CHANGING TOMORROW NOW

ANNUAL REPORT 2020

This Report

The Annual report of EDP – Energias de Portugal, S.A. ("EDP"), which incorporates a chapter regarding Corporate Governance, is prepared in accordance with the provisions set out on Portuguese Companies Code and Securities Code and in compliance with the provisions set out on CMVM's Regulations no. 4/2013 and no. 5/2008, concerning Corporate Governance and Disclosure Requirements of the publicly traded companies and under the terms of the Corporate Governance Code of the Portuguese Corporate Governance Institute, revised in 2020. The financial statements presented in the report are prepared in accordance with the International Financial Reporting Standards (IFRS), adopted in the European Union.

EDP Group has opted to anticipate the reporting of the annual financial report under the European Single Electronic Format (ESEF). Therefore, pursuant to Articles 245 and 250-A of the Portuguese Securities Code, the documents included in this Annual Report were prepared in the ESEF Format and in accordance with the specifications provided for by the Commission Delegated Regulation (EU) 2018/815 of 17 December 2018, and in accordance with the subsequent amendments, also taking into account the guidance provided by the European Securities and Markets Authority (ESMA) through the updated version of the ESEF Reporting Manual.

Pursuant article 508º-G of the Portuguese Companies Code, in the wording introduced by Decree-Law no. 89/2017, dated 28th July, EDP publishes autonomously the Sustainability Report, in which it will be included sufficient information for understanding the evolution, the performance, the position and the impact of the Group activities regarding the following questions: environmental, social, referent to employees, to gender equality, to non-discrimination, to human rights respect, to corruption combat and to bribery attempts.

Additionally, EDP publishes a set of reports available at www.edp.com:

- Annual Report of the General and Supervisory Board;
- Sectoral reports, in particular: Ethics Ombudsman's Report, Safety Summary and Stakeholders' Report;
- Annual and sustainability reports of the companies EDP España, EDP - Energias do Brasil and EDP Renováveis;
- Sustainability Report, which endorses the issues set by GRI methodology and explains the relation between organizational processes and material issues for EDP's activities.

Changing tomorrow now.

ENE
RGY

CHANGING TOMORROW NOW

At EDP, we are in the business of innovating. Our 4 decade long track record has turned us into better energy providers and pioneers of the green evolution. Change has been our driver as we deliver an agile network with more efficient, smart and sustainable solutions. As leaders in the energy transition, we see investment in renewables as an active way to engage with future generations, promoting decarbonisation in energy production and consumption. We are playing our part for a more balanced and sustainable world; one that is inclusive, diverse and humane.

We're changing tomorrow now.

Changing tomorrow now.

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GREENER

FROM DISRUPTION
TO EVOLUTION

Changing
tomorrow now.

Pioneering the new green normal

Changing tomorrow now.

01

EDP

"Our ability to adapt and grow through this difficult period is no accident. It is testament to the strength of the business that has been built over many years, transforming EDP from a Portuguese utility company into a global leader in the Energy Transition."

MESSAGE FROM THE CHAIRMAN

OF THE EXECUTIVE BOARD OF DIRECTORS

Miguel Stilwell de Andrade

Dear Shareholder,

There is no question that 2020 has been an extraordinary year for the world and we have all had to adapt to living our lives very differently. Thus, I would like to begin by thanking EDP's stakeholders, starting with our teams and suppliers, who have risen to meet the challenges posed by the pandemic and continued to deliver on EDP's promises. Also, a word to our customers and partners for their trust in EDP and to our shareholders for their continued support. Our ability to adapt and grow through this difficult period is no accident. It is testament to the strength of the business that has been built over many years, transforming EDP from a Portuguese utility company into a global leader in the Energy Transition.

A Green Recovery

While the pandemic brought much of the world to a halt, it also accelerated some of the changes that were already underway. Commitments from countries, sectors and companies to net zero continued at pace over the course of 2020. From the European Union, to China, Japan and Canada, more countries signed up to net zero pledges, committing to decarbonising their economies in the coming decades. 2021 was set in motion with the United States re-joining the Paris Climate Agreement – it promises to be a decisive year on climate, culminating in governments, organizations and civil society coming together at COP26 in November. Action on emissions reduction has also been tied to the recovery of the global economy as it emerges from COVID. The EU, with a commitment to climate neutrality by 2050, has launched the European Green Deal Investment Plan (EGDIP). This will see the mobilization of € 1 trillion to finance the transition to a low carbon economy between 2021-30. On a global basis, if we want to limit the temperature increase to 1.5ºC, we will collectively need to be adding more than 500 GW of renewables per year between now and 2030. That presents a considerable opportunity for EDP. The expertise, operational capabilities, and competitive cost base that we have developed in more than a decade of leadership in renewables means we are well placed to play a leading role in helping the different countries where we are present meet their climate goals.

As the world has raised the bar on Climate Change, so too has EDP.

An ambitious strategic plan

Our 2021-25 strategic plan is underpinned by three axes: Accelerated and Sustainable Growth; a Future-Proof Organization, powered by increased investment in innovation and digital transformation; and ESG Excellence and Attractive Returns.

Accelerated and Sustainable Growth

Our bold and ambitious plan further reinforces our position as a leader in the energy transition, with an unprecedented investment of € 24 billion. We will accelerate our renewables growth, namely in Europe and North America, seeking to double our installed capacity in wind and solar in the next 5 years, adding 4 GW per year. We will continue to grow and create value in our low-risk networks portfolio in Portugal, Spain and Brazil – a critical enabler of the energy transition – investing more than € 3 billion to maximize value through grid modernization and operational excellence in distribution, and superior execution of projects in transmission in Brazil. Finally, we will be investing € 0.9 billion in Client Solutions, with a clear focus on efficiency and end-to-end digital transformation, coupled with ambitious targets in exciting new growth avenues, namely, our commitment to growing our decentralized solar contracted capacity tenfold by 2025.

A future-proof organization

In 2020, we were recognized as Top Employer and as a Family Responsible Company (EFR). We were also privileged to be included for the first time in Bloomberg's Gender-Equality Index, acknowledging our investment in our people and our inclusive culture. We will continue to foster a global and flexible organization, supported by agile and resilient teams. We will make significant investments in innovation and the digital transformation of the business, totaling € 2 billion. Our ability to adapt to a sector in profound transformation will be strengthened by our commitment to keep empowering and connecting our team around the world, while promoting talent and diversity.

ESG Excellence and Attractive Returns

We have increased our efforts to reduce emissions and decarbonise our portfolio and now expect to be totally coal-free by 2025 and all green by 2030, anticipating our carbon neutral targets by 20 years. This superior green positioning will enable EDP to continue to lead the energy transition and create superior value for our shareholders.

The decarbonisation of our portfolio is well underway. In 2020, EDP announced the closure of most of its coal-fired power plants in Iberia and in September we joined the Powering Past Coal Alliance, the first global alliance to accelerate the end of coal power generation. We are also part of the Race to Zero, a global coalition set up by UN Global Compact, the Science Based Targets initiative, and We Mean Business, to support a zero-carbon recovery that prevents future threats, creates decent jobs, and unlocks inclusive, sustainable growth. Lastly, it goes without saying that sustainable development has been one of the main axes of our strategy. Through EDP's investments and a thorough social responsibility approach, we have continued to contribute to 9 out of the 17 Sustainable Development Goals of the United Nations Agenda for 2030. We have also demonstrated a clear commitment to the 10 principles of the United Nations Global Compact, in line with best practices in areas such as human rights, labor and the environment.

A strong track record in execution

Our 2019-22 Strategic Update outlined a set of divestment projects aimed at deleveraging, de-risking and value crystallization, with the overarching goal of enabling growth in renewables and increasing our alignment with the energy transition. The plan included an ambitious deal framework for the execution of over € 2 billion of disposals to promote the reshuffling and optimization of the Iberian portfolio. The successful implementation of the sale of six hydro power plants, in Portugal, and a portfolio of 2 CCGTs and B2C clients, in Spain, allowed EDP to also pursue growth in Iberian grids. EDP acquired Viesgo, in combination with a rights issue of € 1billion at EDP level, more than doubling our presence in electricity distribution in Spain, reinforcing our low risk profile, as well as increasing our renewables portfolio with 0.5 GW capacity in Iberia. Our balance sheet was further supported by the continuation of our asset rotation program, which allows EDP to recycle capital and improve project returns by developing and then selling down interests in projects. In 2020, we sold an 80% stake in a 563 MW wind and solar portfolio in the United States and a majority interest in a 242 MW operating onshore wind portfolio in Spain.

Despite the challenges presented by the pandemic, EDP's recurring net profit increased by 6%, to € 901 million, supported by our global presence, the growth in renewable energy generation and a low-risk profile. On top of this, the hard work of our teams enabled us to achieve most of the 2022 targets in 2020, leading to a 43% increase in EDP's share price performance, 30 percentage points above our European peers. This effort was done while maintaining high levels of employee engagement and I am proud to say that in 2020 EDP was recognized as a best-in-class company for people & organizational practices worldwide.

A year of innovation and expansion

We recognize that to remain at the forefront of the sector, we must continue to evaluate and test new energy generation alternatives, investing in potential clean technologies. We believe in the long-term potential of hydrogen in the decarbonisation of power and recently created a new business unit, H2BU, to reinforce the integration of green hydrogen in our portfolio. In this context, we joined the Choose Renewable Hydrogen initiative last May, which seeks to promote and defend Europe's commitment to green hydrogen, generated from renewable powered electrolysis rather than fossil fuels. In parallel, EDP launched a new unit to lead and promote storage projects, which aims to reach 1 GW capacity by 2026.

In 2020 the company delivered the first power to the Portuguese grid from WindFloat Atlantic. WindFloat Atlantic hosts the world's largest floating wind project, with three 8.4 MW turbines – enough to power 60,000 homes. The project opens the way for the cost-effective deployment of floating wind farms located in deep water at scale, demonstrating how our culture of continuous innovation supports our growth targets.

We have continued to expand around the world through 2020, whether directly or via our new joint venture for offshore wind between EDPR and Engie, Ocean Winds. Formed in March, Ocean Winds incorporated the marine wind pipelines of both companies with 1.5 GW under construction and a further 5 GW under development. Benefitting from the experience and resource of both parent companies, Ocean Winds is targeting between 5 to 7 GW in operation or under construction plus 5 to 10 GW at an advanced stage of development by 2025.

Through our supply business we also took some important steps to promote the adoption of electric mobility at both national and European levels. Besides providing more and better charging options to its customers, EDP is now the exclusive energy partner of the "Electric Vehicle Users Association" in Portugal. The company has also joined Charge Up Europe in efforts to foster the development of the European charging network. Both initiatives are part of our efforts to enable the energy transition to which we, as a company, are deeply committed.

A team for the future

In January this year, our shareholders elected a new Executive Board. As we start this new cycle, I would like to extend my thanks to all the members of the previous Executive Board, their contribution has been fundamental to EDP's growth and positioning. This renewed Board, which presents a wealth of diverse experience and expertise, will most certainly continue to build on their legacy. We are committed to deliver on our 2021-2025 strategy, securing EDP's growth and ensuring value creation for all our stakeholders.

A special word of thanks to the General and Supervisory Board and their collaboration throughout a very demanding year for EDP. The institutional respect and governance mechanisms enabled the company to pursue its purpose and deliver on our commitments. In this context, I would also like to reinforce the fundamental role assumed by our shareholders and the confidence they placed in EDP, namely in the capital increase that took place in August 2020.

As a company, we are taking steps to protect the future of humanity and believe we not only have a responsibility to demonstrate real action ourselves, but more importantly an opportunity to set the bar for industry to meet.

I want to conclude by thanking EDP's team, namely the 12,180 employees who are working tirelessly to realize our bold and aspirational ambitions. In a year where our communities have been tested and stretched, they have shown profound dedication, professionalism and resilience. I have been privileged to play a role in EDP's evolution over the past 20 years and I am honored to be leading this team in this next cycle.

1.2. Our year

1.2.1.

MAIN EVENTS

JAN — FEB — MAR

APR — MAY — JUN

28 FEB

Fitch affirms EDP at "BBB-" and revises outlook to positive

7 APR

EDP issues a €0.75 bn 7-year Green Bond at 1.625%

16 APR

EDP's Annual General Shareholders' meeting

18 MAY

EDP to sell 2 CCGT plants and B2C supply business in Spain for €0.5 bn

6 JUL

Appointment of Miguel Stilwell de Andrade as interim CEO of EDP

14 JUL

Anticipation of the shutdown process of coal power plants in Iberia

15 JUL

EDP enters into an agreement with Macquarie to acquire Viesgo for €2.7 bn and launches a €1 bn rights issue

10 AUG

EDP announces €0.5 bn asset rotation deal for wind farms in Spain

JUL — AUG — SEP

OCT — NOV — DEC

11 AUG

Registration of Share Capital increase of EDP

2 SEP

EDP announced $0.7 bn Asset Rotation deal for wind and solar portfolio in North America

17 SEP

EDP issues a $0.85 bn 7-year green bond at 1.71% coupon

13 OCT

EDP secures a PPA for two solar projects in the U.S. totalling approximately 100 MW

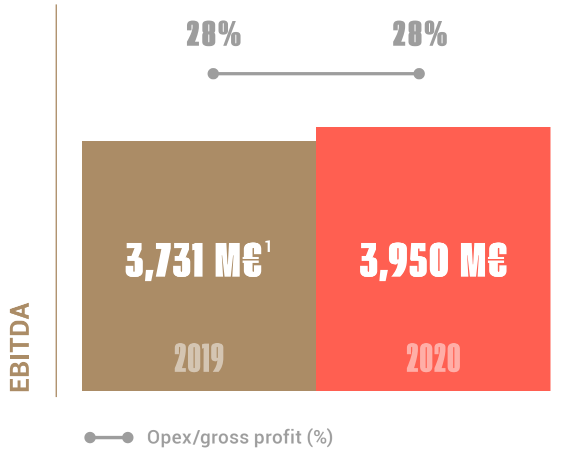
14 DEC

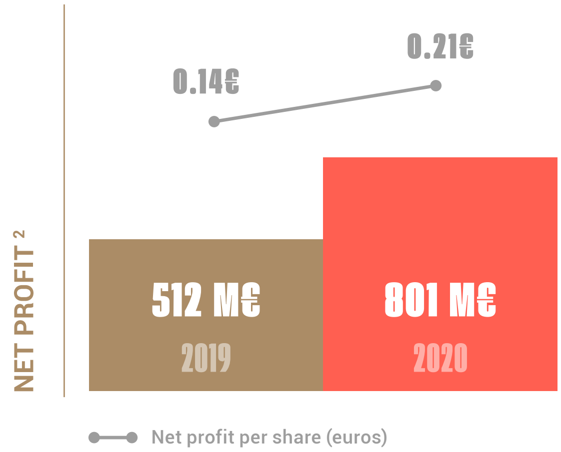
EDP awarded with long-term CfD for 220 MW at auction in Poland

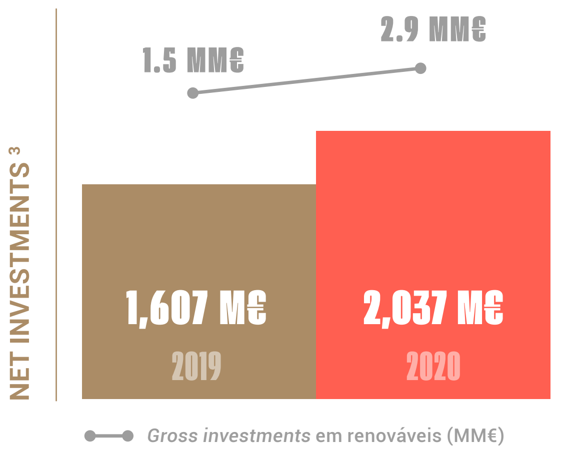
1.2.2

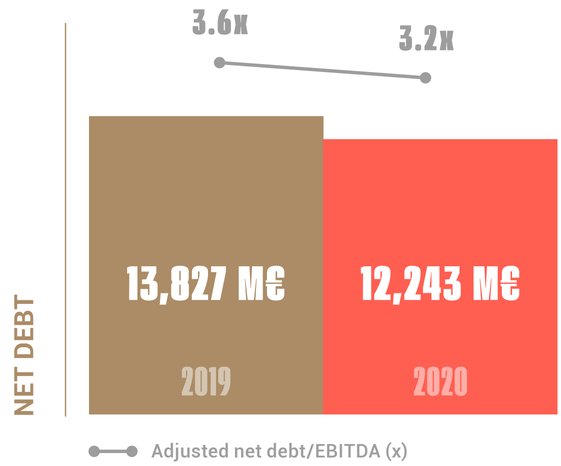
KEY METRICS

Financial data









1 – Includes restatement due to changes in results in Joint Ventures and Associates. **2** – net profit attributable to EDP equity shareholders.
3 – considers capex of EDP group, organic financial investment €806M (31 Dec 2019: €318M) and asset rotation -€1,678M (31 Dec 2019: -€970M).

Operational data

GENERATION

23,680 MW

Installed capacity

-11% vs 2019[1]

64,318 GWH

Produção Net generation

-4% VS 2019

1,228 MW

Installed capacity - equity

+11% VS 2019

2,051 MW

Capacity under construction

+209% VS 2019

TRANSMISSION

316 KM

Operating network (km)

+180% VS 2019

1,125 KM

Under construction network (km)

-15% VS 2019

DISTRIBUTION

76,123 GWH

Electricity distributed

-4% VS 2019

11,274 ('000)

Electricity supply points

+8% VS 2019[2]

SUPPLY

80,273 GWH

Electricity customers

-3% VS 2019

8,615 ('000)

Electricity customers

-12% VS 2019[3]

17,070 GWH

Gas supplied

-12% VS 2019

691 ('000)

Gas customers

-57% VS 2019[3]

1 – Considers the sale of 1,683MW in December to ENGIE. **2** – Considers the acquisition of 699 thousand supply points in Spain from Viesgo.
3 – Considers the sale of 1,140 thousand electricity clients and 898 thousand gas clients in December to Total.

1.2.3

A COMPANY

HUMAN AND INCLUSIVE

OUR PEOPLE

Employees +4% vs 2019	12,180
Female employees 0 P.P. vs 2019	25%
Female employees in management position 0 P. P. vs 2019	25%
Nationalities -3 vs 2019	41
Average trainning per employee -31% vs 2019	24 H/P
Accidents at work with employees [1] -41% vs 2019	17

COMMITTED TO THE COMPETITIVENESS

CUSTOMERS AND SUPPLIERS

Customers with electronic invoice +8 P.P. vs 2019	37%
Saved energy by costumers since 2015 +17% vs 2019	4 TWH
Customer satisfaction +2 P.P. vs 2019	79%
Accidents at work with suppliers [1] +40% vs 2019	115

1 – Workers who are not employees but whose work and/or workplace is controlled by the organization

AWARE OF EXPECTATIONS

COMMUNITY

Volunteering time -38% vs 2019	14,457
Beneficiary entities -75% vs 2019	1,051
Volunteer investment -18% vs 2019	21 M€

MORE DIGITAL

DIGITALIZATION AND INNOVATION

Investment in RD+i -32% vs 2019	111 M€
Smart meters in Iberia +32 P.P. vs 2019	60%
Automated activities +34% vs 2019	1,132
Concluded MVPs +109% vs 2019	192

MORE SUSTAINABLE

PLANET

Specific CO_2 emissions -33% vs 2019	146 T/GWH
Renewable installed capacity +6 P.P. vs 2019	79%
Recovered waste -5 P.P. vs 2019	86%
Assets certified by ISO 14001 -2 p.p. vs 2019	94%
Avoided CO_2 emissions in clients +21% vs 2019	1,413 $KTCO_2$

1.2.4

RECOGNITION

EDP acknowledged as one of the world's most sustainable utilities

in the Dow Jones Sustainability Index World for the 13th consecutive year and in the Dow Jones Sustainability Index Europe for 11 years

EDP Brasil among the three best companies receiving the ANEEL Quality Award

in the Highest Growth Concessionaires category 2019/2018

EDP wins the Best Investor Relations Office, Best Financial Report and Best Sustainability Communications prizes

at the IR Magazine Awards-Europe

Másfamilia Foundation awards EDP Renewables excellence level

as a family-responsible company

EDP Renewables enters the Bloomberg Gender-Equality Index for the first time

in recognition of the fact that it is one of the world's most committed companies to gender equality

EDP Renewables recognised as a Top Workplace by the Houston Chronicle

which recognises Houston-based organizations with the best working conditions

Spark Agency names EDP one of the Top 10 most attractive companies to work for

in Portugal

EDP wins award for the EDP ON App project, in the Internal Channel category

(Intranet, Digital Workplace & App) at the European Excellence Awards

EDP Comercial distinguished by Eurelectric in the Innovation category for its E-mobility project: EV.X

an e-mobility solution in "Innovative Households' Services"

Miguel Setas, chairman of EDP Brasil, receives the Order of Ipiranga medal

the state of São Paulo's highest honour

EDP Distribuição's Sharing Cities Project (H2020) is distinguished by the European Union

EDP acknowledged as one of the most ethical companies in the world

by Ethisphere for the 9th consecutive year

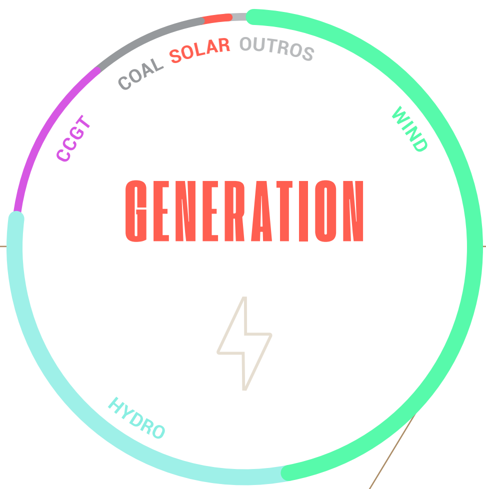
EDP Renewables receives AENOR certification

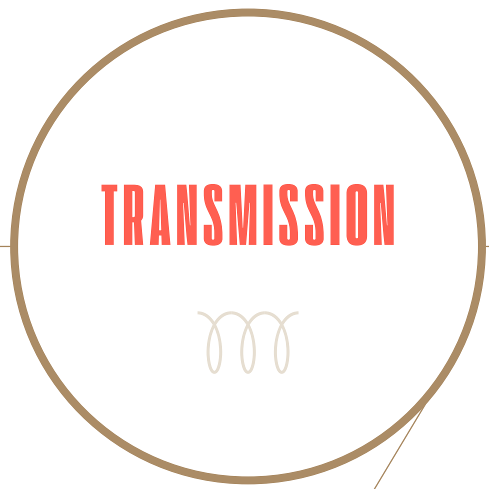
for its management protocols during the COVID-19 pandemic

1.3. EDP group profile
1.3.1.

WHO WE ARE

EDP is a multinational utility vertically integrated and present throughout the whole value chain of electricity and in the activity of gas supply. Over its more than 40 years of history, EDP has been cementing a relevant presence in the world energy panorama. Highlighting its renewable energy portfolio, it is well positioned for the challenges of the energy transition.





24 GW

Installed capacity

47% 30% 12% 8% 2% 1%

64 TWh

Net electricity generation

74%

Renewable sources

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

1,125 KM

Transmission network under construction

316 KM

Operating network

In the transmission the energy generated is delivered to the transport network, which is made of very high voltage lines and which then channels the energy to the distribution network. This is a new business segment being developed in Brazil.

DISTRIBUTION

76 TWh
Electricity distributed

374,691 KM
Network

312,433 KM
Distribution overhead lines

62,258 KM
Distribution underground lines

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

SUPPLY

691,370
Gas customers

656,952
Customers in liberalized market

34,418
Customers in last resort

8,615,444
Electricity customers

4,050,442
Customers in liberalized market

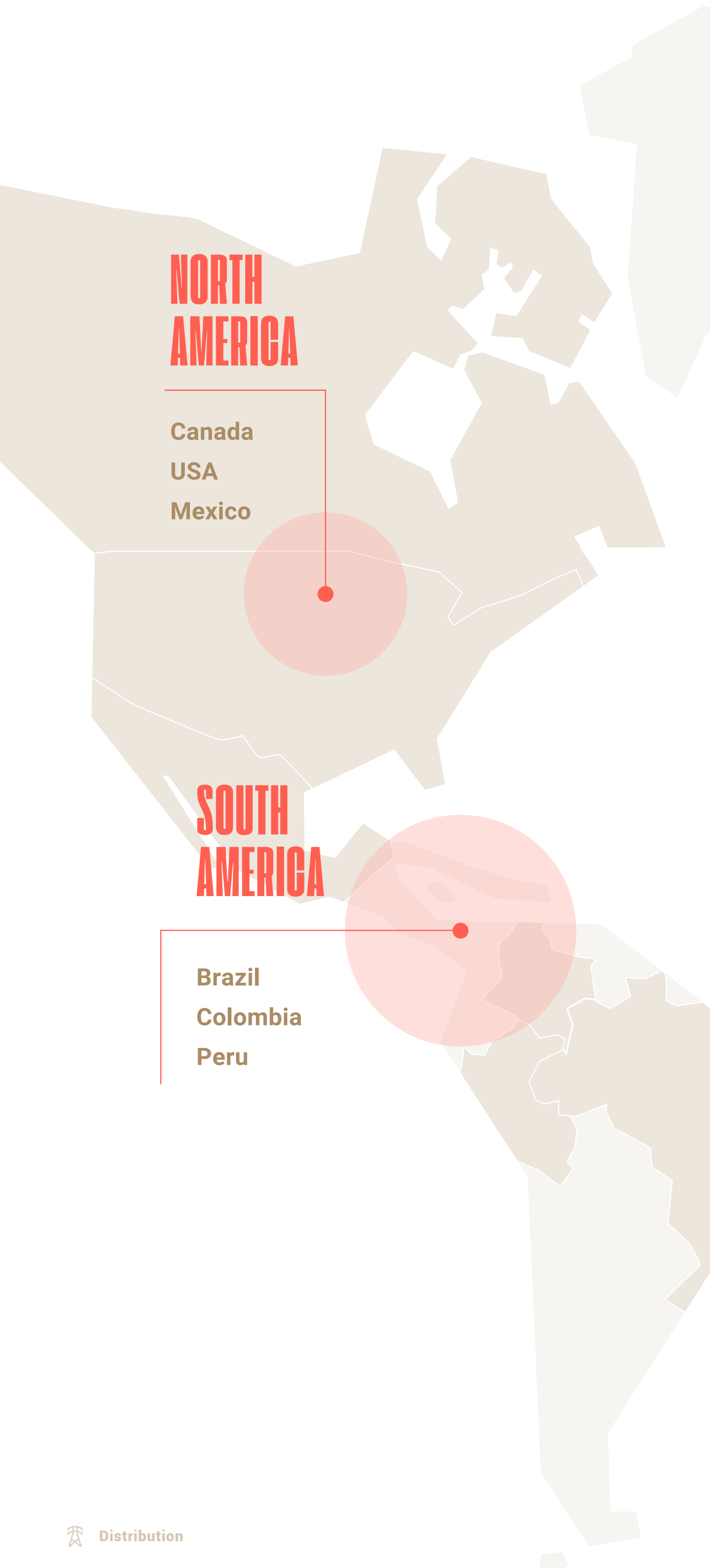
4,565,002
Customers in last resort

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

1.3.2

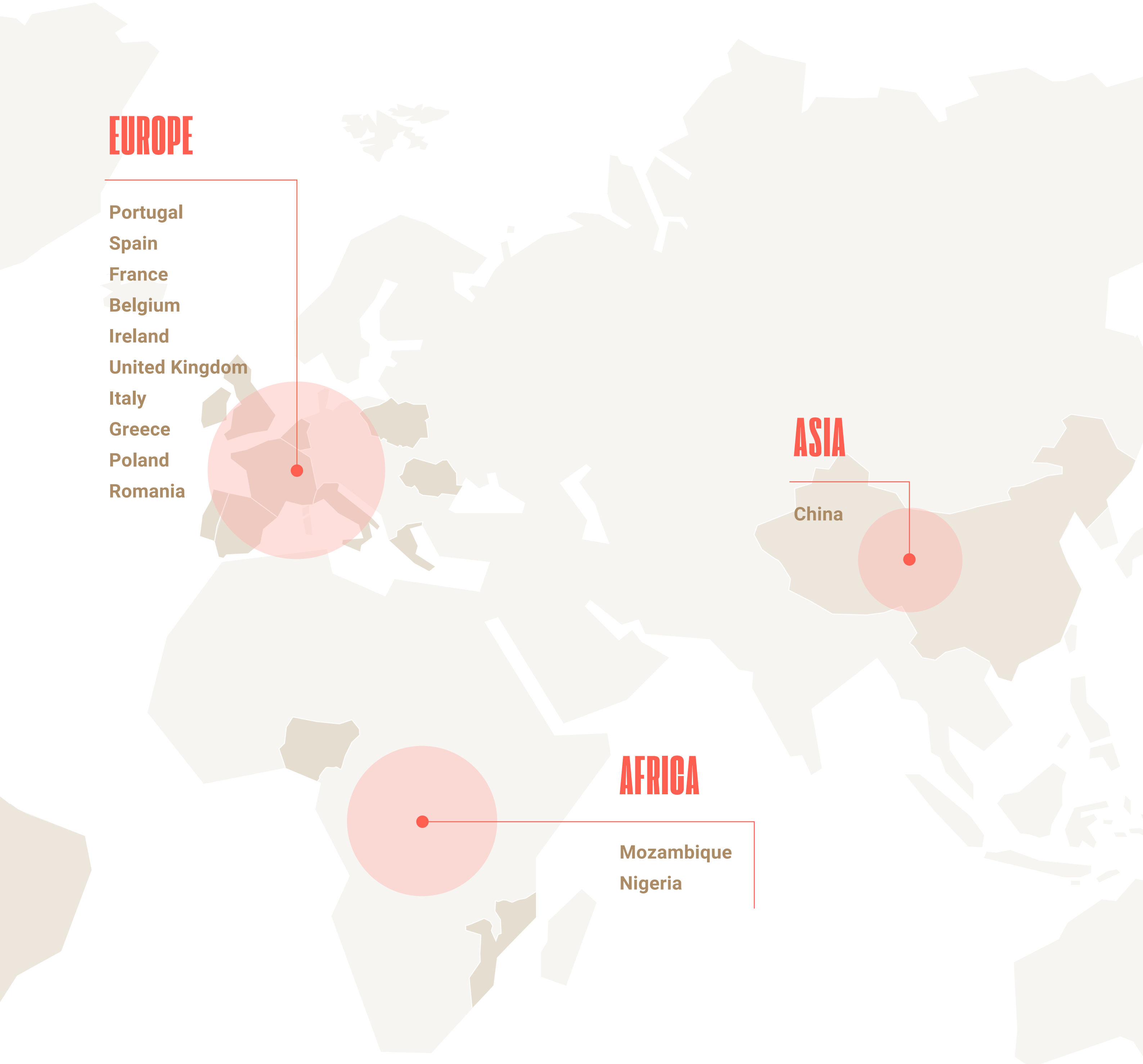
WHERE WE ARE

EDP is present in 19 countries and 4 continents counting with 12,180 employees.



Country	Conventional generation	Renewable generation	Transport	Distribution	Supply	Offices	Employees
Portugal	✓	✓		✓	✓		5,825
Spain	✓	✓		✓	✓		2,084
Canada		✓					4
Colombia		✓					15
USA		✓					758
Mexico		✓					10
Brazil	✓	✓	✓	✓	✓		3,232
Peru		✓					1
China						✓	
Poland		✓					58
Romania		✓					36
Italy		✓					49
United Kingdom		✓					1
Belgium		✓					2
France		✓					90
Greece		✓					14
Ireland					✓		
Mozambique		✓					
Nigeria		✓					

Conventional generation · Renewable generation · Transport · Distribution · Supply · Offices · Employees



Employees
12,180

19
Countries
we are in

1.3.3

HOW WE ARE ORGANIZED

Business areas

EDP operates in 3 business areas:

RENEWABLES

Key growth platform

65% OF GROUP'S EBITDA

74% OF GROUP'S CAPEX

NETWORKS

Portfolio stabilizer

23% OF GROUP'S EBITDA

22% OF GROUP'S CAPEX

CLIENT SOLUTIONS & ENERGY MANAGEMENT

Hedging portfolio and growth in new downstream

12% OF GROUP'S EBITDA

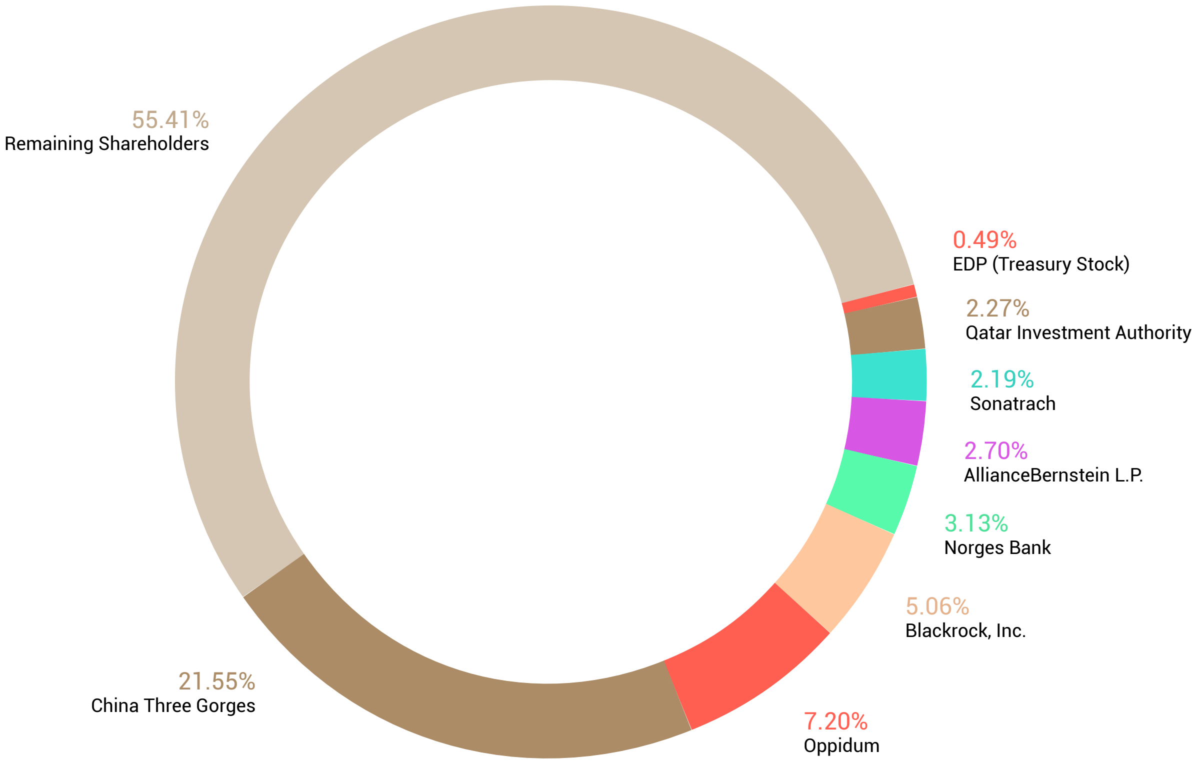
4% OF GROUP'S CAPEX

Meadow Lake, Indiana, USA

1.3.3

HOW WE ARE ORGANIZED

Shareholder's Structure



Governance

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

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

The dual model of corporate governance in place in EDP has allowed effective separation of the company's supervision and management in pursuit of EDP's goals, interests and its shareholders, employees and other stakeholders, thereby contributing to achieving a degree of trust and transparency necessary for its adequate functioning and optimisation.

