



Risk Management in EDP

Masters in Management – ISEG

Apr.2026



Agenda

EDP at a glance

Risk Management in EDP

1.2. Our business

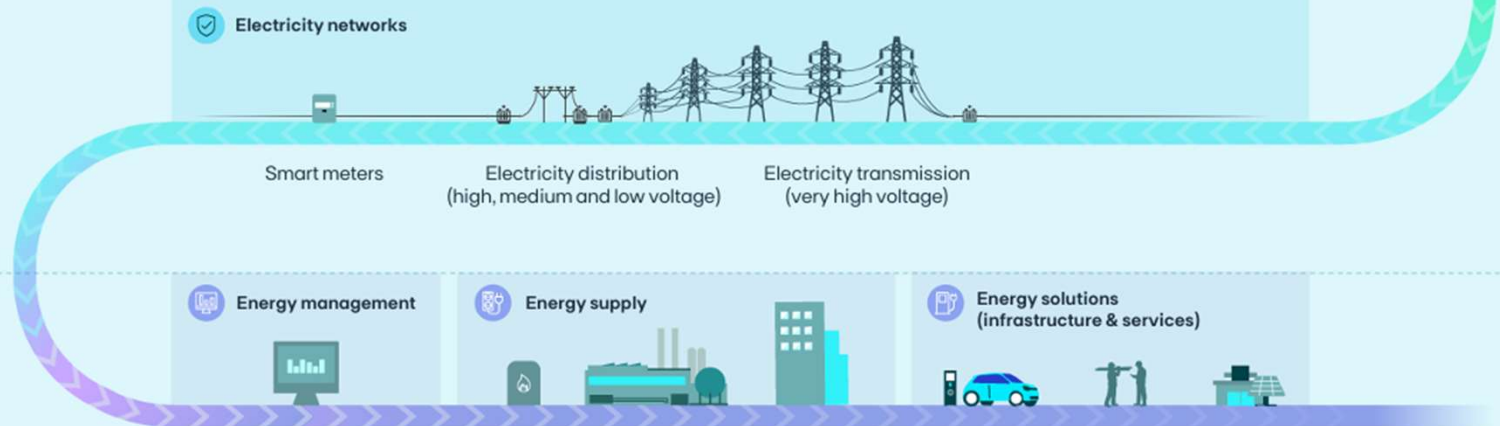
1 Electricity generation

Generation is the first activity in the value chain of the electricity sector. Power plants transform the various energy sources into electricity.



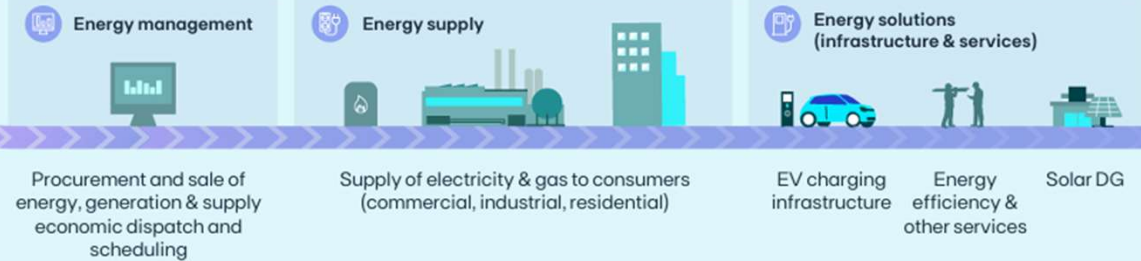
2 Electricity networks

Transmission carries the generated energy through very high-voltage lines, while distribution channels that energy to the distribution grid. The distribution network allows the flow of energy to the supply points, supported by smart meters for accurate monitoring.

