

*edp* renováveis

ENERGY  
WITH  
INTELLIGENCE

**CORPORATE GOVERNANCE**  
2015



# **ENERGY WITH INTELLIGENCE**

**CORPORATE GOVERNANCE  
REPORT  
2015**

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**Tocha Wind Farm, Portugal**

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2015

**CORPORATE  
GOVERNANCE****PART I – INFORMATION ON SHAREHOLDER  
STRUCTURE, ORGANISATION AND  
CORPORATE GOVERNANCE****A. SHAREHOLDER STRUCTURE****I. CAPITAL STRUCTURE****1. CAPITAL STRUCTURE**

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

**Codes and tickers of EDP Renováveis SA share:**

ISIN: ..... ES0127797019

LEI: .....529900MUFH07Q1TAX06

Bloomberg Ticker (NYSE Euronext Lisbon): ....EDPR PL

Reuters RIC: ..... EDPR.LS

EDPR main shareholder is EDP – Energias de Portugal, S.A., Sucursal en España (hereinafter referred to as “EDP”), with 77.5% of share capital and voting rights. Excluding EDP Group, EDPR shareholders comprise more than 72,000 institutional and private investors spread across 23 countries with main focus in the United States.

Institutional Investors represent about 91% of Company shareholders (ex-EDP Group), mainly investment funds and socially responsible investors (“SRI”), while Private Investors, mostly Portuguese, stand for 9%.

**2. RESTRICTIONS TO THE TRANSFERABILITY OF SHARES**

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

**3. OWN SHARES**

EDPR does not hold own shares.

**4. CHANGE OF CONTROL**

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

The Company has taken no defensive measures for cases of a change in control in its shareholder structure.

EDPR has not entered into any agreements subject to the condition of a change in control of the Company, other than in accordance with normal practice. In the case of financing of certain wind farm projects, lenders have the right to approve change in control at the borrower if the latter ceased to be controlled, directly or indirectly, by EDPR. In the case of guarantees provided by EDP Group companies, if EDP, directly or indirectly ceases to have the majority of EDPR then EDP is no longer obliged to provide such services or guarantees. The relevant subsidiaries will be obliged to provide for the cancellation or replacement of all outstanding guarantees within 60 days of the change of control event.

In the cases of intra-group services agreements and according to the Frame Agreement signed between EDP Renováveis S.A. and EDP Energias de Portugal S.A., the contracts will maintain their full force as long as EDP maintains its share capital above 50% or the right to exercise directly or indirectly more than 50% of voting rights on EDPR’s share capital. Even if the share capital of EDP or its voting rights are below 50%, the contract is maintained as long as more than half of the Members of the Board or of EDPR’s Executive Committee are elected through an EDP proposal.



## 5. SPECIAL AGREEMENTS REGIME

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

## 6. SHAREHOLDERS AGREEMENTS

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

# II. SHAREHOLDINGS AND BONDS HELD

## 7. QUALIFIED HOLDINGS

Qualifying holdings in EDPR are subject to the Spanish Law, which regulates the criteria and thresholds of the shareholder's holdings. Pursuant to the Article 125, of the Spanish Securities Market Law ("Ley de Mercado de Valores") EDPR is providing the following information on qualifying holdings and their voting rights as of December 31<sup>st</sup> 2015.

On December 18<sup>th</sup> 2015, EDPR received a notification regarding EDP qualified holdings. According to this notification a block of 135.256.700 ordinary shares representative of 15.5% of EDPR share capital and voting rights, previously held by Hidroeléctrica del Cantábrico, S.A., were attributed to EDP as a result of a direct holding under the terms and for the purposes of the first part of article 20 of the Portuguese Securities Code.

The change on the type of attribution of voting rights to EDP results from the acquisition by EDP to Hidroeléctrica del Cantábrico, S.A. ("HC"), a company wholly owned by EDP, of such block of shares.

As a result of the change on the type of attribution of voting rights, EDP now holds directly, through its Spanish branch, a qualified shareholding of 77.5% of the share capital and voting rights of EDPR, corresponding to 676,283,856 ordinary shares. Also, as a result of the above mentioned acquisition, HC no longer holds any qualified shareholding in EDPR.

As of December 31<sup>st</sup> 2015 the following qualified holdings were identified:

SHAREHOLDER	# Shares	% Capital	% Voting Rights
EDP – Energias de Portugal, S.A. – Sucursal en España	676,283,856	77.5%	77.5%
EDP detains 77.5% of EDPR capital and voting rights, through EDP – Energias de Portugal, S.A. – Sucursal en España.			
MFS Investment Management	27,149,038	3.1%	3.1%
MFS Investment Management is an American based active and global asset manager. In September 24 <sup>th</sup> 2013, MFS Investment Management reported to Comisión Nacional del Mercado de Valores (CNMV) its indirect qualified position as collective investment institution.			
<b>Total Qualified Holdings</b>	<b>703,432,894</b>	<b>80.6%</b>	<b>80.6%</b>

As of December 31<sup>st</sup> 2015, EDPR's shareholder structure consisted of a total qualified shareholding of 80.6%, with EDP and MFS Investment Management detaining 77.5% and 3.1% of EDPR capital respectively.

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

The table below reflects the number of EDPR shares owned, directly or indirectly, by the Board Members, as of December 31<sup>st</sup> of 2015. The transactions of shares by EDPR Board Members are reported to the regulatory and supervisory entities (CMVM – Comissão de Mercado de Valores Mobiliários – in Portugal and CNMV – Comisión Nacional del Mercado de Valores – in Spain).

Board Member	Transactions in 2015				# Shares as of 31st Dec 2015		
	Type	Date	#Shares	Price	Direct	Indirect	Total
António Mexia					3,880	320	4,200
João Manso Neto					-	-	-
Nuno Alves					5,000	-	5,000
Miguel Dias Amaro					25	-	25
João Paulo Costeira					3,000	-	3,000
Gabriel Alonso					26,503	-	26,503
João Manuel de Mello Franco					380	-	380
Jorge Santos					200	-	200



Board Member	Transactions in 2015				# Shares as of 31st Dec 2015		
	Type	Date	#Share s	Pric e	Direct	Indirect	Total
João Lopes Raimundo					170	670	840
António Nogueira Leite					100	-	100
Manuel Menéndez Menéndez					-	-	-
Gilles August					-	-	-
José Ferreira Machado					630	-	630
Acácio Piloto					300	-	300
Francisca Guedes de Oliveira					-	-	-
Allan J. Katz					-	-	-

## 9. POWERS OF THE BOARD OF DIRECTORS

The Board of Directors is vested with the broadest powers to manage, supervise and govern the Company, with no other limitations besides the powers expressly granted to the exclusive jurisdiction of General Meetings in Article 13 of the Company's Articles of Association or in the applicable law. Within this context, the Board is empowered to:

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

As of April 9<sup>th</sup> 2015 the General Shareholder's Meeting approved the delegation to the Board of Directors of the power to issue in one or more occasions any:

- fixed income securities or other debt instruments of analogous nature, as well as
- fixed income securities or other type of securities (warrants included) convertible or exchangeable into EDP Renováveis, S.A. shares, or that recognize, at the Board of Directors' discretion, the right of subscription or acquisition of shares of EDP Renováveis, S.A., or of other companies, up to a maximum amount of three hundred million Euros (€ 300.000.000) or its equivalent in other currency.

As part of such delegation, the General Shareholder's Meeting delegated into the Board of Directors the power to increase the share capital up to the necessary amount to execute the power above, during a five year period since this resolution was adopted. This delegation may be exercised by the Board of Directors within the limits provided under the law and the By-Laws

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

On December 24<sup>th</sup>, 2014 a modification to the Spanish Companies Law entered into force (Ley 31/2014). This Law is applicable as of January 2015. Accordingly to these modifications, EDPR has modified its Articles of Association and the regulations of the Board of Directors including, among others, the following modifications:

- The Board of Directors of EDPR shall meet at least once every quarter.
- Non-executive Directors, can only be represented by other Non-executive Director.
- To include a wider list of non-delegable powers by the Board of Directors, listed in topic 29 of the present Report

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

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

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

### **I. GENERAL MEETING**

#### **A. COMPOSITION OF THE PRESIDING BOARD OF THE GENERAL MEETING**

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

The Members of the Board of the General Shareholders' Meeting are the Chairman of the General Shareholders' Meeting, the Chairman of the Board of Directors, or his substitute, the other Directors, and the Secretary of the Board of Directors.

The Chairman of the General Shareholders' meeting is José António de Melo Pinto Ribeiro, who was elected on the General Meeting of April 8<sup>th</sup> 2014 for a three-year term.

The Chairman of the Board of Directors is António Mexia, who was re-elected on the General Shareholder's Meeting of April 9<sup>th</sup>, 2015 for a three-year term.

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

The Chairman of the General Shareholders' Meeting of EDPR has the appropriate human and logistical resources for his needs. Therefore, in addition to the resources provided by the Company' Secretary the Company hires a specialized entity to collect, process and count the votes on each General Shareholders' Meeting.

### **B. EXERCISING THE RIGHT TO VOTE**

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

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

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

EDPR's Articles of Association have no reference to a maximum percentage of voting rights that may be exercised by a single shareholder or by shareholders that are in any relationship. All shareholders, irrespective of the number of shares that they own, may attend at General Shareholders' Meeting and take part in its deliberations with right to speak and vote.

In order to exercise their right to attend, the Company informs in its Summon and Shareholders Guide of the General Shareholders' Meeting that the shareholders must have their shares registered in their name in the Book Entry Account at least five (5) days prior to the date of the General Shareholders' Meeting.

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

Said powers of attorney shall be specific to each General Shareholders' Meeting and can be evidenced, in writing or by remote means of communication, such as mail post.

Shareholders may vote on the meeting's agenda, relating to any matters of the Shareholder's competence, by mail or electronic communication.

Remote votes can be revoked subsequently by the same means used to cast them within the time limit established for that purpose or by personal attendance at the General Shareholders' Meeting by the shareholder who casted the vote to his/her representative.

The Board of Directors approves a Shareholder's Guide for the General Shareholders' Meeting, detailing mail and electronic communication voting forms among other matters. It is at the shareholder's disposal at [www.edprenovaveis.com](http://www.edprenovaveis.com).

Votes by mail shall be sent in writing to the place indicated on the Summon of the meeting, accompanied by the documentation indicated in the Shareholder's Guide. Pursuant to the terms of Article 15 of the Articles of Association, mail-in votes must be received by the Company before midnight (24.00 hours) of the day before the scheduled meeting date of first call.

In order to vote by electronic communication, the shareholders who requested it will receive a password within the time limit and in the form established in the Summon of the General Shareholders' Meeting. Pursuant to the terms of article 15 of the Articles of Association, electronic votes must be received by the Company before midnight (24.00 hours) of the day before the scheduled meeting date of first call.



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

EDPR has approved on the last General Shareholders Meeting of April 9<sup>th</sup>, a modification of the Articles of Association in order to adapt them to the changes introduced by the regulation set by the New Spanish Law, which are more favourable to the shareholders, and more protective of their position. Among others, one of such modifications was related to the qualified quorum and the reinforced majority as described below.

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

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

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

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

## II. MANAGEMENT AND SUPERVISION

### A. COMPOSITION

#### 15. CORPORATE GOVERNANCE MODEL

EDPR is a Spanish Company listed in a regulated stock exchange in Portugal. EDP Renováveis' corporate organization is subject to its personal law and to the extent possible, to the recommendations contained in the Portuguese Corporate Governance Code, ("Código de Governo das Sociedades") approved by the Comissão do Mercado de Valores Mobiliários (CMVM- Portuguese Securities Market Commission-) in July 2013. This governance code is available to the public at CMVM website ([www.cmvm.pt](http://www.cmvm.pt)).

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

EDPR has adopted the governance structure in effect in Spain. It comprises a General Shareholders' Meeting and a Board of Directors that represents and manages the Company.

As required by law and the Articles of Association, the Company's Board of Directors has set up four committees. These are the Executive Committee, the Audit and Control Committee, the Nominations and Remunerations Committee and the Related-Party Transactions Committee.

In order to ensure a better understanding of EDPR corporate governance by its shareholders, the Company posts its updated Articles of Association as well as its Committees Regulations at [www.edprenovaveis.com](http://www.edprenovaveis.com).

The governance model of EDPR was designed to ensure the transparent, meticulous separation of duties and the specialization of supervision. EDPR' bodies for the management and supervision model are the following:

- General Shareholders' Meeting
- Board of Directors
- Executive Committee
- Audit and Control Committee
- External auditor

The purpose of the choice of this model is to adapt, to the extent possible, the Company's corporate governance structure to the Portuguese legislation. The governance model adopted by EDPR therefore seeks, as far as it is compatible with its personal law, to correspond to the so-called "Anglo-Saxon" model set forth in the Portuguese Commercial Companies Code, in which the management body is the Board of Directors, and the supervision and control duties are of the responsibility of an Audit and Control Committee.

The experience of institutional operating indicates that the governance model adopted by the shareholders is appropriate to the corporate organization of EDPR activity, especially because it affords transparency and a

healthy balance between the management functions of the Executive Committee, the supervisory functions of the Audit and Control Committee and oversight by different Board of Directors special committees.

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

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

According to Article 29.5 of the Company's Articles of Association, the Nominations and Remunerations Committee is empowered by the Board of Directors to advise and inform the Board regarding nominations (including by co-option), re-elections, dismissal and remuneration of Board Members and of its duties, as well as regarding the composition of the several Committees of the Board. The Committee also advises on the appointment, remuneration and dismissal of top management officers. The Committee proposes the nomination and re-election of the Directors and of the members of the various Committees by presenting a proposal with the names of the candidates that considers have the best qualities to fulfil the role of Board Member. The Board of Directors submit a proposal to the General Shareholders' Meeting, which should be approved by majority for an initial period of three (3) years and may re-elect these members once or more times for further periods of three (3) years.

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

In case of a vacancy, pursuant to Articles 23 of the Articles of Association and 244 of the Spanish Companies Law, the Board of Directors may co-opt a shareholder, who will occupy the position until the next General Shareholders' Meeting, to which a proposal will be submitted for the ratification of said co-option. Pursuant to Article 248 of the Spanish Companies Law, the co-option of Directors must be approved by absolute majority of the Directors at the meeting.

## 17. COMPOSITION OF THE BOARD OF DIRECTORS

Pursuant to Articles 20 and 21 of the Company's Articles of Association, the Board of Directors shall consist of no less than five (5) and no more than seventeen (17) Directors. The term of office shall be of three (3) years, and may be re-elected once or more times for equal periods.

The number of Board Members was established in seventeen (17) members according to the decision of the General Shareholders' Meeting held on June 21<sup>st</sup>, 2011. The current members of the Board of Directors are:

Board Member	Position	Date of first appointment	Date of re-election	End of term
António Mexia	Chairman	18/03/2008	09/04/2015	09/04/2018
João Manso Neto	Vice-Chairman, CEO	18/03/2008	09/04/2015	09/04/2018
Nuno Alves	Director	18/03/2008	09/04/2015	09/04/2018
Miguel Dias Amaro*	Director	05/05/2015	-	Until the next General Shareholder's Meeting
Gabriel Alonso	Director	21/06/2011	09/04/2015-	09/04/2018
João Paulo Costeira	Director	21/06/2011	09/04/2015-	09/04/2018
João Lopes Raimundo	Director	04/06/2008	09/04/2015	09/04/2018
João Manuel de Mello Franco	Director	04/06/2008	09/04/2015	09/04/2018
Jorge Santos	Director	04/06/2008	09/04/2015	09/04/2018
Manuel Menéndez Menéndez	Director	04/06/2008	09/04/2015	09/04/2018
Gilles August	Director	14/04/2009	09/04/2015	09/04/2018
Acácio Piloto	Director	26/02/2013	09/04/2015	09/04/2018
António Nogueira Leite	Director	26/02/2013	09/04/2015	09/04/2018
José Ferreira Machado	Director	26/02/2013	09/04/2015	09/04/2018
Allan J. Katz	Director	09/04/2015	-	09/04/2018
Francisca Guedes De Oliveira	Director	09/04/2015	-	09/04/2018

\*On May 5<sup>th</sup> 2015, Miguel Amaro was elected by co-option as Member of the Board of Directors. The co-option proposal was made in accordance to the Article 23.2 of EDPR's Articles of Association. The term of this co-option will be in full force until the next General Shareholder's Meeting, to which a proposal of ratification will be submitted according to the terms explained in the topic 16 above.