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

EDP Corporate Bodies

Executive Board of Directors (2018-2020)

- António Luís Guerra Nunes Mexia[1]
- João Manuel Manso Neto[1]
- António Fernando Melo Martins da Costa
- João Manuel Veríssimo Marques da Cruz
- Miguel Stilwell de Andrade
- Miguel Nuno Simões Nunes Ferreira Setas
- Rui Manuel Rodrigues Lopes Teixeira
- Maria Teresa Isabel Pereira
- Vera de Morais Pinto Pereira Carneiro

Executive Board of Directors elected on 19 January 2021

- Miguel Stilwell de Andrade
- Miguel Nuno Simões Nunes Ferreira Setas
- Rui Manuel Rodrigues Lopes Teixeira
- Vera de Morais Pinto Pereira Carneiro
- Ana Paula Garrido Pina Marques

General and Supervisory Board

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

Statutory Auditor

- Pricewaterhouse Coopers & Associados - Sociedade de Revisores de Contas, Lda.,
  João Rui Fernandes Ramos
- Aurélio Adriano Rangel Amado
  Alternate Statutory Auditor

1 – By judicial decision issued on July 6th 2020, the identified directors weres suspended from their respective functions under judicial procedure NUIPC 184/12.5TELSB

1.3.4

VISION

A global energy company, leading the energy transition to create superior value.

VALUES

COMMITMENTS

INNOVATION

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

SUSTAINABILITY

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

HUMANIZATION

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

SUSTAINABILITY

We assume the social and environmental responsabilities that result from our performance thus contributing towards the development of the regions in which we operate.

We avoid specific greenhouse gas emissions with the energy we produce.

We ensure the participatory, competent and honest governance of our business.

CLIENTS

We place ourselves in our clients' shoes whenever a decision has to be made.

We listen to our clients and answer in a simple and clear manner.

We surprise our clients by anticipating their needs.

PEOPLE

We join conduct and professional rigour to enthusiasm and initiative, emphasizing team work.

We promote the development of skills and merit.

We believe that the balance between private and professional life is fundamental in order to be successful.

RESULTS

We fulfil the commitments that we embraced in the presence of our shareholders.

We are leaders due to our capacity of anticipating and implementing.

We demand excellence in everything that we do.

1.3.5

STAKEHOLDERS MANAGEMENT

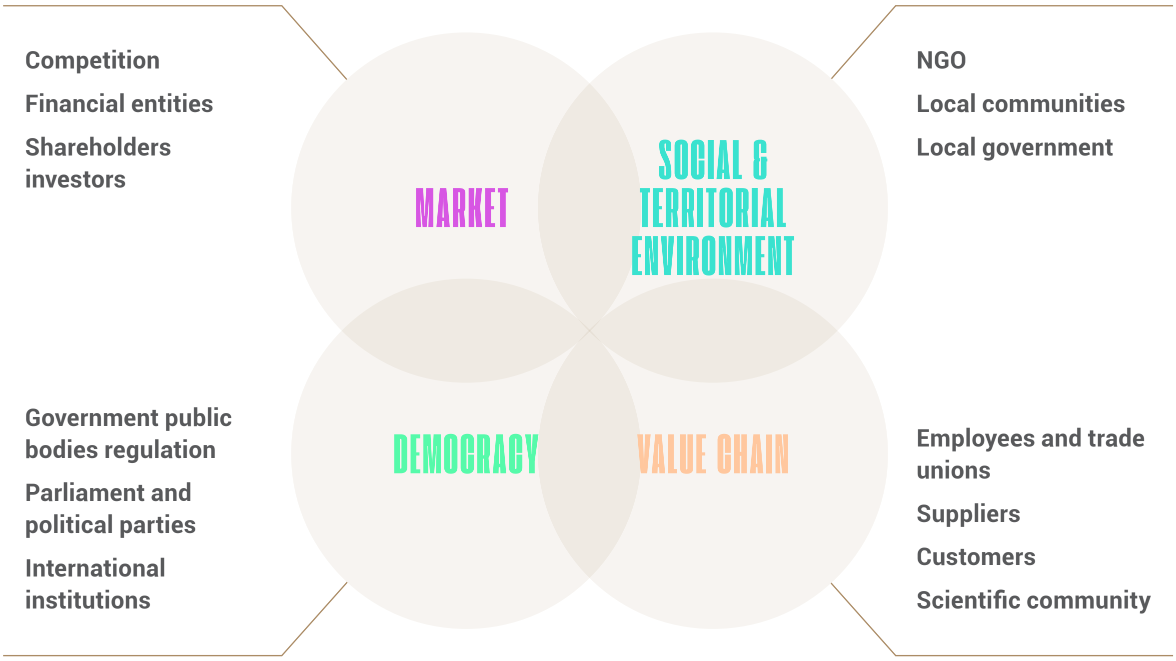
In the context of extraordinary challenges worldwide, the need to maintain a dialogue with a broad range of stakeholders to face shared challenges has gained even more strategic relevance.

The importance of this activity is increasingly central to the global business landscape. However, EDP's commitment to this subject is not new and was even a pioneer. Almost a decade ago, EDP set up the Institutional Relations and Stakeholders Department, whose purpose is to contribute to the execution of its business plan, improve its reputation among priority stakeholders and continue to achieve international excellence in this area. Incorporating this vision as a necessary and essential condition for the business itself, allows the EDP Group to ensure the strength and sustainability of its results.

Given the great capillarity of this activity, both at a strategic and operational level, employees from different business areas are counterparts for the stakeholders. It is, therefore, essential to ensure that they have access to awareness-raising actions. A good example is the one carried out in 2020, through the provision of e-learning on Stakeholder Management, which had the participation of more than half of the employees in Portugal.

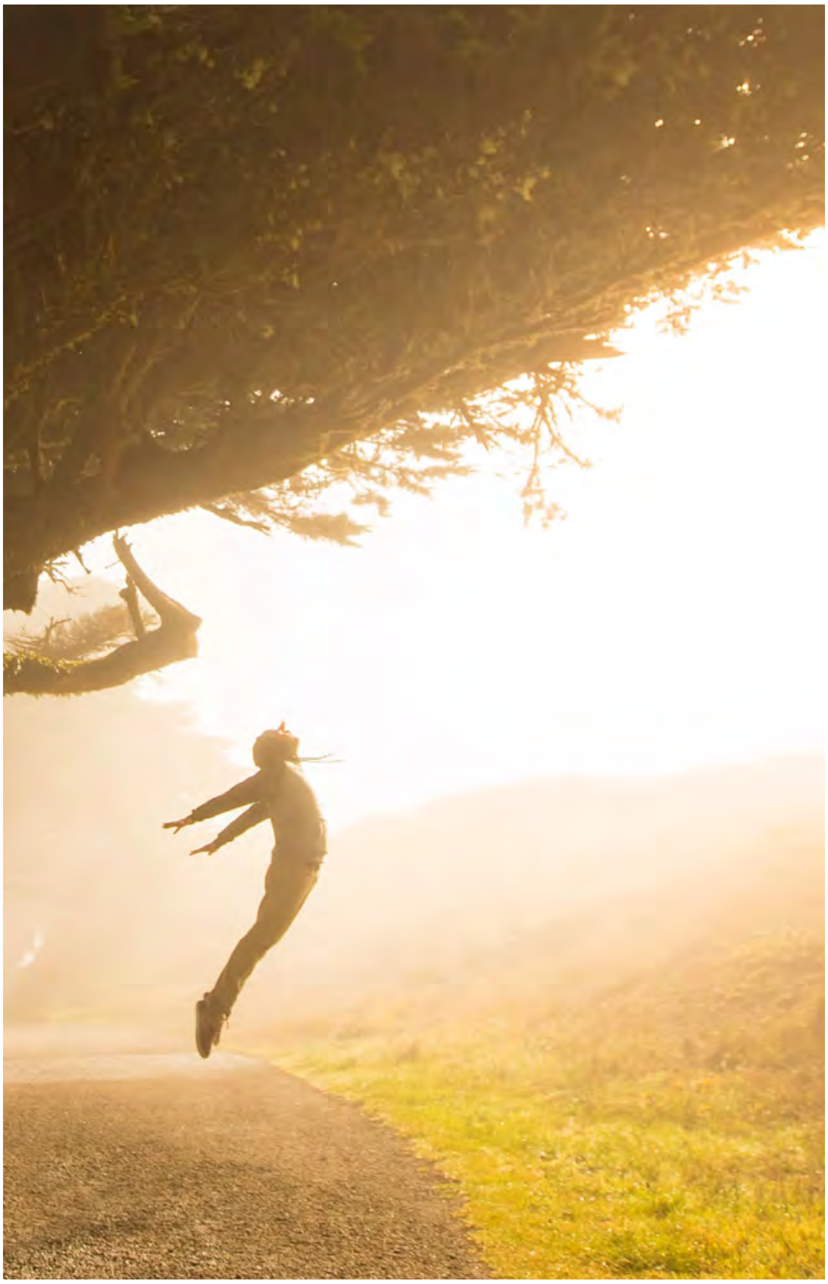
Efficient stakeholder management implies that the views of interested parties are heard, considered, and incorporated into the company's activity. In this sense, EDP frequently conducts consultations with a wide range of stakeholders, hearing several segments in Spain, Brazil, and the United States of America in 2020.

In Portugal, investors and suppliers were enquired either through online surveys or through individual interviews. Finally, we are pleased with the international recognition that the commitment and permanent deepening of the EDP Group's relationship with its stakeholders has received. Namely by the fact that EDP was considered Best in Class, for the fourth consecutive year, in the Stakeholder Engagement and Policy Influence criteria of the Dow Jones Sustainability Index.



ACTION

FROM TOMORROW TO BEYOND



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Powering a sustainable lifestyle for a brighter future

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02

STRATEGIC APPROACH

02

Strategic Approach

2.1. Global energy trends

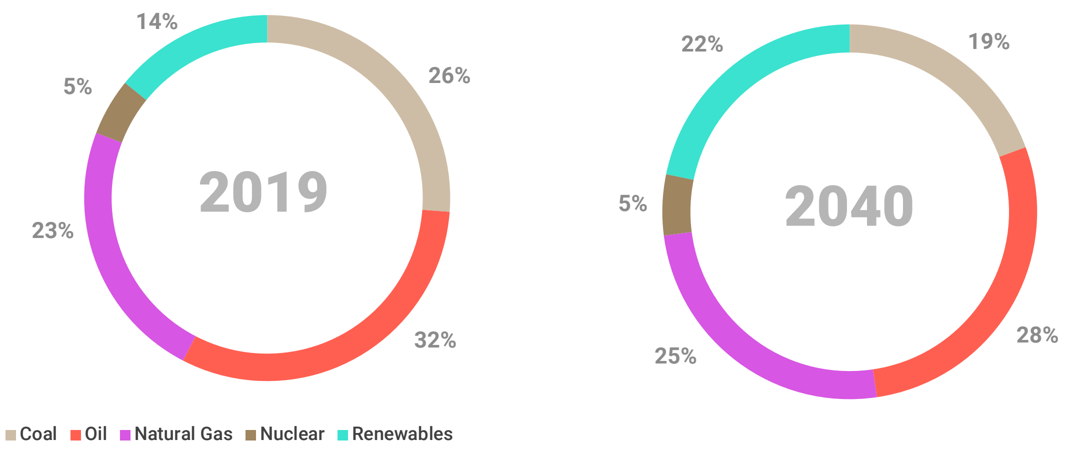
Decarbonize requires a change in paradigm

Global **carbon emissions from the energy sector in 2019 remained constant compared to 2018** and are estimated to have dropped significantly in 2020 due to the Covid-19 pandemic. The International Energy Agency (IEA) estimates in its current policy scenario (Stated Policies Scenario) of the World Energy Outlook 2020 (WEO20) that between 2019 and 2040 carbon emissions will remain stable, which represents a downward revision of expected emissions. Even so, this trajectory in emissions is well above what is necessary to limit the global temperature increase to 1.5°C compared with the pre-industrial values as defined in the Paris Agreement.

This stagnation of emissions is expected to occur despite the expected increase in primary energy consumption by 19% by 2040, essentially due to the reduction in coal consumption and the increase in the use of renewable energy. In this scenario, it is estimated **that in 2040, fossil fuels will still represent 73% of primary energy consumption**, with renewable energy sources accounting for 22% and nuclear energy the remaining 5%.

The global commitment to fight climate change increased during 2020, and it is estimated that almost 75% of the world's Gross Domestic Product (GDP) is produced in countries, regions or cities that have already established or are setting a **goal of achieving carbon neutrality**. Some of the regions that have already set targets for achieving carbon neutrality by 2050 include the European Union, Canada, Japan, South Africa, South Korea and, more recently, the United States, with China and Brazil having defined a carbon neutrality target by 2060. It is worth to highlight that, for the United States, the new President Joe Biden has fulfilled his promise of re-signing the Paris Agreement on his first day as president. Despite all the positive signs, there are still several world regions, such as India and Russia, that have not established carbon neutrality as an objective to be achieved. The need to accelerate decarbonization worldwide and align with the trajectory defined by the Paris Agreement was reinforced in December 2020 by António Guterres, Secretary-General of the United Nations, who asked all world leaders to declare a state of climate emergency.

Sources of primary energy in the World



Source: International Energy Agency, *World Energy Outlook 2020* (2040 figures based on Stated Policies Scenario)

Decarbonization as an economic engine

2020 was marked by the global development of the **Covid-19 pandemic**. Several countries have implemented containment measures to try to control the contagion, including lockdowns, limitations on mobility and reduced opening hours for commerce and services. These measures had significant economic impacts, and it is **estimated that world GDP has fallen by more than 4% in 2020** and that the recovery in some regions may not occur before 2025, and also social impacts, with an increase in unemployment and the widening of inequalities.

In order to support the **economic recovery**, stimulus packages for economic development have been implemented all over the world. In particular, **investment in renewable energy sources, energy efficient and low carbon technologies and digitalization** have been identified as one of the main vectors in the allocation of funds, in order to promote a new model of economic growth and a more resilient society. In fact, it should be noted that environmental sustainability and economic growth are no longer seen as a trade-off but rather as complementary aspects of an integrated model for prosperity.

In July 2020, the European Council approved the creation of the "Next Generation" economic recovery fund, with € 750 billion, and the restructuring of the European Union's multi-annual financial budget for 2021-2027, of around € 1,100 billion. Of the total of **€ 1,800 billion, at least 30% should be allocated to investments that contribute to reducing climate change**. The agreement was finally settled on 11 December 2020.

Additionally, the fight against **energy poverty** should be an aspect to be considered in stimulus packages, through the creation of specific funding lines for vulnerable consumers, with a special focus on the application of **energy efficiency** measures. Funding building renovation and purchasing efficient equipment, supported by the development of education measures for the population, will enable consumers to reduce their energy needs, free the family budget and improve thermal comfort.

The internalization in the energy markets of **the environmental and social costs of carbon emissions**, for example through a price associated with these emissions, supports a strong price signal needed to encourage investment in energy efficiency and low carbon technologies. This strategy has already been implemented in some European countries, although its implementation is sometimes complex. In order to ensure that the carbon price does not distort energy markets by reducing its effectiveness, it should be designed with the widest possible geographical scope and common to all economic and energy sectors, taking into account the emissions associated with each energy source on **the polluter-pays principle**. The potential negative impact in economic and distributional terms should be minimized or even reversed by efficient recycling of tax revenues, through the creation of funding lines for low carbon technologies and the reduction of other taxes (such as income taxes). The possible loss of competitiveness of industries facing international competition must be tackled through specific compensations or the taxation of imported products on the basis of their associated emissions.

The role of the consumer in the energy transition

Energy efficiency

Energy efficiency is key for decarbonization, as it **benefits the environment, reduces energy costs and external energy dependence**. The continuous improvement in the efficiency of energy uses explains the **decoupling that has been observed in the last years between economic growth and energy demand.**

Energy efficiency should also be considered as the main instrument to fight **energy poverty**, through measures such as **funding the renovation of buildings and the acquisition of efficient appliances**, and supported by educational programs, thus allowing vulnerable consumers to reduce their energy needs and improve thermal comfort.

Electricity demand

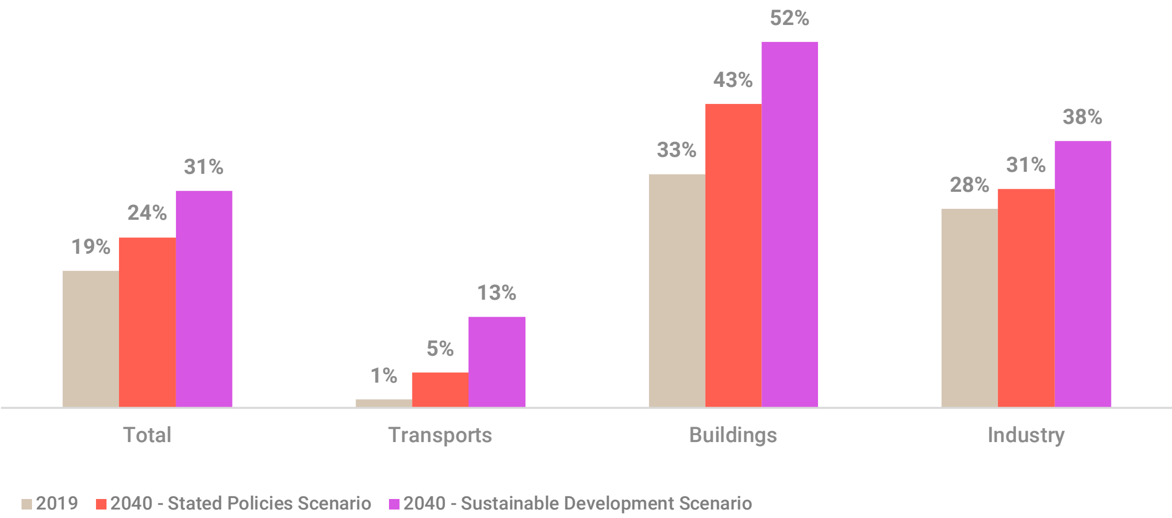
In the previous years, **the electricity consumption in the World has been growing twice as much as the total energy consumption**. Electrification of other energy uses is a trend that has come to stay, the discussion is on the magnitude and the speed of this process.

In effect, electrification has two major benefits: reduction of energy consumption and higher renewables penetration. On one hand, electric technologies, such as electric vehicles and heat pumps, are more efficient than conventional alternatives, which translates into a reduction in total energy consumption. As an example, the efficiency of an electric vehicle is at around 80%, against 25% from an internal combustion engine vehicle. On the other hand, the electricity sector will continue to be responsible for the highest levels of renewables' penetration, as there is plenty of potential to install new renewable capacity in a cost-effective manner.

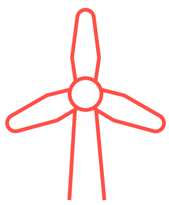
Several policies might be taken to accelerate the electrification of demand, such as:

- **Change the mechanism to finance renewables,** as despite electricity consumption represents only around 25% of energy demand, the electricity consumers bear most of its cost (more than 80% in Portugal and Spain);
- **Redesign the tariff structure,** as there is an enormous disparity between the structure of costs in the electricity sector, which is mostly fixed, and the tariff structure, which is essentially variable, thus penalizing the marginal cost of electricity to end consumers;
- **Devote energy efficiency funds** to the acquisition of efficient electric appliances, in particular for **vulnerable consumers.**

Electrification rate in the World (%)



Source: International Energy Agency, *World Energy Outlook 2020*



Renewables

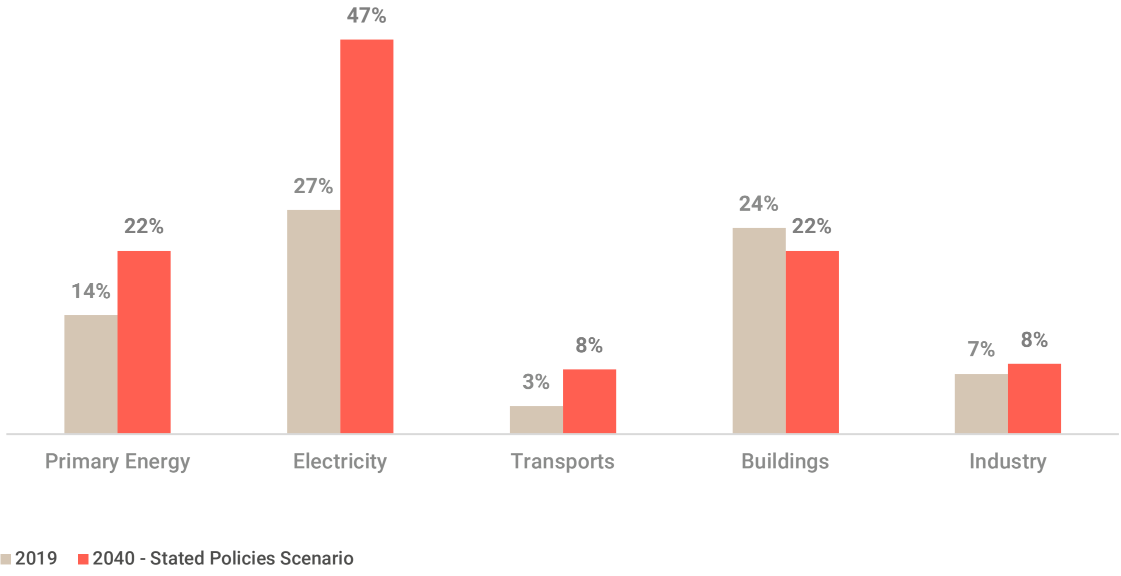
The decarbonization of energy supply

Despite the low contribution of renewable energy sources in terms of primary energy, this is not the case in the electricity sector. Indeed, **renewable energy sources are expected to grow from 27% in 2019 to 47% in 2040 in the electricity generation mix**, according to the scenario of current policies (*Stated Policies Scenario*) from the IEA, with special emphasis on investments in wind energy and photovoltaic solar energy. It is also important to highlight the role of this last technology for **selfconsumption**, which allows not only to reduce grid losses, but has also a crucial role for the **electrification of rural areas** in the World.

Furthermore, the other sectors have much lower uses of renewable energy, with the transport sector being the fastest growing sector, resulting from the use of biofuels. In the buildings sector, there is even an expectation of reduction, motivated by the increasing electrification and consequent reduction of the use of biomass.

The **investment in wind energy (onshore and offshore) and solar** will be responsible for most of renewables' growth in the electricity sector, due to their increasing competitiveness. Indeed, in most of the regions in the World, **subsidies are no longer needed** to promote the adoption of onshore wind and solar. What is required is **long-term stability of revenues**, either through competitive auctions or corporate contracts for the acquisition of energy, to allow the reduction of risk associated with these investments, with clear benefits for the society.

Share of renewables



Source: International Energy Agency, *World Energy Outlook 2020*

Green Hydrogen

The **green hydrogen** has been in the spotlight of the new technologies for the energy transition, due to its **potential to decarbonize sectors where electrification is not feasible nor cost-effective**, such as some industrial energy uses and heavy-duty vehicles. There are several ways to produce hydrogen, but electrolysis (using electricity produced from renewable sources) is the one more aligned with the decarbonization.

The European Union has already defined the objective to reach 40 GW of electrolyzers capacity by 2030, and this target was already transposed into national plants in various Member States, such as Portugal which committed to install 2-2.5 GW of electrolyzers by 2030 and Spain with 4 GW.

To incentivize green hydrogen it is required, in a first phase, to **devote funds to support innovation, to develop both the process of hydrogen production and the technologies that use hydrogen at consumer level**. Furthermore, it is required a **stable regulatory framework** and a **tax reform based on the "polluter pays" principle**, to reflect the externality cost of pollution on consumers of fossil fuels.

Flexibility

The enablers of the energy transition

The increase in the share of intermittent renewable generation needs to be complemented with the use of flexible technologies, as generation and demand need to match in any moment. Within this package of flexible technologies, some of them are already part of the electricity system – such as **hydro with pumping** and **interconnections** -, but others are still in a development phase, as it is the case of **batteries** and **hydrogen**. The digitalization will also allow a higher participation of **demand management**, by remotely adjusting the consumption of appliances that have some inertia, like electric vehicles and water heaters.

It is worth to highlight that to promote the economic viability of flexible technologies, the **current electricity markets need to be adapted**. The marginalist market has been revealing insufficient to remunerate technologies that provide firm capacity, in such a way that a number of countries (for example Germany, France, the UK, Italy, Poland, several US markets, etc.) have implemented **capacity remuneration markets**. Furthermore, the **ancillary services market** – which is by excellence the market that remunerates flexibility – also needs to be adapted in many geographies, in particular, to allow the remuneration of the short-term frequency service.

Digitalization

The **digitalization of the economy** (and of the energy sector) is a trend that was already taking place, but was significantly accelerated during the last year, given the restrictions imposed by the Covid-19 pandemic. As digitalization has been considered a critical factor to build a more resilient society against external shocks, the European Union defined that at least 20% of the expenditure of the "Recovery and Resilience Facility", endowed with €672.5 billion, needs to be devoted to foster the digital transition.

For the electricity sector in particular, digitalization will allow the **change in paradigm towards a more decentralized system**, where consumers have an increasing active role. To highlight that networks have a key role in digitalization, as they enable **the integration of intermittent renewables, the remote management of energy consumption and the use of decentralized storage units** (like electric vehicles), allowing also a **reduction in the operation and maintenance costs** of networks.

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

2.2. Strategic Priorities

2.2.1. Strategic Update 2019-22

Energy transition is underway and at an increasingly fast pace representing major challenges for the sector to which is added a context of change in the processes and in the way companies act with their stakeholders(including people, customers and investors) resulting from the growing digitalization and the cultural leap that has already begun.

This context introduces uncertainty and volatility in the business, implying a proactive management of risks and opportunities.

VISION

A global energy company, leading the energy transition to create superior value

RISKS AND OPPORTUNITIES

GLOBAL ENERGETIC MODEL

Energetic decarbonization
Maturer renewable energy sources
Decentralized generation
Low energy prices and capacity warranties
Energetic efficiency

MACRO ENVIRONMENT

Politic and regulatory pressure
Weak global economic growth

CULTURAL AND TECHNOLOGICAL TRANSFORMATION

Social and cultural change
Digital transformation

FINANCIAL MARKETS

Volatility
Interest rates increase

POSITIONING

GLOBAL ENERGETIC MODEL

Operational growth in renewables and low risk profile activites
High efficiency and low number of years of the assets portolio
R&D and continous improvement culture
Iberia: balanced positioning between generation and supply
Brazil and USA: PPA regimen

MACRO ENVIRONMENT

Iberia and Brazil: financial sustainable markets
Limited exposure to demand shifts

CULTURAL AND TECHNOLOGICAL TRANSFORMATION

Digital utility: digital and CRM transformation focus
Generational and competencies renovation

FINANCIAL MARKETS

Credit market: high financial liquidity
Forex: investment hedging
Rating investment grade positioning
Part of the assets inflation indexed

STRATEGIC PILLARS

ACCELERATED AND FOCUSED GROWTH

CONTINUOUS PORTFOLIO OPTIMIZATION

SOLID BALANCE SHEET AND LOW RISK PROFILE

EFFICIENT AND DIGITALLY ENABLED

ATTRACTIVE SHAREHOLDER REMUNERATION

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

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

Vision

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

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

DECARBONIZATION, DIGITALIZATION AND DECENTRALIZATION

Strategic Pillars 2019-22

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

- accelerated and focused growth;
- continuous portfolio optimization;
- solid balance and low rik profile;
- efficient and digitally enabled;
- attractive shareholder remuneration.

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

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

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

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

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

Plataforms

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

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

Sustainable Development

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

2.2.2. Business Plan 2021-25

In 2021 EDP will present its Strategic Plan until 2025, communicating the strategic vision and pillars as well as the key strategic initiatives and goals for the period 2021-25.

EDP's Vision will remain as defined in the previous Plan, consisting in taking the lead in the energy transition and being aligned with the creation of superior value, based on 3 strategic pillars:

- accelerated and Sustainable Growth;
  - step-up green growth;
  - distinctive and resilient portfolio;
  - solid balance sheet;
- future-proof organization;
  - global, agile and efficient;
  - talented and empowered people;
  - innovative and digitally driven;
- attractive returns and ESG excellence;
  - ESG Reference,
  - Green leadership positioning;
  - strong return visibility.

Based on this vision and strategy, EDP sets to achieve the following objectives:

	KEY INITIATIVES	KEY FIGURES AND TARGETS
Accelerated and sustainable growth	Step-up growth in renewables, accelerating ownership and asset rotation strategies Focus investments on RES & Networks in EU and USA Target a BBB rating in the short term (maintaining a sustainable leverage)	• €24Bn CAPEX in energy transition[1] • 20 GW gross additions[1] • €8Bn asset rotation • €4.7Bn EBITDA by 2025 • >20% FFO/net debt2 by 2025
Future proof organization	Evolve organization to be more global, agile and efficient Strengthen focus in innovation and promote a digitally enabled organization	• €100Mn3 like-for-like OPEX savings • €2Bn TOTEX in digital and innovation[1,3]
Attractive returns & ESG excellence	Step-up a green leadership positioning and being a reference in ESG Deliver a sustainable EPS growth and an attractive dividend policy	• Coal-free by 2025 • Carbon neutral by 2030 • €1.2Bn net income by 2025 • €0.19/share dividend floor

[1]2021-25.

[2] FFO/ND formula consistent with Rating agencies methodologies considering EDP definition of EBITDA Recurring

[3] €1Bn TOTEX in Innovation, €1Bn CAPEX in Digital.

This new plan reinforces the commitment to sustainable development, fully assuming the structural role of energy in supporting more balanced growth models from the social and environmental point of view. As a complement to a business model focused on decarbonisation, EDP remains committed to ensuring that its activity actively contributes to the seventeen Sustainable Development Goals defined by the United Nations and states the commitment to become carbon neutral by 2030.

ESG OUTLOOK 2025-2030

		2020	2025	2030
Environment	Revenues aligned with EU taxonomy (%)	58	~70	>80
	Scope 1 & 2 emissions (gCO_{2e}/kWh)	157	~100	0
	Renewables generation (%)	74	~85	100
	Coal installed capacity (%)	8	0	0
	Total waste (kt)	309	118	30
Social	Employee engagement (top tier company)	✓	✓	✓
	Female overall (%)	25	30	35
	Accident Frequency Rate[1]	1.74	1.55	<1
	SDGs social investment (EUR Mn)[2]	12.4	50	100
Governance	Female on leadership (%)	25	30	35
	Top management ESG & equity linked compensation[3]	✓	✓✓	✓✓
	Cybersecurity (rating)	800	keep advanced[4]	
	Top quartile in ESG rating performance[5]	✓	✓	✓

[1] Number of accidents per million hours worked (included employees and contractors).
[2] Excluding 2020 onwards, values accumulated since 2021.
[3] Applicable to Board of Directors and top management; changes in Board of Directors dependent of General Shareholders Meeting.
[4] Cybersecurity BitSight rating ≥740. 5 – includes DJSI, FTSE4Good, MSCI and Sustainalytics

2.2.3. Strategic guidelines compliance 2019-2022

STRATEGIC AXES	OBJECTIVES		TARGET 2022	STATUS 2020	
Accelerated and focused growth	Step-up growth in renewables with >7gw gross additions Leverage on asset rotation model as a key complement to our strategy Deliver superior execution of transmission projects in Brazil	EBITDA 2022 (>5% CAGR)	>€4B	**€3.7B[1]**	✓
		CAPEX (2019-22)	~€12B	**€5.2B**	
Continuous portfolio optimization	Recycle capital to accelerate growth in renewables Reduce exposure to iberia/ merchant/thermal Accelerate improvement of risk profile	Asset Rotations	>€4B	**€2.6B**	✓
		Disposals	>€2B	**€2.7B**	
Solid balance sheet and low-risk profile	Commitment to solid investment grade Reduce net debt by ~€2B ~90% capex in regulated/ lt contracted	Net Debt/ EBITDA 2022[2]	<3.0x	**3.2x[1]**	✓
		EBITDA Regulated / LT Contracted	>75%	**72%**	
Efficient and digitally enabled	Reinforce efficiency/cost reduction programs Implement digital transformation plan Foster a more flexible and global organization	Cumulative OPEX savings	~€300M	**€362M**	✓
		Digital CAPEX	€800M	**€400M**	
		CAGR OPEX like-for-like	-2%	**-1%**	
Attractive shareholder remuneration	Distinctive green positioning Sustainable EPS growth to deliver DPS increase Dividend floor of €0.19	Net Profit 2022 (~7% CAGR)	>€1B	**€0.8B[1]**	✓
		Payout Ratio	75–85%	**81%[1]**	

[1] Recurring figures.
[2] Adjusted Net Debt/EBITDA.