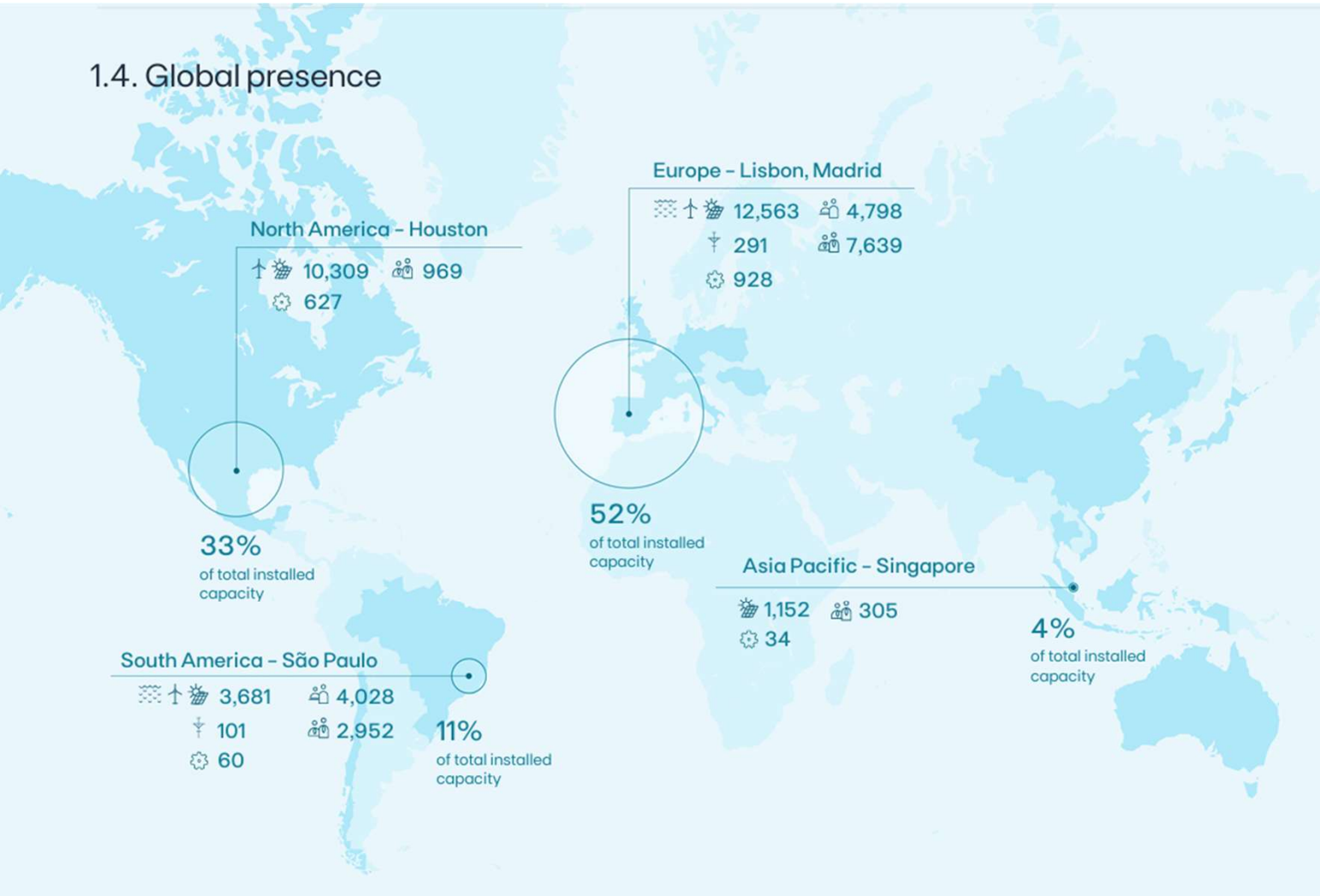


3 Energy management & supply

Energy supply contracts with end users, managing clients' energy needs and optimizing the dispatch of generation assets and energy procurement contracts. Includes other related services (Solar DG, EV charging, energy efficiency, etc.).