At the last Ordinary General Shareholder's Meeting, which took place on April 9<sup>th</sup>, 2015 fourteen (14) Members of the Board were re-elected for a three-year term (3), and two new directors were nominated. Likewise, during

2015, Rui Teixeira, Jose Araújo e Silva, Rafael Caldeira Valverde and João Marques da Cruz ceased to be Members of the Board.

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

EDPR's Articles of Association, which are available for consultation on the Company's website ([www.edprenovaveis.com](http://www.edprenovaveis.com)), contain the rules on independence for the fulfilment of duties in any body of the Company. The independence of the Directors is evaluated according to the Company's personal law, the Spanish law.

Following the recommendations of CMVM, Article 12 of the Board of Directors regulations requires that at least twenty-five percent (25%) of the Members of the Board have to be independent. Article 20.2 of EDPR's Articles of Association defines independent members of the Board of Directors as those who are able to perform their duties without being limited by relations with the Company, its shareholders with significant holdings, or its Directors and comply with the other legal requirements.

In addition, pursuant to Article 23 of the Articles of Association, the following may not be Directors:

- People who are Directors of or are associated with any competitor of EDPR and those who are related to the above. A Company shall be considered to be a competitor of EDPR if it is directly or indirectly involved in the generation, storage, transmission, distribution, sale, or supply of electricity or combustible gases and also those that have interests opposed to those of EDPR, a competitor or any of the companies in its Group, and Directors, employees, lawyers, consultants, or representatives of any of them. Under no circumstances shall companies belonging to the same group as EDPR, including abroad, be considered competitors;
- People who are in any other situation of incompatibility or prohibition under the law or EDPR's Articles of Association. Under Spanish law, people, who are i) aged under eighteen (18) years, (ii) disqualified, (iii) competitors; (iv) convicted of certain offences, or (v) hold certain management positions, among others, are not allowed to be Directors.

The Chairman of EDPR's Board of Directors does not have executive duties.

The following table includes the executive, non-executive and independent members of the Board of Directors. The independent members mentioned below meet the independence and incompatibility criteria's required by the law and the Articles of Association.

Board Member	Position	Independent
António Mexia	Chairman and Non-Executive Director	-
João Manso Neto	Executive Vice-Chairman and Executive Director	-
Nuno Alves	Executive Director	-
Miguel Dias Amaro	Executive Director	-
Gabriel Alonso	Executive Director	-
João Paulo Costeira	Executive Director	-
João Lopes Raimundo	Non-Executive Director	Yes
João Manuel de Mello Franco	Non-Executive Director	Yes
Jorge Santos	Non-Executive Director	Yes
Manuel Menéndez Menéndez	Non-Executive Director	-
Gilles August	Non-Executive Director	Yes
Acácio Piloto	Non-Executive Director	Yes
António Nogueira Leite	Non-Executive Director	Yes
José Ferreira Machado	Non-Executive Director	Yes
Allan J. Katz	Non-Executive Director	Yes
Francisca Guedes de Oliveira	Non-Executive Director	Yes

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

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



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

Qualifying Shareholders in EDPR are subject to the Spanish Law, which regulates the criteria and thresholds of the shareholder's holdings. As of December 31<sup>st</sup> 2015, and as far as the Company was informed, there are no family or business relationships of Members of the Board of Directors with qualifying shareholders but only professional relationships due to the fact that some of the Members of EDPR's Board of Directors are currently Members of the Board of Directors in other companies belonging to the same group as EDP Energias de Portugal S.A., which are the following:

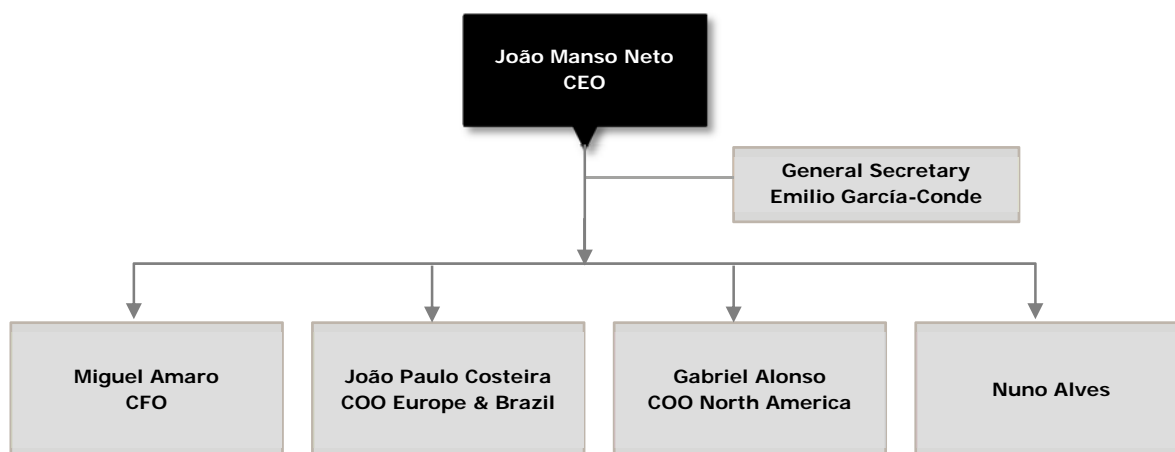
- António Mexia;
- João Manso Neto;
- Nuno Alves;
- Manuel Menéndez Menéndez;

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

- Miguel Dias Amaro;
- João Paulo Costeira.

## 21. MANAGEMENT STRUCTURE

According to the Spanish Law and Spanish companies' practices, the daily management of the business is guaranteed by a Chief Executive Officer who is empowered to ensure the day-to-day management of the Company. This type of organization is different from what occurs on the Portuguese companies in which a "Conselho de Administração Executivo" takes the assignment of areas of business and each Executive Director is responsible to and for an area of business.



## B. FUNCTIONING

### 22. BOARD OF DIRECTORS REGULATIONS

EDPR's Board of Directors Regulations is available to the public on the Company's website at [www.edprenovaveis.com](http://www.edprenovaveis.com) and at the Company's headquarters at Plaza de la Gesta, 2, Oviedo, Spain.

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

The Board of Directors held seven (7) meetings during the year ending on December 31<sup>st</sup>, 2015. Minutes of all meetings were drawn. The table below expresses the attendance percentage of the participation of the Directors to the meetings held during 2015:

Board Member	Position	Attendance
António Mexia	Chairman and Non-Executive	85,71%
João Manso Neto	Executive Vice-Chairman and CEO	100%
Nuno Alves	Executive	85,71%
Miguel Dias Amaro	Executive	100%
Gabriel Alonso	Executive	100%
João Paulo Costeira	Executive	85,71%

Board Member	Position	Attendance
João Lopes Raimundo	Non-Executive and Independent	100%
João Manuel de Mello Franco	Non-Executive and Independent	100%
Jorge Santos	Non-Executive and Independent	100%
Manuel Menéndez Menéndez	Non-Executive	100%
Gilles August	Non-Executive and Independent	43%
Acácio Piloto	Non-Executive and Independent	85,71%
António Nogueira Leite	Non-Executive and Independent	100%
José Ferreira Machado	Non-Executive and Independent	85,71%
Allan J. Katz	Non-Executive and Independent	100%
Francisca Guedes de Oliveira	Non-Executive and Independent	100%

The percentage reflects the meetings attended by the Members of the Board, provided that Miguel Amaro, Allan J. Katz and Francisca Guedes de Oliveira joined the Board as of the May 5<sup>th</sup> 2015 and April 9<sup>th</sup> 2015 respectively, and therefore, the percentage expressed is calculated over the meetings celebrated since then. During 2015, only João Paulo Costeira delegated once his voting rights to the Vice-Chairman of the Board

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

The Nominations and Remunerations Committee is the body responsible for the evaluation of the performance of the Executive Directors. According to Article 249 BIS of the Spanish Companies Law, the Board of Directors supervises the effective functioning of its Committees as well as the performance of the delegated bodies and Directors designated.

## 25. PERFORMANCE EVALUATION CRITERIA

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

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

EDPR's members of the Board of Directors are fully available for the performance of their duties having no constraints for the execution of this function simultaneously with other positions. The positions held at the same time in other companies within and outside the group, and other relevant activities undertaken by members of the Board of Directors throughout the financial year are listed in the Annex of this report.

## C. COMMITTEES WITHIN THE BOARD OF DIRECTORS OR SUPERVISORY BOARD AND BOARD DELEGATES

### 27. BOARD OF DIRECTORS' COMMITTEES

Pursuant to Article 10 of the Company's Articles of Association the Board of Directors may have delegated bodies. The Board of Directors has created four Committees:

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

The Board of Directors' Committees regulations are available to the public at the Company's website, [www.edprenovaveis.com](http://www.edprenovaveis.com).

### 28. EXECUTIVE COMMITTEE COMPOSITION

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

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

The Board of Directors established the number of members of the Executive Committee in five (5), plus the Secretary. The current members are:

- João Manso Neto, who is the Chairman and CEO
- Nuno Alves
- Miguel Dias Amaro
- Gabriel Alonso

■ João Paulo Costeira

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

## 29. COMMITTEES COMPETENCES

### EXECUTIVE COMMITTEE

#### FUNCTIONING

In addition to the Articles of Association, this committee is also governed by its regulations approved on June 4<sup>th</sup>, 2008 and last amended on April 9<sup>th</sup> 2015, in order to adapt them to the changes of the New Spanish Law. The committee regulations are available to the public at [www.edprenovaveis.com](http://www.edprenovaveis.com).

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

The Chairman of the Executive Committee, who is currently also the Vice-Chairman of the Board of Directors, shall send to the Chairman of the Audit and Control Committee invitations to the Executive Committee meetings and the minutes of those meetings. The Chairman of the Board of Directors also receives the minutes of the meetings of the Executive Committee.

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

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

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

The Executive Committee is a permanent body to which all the competences of the Board of Directors that are delegable under the law and the Articles of Association can be delegated, with the exception of the following:

- Election of the Chairman of the Board of Directors;
- Appointment of Directors by co-option;
- Request to convene or convening of General Shareholders' Meetings and the preparation of the agenda and proposals of resolutions;
- Preparation and drafting of the Annual Report and Management Reports and submission to the General Shareholders' Meeting;
- Change of registered office;
- Drafting and approval of the proposal for mergers, spin-off, or transformation projects of the Company;
- Monitoring the effective functioning of the Board of Directors, its committees and the performance of delegated bodies and appointed directors.
- Definition of the Company's general policies and strategies including the policy of own shares
- Authorization or waiver of the obligations arising from duty of loyalty;
- Preparation of any report required by the law to the management body, provided that the operation referred in the report cannot be delegated;
- Appointment and dismissal of Chief Executive Officer, top management directly depending from the Board of Directors or any of its members, as well as their general contractual conditions including remuneration;
- The faculties that the General Meeting may have delegated on the Board of directors, except for the cases expressly authorized by the first to subdelegate them.

#### 2015 ACTIVITY

In 2015 the Executive Committee held 49 meetings. The Executive Committee's main activity is the daily management of the Company.

### AUDIT AND CONTROL COMMITTEE

#### COMPOSITION

Pursuant to Article 28 of the Company's Articles of Association and Articles 8 and 9 of the Committee's Regulations, the Audit and Control Committee consists of no less than three (3) and no more than five (5) members.

According to Article 28.5 of the Articles of Association the term of office of the Chairman of the Audit and Control Committee is three (3) years after which he may be re-elected for another term of three (3) years. Jorge dos Santos was first elected on April 8<sup>th</sup>, 2014 for the position of Chairman of the Audit and Control Committee, following the opinion presented by the Nominations and Remuneration Committee.

The Audit and Control Committee consists of three (3) independent members, plus the Secretary. As of December 31<sup>st</sup>, 2015, the members of the Audit and Control Committee are:

- Jorge Santos, who is the Chairman



- João Manuel de Mello Franco
- João Lopes Raimundo

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

## COMPETENCES

The competences of the Audit and Control Committee are as follows:

- Reporting, through the Chairman, to the General Shareholders' Meetings on questions falling under its jurisdiction;
- Proposing the nomination of the Company's auditors to the Board of Directors for subsequent approval by the General Shareholders' Meeting, as well as the contractual conditions, scope of the work – specially concerning audit services, "audit related" and "non-audit" – annual activity evaluation and revocation or renovation of the auditor nomination;
- Supervising the finance reporting and the functioning of the internal risk management and control systems, as well as, evaluating those systems and proposing the adequate adjustments according to the Company necessities;
- Supervising internal audits and compliance;
- Establishing a permanent contact with the external auditors to assure the conditions of independence, the adequate provision of services, acting as the Company speaker for these subjects related to the auditing process, and receiving and maintaining information on any other questions regarding accounting subjects;
- Preparing an annual report on its supervisory activities, including eventual constraints, and expressing an opinion on the Management Report, the Accounts and the proposals presented by the Board of Directors;
- Receiving notices of financial and accounting irregularities presented by the Company's employees, shareholders, or entities that have a direct interest and judicially protected, related with the Company's social activity;
- Engaging the services of experts to collaborate with Committee members in the performance of their functions. When engaging the services of such experts and determining their remuneration, it must be taken into account the importance of the matters entrusted to them and the economic situation of the Company;
- Drafting reports at the request of the Board and its committees;
- Reflecting on the governance system adopted by EDPR in order to identify areas for improvement;
- Any other powers entrusted to it by the Board of Directors or the Articles of Association.

## FUNCTIONING

In addition to the Articles of Association and the law, this committee is governed by its regulations approved on June 4<sup>th</sup>, 2008 and amended on May 4<sup>th</sup>, 2010 available to the public at [www.edprenovaveis.com](http://www.edprenovaveis.com).

The committee shall meet at least once a quarter and additionally whenever its Chairman sees fit. This committee shall draft minutes of every meeting held and inform the Board of Directors of its decisions at the first Board meeting after each committee meeting.

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

## 2015 ACTIVITY

In 2015, the Audit and Control Committee's activities included the following:

- Monitor the closure of quarterly accounts, the first half-year and year-end accounts, to familiarize itself with the preparation and disclosure of financial information, internal audit, internal control and risk management activities;
- Analysis of relevant rules to which the committee is subject in Portugal and Spain;
- Assessment of the external auditor's work, especially concerning the scope of work in 2015 and approval of all "audit related" and "non-audit" services;
- Supervision of the quality and integrity of the financial information in the financial statements and participation in the Executive Committee meeting at which these documents were analysed and discussed;
- Drafting of an opinion in the individual and consolidated annual reports and accounts, in a quarterly, half year and yearly basis;
- Pre-approval of the 2015 Internal Audit Action Plan;
- Supervision of the quality, integrity and efficiency of the internal control system, risk management and internal auditing;
- Reflection on the corporate governance system adopted by EDPR;
- Information about the whistle-blowing;
- Quarterly and annual report of its activities.

The Audit and Control Committee found no constraints during its control and supervision activities.

A report on the activities of the Audit and Control Committee in the year ended on December 31<sup>st</sup>, 2015 is available to shareholders at [www.edprenovaveis.com](http://www.edprenovaveis.com).

The information regarding the meetings celebrated by this Committee and the attendance of its related members during the year 2015 is described at topic 35.

## NOMINATIONS AND REMUNERATIONS COMMITTEE

### COMPOSITION

Pursuant to Article 29 of the Company's Articles of Association and Articles 8 and 9 of its Regulations, the Nominations and Remunerations Committee shall consist of no less than three (3) and no more than six (6) members. At least one of its members must be independent and shall be the Chairman of the committee.