STRATEGIC AXES	OBJECTIVES	TARGET 2022	STATUS 2020	SDG
Leading the energy transition	Renewable installed capacity	78%	79%	7
	Solar installed capacity (centralised and distributed)	>1,000 MW	490 MW	7
	CO_2eq specific emissions variation vs. 2005	-65%	-77%	9 13
	Internalise the TCFD recommendations	100%	67%	13
	Customers with value-added services	30%	21%	11 12
	Customers with electric mobility solutions	100k	19k	7 11
	Saved energy by costumers (since 2015)	5TWh	4TWh	7 12
	Smart meters	>70%	60%	7 9
	Customers' satisfaction index	>75%	79%	11
	Electrification of EDP's light duty fleet	>20%	11%	7 11
	Carbon neutrality in EDP´s office buildings	100%	22%	7 13
	Climate change adaptation plans	100%	25%	13
	Investment in access to electrification	€20M	€4.6M	7 17
Committed with society and environment	Average waste recovery rate	75%	92%	12
	Single-use plastics eliminated	100%	20%	12
	Environmental accidents and penalties	0	0	13 15
	Female employees	30%	25%	5
	Fatal accidents (employees and service providers)	0	3	8
	Investment in the community (since 2015)	€200M	€158M	7 13
	Participation in voluntary actions	20%	19%	8 11
	Participation in voluntary actions	20,000H	14,457H	8 11

SUSTAINABLE DEVELOPMENT GOALS

2.3. Risk management

Risk governance model

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

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

RISK GOVERNANCE MODEL OF 3 LINES OF DEFENCE

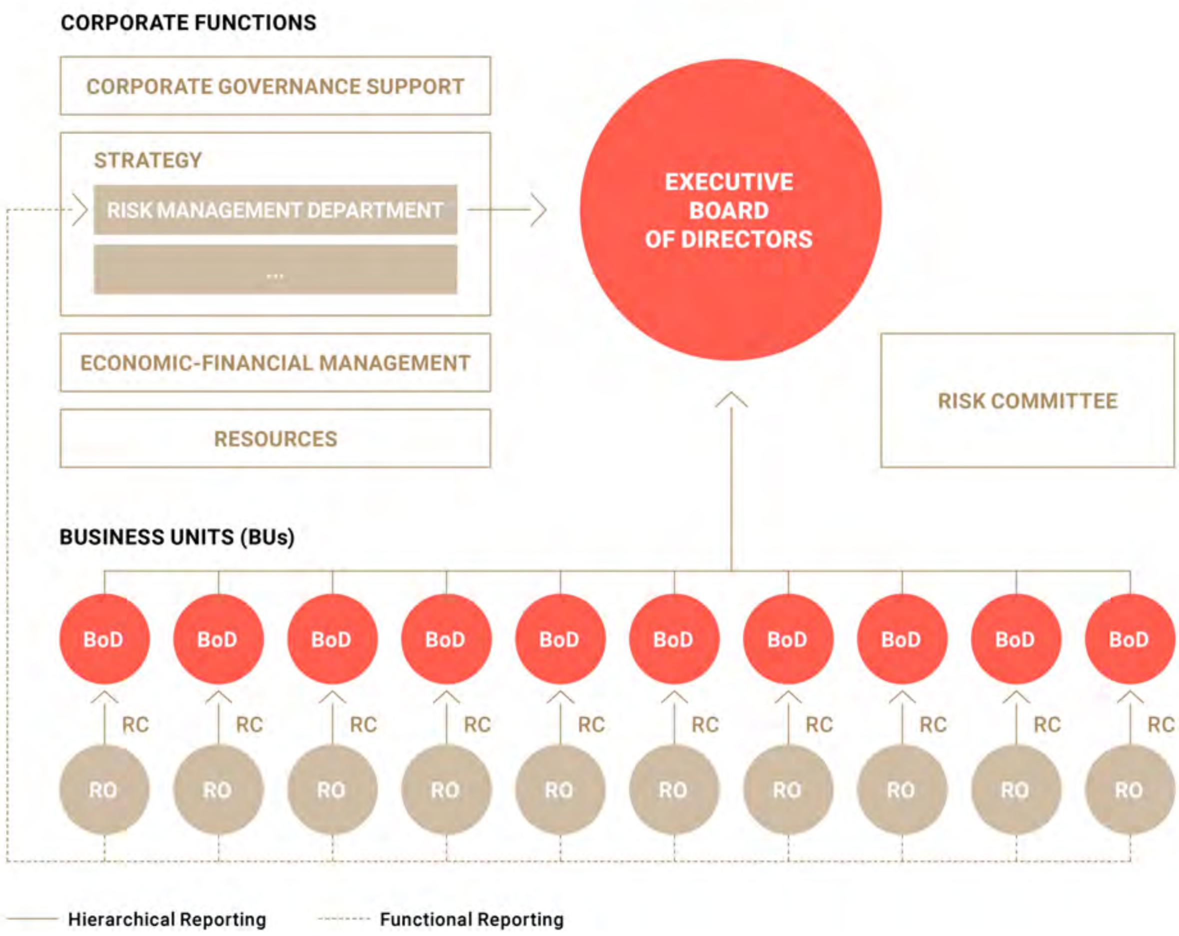
	1ST LINE: BUSINESS (RESPONSIBILITY FOR RISK)	2ND LINE: RISK (SUPPORT THE ANALYSIS AND MONITORING OF RISKS)	3RD LINE: AUDIT (INDEPENDENT SUPERVISION)
MISSION	**Daily of running business, including proactive management of risks**, aligned with established risk policies.	**Support in the identification,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

[1]Not exhaustive

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

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

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



Key risks

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

The year of 2020 was pinpointed by the COVID-19 pandemic, which led to relevant economic and social impacts. Risk management reinforced its importance, with an essential role in the pandemic management.

		ILLUSTRATION OF TOPICS (NOT EXHAUSTIVE)		RECENT EVOLUTION/ EXPECTED IN THE SHORT-TERM
STRATEGY	Surrounding context	• Geopolitical instability. • Social and economic crisis. • Technological disruption. • Change of competitive paradigm. • Climate change.		• Strong instability of the global geopolitical context, GDP growth forecasts decreased and anticipation of world economic crisis. • Continuous rise of the global investment in renewable technologies, with impact in geographies where EDP Group is present.

		ILLUSTRATION OF TOPICS (NOT EXHAUSTIVE)	RECENT EVOLUTION/ EXPECTED IN THE SHORT-TERM	
	Internal strategy	• Investment strategy. • Relationship with stakeholders. • Corporate planning.	=	• Continuing strategy of asset rotation. • Attribution of the position of Global Leader within integrated utilities by the Dow Jones Sustainability Index. • Execution of the sale of hydro assets accounting for 1,7GW in Douro river, in Portugal. • Acquisition of Viesgo, that will be part of EDPR and of the grids business in Spain. • Sale of part of the commercial portfolio in Spain to Total.
BUSINESS	Energy markets	• Fluctuations of pool price, commodities and CO_2. • Volatility of the generation volume of renewable energies (i.e., hydro, wind and solar). • Volatility of energy consumption. • Changes in sales margins.	↗	• Rise of wind and solar renewable capacity. • Hydro volumes in Brazil in line with historical average. • Low hydro profiles in Portugal, resulting from the sale of small hydro and rising investment in wind and solar energy. • Decrease of pool price as result of COVID-19 pandemic. • Continuous postponement of necessary market design reforms (given the misalignment of marginal market).
	Regulation	• Changes in taxes and sectorial charges. • Changes in tariff regimes of regulated activities. • Legislatives amendments. • Changes in regulations (e.g., environmental/ climatic).	=	• Regulatory impacts in Portugal with materialization in the results of the Group. • Preparation for the new regulatory period in 2021, for the distribution business in Portugal.
FINANCIAL	Financial markets	• Fluctuation of interest rate. • Fluctuation of exchange rate. • Inflation. • Fluctuation of the value of financial assets held by the Group.	↗	• Pandemic situation led to the maintenance of a continuous decreasing trend of interest rates in USA and historically low in the euro area. • Expansionary monetary policies intensified for USD and EUR. • Key exposures to exchange rates of BRL and USD. • Depreciation of USD by monetary policy relatively more expansionist when comparing with euro area. Expressive depreciation of BRL, resulting from capital flight from emerging countries during the pandemic.
	Credit and counterparties (energy and financial)	• Default of financial counterparties. • Default of energy counterparties (contracts to buy/ sell energy). • Default of clients (B2B and B2C).	↗	• Pandemic situation reverted the positive trend of credit cycle. • State support to the economy allowed the lighten the immediate rise of defaults after an abrupt decline of economic activity. • Pace of economic upturn will be crucial to the level of doubtful loans in 2021.

		ILLUSTRATION OF TOPICS (NOT EXHAUSTIVE)	RECENT EVOLUTION/ EXPECTED IN THE SHORT-TERM	
FINANCIAL	Liquidity	• One-off insufficiencies of treasury. • Downgrade of financial rating (and consequent rise of financing costs and limitation of access to financing).	=	• Abundant liquidity and reduced cost of capital, particularly in Europe and United States of America. • EDP Group's financial liquidity enough to cover refinancing need beyond 2022. • Consolidation of rating investment grade (business profile improved after portfolio reshuffling).
	Social liabilities	• Capitalization of the Pension Fund of Defined Benefit. • Additional costs with current and anticipated retirements. • Costs with medical expenses.	=	• First effect of decreasing value of assets during the pandemic cancelled in the following months, resulting in a slightly superior deficit.
OPERATIONAL	Development/ construction of physical assets	• Delay in commissioning date of assets (COD) and inherent loss of profit. • Deviations in the cost of investment (CAPEX).	= ↘	• Continuous investment in transmission in Brazil (until now developed according with the plan) and development of solar and wind capacity through EDP Renewables.
	Operation of physical assets	• Damages in physical assets and third parties. • Malfunctions by component or installation defect. • Unavailability due to external events (e.g., atmospheric events). • Technical and non-technical losses of distribution grid.	=	• Maintenance of the risk of increased impact and severity of extreme events in Iberia, with significant damage of assets of distribution and generation of energy in Portugal.
	Processes	• Irregularities in the processes' execution (regarding commercial activities, suppliers' selection and management, billing, etc.).	=	-
	Human resources	• Work accidents. • Unethical conduct. • People management. • Relationship with unions and other stakeholders.	= ↘	• Trend of decreasing index of frequency of accidents in EDP Group.
	Information systems	• Unavailability of information and communication systems. • Integrity and security of information.	=	• Occurrence of cyber-attack and reinforcement of security measures. • Maintenance of level of exposure (e.g., large-scale cyber-attacks, date protection directives) partially compensated by a continuous reinforcement of mitigation measures (cyber range, SOC, cyber risk insurance, training sessions).
	Legal	• Losses arising from lawsuits related with tax, labour, administrative, civil, or others (penalties, compensation and agreements).	=	-

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

Emerging risks

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

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

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

[1] More detail on the TCFD framework of climate risks available in EDP Group Sustainability Report

[2] Task Force for on Climate-related Financial Disclosures

Risk Appetite

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

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

- the periodical development and approval of the Group's Business Plan by the Executive Board of Directors, which is communicated to all stakeholders, and where key strategic orientations are set for the upcoming 3 to 5 years;

- the rigorous evaluation of risk related to investment and divestment opportunities proposed by the Business Units and approved by the Executive Board of Directors, including the estimation of returns adjusted to risks vs. established hurdles. This evaluation is supported by the opinion of the Investments Committee, which includes specialists from relevant areas of expertise;

- the development of a wide set of risk management policies, both at corporate and Business Unit level, which establish guidelines, methodologies of evaluation and exposure limits for key risks1;

- the periodical development of risk mapping exercises, based on objective, quantitative and comparable criteria, allowing an analysis of the exposure to key risks, as well as the adoption of preventive treatment actions for excessive exposure to risks (regarding the established tolerance of risk);

- he establishment of a wide set of mechanisms for periodical reporting of key risks, at Group and Business Unit level, thus allowing a regular monitoring of the evolution of actual and emerging risks, and comparison of the exposure to different risk profiles within the established limits;

- the adoption of a risk governance model based on 3 independent lines of defence (business, risk/ compliance and internal audit), which guarantees the implementation of the established strategies and alignment with risk appetite;

- the definition of an internal framework for risk appetite, approved by Executive Board of Directors.

The framework of risk appetite in EDP Group is structured around 4 pillars:

- the governance model identifies the key actors in the process of risk appetite and their responsibilities;

- the risk appetite statement defines statements of risk appetite with indicators and risk thresholds for each. In terms of positioning, The Group establishes a fundamental pillar in its strategy for the maintenance of a controlled risk profile, expressed transversally across 3 natures of risk,

- the monitoring and follow-up, defining the key processes of monitoring, update and action plan;

- and the technological platform, embodied in a risk appetite dashboard that allows the follow up of risk appetite in EDP Group. The Group is exposed to a number of risks inherent to its dimension and diversity of business and geographies where its present, recognizing the risk assumption as an integrant and inevitable component of its activity, as a threat and opportunity.

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[1] Including, among others, the Enterprise Risk Management Policy, the Risk Appetite Framework Policy, the Limits Structure of the Energy Management Business Unit, the Financial Management Policy, the Counterparty Policy, the Insurable Risk Management Policy, the Occupational Health and Safety Policy, the Information Security Policy, and the Principles, Structure, and Procedures for Crisis Management and Business Continuity.

Risk appetite statement of EDP Ggroup

1ST LEVEL STATEMENT	2ND LEVEL STATEMENT	KRI (OBJECTIVE)
BALANCED BUSINESS Controlled risk utility, with a strong share of regulated/ LT contracted activities, diversified both geographically and across the value chain, with a strong growth focus on renewables.	**GEOGRAPHICAL CONCENTRATION** • Geographical diversification and focus in geographies/ markets with reduced country risk.	EBITDA per market / country
		EBITDA per emerging country
		EBITDA of all emerging countries
		EBITDA of non-Investment Grade countries
		Market share per market / country
	BUSINESS SEGMENTS • Diversified portfolio across the value chain (generation, grids and retail) with a strong growth focus in medium to long-term viable renewable generation.	EBITDA per technology
		Residual life of generation assets
		CAPEX in low TRL (Technology Readiness Level)
	REGULATED/ LT CONTRACTED • Activity focused mainly in regulated or long-term contracted operations.	EBITDA regulated / LT contracted
		Gross Margin@Risk
		Contracted residual life of generation assets
	ST ENERGY MARKET POSITIONING • Controlled short-medium term energy market risk and limited proprietary trading exposure.	Value@Risk of portfolio
		Net position (long / short) per market
		Value@Risk of proprietary trading
	REGULATORY MONITORING • Foresight of possible high impacting regulatory/ political changes in current portfolio and potential new geographies.	Regulatory rating
SOLID FINANCIALS Credible business plan with sound financials, aiming for a solid investment grade rating and sustainable dividend policy.	**RATING** • Alignment between business and financial profiles to target a solid Investment Grade.	LT rating
		FFO / ND
		ND / EBITDA
		ND / EBITDA adjusted
		Business profile scoring
		EBITDA of grids
		EBITDA per emerging country
		EBITDA regulated / LT contracted
	DIVIDENDS • Predictability and sustainability of dividend policy as a fundamental element of the shareholders' value proposition.	Payout ratio
		Payout ratio P95%
	LIQUIDITY • Maintenance of liquidity reserves enough to cover cash needs in short-medium term in times of stress.	Survival period
		Debt redemption per year
		Liquidity in cash
	FINANCIAL MARKETS RISK • Proactive management of the exposure to financial markets, namely FX and IR, controlling the impacts on the business activity. Investments are financed in local currency if possible.	FX: Loss in net investment (P95%)
		FX: EBT@Risk
		FX: Equity in non-EUR not covered by NIH
		IR: Floating ratio per currency
		IR: EBT@Risk
		IR: Debt NPV change vs. duration target
	CREDIT & COUNTERPARTY • Controlled exposure to credit & counterparty risk, favouring higher rated counterparties.	Total EL of aggregate portfolio
		Due debt as % of sales
		Exposure in Top10 counterparties
		Exposure to non-Investment Grade counterparties

1ST LEVEL STATEMENT	2ND LEVEL STATEMENT	KRI (OBJECTIVE)
SOLID FINANCIALS Credible business plan with sound financials, aiming for a solid investment grade rating and sustainable dividend policy.	**INVESTMENT PLAN EXECUTION** • Investment in projects with an attractive risk adjusted profitability, limited market exposure and short time to cash.	IRR / WACC
		Contracted NPV for generation
		EBITDA in very high country risk scoring
		Average portfolio project payback
		CAPEX gap to target
	SOCIAL LIABILITIES • Full coverage of funded social liabilities, through a diversified asset portfolio of limited duration gap, with new pension plans as defined contribution.	Funded Pensions coverage ratio
		Value@Risk asset-liability position
		Duration mismatch
LEADER IN INNOVATION, SUSTAINABILITY & REPUTATION Leader in innovation, sustainability and trust for all stakeholders.	**ENVIRONMENTAL SUSTAINABILITY** • Reference in the energy transition, with performance recognized by independent international entities.	Reduction of CO_2 emissions
		Renewable installed capacity
	INVOVATION • Follow-up on key technological developments in order to remain competitive and optimize value creation.	CAPEX digital
		CAPEX em TRL baixo
	REPUTATION & ETHICS • Assurance of top reputation among peers and an exemplar ethics track record.	Scoring in ESG indexes (DJSI, MSCI, CDP, Sustainalytics)
		RepRisk scoring
		Ethisphere certification
	CLIENT SATISFACTION • Assurance of distinctive levels of global client satisfaction.	Client satisfaction scoring
		Number of complaints
	EMPLOYEE SATISFACTION • Maximization of employee engagement and healthy working environment, within a flexible organization	Engagement scoring of employees
		Enablement scoring of employees
OPERATIONAL EXCELLENCE Prudent operational management, following best-practices and preventing business disruption.	**PHYSICAL ASSETS** • Generation: development prefers well-established technical solutions and suppliers. Operation strives to strike a balance between minimizing maintenance costs and programmed unavailability and the risk of costs or loss of profit associated to unprogrammed unavailability. • Distribution: development strives maximization of grid resilience (and guarantee n-1 redundancy). Operation geared towards overcoming targets of service quality.	Average unavailability
		QoS indicators (TIEPI, SAIDI)
	INSURABLE RISKS • Extensive coverage of insurable risks at Group and BU level, with coverage, exclusions, premiums, stop-losses and caps suited to each specific context. Relationship with brokers and insurance companies centralized in specialized area.	Gross and net insurance losses associated with risks
		Loss ratio
	SUPPLIERS • Systematic evaluation of suppliers' risks, including the evaluation based on a broad set of sustainability criteria (including financial), relationship owned by a dedicated BU.	Scoring of key suppliers
	HEALTH & SAFETY • Zero tolerance for health and safety incidents with employees, external contractors or other third parties. Development of preventive policies and measures and conduct of awareness actions, supported by dedicated area.	Frequency rate of incidents with EDP and external employees and third parties
		Severity rate of incident with EDP and external employees and third parties

1ST LEVEL STATEMENT	2ND LEVEL STATEMENT	KRI (OBJECTIVE)
OPERATIONAL EXCELLENCE Prudent operational management, following best-practices and preventing business disruption.	**INFORMATION SYSTEMS** • Continuous monitoring of possible threats and emerging risks for information systems. Proactive development of initiatives and internal tests to ensure the integrity and availability of the various systems of the Group and data.	Disaster recovery tests result
		# threats detected by SOC
	LEGAL/ COMPLIANCE • Strict compliance with laws, norms and internal and external regulation, ensured by dedicated compliance area and periodical follow-up of ongoing contingencies by dedicated area.	Volume of legal contingencies by geography
		Volume de legal provisions
	CRISIS AND BUSINESS CONTINUITY • Preventive action framed by corporate and BU level policies, including the structured performance of business continuity practices (impact analysis, risk analysis and evaluation, definition of strategies and continuity plans, and exercises execution), and of crisis management, enabling the Group to have an effective answer in case of crisis in its different phases (pre, during, post crisis).	% BUs with plans/ procedures for business continuity
		% BUs with plans/ procedures for crisis management

TRANSITION

FROM A JUST TRANSITION
TO SUSTAINABLE COMMUNITIES

Changing
tomorrow now.

Innovating to power the planet

Changing tomorrow now.

03

PERFORMANCE

03

Performance

3.1. Group's Financial Analysis

Income Statement

EURO MILLION	2020	2019	Δ %	Δ ABS.
Gross Profit	5,092	5,217	-2%	-125
Operating Costs	1,524	1,518	0%	+6
Other Revenues/(Costs)	379	6	-	+373
Joint Ventures and Associates	3	25	-87%	-22
EBITDA	3,950	3,731	6%	+219
EBIT	2,206	1,863	18%	+343
Net Profit for the period	1,161	899	29%	+262
Net Profit attributable to EDP shareholders	801	512	56%	+289
Non-controlling interest	361	388	-7%	-27

€

EBITDA

€3,950M

+6% *VS.* 2019

- **EBITDA** amounted to 3,950 million euros in 2020, an im provement of 6% vs. 2019, including significant extraordinary effects in 2020 of 293 million euros and adverse ForEx impact (-205 million euros) mainly due to a 25% depreciation of the Brazilian Real against the Euro. If disregarded these effects, EBITDA would have been 3,657 million euros, an increase of 3% vs. 2019, largely reflecting lower EBITDA in wind and solar on deconsolidation of renewables assets sold during 2019 in accordance to the execution of our asset rotation strategy, and weaker wind resources. These factors were partially mitigated by the normalisation of hydro resources, successful hedging strategy in energy management in Iberia and higher gains on our asset rotation strategy.

- In **Renewables**, 14% increase vs. 2019 to 2,613 million euros (+316 million euros vs. 2019), impacted by the extraordinary effects of (i) the gain with the sale of six hydro plants in Portugal in December 2020 (216 million euros) and (ii) the gain booked in fourth quarter 2020 on GSF legal settlement in Brazil (66 million euros). Excluding these effects, EBITDA amounted to 2,326 million euros (+2% vs. 2019) as the strong recovery of hydro resources in Iberia along with our hedging strategy and higher gains on the execution of our asset rotation strategy (+120 million euros YoY), more than offset the de-consolidation effect of wind assets sold (-102 million euros) and the ForEx impact (-70 million euros) mainly the Brazilian Real.

- In **Networks**, 9% decline YoY to 910 million euros (-87 million euros), reflecting (i) in Brazil, the ForEx impact (-90 million euros) overshadowed the growth in EBITDA in local currency (+7% vs. 2019) driven by positive tariff adjustments and advances on the commissioning of the transmission projects, (ii) in Portugal, the lower rate of return on RAB, on the back of the evolution of the 10-year government yields in the last 12 months.

- In **Client Solutions and Energy Management**, 1% decline vs. 2019 to 474 million euros (-6 million euros), driven by (i) the strong performance of the energy management activities in Iberia, as our successful hedging strategy and price volatility in the year prompted for an increase in hedging results, which was offset by (ii) in Brazil the ForEx impact (-44 million euros).

- **Opex costs** remained broadly flat at 1,524 million euros, on tight cost control and successful implementation of ongoing savings programs, mainly in Iberia, while supporting the requirements needed to accelerate growth.

- **Other net operating revenues/(costs)** changed by 373 million euros, to a net operating revenue of 379 million euros, mainly on aforementioned capital gains on disposals and gains from our asset rotation.

EBIT

€2.206M

+18% *VS.* 2019

Net Profit
Attributable to
EDP Shareholders

€801M

+56% *VS.* 2019

Capex

€2,909M

+29% *VS.* 2019

- **EBIT** was 18% higher vs. 2019, at 2,206 million euros, positively impacted by (i) lower impairments mainly in thermal vs. 2019, to 236 million euros in 2020, (ii) lower depreciation charges arising from the classification as assets held for sale of operations disposed in late 2020 and ForEx impact (-51 million euros vs. 2019) and (iii) the abovementioned EBITDA performance; these effects were only slightly mitigated by the negative impact of higher provisions vs. 2019.

- **Financial results** were broadly stable amounting to -671 million euros, reflecting the 60 bps decline in average cost of debt to 3.3% (*vs.* 3.9% in 2019) and 1% decrease in the average debt, which was offset by the 70 million euros cost related to the repurchase of some outstanding debt in 2020.

- **Income tax expense** amounted to 309 million euros in 2020, representing an effective tax rate of 20%.

- **Non-controlling interests** fell to 361 million euros in 2020 (-7% vs. 2019), mainly explained by the decline in net profit contribution from EDP Brasil, on the back of the Brazilian Real depreciation.

- **Net profit attributable to EDP equity holders** amounted to 801 million euros in 2020 (vs. 512 million euros in 2019). Nevertheless, if disregarded in 2019 the impact on net profit from (i) the extraordinary contribution for the energy sector (-66 million euros), (ii) impairments and provisions (-283 million euros), (iii) other items (+7 million euros); and in 2020 (i) the extraordinary contribution for the energy sector (-63 million euros), (ii) impairments (-252 million euros), (iii) the liability management costs (-55 million euros), (iv) curtailment (-38 million euros), (v) other items (-18 million euros), (vi) net gains from disposals (+325 million euros); net profit would have increased 6% to 901 million euros.

Investment Activity

Expansion Capex, €2,400m (+39% vs. 2019)

Expansion capex was 83% of total capex and was mostly dedicated to the construction of new renewables capacity mostly in North America and Europe and transmission lines in Brazil:

- Capex in new wind & solar capacity amounted to 2,098 million euros in 2020, of which 56% was applied in North America, 34% in Europe and 10% in Brazil;

- Capex in transmission lines in Brazil amounted to 173 million euros in 2020, as the execution of the expansion capex plan for developing 6 transmission lines is proving ahead of schedule.

Maintenance Capex, €508m (-5% vs. 2019)

- Maintenance capex amounted to 508 million euros in 2020 and was mostly absorbed by networks in Iberia and Brazil (66% of total).

Asset Rotation

€1.678M

- The execution of our asset rotation strategy was strong during 2020:
- In February we completed the sale of last year's asset rotation deal of a 137 MW wind farm in Brazil (254 million euros proceeds);
- In 2020 we announced and closed the following asset rotation deals: (i) 80% shareholding position in a portfolio of 563 MW in US (423 million euros proceeds), (ii) 242 MW in Spain (505 million euros), the transfer of Rosewaters wind farm under a Build & Transfer agreement signed in Feb-19 (74 million euros) and conclusion of the establishment of the JV with Engie (207 million euros gain).

Net Debt

€12,243m

-11% *VS.* 2019

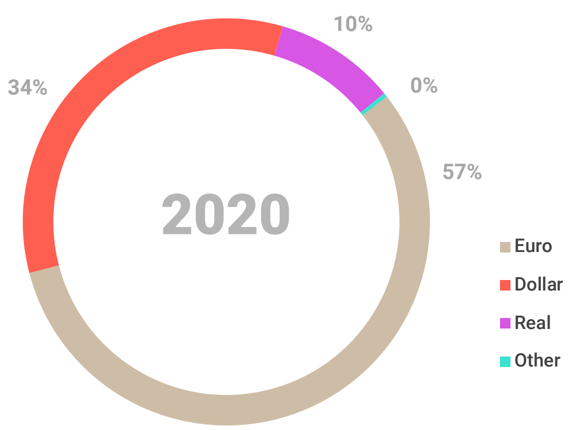
Net Debt

As of December 2020, net debt stood at 12.2 billion euros, 11% lower *vs*. December 2019, impacted by: (i) the strong performance of our recurring organic cash flow (1.8 billion euros); (ii) our core expansion activity with the significant step up of our expansion investment (3.2 billion euros, including financial investments) partially offset by proceeds from asset rotations in the period (1.7 billion euros); and (iii) the execution of our portfolio reshaping, contemplating 2.8 billion euros of disposals of merchant assets (6 hydro plants and 2 CCGTs and B2C energy supply in Spain), the 2.1 billion euros acquisition of Viesgo, along with a new partnership with MIRA that was supported by 1 billion euros in proceeds from the Aug-20 capital rights issue.

Funding Policy

- Centralized funding management with about 80% of the Group gross financial debt at level of EDP - Energias de Portugal, S.A. and EDP Finance BV, while the remainder is divided between EDP Brasil (ring fenced vs. the rest of the Group), EDP España (following the acquisition of Viesgo in Dec-20) and project finance, at the level of some of EDP Renováveis' subsidiaries.
- In 2020 the average cost of debt stood at 3.3% (-60 bps vs. 2019), mainly driven by a proactive debt management over the past quarters and declining benchmark interest rates, particularly in Brazil.
- Fixed interest rate debt represents 68% of overall gross financial debt.

Gross Debt by Currency in Dec-20[1]



[1]After FX-derivatives

Bond Issues

All EDP issuances in 2020 were green (one green hybrid bond and two senior green bonds), detailed as follows:

ISIN CODE	CURRENCY	AMOUNT	COUPON	MATURITY
PTEDPLOM0017	EUR	750.000.000	1.700%	20/07/2080
PTEDPNOM0015	EUR	750.000.000	1.625%	15/04/2027
XS2233217558	USD	850.000.000	1.710%	24/01/2028

Rating

Regarding EDP's rating, in February 2020, Fitch affirmed EDP's rating and revised the company's Outlook to positive. Also, following the announcement of Viesgo acquisition deal and 1 billion euro capital increase, all three main rating agencies stated that the acquisition represents a strong fit with EDP's current activities. Moody's and S&P both affirmed EDP's ratings in July 2020 and October 2020, respectively.

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

3.2. Business area analysis

€

Renewables EBITDA

€2,613m

+14% VS. 2019

3.2.1. Renewables

Financial Analysis

EBITDA from Renewables division (wind, solar and hydro technologies), advanced by 14% YoY to 2,613 million euros, supported by:

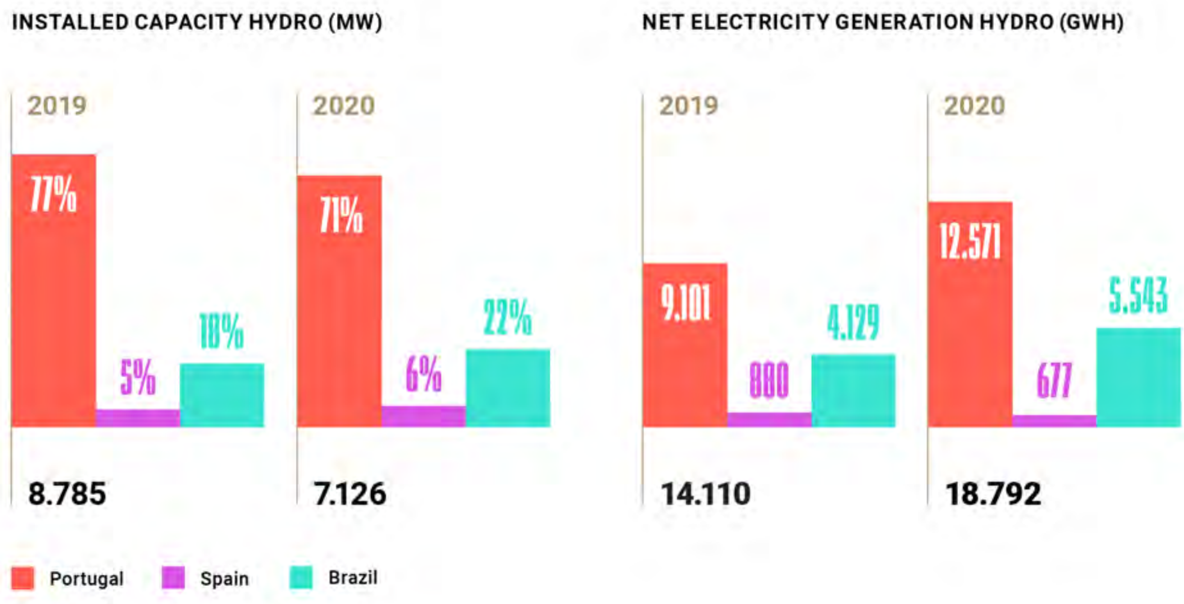
- Extraordinary effects: gain with the sale of six hydro plants in Portugal (216 million euros) and gain booked on GSF legal settlement in Brazil (66 million euros).

- On hydro, excluding the abovementioned impacts, EBITDA increased 5 % *vs*. 2019 to 671 million euros on the back of the strong recovery of hydro resources in Iberia (+16p.p. to 3% short of long-term average in Portugal), along with our hedging strategy, which was partially offset in Brazil by the ForEx impact due to Brazilian Real devaluation versus the Euro.

- On wind & solar, EBITDA was broadly stable at 1,655 million euros due to the mixed impacts of (i) higher asset rotation gains (+120 million euros *vs*. 2019), 434 million euros), (ii) de-consolidation of assets sold last year (-102 million euros vs. 2019) and (iii) lower wind resources in the year (-5p.p. vs. 2019, 8% short of P50).

Operational Analysis

Hydro Generation



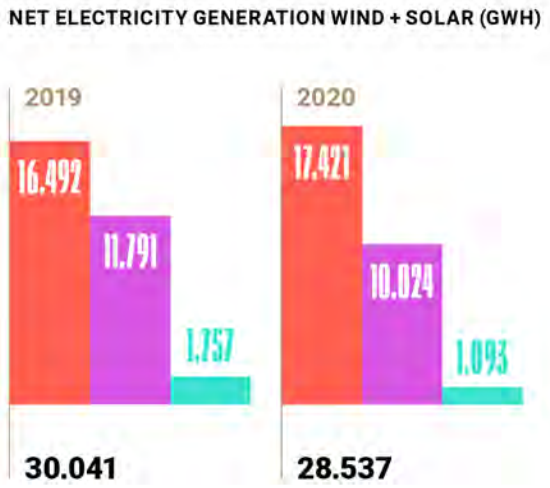
Iberia

- EDP's hydro production portfolio in the Iberian Peninsula includes a total of 5.5GW of installed capacity, of which 43% includes pumping.
- Hydro generation in 2020 increased 33% year on year (+ 3.3TWh), to 13.2TWh, reflecting an increase in water resources in 2020 (IPH of 0.97 in Portugal, which compares with an IPH of 0.81 in 2019).
- In Dec-20, following the strategy of proactive management of the Group's portfolio, EDP concluded the sale of a portfolio of 6 hydroelectric plants in Portugal, located in the hydrographic basin of the Douro River (Miranda, Bemposta, Picote, Foz Tua, Baixo Sabor e Feiticeiro), of which 3 run-of-river plants (1.2GW) and 3 reservoirs with pumping (0.5GW), thus leading to an impact of -1.7GW on installed capacity.

Brazil

- The Hydro generation portfolio in Brazil includes a total of 1.6 GW of installed capacity and 0.6 GW of equity installed capacity.
- In 2020, the hydrological scenario remained below the historical average, directly impacting the Group's plants, which were exposed to an 80% GSF. In this context, EDP maintains a strategy to protect its portfolio by contracting and / or purchasing energy to mitigate risks related to GSF and fluctuating PLD through “hedge”, in addition to the Company's seasonal allocation of greater energy allocation for the second semester.
- In 2020, the volume of energy sales, considering the consolidated companies, was 6,602 GWh, a reduction of 37.5%, due to the lower volume of bilateral contracts established with market agents and with the trader.

Wind and Solar Generation



The Group's wind and solar generation portfolio corresponds to a total of 12.2GW of installed capacity, an increase of 0.8GW (+ 7%) explained by the growth of the portfolio of EDP Renováveis ("EDPR") net of deconsolidations resulting from the asset rotation strategy.

- In 2020, EDPR added a total of 1,580MW, including 486MW from the acquisition of Viesgo's renewable wind business concluded in December 2020.

- Regarding the EBITDA portfolio, EDPR built: 884 MW of onshore wind technology, of which 154 MW in Europe (10 MW in Spain, 4 MW in Portugal, 73 MW in France, 10 MW in Belgium and 58 MW in Poland), 625 MW in the United States and 105MW in Brazil; and, 200MW of solar pv technology in Mexico.

- Following the asset rotation strategy, EDPR concluded the following sales: total participation in a portfolio of 137MW in Brazil and a portfolio of 237MW in Spain; as well as the sale of 80% in a portfolio of 563MW in the United States (of which 200MW will start operating in 2021 only) and of 102MW of a Build and Transfer wind project in the United States.

- In Jan-20, EDPR signed an agreement with ENGIE to form a new entity, Ocean Winds Offshore, a joint venture controlled 50/50 by both parties. Since its incorporation in Jun-20, this entity has become the exclusive investment vehicle of the EDP Group and ENGIE for offshore wind opportunities (fixed and floating) worldwide, with EDPR and ENGIE incorporating their offshore wind assets and their projects under development in this new entity.

- With regard to the equity portfolio, the variation was + 0.1GW (+ 21%) due to the asset rotaion operation carried out in the United States, with 20% (73MW in 363MW) being consolidated using the equity method; the acquisition of 35MW referring to minority financial interests held by Viesgo; and the entry into operation of 14 MW of offshore wind technology, related to the floating project Windplus in Portugal.