1.4. Global presence



Throughout our history, we worked to make EDP a leading multinational in the energy transition to renewables, featuring a global and distinctive portfolio with a total installed capacity of 32.7 GW. EDP continually leverages this portfolio to drive increased deployment of renewable technologies, while expanding its grid infrastructure – a key enabler of the energy transition.

11,865 employees
70 nationalities

Top Employer
in 13 markets

- Capacity installed (%)
- Capacity installed (MW EBITDA+Equity)
- Capacity under construction (MW EBITDA+Equity)
- Networks length ('000 km)
- Clients ('000 #)
- Employees (#)

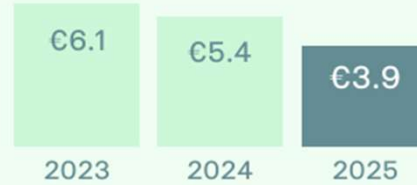


1.5.2. Financial data

Gross investment

€3.9 Bn

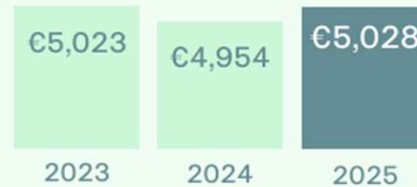
2025 breakdown: 62% EDPR, 28% Electricity Networks, and 10% Flex Gen & Clients.



EBITDA (recurring)

€5,028 m

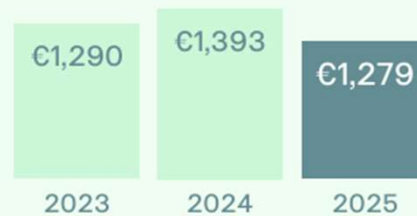
2025 breakdown: 39% EDPR, 31% Electricity Networks, and 30% Flex Gen & Clients.



Net Profit (recurring)

€1,279 m

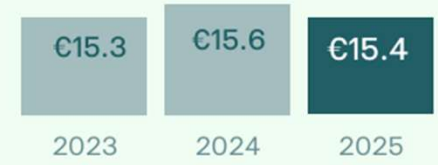
Reported Net Profit of €1,150 million in 2025 including €130 million of non recurring items.



Net debt

€15.4 Bn

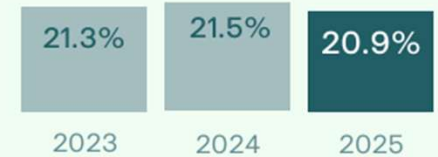
€0.2 Bn reduction in 2025 supported by organic cash flow growth and €1.8 Bn asset rotation and disposals proceeds.



FFO/Net debt

20.9%

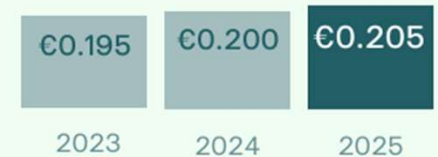
2025 Funds from Operations growth supported by EBITDA growth and working capital improvement.



Dividend per share¹

€0.205

2025 dividend proposed by the Executive Board of Directors to the General Shareholders Meeting: 67% payout on 2025 recurring net profit.



