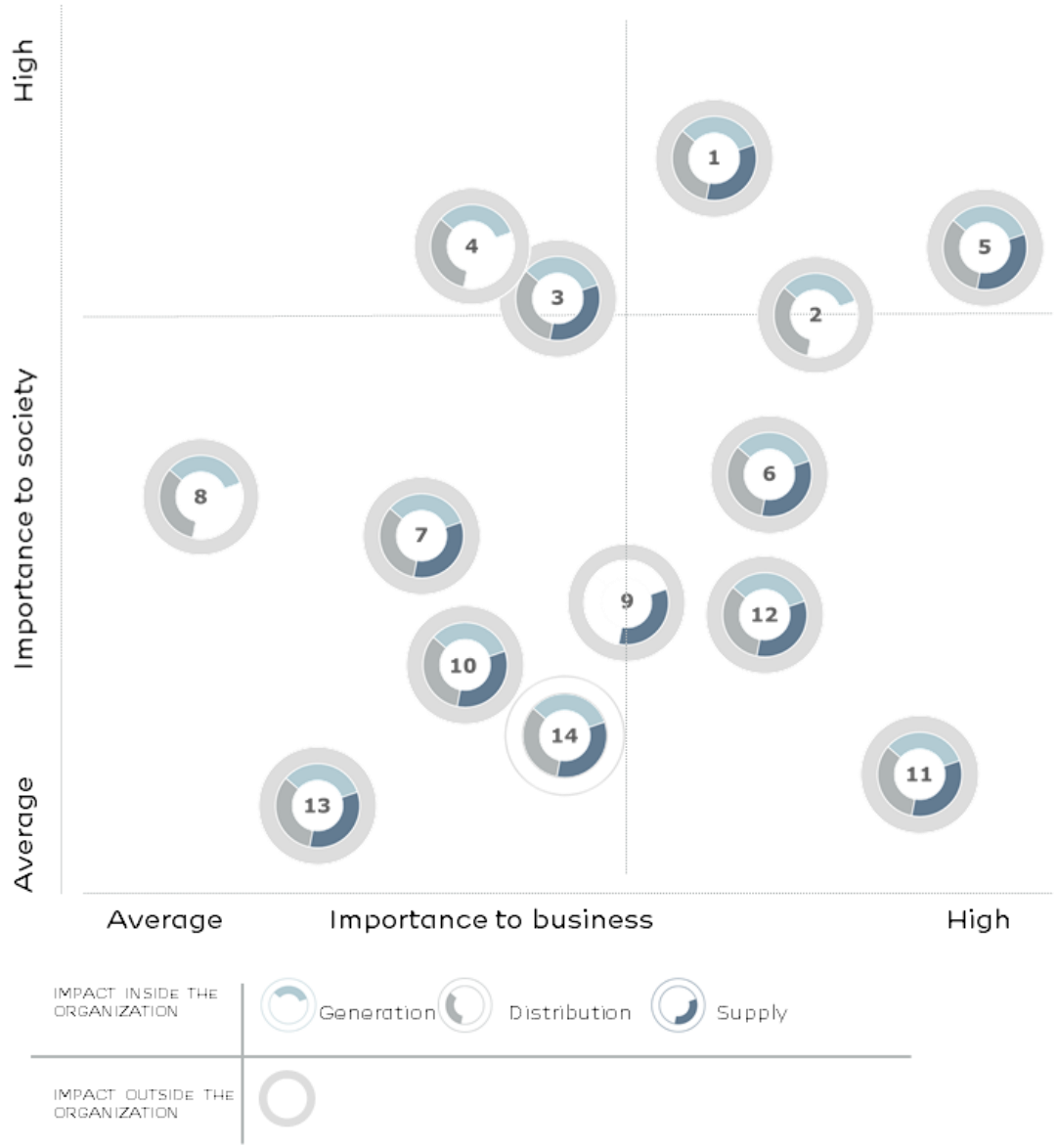
Client Ombudsman channel;

EDP Community channel;

ONG channel.



Social dimension: Engaging stakeholders 2014
Identification of important sustainability issues



1- CLIMATE CHANGE
2- IMPACT ON COMMUNITIES
3- WELL-BEING, HEALTH AND SAFETY
4- ENVIRONMENTAL PROTECTION
5- ENERGY MARKET
6- INNOVATION
7 – SUSTAINABLE SUPPLY CHAIN
8 - ACCESS TO ENERGY
9 – CUSTOMER
10 –ETHICS AND GOVERNANCE
11 – FINANCIAL SUSTAINABILITY
12 - REPUTATION AND TRUST
13 - CITIZENSHIP
14 - RESPONSIBLE EMPLOYER

Annex

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Summary of indicators: 2014

Economic

Revenues	16,294	€ million
Net Income	1,264	€ million
Market Capitalization[1]	11,767	€ million
Distributed Economic Value*	15,373	€ million
Accumulated Economic Value**	2,299	€ million
R&D+i Expenses	31	€ million

Environmental

Installed Capacity	22,469	MW
Renewable Installed Capacity[3]	15,816	MW
ISO 14001 Environ. Certification	21,353	MW
CO_2 specific emissions[4]	0.276	ton/MWh
SO_2 specific emissions[4]	0.24	g/KWh
NO_x specific emissions[4]	0.27	g/KWh