- Wind and solar generation decreased by 5% in 2020, reflecting the lower wind index (8% below the expected average volume) as well as the lower average installed capacity, resulting from the asset rotation transactions carried out in 2019 (997MW in Europe from June to 19 and 137MW in Brazil to Dec-19) which resulted in -1.9TWh.

- At the end of 2020, EDPR had 2.4GW of capacity under construction, of which 1.6GW related to onshore wind, 404MW related to solar pv and 311MW related to equity investments in offshore projects. Regarding onshore wind, 722MW were under construction in Europe (85MW in Spain, 135MW in Portugal, 30MW in France, 292MW in Poland, 136MW in Italy and 45MW in Greece), 708MW in the United States (corresponding to 5 projects), 62MW for a project in Canada and 155MW in Brazil. Solar pv projects respect to 204MW in Brazil and 200MW in the United States (project contemplated in the asset rotation of 563MW in the United States concluded in Dec-20). Finally, in relation to offshore wind, on December 31, 2020, 267MW were under construction in the United Kingdom (Moray East) and 43MW in Belgium (SeaMade).

Risk outlook

- **Demand risk (Portugal and Spain)**: pandemic situation led to a significant reduction in demand, and a change in the consumption profile due to the governmental measures taken to control contagions.

- **Hydro volumes:** uncertainty regarding hydro generation levels, but with lower exposure for 2021 due to the hydro assets' sale.

- **Asset operation and availability:** uncertainty regarding damage of assets and/ or loss of profit. Potential failure of human resources, specialized technicians that ensure the dispatch, monitoring and maintenance of the assets, in a serious pandemic situation.

- **Prices of PPAs through auctions:** rising trend of increase of capacity through auctions and directly by contracting corporate PPAs.

- **Political/ regulatory support for renewable energies:** uncertainty regarding long-term regulatory frameworks (incentives, capacity, among others).

- **Generation merchant prices:** uncertainty regarding wholesale prices (particularly long-term), green certificates and RECs (Renewable Energy Credits).

- **Generation volumes:** annual volatility in wind and solar generation.

- **Counterparty:** possible default on contract obligations (long-term contracts of power purchase, contracts to buy equipment, among others).

- **FX:** evolution of key currencies (USD, BRL, CAD, RON, PLN, GBP, COP). Strong volatility in all currencies, translated into a general market devaluation.

- **Regulatory in Brazil:** uncertainty in business support mechanisms due to the exceptional pandemic situation. Possible inclusion of regulation on procedures and reporting of serious occurrences, prolonged unavailability of service supply, and reform of the electricity system with impact on generation, distribution, and supply.

- **Hydro volume in Brazil:** uncertainty regarding hydro generation levels with impact in case of mismatch between energy generation and energy sold in LT contracts - differences settled at volatile spot price (PLD).

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

- **Political/ social risk in Brazil:** uncertainties regarding structural reforms and effects caused by the COVID-19 pandemic with macroeconomic and business impact.

Networks EBITDA

€910m

-9% VS. 2019

3.2.2. Networks

Financial Analysis

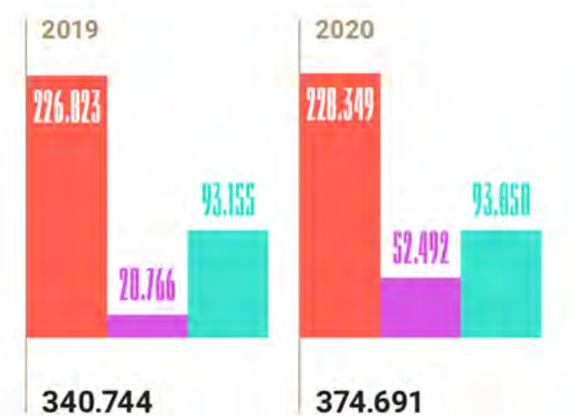
EBITDA from Networks division declined by 9% vs. 2019 to 910 million euros, due to:

- In Brazil (distribution and transmission), strong ForEx impact (-90 million euros), overshadowing local currency 7% EBITDA growth in the period backed by positive tariff updates and the comissioning of new transmission lines.
- In Portugal, 1% decline vs. 2019 given the lower rate of return on RAB, on the back of the evolution of the 10-year government yields in the last 12 months and higher costs with vegetation management.
- In Spain, 8% rise vs. 2019, reflecting (i) the reversion of contingencies relative to past disposals and Human Resources restructuring costs, partially mitigated by (ii) the new regulatory terms and lower adjustments to past year's revenues.

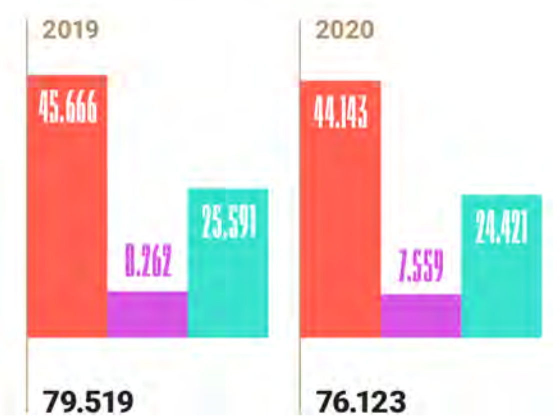
Operational Analysis

Distribution

NETWORK LENGTH (KM)



ELECTRICITY DISTRIBUTED (GWH)



Portugal Spain Brazil

Iberia

- The Distribution network in the Iberian Peninsula reached 280,841 km in 2020, corresponding to an increase of 13% compared to 2019, which essentially results from the incorporation of Viesgo's 31,624km portfolio.
- At the end of 2020, EDP reached 4.6 million smart meters installed in the entire distribution network in the Iberian Peninsula, having 0.7 million of Viesgo's portfolio. Smart meters are aligned with the efficiency strategy, digitalization and innovation, and, consequently are considered a strong bet in the group, especially in Portugal seeing that there was an increase of 23%, against 2019 in the residential market.

- In 2020, there was a decrease in the volumes of electricity distributed in the Iberian Peninsula (-4% vs 2019), resulting in a total of -2.2 TWh. Variation is mainly explained by the effect of lower demand on higher tension levels associated with the slowdown in the economy due to the pandemic.

- The Installed Capacity Equivalent Interruption Time (ICEIT) in Portugal registered a slight increase compared to 2019, with 60 minutes, but still below the regulator's benchmark. In Spain, EDP maintained the good performance recorded in previous periods, registering a 15 minute TIEPI corresponding to a 44% reduction.

- In terms of losses in the electricity distribution network in Portugal, there was a slight increase in the losses indicator, which reached 9.84% in 2020 (+ 0.03pp vs 2019), thus remaining above the regulatory reference of 7.80%. This increase is mainly due to the energy mix that was aggravated by the COVID19 effect. In Spain, there was also a slight increase in the losses indicator, which stood at 3.85% (+ 0.06pp vs 2019).

Brazil

- The Distribution network reached 93,850 km's of network in 2020, corresponding to an increase of 1% vs 2019.

- In the year, the volume of energy distributed decreased 4.6%, (-3.4% at EDP SP and -6.3% at EDP ES). This reduction reflects the negative effects of the new coronavirus pandemic ("COVID-19"), resulting in a reduction in industrial production and retail trade. In addition, climatic conditions, marked by milder temperatures, also contributed to this result.

- The number of free customers increased by 25.6% (165 customers at EDP SP and 99 customers at EDP ES), due to the migration of captive customers to the free market.

- In both distributors, service quality indicators are below the established regulatory targets. At EDP SP and EDP ES, there was an improvement in both indicators (DEC and FEC), reflecting the improvement actions involving preventive maintenance, "DEC Down Project" (treatment of repeat offenders, improvement of internal processes and acquisition of new ones). technologies) and use of digital platforms for field teams.

Transmission Brazil

- In December 2020, 2 of the 6 Transmission lots were in operation and 1,125 km were still under development.

- This year and in spite of the temporary stoppage of the works, due to the difficulties brought by the pandemic, in the beginning of August the last section of Lot 11, in the state of Maranhão, was completed, with 12 months ahead of the regulatory deadline, as well as advances in the works in the other lots.

Risk outlook

- **Low voltage network concessions (Portugal):** uncertainty regarding the renewal of framework, possible fragmentation and increase in system costs.

- **Asset operation and availability:** uncertainty regarding damage of assets and/ or loss of profit.

- **Business continuity:** across-the-board and prolonged interruption of operations by extreme events (e.g., natural disasters)

- **Regulatory in Brazil:** uncertainty in business support mechanisms due to the exceptional pandemic situation. Possible inclusion of regulation on procedures and reporting of serious occurrences, prolonged unavailability of service supply, and reform of the electricity system with impact on generation, distribution, and supply.

- **Price (Spot PLD):** transversal impact to the business of generation, distribution, and supply.
- **Political/ social risk in Brazil:** uncertainties regarding structural reforms and effects caused by the COVID-19 pandemic with macroeconomic and business impact.

3.2.3. Client Solutions & Energy Management

Client Solutions & Energy Management EBITDA

€474m

-6% *VS.* 2019

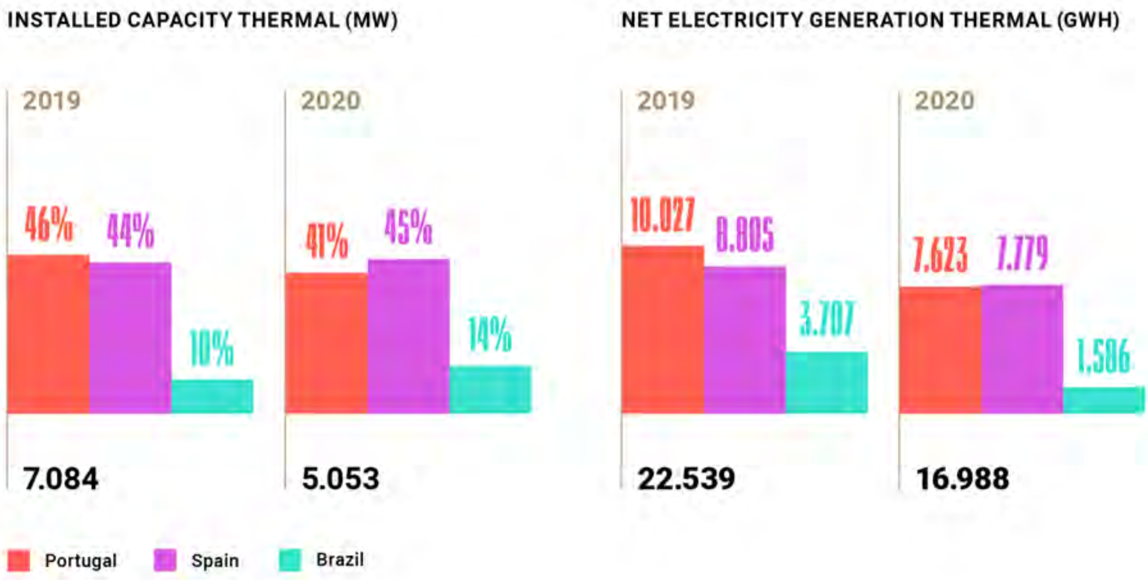
Financial Analysis

EBITDA from our Client Solution and Energy Management division (thermal generation, supply and energy management), declined 1% vs. 2019 to 474 million euros, impacted by:

- In Brazil, performance was penalised by ForEx impact (-44 million euros), while Pecém contribution reflected its PPA inflation updated remuneration based on availability.
- In Iberia, strong performance of energy management, that benefitted from increased volatility in energy markets and normalization of the operating conditions in supply, with demand showing signs of recovery and higher services penetration.

Operational Analysis

Thermal generation



Iberia

- The Iberian thermal generation portfolio has an installed capacity of 4.3GW, with most of the capacity being CCGT (67% or 2.9GW) and coal production (29% or 1.2GW). The remaining thermal capacity is divided between nuclear (0.2GW), cogeneration and waste.
- Thermal generation decreased 18% compared to 2019 (-3.4TWh), due to the decrease in both coal generation (-2.9TWh) and CCGT generation (-0.4TWh). Nuclear generation remained stabler.

- In Dec-20, following the strategy of proactive management of the Group's portfolio, EDP concluded the sale of tw CCGT plants (Castejón I & III), located in Navarra, in the north of Spain, having an impact -0.8 GW in installed capacity.

- The early closure of the Sines plant, which stopped producing energy on December 24th, led to a decrease of 1.2 GW in thermal capacity and also contributed to the decrease in coal generation previously mentioned in -2, 2 TWh, whose production in 2020 was explained by the burning of residual coal storage.

- Coal capacity will continue to decline in 2021, with the closure of the Soto 3 plant (346MW) in Spain.

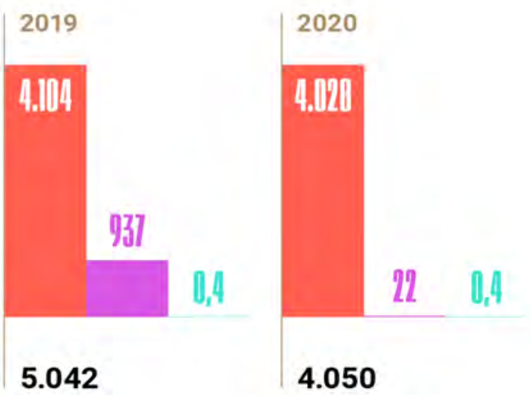
Brazil

- In Brazil, EDP has 720MW of installed thermal capacity corresponding to Pecém plant.

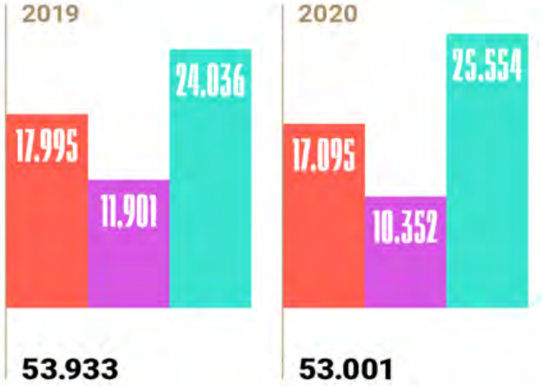
- The average availability of the plant was 91.9% above the Reference Availability.

Supply

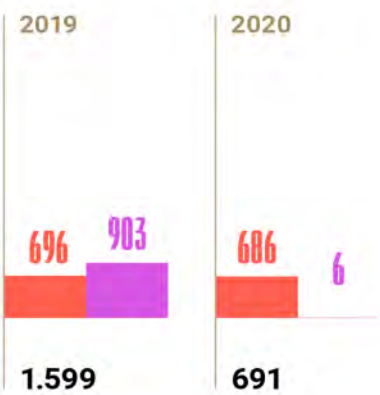
ELECTRICITY CUSTOMERS ('000)



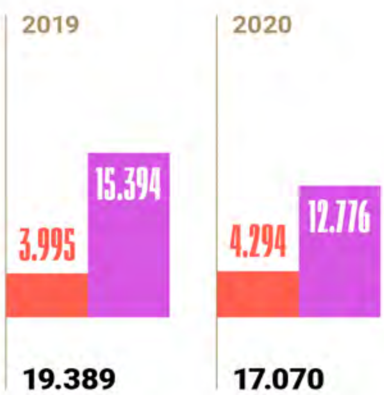
ELECTRICITY SUPPLIED (GWH)



GAS CUSTOMERS ('000)



GAS SUPPLIED (GWH)



Portugal Spain Brazil

Iberia

- For EDP, the relationship with the customer is crucial, so it has given strong relevance to the improvement of the quality of the services provided at the same time as the expansion of its value proposal through new services, in order to accompany the current energy transition. EDP has been building a notorious position in the energy market, with the aim of being an engaging and innovative company, in which customers take turns. As a reflection of this commitment to customer relations, in 2020 EDP achieved a level of global customer satisfaction of 79% in line with the defined goal.

- In Iberia, EDP has been increasingly reinforcing its focus on the cross offer of products and services integrated with energy, as well as offering service packages, in order to offer greater value to its customers.

- At the end of 2020, EDP Comercial's electricity customer portfolio had 4 million customers, mainly in the residential and SME segment, where it registered a volume of 10.2TWh of commercialized energy. In the gas sector, despite the slight decrease in the total number of customers, it is worth noting the increase in the volume of gas sold in the B2B segment, which allowed EDP Comercial to close the year 2020 with a total volume of gas sold of 4.3 TWh.

- In Spain, the decrease of approximately 10%, recorded in the volume of energy sold by EDP on the free market, is mainly explained by the sale of the B2C customer portfolio at the end of November 2020, as well as by the decrease recorded in the volume of electricity sold in the B2B segment for 8.4TWh.

- In the services sector, the strong bet on a portfolio with a diversity of energy efficiency solutions, microgeneration, electrical mobility and technical assistance, once again allowed EDP's client portfolio to be strengthened in the Iberian Peninsula. Among the main traditional services, the highlights are the Funciona service portfolio, which grew 18% for the 460 thousand customers and for the EDP Saúde service, which registered a total number of 135 thousand customers in Portugal. Regarding the bet on new services, more focused on energy efficiency and transition, the highlight is Solar B2C, which in Portugal registered an increase of 6 thousand installations to a total of 14.7 thousand solar installations.

Brazil

- In the year, the total volume of energy was 25,554 GWh, an increase of 6.3%. The year 2020 was marked by the pandemic and regression of the world economy and EDP adopted initiatives and emergency resources in order to support its consumers and business partners. Throughout 2020, the price of energy went through volatility, which brought good business opportunities with solid partners and consequently a slight increase in the energy transaction.

- The focus on distributed generation continues to mark the year in which EDP closed 65.4 MWp in solar energy projects - 34.5 MWp already installed for clients such as Banco do Brasil, TIM, Claro, Globo and Johnson & Johnson and 30.8 MWp in development.

Risk outlook

- **Commodities prices:** pool price decrease, and mismatch with expected price, due to a decrease in demand, increase in renewables penetration, and coal phase-out.

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

- **Demand risk:** significant decrease in energy demand as result of the pandemic situation.

- **Over contracting:** increased risk of over contracting due to the decrease in demand.

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

- **Political/ social risk in Brazil:** uncertainties regarding structural reforms and effects caused by the COVID-19 pandemic with macroeconomic and business impact.

- **Regulatory in Brazil:** uncertainty in business support mechanisms due to the exceptional pandemic situation. Possible inclusion of regulation on procedures and reporting of serious occurrences, prolonged unavailability of service supply, and reform of the electricity system with impact on generation, distribution, and supply.

3.3. Share Performance

Share

EDP market price was 5.156€ per share at the end of 2020, 33.4% above the 3.864€ per share at the end of 2019. Based on the payment of dividends to shareholders held on May 14th, 2020 (0.19€ per share), which implied a dividend yield of 4.9% (considering 2019's year-end closing price), in 2020 EDP generated a total shareholder return (TSR) of 43.2%, assuming automatic reinvestment of the dividends received into new shares.

Market Performance

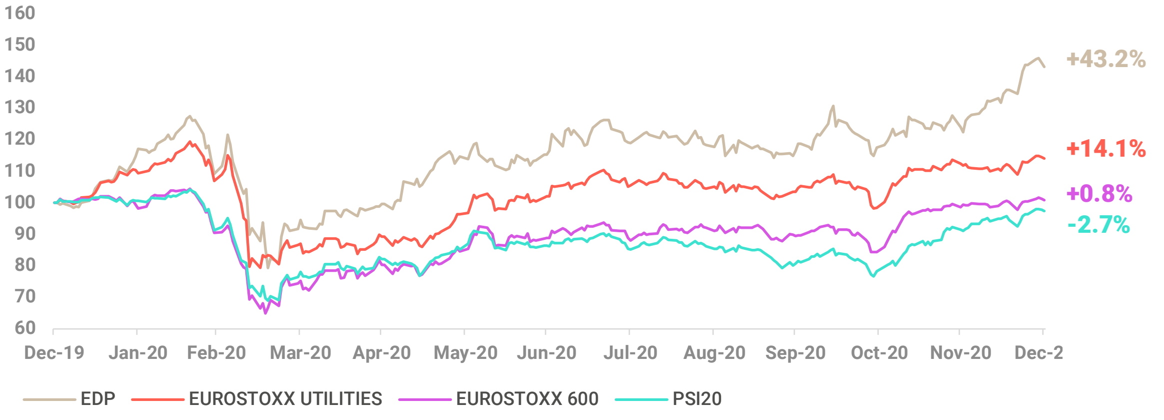
In 2020, European Equities benchmark index, Eurostoxx 600, yielded a TSR of +0.8% significantly impacted by the deterioration of economic outlook and fears caused by the Covid-19 pandemic mainly in the first quarter. This effect was offset throughout the rest of the year as economies setup strong fiscal and economic plans for recovery, Central Banks cut interest rates and extended Quantitative easing programs and the development of vaccines in a record-breaking timeframe that triggered optimism in stock markets.

The Utilities Sector outperformed the Eurostoxx600 and exhibited total return of +14.1% return in 2020 as investors sought more defensive stocks during the market downturn. Furthermore, the continuation of low-interest rates environment, the setup of the European recovery plan with a strong focus on decarbonizing the economies, the Democratic win in the US elections with ambitious plans regarding the electrification of the economy and increased demand from investors for stocks with high ESG standards and with a clean energy focus, prompted Utilities most exposed to Renewables to outperform.

In 2020, Portugal's benchmark equity Index PSI20 exhibited a negative TSR of 2.7%. This performance stem from the ripple effects of a general deterioration in market sentiment of European Equities.

EDP's TSR of +43.2% in 2020 outperformed both European and Utilities benchmark Indexes. During 2020, despite the uncertainty and new reality brought by the Covid-19, EDP has moved forward on strategic targets delivery, while continuing to benefit from lower refinancing costs. In the equity market EDP did a €1 bn equity rights issue announced in July and concluded in August, to finance the acquisition of Viesgo, the first capital increase of EDP in 16 years, with the issue of 309,143,297 new shares at a subscription price of €3.30 per share.

Total Shareholder Return



Factors influencing the change in EDP share price

The performance of EDP's share price in 2020 was impacted by several factors. On one hand, the macro situation on the back of Covid-19 pandemic led to an increasingly support of a green recovery both in Europe and US, coupled with a raise of ESG-focused funds. On the other hand, the execution and strong delivery of EDP's Strategic Plan growth targets in the first two years of this plan.

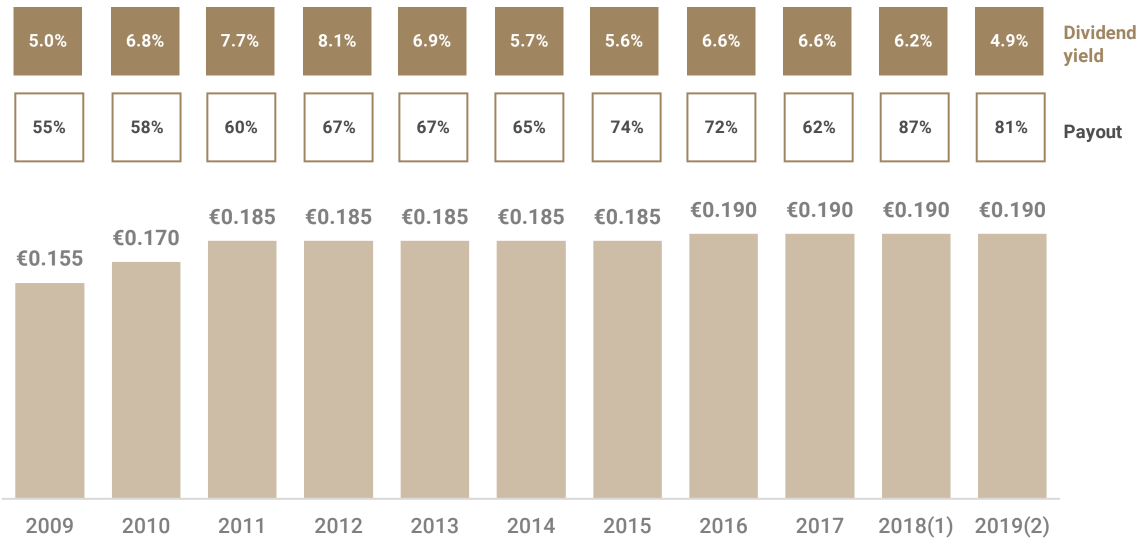
INTERNAL FACTORS	Focused growth		↗	• In renewables, the addition of 1.6 GW during 2020 and securing 6.2 GW of long-term contracts for new renewables capacity to be commissioned in 2019-2022, representing 87% of our target for 2019-2022. • Establishment and transfer of the assets to the 50/50 joint venture with Engie for offshore wind. • In networks in Brazil, the execution of 82% of planned capex in transmission, in 6 lines totalling 1,441 km under licensing/construction.
	Portfolio optimization		↗	• Two asset rotation deals agreed: 242 MW in Spain and 450 MW net in the United States. • Portfolio reshaping in Iberia: conclusion of the disposal of 1.7 GW hydro portfolio in Portugal for €2.2 billion, sale of 2 CCGT plants and B2C Supply business in Spain for €0.5 billion and acquisition of Viesgo for €2.7 billion.
	Debt management		↗	• Issuance of €0.75 billion green hybrid bond in Jan-20 at 1.75% yield. • Two green bonds: €0.75 billion green bond in Apr-20, with 7 years maturity and 1.719% yield and $0.85 billion green bond in Sep-20, with 8 years to maturity and 1.716% yield.
	Efficiency		↗	• OPEX reduction by 3% on like-for-like base, excluding growth in 2020.
	ESG recognitions		↗	• #2 in Dow Jones Sustainability Index 2020 ranking and A-score on climate change and water security for CDP ranking.
	Decarbonization		↗	• 33% reduction in Specific CO_2 emissions (vs. 2019) and shutdown anticipation of coal power plants in Iberia (Sines and Soto 3).
EXTERNAL FACTORS	Covid-19 pandemic		↘	• Covid-19 pandemic led to a negative impact on electricity demand and power prices, although with limited impact at EDP level.
	Regulatory Environment	European Union	↗	• Higher visibility on member states overall energy policy, focused on renewables on the back of the Green Deal. Approval of 2030 CO_2 reduction target of -55%.
		USA	↗	• Extension of several tax credits for renewables projects and election of a Democratic Administration with majority in the Congress, with ambitious renewables plans.
		Brazil	↗	• Regulatory support namely Covid account in distribution and GSF solution in generation.
		Portugal	↘	• Retroactive cut on the alleged overcompensation regarding CMEC plants' participation in the ancillary services market in 2009 - 2013.
	Interest rates		↗	• Low market interest rates are triggering the decline in marginal cost of debt.
	Forex Markets		↘	• Devaluation of the Brazilian Real, due to economic downturn on the back of Covid-19 pandemic.
	Energy markets	CO_2	↗	• The increase in the price of CO_2 allowances in the European market has been supportive to electricity wholesale prices.
		Gas prices	↘	• Decline in gas prices contributed negatively for the electricity wholesale prices in Europe.
	ESG Trends		↗	• The rise of sustainable investing has increased the focus in companies that comply with ESG factors (Environmental, Social and Governance), like EDP.

Dividend

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

Accordingly, for the 2019 financial year the Executive Board of Directors of EDP submitted to the approval of the General Shareholders' Meeting of April 16th, 2020, a proposal for the allocation of 2019 profits, including 694.7 million euros to be distributed to shareholders in the form of dividends. The proposal was approved by a majority of votes (99%) at the General Meeting and a gross dividend of 0.19€ per share was paid on the May 14th, 2020.

Dividend per Share (€)



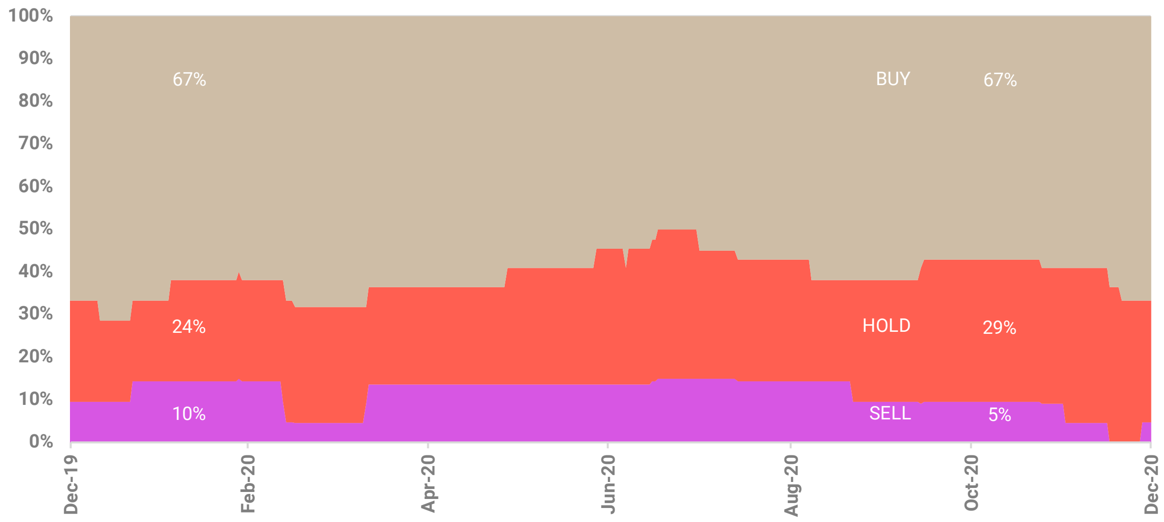
1) 2018 Payout based on Net Profit excluding regulatory impacts (-€208m), impairments at coal plants in Iberia (-€21m), restructuring costs (-€21m), net gain on disposals (+€64m), debt prepayment fees and others (-€26m) and the extraordinary contribution for the energy sector (-€65m).

2) 2019 Payout based on Net Profit excluding impairments (-€224m), the provision for Fridão (-€59m), provision reversal at S. Manoel and the gain on the revaluation of Feedzai (+€28m), restructuring costs (-€8m), provision for the sharing of some gains with customers and gains following the change in medical plan of employees in Brazil (-€12m) and the extraordinary contribution for the energy sector (-€66m).

Analyst's Recommendations

There are currently 21 Equity sell side analysts with active coverage of EDP. During 2020, the weight of Buy recommendations by equity sell side analysts was stable at 67%, Hold recommendations increased from 24% to 29%, whereas Sell recommendations decreased from 10% to 5%. The average Price Target as of December 31st, 2020, was €5.2 per share, according to Bloomberg.

Analysts' Recommendations

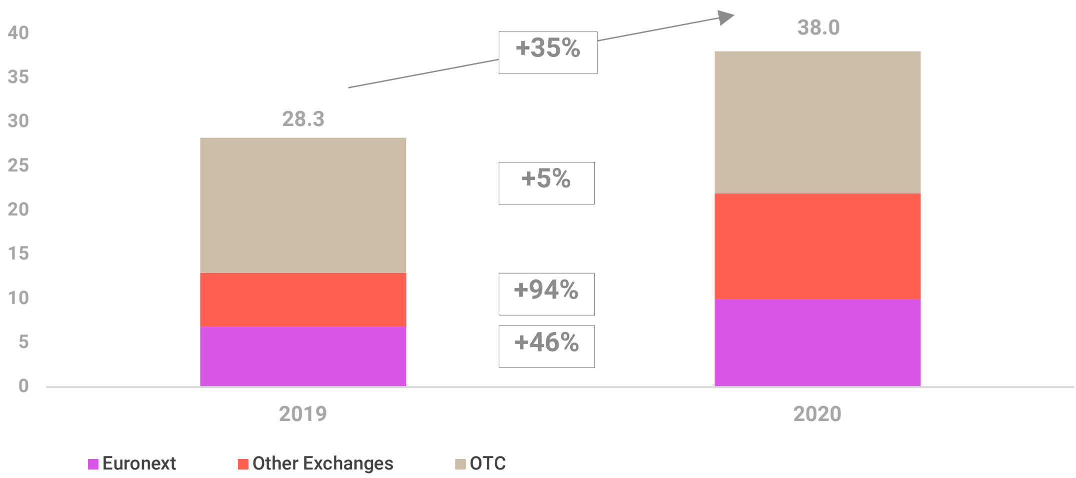


Source: Bloomberg

Volumes

EDP's ordinary shares are publicly traded not only in its main market (Euronext Lisbon), but also in other 27 stock exchanges (including Turquoise and Chi-X Europe) and 7 Over-the-Counter markets (including BATS Chi-X Europe and BOAT).

Average daily trading volume per type of market in 2020 (million shares)



Source: Bloomberg.

3.4. Markets and regulation

Fuels in the world and Europe

The last year was characterized by **a strong volatility in the markets**, reflecting the uncertainties caused by the Covid-19 pandemic, with fluctuations according to the waves of pessimism and optimism, as new developments arose regarding the virus dissemination, the vaccines discovery and policies to contain the pandemic.

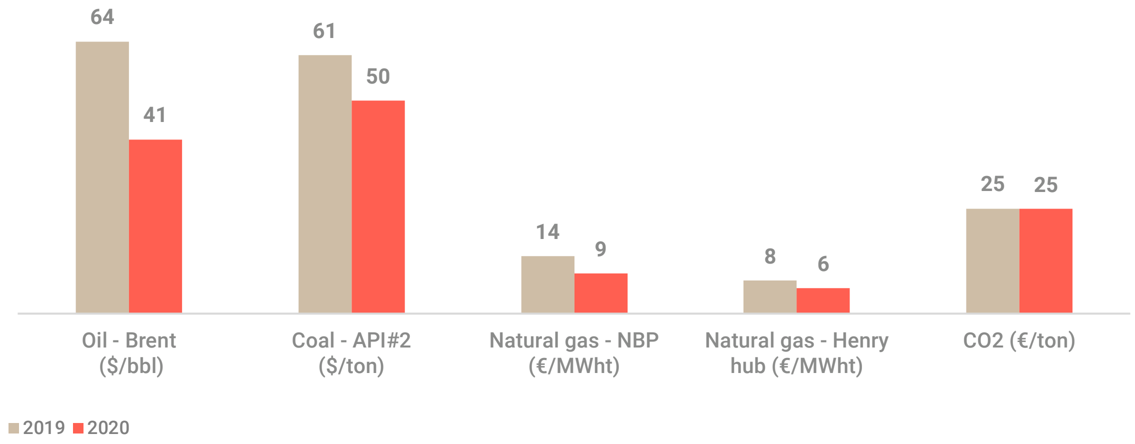
In early 2020, the **Brent price** was around $55 per barrel (bbl), having fallen steeply to $16/bbl in April, the lowest value since 1999. By this time, the price of oil futures in the United States **(***West Texas Intermediate* **– "WTI") reached negative values, for the first time in the History,** due to the sharp decline in oil demand, which in turn led to a lack of oil storage capacity. At the same time, the **price war between Saudi Arabia and Russia** contributed to exacerbate the fall in oil prices, having ended with an agreement from the Organization of the Petroleum Exporting Countries and their allies (the group OPEC+) to reduce the oil production during 2020. At the end of the Spring, as lockdown measures were softened and already with a lower pace of oil production, the Brent price began to recover, having reached $52/bbl by the end of the year. On average, **the oil price in 2020 stood at $41/bbl, significantly lower than the $64/bbl in 2019.**

The **price of natural gas** was also characterized by steep volatility during 2020. It is worthwhile noting that the natural gas price has usually a **seasonal profile**, being higher during the Winter, reflecting higher gas demand for heating uses. Nevertheless, the Covid-19 pandemic led to the shutdown of many industries, which caused a sharp decline in natural gas demand during the Spring 2020, and consequently in the natural gas price, which **reached record low levels**. The price of natural gas in the United Kingdom hub **("NBP") reached levels even lower than in the United States (Henry Hub – "HH"), for the first time in a decade**. After the Summer, the NBP price has been steadily increasing, in such a way that in **December the price was 6 times higher than in May, on a combination of temperature effect, higher demand in the Asian countries and overall optimism in the markets**, with the approval of the first vaccines against the Covid-19. On average, the NBP price was €9/MWht in 2020, which represents a 30% reduction compared with the previous year. In the United States, the HH price fell 22% to €6/MWht in 2020.