1. Based on the corresponding year's results.



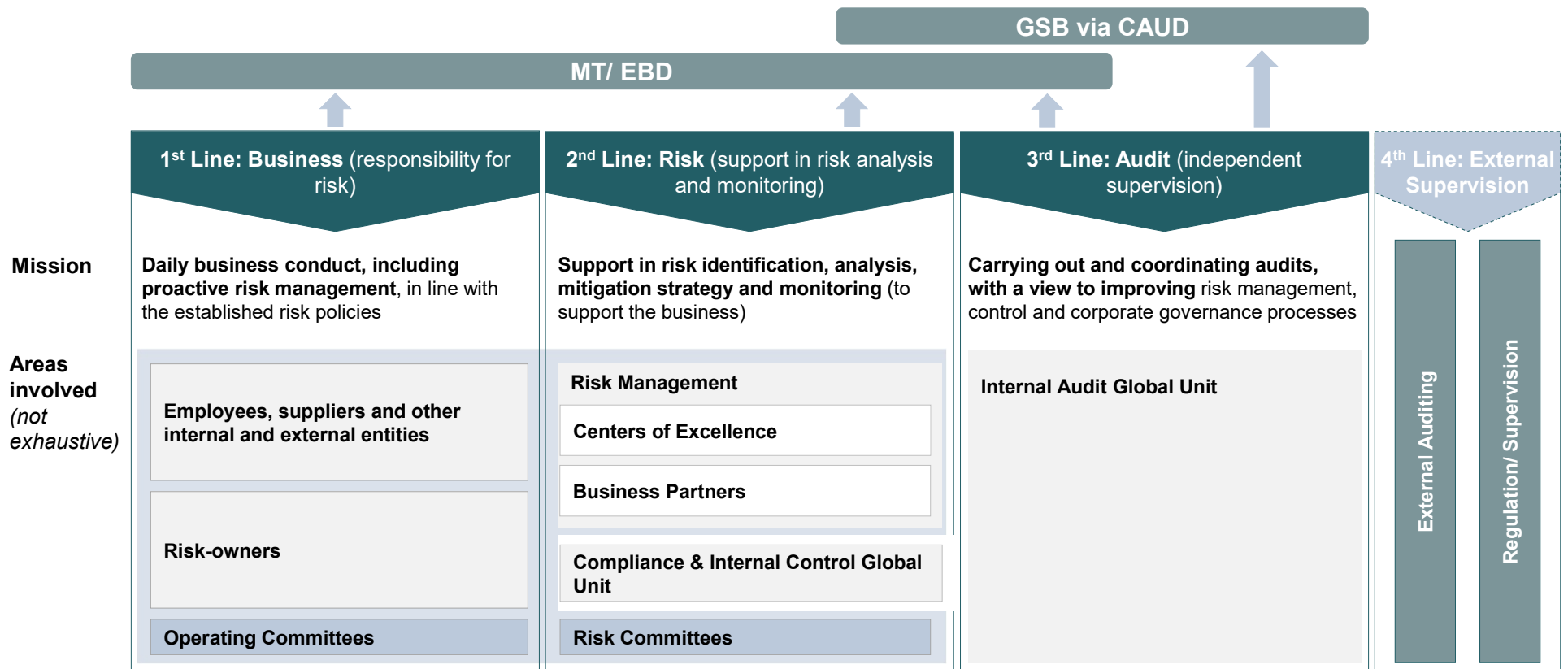
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EDP at a glance

Risk Management in EDP

EDP's risk governance is structured within the 3 lines of defense model, with Risk as part of 2nd line