The members of the committee shall not be members of the Executive Committee. The Nominations and Remunerations Committee is constituted by independent members of the Board of Directors, in compliance with Recommendation 52 of the Unified Code of Good Governance (Código Unificado de Buen Gobierno) approved by the Board of CNMV February 18<sup>th</sup> 2015. The code lays down that the Nominations and Remunerations Committee must be entirely constituted by external Directors numbering no fewer than three (3). As it is made up of independent Directors (in Spain the committee may only be comprised of Directors), it complies to the extent possible with the recommendation indicated in chapter II.3.1 of the Portuguese Code of Corporate Governance.

The Nominations and Remunerations Committee consists of three (3) independent members, plus the Secretary.

The current members are:

- João Manuel de Mello Franco, who is the Chairman
- António Nogueira Leite
- Acácio Jaime Liberado Mota Piloto

At the General Shareholder's Meeting celebrated on April 9<sup>th</sup> 2015 Rafael Caldeira Valverde, ceased to be member of the Board of Directors of EDP Renováveis S.A., and therefore member of the Nominations and Remunerations Committee. In order to fill this vacancy, on the meeting of the Board of Directors celebrated on April 9<sup>th</sup>, 2015 after the General Shareholder's Meeting, Acácio Jaime Liberado Mota Piloto was nominated as member of the Nominations and Remunerations Committee.

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

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

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

### COMPETENCES

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

The Nominations and Remunerations Committee has no executive functions. The main functions of the Nominations and Remunerations Committee are to assist and report to the Board of Directors about nominations (including by co-option), re-elections, dismissals, and the remuneration of the Board Members and its position about the composition of the Board of Directors, as well as the nominations, remuneration, and dismissal of senior management personnel. The Nominations and Remunerations Committee shall also inform the Board of Directors on general remuneration policy and incentives to them and the senior management. These functions include the following:

- Defining the standards and principles governing the composition of the Board of Directors and the selection and nominations of its members;
- Proposing the appointment and re-election of Directors in cases of nominations by co-option and in other cases for the submission to the General Shareholders' Meeting by the Board of Directors;
- Proposing to the Board of Directors the candidates for the different committees;
- Proposing to the Board, within the limits established in the Articles of Association, the remuneration system, distribution method, and amounts payable to the Directors;
- Making proposals to the Board of Directors on the conditions of the contracts signed with Directors;
- Informing and making proposals to the Board of Directors regarding the nominations and/or removal of executives and the conditions of their contracts and generally defining the hiring and remuneration policies of executive staff;
- Reviewing and reporting on incentive plans, pension plans, and compensation packages;
- Any other functions assigned to it in the Articles of Association or by the Board of Directors.

### FUNCTIONING

In addition to the Articles of Association, the Nominations and Remunerations Committee is governed by its Regulations approved on June 4<sup>th</sup>, 2008. The committee's regulations are available at [www.edprenovaveis.com](http://www.edprenovaveis.com).

This committee shall meet at least once every quarter and also whenever its Chairman sees fit. This committee shall draft minutes of every meeting held and inform the Board of Directors of its decisions at the first Board meeting after each committee meeting. Decisions shall be adopted by majority. The Chairman shall have the deciding vote in the event of a tie.

## 2015 ACTIVITY

In 2015 the Nominations and Remunerations Committee activities were:

- Proposing the reelection of the members of the Board of Directors to be submitted to the Board and approved by the General Shareholder's Meeting.
- Proposing the names of the candidates for the election and also election by co-option, of new members of the Board of Directors due to the vacancy position, to be submitted to the Board and approved by the General Shareholder's Meeting.
- Performance evaluation of the Board of Directors and the Executive Committee;
- Drafting update and consequent approval of the Performance Evaluation and Remuneration Model for 2014-2016;
- Drafting of the Remuneration Policy to propose to the Board of Directors and to be approved at the General Shareholders Meeting;
- Annual Report of their activities.

**RELATED-PARTY TRANSACTIONS COMMITTEE**

## COMPOSITION

Pursuant to Article 30 of the Articles of Association, the Board of Directors may set up other committees, such as the Related-Party Transactions Committee. This committee shall consist of no fewer than three (3) members. The majority of the members of the Related Party Transactions Committee shall be and currently are independent. The only non-independent member of this Committee is Nuno Alves.

Members of the Related Party Transactions Committee shall be considered independent if they can perform their duties without being conditioned by relations with EDPR, its majority shareholders or its Directors and, if this is the case, meet the other requirements of the applicable legislation.

The Related-Party Transactions committee consists of two (2) independent members and one (1) non-independent member, as described above, plus the Secretary.

Until the Board of Directors Meeting celebrated on April 9<sup>th</sup> 2015, the members of this Committee were José Ferreira Machado, Joao Manuel de Mello Franco and Nuno Alves. At the celebration of this meeting, and in accordance of the policy of rotation of the committees' members and the entrance of new ones, Francisca Guedes de Oliveira was nominated as member of the Nominations and Remunerations Committee. As of this date and currently, the members of this Committee are:

- José Ferreira Machado, who is the Chairman
- Nuno Alves
- Francisca Guedes de Oliveira

Additionally, Emilio Garcia-Conde Noriega is the Secretary of the Related Party Transactions Committee.

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

## COMPETENCES

The Related Party Transactions Committee is a permanent body belonging to the Board of Directors that performs the following duties, without prejudice, to others that the Board may assign to it:

- Periodically reporting to the Board of Directors on the commercial and legal relations between EDPR or related entities and EDP or related entities;
- In connection with the approval of the Company's annual results, reporting on the commercial and legal relations between the EDPR Group and the EDP Group and the transactions between related entities during the fiscal year in question;
- Ratifying transactions between EDPR and/or related entities with EDP and/or related entities by the stipulated deadline in each case, provided that the value of the transaction exceeds € 5,000,000 or represents 0.3% of the consolidated annual income of the EDPR Group for the previous fiscal year ;
- Ratifying any modification of the Framework Agreement signed by EDPR and EDP on May 7<sup>th</sup>, 2008;
- Making recommendations to the Board of Directors of the Company or its Executive Committee regarding the transactions between EDPR and related entities with EDP and related entities;
- Asking EDP for access to the information needed to perform its duties;
- Ratifying, in the correspondent term according to the necessities of each specific case, the transactions between Qualifying Holdings other than EDP with entities from the EDP Renováveis Group whose annual value is superior to € 1,000,000;
- Ratifying, in the corresponding terms according to the necessities of each specific case, the transactions between Board Members, "Key Employees" and/or Family Members with entities from EDP Renováveis Group whose annual value is superior to € 75,000.

In case the Related Party Transactions Committee does not ratify the commercial or legal relations between EDP or its related entities and EDP Renováveis and its related entities, as well as those related with Qualifying Holders other than EDP, Board Members, "Key Employees" and/or there Family Members, such relations must

be approved by 2/3 of the members of the Board of Directors as long as half of the members proposed by entities different from EDP, including independent Directors, vote favourably, except when a majority of members expresses its approval prior to submitting the matter to the Related Party Transactions Committee for its approval.

The terms of the third bullet point above shall not apply to transactions between EDP or its related entities and EDP Renováveis or its related entities carried out under standardized conditions and are applied equally to different related entities of EDP and EDPR, even standardized price conditions.

#### FUNCTIONING

In addition to the Articles of Association, the Related-Party Transactions Committee is governed by its regulations approved on June 4<sup>th</sup>, 2008 and amended on February 28<sup>th</sup>, 2012. The committee's regulations are available at [www.edprenovaveis.com](http://www.edprenovaveis.com).

The committee shall meet at least once a quarter and additionally whenever its Chairman sees fit.

This committee shall draft minutes of every meeting held and inform the Board of Directors of decisions that it makes at the first Board meeting held after each committee meeting.

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

#### 2015 ACTIVITY

In 2015, the Related Party Transactions Committee revised, approved and proposed to the Board of Directors the approval of all agreements and contracts between related parties submitted to its consideration.

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

### III. SUPERVISION

#### A. COMPOSITION

##### 30. SUPERVISORY BOARD MODEL ADOPTED

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

##### 31. COMPOSITION OF THE AUDIT AND CONTROL COMMITTEE

Composition of Audit and Control Committee is reflected on topic 29. The term of office and the dates of first appointment of the members of the Audit and Control Committee are available on the chart of topic 17.

##### 32. INDEPENDENCE OF THE MEMBERS OF THE AUDIT AND CONTROL COMMITTEE

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

##### 33. PROFESSIONAL QUALIFICATIONS AND BIOGRAPHIES OF THE MEMBERS OF THE AUDIT AND CONTROL COMMITTEE

Professional qualifications of each member of the Audit and Control Committee and other important curricular information, are available in the Annex of this report.

#### B. FUNCTIONING

##### 34. AUDIT AND CONTROL COMMITTEE REGULATIONS

The Audit and Control Committee regulations are available to the public at the Company's website, [www.edprenovaveis.com](http://www.edprenovaveis.com) and at the Company's Headquarters at Plaza de la Gesta, 2, Oviedo, Spain.

##### 35. NUMBER OF MEETINGS HELD BY THE AUDIT AND CONTROL COMMITTEE

In 2015, the Audit and Control Committee held sixteen (16) meetings, six (6) of those meetings were formal and the other ten (10) were with the different departments whose activity development was discussed with the Committee.



On March 18<sup>th</sup> and 19<sup>th</sup> the Chairman of the Committee and the vocal João de Mello Franco, visited EDPR NA in Houston, where met the local teams to acknowledge the development of their activities.

The Audit and Control Committee also attended three meetings organized by EDP's General Supervisory Board and participated in September on the Annual Meeting of the Audit and Control Committees' of EDP's Group.

The table below shows the attendance percentage to the meetings of the Audit and Control Committee by its members. During the year 2015 none of the members delegated their votes in other member.

Member	Position	Attendance
Jorge Santos	Chairman	100%
João Manuel de Mello Franco	Vocal	100%
João Lopes Raimundo	Vocal	66,66%

### 36. AVAILABILITY OF THE MEMBERS OF THE AUDIT AND CONTROL COMMITTEE

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

## C. POWERS AND DUTIES

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

In EDPR there is a policy of pre-approval by the Audit and Control Committee for the selection of the External Auditor and any related entity for non-audit services, according to Recommendation IV.2 of the Portuguese Corporate Governance Code. This policy was strictly followed during 2015.

The services, other than auditing services, provided by the External Auditor and entities in a holding relationship with or incorporated in the same network as the External Auditor were previously approved by the Audit and Control Committee according to Article 8.2, b) of its Regulations and upon review of each specific service, which considered the following aspects: (i) such services having no effect on the independence of the External Auditor and any safeguards used; and (ii) the position of the External Auditor in the provision of such services, notably the External Auditor's experience and knowledge of the Company.

Furthermore, although hiring services other than auditing services to the External Auditor is admissible, it is envisaged as an exception. In 2015 such services reached only around 17% of the total amount of services provided to the Company.

### 38. OTHER DUTIES OF THE AUDIT AND CONTROL COMMITTEE

Apart from the competences expressly delegated on the Audit and Control Committee according to Article 8 of its Regulations and in order to safeguard the independence of the External Auditor, the following powers of the Audit and Control Committee were exercised during the 2015 financial year and should be highlighted:

- Nominate and hire the External Auditor and responsibility for establishing their remuneration as well as pre-approval of any services to be hired from the External Auditor and perform its direct and exclusive supervision;
- Assessment of the qualifications, independence, and performance of the External Auditors, and obtaining, yearly and directly from the External Auditors, written information on all relations existing between the Company and the Auditors or associated persons, including all services rendered and all services in progress; in fact, the Audit Committee, in order to evaluate independence, obtained from the External Auditors information on their independence in light of article 62B of Decree-Law no. 224/2008 of November 20<sup>th</sup> 2008, which amends the articles of association of the Chartered Accountant Professional Association;
- Review of the transparency report, signed by the Auditor and disclosed at its website. This report covers the matters provided for under article 62A of Decree-Law no. 224/2008, including those regarding the quality control internal system of the audit firm and the quality control procedures carried out by the competent authorities;
- Definition of the Company's hiring policy concerning persons who have worked or currently work with the External Auditors;
- Review, with the External Auditors, of the scope, planning, and resources to be used in their services;
- Responsibility for the settlement of any differences between the Executive Committee and the External Auditors concerning financial information;
- Contracts signed between EDPR and its Qualified Shareholders that were analysed by the Audit and Control Committee. This information is included on the annual report of the Audit and Control Committee regarding those cases that needed a previous opinion from the committee.

Within this context, it should be particularly stressed that the External Auditor' independence was safeguarded by the implementation of the Company's policy for the pre-approval of the services to be hired to External Auditors (or any entity in a holding relationship with or incorporating the same network as the External Auditors), which results from the application of the rules issued by SEC on this matter. According to such policy, the Audit and Control Committee makes an overall pre-approval of the services proposal made by the External Auditors and a specific pre-approval of other services that will eventually be provided by the External Auditors, particularly tax consultancy services and services other than "audit and audit related" services.

## **IV-V. STATUTORY AND EXTERNAL AUDITORS**

### **39-41.**

According to the Spanish law, the External Auditor ("Auditor de Cuentas") is nominated by the General Shareholders' Meeting and corresponds to the statutory auditor body ("Revisor Oficial de Contas") described on the Portuguese Law. Consequently, the information regarding points 39 to 41 is available on chapter V of the report, points 42 to 47.

### **42. EXTERNAL AUDITOR IDENTIFICATION**

The External Auditor is, since 2007, KPMG Auditores S.L., a Spanish Company, whose partner in charge of EDPR accounts auditing is, currently and since January 2014, Estibaliz Bilbao. KPMG Auditores S.L. is registered at the Spanish Official Register of Auditors under number S0702 and with Tax Identification Number B-78510153.

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

KMG Auditores S.L. is in charge of EDPR's accounts auditing having carried these duties during eight consecutive years from the date EDPR became Public Interest Entity.

### **44. ROTATION POLICY**

According to CMVM's Recommendation IV.3 of its 2013 Corporate Governance Code, the companies shall rotate the auditor after two or three terms whether they are of four or three years, respectively, being the maximum nine years. On the other hand, according to the personal Law of EDPR -the Spanish Law-, recently amended in October 2015, the maximum term for an auditing firm is established in a 10 year term, from the date the company is declared a "Public Interest Entity".

In the case of EDPR, this date when the IPO was launched is 2008. On of December 31<sup>st</sup>, 2015, KPMG Auditores S.L. has ended its eighth (8<sup>th</sup>) consecutive year as EDPR's External Auditor from the date that it became Public Interest Entity.

The Company is compliant with Recommendation IV.3 of the Portuguese Corporate Governance Code and also with its personal Law.

### **45. EXTERNAL AUDITOR EVALUATION**

The Audit and Control Committee is responsible for the evaluation of the External Auditor according to the competences granted by its Regulations. The evaluation of the Audit and Control Committee is made once a year. The Audit and Control Committee acts as the company speaker for the relevant matters with the External Auditor and establishes a permanent contact throughout the year to assure the conditions, including the independence, adequate to the services provided by them related to the auditing process, and receiving and maintaining information on any other questions regarding accounting subjects. In 2015, according to the Audit and Control Committee's competences and in line with Recommendations II.2.2, it was the first and direct recipient and the corporate body in charge of the permanent contact with the external auditor on matters that may pose a risk to their independence and any other matters related to the auditing of accounts. It also receives and stores information on any other matters provided for in legislation on audits and in auditing standards in effect at any time. The External Auditor within the scope of its duties, verified the implementation of the remuneration policies and systems of the corporate bodies as well as the efficiency and effectiveness of the internal control mechanisms and report any shortcomings to the supervisory body of the Company.