Social

Employees[5]	11,798	nb.
Collective Employment Agreements	92	%
Training hours	516,659	hours
Average age	46	years
Male / Female Ratio	3.38	nb.
EDP frequency rate	1.57	nb.
Absenteeism Rate	3.46	%
Total Community Contribution[2]	26	€ million
Community Contribution (% of EBIT)	1.2	%

Some major events 2014/2015

2014

- EDP remains a member of the FTSE4Good Index series, after the update of the methodology and research process that the ESG rating and constitution of the FTSE4Good Indexes are based upon.
- EDP as one of the most ethical energy companies in the world – for the 3rd year in a row, EDP appeared in "The World's Most Ethical Companies" international ranking.

2015

- António Mexia presented at the 2015 Private Sector Forum of the United Nations EDP's commitments to combat climate change in line with two of the 17 Sustainable Development Goals that are replacing the 8th Millennium Development Goals for 2015.
- EDP joins the Low Carbon Technology Partnerships Initiative (LCTPI) established in 2014 by the WBCSD, the SDSN and the IEA.
- EDP supports the Papal Encyclical on climate change, publicly recognizing the profound impact climate change will have on the future of mankind.
- EDP becomes a signatory to Caring for Climate, an UN initiative to encourage companies to actively influence public policy, signed by more than 400 companies.
- For the 8th year in a row EDP is listed on the DJSI World produced by RobecoSAM in association with S&P Dow Jones.

Generated Economic Value (GEV): Turnover + other operating income + gains/losses with the sale of financial assets + gains/losses from associated companies + financial income

*** Distributed Economic Value (DEV): COGS + operating costs + other operating costs + current tax + financial costs + dividend payment; ** Accumulated Economic Value (AEV): GEV – DEV**

[1] Market Cap as of Dec-31, 2014; [2] In accordance with London Benchmarking Group (LBG) methodology; [3] Large hydro; Small hydro, Wind and solar; [4] Based on the net generation following the new GRI guidelines sector specific ; [5] Including Corporate Bodies.

Environmental dimension: 2014 overview (1/2)

Environmental Management

- Corporate Environment Management System (SIGAC): Certification ISO 14 001 since 2008.
- Higher number of installations certified under ISO 14 001:
  - 294 of generation facilities in 2014 (1) (+26 than in 2013), corresponding to 96% of net maximum installed capacity;
  - 175 of electricity substations (+21 than in 2013), corresponding to 32% of installed capacity of substations;
  - Gas distribution sector fully certified.
- Ongoing program for EMAS registration of generation facilities in Iberia: 82% and 29% of net installed capacity in Portugal and Spain, respectively.

Electricity Generation

- Increase of electricity generated from CO_2 Free Generation (2) (+3% vs. 2013): CO_2 Free Generation represent 72%(1) of EDP total generation in 2014.

Carbon Intensity

- Decrease of CO_2 emissions: 0.276 ton CO_2/MWh in 2014 (-1% vs 2013).

Atmospheric Emissions

- 1.6% decrease of NO_X emissions per KWh (0.27g/kWh in 2014) and +4.4% for SO_2 emissions (0.24 g/kWh in 2014).

(1) Excluding nuclear (minority participation in Spanish company without management control), representing 156 MW (c0.7% of total capacity) and 1,204 GWh (c2.0% of total generation) in 2014;
(2) Excluded Thermal Generation and nuclear.

Environmental dimension: 2014 overview (2/2)

Water Consumption	▪ -1.2% of water consumption per net electricity generation in 2014 (vs. 27,465 m^3/GWh in 2013). ▪ As part of its operational management, EDP has several initiatives at its generation centers to reduce water consumption. In 2012, EDP defined Corporate Water Management Policy to promote sustainable management of water.
Waste Management	▪ -2.26% waste production per net electricity generation in 2014 (vs. 6.3 ton/GWh in 2013). ▪ 57% of waste recovered in 2013 (60% in 2013).
Biodiversity	▪ EDP commitment is explicit in Biodiversity Policy since 2007. ▪ Recently, EDP Water Management Policy reinforced biodiversity management issues, as water quality is a basic need for healthy ecosystems. ▪ EDP has a Biodiversity Report that is reviewed in a biannual basis: 2013-2014 issue will be published in the beginning of the current year. ▪ Biodiversity is generally addressed in business operations in the certified environmental management systems. In the design and/or construction of new generation centers, in particular hydroelectric plants in Portugal and in Brazil, the focus is on minimizing and offsetting the impact on biodiversity.