Model of 3 lines of defense



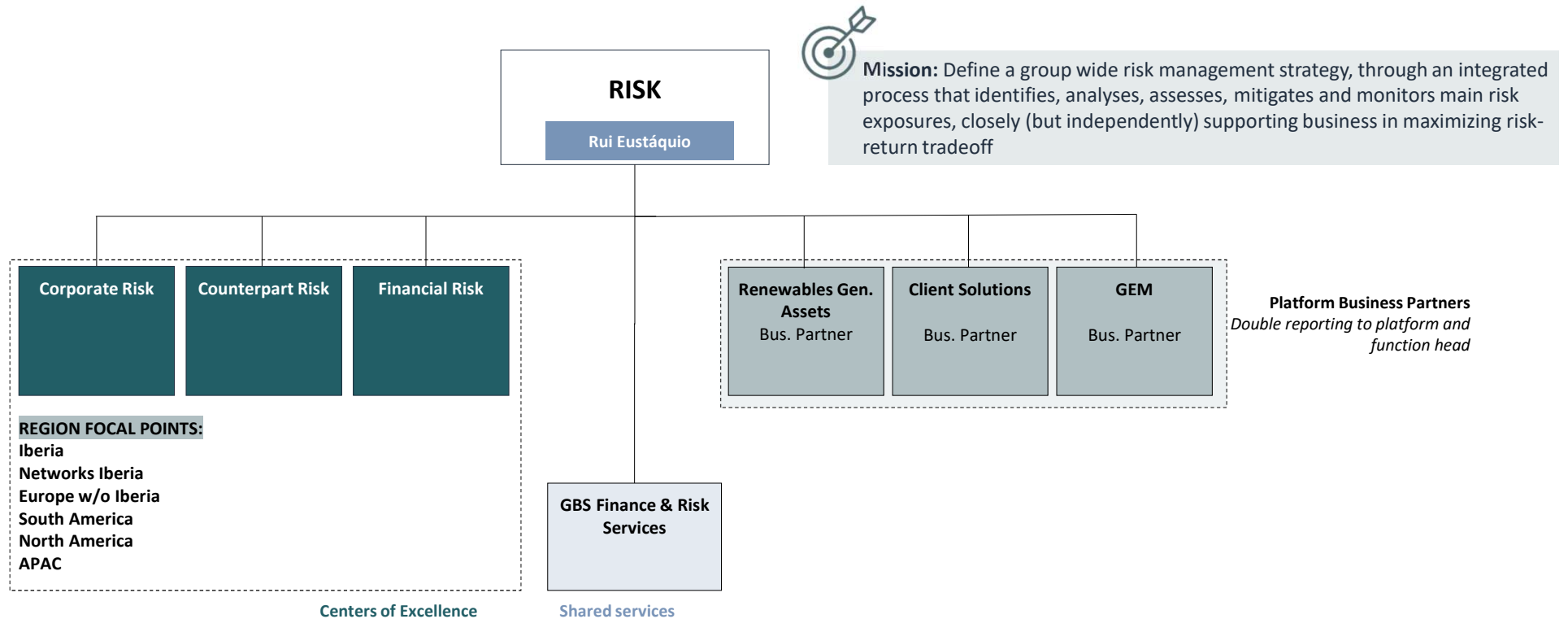


- How many people work in Risk at EDP?

- What are the main areas in which the Risk team works on?

The Risk function is structured around 3 Centers of Excellence, with Business Partners in Platforms and Focal Points in Regions

Risk governance model – details of the 2nd line of defense



ERM Policy is the reference document for the establishment of a Group-wide risk management framework