The average **coal price in 2020 stood at $50/ton, significantly lower than in 2019, with $61/ton.** During the period between January and October 2020, the coal price ranged within $45 to $55/ton, but during November and December the price went up, reaching $68/ton by the end of the year. This price escalation in the last 2 months of the year was caused by the rise in the natural gas prices and the shortfall in coal supply, which in turn was partly due to the increase in demand of Asian economies, which are already recovering at full speed.

The European **CO_2 price** was, on average, **€25/ton in 2020, the same level of the previous year**. Nevertheless, once again, the average hides the significant volatility that occurred during 2020, with the price at depressed levels during the peak of lockdown measures in Europe (March and April) – at around €15 to €20/ton -, but reaching **the historical high record in December, at above €32/ton**, surpassing the previous maximum that was reached in 2006, shortly after the beginning of the CO_2 market. The rise in the price of CO_2 allowances during the second half of 2020 reflects the **policies that are being designed in Europe to accelerate the decarbonization trajectory**, which necessarily implies the reduction of supply of allowances.

Evolution of average price of fuels and CO_2



Source: Reuters

Energy and environmental policy in Europe

The new European Commissioner, which took possession in November 2019, presented an ambitious "European Green Deal" in 11 December 2019, aiming to reaffirm the European leadership in the fight against climate change and to become the first continent to be carbon neutral by 2050. Among other actions, this plan includes:

Higher climate ambition

The **European Climate Law**, proposed in March 2020 by the European Commission, aims to establish in law the **European Union's commitment to achieving carbon neutrality by 2050**. In order to demonstrate its commitment, the European Council agreed in December 2020 to **revise the 2030 emissions' reduction target to 55% of greenhouse gas emissions compared to 1990**, including carbon sinks. However, this agreement has yet to be approved by the European Parliament, which has already advocated for a revision to a 60% reduction.

Following the approval of the Clean Energy for all Europeans legislative package in 2018, the **Member States submitted their National Energy and Climate Plans for assessment by the European Commission**.
The plans together, prepared while considering the previous 40% emission reduction target, point to a 41% reduction by 2030. Thus, it will be essential that these plans are revised to ensure fulfilment with the new objectives that will be signed.

Regulatory Framework

Increasing climate ambition requires an appropriate regulatory framework, that promotes the investments in clean technologies. Thus**, the European Commission has proposed the revision of items of legislation, such as the Energy Efficiency Directive, the Renewable Energy Directive, the Energy Taxation Directive, and the emissions trading scheme, among others.** At the end of 2020, the European Commission launched various public consultations, to gather the views of the various social stakeholders, and it is expected that the several review processes will take place during 2021.

According to the European Commission's impact assessment of the review of the emissions' reduction target by 2030, **the target related to the share of renewable energy in final energy consumption should increase from the current 32% to 38-40% and the target for energy efficiency should increase from 32.5% to 36-37% in the case of final energy** and 39-41% in the case of primary energy. These objectives will have to be taken into account by Member States during their review of the National Energy and Climate Plans, which is due to take place in 2023. The revisions of the Energy Taxation Directive and the emissions trading scheme should support compliance with these targets, promoting the polluter-pays principle and internalizing the costs derived from the impacts of the use of fossil fuels.

New Sustainable Industrial Clusters

Achieving the proposed targets requires the development and integration of new technologies. With this regard, **the European Commission has proposed a set of strategies, such as the Hydrogen Strategy and the Offshore Renewable Energy Strategy.**

The **Hydrogen Strategy** aims to promote the use of hydrogen, particularly if **produced from renewable energy**, as an essential element for the **decarbonization of energy uses in which electrification is not feasible or is not the most cost-effective solution**. This strategy sets a target of reaching 6 GW of electrolyzers by 2024 and 40 GW of electrolyzers by 2030 to produce renewable hydrogen.

The Offshore Renewable Energy Strategy aims to support the use of offshore renewable resources as a way to complement the investment in onshore renewables. Currently, the European Union is already an industrial leader in marine technologies, with 12 GW of offshore wind already installed, and with the target of reaching 60 GW of offshore wind and 1 GW of ocean energy by 2030 (300 GW and 40 GW up to 2050, respectively).

Just Transition

Recognizing that climate transition is a plan for the whole society, but that there are inequalities between regions and Member States, the European Commission will create a **Just Transition Mechanism, which will provide at least 100 billion euros during the 2021-2027 period.** This mechanism will support regions with high carbon intensity, as well as citizens more vulnerable to the climate transition, creating programmes for the development of new skills and job opportunities in other economic sectors. In December 2020, the European Parliament and the European Council reached an agreement over the creation of a Just Transition Fund, with an endowment of 17.5 billion euros to finance clean investments, such as in renewable energy, storage, energy efficiency and sustainable and intelligent mobility.

The **fight against energy poverty** is another of the European Commission's priorities. Several initiatives are being designed to mitigate energy poverty, taking into account that it results from a combination of low income, high energy costs and low energy efficiency. In particular, **the buildings renovation is key for the European Commission**, given its potential to create jobs and boost the economy, improve energy efficiency and consequently reduce energy costs, and improve overall life standards for the population.

Sustainable Finance

The **European Green Deal** will also redefine the priorities for public and private investment, in order to reach the commitment for carbon neutrality by 2050, which is estimated to require at **least 1 trillion euros of sustainable investments during the next decade**. In December 2020, the European Parliament and the European Council agreed that the Just Transition Fund should not support projects in fossil fuels and that the European Regional Development Fund may finance natural gas projects up to 2025 in regions that are more reliant on coal, as long as they comply with the criteria for sustainability established in the European taxonomy: activities that carry out the environmental objective of adapting to climate change, provided that this activity gives rise to emissions below 270gCO_2/kWh. This agreement is aligned with what was defined by the European Investment Bank (EIB), which only considers projects as eligible for financing which emit less than 250g CO_2/kWh.

To put sustainable finance at the core of the financial system, the European Union developed an Action Plan for Financing Sustainable Growth, with ten actions, one of which is the so-called Sustainability **Taxonomy**, which was approved by the Member States in December 2019. **This agreement concerns the existence of a common classification system for sustainable investments that contributes to climate change mitigation and adaptation and also the exclusion of coal from sustainable financial products.** Therefore, the Sustainability taxonomy is a foundation for the development of other objectives of the European Union, such as the European Standard for green bonds and changes on monetary policies from Central Banks.

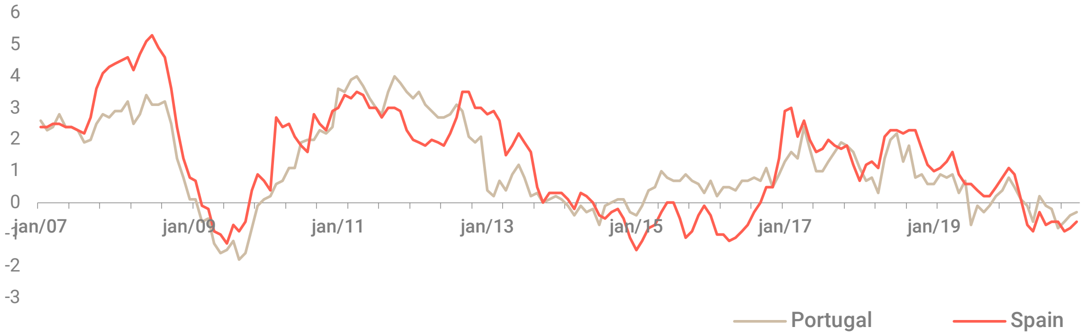
Iberia

Macroeconomic context

The sanitary crisis caused by the pandemic also had a dramatic impact on the economy, with the shutdown of many activities due to lockdown measures, in particular those related with the tourism sector, which is particularly relevant for the Iberian economies. In 2020, the **Portuguese economy contracted 7.6%**, being mostly penalized by the lockdown that occurred between March and May, which led to a **historical decline in GDP of 16.4% in the second quarter** year-on-year. For **Spain**, which was one the European countries most severely hit by the pandemic, **GDP declined by 11% in 2020**. Both countries suffered from a steep fall in private consumption, investment and worsening of the trade balance, while public consumption was the only component of GDP that had a slight increase during 2020.

In 2020, **the inflation rate** (based on the harmonized consumer price index) **went back to negative levels in Portugal and Spain**, and below the Euro Zone average, which stood at 0.3%. **Portugal had an average inflation rate of -0.1%,** dragged by the fall in the price of energy products, which more than offset the increase in prices of food products. **Spain was also in deflationary territory in 2020, with a 0.3% price decline**, reflecting also the fall in the price of energy products, but partially offset by the rise in the prices of clothing and food products.

Evolution of inflation in Portugal and Spain (%, 2007 - 2020)



Source: Eurostat

The negative performance of economic activities was reflected in the **labor market**, but in a much lower degree than the impact on GDP. In 2020, Portugal registered a **fall of 2%** year-on-year on **employment** and an **unemployment rate of 6.8%** (vs. 6.5% in 2019). In **Spain**, the information available regarding the fourth quarter reveals a **decline of 3.1% in the employment** vs. the previous 12 months, with an **unemployment rate of 16.1%**, which is 2.4 p.p. higher year-on-year.

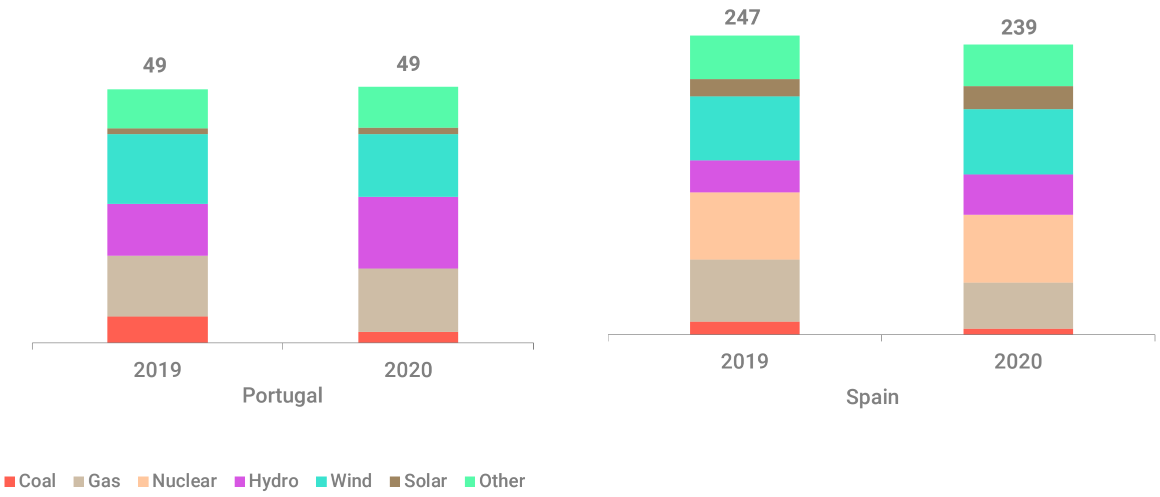
Evolution of the electricity sector

In 2020, electricity consumption in Portugal and Spain fell significantly, once again explained by the lockdown measures in the second quarter of 2020, which mostly affected electricity demand from business clients:

- **Portugal: -3.1%** annual demand reduction (-3.7% adjusted for temperature and business days effects), while in the second quarter demand fell 11% year-on-year;

- **Spain: -5.1%** annual demand reduction (-5.0% adjusted for temperature and business days effects), while in the second quarter demand fell 13% year-on-year.

Electricity generation mix in Portugal and Spain (TWh)



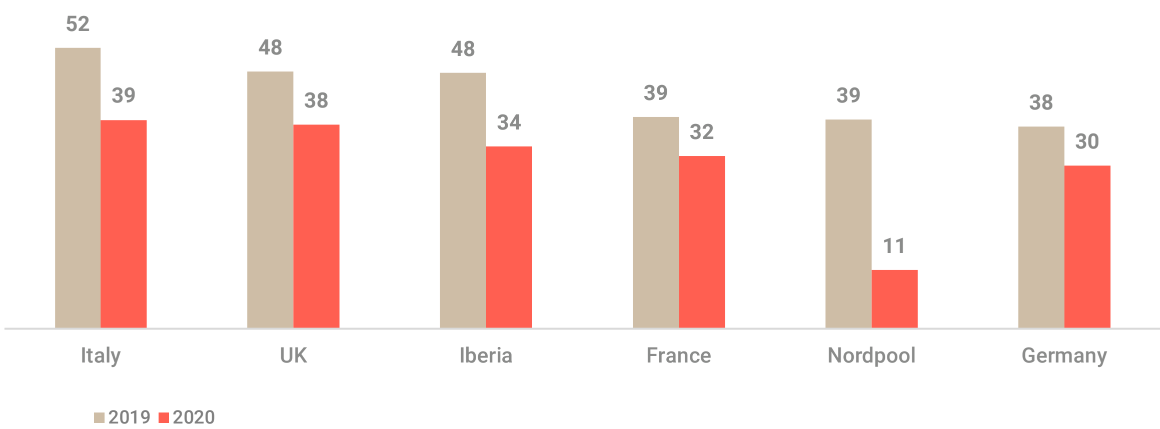
Source: REN, REE

Regarding electricity generation, the **hydro resources were close to the historical average in Iberia** in 2020, as the production index (IPH) stood at 0.97 in Portugal and 1.0 in Spain. These values compare with a dry hydro regime in the previous year, with an IPH of 0.81 and 0.9, in Portugal and Spain, respectively. The improved hydro resources led to an increase of almost 30% in hydro generation in Iberia, from 36 TWh in 2019 to 47 TWh in 2020, which in turn led to **lower thermal generation from gas and coal plants**.

The jointly effect of high CO_2 price with low gas cost led to a **fuel switching from coal to gas for electricity production** i n Iberia. In 2020, electricity generation from coal plants was 7 TWh, which is less than half the amount in 2019 and less than a fifth of 2018. Therefore, as of today, most of coal plants in Iberia is about to close, on a combination of weak outlook for economic conditions with stricter environmental restrictions that became effective in 2021.

The **general decrease in fossil fuel prices, together with the fall in demand and the increase of renewables generation** led to a **reduction in the wholesale electricity price in Iberia** to €34/MWh, standing below other European markets, such as Italy and the UK. In markets with higher penetration of technologies with low or null variable cost (like renewables and nuclear), such as Scandinavia and France, continue to register some of the lowest wholesale prices in Europe.

Wholesale electricity prices in European markets (€/MWh)



Source: Reuters

Regulatory Framework

Portugal

The most relevant legislative pieces released during 2020 are described below, being additional to the legal and regulatory framework already in place.

The Resolution of the Council of Ministers nº 53/2020, released on July 10th, approves the National Energy and Climate Plan for 2030 (PNEC 2030), reinforcing the national targets for 2030 aligned with a trajectory of climate neutrality by 2030 (reduction between 45% and 55% of the greenhouse gas emissions vs. 2005; 47% share of renewable sources in final energy gross demand; 35% reduction in primary energy demand due to energy efficiency measures; reaching 15% of electricity interconnection capacity). PNEC 2030 also establishes a reinforcement in renewables capacity (in particular, solar PV and wind), promotes hybridization and the increase storage capacity (namely through hydro with pumping), as well as the phase-out of coal. It is also recognized the role of renewable gases for the decarbonization of the economy (namely hydrogen and biomethane) as well as the role of electric mobility.

On August 14th, the Resolution of the Council of Ministers nº63/2020, was released, approving the National Strategy on Hydrogen, which defines the following targets for 2030: (i) 10% to 15% of green hydrogen injection into the natural gas grid; (ii) 2% to 5% green hydrogen in the industrial energy consumption; (iii) 1% to 5% of green hydrogen in road transport energy consumption; (iv) 1.5% to 2% of green hydrogen in final energy consumption; (v) 2 GW to 2.5 GW of electrolyzers installed capacity. This Resolution also sets the plan to promote the auctions of hydrogen to inject into the natural gas grid.

On August 28th, the Decree-Law nº62/2020 was published, reviewing the legal framework of the National Gas System (SNG), except for gases derived from petroleum, and its respective regulatory environment, transposing Directive 2019/692/EU (Internal Natural Gas Market), from the European Parliament and Council, of July 13th, 2019. This document now covers renewable and low carbon gases, as well as rules on the related activities, and establishes possible support mechanisms to these gases.

Regarding **electricity generation**, the Ministerial Order nº42/2020, of February 14th, established the CO_2 added tax for each product. This tax is fixed based on prices of greenhouse gas emission licenses auctions made in the scope of the EU Emissions Trading Scheme (EU ETS), with the calculated value for 2020 being 23.619 €/ton of CO_2. On December 4th, the Ministerial Order nº 277/2020 established a value of 23.921 €/ton of CO_2 for 2021.

Within the scope the competition balance mechanism ("*clawback*") foreseen in Decree-Law nº 74/2013 of June 4th, changed by the Decree-Law nº 104/2019 of August 9th, several legislative pieces were published:

- Dispatch nº 6740/2020, of June 30th, sets the provisional value regarding the clawback mechanism at 2.24 €/MWh in 2020, to the power plants covered by this mechanism, but not subject to extra market events (taxation of energy products and electricity (ISP), Special Contribution over the Energy Sector (CESE) and Social Tariff), this means, some renewable players in the market;

- Dispatch nº 10177/2020, of October 22th, sets the final compensation within the scope of clawback in 2019, considering the ISP as the sole extra-market event, at 0.68 €/MWh for coal plants and 2.24 €/MWh for the remaining plants covered by this mechanism (hydro, CCGT and plants under the special regime that are exposed to the market).

On August 17th, the Decree-Law nº 60/2020 was published, establishing the mechanism for guarantee of origin for the low carbon and renewable gases, updating the targets of renewable energy sources.

On October 2nd, the Ministerial Order nº 233/2020 was published, revoking the Ministerial Order nº 251/2012, of August 20th, which established the capacity payment incentives. This new diploma, revoked the investment incentive mechanism that was available for some hydro plants (the availability mechanism was already suspended), taking into account the Government's understanding that is was incompatible with European rules and aligned with one of the recommendations of the Parliamentary Commission of Inquiry on the Payment of Excessive Rents to Electricity Producers (CPIPREPE). The same document announces the adoption of a new mechanism, according to the legal European framework. Afterwards, on October 30th, the Rectification nº 42/2020 was published, amended the Ministerial Order nº 233/2020, , which excludes from the scope of the revocation the exchanges where this incentive is contractually assured, maintaining the provisions of the Ministerial Order nº 251/2012. The practical effect from this change is that the 3 hydro plants not owned by EDP will continue to receive the investment incentive.

Regarding **renewable energy**, it is worth to highlight the publication of Dispatch nº 5921/2020, of May 29th, which (framed by Decree-Law nº76/2019) determined the launch of a second auction to attribute reserve of capacity to solar PV plants. On August 21st, the Ministerial Order nº 203/2020 was released, amended the Ministerial nº 102/2015 of April 7th, which establishes the criteria for the authorization of over-equipment of wind farms, defining that ERSE's analysis is not needed if the plant that will be over-equipped opts for the general regime of remuneration of the energy generated, instead of the 45 €/MWh tariff.

In **electricity distribution**, it is worth to highlight the ERSE's Instruction nº4/2020, of August 11th, which approves the change in the image and name of EDP Distribuição to E-REDES, which will be gradually implemented throughout 2021.

On November 30th, the Dispatch nº11814/2020 was published, creating a working group that has four months to elaborate the procedure parts and the draft standard contract for the concession of the operation of the low voltage electricity distribution networks. In **electricity retail**, to highlight that the State Budget Law of 2020 granted legislative authorization for the Government to change the VAT Code, thus allowing the existence of different VAT rates for each level of consumption. With this regard, on September 24th the Decree-Law nº74/2020 was published, changing the VAT rate that applies to different demand levels and contracted power levels in normal low voltage consumers.

The State Budget Law of 2020 also defined the deadline for the extension of transitory tariffs to final electricity clients in the medium and low voltage levels, as well as natural gas clients in low pressure levels. On April 1st, the Ministerial Order nº83/2020 implemented this extension, setting the following calendar: (i) 31.12.2025: for normal low voltage electricity supply and low pressure gas supply with annual demand ≤ 10,000 m^3; (ii) 31.12.2022: for special low voltage electricity supply and low pressure gas supply with annual demand > 10,000 m^3; (iii) 31.12.2021: for medium voltage electricity supply.

On February 14th, the Directive nº2-A/2020 from ERSE was published, approving the regime of risks' management and guarantees of the National Electricity System.

On June 19th, the Dispatch nº6453/2020 was published, setting the requirements for the exemption of levies related to the costs of general economic interest (CIEG), that are applied to projects of self-consumption and energy communities (CER). The consumers that produce and inject energy into the grid will benefit from total exemption of CIEG levy in the projects within communities and 50% in individual self-consumption projects.

On September 10th, the Decree-Law nº 64/2020 was published, setting guidelines regarding energy efficiency, transposing Directive 2018/2002/EU, from the European Parliament and Council, of December 11th 2018. A new target for Portugal is defined, aiming at reaching cumulative energy savings of, at least, 0.8% of final energy demand during the 2021-2030 period.

On October 1st, the Decree-Law nº79/2020 was published, extending the application of the mechanism of linearization of the cost of energy acquired to producers under the special regime (PRE). This Decree-Law allows the deferral of the overcost with the production in special regime up to December 31st, 2025, for a 5-years period.

On November 26th, the Decree-law nº 100/2020 established a larger scope of eligibility criteria to the social tariff of electricity and natural gas, according to State Budget Law of 2020. It covers now the economically vulnerable clients that benefit from unemployment allowance, from disability social pension under the special disability protection regime or the complement of the social benefit for inclusion.

On December 10th, the Decree-Law nº 101-D/2020 was published, establishing the requirements to improve energy performance of buildings and regulating the System of Energy Certification of Buildings, transposing the Directive 2018/844/EU and partially the Directive 2019/944/EU.

On December 22nd, the Regulation nº 1129/2020 from ERSE approved the Commercial Relations Regulation, now common to both the Electricity and Gas Sectors.

Given the **Covid-19 pandemic**, a various number of legislative pieces were approved, with the aim of adjusting the activities of the energy sector to the new social context, namely by defining measures to protect consumers and to ensure continuous supply:

- Directive nº5-A/2020 from ERSE, on April 2nd, approved a reduction in the price of electricity tariff in the regulation market of 5 €/MWh, following the fall in wholesale electricity prices in MIBEL (reduction of around 3% of total electricity bill for low voltage consumers with ≤ 41.4 kVA);

- Law nº7/2020, of April 10th, established an exceptional and transitory regime for the non-interruption of supply of essential services, such as electricity and natural gas;

- ERSE's Regulation nº6/2020, of May 12th, approved an amend to the Tariff Code of the electricity sector, which set an extension of the 2018-20 regulatory period up to the end of 2021;

- Law nº 18/2020, of May 29th, which made the first change on Law nº 7/2020, extending the period of measures to support families within the context of the Covid-19 sanitary crisis, forbidding the suspension of essential services, as electricity and natural gas, up to September 30th 2020. This restriction applied to families that suffered from unemployment, reduction of the household income higher or equal than 20% or Covid-19 infection.

Regarding the **electricity sector tariff debt**, the tariffs foresee an *ex-ante* debt by the end of 2021 of €2,757 million, which is roughly the same amount as of the end of 2020. This flat debt level will be achieved in conjugation with a tariff reduction between 0.6% and 2.2% in 2021, according to the voltage level. An annual reduction of the tariff debt total amount has been observed since 2015, year which it reached its peak, according to the sector's sustainability target.

Spain

Regarding regulatory developments, 2020 was characterized by the further implementation of the Royal Decree-Law 1/2019, which resulted in the transfer to the *Comisión Nacional de los Mercados y la Competencia* (CNMC) of several duties that until then were approved by legal ordinances or were in the hands of the Government or the *Ministerio para la Transición Ecológica*.

Therefore, during 2020, several CNMC Circulares were approved, which regulate the following subjects, and which substitute current regulations in each of the subjects:

- *Circular* 1/2020: methodology for the remuneration of natural gas system operator;

- *Circular* 2/2020 approves the new rules of the balance of natural gas system;

- *Circulares* 3/2020 and 7/2020: calculation methodology for the access tariffs in electricity, which is foreseen to come into force in April 2021;

- *Circular* 4/2020: methodology for the remuneration of distribution of natural gas;

- *Circular* 6/2020: calculation methodology for the access tariffs in transport, distribution and regasification of natural gas activities, which came into force in October 2020 for regasification and will begin in October 2021 for transport and distribution activities.

It is still pending from the Government the approval for the new calculation methodology of the charges on electricity consumption, that are aimed to finance other costs of this sector (namely the ones from the energy policies), following the come into force of the methodology of access tariffs in electricity. In December, a Royal Decree was approved, which defines the charges over gas consumption to support the energy policies costs and the calculation methodology of the access tariffs of underground storage.

In December, the Government released a proposal for a future law that creates the *Fondo Nacional de Sostenibilidad para el Sistema Eléctrico* (Power System Sustainability Fund), which aims to alleviate the electricity sector from the costs coming from the feed-in-tariffs of renewables, cogeneration and waste (RECORE) granted to plants under specific remuneration regime. With this future law, which is expected to come into force throughout 2021**, RECORE will be financed by consumers of electricity, natural gas and petroleum products, which will lead to more competitive electricity prices** with respect to other energy vectors.

In 2020, the Government continued developing the *Marco Estratégico de Energía y Clima* (Climate & Energy Strategic Framework), which contains **the Integrated Energy and Climate Plan (NIECP)** presented by the Spanish State to the European Commission, following the requirements of the Regulation of Governance of the Energy Union and Climate Action. Within the scope of this Framework, various public consultations were performed throughout 2020, regarding roadmaps of technologies and services that will contribute to the energy transition, such as storage and energy communities. To highlight the **Hydrogen Roadmap**, which was already approved by the Government, and that defines as targets for 2030 the **installation of 4 GW of electrolyzers** and that 25% of industrial hydrogen consumption should be renewable. Furthermore, in September, the Government released a public consultation about the need to implement **capacity remuneration mechanisms** in Spain and which measures would be necessary to ensure a healthy level of firm capacity in the Spanish electricity system, in order to take into account these requirements in the NIECP scenarios.

To ensure the fulfillment of European targets on renewables, as defined in the PNIEC, it was approved a **new economic regime for renewable energies (REER)**, on top of the specific regime already in place. **REER foresees the realization of auctions at around 3,000 MW/year for granting a fixed remuneration of new renewable plants**, with a certain degree of exposure to wholesale electricity market. The difference between the price received by a plant and the market price will be borne by the suppliers and consumers that buy electricity in the spot market.

There were also meaningful changes regarding the **concession of access to transport and distribution networks from renewable plants**. The Royal Decree-Law 23/2020 defines a moratorium for the concession of new accesses to the grid from electricity plants (excluding the ones in selfconsumption regime) until the approval of the new rules to grant access to the transport and distribution grid. In the same document, requirements for the fulfillment of deadlines in projects with access already granted were introduced, aiming to reduce the speculation on the accesses to the grid. Finally, in December it was approved a new decree that will regulate the access and connection to the grid, being expected to come into force in the first months of 2021.

It is estimated that the **Spanish electricity system registers a tariff deficit in 2020 due to the contraction of demand**, caused by the Covid-19 pandemic, even taking into account that it is possible to allocate up to 1 billion euros from revenues of the auctions of CO_2 allowances to cover the costs of the electricity system in 2020, according to Royal Decree-Law 34/2020. Notwithstanding, it is expected that part of this tariff deficit will be financed by the State Budget and by the surpluses from previous years of the electricity system.

Recently, it was known that in **the fiscal year of 2019 there was a tariff deficit of 528 million euros**, which already includes the revenues from the CO_2 allowances, but was financed by the surpluses of previous years.

Furthermore, regarding the electricity market, it is worth to highlight the change in the procedures of operation of the electricity system to allow the **participation of demand in ancillary services**.

In order to reduce the electricity price to industrial consumers, it was finally **approved the Electro-Intensive Consumer Statute**, foreseen in Royal Decree-Law 20/2018, which establishes that these consumers may receive some support to compensate for the cost of renewables, cogeneration and non-mainland systems, which are included in the access tariffs.

Regarding the **protection of vulnerable electricity consumers**, one needs to bear in mind that the social and economic context in 2020 was particularly critical due to the Covid-19 pandemic. As such, the Government approved various measures to **reduce the impact of the fixed cost in the electricity bill** for vulnerable clients and to **forbid the cut of electricity supply** during the state of emergency. Other mechanisms were created to support industrial and commercial clients, allowing some flexibility in their contracts of electricity supply. According to Royal Decree-Law 11/2020, the cost with these incentives will be financed by the State Budget.

EDPR Markets

Macroeconomic context

In the European Union (EU), the provisional figures released by Eurostat point to a GDP decline in 2020 of 6.4%, compared with the previous year, heavily suffering from the impact of the lockdown measures to face the COVID-19 pandemic. Almost all Member States of the EU registered steep declines in their economic activity, particularly those countries more severely hit by the virus propagation as well as those economies that more reliant on tourism (such as Italy, Spain and France).

As described in Chapter 2, we are now at a pivotal moment, as national governments are designing stimulus packages to revive their economies. The recovery from the pandemic is showing a higher public and political willingness to set ambitious climate mitigation targets, which can strengthen the case for accelerating the transition to a climate-neutral society.

In the United States, GDP contraction was less pronounced than in the EU, standing at -3.5% in 2020, still the worst performance since 1946. Nevertheless, the US economy was surprisingly resilient in the second half of 2020, with positive GDP growth in the 2 last quarters of the year. To support the economy, Joe Biden has drawn up a $1.9tn stimulus package that involves immediate economic relief to the most vulnerable households, accelerate vaccination plan and the creation of longer-term policies aimed at stimulating the economy, creating jobs and fighting the global crisis, among other measures.

Inflation in the Eurozone stood at 0.3% in 2020, dragged by depressed prices of energy goods. In the USA, consumer prices rose 1.4% in 2020, mainly pushed by food prices (+3.9%).

The evolution of renewables around the world in 2020

Wind

Global wind additions are likely to witness considerable growth in 2020[1], with analysts[2] forecasting around 60-72 GW of new capacity, vs 60.4 GW in 2019. For example, according to the latest market outlook published by the Global Wind Energy Council (GWEC), wind could increase as much as 71.3 GW in 2020, despite the impact of the COVID-19 pandemic.

However, as China announced in January 2021 the staggering figure of nearly 72 GW of wind additions in 2020 (nearly tripling the amount of capacity in 2019), worldwide wind additions are now expected to be much higher, probably around 100-112 GW.[3]

All forecasts highlight wind industry resilience during the pandemic crisis. Despite that national lockdowns led to a slowdown of construction activity (essentially caused by supply chain disruptions and logistical challenges) in the first half of the year, deployment accelerated in the second half.

The offshore wind sector has also proved to be resilient. According to preliminary data, around 6.9 GW could have been connected, around 4 GW in China, and 2.9 GW in Europe.

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[1] At the time of preparation of this report, data from the global wind energy council (GWEC), the American wind energy association (AWEA) or wind Europe, have not been released

[2] Experts consulted include: GWEC, IHS Markit, Bloomberg New Energy Finance, International Energy Agency, Wood Mackenzie, Wind Europe and US Energy Information Administration (EIA), among others.

[3] Most of the experts consulted had forecast that China would install around 30 GW of wind in 2020, therefore, 40 GW below the final figure

In Europe, the wind industry experienced disruptions in the first semester but total additions were nevertheless comparable to previous years. According to Wind Europe, 3.9 GW of onshore wind facilities were connected in the first six months of the year, slightly over the average of the previous three years (3.7 GW) while offshore installations were slightly below the three-year average (1.2 GW in 2020 vs 1.5 GW in 2017-2019). Overall, preliminary results are particularly encouraging considering that wind installations are typically higher in the second half of the year, mainly due to the strongest activity in summer months, suggesting that total 2020 additions could easily surpass the 10 GW threshold (probably around 12 GW). In 2020, wind power contributed to 15% of Europe's total electricity generation, its highest-ever share, according to a report released by Enappsys Ltd.

In the United States, developers commissioned 16.9 GW of new onshore wind capacity, far more than the previous record of 13.2 GW achieved in 2012, according to the American Clean Power Association. These impressive results are partly explained by the rush of wind developers to connect their projects before the phase-out of the full value of the US production tax credit (PTC) at the end of 2020.

China remained the undisputed world's wind power leader, adding 71.6 GW of wind energy, more than doubling the previous record (29.4 GW in 2015) according to the National Energy Administration (NEA). Despite challenges posed by COVID-19 pandemic, developers in China were rushing to complete projects before the phase-out of the current remuneration scheme. It has been a particularly good year for offshore wind installations as it is estimated that around 3.5-4 GW of offshore wind facilities have been added. However, given astonishing total figure of 71.6 GW (that includes both onshore and offshore facilities), offshore additions could be much higher. After this surge of new installations, China may become the largest offshore wind operator worldwide in 2020 or 2021 the latest.