Social dimension: 2014 overview (1/3)

Human Resources

- **EDP Trainee is a program of the recruitment and selection process.** EDP began the second EDP Trainee Program in 2014, which was acknowledged by the market as a distinctive program in the market. The number of positions and cultural background in the program was extended. Around 4,000 applications were received a meticulous selection process was used to choose the 25 trainees who would be the first to take on the challenge.
- **Absenteeism** from 3.26% in 2013 to 3.46% in 2014.
- **Turnover[(1)]:** 6.12% in 2014 (vs. 6.16% in 2013)- due essentially to retirements or early retirements.
- Organizational climate/employee **satisfaction survey** since 2006: 2013 = 80% **overall satisfaction rate** (biannual application logic).
- Women employees represent 23% of the workforce in 2014, as in 2013.
- Employees represented by trade union were 48% in 2014 (vs. 39% in 2013).
- **Total hours of training:** 516,659 hours of training in 2014 (+26% than in 2013).
- **EDP University:** seven schools, two of which are transversal in nature and 5 are business oriented (generation, distribution, gas, renewables and supply).
- **Corporate mobility involved 1034 employees in the EDP Group in Nov 2015 (EDP´s mobility includes intra-company, inter-company and international mobility), a significant improvement over 2014 (808 employees).**
- **Assessment of potential and performance** based on Key Performance Indicators (KPIs) benchmarks:
  - ✓ Since **2012** and **2013**: applied to 100% of employees.
  - ✓ **2015**: introduction of a new skills model for potential appraisal - named **Amplify -,** global and aligned with an evolutionary perspective of **the skills need to build the future of EDP Group's business.**
- **Employees fatalities**: In 2014 there was no fatal accidents (-4 than 2013).
- Reduction of **EDP and Contractors frequency rate** (from 4,00 in 2013 to 3,71 in 2014).
- 23% increased of installed capacity certified by **OSHAS 18 001** (2013: 74%).

(1) Turnover formula = (admissions and leavers in year N) /2 / (headcount year N-1+ Headcount year N) / 2

Social dimension: 2014 overview (2/3)

Contribution to the community

- In 2014, the total of **community volunteer investment** of the EDP Group amounted to € 26.3 million, directed towards 728 different projects from 1,237 entities and promoting organizations. More than 4.6 million people benefitted or contacted with the projects and initiatives.
- There was a 34% increase in the number of employees involved in volunteering campaigns during working hours, when compared to 2012.

Sustainability Report

- Since 2008, EDP has a report that combines economic and financial aspects, with social and environmental performance. Since 3rd quarter semester of 2013 reports also sustainability information integrated with interim results of EDP Group.

Social Report

- Publication of EDP Social Report for the 7th year consecutive.

Social dimension: Stakeholder Engagement (3/3)

Stakeholder Engagement

- Since **2004** EDP Group includes the engagement with its stakeholders in the Company's sustainability strategy, through the establishment of **EDP Principles for Sustainable Development**, which were adopted in all EDP Companies.
- Since **2009**, EDP has implemented an internal process to assess the company´s maturity level against AA 1000 APS (2008) standards. KPMG verified EDP's report in accordance to **AA 1000 AS 2008**, Type 2. This verification process includes information disclosed in EDP's Annual Report and the alignment of EDP's practices with the principle of inclusion, materiality and response.
- In **2012** the **Institutional and Stakeholder Relations corporate office** (DRIS) was created. This office ensures the communication of strategic messages in a coordinated and structured manner, acting together with other corporate offices and the various business units in the different countries, thereby enhancing a successful strategic relationship with different stakeholders of the EDP Group.
- In **2013** EDP approved and published a **Stakeholders Relations Policy**, applied and disclosed all around EDP's Companies. EDP's Stakeholders Relations Policy has four major guiding commitments: Understand Communicate, Collaborate and Trust. These commitments aim to overcome the mere fulfillment of the formal requirements of the law, thereby contributing to an effective and genuine involvement of different stakeholders of the Group.

Economic dimension: 2014 overview

Ethics

2014: Dissemination and adaptation of the new EDP Code of Ethics throughout the EDP Group. In a **first phase**, a training program in an eLearning format, identical for all BUs and all hierarchical levels, was launched covering about 80% of EDP employees in Portugal.

The **Ethicis Index (1)** had a positive variation of about 3 points over the previous year (2013: 70.6 points) and was strengthen with additional indicators, which increased, substantially, the trust on this process.

Customer Relationship

- 9.7 million electricity customers and 1.3 million gas customers.
- Customers with online metering: 3.7% (vs.3.2% in 2013) and e-billing services: 14.6% (vs. 12.3% in 2013).
- The customer satisfaction index was 78% (vs 71% 2013), exceeding the 72% target.
- Optimised and focused communication channels to respond with quality and efficiency to customers' requests.
  - Websites dedicated to customers (PT: www.energia.edp.pt; ES: www.edpenergia.es): In Brazil, it is already being developed and it will be implemented in 2015.
- EDP has as a ombudsman customer: Mr. Luis Valadares.

Suppliers

- EDP Group overall procurement reached €2,719k.
- EDP had 19,439 suppliers (97% are local).
- Volume of purchases from local suppliers accounted for ~97% of total procurement in 2014 (vs 92% in 2013).
- EDP is a full time member of the **Bettercoal Initiative**. This organization associates 12 European's companies that intend to improve the sustainability along the coal supply chain.
  - Promotion of due diligences and self-assessments directly in coal mines.
  - Agreement to include Bettercoal Code in a growing number of acquisition contracts and have specified a number of KPIs for that.

(1) A system of indicators that are consolidated on a yearly basis to monitor the degree of compliance with EDP's ethics management goals and assess how ethics-related issues are addressed in the various BUs.