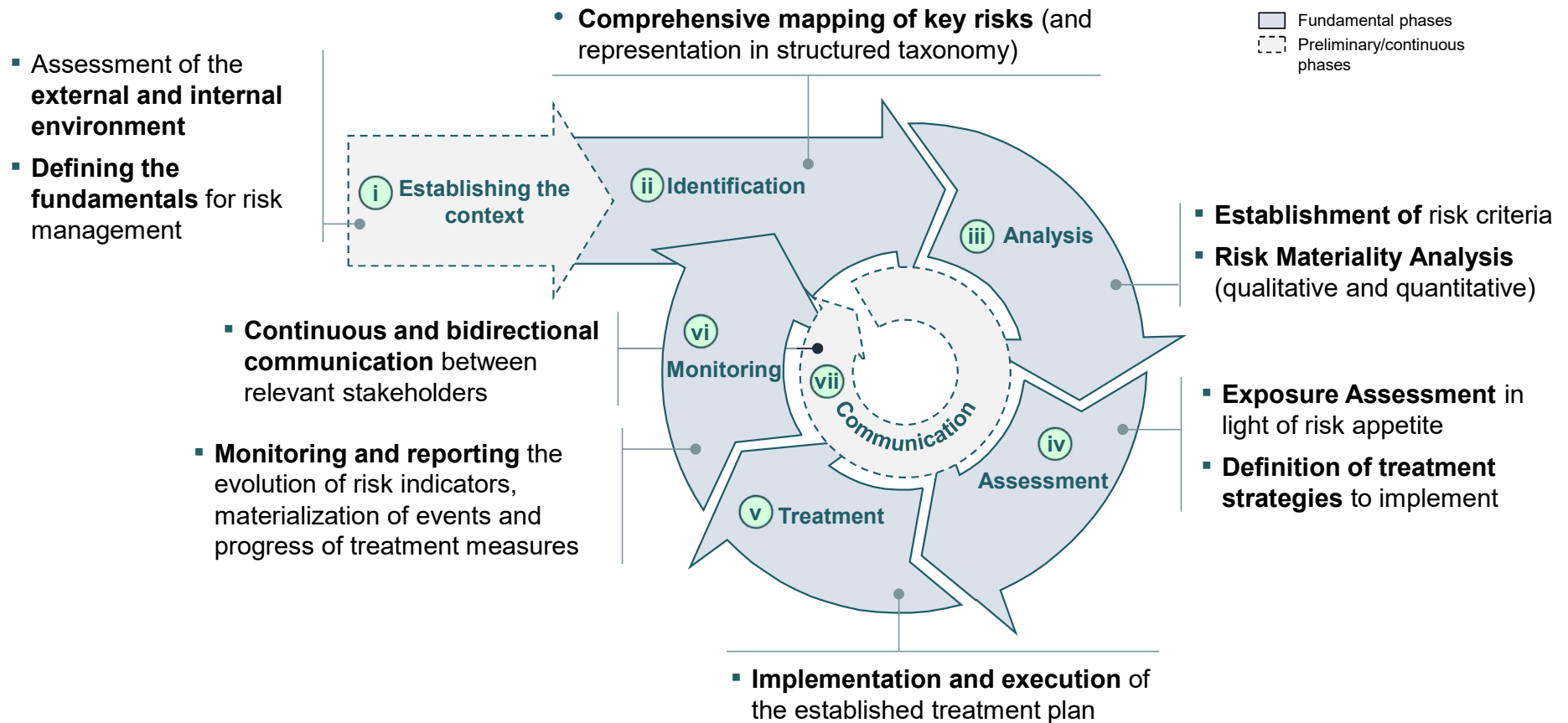
Group-wide ERM Policies



The EDP Group has a defined risk management process which adheres to industry best practices