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

According to the rules described on topic 29 of this Report, in EDPR there is a policy of pre-approval by the Audit and Control Committee for the selection non-audit services according to Article 8.2, b) of the Audit and Control Committee Regulations.

Below are the details of non-audit services provided during 2015 by the External Auditor for EDPR's business units:

- KPMG's assistance in the process of IRS tax examination and Tax Equity investments.
- Tax services to prepare technical memos on PTC qualification for different wind farms.
- KPMG's assistance in divestment and acquisition structures and financial restructurings.

KPMG was engaged to provide the above mentioned services due to its in depth knowledge of the Group's activities and tax related matters. These engagements did not risk the independence of the External Auditor and were pre-approved by the Audit and Control Committee prior to rendering the services.

#### 47. EXTERNAL AUDITOR REMUNERATION IN 2015

€ thousand	Portugal	Spain	Brazil	US	Other	Total	%
Audit and statutory audit	85	1 080	105	1 113	729 173	3 112	72,0%
Other assurance and reliability services	-	453	-	-	18	471	10,9%
Sub-total audit related services	855	1 533	105	1 113	747	3 583	82,9%
Tax consultancy services	-	340	-	116	16	472	10,9%
Other services unrelated to statutory auditing	11	254	-	-	1	266	6,1%
Sub-total non-audit related services	11	594	-	116	18	738	17,1%
<b>Total</b>	<b>96</b>	<b>2 127</b>	<b>105</b>	<b>1 229</b>	<b>764</b>	<b>4 321</b>	<b>100%</b>

## C. INTERNAL ORGANISATION

### I. ARTICLES OF ASSOCIATION

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

Amendments to the Articles of Association of the Company are of the responsibility of the General Shareholders' Meeting who has the power to decide on this matter. According to Article 17 of the Company's Articles of Association ("Constitution of the General Shareholders' Meeting, Adoption of resolutions"), to validly approve any necessary amendment to the Articles of Association, the Ordinary or Extraordinary Shareholders' Meeting will need:

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

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

Accordingly with the entering into force of the new wording of the Spanish Companies Law ("Ley de Sociedades de Capital"), Ley 31/2014, EDPR made the necessary amendments to the Articles of Association to adapt them to the Law. The modifications introduced were approved on the last General Shareholders' Meeting of April 9<sup>th</sup> 2015.

## II. REPORTING OF IRREGULARITIES

#### 49. IRREGULARITIES COMMUNICATION CHANNELS

##### WHISTLEBLOWING

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

EDPR provides the Group workers with a channel enabling them to report directly and confidentially to the Audit and Control Committee any practice presumed illicit or any alleged accounting and/or financial irregularity in their Company, in compliance with the provisions of CMVM Regulation no. 4/2013.

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

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

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

Any complaint addressed to the Audit and Control Committee will be kept strictly confidential and the whistleblower will remain anonymous, provided that this does not prevent the investigation of the complaint. S/he will be assured that the Company will not take any retaliatory or disciplinary action as a result of exercising his/her right to blow the whistle on irregularities, provide information, or assist in an investigation.

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

In 2015 there were no communications regarding any irregularity at EDPR.

#### ETHICS CHANNEL AND CODE OF ETHICS

EDPR has a Code of Ethics published on its intranet and its website, which includes principles like transparency, honesty, integrity, non-discrimination, equal opportunity, and sustainability.

The Code of Ethics has been widely circulated among employees of the Group through internal communications mechanisms, individual shipments, delivery to new employees, and intranet publishing. On February 2014, the Board of Directors approved an updated version of the Code of Ethics.

There is a strong commitment by the Company in relation to the dissemination and promotion of compliance with the Code available to all employees through training, questionnaires, and open discussions of the findings.

There is also an Ethics Channel and Ethics Regulation to articulate any specific claims of the Code of Ethics and to resolve doubts on all matters relating to the Code of Ethics.

Communications regarding possible breaches of the Code of Ethics are sent to the Ethics Ombudsman, who performs a first analysis, forwarding its conclusion to the Ethics Committee of EDPR, which receives, records, processes, and reports it to the Board of Directors.

In 2015 there were no communications to the Ethics Ombudsmen regarding any irregularity at EDPR.

The Ethics Code is available at our website [www.edprenovaveis.com](http://www.edprenovaveis.com)

## ANTI-CORRUPTION POLICY

In order to ensure compliance with the standards of Anti-Corruption Regulation in every geography where EDPR operates, the Company developed in 2014 an Anti-Bribery Policy of application to all EDPR Group, which was approved by its Board of Directors on December 19<sup>th</sup>, 2014. This Anti-Corruption Policy implies a series of new procedures regarding the relationships of EDPR employees with external parties, namely the approval of certain actions regarding hospitality to and from external parties, charitable donations, and sponsorships. This Policy was implemented in the Group in 2015, through the introduction of several approval systems in the corporate's employee channels in order to ensure transparency and prevent any corrupt business practice, and was communicated to all EDPR employees. Once this implementation was finished, the corresponding training sessions were organized for part of our employees, and also made available in the intranet, in order to ensure appropriate knowledge and understanding of the Policy.

The Anti-Corruption Policy is available at our website [www.edprenovaveis.com](http://www.edprenovaveis.com)

## III. INTERNAL CONTROL AND RISK MANAGEMENT

### 50. INTERNAL AUDIT

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

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

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

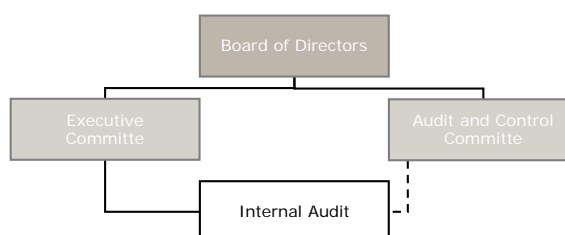
The SCIRF Manual incorporates the general principles of the Internal Control System over Financial Reporting as well as the methodology used, the procedures for ensuring the effectiveness of internal control and design of models, documentation, evaluation and reporting.

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

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

### 51. ORGANIZATIONAL STRUCTURE OF INTERNAL AUDIT

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



### 52. RISK MANAGEMENT

EDPR's Risk Management is as an integrating element of all organizational processes and decisions and not a stand-alone activity separated from the main activities of the company. It includes from strategic planning to evaluation of new investments and contracts.

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



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

During 2015, EDPR defined or reviewed four Global Risk Policies: Energy Hedging Policy, Counterparty Risk Policy, Operational Risk Policy and Country Risk Policy. These policies are already implemented.

### 53. RISK MAP

Risk Management at EDPR is focused on covering all risks of the company. In order to have a holistic view of risks, they are grouped in Risk Areas, covering the entire business cycle of EDPR, and in Risk Categories, following a standard classification of risks.

Risk Areas are Countries & regulations, Revenues, Financing, Wind turbine contracts, Pipeline development, and Operations. Within each Risk Area, risks are classified in Risk Groups.

Risk Categories are Market, Counterparty, Operational, Business and Strategic. Each Risk Group can also be classified into a Risk Category. Thus, for each Risk Group there is a corresponding Risk Area and Risk Category.



The definition of Risk Categories at EDPR is as follows:

**1. Market Risk** - It refers to the risk to an institution resulting from movements in market prices, in particular, changes in electricity prices, interest rates, foreign exchange rates and other commodity prices.

**2. Counterparty Risk (credit and operational)** - Risk that counterparty to a transaction could default before final settlement of the transaction's cash flows. A direct economic loss would occur if transactions with the counterparty had positive economic value at the time of default. Even in the case of not defaulting, it may not comply with its contract obligations (timing, quality, etc.), implying additional higher costs due to its replacement or to delays in fulfilling the contract.

**3. Operational Risk (other than counterparty)** - Defined as the risk of loss resulting from inadequate or failed internal processes, people and systems or from external events (other than counterparty).

**4. Business Risk** - Potential loss in the company's earnings due to adverse changes in business volume, margins or both. Such losses can result above all from a serious deterioration of the weather conditions, or changes in the regulatory environment. Changes in electricity prices are considered a market risk.

**5. Strategic Risk** - It refers to risks coming from macroeconomic, political or social situation in countries where EDPR is present, as well as those coming from a change in the competitive landscape, from technology disruptions, from investment decisions criteria or from reputational issues.

#### 1. Market Risk

##### 1. i) Electricity price risk

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

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

In Europe, EDPR operates in countries where the selling price is defined by a feed-in-tariff (Portugal, France and Italy) or in markets where, on top of the electricity price, EDPR receives either a pre-defined regulated premium or a green certificate, whose price is achieved on a regulated market (Spain, Belgium, Poland and Romania). EDPR is also developing investment activity in the UK, where current incentive system is based on green certificates but will change to a feed in tariff.

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

The US market does not provide a regulated framework system for the electricity price. Nevertheless, renewable generation is incentivized through PTCs (Production Tax Credits) and regional RPS programs that

allow receiving RECs (Renewable Energy Credit) for each MWh of renewable generation. REC prices are very volatile and depend on the regional supply/demand equilibrium in the relevant market.

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

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

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

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

EDPR intends to eliminate Green Certificates and REC price risk with the signing of bundled PPAs with private offtakers, which include the sale of the electricity and the Green Certificate or REC. In some cases, the offtaker may be interested in contracting only the Green Certificate or the REC, thus a GCPA (Green Certificate Purchase Agreement) or a RECPA (REC Purchase Agreement) is signed. During 2015, EDPR signed new long-term PPAs in the US for 517 MW.

In those geographies with remaining merchant exposure, EDPR uses various commodity hedging instruments in order to minimize the exposure to fluctuating market prices. In some cases, due to the lack of liquidity of financial derivatives, it may not be possible to successfully hedge all merchant exposure (i.e. no financial derivatives exist for green certificates nor RECs).

In 2015, EDPR financially hedged most of its remaining merchant exposure in Poland, Romania, Spain and the US. As aforementioned, some US wind farms have exposure to REC price risk and/or basis risk (difference in electricity price between locations). EDPR hedges REC prices through forward sales and basis exposures through financial swaps or FTR (Financial Transmission Rights).

## **1. ii) Risks related to financial markets**

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

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

### **1. ii) a) Interest rate risk**

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

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

- When long term debt is issued with floating rates, EDPR settles derivative financial instruments to swap from floating to fixed rate.
- EDPR has a portfolio of interest-rate derivatives with maturities of up to 13 years. Sensitivity analyses of the fair value of financial instruments to interest-rate fluctuations are periodically performed.

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

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

### **1. ii) b) Exchange rate risk**

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

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

EDPR also hedges net investments in foreign currency through cross currency interest rate swaps.

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

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

#### **1. ii) c) Inflation risk**

In some countries, regulated remuneration is linked to inflation.

Exposure to inflation may be naturally hedged with exposure to interest rates and EDPR regularly analyses inflation exposure and its relationship with interest rates to adjust level of interest rate coverage in project finance structures.

#### **1. ii) d) Liquidity risk**

Liquidity risk is the risk of EDPR not meeting its financial obligations. Liquidity risk is mainly related to extreme market movements in electricity prices, interest or exchange rates.

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

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

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

#### **1. iii) Commodity price risk (other than electr.)**

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

In order to manage this risk, EDPR may hedge some of the market exposure in OTC/future commodity markets depending on the potential losses and the cost of the hedge.

### **2. Counterparty Risk**

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

During 2015, EDPR updated its Global Counterparty Risk Policy.

#### **2. i) Counterparty Credit Risk**

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

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

#### **2. ii) Counterparty Operational Risk**

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

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

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

### **3. Operational Risk**

#### **3. i) Development Risk**

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

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

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

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

Additionally, EDPR mitigates development risk by generating optionality, with development activities in 12 different countries (Spain, Portugal, France, Belgium, Poland, Romania, UK, Italy, US, Canada, Brazil and Mexico) and a portfolio of projects in several stages of maturity. EDPR has a large pipeline of projects that provide a "buffer" to overcome potential delays in the development of prioritized projects, ensuring growth targets and being able to compensate permitting delays in some geographies.

### 3. ii) Execution Risk

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

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

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

In both cases, a critical path analysis is performed to assess the reliability of construction and installation plan.

### 3. iii) Physical assets

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

All wind farms are insured the physical damage during construction and operation. During operation, any natural disaster, weather hazard or accident will be partially insured to revenues lost due to the event.

### 3. iv) Information Technology

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

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

### 3. v) Legal claims (compliance)

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

EDPR revises periodically its compliance with all the regulations that affects its activity (environmental, taxes...)

### 3. vi) Personnel

EDPR identifies two main risk factors regarding personnel: turnover and health and safety.

- Turnover: Cost of replacing an employee. A high turnover implies direct costs of replacement and indirect costs of knowledge loss
- Health and safety: Likelihood that a person may be harmed or suffers adverse health effects if exposed to a hazard.

EDPR mitigates turnover through constant reassessment and benchmarking of remuneration schemes in different geographies. Additionally, EDPR offers flexibility to its employees to improve work life balance. In 2015, EDPR was elected as "Great Place to Work" in Spain and Poland.

EDPR aims zero-accidents at work by constantly training in health and safety issues and certifying its facilities according to the OHSAS 18001 standard.

### 3. vii) Processes

Internal processes are subject to potential human errors.

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

## 4. Business Risk

### 4. i) Energy Production Risk

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

Not only the total wind production in a specific location is relevant, but also the profile of production. Wind usually blows more at night than at daytime, when energy prices are lower. Generation profile will affect the discount in price of a wind farm versus a baseload generation.

Finally, curtailment of a wind farm will also affect its production. Curtailment occurs when the production of a wind farm is stopped by the TSO (Transmission System Operators) for external reasons to the company. Examples of cases of curtailment are upgrades in transmission lines, high level of renewable generation production with low demand (very exceptional).

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

EDPR acknowledges the correlation between different wind farms in its portfolio that allows for this geographical diversification, which enables EDPR to partially offset wind variations in each region and to keep the total energy generation relatively steady. Currently, EDPR is present in 12 countries: Spain, Portugal, France, Belgium, Poland, Romania, UK (no generation), Italy, US, Canada, Brazil and Mexico (no generation).

In some geographies there is an inverse correlation between wind volume and electricity price, implying a natural hedge.

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

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

#### **4. ii) Equipment Performance Risk**

Output from wind farms and solar plants depends upon the operating availability of the turbines and solar panels and the operating performance of the equipment, mainly the components of wind turbines and transformers.

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

EDPR also engages wind turbine suppliers through medium-term full-scope maintenance agreements to ensure alignment in minimizing technology risk.

Finally, EDPR has created an O&M program with adequate preventive and scheduled maintenance program. EDPR externalized non-core technical O&M activities of its wind farms, while primary and value added activities continue controlled by EDPR.

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

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

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

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

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

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

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

#### **4. iv) Wind Turbine Price Risk**

Price of wind turbines is affected, not only by market fluctuations of the materials used in the turbines, but also by the demand of wind turbines.

For every new project, EDPR secures the demand risk that might increase price of the turbines.

#### **4. v) Wind Turbine Supply Risk**

The demand for new wind farms may offset the offer of turbines by WTG manufacturers. Currently, the local component requirement in some geographies (Ex: Brazil) creates this shortfall situation.



EDPR faces limited risk to the availability and price increase of WTG's due to existing framework agreements with major global wind turbines suppliers. The Company uses a large mix of turbines suppliers in order to diversify wind turbine supply risk.

For geographies with specific requirements of local component, EDPR does not engage in a project before securing the supply of wind turbines.

## 5. Strategic Risk

### 5. i) Country Risk

Country Risk is defined as the probability of occurrence of a financial loss in a given country due to macroeconomics, political or natural disasters. EDPR has defined a Country Risk Policy that assesses country risk through an internal scoring based on publicly available data. This internal scoring is compared with external assessments from renowned parties. Each risk factor affecting country risk is evaluated independently to decide on potential mitigating actions:

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

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

During 2015, EDPR updated its Global Country Risk Policy.