Solar PV

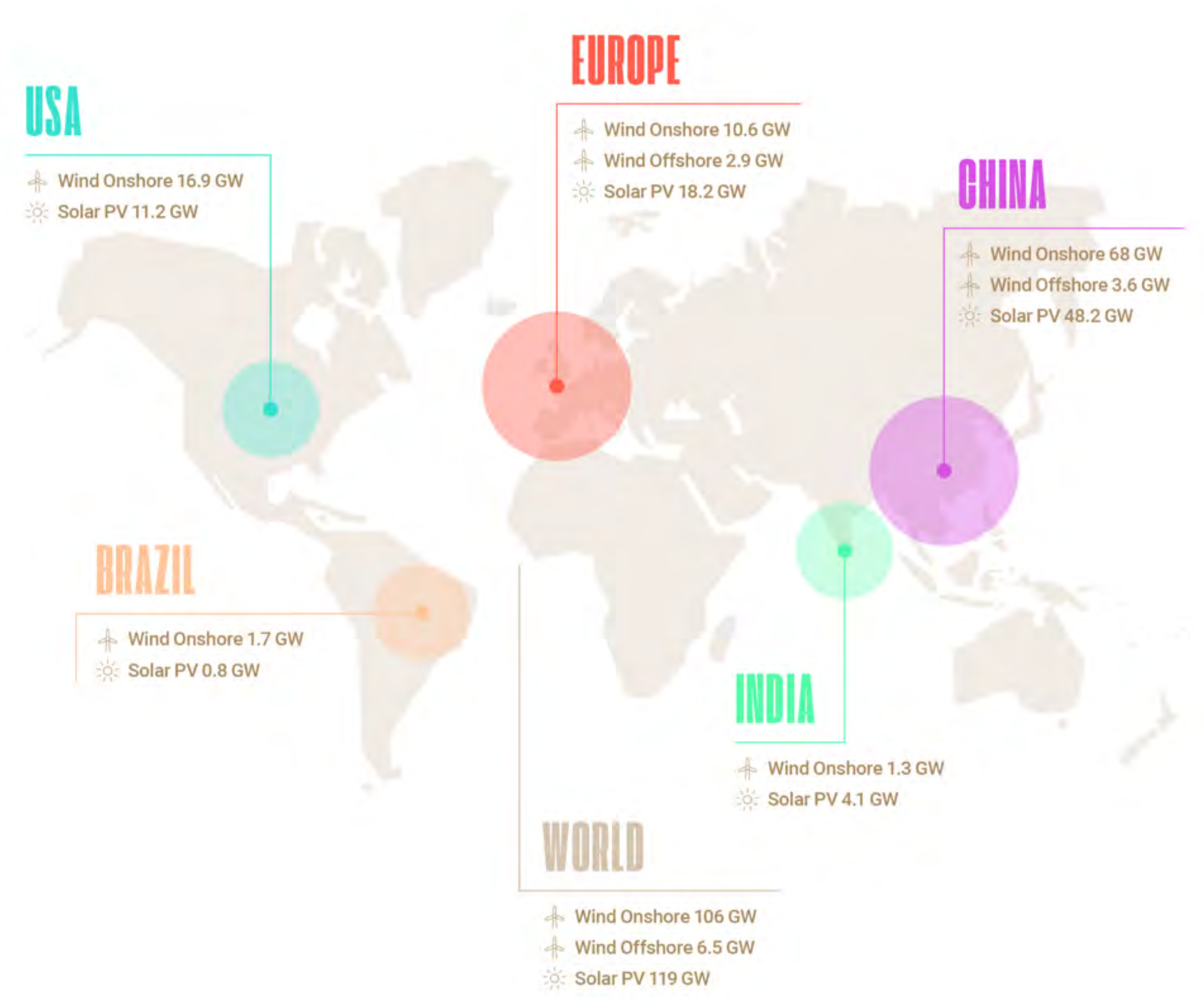
Solar PV grew robustly around the world in 2020 despite the turmoil caused by the COVID-19 crisis. Although final data are still being collected, experts points out that around 106-132 GW of new facilities could have been connected in 2020[4] . Therefore, 2020 final figure is expected to be in line with 2019 data (108 GW) or, more likely, above.

In Europe, 18.2 GW of solar PV capacity was added, up 11% from the 16.2 GW installed in 2019, according to Solar Power Europe. With this surge in new installations, the European solar PV industry proved its resilience during the coronavirus pandemic as 2020 was the second-best year for installations, only behind 2011 when 21.4 GW were installed. Over the past 12 months, Germany led the way with 4.8 GW of new installations, followed by 2.8 GW in the Netherlands and 2.6 GW in Spain. Poland more than doubled its additions to 2.2 GW, and France installed 0.9 GW.

In the US, utility-scale solar additions more than doubled from 2019 levels, as 11.2 GW were connected in 2020, according to the Energy Information Administration (EIA). With those additions, there are now more than 47 GW of solar PV operating in the US, enough to power 11 million American homes.

China remains the largest market. According to the National Energy Administration, the country added 48 GW of solar PV additions, exceeding all expectations. This figure largely surpasses the 30.1 GW added in 2019, although it remains below the 2017 record of 52.8 GW.

[4] Experts consulted included: BNEF, IHS, Wood Mackenzie, IEA, The Solar Energy Industries associations (SEIA) among others



Regulatory Framework

EU Regulatory Developments:

In the context of the COVID-19 pandemic, economic recovery is a key priority for Europe, and the focus is on a green and sustainable recovery. Investment in the green and digital transition will be supported by the NextGeneration EU Recovery and Resilience Fund (RRF). The RRF was adopted by the Parliament and the Council in February 2021. The scheme comprises two support mechanisms:

- **Grants:** For 70% of the total of €312.5 billion available in grants, the allocation key will consider Member States' population, the inverse of its GDP per capita and its average unemployment rate over the past 5 years (2015-2019) compared to the EU average. For the remaining 30%, instead of the unemployment rate, the observed loss in real GDP over 2020 and the observed cumulative loss in real GDP over the period 2020-2021 are considered

- **Loans:** Member States can also request a loan worth up to 6.8% of their 2019 Gross National Income

To access these funds, Member States are commanded to submit National Recovery and Resilience Plans by 30 April 2020, addressing the challenges and country-specific recommendations identified by the European Commission. The proposed reforms and investments should be implemented by 2026.

Spain

- **Publication of the new remuneration parameters for the period 2020-22 (Rinv)**
  The remuneration of existing renewables in Spain is regulated by the RD 413/2014 and Ministerial Order IET 1045/2014. This remuneration framework was introduced in 2014 and retroactively applied to the installations that were already in operation. This scheme grants wind farms with a fixed payment per installed MW (Rinv) based on a regulated rate of return (currently set at 7.398% pre-tax, around 5.2% post tax). In order to calculate the remuneration, the regulation uses standard assets (standard parameters per technology and date of operation, such as standard load factor, production and costs) to account for the investment and operating costs of the plants, and the revenues obtained in the wholesale market. This scheme is defined in regulatory periods of 6 years where most regulatory parameters may be revised, and semi-regulatory of 3 years for interim revisions of some of the parameters. The annual premium to be received (Rinv) is defined at the beginning of the regulatory semi-period, with the estimated wholesale revenues based on a regulatory pool price projection. There is an adjustment mechanism for Rinv of subsequent years to take into account the deviations between the forecasted and actual pool prices. The current regulatory period covers 2020-2026, with regulatory parameters updated and Rinv values for 2020-2022 published in Ministerial Order TED/171/2020.

- **New RES scheme (REER)**
  A new scheme (REER) has been defined to promote new RES and ESS capacity (including new investment on existing assets for enlargement, repowering and hybridisation), closing the RD 413/2014 scheme to new capacity. RD 960/2020 provides the regulatory framework for this scheme where a CfD is awarded via competitive auctions. The awarded CfD is linked to a minimum and maximum energy, so it is possible to exit the scheme once the minimum energy is reached, and is limited to a maximum duration (10-15 years). The awarded price is a pay-as-bid and may be adjusted to market prices. The first auction mechanism is defined through Ministerial Order TED/1161/2020, and a specific resolution published on December 12th called for the first auction, which took place on 26th January 2021. For this first auction mechanism, a market adjustment factor of 5% applies for non-dispatchable technologies, and 25% for dispatchable technologies.

Poland

Volumes and Budget for 2021 auction published by the Ministry of Climate on December 28th:

- the volume for PV and wind installations above 1 MW is 38.8 TWh, which could result in 600 MW in wind (increased form initial 300 MW) and 800 MW in PV (previously 700 MW)

- the volume for PV installations below 1 MW is set at 14.7 TWh that could result in 1 GW of small scale solar PV, according to Government estimation

- this auction has been already approved by the EC

New regulation on aviation obstacles published on February 11th, establishes that all projects with no permit of use as of the publication of the law shall have their blades painted in white, while operational will have to implement the changes in the next “renovation”.

Romania

On December 9th, Order no. 213/2020, approving the single imbalance price was finally published on the Official Gazette (in force since 1st February), after years of high imbalance costs for renewables due to the combination of a dual-price scheme and lack of competition in the system.

USA

On 21 December 2020, the US Congress passed the “Consolidated Appropriations Act, 2021”, which included extensions on the solar and wind production tax credit (PTC) and investment tax credit (ITC), energy efficiency incentives, and research & development "enhancements" for clean energy technologies,

- The legislation extends the PTC and ITC for land-based wind for one-year at 60% of the project’s full value, extends the solar ITC for two years at 26%, and gives offshore wind projects for the first time a 30% ITC for projects that began construction starting January 1st, 2017 through December 31st, 2025.

Mexico

On February 1st, 2021, Reform to the Electric Industry Law (LIE) was sent to Congress under “preferential” status requiring a vote within 60 days:

- would prioritize dispatch according to the following order (and not economics): CFE hydro, other CFE, private renewables, private gas;
- would eliminate clean energy auctions established by the LIE for CFE procurement;
- would make legacy hydroelectric generation eligible for CELs;

EDPR NA Regulatory and Market Environment:

EDP Renewables operates in most of the electricity markets in the U.S., Canada, and Mexico. The nature of regulations and market rules vary from market to market with different degrees of influence from Federal and State/Provincial regulators in each market. The opportunities and constraints for EDPR assets and prospects are significantly defined by these regulations and market rules.

Regional Transmission Organizations (“RTO”), Independent System Operators (“ISO”) exist throughout much of North America to operate a region's electricity grid, administer the region's wholesale electricity markets, and provide reliability planning for the region's bulk electricity system. RTOs carry additional responsibility for the region’s transmission network. U.S. markets with RTOs and ISOs fall under greater Federal influence through the Federal Energy Regulatory Commission (“FERC”) which results in more transparent tariff and market rules. Regulation and market rules for regions not in RTO/ISO footprints tend to be influenced by various combinations of entities including State regulators, vertically integrated utilities, municipal governments, and Federal Agencies.

In general, EDPR seeks to build assets in North American markets where long-term contracts are available for the bulk of the output of its generation facilities. In addition to electrical power, our facilities can produce capacity and ancillary services in regions with demand for these products. Many states have enacted Renewable Portfolio Standards (“RPS”), which require obligated entities to provide a certain percentage of their energy supply from qualifying renewable sources, similar to the Renewable Energy Directive in the EU. Over the last few years, North American states have expanded these targets such that renewable portfolio standards in over ten states require 50% or more of their energy supply to be delivered via renewable resources in the next ten to twenty years. Certain facilities within the EDPR wind and solar portfolio, given their location, produce renewable energy credits (“REC”), certificates of clean energy (“CEL”) and other environmental attributes which are typically sold, along with the energy, capacity, and ancillary services, from the plants under long-term contracts. These RECs generated via renewable production may also be sold separately from the wind and solar generation, if not already included in the long-term contracts. The party owning the RECs is solely entitled to the benefits of the environmental attributes.

U.S. federal, state and local governments have established various incentives to support the development of renewable energy projects. Included in these incentives are the Investment Tax Credit (“ITC”), Production Tax Credit (“PTC”), cash grants, and tax equity financing. Pursuant to the U.S. federal Modified Accelerated Cost Recovery System, wind and solar projects are fully depreciated for tax purposes over a five-year period even though the useful life of such projects is generally much longer than five years.

Owners of utility-scale wind facilities are eligible to claim the ITC upon initially achieving commercial operation or PTCs for generation from qualifying facilities. The PTC is awarded based on the volume of electricity produced by the wind facility during the first ten years of commercial operation. This incentive was established by the U.S. Congress as part of the 1992 Energy Policy Act and has been extended several times through the American Recovery and Reinvestment Act of 2009, the American Taxpayer Relief Act of 2013, the Tax Increase Prevention Act of 2014, the Consolidated Appropriation Act of 2016, and most recently as part of the $1.4 trillion omnibus and COVID-19 relief package. The ITC and PTC levels for a given facility depend on that facility’s start of construction date and commissioning date and remain fixed at this level for the first ten years of operation.

Brazil

Macroeconomic Framework

In Brazil, as well as other geographies previously described, the 2020 year was marked by the pandemic of COVID-19, which brought a significant reduction in economic activities, due to the need of lockdowns and social distance to contain the disease, implying various challenges to the economy and changing production and consumption patterns.

From January to September 2020, GDP[5] decreased by 5.0% in relation to the same period last year. In this comparison, agriculture grew 2.4%, while industry (-5.1%) and services (-5.3%) registered falls. From a GDP demand approach, household consumption expenditure, State consumption expenditure and gross fixed capital formation fell -6.3%, -4.9% and -5.5%, respectively.

In 2020, when compared to 2019, the industrial sector[6] showed negative results in all four major economic categories, in 20 of the 26 branches and in 60.6% of the 805 products surveyed. Among all activities, motor vehicles / trailers and bodies (-28.1%) had the most significant negative impact. On the other hand, given the lockdown of the population, the activities of food products (4.2%) and coke and petroleum products and biofuels (4.4%) stood out positively.

Despite this context and considering that since April an important part of commerce stood close, the restricted retail volume[7] grew 1.2%, accumulated until November 2020 when compared to the same period of 2019. The reopening, mainly in the third quarter, brought a strong recovery. The activities that showed the greatest growth in the retail trade were furniture and household appliances (11.6%) and pharmaceutical, medicinal, orthopedic and perfumery articles (7.7%). In the expanded retail trade, which includes vehicles, motorcycles, parts and pieces and building material, sales volume decreased -1.9%. Vehicle sales accumulated a drop of 15.1%, while construction materials grew 10.1%.

The labor market[8] also showed a significant drop. The cumulative index until November 2020 shows a reduction of 9.4% in the employed people, compared to the same period in 2019. However, compared to the immediately previous quarter, there was a 4.8% increase in the number of employed people (+3.9 million), the highest growth in the historical series, signaling a recovery.

[5] Source: Instituto brasileiro de Geografia e Estatística – IBGE. Quarterly Nacional Accounts. July-Sep 2020

[6] Source: Instituto brasileiro de Geografia e Estatística – IBGE. Industrial Monthly Research Physical Production – Brazil. December 2020

[7] Source: Instituto brasileiro de Geografia e Estatística – IBGE. Monthly Commercial Research – Brazil. November 2020

[8] Source: Instituto brasileiro de Geografia e Estatística – IBGE. PNADC – Brazil. November 2020

Energy Sector Framework

The year 2020 was characterized by the high impact of demand in price setting and in the dispatch of power plants (COVID effect). The year started with high PLD due to the delay of the wet period. Nevertheless, the drastic drop in consumption motivated by the lockdowns, together with the improvement of hydro resources, contributed to the recovery of the reservoirs, which reached about 60% of Stored Energy (EARM) at the end of the wet period, while in turn causing a fall in the PLD to the regulated floor level during the month of April. This price scenario with low volatility remained until September, when the increase in consumption, due to the increase in temperature and the recovery of the economy, along with an unfavorable hydrology, caused an inversion of the energy scenario. Thus, from this date onwards, there was a rapid reduction in reservoirs and an increase in the load factors of thermal power plants, with a substantial impact on PLD, which reached the regulatory ceiling in November. At the end of December, the level of Stored Energy in the reservoirs stood at 24%, with the average affluence verified over the year reaching 75% of the Long Term Average (MLT) of Affluent Natural Energy (ENA). This scenario influenced the average PLD for the year, of R$ 176.85/MWh for the SE/CO and R$ 134.42/MWh for the Northeast. The average GSF was 79.9%, reaching a low of 61.6% in November.

Regulatory Framework

As well as in other segments, regulatory agenda was marked by the impacts from the pandemic. It was necessary to build a regulatory framework to protect distribution companies from the demand contraction, driven by the measures to control COVID-19. In this way, the main regulatory topics were focused on the seek for solutions to mitigate the impact of the crisis, in parallel with measures to modernize the sector, as well as other specific regulatory subjects.

The main topics that we highlight are:

(i) Creation of COVID Account
COVID Account was created by Decree 10.350/2020, aiming to provide financial liquidity to the electricity sector and to mitigate tariff impacts on consumers. This theme was discussed by ANEEL in the first phase of Public Hearing 35/2020, resulting in the publication of Normative Resolution 885/2020. The dynamic of COVID account was based on the anticipation of Regulatory Assets from companies and that would be a passed through in the tariffs for 5 years, from 2021 onwards. By means of a credit operation done by a pool of banks, resources were given to distribution companies by an equivalent amount of their Regulatory Assets. The total amount of COVID account passed through EDP distribution companies were R$ 574 million.

(ii) Economic Rebalance from the Pandemic
In August, ANEEL presented a set of criteria for the extraordinary tariff revision, by means of a second phase of the Public Consultation 035/2020, as a proposal to rebalance the economic equilibrium of distribution companies, regarding the impacts from the pandemic. In December, after analyzing contributions provided by the agents, ANEEL reopened the discussion about the economic rebalance in a third phase of a Public Consultation, presenting an improved criteria with respect to the previous proposal, besides presenting a proposal for treating the involuntary oversupply of energy during the period of the pandemic, as well as an allocation of the loan spread of COVID Account. Agents could provide contributions to this discussion up to 01/02/2021, being expected that ANEEL regulates this subject during the first half of 2021.

(iii) Tax credit treatment of PIS/COFINS
After favorable opinion of the legal process, Receita Federal differed the request for the use of credits by EDP SP. In March, ANEEL opened the Tomada de Subsídios nº5/2020, aiming to discuss the tax credits from legal processes. The agents made contributions about this subject during the first half of the year and the process in under definition by ANEEL, which will make a Public Consultation, with expected solution for the first half of 2021. EDP ES was pioneered in considering, as provisional and exceptional case, the anticipation of the reversion of tax credits in the tariffs, allowing a 4.8% reduction in the tariff impact index.

(iv) Provisional Measure 998/2020

In September, it was published the Provisional Measure 998/2020, which presents measures to reduce the consumers tariff, by allowing the allocation of resources of I&D to the tariffs, through the Energy Development Account (CDE). Besides, the Provisional Measure aims to promote specific changes to the regulatory model of the electricity sector, such as the gradual extinction of subsidies to incentivized sources, the enlargement of the subsidy to the Fossil Fuels Consumption Account (CCC), the possibility of contracting power (capacity), reinforcement of the rules for supply, make CNPE responsible for authorizing the exploration of grant of Angra 3 nuclear plant and the definition of its energy price. The Provisional Measure was approved in the Senate on February 5th and followed to the President of Republic.

(v) Expectative of solution for GSF

In September, it was published the Law nº14.052/20, which is the legal basis for the allocation of GSF in the free market, being initiated the specific regulation by ANEEL. On December 1st, 2020, as a result of Public Consultation, ANEEL approved this regulation. Given that contributions received require an improvement of the calculation methodology of CCEE, ANEEL established a 90-days period – from the publication of the resolution – for the update of data and the setting of financial values, followed later by the publication of regulatory assets by agent and the request to be included in this solution. After this phase, if agents accept this proposal, it would imply the removal of legal disputes concerning this, as well as the payment of the values established. The process is in a final stage and EDP Brasil awaits the ratification of the final value by ANEEL to conclude the process. Meanwhile, EDP Brasil has already booked R$ 388.9 million as a result of 2020.

(vi) Hourly PLD

The implementation of hourly prices in the short-term market came into force in January 2021. In 2020, the operation with semi-hourly dispatch was defined, without its effective use for the process price setting. EDP Brasil has prepared the implementation of hourly prices throughout the year, using new tools for monitoring demand and to estimate energy prices, improving methodologies of risk and volatilities, promoting relations with clients in the free market and offering solutions to clients through EDP Smart.

(vii) Distributed Generation Incentives

The incentives to Distributed Generation (DG) did not move significantly forward in 2020, despite the discussions in the Public Hearing 25/2019 of ANEEL and in the laws that establish the guidelines for public policies concerning DG. In December 2020, the Court Account (TCU) issued a recommendation for the removal of subsidies and the definition of a public policy of DG. Furthermore, the Nacional Council for Energy Policy (CNPE) published a resolution with the guidelines to define a new public policy of DG, namely the need to respect previous rules, to make gradual transitions of new rules, grid remuneration and subsidies' transparency. The topic has not yet reached a conclusion and is expected to continue to be addressed throughout 2021.

3.5. Risk management in the year

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

	RECURRENT ACTIVITIES	DEVELOPMENTS IN 2020	PRIORITIES FOR 2021
IN-DEPTH KNOWLEDGE ABOUT KEY SOURCES OF RISK EXPOSURE	**Mapping of key risks** (and representation in a structured taxonomy). **Quantitative analysis of exposures** (based on average and maximum loss). **Identification of scenarios with disruptive potential and risks** for Business Continuity. **Presence in national and international forums** on the resilience of critical assets.	**Development of a risk map** with the key risks of 2021.	**Performance of an interim process** to evaluate the execution of the **2021 risk map** and readjust the value at risk. **Update the annual exercise of risk map** with the key risks of 2022. **Deepen TCFD recommendations,** concretizing the scenarization and quantification. **Strengthening of management practices for operational risk.** **Improvement of supply chain risk management.** **Collaboration with national and international entities** on critical infrastructure resilience and disaster risk prevention.
DEFINITION OF MANAGEMENT STRATEGY	**Support the clarification and reflection around risk-return trade-offs** (and risk appetite) in key management decisions. **Periodical update of the risk appetite statement** disclosed in the Annual Report. **Support in defining specific strategies** for Business Continuity.	**Consolidation of risk-return methodologies** (marginal cost of risk). **Approval of a Risk Appetite Statement for EDP Group, as well as a Risk Appetite Framework via policy**, framing responsibilities, governance, and main processes. **Independent assessment of operational risk practices and Business Continuity** against relevant internal/external regulations, and benchmark against market practices.	**Establishment of the Operational Risk Appetite Statement** and update of the framework. **Alignment of EDP Group's Risk Appetite Statement** with the **new Business Plan** for 2022-25.
ACTIVE PARTICIPATION OF RISK IN KEY DECISIONS AND MANAGEMENT PROCESSES	**Risk advice/ support for the Business Plan and Budget exercises.** **Support for investment decisions** (incl. participation in Investment Committee). **Support the definition of coverage strategies** for key exposures. **Analysis and advice on topics with possible impact** in the risk profile of the Group. **Follow-up and control of key exposures** (through periodical reports at Group level and for the most relevant BUs).	**Update and standardization of risk policies.** **Risk analysis and asset composition** for the Group's Pension Fund. **Support the strengthening, standardization and formalization of practices for Crisis Management and Business Continuity.** **Analysis of the risk impact of a change in assets geometry** in the risk profile of EDP Group. **Analysis of vertical integration of generation and retail** as a mean to mitigate risk.	**Strategic risk reflection** for the EDP Group **Business Plan** until 2025. **Consolidation of practices for Crisis Management and Business Continuity.**

	RECURRENT ACTIVITIES	DEVELOPMENTS IN 2020	PRIORITIES FOR 2021
	Periodical Risk Committees (for debate of key sources of risk exposure and treatment measures). **Monitoring and support of impact analysis and risk assessment**, as part of Business Continuity.	**Establishment of a Committee** to monitor Business Continuity and Crisis Management activities.	
FORMALIZATION OF RISK GOVERNANCE MODEL	**Establishment of policy and principles for risk management** at EDP Group. **Monitoring the adoption of the model for Crisis Management and Business Continuity.**	**Continuous disclosure of the risk governance model, and integration of the corporative structure with risk-officers of BUs** giving visibility over key risk topics to top management. **Establishment of structures and governance for Crisis Management** for the EDP Group.	**Support the dynamization of risk-officers network and consolidation of the risk management function** (in BUs with more recent risk governance models). **Definition of policy and practices to support operational risk management.** **Monitoring** the updating **or development of Crisis Management plans.**
PROMOTION OF A SOLID RISK CULTURE, TRANSVERSAL TO THE ORGANIZATION	**Development of a wide set of initiatives for awareness,** customized for different audiences: • Sessions for top management. • Courses at EDP University for specialists, senior and intermediate managers. • Specialized courses for all employees (e.g., ethics, health and safety, cyber security). • Business Continuity meetings and newsletter.	Development of multiple sessions dedicated to risk: • **Top management** (executive and non-executives): three Risk Committees dedicated to the analysis of the main risk topics with executive top management; participation in two sessions of the Financial Matters Committee, in two plenary sessions, and one session of the Strategy and Performance Committee also highlighting the main risk topics (incl. strategy, business, financial and operational risks) with the General and Supervisory Board. • **Risk-officers meeting**: development of a workshop with the risk-officers network of EDP Group, to share best practices. • **Business Continuity meeting**: holding a session with the Group's network of interlocutors to share best practices.	**Consolidation of the risk culture strengthening programs.** **Development of a risk-officers meeting** to share best-practices. **Development of a Business Continuity meeting** to share best-practices. **Raising awareness** on resilience, operational risk and Business Continuity.

Changing tomorrow now.

DIVERSITY

FROM DIVERSIFICATION
TO VALUE CREATION

Changing
tomorrow now.

Changing the world is a team effort

Changing tomorrow now.

04

CORPORATE GOVERNANCE

04

Corporate Governance

PART I
Information on Ownership Structure, Organisation and Corporate Governance

A. Ownership Structure

I. Capital Structure

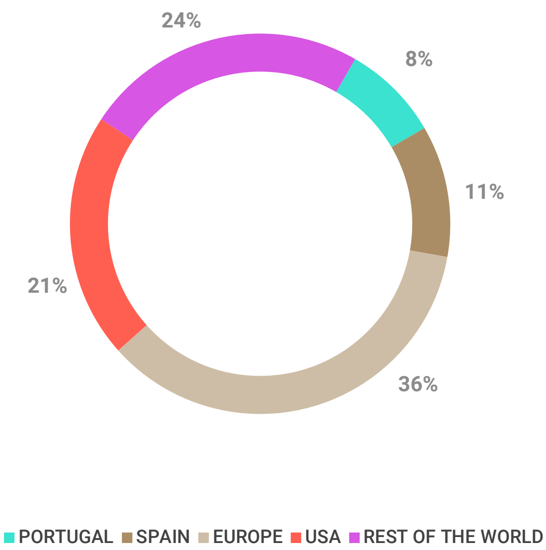
1. Capital Structure

The share capital of EDP – Energias de Portugal, S.A. (Company, EDP or EDP – Energias de Portugal, S.A.) is in the amount of 3,965,681,012 Euros and is fully paid up, according to Article 4 of EDP's Articles of Association, being represented by 3,965,681,012 ordinary shares, which have a face value of 1 Euro each.

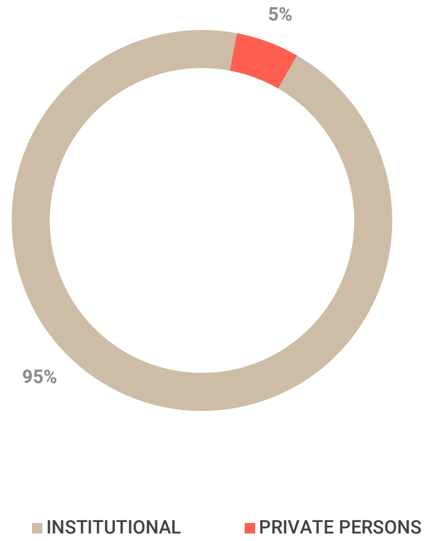
On August 11, 2020, EDP's share capital was increased, with the issue of 309,143,297 new shares, being before that date the share capital of EDP of 3,656,537,715 Euros.

The geographical and investor type breakdown of the EDP shareholder structure on December 31st, 2020 was as follows:

Breakdown of shareholder structure by geography



Breakdown of shareholder structure by investors type



Source: Interbolsa

2. Restrictions on Share Transferability

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

3. Treasury stock

As at 31 December 2020, EDP owned 19,557,741 treasury stock shares, corresponding to 0.49% of the share capital.

During 2020, the company Energia RE sold 1,513,000 shares of EDP, and therefore all treasury stock shares are currently held by EDP - Energias de Portugal, S.A.

In the General Shareholders' Meeting that took place on 16 April 2020, shareholders resolved on the granting of authorization to the Executive Board of Directors for the acquisition and sale of own shares by EDP and subsidiaries of EDP for an eighteen-month period as from the proposal approved in the General Meeting.

4. Change of company control

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

5. Defensive measures

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

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

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

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

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

6. Shareholder agreements

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

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

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

- to support the continued membership of Sonatrach (or of a person indicated by it) in EDP’s General and Supervisory Board, provided that Sonatrach maintains a shareholding of at least 2% (two percent) of EDP's share capital and the strategic partnership remains in effect; and
- to refrain from promoting, supporting and/or voting in favour of any change in EDP's Articles of Association that prevents the continued membership of Sonatrach (or of a person indicated by it) in EDP's General and Supervisory Board.

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

II. Shareholdings and Bonds Owned

7. Qualifying holdings

Pursuant to Article 8 (1) (b) of CMVM Regulation 5/2008, we are providing the following information on qualifying holdings owned by EDP shareholders as at December 31st, 2020 and attributable voting rights in accordance with Article 20 (1) of the Securities Code.

SHAREHOLDER	NR. OF SHARES	% CAPITAL WITH VOTING RIGHTS
CHINA THREE GORGES CORPORATION (1)		
China Three Gorges (Europe), S.A.	854,736,441	21.55%
Total	**854,736,441**	**21.55%**
China Three Gorges (Europe), S.A. is fully owned by China Three Gorges International Ltd, which is fully owned by China Three Gorges International Corporation. China Three Gorges Corporation holds 100% equity of China Three Gorges International Corporation and is in turn fully owned by People Republic of China. China Three Gorges communicated that on January 14th, 2021 decreased its shareholding position to 19.03% of EDP's share capital (https://web3.cmvm.pt/sdi/emitentes/docs/PQ78055.pdf).		
OPPIDUM CAPITAL, S.L.		
Oppidum Capital, S.L.	285,414,883	7.20%
Total	**285,414,883**	**7.20%**
According to paragraph 1(b) of article 20 of the Portuguese Securities Code, the voting rights inherent to the share capital held by Oppidum Capital, S.L. is imputable to Fernando Masaveu Herrero. Oppidum Capital, S.L. is 55.9% owned by Masaveu Internacional, S.L. and 44.1% owned by Liberbank, S.A. In turn, Masaveu Internacional, S.L. is 100% held by Corporación Masaveu, S.A., which is in turn 41.38% held by Fundación María Cristina Masaveu Peterson, 10.73% by Flicka Forestal, S.L. and 0.03% by Fernando Masaveu Herrero. Fernando Masaveu Herrero controls Fundación María Cristina Masaveu Peterson, Flicka Forestal, S.L. and Peña Maria, S.L. Additionally, Fernando Masaveu Herrero's spouse holds 18,467 shares of EDP and three descendants of Fernando Masaveu Herrero, namely Pedro Masaveu Compostizo, Jaime Masaveu Compostizo and Elias Masaveu Compostizo hold each 542 shares of EDP. In this sense, in total, 7.20% of the voting rights of EDP, corresponding to 285,414,883 shares, should be imputable to Fernando Masaveu Herrero.		
BLACKROCK, INC		
BlackRock, Inc.		
BlackRock Holdco 2, Inc.		
BlackRock Financial Management, Inc.		
BlackRock International Holdings, Inc.		
BR Jersey International Holdings L.P.		
BlackRock (Singapore) Holdco Pte. Ltd.		
BlackRock HK Holdco Limited		
BlackRock Lux Finco S.a.r.l.		
BlackRock Japan Holdings GK		
BlackRock Japan Co., Ltd.		
BlackRock, Inc.		
Trident Merger, LLC		
BlackRock Investment Management, LLC		
BlackRock, Inc.		
BlackRock Holdco 2, Inc.		
BlackRock Financial Management, Inc.		
BlackRock International Holdings, Inc.		
BR Jersey International Holdings L.P.		
BlackRock Holdco 3, LLC		
BlackRock Cayman 1 LP		

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

SHAREHOLDER	NR. OF SHARES	% CAPITAL WITH VOTING RIGHTS
BLACKROCK, INC		
BlackRock, Inc.		
BlackRock Holdco 2, Inc.		
BlackRock Financial Management, Inc.		
BlackRock International Holdings, Inc.		
BR Jersey International Holdings L.P.		
BlackRock Holdco 3, LLC		
BlackRock Cayman 1 LP		
BlackRock Cayman West Bay Finco Limited		
BlackRock Cayman West Bay IV Limited		
BlackRock Group Limited		
BlackRock Finance Europe Limited		
BlackRock Investment Management (UK) Limited		
BlackRock Asset Management Deutschland AG		
BlackRock, Inc.		
BlackRock Holdco 2, Inc.		
BlackRock Financial Management, Inc.		
BlackRock International Holdings, Inc.		
BR Jersey International Holdings L.P.		
BlackRock Holdco 3, LLC		
BlackRock Canada Holdings LP		
BlackRock Canada Holdings ULC		
BlackRock Asset Management Canada Limited		
BlackRock, Inc.		
BlackRock Holdco 2, Inc.		
BlackRock Financial Management, Inc.		
BlackRock Capital Holdings, Inc.		
BlackRock Advisors, LLC		
BlackRock, Inc.		
BlackRock Holdco 2, Inc.		
BlackRock Financial Management, Inc.		
BlackRock International Holdings, Inc.		
BR Jersey International Holdings L.P.		
BlackRock Holdco 3, LLC		
BlackRock Cayman 1 LP		
BlackRock Cayman West Bay Finco Limited		
BlackRock Cayman West Bay IV Limited		
BlackRock Group Limited		
BlackRock Finance Europe Limited		
BlackRock Advisors (UK) Limited		
BlackRock, Inc.		
BlackRock Holdco 2, Inc.		
BlackRock Financial Management, Inc.		
BlackRock International Holdings, Inc.		

SHAREHOLDER	NR. OF SHARES	% CAPITAL WITH VOTING RIGHTS
BLACKROCK, INC		
BR Jersey International Holdings L.P.		
BlackRock (Singapore) Holdco Pte. Ltd.		
BlackRock (Singapore) Limited		
BlackRock, Inc.		
BlackRock Holdco 2, Inc.		
BlackRock Financial Management, Inc.		
BlackRock International Holdings, Inc.		
BR Jersey International Holdings L.P.		
BlackRock Holdco 3, LLC		
BlackRock Cayman 1 LP		
BlackRock Cayman West Bay Finco Limited		
BlackRock Cayman West Bay IV Limited		
BlackRock Group Limited		
BlackRock Finance Europe Limited		
BlackRock (Netherlands) B.V.		
Total	**200,481,297**	**5.06%**
The qualified shareholding refers to the communication from BlackRock, Inc. on 7 December 2020.		
NORGES BANK		
Norges Bank	123,958,104	3.13%
Total	**123,958,104**	**3.13%**
Norges Bank, the Central Bank of Norway, acts on behalf of the State of Norway, the legal owner of all shares. According to company's communication, Norges Bank held 123,958,104 shares as of December 31st, 2020 and 686,695 collateral shares.		
ALLIANCEBERNSTEIN		
AllianceBernstein L.P.	107,030,000	2.70%
Total	**107,030,000**	**2.70%**
SONATRACH		
Sonatrach SpA	87,007,433	2.19%
Total	**87,007,433**	**2.19%**
QATAR INVESTMENT AUTHORITY		
Qatar Holding LLC	89,915,722	2.27%
Total	**89,915,722**	**2.27%**
The company Qatar Holding LLC is wholly owned by Qatar Investment Authority.		
EDP (TREASURY STOCK)	19,557,741	0.49%
REMAINING SHAREHOLDERS	2,197,579,391	55.41%
Total	**3,965,681,012**	**100.00%**

Note: Pursuant to Article 14 (3) of the Articles of Association of EDP, votes cast by a shareholder, on its own account or on behalf of another shareholder, that exceed 25% of the votes corresponding to the share capital, shall not be taken into account. For the purpose of determining the percentage of 25% of the votes that can be cast by a shareholder, the voting rights of other entities that are imputable to it under the terms of paragraph 1 of Article 20 of the Securities Code are considered.