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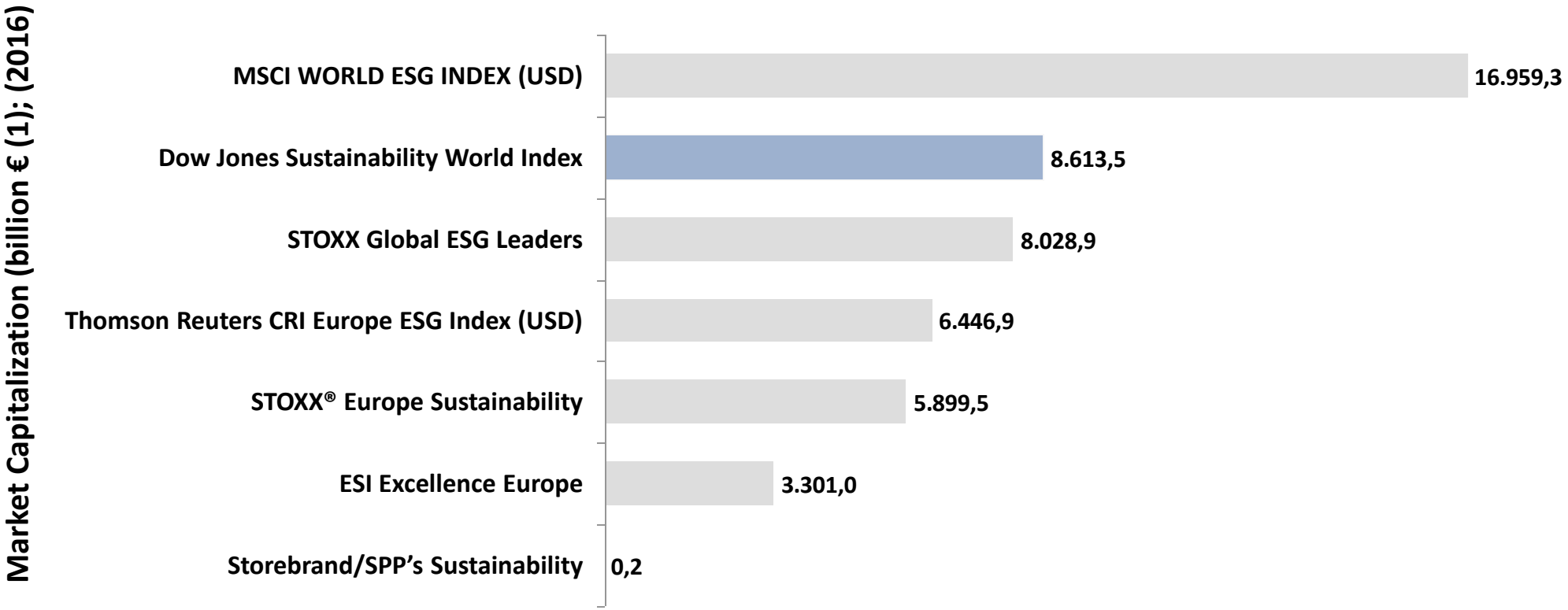
Socially Responsible Investment (SRI)

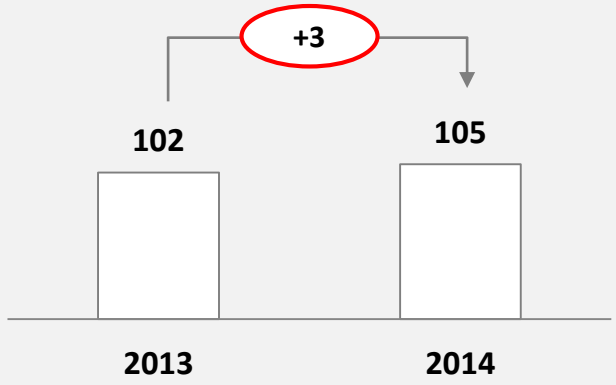
[1] Source: OEKOM. Corporate Responsibility Review 2015;
[2] 1 billion = 10^9.

Sustainability Indices where EDP is present: market capitalisation



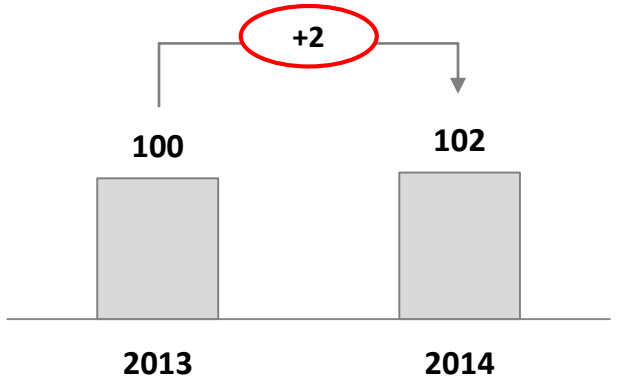
Internal EDP sustainability index[1] 2014

EDP Sustainability Index
(points)