### 5. ii) Competitive landscape

In the renewable business, size can be an advantage or disadvantage in specific situations. For example, in development of wind farms, small and dynamic companies are usually more competitive than larger companies. On the other hand, when participating in tender processes for offshore wind farms, the size of the investment benefits larger companies.

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

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

### 5. iii) Technology disruptions

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

EDPR focuses in onshore wind technology, which in most geographies is the most competitive renewable technology at the moment. However, EDPR is progressively investing in other technologies that are starting to be competitive and may become more efficient in the future, like PV solar and wind offshore.

### 5. iv) Investment decisions criteria

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

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

### 5. v) Reputational risk

Companies are exposed to public opinion and today's social networks are a rapid mean to express particular opinions. A bad reputation could eventually harm financial results of a company in the short and in the long term.

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

## 5.4. RISK FUNCTIONS AND FRAMEWORK

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

Risk functions	Description
Strategy – General risk strategy & policy	<ul style="list-style-type: none"> <li>• Global Risk Department provides analytically supported proposals to general strategic issues</li> <li>• Responsible for proposing guidelines and policies for risk management within the company</li> </ul>
Management – Risk management & risk business decisions	<ul style="list-style-type: none"> <li>• Implement defined policies by Global Risk</li> <li>• Responsible for day-to-day operational decisions and for related risk taking and risk mitigating positions</li> </ul>
Controlling – Risk control	<ul style="list-style-type: none"> <li>• Responsible for follow-up of the results of risk taking decisions and for contrasting alignment of operations with general risk policy approved by the board</li> </ul>

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

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

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

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

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

During 2015, EDPR defined or reviewed four Global Risk Policies, which are already implemented:

- Energy Price Hedging Policy
- Counterparty Credit Risk Policy
- Operational Risk Policy
- Country Risk Policy

Compliance with Global Risk policies is verified every month in the Restricted Risk Committee.

## INTERNAL CONTROL SYSTEM OVER FINANCIAL REPORTING

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

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

## SCOPE REVISION AND UPDATE

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

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

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

## CONTROL ACTIVITIES

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

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

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

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

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

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

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

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

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

## SCIRF SUPERVISION

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

EDPR has an Internal Audit Department under the Chairman of the Executive Committee. The Audit and Control Committee supervise the Internal Audit Department as establishes the Basic Internal Audit Act.

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

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

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

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

Also in the year 2015, as in previous years, a process of self-certification was made by the heads of the various process owners regarding proper documentation update on SCIRF controls and processes in their area of responsibility and the implementation of controls with corresponding evidence.

## SCIRF EVALUATION

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

Additionally, in 2015 the EDPR Group decided to have its SCIRF audited by the external auditor. As a result of its evaluation, the external auditor issued a report with a favourable opinion on the SCIRF of the EDPR Group, according to ISAE 3000 (International Standard on Assurance Engagements 3000).

## IV. INVESTOR ASSISTANCE

### 56. INVESTOR RELATIONS DEPARTMENT

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

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

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

The EDPR Investor Relations Department (IR) is the intermediary between EDPR and its actual and potential shareholders, the financial analysts that follow Company's activity, all investors and other members of the financial community. The main purpose of the department is to guarantee the principle of equality among shareholders, by preventing asymmetries in access the information and reducing the gap between market perception and Company's strategy and intrinsic value. The department responsibility comprises developing and implementing EDPR's communication strategy and preserving an appropriate institutional and informative relationship with the financial market, the stock exchange at which EDPR shares trade and the regulatory and supervisory entities (CMVM – Comissão de Mercado de Valores Mobiliários – in Portugal and CNMV – Comisión Nacional del Mercado de Valores – in Spain).

EDPR is clearly aware of the importance of detailed and transparent information, delivered on-time to the market. Consequently, EDPR publishes Company's price sensitive information before the opening or following the closing of the NYSE Euronext Lisbon stock exchange through CMVM's information system and, simultaneously, make that same information available on the website investors' section and through the IR department's mailing list. In 2015, EDPR made 49 press releases, including quarterly, semi-annual and annual results presentations and handouts elaborated by the IR Department. In addition, the IR Department also elaborates key data files and interim presentations which are available on the website investors' section.

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

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

#### IR Contacts:

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

In 2015, EDPR promoted and participated in several events, namely roadshows, conferences, presentations to investors and analysts, meetings and conference calls. During the year, EDPR management and the IR team attended to 12 broker conferences, held 20 roadshows and reverse roadshows, along with conference calls and meetings, totalling more than 370 interactions with institutional investors in more than 10 of the major financial cities across Europe and US.

EDPR IR Department was in permanent contact with capital markets agents, namely financial analysts who evaluate the Company. In 2015, as far as the Company is aware, sell-side analysts issued more than 150 reports evaluating EDPR's business and performance.

At the end of the 2015, as far as the Company is aware of, there were 22 institutions elaborating research reports and following actively EDPR activity. As of December 31<sup>st</sup>, 2015, the average price target of those analysts was of Euro 6.9 per share with the majority reporting "Buy" recommendations on EDPR's share: 15 Buys, 5 Neutrals and 2 Sell.

Company	Analyst	Price Target	Recommendation
Bank of America Merrill Lynch	Pinaki Das	€ 7.10	Buy
BBVA	Daniel Ortega	€ 7.50	Outperform
Berenberg	Lawson Steele	€ 5.75	Buy
BPI	Flora Trindade	€ 7.80	Buy
Caixa BI	Helena Barbosa	€ 7.70	Accumulate
Citigroup	Akhil Bhattar	€ 6.45	Neutral
Deutsche Bank	Virginia Sanz de Madrid	€ 7.00	Hold
Exane BNP	Manuel Palomo	€ 5.70	Underperform
Fidentis	Daniel Rodríguez	€ 5.78	Hold
Goldman Sachs	Manuel Losa	€ 6.90	Neutral
Haitong	Nuno Estácio	€ 7.80	Buy
HSBC	Pablo Cuadrado	€ 7.00	Buy
JP Morgan	Javier Garrido	€ 6.50	Overweight
Kepler Cheuvreux	Jose Porta	€ 6.19	Reduce
Macquarie	Shai Hill	€ 6.60	Outperform
Main First	Fernando Garcia	€ 7.00	Outperform
Morgan Stanley	Carolina Dorez	€ 7.60	Overweight
Natixis	Philippe Ourpatian	€ 6.40	Neutral
RBC	Martin Young	€ 7.25	Outperform
Santander	Bosco Mugiro	€ 6.50	Buy
Société Générale	Jorge Alonso	€ 7.00	Buy
UBS	Hugo Liebaert	€ 7.50	Buy

## 57. MARKET RELATIONS REPRESENTATIVE

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

## 58. INFORMATION REQUESTS

In 2015, EDPR was present in several events with analysts and investors, such as roadshows, conferences, meetings, conference calls and other presentations, communicating EDPR's business plan, strategy and its operational and financial performance.

During the year, IR Department received more than 550 information requests and interacted more than 370 times with institutional investors. On average, information requests were replied in less than 24 hours, with



complex requests being replied within one week time. As of December 31<sup>st</sup> 2015 there was no pending information request.

## V. WEBSITE – ONLINE INFORMATION

### 59-65.

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

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

Information:	Link:
Company information	<a href="http://www.edprenovaveis.com/investors/corporate-governance/companys-name">www.edprenovaveis.com/investors/corporate-governance/companys-name</a> <a href="http://www.edprenovaveis.com/our-company/who-we-are">www.edprenovaveis.com/our-company/who-we-are</a>
Corporate by-laws and bodies/committees regulations	<a href="http://www.edprenovaveis.com/investors/corporate-governance">www.edprenovaveis.com/investors/corporate-governance</a>
Members of the corporate bodies	<a href="http://www.edprenovaveis.com/investors/corporate-governance/directors">www.edprenovaveis.com/investors/corporate-governance/directors</a>
Market relations representative, IR department	<a href="http://www.edprenovaveis.com/investors/contact-ir-team">www.edprenovaveis.com/investors/contact-ir-team</a>
Means of access	<a href="http://www.edprenovaveis.com/our-company/contacts/contact-us">www.edprenovaveis.com/our-company/contacts/contact-us</a>
Financial statements documents	<a href="http://www.edprenovaveis.com/investors/reports-and-results">www.edprenovaveis.com/investors/reports-and-results</a>
Corporate events Agenda	<a href="http://www.edprenovaveis.com/investors/calendar">www.edprenovaveis.com/investors/calendar</a>
General Shareholders' Meeting information	<a href="http://www.edprenovaveis.com/investors/shareholders-meeting-2">www.edprenovaveis.com/investors/shareholders-meeting-2</a>

## D. REMUNERATION

### I. POWER TO ESTABLISH

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

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

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

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

The Board of Directors is responsible for the approval of the above mentioned proposals except concerning the Declaration on the Remuneration Policy.

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

### II. REMUNERATION COMMITTEE

#### 67. NOMINATIONS AND REMUNERATIONS COMMITTEE

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

The Nominations and Remunerations Committee did not hire any external consultancy services corresponding to 2015.

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

The Chairman of the Nominations and Remunerations Committee has knowledge and experience regarding Remuneration Policy as member of the Remuneration Committee of a Portuguese listed company as mentioned on his biography available in the Annex of this report, together with the biographies of all other members of the Nominations and Remunerations Committee.

### III. REMUNERATION STRUCTURE

#### 69. REMUNERATION POLICY

Pursuant to Article 26 of the Company's Articles of Association the Directors shall be entitled to a remuneration which consists of (i) a fixed amount to be determined annually by the General Shareholders' Meeting for the whole Board of Directors and of (ii) attendance fees regarding the Board Meetings.

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

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

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

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

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

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

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

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

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

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

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

## 70. REMUNERATION STRUCTURE

The remuneration policy applicable for 2014-2016 as proposed by the Nominations and Remuneration Committee and approved by the General Shareholders' Meeting on April 8<sup>th</sup>, 2014 (the Remuneration Policy), defines a structure with a fixed remuneration for all members of the Board of Directors and a variable remuneration, with an annual component and a multi-annual component for the members of the Executive Committee.

The Remuneration Policy, including the minor amendments approved by the General Shareholders' Meeting held on April 9<sup>th</sup>, 2015, remained unaltered during 2015. On the topic below can be found a reminder of the KPIs (Key Performance Indicators) stated in the Remuneration Policy for variable annual and multi-annual variable components.

## 71. VARIABLE REMUNERATION

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

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

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

The key performance indicators (KPIs) used to determine the amounts of the annual and multi-annual variable remuneration regarding to each year of the term are aligned with the strategic grounds of the Company: growth, risk control and efficiency. These are the same for all members of the Executive Committee, although with specific targets for the platforms in the case of COO's. For the years 2015 and 2016 and in order to align the indicators with the company objectives a new KPI has been included "Asset Rotation & Tax Equity". The indicators are as follows:

Target Group	Key Performance Indicator	Weight
Growth	Total Shareholder Return vs. Peers & PSI 20	15%
	Incremental MW (EBITDA + Net Equity)	10%
	Asset Rotation & Tax Equity	7.5%
Risk – Return	ROIC Cash %	8%
	EBITDA	12%
	Net Income	12%

Target Group	Key Performance Indicator	Weight
Efficiency	Technical Availability	6%
	Opex / MW	6%
	Capex / MW	6%
Other	Sustainability	7.5%
	Employee satisfaction	5%
	Appreciation of the Remuneration Committee	5%

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

## 72. MULTI-ANNUAL REMUNERATION

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

## 73. VARIABLE REMUNERATION BASED ON SHARES

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

## 74. VARIABLE REMUNERATION BASED ON OPTIONS

EDPR has not allocated variable remuneration on options.

## 75. ANNUAL BONUS AND NON-MONETARY BENEFITS

The key factors and grounds for any annual bonus scheme are described on topics 71 and 72. Additionally, the Officers, with the exception of the CEO received the following non-monetary benefits: company car and Health Insurance. In 2015, the non-monetary benefits amounted to €123.355.

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

## 76. RETIREMENT SAVINGS PLAN

The retirement savings plan for the members of the Executive Committee that are also Officers, acts as an effective retirement supplement with a range between 3% to 6% of their annual salary. The percentage is defined according with the retirement savings plan applicable in their home country. The retirement savings plan has been approved by the General Shareholders' Meeting on April 9<sup>th</sup>, 2015 (the Remuneration Policy included the retirement plan).

# IV. REMUNERATION DISCLOSURE

## 77. BOARD OF DIRECTORS REMUNERATION

The remuneration paid by EDPR to the members of the Board of Directors for the year ended on December 31<sup>st</sup> 2015 was as follows:

Remuneration	Fixed	Annual	Multi-annual	Total
<b>Executive Directors</b>				
João Manso Neto*	0	0	0	0
Nuno Alves*	0	0	0	0
Rui Teixeira**	20,601	0	0	20,601
Joao Paulo Costeira	61,804	0	0	61,804

Remuneration	Fixed	Annual	Multi-annual	Total
<b>Executive Directors</b>				
Miguel Amaro***	41,203			41,203
Gabriel Alonso	0	0	0	0
<b>Non- Executive Directors</b>				
António Mexia*	0	0	0	0
Joao Marques da Cruz [*] [**]	0	0	0	0
João Lopes Raimundo	60,000	0	0	60,000
António Nogueira Leite	55,000	0	0	55,000
Rafael Caldeira Valverde**	18,333	0	0	18,333
Francisco José Queiroz de Barros de Lacerda	0	0	0	0
João Manuel de Mello Franco	60,000	0	0	60,000
Jorge Henriques dos Santos	80,000	0	0	80,000
Gilles August	45,000	0	0	45,000
Manuel Menéndez Menéndez	45,000	0	0	45,000
Jose Araujo e Silva**	15,000	0	0	15,000
Acácio Jaime Liberado Mota Piloto	52,500	0	0	52,500
José A. Ferreira Machado	60,000	0	0	60,000
Francisca Guedes de Oliveira***	41,250			41,250
Allan J. Katz***	33,750			33,750
<b>Total</b>	<b>689,441</b>	<b>0</b>	<b>0</b>	<b>689,441</b>

a) [\*] António Mexia, João Manso Neto, Nuno Alves and João Marques da Cruz do not receive any remuneration from EDPR. EDPR and EDP signed an Executive Management Services Agreement according to which EDPR pays to EDP a fee for the services rendered by these Board Members.

[\*\*] Rui Teixeira, João Marques da Cruz, Rafael Caldeira Valverde and José Araujo e Silva amounts reflect the ones corresponding to the 2015 period up to their resignation.

[\*\*\*] Miguel Amaro, Francisca Guedes de Oliveira and Allan Katz amounts reflect the ones corresponding to the 2015 period since their appointment.

b) Rui Teixeira, Gabriel Alonso, Miguel Amaro and João Paulo Costeira, as Officers and members of the Executive Committee receive their remuneration as Directors and/or other Group companies' employees, as described on the table below.

According to the Executive Management Services Agreement signed with EDP, EDPR is due to pay an amount to EDP, for the services rendered by the Executive Managers and the Non-executive Managers. The amount due under said Agreement for the management services rendered by EDP in 2015 is €1,089,484, of which €1.029,484 refers to the management services rendered by the Executive Members and €60,000 to the management services rendered by the non-executive Members. The retirement savings plan for the members of the Executive Committee, excluding the Officers, acts as an effective retirement supplement and corresponds to 5% of their annual salary.

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

## 78. REMUNERATION FROM OTHER GROUP COMPANIES

The total remuneration of the Officers, ex-CEO, was the following:

Remuneration	Euros			
	Fixed	Variable		Total
		Annual	Multi-annual	
Gabriel Alonso	366.897\$	119.000\$	0\$	485,897\$
Rui Teixeira*	228,196€	90,000€	0€	318,196€



Remuneration	Euros			
	Fixed	Variable		Total
		Annual	Multi-annual	
Joao Paulo Costeira	228,196€	80,000€	0€	308,196€
Miguel Amaro**	141,103€	0€	0€	141,103€

\*] Rui Teixeira amounts reflect the ones corresponding to the 2015 period up to his resignation.