The Risk Management Process at EDP

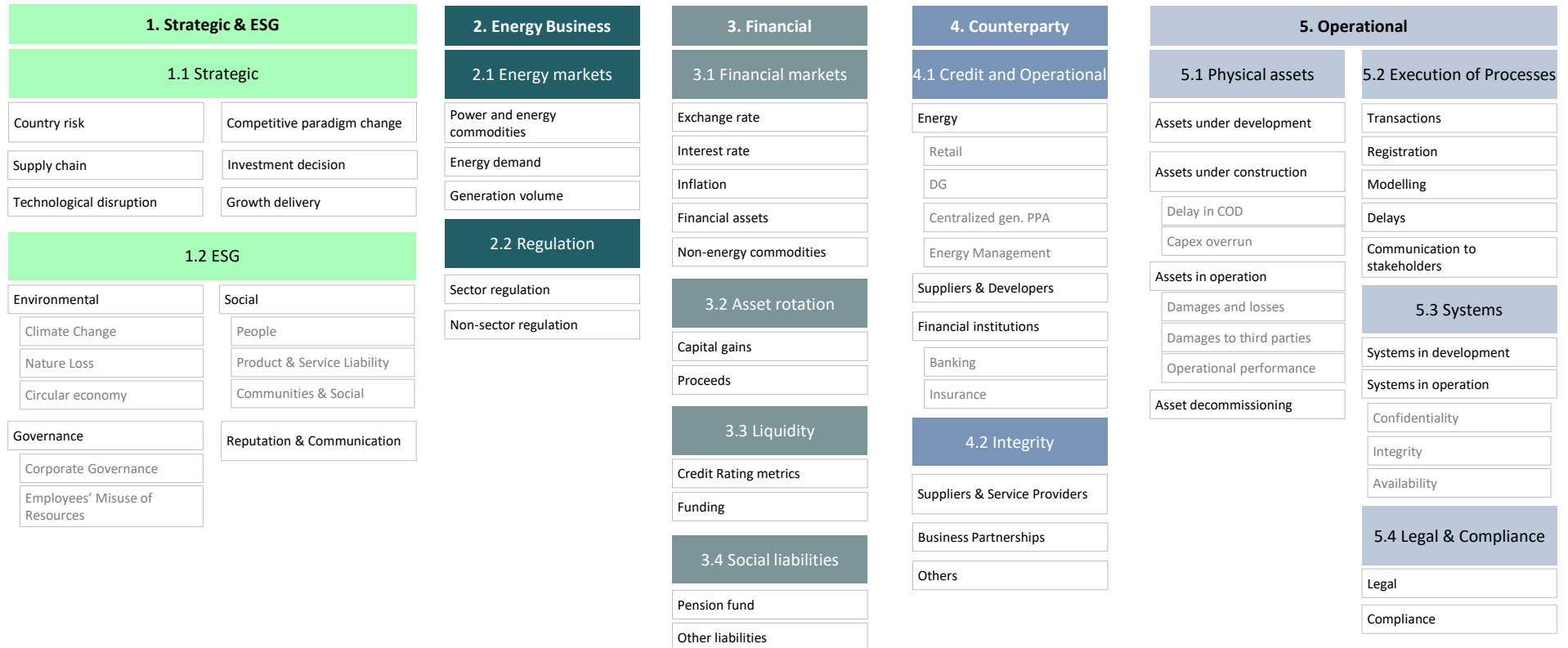


- Which are the main risks of EDP?



A common risk identification language is set up with the corporate risk taxonomy

EDP Group Corporate Risk Taxonomy



Risk Map quantifies all the relevant risks for the group, identifying the top risks and the correspondent mitigation measures

2025 EDP's top risks

Now that you know EDP's risk taxonomy....

Which risks do you think have a higher impact in company's P&L?

Top 5 risks	Mitigation measures
<p>Energy Business 1 Renewable generation volumes</p> <p>EDP is highly exposed to variability in hydro, wind, and solar generation, and adverse resource conditions can negatively impact its financial performance.</p>	<ul style="list-style-type: none"> • Diversification across geographies and technologies. • Long net market position with continuous monitoring to avoid over-hedging. • Assessment of hedging instruments for hydro and wind generation volume risk.
<p>Financial 2 Asset Rotation gains</p> <p>Potential reduction in asset-rotation gains due to lower asset values driven by weaker market appetite, higher rates, lower energy prices, or adverse FX.</p>	<ul style="list-style-type: none"> • Diversified asset rotation across regions and currencies. • FX risk hedged through Net Investment and transactional instruments. • Financing structures aligned with asset profiles to mitigate IR risk.
<p>Counterparty 3 Counterparty</p> <p>Risk of default on contractual obligations by customers, counterparties, or suppliers, including exposure to financial institutions and derivative positions.</p>	<ul style="list-style-type: none"> • Diversified counterparties with strict limits on concentration and sub-IG exposure. • Strong credit assessment and continuous monitoring across all counterparties. • Use of guarantees, clearing, and credit insurance. • Risk-based premiums applied when EDP sets the price.
<p>Energy Business 4 Energy prices</p> <p>Exposure to commodity price changes from residual market exposure not covered by PPAs, driven by supply–demand dynamics or regulatory shifts, which may impact results.</p>	<ul style="list-style-type: none"> • High protection from market volatility through PPAs and forward contracts. • Strong integration of generation and retail across key markets. • Prudent management of residual exposure by GEM, including hedging of coal, gas, CO₂ and USD risk.
<p>Operational 5 Assets in Operation</p> <p>Operational and integrity issues (equipment failure, ageing, maintenance gaps, grid limits, resource variability, or environmental events) can reduce output, raise costs, and erode asset value.</p>	<ul style="list-style-type: none"> • Geographical and technology diversification. • Preventive/predictive maintenance and strong O&M controls to ensure asset integrity. • Enhanced resilience to climate, cyber and operational disruptions. • Adequate insurance coverage aligned with asset risks. • Stronger supply chain, compliance and stakeholder resilience through diversification, ESG due diligence, regulatory monitoring and strong HSE practices.