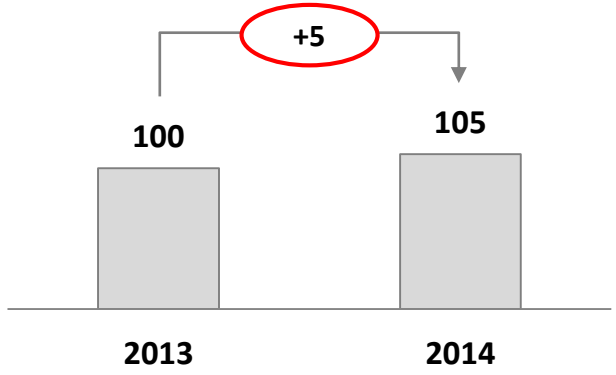
EDP Sustainability Index: Environmental Dimension
(points)

Weight: 33%



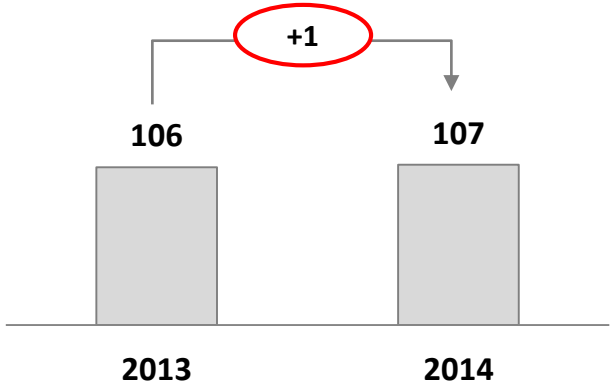
EDP Sustainability Index: Economic Dimension
(points)

Weight: 37%



EDP Sustainability Index: Social Dimension
(points)

Weight: 30%



[1] Developed by EDP, the Sustainability Index was revised in 2013 comprising now 33 sustainability performance indicators.

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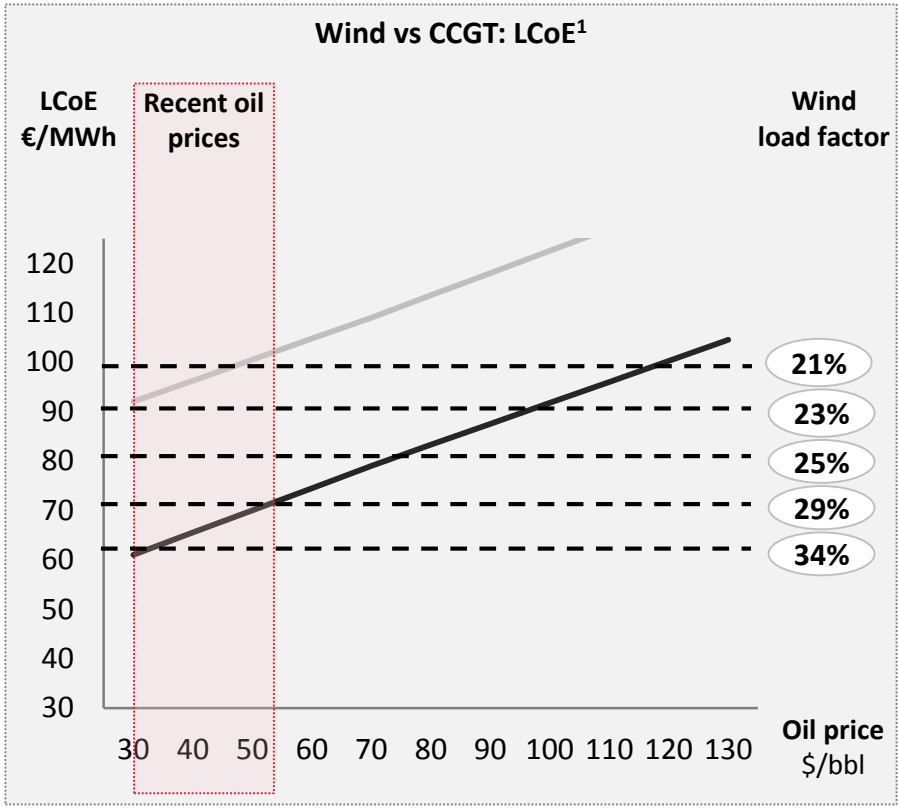
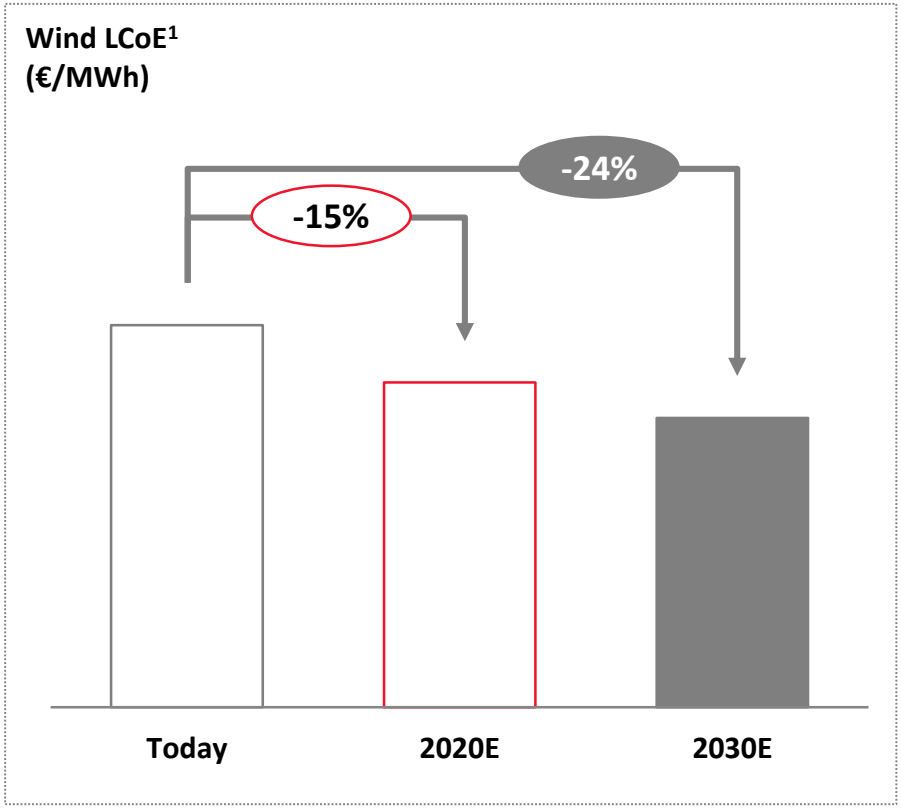
Wind onshore is already a competitive technology set for even higher long-term competitiveness...