[\*\*] Miguel Amaro amounts reflect the ones corresponding to the 2015 period from his appointment.

All the amounts are in Euros, except Gabriel Alonso ones, which are in USD.

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

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

## 80. COMPENSATION FOR RESIGNED BOARD MEMBERS

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

## 81. AUDIT AND CONTROL COMMITTEE REMUNERATION

Member	Position	Remuneration (€) <sup>(*)</sup>
Jorge Santos	Chairman	80.000
João Manuel de Mello Franco	Vocal	60.000
João Lopes Raimundo	Vocal	60.000

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

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

In 2015, the remuneration of the Chairman of the General Shareholders' Meeting of EDPR was € 15,000.

# V. AGREEMENTS WITH REMUNERATION IMPLICATION

## 83-84.

EDPR has no agreements with remuneration implication.

# VI. SHARE-ALLOCATION AND/OR STOCK OPTION PLANS

## 85-88.

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

## E. RELATED-PARTY TRANSACTIONS

### I. CONTROL MECHANISMS AND PROCEDURES

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

In order to supervise the transactions between the Group Companies and its qualified shareholders, the Board of Directors has created the Related-Party Transactions Committee, a permanent body with delegated functions. The Related-Party Transactions Committee duties are described on topic 29 of the Report. The Audit and Control Committee also supervises the transactions with qualified shareholders when requested by the Board of Directors according to Article 8.2, i) of its Regulations. This information is included on the annual report of the Audit and Control Committee. The mechanisms established on both committees regulation and also the fact that one of the members of the Related-Party Transactions Committee is member of the Audit and Control Committee constitutes a relevant element for an adequate evaluation of the relations established between EDPR and third entities.

#### 90. TRANSACTIONS SUBJECT TO CONTROL DURING 2015

During 2015, EDPR has not signed any contracts with the members of its corporate bodies or with holders of qualifying holdings, excluding EDP, as mentioned below.

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

The total amount of supplies and services in 2015 incurred with or charged by the EDP Group was € 15.8 million, corresponding to 5.4% of the total value of Supplies & Services for the year (€ 293.1 million).

The most significant contracts in force during 2015 are the following:

#### FRAMEWORK AGREEMENT

The framework agreement was signed by EDP and EDPR on May 7<sup>th</sup>, 2008 and came into effect when the latter was admitted to trading. The purpose of the framework agreement is to set out the principles and rules governing the legal and business relations existing when it came into effect and those entered into subsequently.

The framework agreement establishes that neither EDP nor the EDP Group companies other than EDPR and its subsidiaries can engage in activities in the field of renewable energies without the consent of EDPR. EDPR shall have worldwide exclusivity, with the exception of Brazil, where it shall engage its activities through a joint venture with EDP Energias do Brasil S.A., for the development, construction, operation, and maintenance of facilities or activities related to wind, solar, wave and/or tidal power, and other renewable energy generation technologies that may be developed in the future. Nonetheless, the agreement excludes technologies being developed in hydroelectric power, biomass, cogeneration, and waste in Portugal and Spain.

It lays down the obligation to provide EDP with any information that it may request from EDPR to fulfil its legal obligations and prepare the EDP Group's consolidated accounts. The framework agreement shall remain in effect for as long as EDP directly or indirectly owns more than 50% of the share capital of EDPR or nominates more than 50% of its Directors.

#### EXECUTIVE MANAGEMENT SERVICES AGREEMENT

On November 4<sup>th</sup>, 2008 EDP and EDPR signed an Executive Management Services Agreement that was renewed on May 4<sup>th</sup>, 2011 and effective from March 18<sup>th</sup>, 2011 and renewed again on May 10<sup>th</sup>, 2012.

Through this contract, EDP provides management services to EDP Renováveis, including matters related to the day-to-day running of the Company. Under this agreement EDP nominates four people from EDP to be part of EDPR's Management: i) two Executive Managers which are members of the EDPR Executive Committee, including the CEO, and (ii) two Non-Executive Managers, for which EDP Renováveis pays EDP an amount defined by the Related Party Committee, and approved by the Board of Directors and the Shareholders Meeting. Under this contract, EDPR incurred an amount of EUR1.089.484,80 for the management services rendered in 2015.

#### ACQUISITION OF 45% OF THE SHARE CAPITAL OF EDP RENOVÁVEIS BRASIL S.A. BY EDP RENOVÁVEIS S.A.

Following the Memorandum of Understanding ("MoU") executed with EDP Energias do Brasil, S.A. ("EDP Brasil") on November 27<sup>th</sup>, 2014, EDP Renováveis, S.A. signed an agreement with EDP Brasil for the acquisition of 45% of EDP Renováveis Brasil, S.A. on April 27<sup>th</sup> 2015. This transaction finally concluded on December 21<sup>st</sup> 2015.

The agreed transaction price totals R\$190 million, divided in R\$ 176 million at closing and up to R\$ 14 million in earn-out payments.

## FINANCE AGREEMENTS AND GUARANTEES

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

### LOAN AGREEMENTS

EDPR and EDPR Servicios Financieros SA (as the borrower) have loan agreements with EDP Finance BV and EDP Servicios Financieros España (as the lender), a companies 100% owned by EDP Energias de Portugal S.A. Such loan agreements can be established both in EUR and USD, up to 10-year tenor and are remunerated at rates set at an arm's length basis. As of December 31<sup>st</sup> 2015, such loan agreements totalled USD 1,836,699,611 and EUR 1,450,000,000.

### COUNTER-GUARANTEE AGREEMENT

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

EDPR will be jointly liable for compliance by EDPR EU and EDPR NA. The subsidiaries of EDPR undertake to indemnify the guarantor for any losses or liabilities resulting from the guarantees provided under the agreement and to pay a fee established in arm's length basis. Nonetheless, certain guarantees issued prior to the date of approval of these agreements may have different conditions. As of December 31<sup>st</sup> 2015, such counter-guarantee agreements totalled € 14,001,170 and USD 507,747,430.

There is another counter-guarantee agreement signed, under which EDP Energias do Brasil, SA or EDPR undertake on behalf of EDPR Brasil, to provide corporate guarantees or request the issue of any guarantees, on the terms and conditions requested by the subsidiaries, which have been approved on a case by case basis by the EDPR executive board. Each party undertakes to indemnify the other pro-rata to its stake of any losses or liabilities resulting from the guarantees provided under the agreement and to pay a fee established in arm's length basis. As of December 31<sup>st</sup> 2015, such counter-guarantee agreements totalled BRL 350,486,830.

### CURRENT ACCOUNT AGREEMENT

EDP Servicios Financieros España SLU and EDPR Servicios Financieros SA signed an agreement through which EDP Servicios Financieros España manages EDPR's cash accounts. The agreement also regulates a current account between both companies, remunerated on arm's length basis. As of December 31<sup>st</sup> 2015, there are two different current accounts with the following balance and counterparties:

- in USD, EDPR SF with EDP SFE for a total amount of €90,895,672 in favour of EDPR SF;
- in EUR, EDPR SF with EDP SFE for a total amount of €47,305,519 in favour of EDPR SF.

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

### CROSS CURRENCY INTEREST RATE SWAPS

Due to the net investment in EDPR NA, EDPR Brazil, and Polish companies, EDPR's accounts were exposed to the foreign exchange risk. With the purpose of hedging this foreign exchange risk, EDPR Group companies settled the following Cross Currency Interest Rate Swap (CIRS):

- in USD/EUR, with EDP Sucursal for a total amount of USD 2,619,281,096;
- in BRL/EUR, with EDP Energias de Portugal SA for a total amount of BRL 118,000,000;
- in PLN/EUR, with EDP Energias de Portugal SA for a total amount of PLN 924,312,841

### HEDGE AGREEMENTS – EXCHANGE RATE

EDPR Group companies entered into several hedge agreements with EDP Energias de Portugal S.A. and Servicios Financieros España SLU, with the purpose of managing the transaction exposure related to the short term or transitory positions in the North American, Polish, and Romanian subsidiaries, fixing the exchange rate for EUR/USD, EUR/PLN and EUR/RON in accordance to the prices in the forward market in each contract date. As of December 31<sup>st</sup> 2015, the total amount of Forwards and Non Delivery Forwards by geography and currency are as following:

- Polish operations, for EUR/PLN, a total amount of PLN 678,027,680 (FWDs);
- Romanian operations, for EUR/RON a total amount of RON 70,075,674 (FWDs);
- US operations, for EUR/USD a total amount of USD 316,000,000 (NDF);
- Canada operations, for EUR/CAD a total amount of CAD 22,950,000 (NDF).

## **HEDGE AGREEMENTS – COMMODITIES**

EDP and EDPR EU entered into hedge agreements for 2015 for a total volume of 2.644.328MWh (sell position) and 98.280MWh (buy position) at the forward market price at the time of execution related with the expected sales of energy in the Spanish market.

## **CONSULTANCY SERVICE AGREEMENT**

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

The price of the agreement is calculated as the cost incurred by EDP plus a margin. For the first year, it was fixed at 8% based on an independent expert on the basis of market research. For 2015 the estimated cost of these services is €4.411.787,33. This was the total cost of services provided for EDPR, EDPR EU, and EDPR NA.

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

## **RESEARCH AND DEVELOPMENT AGREEMENT**

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

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

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

The fee corresponding to this agreement in 2015 is €644.380.

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

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

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

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

The remuneration paid to EDP Valor by EDPR Promoção e Operação S.A. and its subsidiaries for the services provided in 2015 totalled €973.412. The initial duration of the agreement was five (5) years from date of signing and it was tacitly renewed for a new period of five (5) years on January 1<sup>st</sup>, 2008.

Either party may renounce the contract with one (1) year's notice.

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

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

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

The amount incurred for the services provided in 2015 totalled €404.506,64.

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

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

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

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

The amount incurred by EDP Brasil for the services provided in 2015 totalled BRL135.000.

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

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

The most significant contracts signed between EDPR and its Qualified Shareholders are analysed by the Related-Party Transactions Committee according to its competences, as mentioned on topic 89 of the report and by the Audit and Control Committee when requested.

According to Article 9.1 c) of the Related-Party Transactions Committee Regulation, the committee analyses and supervises, according to the necessities of each specific case, the transactions between Qualifying Holdings other than EDP with entities from the EDP Renováveis Group whose annual value is superior to € 1.000.000. This information is included on the annual report of the Audit and Control Committee regarding those cases whose previous opinion was requested. The mechanisms established on both committees regulations and also the fact that one of the members of the Related-Party Transactions Committee is a member of the Audit and Control Committee constitutes a relevant element for an adequate evaluation of the relations established between EDPR and third entities.

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

The information on business dealings with related parties is available on Note 37 of the Financial Statements.

## PART II – CORPORATE GOVERNANCE ASSESSMENT

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

According to article 2 of CMVM Regulation 4/2013, EDPR informs that the present Report has been drafted under the Recommendations of CMVM'S Corporate Governance Code published on July, 2013. The CMVM Corporate Governance Code and its Regulations are available at CMVM website, [www.cmvm.pt](http://www.cmvm.pt).

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

The following table shows the CMVM recommendations set forth in the code and indicates EDPR's compliance with it and the place in this report in which they are described in more detail.

During 2015, EDPR has continued its consolidation task as to the Company's governance principles and practices. The high level of compliance with the best governance practices by EDPR was once again recognised by an initiative by Deloitte that rewards top performers in the Portuguese financial market: EDPR's 2014 Annual Report was granted as part of the Investor Relations & Governance Awards (IRG Awards), and recognized as the best in the non financial sector. This award distinguishes top performers and highlights policies and attitudes of transparency, the quality of information and investor relations. The initiative was developed in partnership with Diário Económico.

Also in order to comply with the Recommendation II.2.5 of the Portuguese Corporate Governance Code, and according to the results of the reflection made by the Audit and Control Committee, the governance model that was adopted has been ensuring an effective performance and articulation of EDPR Social Bodies and proved to be adequate to the Company's governance structure without any constraints to the performance of its checks and balances system adopted to justify the changes made in the Governance practices of EDPR.

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

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

# . # .	CMVM RECOMMENDATIONS
<b>Statement of compliance</b>	
<b>I.</b>	<b>VOTING AND CORPORATE CONTROL</b>
I.1. <b>Adopted</b>	Companies shall encourage shareholders to attend and vote at general meetings and shall not set an excessively large number of shares required for the entitlement of one vote, and implement the means necessary to exercise the right to vote by mail and electronically.  Chapter B – I, b), topic 12 and 13
I.2. <b>Adopted</b>	Companies shall not adopt mechanisms that hinder the passing of resolutions by shareholders, including fixing a quorum for resolutions greater than that provided for by law.  Chapter B – I, b), topic 14
I.3. <b>Adopted</b>	Companies shall not establish mechanisms intended to cause mismatching between the right to receive dividends or the subscription of new securities and the voting right of each common share, unless duly justified in terms of long-term interests of shareholders.  Chapter B – I, b) topic 14
I.4. <b>Not Applicable</b>	The Company's articles of association that provide for the restriction of the number of votes that may be held or exercised by a sole shareholder, either individually or in concert with other shareholders, shall also foresee for a resolution by the General Assembly (5 year intervals), on whether that statutory provision is to be amended or prevails – without super quorum requirements as to the one legally in force – and that in said resolution, all votes issued be counted, without applying said restriction.  Chapter A – I, topic 5



**# . # . CMVM RECOMMENDATIONS****Statement of compliance**

- I.5. Measures that require payment or assumption of fees by the Company in the event of change of control or change in the composition of the Board and that which appear likely to impair the free transfer of shares and free assessment by shareholders of the performance of Board Members, shall not be adopted.

**Adopted**

Chapter A – I, Topic 2 and 4

**II. SUPERVISION, MANAGEMENT AND OVERSIGHT****II.1. SUPERVISION AND MANAGEMENT**

- II.1.1. Within the limits established by law, and except for the small size of the Company, the board of Directors shall delegate the daily management of the Company and said delegated powers shall be identified in the Annual Report on Corporate Governance.

**Adopted**

Chapter B – II, Topic 21, 28 and 29

- II.1.2. The Board of Directors shall ensure that the Company acts in accordance with its objectives and shall not delegate its responsibilities as regards the following: i) define the strategy and general policies of the Company, ii) define business structure of the group iii) decisions considered strategic due to the amount, risk and particular characteristics involved.

**Adopted**

Chapter B- II, Topic 29

- II.1.3. The General and Supervisory Board, in addition to its supervisory duties, shall take full responsibility at corporate governance level, whereby through the statutory provision or by equivalent means, shall enshrine the requirement for this body to decide on the strategy and major policies of the Company, the definition of the corporate structure of the group and the decisions that shall be considered strategic due to the amount or risk involved. This body shall also assess compliance with the strategic plan and the implementation of key policies of the Company.

**Not  
Applicable**

(The governance model adopted by EDPR, as it is compatible with its personal law, corresponds to the so-called “Anglo-Saxon” model set forth in the Portuguese Commercial Companies Code, in which the management body is a Board of Directors, and the supervision and control duties are of the responsibility of an Audit and Control Committee.)

- II.1.4. Except for small-sized companies, the Board of Directors and the General and Supervisory Board, depending on the model adopted, shall create the necessary committees in order to:

- a) Ensure a competent and independent assessment of the performance of the executive Directors and its own overall performance, as well as of other committees;
- b) Reflect on the system structure and governance practices adopted, verify its efficiency and propose to the competent bodies, measures to be implemented with a view to their improvement.

**Adopted**

Chapter B – II, C), Topic 27, 28 and 29

- II.1.5. The Board of Directors or the General and Supervisory Board, depending on the applicable model, should set goals in terms of risk-taking and create systems for their control to ensure that the risks effectively incurred are consistent with those goals.

**Adopted**

Chapter B – III, C), III – Topic 52, 53, 54 and 55

- II.1.6. The Board of Directors shall include a number of non-executive members ensuring effective monitoring, supervision and assessment of the activity of the remaining members of the board.