8. Financial instruments owned by members of the management and supervisory bodies

Financial instruments owned by members of the Executive Board of Directors

By 31 December 2020, the financial instruments held by members of Executive Board of Directors, as required by Article 447 (5) of the Companies Code are shown below.

	EDP - ENERGIAS DE PORTUGAL, S.A.				EDP - ENERGIAS DO BRASIL, S.A.	
EXECUTIVE BOARD OF DIRECTORS (1)	No. SHARES 31-12-2020	No. SHARES 31-12-2019	No. BONDS 31-12-2020	No. BONDS 31-12-2019	No. SHARES 31-12-2020	No. SHARES 31-12-2019
António Luís Guerra Nunes Mexia (2)	101,093	91,000	-	-	1	1
João Manuel Manso Neto	1,375	1,268	-	-	-	-
António Fernando Melo Martins da Costa	58,915	54,299	-	-	-	-
João Manuel Veríssimo Marques da Cruz (3)	-	-	-	2	-	-
Miguel Stilwell de Andrade	151,904	140,000	-	-	-	-
Miguel Nuno Simões Nunes Ferreira Setas	8,104	7,382	-	-	6,000	6,000
Rui Manuel Rodrigues Lopes Teixeira (3)	39,033	31,733	-	-	-	-
Maria Teresa Isabel Pereira	25,415	71,281	-	-	-	-
Vera de Morais Pinto Pereira Carneiro	7,000	-	-	-	-	-

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

(2) The shares of EDP - Energias de Portugal, S.A. include 2,355 shares held by the ascendant Maria da Graça de Calça e Pina Teixeira Guerra Nunes Mexia.

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

(4) According to the information made available to EDP, the member of the Executive Board of Directors Rui Manuel Rodrigues Lopes Teixeira (person discharging managerial responsibilities) held, on December 31, 2019 and on June 30, 2020, 30,243 shares representing EDP – Energias de Portugal, S.A. share capital, as reported in the 2019 Annual Report and Accounts, if you subtract from the 31,733 shares, the 1,490 shares held by the respective spouse. For the purposes of assessing the 30,243 shares, 100 shares (which after subscription of rights resulting from the capital increase operation are 108 shares) that are deposited in a joint account of the person discharging managerial responsibilities with his spouse, and on behalf of the latter, were considered included in this calculation but under the terms of which the person discharging managerial responsibilities can freely dispose and transact. Accordingly, and within the scope of the rights subscription resulting from the capital increase operation, the following two transactions by the person discharging managerial responsibilities should be considered: (i) one in which the initial position is 30,143 shares and of which 2,564 shares were attributed, being one of them in allotment, totaling 32,707 shares; and, (ii) another in which the initial position is 100 shares and of which 8 shares were attributed, making a total of 108 shares; in this sense, and following the capital increase, the Director holds 32,815 shares (32,707 + 108). In the 2019 Annual Report, it was reported that the Director's spouse - Lina Lago da Silva Dantas Martins - held 1,490 EDP shares, resulting from two purchase transactions - carried out on May 20, 2016 and on October 3, 2016, respectively of (i) 820 shares for a unit price (excluding costs) of 2.936 Euros and (ii) 670 shares for a unit price (excluding costs) of 2.947 Euros. In the rights subscription period arising from the capital increase, EDP was informed that the Director's spouse, it is admitted that by donation, had in her portfolio, since February 2, 2010 (date on which the respective operations were carried out), four additional blocks of shares: (i) 150 shares acquired for a unit price (costs excluded) of 2,825 Euros; (ii) 1,311 shares acquired at a unit price (costs excluded) of 2,826 Euros; (iii) 1,500 shares acquired at a unit price (costs excluded) of 2,826 Euros; and, (iv) 1,279 shares acquired at a unit price (costs excluded) of 2,826 Euros. Adding the 1,490 shares (reported in the 2019 Annual Report) with the four blocks of shares totaling 4,240 shares, a total of 5,730 shares should be attributable to the Director's spouse, before the capital increase (and the respective subscription rights subscription). Following the rights subscription resulting from the capital increase operation, 488 shares were attributed to the Director's spouse, one of which in allotment, that adding to the aforementioned 5,730 shares represents a total of 6,218 shares. EDP was also informed that, in the context of an inheritance, the Director's spouse additionally became co-holder, since May 8, 2020, of a bank account at Novo Banco in which securities representing the EDP share capital are deposited. The Director's spouse is co-holder of the aforementioned bank account with a first-degree parent (head of household) and two second-degree collateral individuals. In such bank account, there were deposited 890 shares before the capital increase, 75 of which were attributed to the exercise of the respective subscription rights, totaling 965 shares. To the extent that such bank account results from an undivided inheritance in which the Director's spouse is not a first-degree parent (head of household), it was excluded such shareholding position from the reporting scope of the Director and respective spouse.

Following the capital increase of EDP - Energias de Portugal, SA, registered on 11 August 2020, and in which subscription rights were attributed to shareholders, the exercise of the respective subscription rights was reported by the following members of the Executive Board of Directors : (i) António Luís Guerra Nunes Mexia, (ii) João Manuel Manso Neto, (iii) António Fernando Melo Martins da Costa, (iv) Miguel Stilwell de Andrade, (v) Miguel Nuno Simões Nunes Ferreira Setas, (vi) Rui Manuel Rodrigues Lopes Teixeira and (vii) Maria Teresa Isabel Pereira.

Additionally, on September 4th, 2020, Director Vera de Morais Pinto Pereira Carneiro has acquired 7,000 shares representative of EDP - Energias de Portugal, S.A. share capital, for the price of 4.259 Euros per share, transaction that has been subject to public disclosure on October 14th, 2020.

On October 30th, 2020, Director Maria Teresa Isabel Pereira has disposed of 52,228 shares representative of EDP - Energias de Portugal, S.A. share capital, for the price of 4.242 Euros per share, transaction that has been subject to public disclosure on November 4th, 2020.

Director Ana Paula Marques, elected at the Extraordinary General Shareholders' Meeting of January 19th, 2021, does not hold EDP financial instruments, including of EDP - Energias do Brasil, S.A. and of EDP Renováveis S.A.

Financial instruments owned by members of the General and Supervisory Board

On 31 December 2020, the financial instruments owned or imputable to the members of the General and Supervisory Board, as required by Article 447 (5) of the Companies Code, are shown below.

	EDP - ENERGIAS DE PORTUGAL, S.A.			
GENERAL AND SUPERVISORY BOARD[1]	No. SHARES 31-12-2020	No. SHARES 31-12-2019	No. BONDS 31-12-2020	No. BONDS 31-12-2019
Luís Filipe Marques Amado	-	-	-	-
China Three Gorges Corporation [2]	854,736,441	850,777,024	-	-
Dingming Zhang (representing China Three Gorges Corporation)	-	-	-	-
China Three Gorges International Corp.	854,736,441	850,777,024	-	-
Shengliang Wu (representing China Three Gorges International Corp.)	-	-	-	-
China Three Gorges (Europe), S.A.	854,736,441	850,777,024	-	-
Ignacio Herrero Ruiz (representing China Three Gorges (Europe), S.A.)	-	-	-	-
China Three Gorges Brasil Energia Ltda.	-	-	-	-
Li Li (representing China Three Gorges Brasil Energia Ltda.)	-	-	-	-
China Three Gorges (Portugal), Sociedade Unipessoal, Lda.	-	-	-	-
Eduardo de Almeida Catroga (representing China Three Gorges (Portugal))	-	-	-	-
DRAURSA, S.A.	-	-	-	-
Felipe Fernández Fernández (representing Draursa,S.A.) [3]	1,350	1,350	-	-
Fernando Maria Masaveu Herrero [4]	285,434,976	265,065,136	-	-
Senfora BV [5]	54,095,476	76,787,292	-	-
Mohammed Issa Khalfan Alhuraimel Alshamsi (representing Senfora BV)	-	-	-	-
Banco Comercial Português, S.A. [6]	76,627,022	75,615,918	-	-
Nuno Manuel da Silva Amado (representing Banco Comercial Português, S.A.)	-	-	-	-
Sonatrach	87,007,433	87,007,433	-	-

	EDP - ENERGIAS DE PORTUGAL, S.A.			
GENERAL AND SUPERVISORY BOARD[1]	No. SHARES 31-12-2020	No. SHARES 31-12-2019	No. BONDS 31-12-2020	No. BONDS 31-12-2019
Karim Djebbour (representing Sonatrach)	-	-	-	-
Maria Celeste Ferreira Lopes Cardona	-	-	-	-
Ilídio da Costa Leite de Pinho	-	-	-	-
Jorge Avelino Braga de Macedo	-	-	-	-
Vasco Joaquim Rocha Vieira	3,515	3,203	-	-
Augusto Carlos Serra Ventura Mateus	-	-	-	-
João Carvalho das Neves[7]	8,060	7,429	0	5
María del Carmen Fernández Rozado	-	-	-	-
Laurie Lee Fitch	-	-	-	-
Clementina Maria Dâmaso de Jesus Silva Barroso	-	-	-	-
Luís Maria Viana Palha da Silva	5,479	5,050	-	-

(1) The members of the General and Supervisory Board do not hold any shares of EDP - Energias do Brasil, S.A. nor EDP Renováveis, S.A.

(2) China Three Gorges communicated that on January 14th, 2021 decreased its shareholding position to 19.03% of EDP's share capital (https://web3.cmvm.pt/sdi/emitentes/docs/PQ78055.pdf).

(3) The shares of EDP - Energias de Portugal, S.A. are held by his spouse, Maria Teresa Fernández Veja, and were identified following a process of division of an inheritance.

(4) According to paragraph 1(b) of article 20 of the Portuguese Securities Code, the voting rights inherent to the share capital held by Oppidum Capital, S.L. is imputable to Fernando Masaveu Herrero. Oppidum Capital, S.L. is 55.9% owned by Masaveu Internacional, S.L. and 44.1% owned by Liberbank, S.A. In turn, Masaveu Internacional, S.L. is 100% held by Corporación Masaveu, S.A. Corporación Masaveu, S.A. is 41.38% held by Fundación María Cristina Masaveu Peterson, 10.73% by Flicka Forestal, S.L. and 0.03% by Fernando Masaveu Herrero. Fernando Masaveu Herrero controls Fundación María Cristina Masaveu Peterson, Flicka Forestal, S.L. and Peña Maria, S.L. Additionally, Fernando Masaveu Herrero's spouse holds 18,467 shares of EDP's share capital and three descendants of Fernando Masaveu Herrero, namely Pedro Masaveu Compostizo, Jaime Masaveu Compostizo and Elias Masaveu Compostizo hold each 542 shares of EDP's share capital. In this sense, in total, 7.20% of the voting rights of EDP, corresponding to 285,434,976 shares of EDP's share capital, should be imputable to Fernando Masaveu Herrero.

(5) The number of shares reported corresponds to the amount in the market notification of February 27th, 2020 (https://web3.cmvm.pt/sdi/emitentes/docs/PQ74632.pdf)

(6) The number of shares reported corresponds to the amount in the market notification of August 19th, 2020 (https://web3.cmvm.pt/sdi/emitentes/docs/PQ76687.pdf)

(7) As part of the periodic requests for information to persons discharging managerial responsibilities, EDP recently became aware that João Carvalho das Neves did not held, at least since 31 December 2014, bonds of EDP - Energias de Portugal, S.A. or of any company of the EDP Group. João Carvalho das Neves has been a member of the General and Supervisory Board since 21 April 2015, and since such date and throughout the respective period the ownership of 5 bonds has been erroneously reported.

Following the capital increase of EDP - Energias de Portugal, SA, registered on 11 August 2020, and in which subscription rights were attributed to shareholders, the exercise of the respective subscription rights by the members of the General and Supervisory Board were reported, as follows: (i) China Three Gorges (Europe), SA, (ii) Fernando Maria Masaveu Herrero, (iii) Banco Comercial Português, S.A., (iv) Vasco Rocha Vieira, (v) João Carvalho das Neves and (vi) Luís Maria Viana Palha da Silva.

9. Special powers of the managing body with regard to decisions to increase share capital

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

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

The General Shareholders' Meeting held on April 16, 2020 resolved to grant powers to the Executive Board of Directors to increase the share capital of EDP, for one or more times, for a period of 5 years, up to the limit of 10% of the share capital, an option that was exercised by the Executive Board of Directors. On 11 August 2020, EDP's capital increase was registered, with the issue of 309,143,297 new shares, and EDP's share capital is currently of 3,965,681,012.00 Euros, represented by 3,965,681,012 shares with a par value of 1 Euro each.

10. Significant business relationships between owners of qualifying holdings and the company

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

Thus, with reference to the 2020 exercise, it should be pointed out the performance of the following operations between companies of EDP Group and owners of qualifying holdings in EDP's share capital:

- EDP Group, through EDP España, provided electricity and gas supply services as well as the installation of solar panels to the company Cementos Tutela Veguín in the amount of approximately 29.5 million Euros (Cementos Tutela Veguín is a subsidiary of the Group Masaveu, which, in turn, holds 55.9% of the company Oppidum Capital, SL);

- EDP Group provided payment management services to Liberbank in the amount of approximately 338,462.44 Euros. The EDP Group also entered into a lease, in the total amount of 16,852.08 Euros, for a property owned by Liberbank, located in Oviedo, Spain, during the first three quarters of 2020, during which the headquarters of a of the EDP Group companies was undergoing renovation works (Liberbank holds 44.1% of Oppidum Capital, SL). During the first quarter of 2020, within the scope of an issue of fixed to reset rate subordinated debt instruments, Liberbank provided the EDP Group with Co-lead Manager services, having earned 39,375.00 Euros for these services;

- EDP Group provided electricity and natural gas supply services to the Millennium BCP Group in the amount of approximately 7.5 million Euros. Banco Comercial Português provided EDP Group with underwriter services in the share capital increase of EDP carried out during the third quarter of 2020, having joined a union with five other entities and earned from these services 3,978,518.62 Euros. During the first quarter of 2020, within the scope of an issue of fixed to reset rate subordinated debt instruments, Banco Comercial Português provided EDP Group with Joint Lead Manager and Joint Bookrunner services, jointly with eight other financial entities, having earned by such services 433,125 Euros. In March 2020, SU Eletricidade, SA, the last resort trading company of the Portuguese electricity system, wholly owned by EDP, agreed to the sale of a tariff deficit for 2020, with Banco Comercial Português, S.A. acquiring the respective credits for approximately 201,2 million Euros and received a commission of approximately 400,000 Euros. In July 2020, SU Eletricidade, S.A. agreed to sell a tariff deficit related to 2020, with Banco Comercial Português, S.A. acquiring the respective credits for approximately 51.7 million Euros and receiving a commission of approximately 100,000 Euros. In December 2020, SU Eletricidade, S.A. agreed to the sale of a tariff deficit related to 2021, with Banco Comercial Português, S.A. acquiring the respective credits for approximately 49.4 million Euros and receiving a commission of approximately 98,000.00 Euros;

- EDP Group acquired from Sonatrach natural gas, under long-term supply contracts, and for the combined cycle plant Soto 4, established as a result of the partnership agreement between EDP and Sonatrach of October 2007, having been approximately 107.3 million Euros were paid;

As for the surrounding governance guidelines, on July 29, 2010, the General and Supervisory Board approved the first version of the "Regulation on Conflicts of Interest and Transactions with Related Parties", which was subject to review during 2015, having been a new version approved on 29 October 2015. On 17 May 2010, the Executive Board of Directors approved the rules on identification, in-house reporting and procedure in the event of conflicts of interest applicable to all EDP Group employees who play a decisive role in transactions with related parties.

Without prejudice to this set of rules concerning the prevention, identification and resolution of potential relevant corporate conflicts of interest, to present a very high level of demand, between late 2020 and early 2021, a revision process of the current internal rules related to this matter is being conducted, considering the changes introduced in terms of transactions between related parties by Law no. 50/2020, of 25 August and the purpose of following the best practices in this matter. The currently in force version is available for consultation at EDP's website (www.edp.com).

The General and Supervisory Board noted in relation to 2020, in view of the cases analysed and the information provided by the Executive Board of Directors, that no evidence was found that the potential conflicts of interest underlying the transactions made by EDP may have been settled contrary to the interests of the Company.

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

B. Corporate Bodies and Committees

I. General Meeting

A) Composition of The General Meeting

11. Name and position of officers of the General Meeting and their term of office

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

During 2020, the composition of the Board of the General Meeting was as follows:

BOARD OF THE GENERAL MEETING	
CHAIRMAN	LUÍS MARIA VIANA PALHA DA SILVA [1]
Vice Chairman	Rui Pedro Costa Melo Medeiros [2]
Company Secretary	Ana Rita Pontífice Ferreira de Almeida Côrte-Real [3]

[1] The Chairman of the Board of the General Meeting was elected at the General Shareholders' Meeting of April 24, 2019 for the remainder of the 2018-2020 period.

[2] The Vice-Chairman of the Board of the General Meeting was elected at the General Shareholders' Meeting on April 5, 2018 for the 2018-2020 period.

[3] Appointed by the Executive Board of Directors on 5 April 2018 for the position of Company Secretary, having also been appointed, on such date, Joana Gomes da Costa Monteiro Dinis, for the position of Alternate Company Secretary. The Company Secretary and the Alternate Company Secretary were also appointed, on January 19, 2021, by the Executive Board of Directors, following the Extraordinary General Meeting held on such date.

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

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

B) Exercise of Voting Rights

12. Restrictions on Voting Rights

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

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

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

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

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

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

EDP shareholders may exercise their right to vote by correspondence, postal or electronic, on each of the items on the agenda by means of a communication addressed to the Chairman of the Board of the General Meeting, as provided for in number 6 and number 11 of article 14 of the Articles of Association.

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

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

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

- general circulation of the notice of meeting of the General Meeting with an express indication of the channels available for the exercise of voting rights and in publications on the CMVM website (www.cmvm.pt) and EDP’s website (www.edp.com), in the Justice Ministry and in the Interbolsa Platform (My Interbolsa) and on the NYSE Euronext Lisbon newsletter;

- payment of the costs of issuing declarations of ownership of shares for all shareholders who participate in the General Meeting.

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

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

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

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

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

13. Maximum percentage of voting rights that can be exercised by a single shareholder or shareholders that are related in some of the relations of Article 20 (1)

See Item 12.

14. Decisions of shareholders who, under the Articles of Association, can only be made by a qualified majority other than those provided for by law

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

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

- the status of a legal person that is a competitor of EDP or a company in a control or group relation with EDP
- the status of a legal person or an individual related to a legal person that is a competitor of EDP
- the exercise of functions, of any nature or for any reason whatsoever, notably by appointment to a corporate office, by employment contract or by services provision agreement, at a legal person that is a competitor of EDP or at a legal person related to a legal person that is a competitor of EDP.

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

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

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

II. Management and Supervision

A) Composition

15. Corporate governance model

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

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

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

It is also important to note that this governance model has proven to be adequate to the size and shareholder structure of the Company, allowing for constant supervision both by the reference shareholders and by the independent members, through the respective intervention in the General and Supervisory Board. Considering the transversal competences of the General and Supervisory Board and the specificities of the activities of the five Specialized Committees, the integration of members of the General and Supervisory Board and of the Executive Board of Directors of EDP should, according to the Selection Procedure of the members of the General and Supervisory Board and of the Executive Board of Directors, ensure diverse skills, professional experiences, diversity of knowledge, gender and cultures, taking into account the specificities of the Company's business. Along with the concern for the individual adequacy of each member, it is also sought that the composition of the governing bodies and corporate bodies demonstrate a collective adequacy, bringing together the professional and personal skills necessary for the proper performance of the functions of each body of EDP. Likewise, in determining the respective number of members, the size of the Company, the complexity of its activity and its geographical dispersion are considered, in addition to the costs and the desirable speed of operation of the administration.

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

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

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

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

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

- to reflect critically on recommendations on best practices in order to contribute actively in optimising EDP's practices;
- to select the recommendations deemed most appropriate to EDP's governance model, focusing on measures taken and indicating potential measures for full adoption of good practices;

- to identify recommendations that are not appropriate to EDP's interests and give reasons for this position and indicate other ways of achieving such goals;
- to help targets of the recommendations to reflect on the best governance practices to be followed at EDP;
- to draft a formal document that will help compliance with reporting obligations on corporate governance practices, such as the annual report required by law;
- describe EDP's governance practices that are not set out in the Corporate Governance Code but achieve the goal shared by the General and Supervisory Board and the Executive Board of Directors to develop and increase the quality of EDP's governance processes.

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

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

EDP intends to continue to assume a precursor and excellence role with regard to the promotion of best government practices, in the hope that this initiative may also contribute to enrich the debate on these matters in the general context of the organization and functioning of public limited companies, particularly in Portugal.

The EDP Group has been publicly distinguished with several recognitions regarding the behaviors observed in terms of promoting integrity, ethics and sustainability.

Among these recognitions, the following stand out:

- the results of the ETHISPHERE ranking, which, for the past nine years, has considered EDP as one of the "World Most Ethical Companies";
- the maximum rating for "bribery prevention" in the FTSE4Good index;
- a prominent position in the "Codes of Conduct / Compliance / Corruption and Bribery" criterion of the Dow Jones Sustainability Indexes, which have presented EDP as one of the most sustainable companies in the world since 2008, integrating the respective indexes (DJSI World and DJSI Europe);

- the presence in the Ethibel EXCELLENCE Investment Register, which presents a group of companies that have an above average performance in the respective sector of activity, with the assessment being carried out based on sustainability criteria;
- inclusion in the Ethibel Sustainability Index (ESI) Excellence Europe, which includes only companies included in the Investment Registers;
- obtained ISO 37001 (Anti-bribery Management Systems) certification by EDP Energias do Brasil.

Finally, in 2020, an independent assessment of the Corporate Compliance Management System was carried out, in accordance with the International Standard on Assurance Works ISAE 3000 Magazine - International Standard on Assurance Engagements other than Audits or Reviews of historical financial information, which allowed us to conclude that it is in a state of advanced maturity, following the best examples and best practices at international level, as per reasonableness opinion attached to this Annual Report.

16. Articles of Association rules on procedural and material requirements for the appointment and replacement of members of the Executive Board of Directors and General and Supervisory Board

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

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

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

17. Composition of the Board of Directors, Executive Board of Directors and General and Supervisory Board

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

It should also be noted that, at the Extraordinary General Shareholders’ Meeting held on January 19, 2021, the shareholders elected the members of the Executive Board of Directors for a term-of-office, referring to the 2021-2023 triennium.

General and Supervisory Board

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

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

During 2020, the General and Supervisory Board was composed by the following members:

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

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

Executive Board of Directors

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

Pursuant to Article 16 (2) of the Articles of Association of EDP, the Executive Board of Directors must have a minimum of five and a maximum of nine members.

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

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

EXECUTIVE BOARD OF DIRECTORS		FIRST APPOINTMENT DATE
CHAIRMAN	**ANTÓNIO LUÍS GUERRA NUNES MEXIA** [1]	**30/03/2006**
	João Manuel Manso Neto [2]	30/03/2006
	António Fernando Melo Martins da Costa	30/03/2006
	João Manuel Veríssimo Marques da Cruz	20/02/2012
	Miguel Stilwell de Andrade [3]	20/02/2012
	Miguel Nuno Simões Nunes Ferreira Setas	21/04/2015
	Rui Manuel Rodrigues Lopes Teixeira	21/04/2015
	Maria Teresa Isabel Pereira	05/04/2018
	Vera de Morais Pinto Pereira Carneiro	05/04/2018

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

[1] On 6 July 2020, in the context of the judicial procedure investigating the early termination of Power Purchase Agreements regime and transition to the Costs of Maintenance for Contractual Balance regime, and also of the extension of the hydro public domain right of use Mr. António Luís Guerra Nunes Mexia was suspended from his executive functions. The procedure continues in the inquiry phase.

[2] On 6 July 2020, in the context of the judicial procedure investigating the early termination of Power Purchase Agreements regime and transition to the Costs of Maintenance for Contractual Balance regime, and also of the extension of the hydro public domain right of use Mr. João Manuel Manso Neto was suspended from his executive functions. The procedure continues in the inquiry phase.

[3] Appointed Interim Chairman of the Executive Board of Directors, on 6 July 2020, following the suspension of Mr. António Mexia.

At the Extraordinary General Shareholders' Meeting held on January 19, 2021, the members of the Executive Board of Directors were elected for the 2021-2023 term:

EXECUTIVE BOARD OF DIRECTORS		FIRST APPOINTMENT DATE
CHAIRMAN	**MIGUEL STILWELL DE ANDRADE**	**20/02/2012**
	Miguel Nuno Simões Nunes Ferreira Setas	21/04/2015
	Rui Manuel Rodrigues Lopes Teixeira	21/04/2015
	Vera de Morais Pinto Pereira Carneiro	05/04/2018
	Ana Paula Garrido Pina Marques	19/01/2021

18. Independent members of the Executive Board of Directors and General and Supervisory Board

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- the board must consist of a majority of independent members (Article 434 (4) and Article 414 (5) and (6) of the Companies Code and Article 21 (4) of EDP's Articles of Association);

- the Financial Matters Committee/Audit Committee is entirely composed of independent members of the General and Supervisory Board (Article 23 (2) of EDP Articles of Association and Article 3 (1) of the Financial Matters Committee/Audit Committee's Internal Regulation);

- the Remuneration Committee of the General and Supervisory Board must comprise a majority of independent members (Article 27 (1) and Article 28 of the Articles of Association (1) (b) of the General and Supervisory Board's Internal Regulation);

- the United States of America (USA) Business Affairs Monitoring Committee must be composed mainly of independent members (Article 3 (1) of the Internal Regulation of the Business Monitoring Committee in the United States of America).

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

At the end of 2020, the members of the outgoing General and Supervisory Board renewed their statements on incompatibilities and independence.

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

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

19. Qualifications of the members of the General and Supervisory Board and Executive Board of Directors

See Annex I of this Report.

20. Family, work-related and business relationships of the members of the General and Supervisory Board and Executive Board of Directors with shareholders owning a qualifying shareholding of over 2% of the voting rights

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

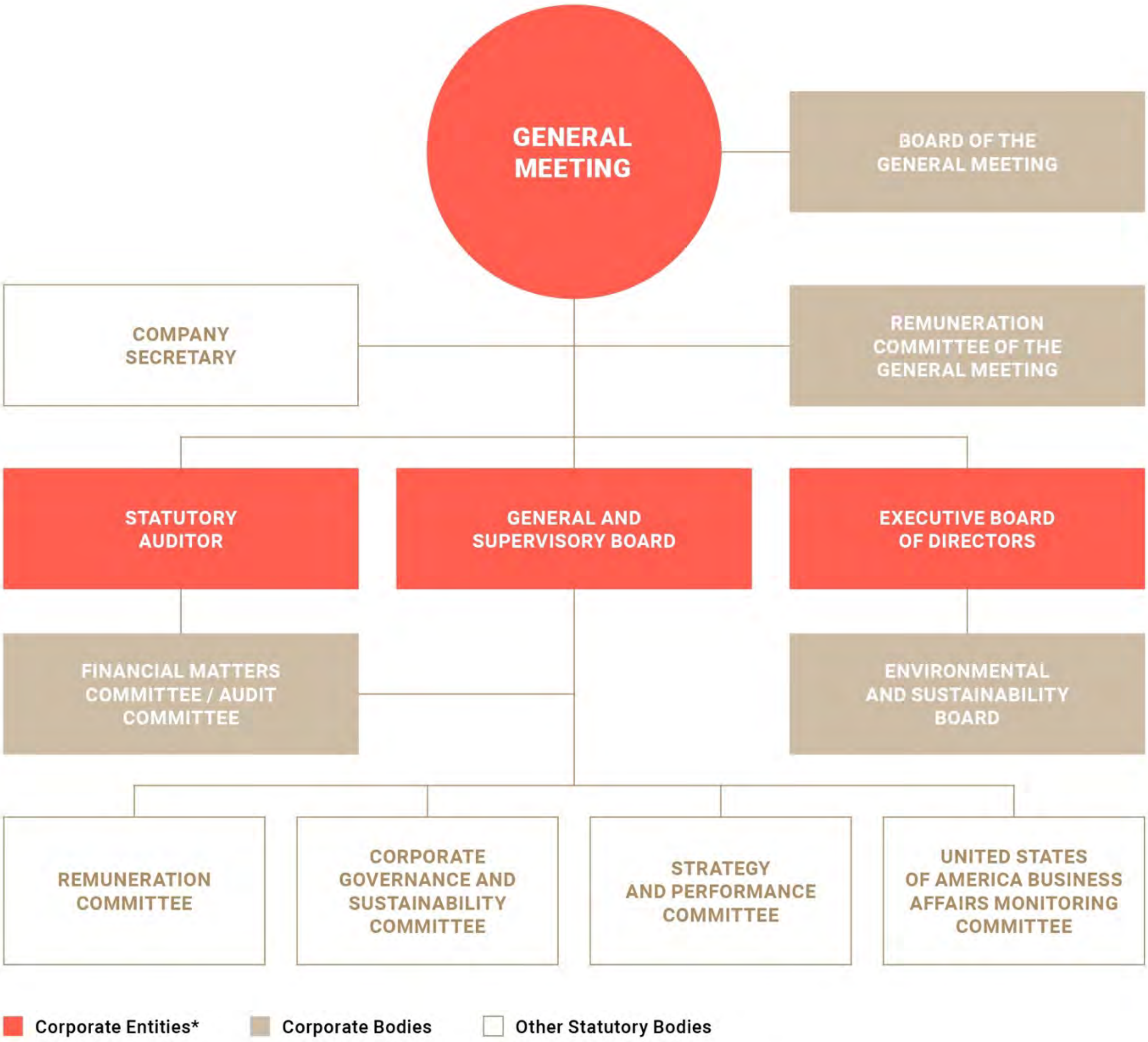
- the members of the General and Supervisory Board Dingming Zhang, Shengliang Wu, Ignacio Herrero Ruiz, Eduardo de Almeida Catroga and Li Li are managers of China Three Gorges Corporation which, through its subsidiary China Three Gorges (Europe), S.A., had, on 31 December 2020, a 21.55% shareholding in EDP;

- the member of the General and Supervisory Board Fernando Masaveu Herrero is chairman of the management body of Masaveu International, S.L. which owns 55.9% of Oppidum, S.L., a company that on 31 December 2020 held a 7.20% shareholding in EDP. Fernando Masaveu Herrero is also chairman of the administration body of Oppidum, S.L;

- the member of the General and Supervisory Board Felipe Fernández Fernández is a manager of Liberbank, S.A. which owns 44.1% of Oppidum, S.L., a company that on 31 December 2020 held a 7.20% shareholding in EDP;

- the member of the General and Supervisory Board Karim Djebbour is a manager of Société National pour la Recherche, la Production, le Transport, la Transformation et la Commercialisation des Hydrocarbures (Sonatrach) which has a 2.19% shareholding in EDP.

21. Organisation chart, delegation and division of powers



*Corporate Entities are also Corporate Bodies, pursuing the article 8 of EDP's articles association.

Powers of the General and Supervisory Board

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

- permanently monitor the management of EDP and its subsidiaries and provide management advice and assistance to the Executive Board of Directors, particularly with regard to strategy, goals and compliance with the law;
- issue opinions on the annual report and accounts;
- permanently oversee the work of the Statutory Auditor and External Auditor and, with regard to the former, issue an opinion on their election or appointment, dismissal, independent status and other relations with the Company;
- oversee, on a permanent basis, and evaluate internal accounting and auditing procedures, the efficacy of the risk management system, internal control system and internal auditing system, including the way in which complaints and queries are received and processed, whether originating from employees or not,

- propose to the General Meeting the removal from office of any member of the Executive Board of Directors;
- monitor the definition of criteria and responsibilities required or appropriate for the structures and internal bodies of the Company or Group and their impact and draft follow-up plans;
- provide for the replacement of members of the Executive Board of Directors in the event of permanent or temporary absence, as required by law;
- issue an opinion on their annual vote of confidence in the directors set out in Article 455 of the Company Code, on its own initiative or when requested to do so by the CEO;
- monitor and assess matters of corporate governance, sustainability, internal codes of ethics and conduct and compliance with these codes and systems for appraising and resolving conflicts of interest, including those associated with the Company's relations with its shareholders, and issue opinions on these matters;
- obtain the financial or other resources that it reasonably deems necessary for its work and ask the Executive Board of Directors to take any measures or make any corrections that it considers pertinent, with the power to hire independent consultants, if necessary;
- receive regular information from the Executive Board of Directors on significant business relations between the Company or its subsidiaries and shareholders with a qualifying holding and persons related to them;
- appoint the Remuneration Committee and Financial Matters Committee/Audit Committee;
- represent the Company in its relations with the directors;
- supervise the work of the Executive Board of Directors,
- oversee compliance with the law and Articles of Association;
- select and replace the Company's External Auditor, giving the Executive Board of Directors instructions for engagement or dismissal;
- monitoring the bookkeeping, accounts and supporting documents and the status of any assets or securities held by the Company, as and when it deems appropriate;
- supervise the preparation and disclosure of financial information,
- call the General Meeting when it deems appropriate,
- approve its Internal Regulation, which includes rules on relations with the other corporate bodies,
- exercise any other powers that may be granted by law, the Articles of Association or by the General Meeting.

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

- acquisitions and sales of assets, rights or shareholdings of significant economic value;
- financing operations of significant value;

- opening and closure of establishments, or important parts thereof, and substantial extensions or limitations of Company activity;
- other transactions or operations of significant economic or strategic value;
- formation or termination of strategic partnerships or other forms of lasting cooperation;
- plans for splits, mergers or conversions;
- amendments to the Articles of Association, including changes of registered office and share capital increases when on the Executive Board of Directors' initiative.

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

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

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

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

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

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

On the initiative of the General and Supervisory Board, EDP has voluntarily established a formal, impartial process to assess the activity of this board and of the Executive Board of Directors. Experience of recent years has allowed the General and Supervisory Board to make some changes in the process to make it more effective and efficient. During the 2020 financial year, the method used comprises the following stages:

- carry out the collective evaluation process of the General and Supervisory Board, its Specialized Committees and the Executive Board of Directors to an external entity, in order to have individual questionnaires to the General and Supervisory Board members support in completing and validating the treatment of information to support the evaluation process;
- in the beginning of 2021, each member of the General and Supervisory Board have answered a questionnaire prepared by specialized consultants, answering to quantitative and qualitative matters, in particular on matters related to the composition, organization and functioning, activity performance of the General and Supervisory Board, relationship between the General and Supervisory Board and the Specialized Committees and other EDP corporate bodies as well as to proceed with the analysis of matters related with the composition, organization of the Executive Board of Directors, its activity performance and the relationship between the Executive Board of Directors and the General and Supervisory Board including to other interlocutors;
- reports were produced on the General and Supervisory Board evaluation, on its Specialized Committees and on the Executive Board of Directors, which were available for assessment in the General and Supervisory Board meeting;
- in its meeting, the General and Supervisory Board issues its assessment opinions and they are included in this board's annual report;
- at the General Meeting, the Chairman of the General and Supervisory Board presents the board's opinion in the item of the agenda for assessment of the Executive Board of Directors.