Wind Energy competes with the most efficient conventional technology...



...and is expected to show ongoing improvement

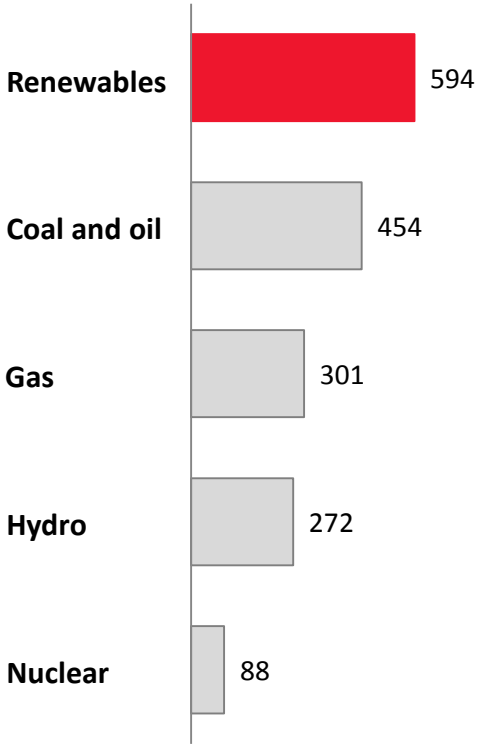


Wind Energy Costs are unrelated to commodities, providing greater visibility

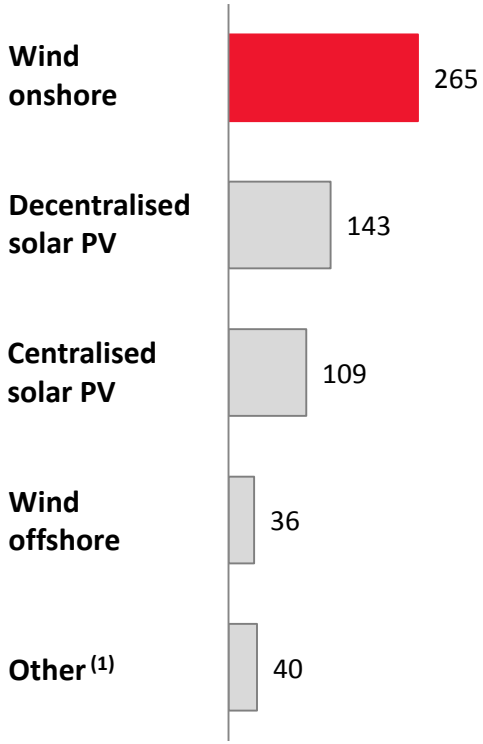
(1) Source: EDPR Analysis, wind onshore @ 25% load factor; (2) As stated in EC document, expected CoD at c.2023, CfD for 35 years and 60 years of operational life

… and perceived by the market as the largest growth driver in renewables…

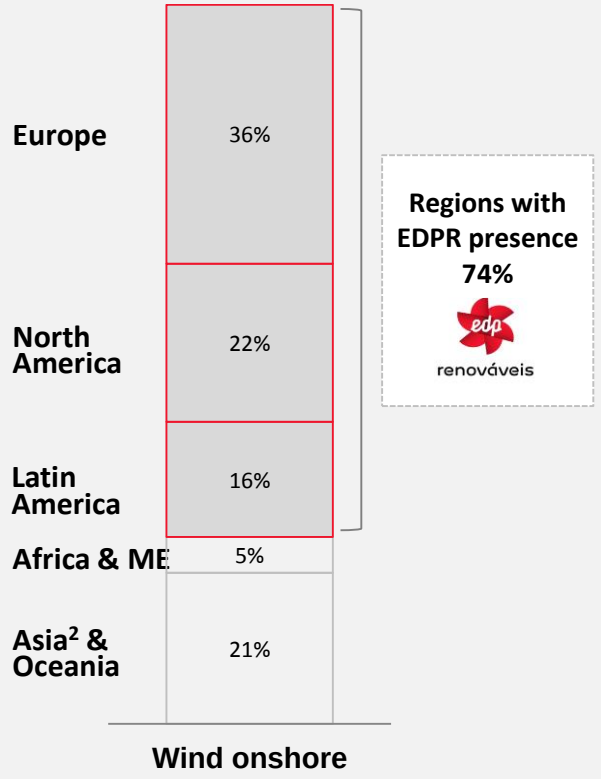
2014-2020 Worldwide Additions (GW)