**Adopted**

Chapter B – II, Topic 18 and Topic 29

**# . # . CMVM RECOMMENDATIONS****Statement of compliance**

- II.1.7. Non-executive members shall include an appropriate number of independent members, taking into account the adopted governance model, the size of the Company, its shareholder structure and the relevant free float. The independence of the members of the General and Supervisory Board and members of the Audit Committee shall be assessed as per the law in force. The other members of the Board of Directors are considered independent if the member is not associated with any specific group of interests in the Company nor is under any circumstance likely to affect an exempt analysis or decision, particularly due to:
- a. Having been an employee at the Company or at a Company holding a controlling or group relationship within the last three years;
  - b. Having, in the past three years, provided services or established commercial relationship with the Company or Company with which it is in a control or group relationship, either directly or as a partner, board member, manager or Director of a legal person;
  - c. Being paid by the Company or by a Company with which it is in a control or group relationship besides the remuneration arising from the exercise of the functions of a board member;
  - d. Living with a partner or a spouse, relative or any first degree next of kin and up to and including the third degree of collateral affinity of Board Members or natural persons that are direct and indirectly holders of qualifying holdings;
  - e. Being a qualifying shareholder or representative of a qualifying shareholder.

**Adopted**

Chapter B – II, Topic 18

- II.1.8. When Board Members that carry out executive duties are requested by other Board Members, said shall provide the information requested, in a timely and appropriate manner to the request.

**Adopted**

Chapter B – II, C) - Topic 29

- II.1.9. The Chair of the Executive Board or of the Executive Committee shall submit, as applicable, to the Chair of the Board of Directors, the Chair of the Supervisory Board, the Chair of the Audit Committee, the Chair of the General and Supervisory Board and the Chairperson of the Financial Matters Board, the convening notices and minutes of the relevant meetings.

**Adopted**

Chapter B – II, C) - Topic 29

- II.1.10. If the chair of the board of Directors carries out executive duties, said body shall appoint, from among its members, an independent member to ensure the coordination of the work of other non-executive members and the conditions so that said can make independent and informed decisions or to ensure the existence of an equivalent mechanism for such coordination.

**Not applicable**

(The Chairperson of EDPR's Board of Directors does not have executive duties)Chapter B – II, A) – Topic 18

**II.2 SUPERVISION**

- II.2.1. Depending on the applicable model, the Chair of the Supervisory Board, the Audit Committee or the Financial Matters Committee shall be independent in accordance with the applicable legal standard, and have the necessary skills to carry out their relevant duties.

**Adopted**

Chapter B – II – Topic 18; Chapter B – II, C) - Topic 29; and Chapter B – III, A) – Topic 32

- II.2.2. The supervisory body shall be the main representative of the external auditor and the first recipient of the relevant reports, and is responsible, inter alia, for proposing the relevant remuneration and ensuring that the proper conditions for the provision of services are provided within the Company

**Adopted**

Chapter B – C), Topic 29; and Chapter B – V, Topic 45

- II.2.3. The supervisory board shall assess the external auditor on an annual basis and propose to the competent body its dismissal or termination of the contract as to the provision of their services when there is a valid basis for said dismissal.

**Adopted**

Chapter B – II, Topic 29; Chapter B – III, C) – Topic 38; and Chapter B – III – V, Topic 45

- II.2.4. The supervisory board shall assess the functioning of the internal control systems and risk management and propose adjustments as may be deemed necessary.

**Adopted**

Chapter B – II, Topic 29; and Chapter B – III, C) – III

- II.2.5. The Audit Committee, the General and Supervisory Board and the Supervisory Board on the work plans and resources concerning the internal audit services and services that ensure compliance with the rules applicable to the Company (compliance services), and should be recipients of reports made by these services at least when it concerns matters related to accountability, identification or resolution of conflicts of interest and detection of potential improprieties.

**Adopted**

Chapter B – II, Topic 29

**II.3. REMUNERATION SETTING**

**# . # . CMVM RECOMMENDATIONS****Statement of compliance**

II.3.1. All members of the Remuneration Committee or equivalent should be independent from the executive Board Members and include at least one member with knowledge and experience in matters of remuneration policy.

**Adopted**

Chapter D – II – Topic 67 and 68

II.3.2. Any natural or legal person that provides or has provided services in the past three years, to any structure under the board of Directors, the board of Directors of the Company itself or who has a current relationship with the Company or consultant of the Company, shall not be hired to assist the Remuneration Committee in the performance of their duties. This recommendation also applies to any natural or legal person that is related by employment contract or provision of services with the above.

**Adopted**

Chapter D – II – Topic 67

II.3.3. A statement on the remuneration policy of the management and supervisory bodies referred to in Article 2 of Law No. 28/2009 of 19 June, shall also contain the following:

- a) Identification and details of the criteria for determining the remuneration paid to the members of the governing bodies;
- b) Information regarding the maximum potential, in individual terms, and the maximum potential, in aggregate form, incurred to members of corporate bodies, and identify the circumstances whereby these maximum amounts may be payable;
- d) Information regarding the enforceability or unenforceability of payments for the dismissal or termination of appointment of Board Members.

**Adopted**

Chapter D – III – Topic 69

II.3.4. Approval of plans for the allotment of shares and/or options to acquire shares or based on share price variation to Board Members shall be submitted to the General Meeting. The proposal shall contain all the necessary information in order to correctly assess said plan.

**Not  
Applicable**

Chapter V – III, Topic 73 and 85-88

II.3.5. Approval of any retirement benefit scheme established for members of corporate members shall be submitted to the General Meeting. The proposal shall contain all the necessary information in order to correctly assess said system.

**Adopted**

Chapter D – III, Topic 76

**III. REMUNERATION**

III.1. The remuneration of the executive members of the board shall be based on actual performance and shall discourage taking on excessive risk-taking.

**Adopted**

Chapter D – III, Topic 69, 70, 71 and 72

III.2. The remuneration of non-executive Board Members and the remuneration of the members of the supervisory board shall not include any component whose value depends on the performance of the Company or of its value.

**Adopted**

Chapter D – III, Topic 69; and Chapter D – IV, Topic 77

III.3. The variable component of remuneration shall be reasonable overall in relation to the fixed component of the remuneration and maximum limits should be set for all components.

**Adopted**

Chapter D – III, Topic 71 and 72

III.4. A significant part of the variable remuneration should be deferred for a period not less than three years, and the right of way payment shall depend on the continued positive performance of the Company during that period.

**Adopted**

Chapter D – III, Topic 72

III.5. Members of the Board of Directors shall not enter into contracts with the Company or with third parties which intend to mitigate the risk inherent to remuneration variability set by the Company.

**Adopted**

Chapter D – III, Topic 69

III.6. Executive Board Members shall maintain the Company's shares that were allotted by virtue of variable remuneration schemes, up to twice the value of the total annual remuneration, except for those that need to be sold for paying taxes on the gains of said shares, until the end of their mandate.

**Not  
Applicable**

Chapter D – III, Topic 73

**# . # . CMVM RECOMMENDATIONS****Statement of compliance**

**III.7.** When the variable remuneration includes the allocation of options, the beginning of the exercise period shall be deferred for a period not less than three years.  
**Not Applicable**

Chapter D – III, Topic 74

**III.8.** When the removal of board member is not due to serious breach of their duties nor to their unfitness for the normal exercise of their functions but is yet due on inadequate performance, the Company shall be endowed with the adequate and necessary legal instruments so that any damages or compensation, beyond that which is legally due, is unenforceable.  
**Adopted**

Chapter D – III, Topic 69 and 72

**IV. AUDITING**

**IV.1.** The external auditor shall, within the scope of its duties, verify the implementation of remuneration policies and systems of the corporate bodies as well as the efficiency and effectiveness of the internal control mechanisms and report any shortcomings to the supervisory body of the Company.  
**Adopted**

Chapter B – III – V, Topic 45

**IV.2.** The Company or any entity with which it maintains a control relationship shall not engage the external auditor or any entity with which it finds itself in a group relationship or that incorporates the same network, for services other than audit services. If there are reasons for hiring such services - which must be approved by the supervisory board and explained in its Annual Report on Corporate Governance - said should not exceed more than 30% of the total value of services rendered to the Company.  
**Adopted**

Chapter B – III – V, Topics 37 and 46

**IV.3.** Companies shall support auditor rotation after two or three terms whether four or three years, respectively. Its continuance beyond this period must be based on a specific opinion of the supervisory board that explicitly considers the conditions of auditor's independence and the benefits and costs of its replacement.  
**Adopted**

Chapter B – III – V, Topic 44

**V. CONFLICTS OF INTEREST AND RELATED PARTY TRANSACTIONS**

**V.1.** The Company's business with holders of qualifying holdings or entities, with which they are in any type of relationship pursuant to article 20 of the Portuguese Securities Code, shall be conducted during normal market conditions.  
**Adopted**

Chapter B – C), Topic 90

**V.2.** The supervisory or oversight board shall establish procedures and criteria that are required to define the relevant level of significance of business with holders of qualifying holdings - or entities with which they are in any of the relationships described in article 20/1 of the Portuguese Securities Code – thus significant relevant business is dependent upon prior opinion of that body.  
**Adopted**

Chapter B – C), Topic 89 and 91

**VI. INFORMATION**

**VI.1.** Companies shall provide, via their websites in both the Portuguese and English languages, access to information on their progress as regards the economic, financial and governance state of play.  
**Adopted**

Chapter B – C) – V, Topics 59-65

**VI.2.** Companies shall ensure the existence of an investor support and market liaison office, which responds to requests from investors in a timely fashion and a record of the submitted requests and their processing, shall be kept.  
**Adopted**

Chapter B – C) – IV, Topic 56

## ANNEX

PROFESSIONAL QUALIFICATIONS AND BIOGRAPHIES OF  
THE MEMBERS OF THE BOARD OF DIRECTORS**ANTÓNIO MEXIA**

BORN: 1957

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

- /// Chairman of the Board of Directors of EDP Renováveis SA
- /// Chairman of the Executive Board of Directors of EDP Energias de Portugal SA
- /// Permanent Representative of EDP Energias de Portugal SA Sucursal en España, and Representative of EDP Finance BV
- /// Chairman of the Board of Directors of EDP Energias do Brasil SA
- /// Member of the Board of Directors of Fundação EDP

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

- /// Member of the General Supervisory Board of Banco Comercial Português (BCP) 2008
- /// President of the Board of Directors of Union de l'Industrie Electrique

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

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

**Other previous positions:**

- /// Assistant Lecturer in the Department of Economics at Université de Genève (Switzerland)

**Education:**

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

**JOÃO MANSO NETO**

BORN: 1958

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

- /// Executive Vice-Chairman of the Board of Directors and Chairman of the Executive Committee (CEO) of EDP Renováveis SA
- /// Chairman of the Board of Directors of EDP Renewables Europe SLU, EDP Renováveis Brasil SA and EDP Renováveis Servicios Financieros S.A.
- /// Executive Director of EDP Energias de Portugal SA,
- /// Director of EDP Energia Gás SL,
- /// Member of the Board of Directors of EDP Energia Ibérica SA, Hidroeléctrica del Cantábrico SA, Naturgás Energia Grupo SA
- /// Permanent Representative of EDP Energias de Portugal SA Sucursal en España, and Representative of EDP Finance BV
- /// Chairman of the Board of Directors of EDP Gás.com Comércio de Gás Natural SA

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

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

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

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

**Other previous positions:**

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

**Education:**

- /// Degree in Economics from Instituto Superior de Economia
- /// Post-graduate degree in European Economics from Universidade Católica Portuguesa

- /// Professional education course through the American Bankers Association (1982), the academic component of the Master's Degree program in Economics at the Faculty of Economics, Universidade Nova de Lisboa
- /// Advanced Management Program for Overseas Bankers at the Wharton School in Philadelphia



**NUNO ALVES**  
BORN: 1958

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

- /// Executive Member of the Board of Directors, Member of the Executive Committee and Member of the Related Party Transactions Committee of EDP Renováveis S.A.
- /// Chairman of the Board of Directors of EDP Imobiliária e Participações SA, Energia RE SA, Sávila Medicina Apoiada SA, SCS Serviços Complementares de Saúde SA
- /// Member of the Executive Board of Directors of EDP Energias de Portugal SA, Member of the Executive Committee of EDP Energias do Brasil SA and member of the Board of Directors of Hidroeléctrica del Cantábrico SA
- /// Permanent Representative and Member of the Executive Committee of EDP Energias de Portugal SA Sucursal en España,
- /// Manager of Balwerk Consultadoria Económica e Participações Sociedade Unipessoal Lda
- /// Representative of relations with the Market and CMVM of EDP Energias de Portugal S.A.

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

- /// Member of the Executive Board of Directors of EDP Energias de Portugal SA (CFO)
- /// Representative of EDP Finance BV
- /// Chairman of the Board of Directors of EDP Estudos e Consultoria SA,

**Other previous positions:**

- /// In 1988, he joined the Planning and Strategy Department of Millennium BCP
- /// Associate Director of the Millennium BCP bank's Financial Investments Division
- /// Investor Relations Officer for the Millennium BCP Group
- /// Coordinating Manager of Millennium BCP Retail network
- /// Head of the Capital Markets Division of Millennium BCP Investimento
- /// Co-Head of Millennium BCP Investment Banking Division
- /// Chairman and CEO of CISF Dealer, the brokerage arm of Millennium BCP Investimento
- /// General Manager of Millennium BCP
- /// Executive Board Member of Millennium BCP Investimento, responsible for BCP Group Treasury and Capital Markets

**Education:**

- /// Degree in Naval Architecture and Marine Engineering
- /// Master in Business Administration by the University of Michigan



**GABRIEL ALONSO**  
BORN: 1973

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

- /// Member of the Board of Directors, Member of the Executive Committee and Chief Operating Officer for North America of EDP Renováveis SA
- /// CEO of EDP Renewables North America LLC
- /// Chief Executive Officer and Sole Manager of the EDPR NA subsidiaries
- /// Chief Executive Officer and Director of the Canadian entities
- /// President of Vientos de Coahuila, S.A. de CV

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

- /// Member of the Board of Directors and of the Executive Committee of the American Wind Energy Association (AWEA)

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

- /// (none)

**Other previous positions:**

- /// He joined EDP in early 2007 as Managing Director for North America
- /// Chief Development Officer (CDO) and Chief Operating Officer (COO) of EDPR NA

**Education:**

- /// Law Degree and a Master of Science Degree in Economics, each from the University of Deusto in Spain
- /// Advanced Management Program at The University of Chicago Booth School of Business



**JOÃO PAULO COSTEIRA**  
BORN: 1965

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

- /// Member of the Board of Directors, Member of the Executive Committee and Chief Operating Officer for Europe & Brazil of EDP Renováveis SA
- /// Chairman of the Board of Directors of EDP Renewables Italia SRL, EDP Renewables France Holding SA, EDP Renewables SGPS SA, EDP Renewables South Africa Ltd, EDP Renováveis Portugal SA, EDPR PT-Parques Eólicos SA, EDPR PT Promoção e Operação SA, ENEOP 2 SA, Greenwind SA and South Africa Wind & Solar Power SLU
- /// Director of EDP Renewables Europe SL, EDP Renewables Polska SP zoo, EDP Renewables Romania SRL, EDP Renewables UK Ltd, EDP Renováveis Brasil SA and EDP Renováveis Servicios Financieros SL

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

- /// (none)



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

/// (none)

**Other previous positions:**

- /// Commercial Director of Portgás
- /// General Manager of LisboaGás (Lisbon's Natural Gás LDC), Managing Director of Transgás Industria (Liberalized wholesale customers), and Managing Director of Lusitaniagás (Natural gas LDC) at Galpenergia Group (Portugal's National Oil & Gas Company)
- /// Member of the Management Team of GalpEmpresas and Galpgás
- /// Executive Board Member for Natural Gas Distribution and Marketing (Portugal and Spain)

**Education:**

- /// Degree in Electrical Engineering by the Faculdade Engenharia da Universidade do Porto
- /// Master in Business Administration by IEP/ESADE (Oporto and Barcelona)
- /// Executive Development Program at École des HEC (Université de Lausanne)
- /// Strategic Leadership Development Program at INSEAD (Fontainebleau)
- /// Advanced Management Program of IESE (Barcelona)

**MIGUEL DIAS AMARO**

BORN: 1967

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

- /// CFO, Member of the Board of Directors and Member of the Executive Committee of EDP Renováveis S.A.
- /// Member of the Board of Directors of EDP Renewables Canada, Ltd., EDP Renováveis Serviços Financieros, S.L., EDP Renewables Polska SP. Z O.O, EDP Renewables UK Ltd, EDP Renewables, SGPS, S.A, EDP Renováveis Portugal, S.A., EDP Renewables Europe, S.L., EDPR PT – Parques Eólicos SA, and EDPR PT – Promoção e Operação, S.A.