The Risk Appetite Framework establishes EDP's risk strategy and encompasses 4 pillars



[Detailed next](#)

WHAT IS THE RISK APPETITE FRAMEWORK?

- Risk Appetite is the **level of risk a company is willing to take**, in its search for profitability and value, **when executing the defined strategy**

PILLARS OF RAF

A Policy

Risk Appetite Framework (RAF) Policy formally establishes **framework elements** and defines **governance** for an effective implementation

B RAS

Risk Appetite Statement (RAS) consists on the formal definition of the set of **statements, indicators and thresholds** which express the risk appetite of the company

C Monitoring frame (KRI)

Key processes for monitoring, report and update namely periodicity for monitoring and report, corrective measures (or action plans) and circumstances where there is need to update

Risk Appetite Statement



Balanced Business	Solid Financials	ESG Excellence	Operational Excellence
Controlled risk renewable energy company, with a strong long-term contracting profile and geographical diversification	Credible business plan with sound financials, aiming for a solid balance sheet and sustainable growth	Build a future-proof organization adherent to key ESG principles	Prudent operational risk management, following best-practices and assuring business continuity
Geographical concentration	Rating	Environment	Development/ construction of physical assets
Business segments	Dividends	Social	
Growth delivery	Liquidity	Governance	Availability and integrity of physical assets and energy losses
Regulated / LT contracted	Financial market risk		
ST energy market positioning	Credit & Counterparty		
Regulatory monitoring	Investment Plan Execution		
	Social liabilities		Security, confidentiality, integrity and availability of systems

A set of reporting mechanisms are in place to assure risk is properly managed within the defined strategy and limits

EDP Group Risk Management Reporting Mechanisms

	Risk Map	Risk Appetite dashboard	Risk Monitoring Committee	Financial Risk Committee
Description	Group-level assessment of expected and maximum loss for business, financial and operational risks	Report on the current position of the several KRIs of RAS vs. the thresholds defined and approved	Committee focusing on presenting the evolution of the main risk indicators to support day-to-day management decisions	Committee focusing on the evolution of the main financial exposures
Content <i>(not exhaustive)</i>	<ul style="list-style-type: none"> • EBITDA and NI @Risk (all platforms/ geographies and all risk factors) • Top risks quantification • Main mitigation actions 	<ul style="list-style-type: none"> • Business diversification • Regulatory risk update • Energy market risk • FX/IR risk exposure • Counterparty exposure • ESG & Operational risk • Control of all risk limits 	<ul style="list-style-type: none"> • Execution risk • Supply Chain risk • Energy markets risk • Regulatory risk • Counterparty risk • Operational risk • Risk map update 	<ul style="list-style-type: none"> • FX and Interest Rate risk • Commodity price risk • Liquidity risk • Counterparty risk of financial institutions • New investments risk
Frequency	Annual (with monthly updates throughout the year in the RMC)	Quarterly	Quarterly	Quarterly
Global Risk Committee (quarterly) focus on presenting and approving new/ ad-hoc topics				