2014-2020 Renewables Additions (GW)



2014-2020 Wind Onshore Additions (GW, ex-China)

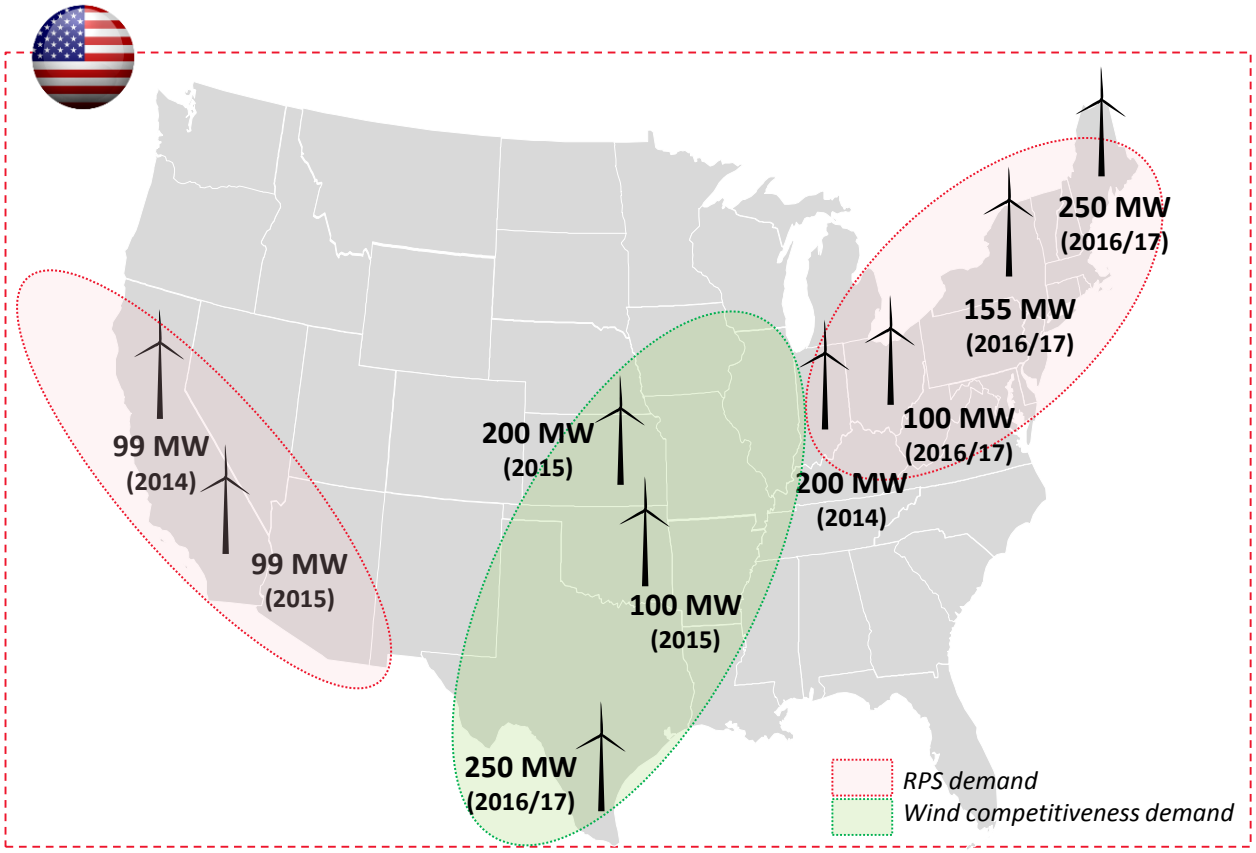


c.3/4 of the growth is expected to come from regions where EDPR is already present

Notes: Source: IHS Emerging Energy Research (2014); EPIA Global Market Outlook for PV; (1) Includes Biomass, waste and other; (2) Asia ex-China

Investments in the US at the core of EDPR growth strategy

EDPR: leaders in new wind PPA in the US market (1)



Economics of PPA already secured

average metrics

Load Factor 43%

Price $48/MWh
(PPA first year)