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

/// (none)

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

- /// Board Member, CFO and COO Distribution of EDP – Energias do Brasil

**Other previous positions:**

- /// Head of Corporate Internal Audit at Portugal Telecom I
- /// Assistant to the CEO at Portugal Telecom
- /// Senior Financial Analyst at Telecommunications Sector at Espírito Santo BM
- /// Assistant to the Secretary of State for Treasury and Finance
- /// Financial Analyst – Retail and Pulp and Paper Sectors at Espírito Santo Dealer

**Education:**

- /// MBA at Universidade Nova de Lisboa
- /// Mechanical Engineering degree, by the Instituto Superior de Engenharia de Lisboa (ISEL)
- /// Bachelor in Mechanical Engineering by the Instituto Superior de Engenharia de Lisboa (ISEL)

**JOÃO LOPES RAIMUNDO**

BORN: 1960

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

- /// Member of the Board of Directors and of the Audit and Control Committee of EDP Renováveis SA

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

- /// Member of the CAE of Montepio Holding S.A
- /// Member of the CAE of Caixa Económica Montepio Geral ( "CEMG")
- /// Chairman of Montepio Investimento S.A.
- /// Member of the CAE of Montepio Recuperação de Crédito ACE

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

- /// Member of the Board of Directors of CIMPOR - Cimentos de Portugal, SGPS SA
- /// Managing Director of Millennium BCP's Investment Banking Division
- /// CEO and Board Member of Millennium BCP Capital SA
- /// Chairman of the Board of BCP Holdings (USA), Inc.,
- /// General Manager of Banco Comercial Português
- /// Member of the Board of OMIP – Operador do Mercado Ibérico (Portugal), SGPS SA
- /// Member of the Investment Committees of the Fundo Revitalizar Norte, FCR (managed by Explorer Investments, SCR SA), Fundo Revitalizar Centro, FCR (Managed by Oxy Capital, SCR, SA) and Fundo Revitalizar Sul, FCR (Managed by Capital Criativo, SCR SA)

**Other previous positions:**

- /// Senior auditor of BDO—Binder Dijker Otte Co.
- /// Director of Banco Manufacturas Hanover (Portugal) SA
- /// Member of the Boards of TOTTAfactor SA (Grupo Banco Totta e Açores) and Valores Ibéricos, SGPS SA In 1993, held positions with Nacional Factoring, da CISF - Imóveis and CISF Equipamentos
- /// Director of CISF - Banco de Investimento
- /// Member of the Board of Directors of Leasing Atlântico, Comercial Leasing, Factoring Atlântico, Nacional Leasing and Nacional Factoring
- /// Member of the Board of Directors of BCP Leasing, BCP Factoring and Leasefactor SGPS
- /// Chairman of the Board of Directors of Banque BCP (Luxemburg)
- /// Chairman of the Executive Committee of Banque BCP (France)

- // Member of the Board of Banque Privée BCP (Switzerland)
- // General Manager of BCP's Private Banking Division
- // Member of the Board of Directors of Banco Millennium BCP de Investimento SA
- // General Manager of Banco Comercial Português SA
- // Vice-Chairman of the General Assembly Board of Millennium Angola
- // Vice-Chairman and CEO of Millennium BCP Bank NA (USA)

**Education:**

- // BSc in Business Administration from Universidade Católica Portuguesa
- // Master in Business Administration from INSEAD



**JOÃO MANUEL DE MELLO FRANCO**

BORN: 1946

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

- // Member of the Board of Directors, Chairman of the Nominations and Remunerations Committee, Member of the Audit and Control Committee of EDP Renováveis SA

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

- // Member of the Board of Villas Boas ACP – Corretores de Seguros, S.A
- // Member of the Board of ACP-Mediação de Seguros, S.A.

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

- // Chairman of the Audit Committee of Sporting Clube de Portugal-Futebol SAD
- // Chairman of the Board of Directors of Portugal Telecom SGPS, SA.
- // Chairman of the Audit Committee, Member of the Corporate Governance Committee, Member of the Evaluation Committee and Member of the Remuneration Committee of Portugal Telecom SGPS SA

**Other previous positions:**

- // Member of the Board of Directors of Tecnologia das Comunicações, Lda
- // Chairman of the Board of Directors of Telefones de Lisboa e Porto SA
- // Chairman of Associação Portuguesa para o Desenvolvimento das Comunicações
- // Chairman of the Board of Directors of Companhia Portuguesa Rádio Marconi
- // Chairman of the Board of Directors of Companhia Santomense de Telecomunicações e da Guiné Telecom
- // Vice-Chairman of the Board of Directors and CEO of Lisnave (Estaleiros Navais) SA
- // CEO and Chairman of the Board of Directors of Soponata
- // Director and Member of the Audit Committee of International Shipowners Reinsurance Co SA
- // Vice-Chairman of José de Mello Imobiliária SGPS SA

**Education:**

- // BSc in Mechanical Engineering from Instituto Superior Técnico de Lisboa
- // Certificate in strategic management and company boards
- // Holder of a grant of Junta de Energia Nuclear



**JORGE SANTOS**

BORN: 1951

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

- // Member of the Board of Directors and Chairman of the Audit and Control Committee of EDP Renováveis SA

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

- // Director at "Fundação Económicas"
- // Coordinator of the Master Program in Economics of ISEG

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

- // President of the Economics Department of Instituto Superior de Economia e Gestão of the Universidade de Lisboa (ISEG)
- // President of the General Assembly of IDEFE

**Other previous positions:**

- // Coordinator of the committee for evaluation of the EC Support Framework II
- // Member of the committee for the elaboration of the ex-ante evaluation of the EC Support Framework III. From 1998 to 2000
- // Chairman of the research unit "Unidade de Estudos sobre a Complexidade na Economia (UECE)"
- // Chairman of the scientific council of Instituto Superior de Economia e Gestão (ISEG) of the Universidade de Lisboa
- // Coordinator of the committee for the elaboration of the Strategic Programme of Economic and Social Development for the Peninsula of Setúbal

**Education:**

- // Degree in Economics from Instituto Superior de Economia e Gestão
- // Master degree(MSc) in Economics from the University of Bristol
- // Ph.D. in economics from the University of Kent
- // Doctorate Degree in Economics from the Instituto Superior de Economia e Gestão of Universidade de Lisboa



**MANUEL MENÉNDEZ MENÉNDEZ**

BORN: 1960

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

- // Member of the Board of Directors of EDP Renováveis SA
- // Chairman of the Board of Directors of Hidroeléctrica del Cantábrico SA
- // Chairman of the Board of Directors of Naturgás Energía Grupo SA

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

- /// CEO of Liberbank SA

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

- /// Chairman and CEO of Liberbank SA
- /// Chairman of Banco de Castilla-La Mancha
- /// Chairman of Cajastur
- /// Chairman of Hidroeléctrica del Cantábrico SA
- /// Chairman of Naturgás Energía Grupo SA
- /// Member of the Board of Directors of EDP Renewables Europe SLU
- /// Representative of Peña Rueda, SL in the Board of Directors of Enagas SA
- /// Member of the Board of Confederación Española de Cajas de Ahorro (CECA)
- /// Member of the Board of UNESA

**Other previous positions:**

- /// University Professor in the Department of Business Administration and Accounting at the University of Oviedo

**Education:**

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

**GILLES AUGUST**

BORN: 1957

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

- /// Member of the Board of Directors of EDP Renováveis SA

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

- /// Member of the Board of Fondation Chirac
- /// Lawyer and founder of August & Debouzy Law Firm
- /// Lecturer at École Supérieure des Sciences Economiques et Commerciales, at Collège de Polytechnique and at CNAM (Conservatoire National des Arts et Métiers)

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

- /// Lawyer and founder of August & Debouzy Law Firm

**Other previous positions:**

- /// Lawyer at Finley, Kumble, Wagner, Heine, Underberg, Manley & Casey Law Office in Washington DC
- /// Associate and later became Partner at Baudel, Salés, Vincent & Georges Law Firm in Paris
- /// Partner at Salés Vincent Georges
- /// Knight of the Légion d'Honneur and Officer in the Ordre National du Mérite

**Education:**

- /// Master in Laws from Georgetown University Law Center in Washington DC (1986)
- /// Post-graduate degree in Corporate Law from University of Paris II Phantéon, DEA (1984)
- /// Master in Private Law from the same University (1981)
- /// Graduated from the École Supérieure des Sciences Economiques et Commerciales (ESSEC)

**ACÁCIO PILOTO**

BORN: 1957

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

- /// Member of the Board of Directors of EDP Renováveis SA
- /// Member of the Nominations and Remunerations Committee of EDP Renováveis SA

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

- /// Member of the Supervisory Board and Chairman of the Risk Committee of Caixa Económica Montepio Geral

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

- /// Member of the Board of Directors and Member of the Audit Committee of INAPA IPG SA
- /// Millennium BCP General Manager responsible for the Asset Management business
- /// CEO of Millennium Gestão de Activos SGFIM
- /// Chairman of Millennium SICAV
- /// Chairman of BII International

**Other previous positions:**

- /// International Division of Banco Pinto e Sotto Mayor
- /// International and Treasury Division of Banco Comercial Português
- /// Head of International Corporate Banking
- /// Head of Treasury and Capital Markets Division at CISF- Banco de Investimento (BCP investment bank)
- /// Seconded to the Groups Subsidiary in charge of Asset Management, AF Investimentos, joining its Executive Committee and acting as Chairman of the following group companies: AF Investimentos, Fundos Mobiliários; AF Investimentos, Fundos Imobiliários; BPA Gestão de Patrimónios; BCP Investimentos International; AF Investimentos International and Prime International and member of the Executive Committee
- /// Executive Board Member of BCP - Banco de Investimento, in charge of Investment Banking
- /// Head of Treasury and Capital Markets of BCP – Banco de Investimento

**Education:**

- /// Law degree by the Law School of Lisbon University
- /// During 1984 and 1985 he was a scholar from the Hanns Seidel Foundation, Munich where he obtained a Post-Graduation in Economic Law by Ludwig Maximilian University
- /// Post- Graduation in European Community Competition Law by Max Planck Institut
- /// Trainee at the International Division of Bayerische Hypoteken und Wechsel Bank

- // Professional education courses, mostly in banking and financial management, namely the International Banking School (Dublin, 1989), the Asset and Liability Management Seminar (Merrill Lynch International) and the INSEAD Executive Program (Fontainebleau)



**ANTÓNIO NOGUEIRA LEITE**  
BORN: 1962

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

- // Member of the Board of Directors and Member of the Nominations and Remunerations Committee of EDP Renováveis SA

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

- // Member of the Board at HipogesIberia--Advisory, SA
- // Director of MP - Microprocessador, SA
- // Member of the Advisory Committee at Incus Capital Advisors
- // Vice-President of "Fórum para a Competitividade"
- // Chairman of the Board at Forum Oceano

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

- // Group Caixa Geral de Depósitos (Portugal's largest banking group)
- // Vice-Chairman of the Executive Committee of Caixa Geral de Depósitos SA
- // Chairman of the Board at Caixa Banco de Investimento SA, Caixa Capital SCR SGPS SA, Caixa Leasing e Factoring SA, Partang SGPS SA
- // Group José de Mello (one of Portugal's leading private groups)
- // Director of José de Mello Investimentos and General Manager of José de Mello SGPS SA
- // Director of Companhia União Fabril CUF SGPS SA, Quimigal SA (2002-2006), CUF - Químicos Industriais SA, ADP SA – CUF – Adubos, SEC SA, Brisa SA, Efaced Capital SGPS SA, Comitur SGPS SA, Comitur Imobiliária SA, José de Mello Saúde SGPS SA
- // Chairman of the Board of OPEX SA (2003 -2011)
- // Member of the Advisory Council of IGCP, Portugal's National Debt Agency, (2002-2011)

**Other previous positions:**

- // Director of Soporcel SA (1997-1999)
- // Director of Papercel SGPS SA (1998-1999)
- // Director of MC Corretagem SA (1998-1999)
- // Chairman of the Board, Lisbon Stock Exchange (1998-9)
- // Secretary of State for Treasury and Finance and Alternate Governor (IMF, EBRD, EIB, WB)
- // Member of the Economic and Financial Committee of the European Union

**Education:**

- // Degree, Universidade Católica Portuguesa, 1983
- // Masters of Science in Economics, University of Illinois at Urbana-Champaign
- // Ph.D. in Economics, University of Illinois at Urbana-Champaign



**JOSÉ FERREIRA MACHADO**  
BORN: 1957

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

- // Member of the Board of Directors and Chairman of the Related-Party Transactions Committee of EDP Renováveis SA

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

- // Pro Vice Chancellor and Dean of the Faculty of Business and Management of Regent's University London

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

- // Professor of Economics, Associate Professor, Assistant Professor and Teaching Assistant at Nova SBE
- // Visiting Assisting Professor at University of Illinois at Urbana Champaign
- // Consultant at GANEC
- // Op-ed columnist at O So
- // Dean of Nova School of Business and Economics (Nova SBE), Universidade Nova de Lisboa I

**Other previous positions:**

- // Associate Dean at Nova SBE
- // Consultant for the Research Department at Banco de Portugal
- // Member of the Advisory Board of Instituto de Gestão de Crédito Público

**Education:**

- // Degree in Economics by Universidade Técnica de Lisboa
- // Agregação (Habilitation) in Statistics and Econometrics by Universidade Nova de Lisboa
- // PhD in Economics by the University of Illinois at Urbana-Champaign



**ALLAN J. KATZ**  
BORN: 1947

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

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

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

- /// Founder of the American Public Square
- /// Executive Committee Chair of the Academic and Corporate Board to ISCTE Business School in Lisbon Portugal
- /// Board member of the International Relation Council of Kansas City
- /// Distinguished Professor, University of Missouri at Kansas City
- /// Creator of Katz, Jacobs and Associates, LLC (KJA)
- /// Frequent speaker and moderator on developments in Europe and on American Politics

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

- /// Ambassador of the United States of America to the Republic of Portugal

**Other previous positions:**

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

**Education:**

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

**FRANCISCA GUEDES DE OLIVEIRA**

BORN: 1973

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

- /// Member of the Board of EDP Renováveis S.A.
- /// Member Related-Party Transactions Committee of EDP Renováveis SA

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

- /// Associate Dean at Católica Porto Business School (responsibility of Faculty Management)
- /// Associate Dean for the Master Programmes at Católica Porto Business School

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

- /// Coordinator of the MSc programme in Business Economics at Católica Porto Business School
- /// Coordinator of the seminars in economics at the Master of Public Administration at School of Economics and Business at Universidade Católica Portuguesa Teaching

**Other previous positions:**

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

**Education:**

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

**EMILIO GARCÍA-CONDE NORIEGA**

BORN: 1955

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

- /// General Secretary and General Counsel of EDP Renováveis SA
- /// Member and/or Secretary of several Board of Directors of EDPR's subsidiaries in Europe

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

- /// (none)

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

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

**Other previous positions:**

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

**Education:**

- /// Law Degree from the University of Oviedo