Projects' IRR > 10%

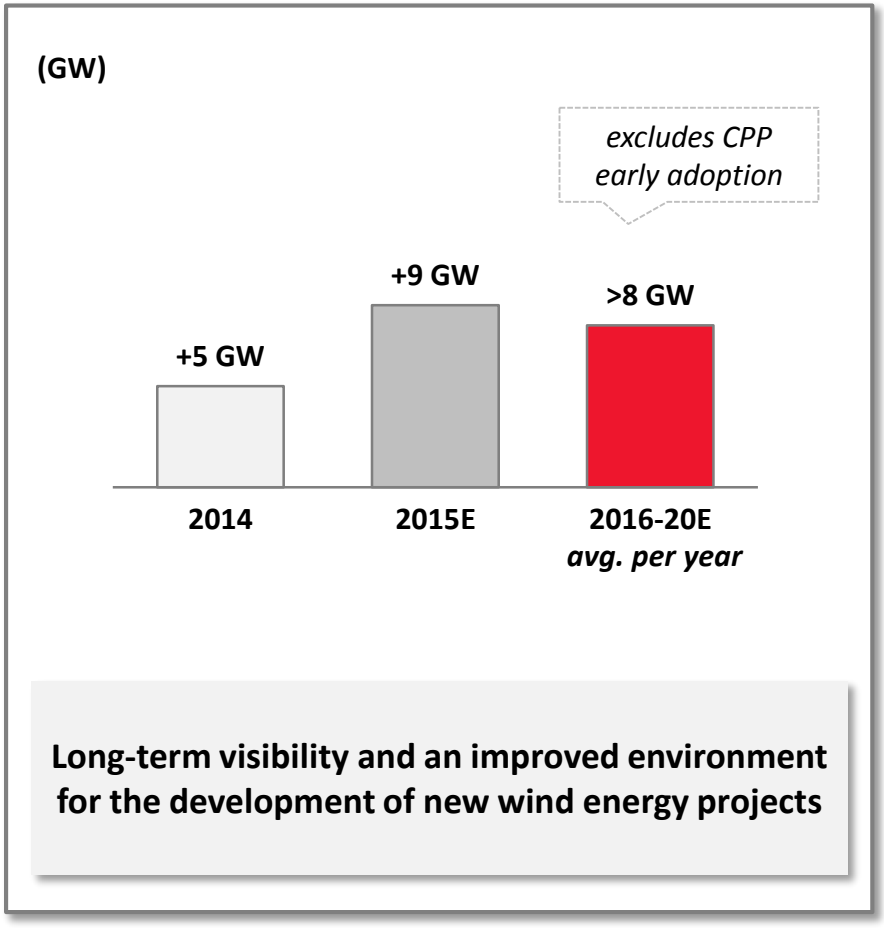
Notes: (1) Map excludes 30 MW solar PV in California (2014); projects identified as 2014, were installed in that period (wind 299 MW + solar PV of 30 MW); 99 MW were installed in 9M15

US strong growth driven by wind competitiveness, PTCs extension, RPS demand & Clean Power Plan

Drivers for US Wind Demand

PTCs *Production Tax Credits*	• 5 years extension • 20% p.a. phase down in 2017-19
RPS *Renewable Portfolio Standards*	• 29 States (+ DC) have mandatory RPS • 8 states have renewable energy goals
Coal Retirement	• 37 GW already retired since 2010 • 26 GW announced for 2015-2020
CPP *Clean Power Plan*	• 32% CO2 reduction by 2030 (vs 2005) • States to submit final plan by 2016

Forecast US Annual Wind Additions



Long-term visibility and an improved environment for the development of new wind energy projects

Europe continues to present visible opportunities, and is set to fuel further growth beyond 2020

2015-2020E Growth (wind onshore)

Beyond 2020, Europe is expected to be again at the forefront of the renewable energy growth

NREAP
National Renewable Energy Actions Plan
+49 GW

Forecast **+39 GW**

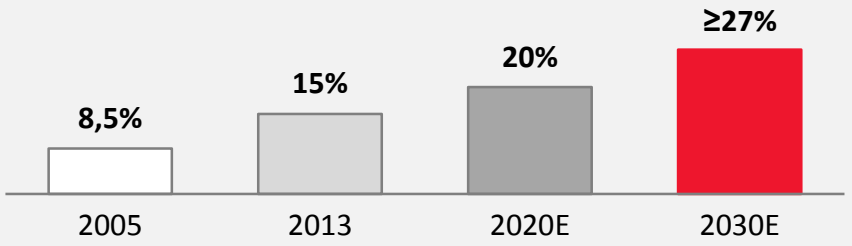
EU targets for 2030[1]…

- 40% cut in greenhouse gas emissions compared to 1990 levels
- ≥27% share of renewable energy consumption
- ≥27% energy savings vs. the business-as-usual scenario

…defined under a common vision

- New governance based on national plans and EU coordination
- Competitive and sustainable energy (to replace retiring plants)
- Strengthening interconnections and improve energy security

Renewable Energy Souces in Energy Mix
(% Gross Final Consuptiom)



Regulation in Europe for renewables is evolving into ex-ante competition systems for long-term contracts
(Belgium, Denmark, France, Germany, Ireland, Italy, Latvia, Netherlands, Norway, Poland, Portugal, Slovenia, Spain, UK)

Source: 1) European Commission

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Site: www.edp.pt

Link Sustainability:

http://www.edp.pt/en/sustentabilidade/Pages/HPSustentabilidade.aspx

Link Results & Presentations:

http://www.edp.pt/pt/investidores/resultados/Pages/Resultados.aspx

Next Events

March 4th: YE2015 Results