Powers of the Executive Board of Directors

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

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

- setting the goals and management policies of EDP and the EDP Group;
- drawing up the annual business and financial plans;
- managing corporate business and undertaking all actions and operations associated with the corporate object that do not fall within the responsibilities of other company bodies;
- representing the Company in and out of court, actively and passively, with the power to waive, transact and admit guilt in any legal proceedings and make arbitration agreements;

- buying, selling or by any other means disposing or encumbering rights or immovable assets
- setting up companies and subscribing, purchasing, encumbering and selling shareholdings;
- deciding on the issue of bonds and other securities in accordance with the law and the Articles of Association, in compliance with the annual quantitative limits set by the General and Supervisory Board;
- establishing the technical and administrative organisation of EDP and the Internal Regulation, particularly in relation to personnel and their remuneration;
- appointing proxies with such powers as it sees fit, including the power to delegate;
- appointing the Company Secretary and alternate;
- hiring and dismissing the External Auditor on recommendation of the General and Supervisory Board;
- exercising any other powers that may be granted to it by law or by the General Meeting;
- establishing its own Internal Regulation.

As executed in 2020, proposals to amend EDP's Articles of Association regarding share capital increases submitted by the Executive Board of Directors require a favourable prior opinion from the General and Supervisory Board, pursuant to Article 17 (2) (g) of the Articles of Association.

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

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

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

- representing the Executive Board of Directors;
- coordinating the work of the Executive Board of Directors and convening and presiding over its meetings;
- ensuring proper execution of the decisions of the Executive Board of Directors.

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

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

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

Until 7 July 2020, the allocation of management areas and corporate departments to the members of the Executive Board of Directors in office was as follows:

ANTÓNIO MEXIA

CORPORATE DEPARTMENTS

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

STRATEGIC AREA
- Business Analysis Department

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

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

BUSINESS UNITS

CORPORATE SUPPORT
- EDP - Sucursal en España

BUSINESS
- EDP Inovação

JOÃO MANSO NETO

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

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

ANTÓNIO MARTINS DA COSTA

CORPORATE GOVERNANCE SUPPORT AREA
- Office of the Ethics Ombudsman

STRATEGIC AREA
- Risk Management Department
- Sustainability Department

RESOURCES AREA
- Digital Global Unit

JOÃO MARQUES DA CRUZ

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

MIGUEL STILWELL DE ANDRADE

STRATEGIC AREA
- Business Analysis Department

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

SHARED SERVICES
- Energia Re
- EDP Finance BV

MIGUEL SETAS

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

BUSINESS
- EDP Brasil (and respective subsidiaries)

SHARED SERVICES
- Sãvida

RUI TEIXEIRA

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

MARIA TERESA PEREIRA

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

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

VERA PINTO PEREIRA

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

SHARED SERVICES
- EDP Soluções Comerciais

Corporate Areas (shaded) | Management Areas (white)

From 7 July 2020 to 19 January 2021, the allocation of management areas and corporate departments to the members of the Executive Board of Directors in office was as follows:

MIGUEL STILWELL DE ANDRADE

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

STRATEGY AREA
- Business Analysis Department
- Energy Planning Department
- Studies and Competition Department

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

RESOURCES AREA
- Transformation and Talent Unit
- People Experience Unit
- EDP University

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

BUSINESS
- EDP Inovação
- EDP Finance BV
- Energia Re
- EDP Sucursal en España

ANTÓNIO MARTINS DA COSTA

CORPORATE GOVERNANCE SUPPORT AREA
- Ethics Ombudsman Office

STRATEGY AREA
- Markets and Regulation Department
- Sustainability Department
- Risk Management Department

RESOURCES AREA
- Digital Global Unit

BRAND AND COMMUNICATION AREA
- Institutional Relations and Stakeholders Department

JOÃO MARQUES DA CRUZ

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

MIGUEL SETAS

RESOURCES AREA
- Transformation and Talent Unit
- People Experience Unit
- EDP University

BUSINESS
- EDP Brasil (and respective subsidiaries)
- EDP Produção (and respective subsidiaries)
- EDP Produção Bioeléctrica

SHARED SERVICES
- Sãvida
- SCS

RUI TEIXEIRA

BUSINESS
- EDP Renováveis (and respective subsidiaries)
- UNGE - Energy Management Business Unit
- EDP Gás.Com
- Portsines
- EDP España (and electricity sector subsidiaries)

MARIA TERESA PEREIRA

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

STRATEGY AREA
- Studies and Competition Department

BUSINESS
- EDP Estudos e Consultoria

SHARED SERVICES
- EDP Global Solutions
- EDP Real Estate

VERA PINTO PEREIRA

STRATEGY AREA
- Energy Planning Department

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

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

SHARED SERVICES
- EDP Soluções Comerciais

Corporate Areas | Management Areas

Since 19 January 2020, the allocation of management areas and corporate departments to the members of the Executive Board of Directors in office is as follows:

MIGUEL STILWELL DE ANDRADE

CORPORATE GOVERNANCE SUPPORT
- Office of the Chairman of the Executive Board of Directors
- Internal Audit Department
- Compliance Department
- Office of the Ethics Ombudsman
- General Secretariat and Legal Office Department

STRATEGY AND FINANCIAL AREA
- Business Analysis Department

HUMAN RESOURCES
- *Transformation and Talent Unit*
- *People Experience Unit*
- EDP University

COMUNICATION AND TRADEMARK
- Communication Department

BUSINESS
- EDP Renováveis (and respective subsidiaries)

OTHERS
- EDP - Sucursal en España

MIGUEL SETAS

RISK MANAGEMENT AND SUSTAINABILITY AREA
- Risk Management Department
- Sustainability Department

BUSINESS
- EDP Distribuição
- IE2/EDP Redes España
- Companhia Elétrica de Macau (CEM)

GEOGRAPHIES
- EDP Brasil[1] (and respective subsidiaries)

SHARED SERVICES, INNOVATION AND SOCIAL AND CULTURAL ACTIVITY
- EDP Global Solutions - Shared Services
- EDP Global Solutions - Real Estate
- SCS
- Sãvida
- Energia Re
- EDP - Estudos e Consultoria

RUI TEIXEIRA

STRATEGY AND FINANCIAL AREA
- Business Analysis Department
- Energy Planning Department
- Consolidations, IFRS Reporting and Tax Global Coordination Department
- Corporate Planning and Management Control Department
- Financial Management Department
- Investor Relations Department

BUSINESS
- UNGE - Unidade de Negócio de Gestão de Energia (including project EMIR)
- EDP Gas.Com
- Portsines

GEOGRAPHIES
- EDP España (and respective subsidiaries in the electric sector, excluding IE2/EDP Redes España)

OTHERS
- EDP Finance BV

VERA PINTO PEREIRA

COMUNICATION AND TRADEMARK
- Trademark Department

BUSINESS
- EDP Comercial (and respective subsidiaries)
- SU Eletricidade
- EDP Gás Serviço Universal
- EDP Soluções Comerciais
- EDP Clientes
- EDP Solar
- EDP Energia Polska
- EDP Energía Italia

SHARED SERVICES, INNOVATION AND SOCIAL AND CULTURAL ACTIVITY
- Fundação EDP[2]

ANA PAULA MARQUES

DIGITAL
- *Digital Global Unit*

REGULATION AND INSTITUTIONAL RELATIONS AREA
- Markets and Regulation Department
- Studies and Competition Department
- Institutional Relations and Stakeholders Department

BUSINESS
- EDP Produção (and respective subsidiaries)
- EDP Internacional (and respective subsidiaries)
- Hydro Global

SHARED SERVICES, INNOVATION AND SOCIAL AND CULTURAL ACTIVITY
- EDP Inovação (and respective subsidiaries)
- Labelec (and respective subsidiaries)

Corporate Areas | Management Areas

[1] The CEO of EDP Energias do Brasil has hierarchical reporting to the Chairman of the Executive Board of Directors.
[2] Without prejudice of the competencies led by the General and Supervisory Board under the Articles of Association of Fundação EDP.

EDP's functional structure

Group's organisational model

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

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

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

On 31 December 2020, the Corporate Center structure was the following:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

On 19 January 2021, changes were made to the existing departments and their respective powers, under the following terms:

- Merger of the General Secretariat and the Legal Department into a single department, **General Secretariat and Legal Department**, which will have the following powers: perform the administrative and logistical function to support the Executive Board of Directors and provide legal advice to Group companies based in Portugal, with the aim of ensuring the efficient operation of the Corporate Center and compliance with applicable legislation, as well as ensuring harmonization of corporate governance policies in the Group.

- Extinction of the Brand, Marketing and Communication Global Coordination Department and empowerment of the **Communication** and **Brand Departments** with the following powers:

  i) **Communication Department**: develop an integrated communication strategy that transmits the Group's culture, improving the degree of motivation and involvement of employees with the company. Establish a relationship with the media that maximizes the positive impact of the brand and minimizes possible negative impacts;

  ii) **Brand Department**: define and develop the EDP Group's Brand strategy and the EDP Group's sponsorship and brand activation Policy, ensuring alignment with the Group's values and vision.

Specific EDP committees (Functional Structures)

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

- they input information to assist the Executive Board of Directors in its decision-making reflecting opinions and information from the areas in the organisation most affected by the proposal in question;

- they are used by an organisational unit (belonging to the Corporate Centre, a Business Unit or shared service unit to assist in gathering information, alignment, decisions and implementation of policies and practices with an impact on a number of areas in the organization.

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

On 31 December 2020, the Committees structure configuration was as follows, without prejudice to the respective composition having undergone some adaptations, due to the reallocation of the management areas that occurred in July 2020:

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

I - Strategic Corporate Committees

Risk Committee

The main duties of the Risk Committee are:

- share information on the EDP Group's key risks and risk profile;

- discuss the result of significant risk assessment projects undertaken in conjunction with the Business Units;

- discuss and issue opinions or recommendations on policies, procedures, significant risks, risk limits and extraordinary risk situations;

- promote and monitor maintenance of the inventory of the most significant risks (risk portal);
- approve the periodical reporting model to be submitted by the Business Units or the Risk Management Department and other mechanisms for reporting and monitoring EDP's risks.

The Risk Committee's membership is as follows:

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

The Risk Committee held four meetings in 2020.

Sustainability Committee

The Sustainability Committee's responsibilities are as follows:

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

The Sustainability Committee's membership is as follows:

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

The Sustainability Committee held one meeting in 2020.

Energy Planning Committee

The main tasks of the Energy Planning Committee are:

- share up-to-date information on the different markets and businesses in which the EDP Group operates (Iberia, wind, Brazil) and the performance of its portfolio in these geographies;
- analyse the impact of energy and environment policies, as well as different regulatory frameworks with reference to the planning of the sector and portfolio of EDP;
- inform and propose about stances on several matters regarding strategic planning.

The Energy Planning Committee's membership is as follows:

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

The Energy Planning Committee held one meeting in 2020.

Investments Committee

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

The Investments Committee's membership is as follows:

INVESTMENTS COMMITTEE
CHAIRMAN: MEMBER EBD (ÁREA FINANÇAS)
Secretary: Rep. CC Business Analysis
CC and BU members (besides the Secretary):
Head of CC Business Analysis
Head of CC Management Planning and Control
Head of CC Energy Planning
Head of CC Risk Management
Ad-hoc members:
Head of CC Consolidation, IFRS Report and Tax Global Coordination
Head of CC Investors Relation

The Investments Committee held seventy-eight meetings in 2020.

Regulation Committee

The remit of the Regulation Committee is as follows:

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

The Regulation Committee's membership is as follows:

REGULATIONS COMMITTEE
CHAIRMAN: MEMBER EBD (RENEWABLES, REGULATION, COMP., ENERGY PLANN. AND UNGE AREA)
Secretary: Head of CC Regulation and Markets
Members of EBD (besides the Chairman):
Member EBD (Distribution, International and Labelec Area)
Member EBD (Trading Area)
CC and BU members (besides the Secretary):
Board Member of EDP Distribuição
Board Member of EDP Energias do Brasil
Board Member of EDP Energias do Brasil
Board Member of EDP Comercial
Board Member of EDP Serviço Universal
Board Member of EDP Produção
Board Member of EDP Gás SU
Board Member of EDP Soluções Comerciais

REGULATIONS COMMITTEE
Rep. Cabinet of the EBD Chairman
Head of CC Energy Planning
Head of CC Management Planning and Control
Head of CC Institucional Relations and Stakeholders
Head of CC Investors Relation
Head of CC Business Analysis
Head of UNGE
Rep. UNGE (Regulation)
Rep. EDP España (Regulation)
Rep. EDP Distribuição (Regulation)
Rep. EDP Comercial
Rep. EDP Energias do Brasil (Regulation)
Rep. EDP Renováveis (Regulation and Markets)
Rep. CC Studies and Competition
Rep. CC Regulation and Markets
Rep. EDP Serviço Universal (Regulation)
Rep. EDP Produção
Rep. EDP Gás SU
Rep. European Compliance Project
Rep. CC Risk Management
Rep. CC Investors Relation

The Regulation Committee held nine meetings in 2020.

Prices and Volumes Committee

The Prices and Volumes Committee's main duties are:

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

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

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

The Prices and Volumes Committee held four meetings in 2020.

Market and Commercial Iberian Committee

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

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

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

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

The Market and Commercial Iberian Committee held nine meetings in 2020.

II - Functional Corporate Committees

Innovation Committee

The responsibilities of the Innovation Committee are as follows:

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

The Innovation Committee's membership is as follows:

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

The Innovation Committee held one meeting in 2020.

Ethics Committee

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

- draft and propose its Internal Regulation to the Corporate Governance and Sustainability Committee of the General and Supervisory Board;
- submit corporate ethics instruments, policies, goals and targets to the Corporate Governance and Sustainability Committee;
- receive and examine cases of infringement prepared by the Ethics Ombudsman and issue an opinion on them;
- issue an opinion, when requested to do so by any of the managing bodies of the EDP Group companies and entities on practices or codes of conduct in the fields of ethics or professional conduct within the framework of specific, legal or regulatory needs;

- analyse decisions made by the Ethics Committee of EDP Energias do Brasil, S.A. and the Ethics Committee of EDP Renováveis, S.A.;

- assess the quarterly reports on the EDP Group's or Business Units performance in implementing the Code of Ethics

- annually review the adequacy of the Code of Ethics and the procedures resulting from it to the needs of the EDP Group and, under the proposal of the Ethics Ombudsman, prepare the respective report.

The Ethics Committee's membership is as follows:

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

The Ethics Committee held four meetings in 2020.

Information Disclosure Committee

The Information Disclosure Committee's has two main duties:

- analysing and assessing information that is or should be provided periodically by EDP during preparation of reports and other press releases for the market;

- assessing the mechanisms for monitoring and disclosing information about EDP.

The Information Disclosure Committee's membership are as follows:

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

The Information Disclosure Committee held one meeting in 2020.

Stakeholders' Committee

The duties of the Stakeholders' Committee are as follows:

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

The Stakeholders Committees' membership is as follows:

STAKEHOLDERS COMMITTEE
CHAIRMAN: CHAIRMAN EBD
Secretary: Head of CC Institucional Relations and Stakeholders
Members of EBD (besides the Chairman):
Member EBD (Renewables, Regulation, Comp., Energy Plann. and UNGE Area)
Member EBD (Distribution, International and Labelec Area)
Member EBD (HR, Sãvida and Brazil Area)
Member EBD (Generation and Spain Area)
Member EBD (Trading Area)
CC and BU members (besides the Secretary):
Board Member of EDP Renováveis
Board Member of Fundação EDP
Board Member of EDP Produção
Board Member of EDP Comercial
Board Member of EDP Comercial
Board Member of EDP Soluções Comerciais
Head of CC Energy Planning

STAKEHOLDERS COMMITTEE
Head of CC People Experience Unit
Head of CC Brand, Marketing and Communication Global Coord.
Head of CC Sustainability
Rep. EDP España
Rep. EDP Energias do Brasil
Rep. EDP Renováveis

The Stakeholders' Committee held one meeting in 2020.

Procurement Committee

The main responsibilities of the Procurement Committee are:

- discuss and align strategic guidelines of EDP Group's procurement activity;
- validate proposals for amendments to policy and the procurement organizational model of the EDP Group;
- validate the procurement annual plan to be approved by the Executive Board of Directors;
- promote the alignment of the Business Units regarding procurement, ensuring the articulation between top management teams;
- propose Sponsors and members of the categories of groups and committees oversee the implementation of optimization strategies of categories;
- discuss and propose targets for "Performance indicators" and supervise the performance of the procurement activity at global and local level.

The Procurement Committee's membership are as follows:

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

The Procurement Committee held one meeting in 2020.

Prevention and Safety Committee

The Prevention and Safety Committee has the following main responsibilities:

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

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

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

The Prevention and Safety Committee held two meetings in 2020.

Pension Plan and Fund Committee

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

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

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

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

The Pension Plan and Fund Committee held four meetings in 2020.

Corporate Development Committee

The Corporate Development Committee's duties are as follows:

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

The Corporate Development Committee's membership are as follows:

CORPORATE DEVELOPMENT COMMITTE COMMITTEE
CHAIRMAN: MEMBER EBD (IT, ORGAN. DEVELOP., SUSTAINABILITY, RISK AND ETHICS AREA)
Secretary: Head of CC Transformation & Talent Unit
Members of EBD (besides the Chairman):
Member EBD (HR, Sãvida and Brazil Area)
CC and BU members (besides the Secretary):
Board Member of EDP Produção (OD Area)
Board Member of EDP Distribuição (OD Area)
Board Member of EDP Comercial (OD Area)
Board Member of EDP Soluções Comerciais (Process)
Board Member of EDP Energias do Brasil (OD Area)
Board Member of EDP Global Solutions (Processos)
Board Member of EDP Real Estate (OD Area)
Board Member of EDP Labelec
General Management of EDP España (OD Area)
Head of CC People Experience Unit
Head of CC Digital Global Unit
Rep. EDP Renováveis (OD)
Rep. CC Transformation & Talent Unit (Organization)
Rep. CC Transformation & Talent Unit (Process)
Rep. EDP Brasil (OD & Process)

Human Resources and diversity Committee

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

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

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

HUMAN RESOURCES AND DIVERSITY COMMITTEE
CHAIRMAN: CHAIRMAN EBD
Secretary: Head of CC People Experience Unit
Members of EBD (besides the Chairman):
Member EBD (Renewables, Regulation, Comp., Energy Plann. and UNGE Area)
Member EBD (IT, Organ. Develop., Sustainability, Risk and Ethics Area)
Member EBD (Distribution, International and Labelec Area)
Member EBD (Financial Area)
Member EBD (HR, Sãvida and Brazil Area)
Member EBD (Generation and Spain Area)
Member EBD (Global Solutions, Real Estate, Legal Office, GS, Audit and Compliance Area)
Member EBD (Trading Area)
CC and BU members (besides the Secretary):
Board Member of EDP Produção (Human Resources Area)
Board Member of EDP Distribuição (Human Resources Area)
Board Member of EDP Soluções Comerciais (Human Resources Area)
Board Member of EDP Comercial (Human Resources Area)
Board Member of EDP Global Solutions (Human Resources Area)
Board Member of EDP Renováveis (Human Resources Area)
Board Member of EDP Fundação EDP (Human Resources Area)
Board Member of EDP Serviço Universal (Human Resources Area)
Board Member of EDP Inovação (Human Resources Area)
Board Member of EDP Real Estate (Human Resources Area)
Board Member of EDP España (Human Resources Area)
Board Member of EDP Energias do Brasil (Human Resources Area)
Board Member of Labelec (Human Resources Area)
Board Member of Sãvida (Human Resources Area)
Head of CC Brand, Marketing and Communication Global Coord.
Head of CC Transformation & Talent Unit
Head of CC Digital Global Unit
Head of CC Universidade EDP
Head of CC Institucional Relations and Stakeholders
Head of CC Sustainability

HUMAN RESOURCES AND DIVERSITY COMMITTEE
Ethics Ombudsman
Ad-hoc members:
Rep. EDP Energias do Brasil
Rep. EDP Renováveis (Human Resources Area)
Rep. EDP España (Human Resources Area)

The Human Resources and Diversity Committee held one meeting in 2020.

Digital and Information Technology Committee

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

- align the global strategy with Core Information technologies, including information safety
- define and consolidate the digital and information technology budget, including information safety
- monitor the main Digital and information technology projects.

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

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

The Digital and Information Technology Committee held two meetings in 2020.

Compliance Committee

The Compliance Committee and has the following responsibilities:

- to promote the compliance of the Group’s Compliance Governance Model, policies and other compliance internal procedures;
- to support and monitor the process of creation, decision-making and implementation of the global program of compliance;

- to support and monitor the process of creation, decision-making and implementation of the local and transversal compliance specific programs in the scope of the compliance global program;
- to follow the activities of the plan of compliance;
- to follow the handling of complaints and investigation procedures;
- to propose measures to solve the non-compliance cases and monitor its resolution.

The Compliance Committee is composed as follows:

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

III - Business committees

Generation Committee

The Generation Committee's main duties are:

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

The Generation Committee's membership is as follows:

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

The Generation Committee held two meetings in 2020.

Distribution Networks Committee

The Distribution Networks Committee's duties are as follows:

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

The Distribution Networks Committee's membership is as follows:

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

The Distribution Networks Committee held two meetings in 2020.

Iberian Commercial Committee

The Iberian Commercial Committee's duties are as follows:

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

The Iberian Commercial Committee's membership is as follows:

IBERIAN COMMERCIAL COMMITTEE
CHAIRMAN: MEMBER EBD (TRADING AREA)
Secretary: General Management of EDP España
Members of EBD (besides the Chairman):
Member EBD (Renewables, Regulation, Comp., Energy Plann. and UNGE Area)
Member EBD (Generation and Spain Area)
CC and BU members (besides the Secretary):
Board Member of EDP Serviço Universal
Board Member of EDP Gás SU

IBERIAN COMMERCIAL COMMITTEE
Board of Directors of EDP Comercial
Board Member of EDP Soluções Comerciais
Head of CC Digital Global Unit
Head of CC Brand, Marketing and Communication Global Coord.
Rep. EDP España (Sales B2B)
Rep. EDP España (Sales B2C)
Rep. EDP España (Brand, Marketing and Communication)
Rep. CC Brand, Marketing and Communication Global Coord. (Brand)
Rep. CC Brand, Marketing and Communication Global Coord. (Communication)
Ad-hoc members:
Rep. EDP Comercial (Services B2B)
Rep. EDP Comercial (Sales B2B PT)
Rep. EDP Comercial (Sales B2C PT)

Customer Ombudsman

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

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

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

Branch in Spain

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

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

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

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

On 31 December 2020, the directorate, coordination, management and representation of the Branch had the following composition:

EDP ENERGIAS DE PORTUGAL, SOCIEDAD ANONIMA, SUCURSAL EN ESPAÑA	
GOVERNING, COORDINATION, MANAGING STRUCTURE AND REPRESENTATION OF THE BRANCH (*)	
Executive Committee	
Permanent Representative of EDP	António Mexia (Presidente)
Permanent Representative of EDP	Rui Teixeira
Permanent Representative of EDP	João Manso Neto
Permanent Representative of EDP	António Martins da Costa
Permanent Representative of EDP	Miguel Stilwell de Andrade
Chairman of the Board of Directors of EDP España	Manuel Menéndez Menéndez
Corporate General Director	Miguel Ribeiro Ferreira
First Line Manager at EDP Energía	-
First Line Manager at EDP Renováveis	Duarte Bello
General Director for Communication, Marketing and Trademark	Paulo Campos Costa
Steering Committee	
Legal Department Directorate	Pelayo Echevarria
Administration, Budget and Human Resources Directorate	Félix Arribas
Projects and Prevention Directorate	Marcos Antuña
Information Systems Directorate	Luis Ángel Rguez Villalba
Internal Audit Directorate	Azucena Viñuela
Environment, Sustainability, Innovation and Quality Directorate	Yolanda Fdez Montes
Purchases Directorate	José María Ruiz Correa
EDP España Foundation Directorate	Vanda Martins
Communication, Marketing and Trademark Directorate for Spain and Foreign Subsidiaries	Rafael Solis Hernández / Carmen Fernández González
Secretary General	José Luis Martínez Mohedano

Data referring to 31 December 2020.

B) Operation

22. Location where the operating regulations of the General and Supervisory Board and Executive Board of Directors can ser consulted

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

23. Meetings and attendance rate of each member of the General and Supervisory Board and Executive Board of Directors

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

The General and Supervisory Board met nineteen times in 2020 and minutes were kept of all the meetings. Information on the attendance of each member of the board is provided in Annex II to this Report.

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

The Executive Board of Directors met seventy-four times in 2020 and minutes were kept of all the meetings. Information on the attendance of each member of the board is provided in Annex III of this Report.

24. Company bodies with powers to evaluate performance of executive directors

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

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

25. Pre-determined criteria for performance evaluation of executive directors

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

26. Positions held at other Group or non-group companies by each member of the General and Supervisory Board and Executive Board of Directors

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

C) Committees of the managing or supervisory body

27. Committees set up in the General and Supervisory Board and Executive Board of Directors

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

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

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

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

The General and Supervisory Board holds five specialized committees: the Financial Matters Committee/Audit Committee, the Remuneration Committee, the Corporate Governance and Sustainability Committee, the Strategy and Performance Committee and the United States of America Business Affairs Monitoring Committee.

28. Membership of the executive committee and/or name of managing director(s)

Not applicable to EDP's governance model.

29. Duties of each committee and summary of work performed while carrying them out

A. The Committees of the General and Supervisory Board

Financial Matters Committee/Audit Committee

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

On 31 December 2020, the Financial Committee/Audit Committee was composed as follows:

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

In accordance with the law, the Articles of Association and the Internal Regulation of the Financial Matters Committee/Audit Committee, this Committee is mainly responsible for permanently monitor and supervise the following:

- financial matters and accounting practices;
- internal audit practices and procedures;
- internal mechanisms and procedures of the Internal Control System for Financial Reporting (ICSFR);
- matters relating to risk management and control system;
- the activities and mechanisms of the compliance management system;
- the activity and independence of the Statutory Auditor (SA) / Statutory Auditor Company of EDP.

The composition, role and functioning of the Financial Matters Committee/Audit Committee are in line with the applicable legislation and regulation, including the European Commission Recommendation of 15 February 2005 (2005/162/EC), the European Commission Recommendation of 30 April 2009 (2009/385/EC) as well as the recommendations provided for by the Corporate Governance Code of the Portuguese Institute for Corporate Governance, having the respective Internal Regulation been updated in December 2020.

The Financial Matters Committee/Audit Committee held sixteen meetings in 2020, as envisaged in its Activity Plan. The main matters addressed in those meetings were: the supervision of financial and business information and the monitoring of the activity of Internal Audit, the Internal Control System for Financial Reporting (SCIRF), the Compliance Management System and the Risk Management System. In this context, it also monitored and supervised litigation procedures, the performance of the EDP Group Pension Fund, the contractual relationship and the assessment of the objective conditions for the independence of the Statutory Auditor, the communications of irregularities received and the relationship with the Audit committees of subsidiaries.

Remuneration Committee of the General and Supervisory Board

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

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

On 31 December 2020, the General and Supervisory Board Remunerations Committee was composed as follows:

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

In accordance with article 26-B (1) of the Portuguese Securities Code, as amended by Law no. 50/2020, of 25 August, the Remuneration Committee of the General and Supervisory Board must submit a remuneration proposal of the members of the Executive Board of Directors to the Annual General Shareholders' Meeting for approval.

Throughout 2020, and considering its powers, the Remuneration Committee of the General and Supervisory Board held six meetings, having (i) approved the annual statement on the remuneration policy for the Members of the Executive Board of Directors to be submitted to the General Shareholders' Meeting, (ii) the determination of the annual variable remuneration for the year 2019, as well as the multiannual remuneration of the members of the Executive Board of Directors, (iii) the approval of the termination and non-competition agreements of Dr. António Luís Guerra Nunes Mexia and Dr. João Manuel Manso Neto and (iv) the elaboration of a proposal for a transitional extension of the remuneration policy in force for members of the Executive Board of Directors to be elected for the mandate corresponding to the 2021-2023 triennium, until the Annual General Shareholders' Meeting of 2021 is held. Regarding the multiannual remuneration, although calculated annually, this only becomes effective if, at the end of the mandate, at least 90% of the targets have been achieved. These variable remuneration calculations were validated and certified by an external entity.

Corporate Governance and Sustainability Committee

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

On 31 December 2020, the Corporate Governance and Sustainability Committee member composition was the following:

CORPORATE GOVERNANCE AND SUSTAINABILITY COMMITTEE		FIRST APPOINTMENT DATE
CHAIRMAN	LUÍS FILIPE MARQUES AMADO	22/04/2015
	Augusto Carlos Serra Ventura Mateus	06/04/2018
	Felipe Fernández Fernández	22/04/2015
	Ignacio Herrero Ruiz	13/12/2018
	Jorge Avelino Braga de Macedo	22/04/2015
	Li Li	23/01/2020
	Maria Celeste Ferreira Lopes Cardona	18/04/2012

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

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

The topics covered in-depth at the five meetings held in 2020 of the Corporate Governance and Sustainability Committee, in compliance with its specific duties, were the following: analysis of potential relevant situations in terms of conflicts of interest and related parties, assessment of opinions issued by the Ethics Committee, analysis of the stakeholders management in general and relationship policy with clients in particular assessment of the human resources and succession plans, study of sustainability objectives for the Group and analysis of the strategic plan for EDP Group Foundations.

Strategy and Performance Committee

The Strategy and Performance Committee is made up of members of the General and Supervisory Board, with adequate qualifications and experience for the exercise of their respective functions.

On 31 December 2020, the Strategy and Performance Committee was composed by the following members:

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

The Strategy and Performance Committee supervises the following matters:

- the short-, medium- and long-term scenarios and strategies;
- the strategic implementation, business planning and the respective budgets;
- the investments and divestment;s
- debt and funding;
- strategic alliances;
- market and competitiveness evolution;
- regulation;
- analysis of the performance of the Group and the Business Units;
- the benchmarking of the Company group performance compared with the companies at the top of the sector;
- the assessment of the competitiveness of the EDP business portfolio.

In 2020, the Strategy and Performance Committee held nine meetings, with the following topics, among others, monitoring the preparation of the Business Plan 2019-2022; the performance of EDP's share in the capital market; the financing and capital structure of the EDP Group; monitoring the EDP Group's strategic and business risks; the status of investment projects and operational efficiency projects; monitoring the execution of the Business Plan 2019-2022; the performance of the value of EDP Group shares in the capital market; the financing and capital structure of the EDP Group; monitoring the EDP Group's strategic and business risks; monitoring EDP's Energy Outlook 2020 and the prospects for the hydrogen market; the status of investment projects and operational efficiency projects; monitoring the profitability by geography and by business unit of the EDP Group; monitoring the partnership between EDP Renováveis and Engie in the offshore wind; analysis of EDP's strategy and performance and, in particular, of EDP Brasil's activities, the group's marketing and distribution activities and business support areas; the monitoring of the 2021-2025 Business Plan and the Group's Budget for 2021.

United States of America Business Affairs Monitoring Committee

The United States of America Business Affairs Monitoring Committee was created on 16 March 2020.

The United States of America Business Affairs Monitoring Committee is composed of members of the General and Supervisory Board, most of whom are independent, with adequate qualifications and experience for the exercise of their respective functions.

As of 31 December 2020, the United States of America Business Affairs Monitoring Committee was composed of the following members:

UNITED STATES OF AMERICA BUSINESS AFFAIRS MONITORING COMMITTEE		FIRST APPOINTMENT DATE
CHAIRMAN	LUÍS FILIPE MARQUES AMADO	16/03/2020
	Augusto Carlos Serra Ventura Mateus	16/03/2020
	Clementina Maria Dâmaso de Jesus da Silva Barroso	16/03/2020
	Felipe Fernández Fernández	16/03/2020
	João Carvalho das Neves	16/03/2020
	Jorge Avelino Braga de Macedo	16/03/2020
	Vasco Joaquim Rocha Vieira	16/03/2020

The mission of the United States of America Business Affairs Monitoring Committee is to monitor and assess the activity undertaken by companies wholly or majority held by and/or subsidiary of EDP Group in the United States of America, namely regarding:

- the strategic/business plans, assessing the different developing scenarios in which they rest and their implementation;
- the annual budget;
- the investment, divestment, merger, acquisition and restructuring projects of significant value businesses;
- financing transactions,;
- alliances /strategic partnerships entered into and the specific actions deriving therefrom;
- requests for prior opinion or waiver of prior opinion presented by the EBD;
- the compliance of the assumed commitments regarding public safety.

The Committee is also responsible for defining compliance procedures on the obligations assumed by EDP regarding the development of the business of companies wholly or majority held by and/or subsidiary of EDP Group in the United States of America with respect to the General and Supervisory Board activity.

In 2020, the Business Monitoring Committee in the United States of America held six meetings, which addressed, among other issues, the monitoring of EDPR's action strategy in the USA; the investment and divestment projects in progress at EDPR North America; monitoring the EDP Group's financial information in the USA; monitoring the EDP Group's financial information in the USA; the monitoring of EDP Renováveis' strategic partnership with Engie in the offshore wind segment in the USA; the acquisition of the C2 solar project distributed in the USA; the acquisition of solar and wind equipment for safe harbor qualification in 2020; the monitoring of the 2021-2025 Business Plan and the 2021 Group Budget of EDPR North America.

B. Other company bodies

Environment and Sustainability Board

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

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

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

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

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

The Environment and Sustainability Board held two meetings in 2020.

Remuneration Committee of the General Meeting

The remuneration of the corporate bodies, with the exception of the members of the Executive Board of Directors, is defined by the Remuneration Committee elected by the General Meeting (Article 11 (2) (d) of EDP's Articles of Association). With the changes introduced by Law no. 50/2020, of 25 August, this Committee will be responsible for submitting a remuneration policy proposal for approval by the General Shareholders' Meeting (article 26-B of the Portuguese Securities Code).

Pursuant to the Articles of Association, the majority of the members of the Remuneration Committee of the General Meeting must be independent.

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

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

III. Supervision

A) Composition

30. The supervisory body

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

31. Membership Financial matters committee - effective members and term of office

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

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

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

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

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

32. Independent members of the Financial Matters Committee

See Item 31 of this Report.

33. Qualifications of members of the Financial Matters Committee

See Annex I of this Report.

B) Operation

34. Location at which the operating procedures of the Financial Matters Committee/Audit Committee can be viewed

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

35. Meetings and attendance rate of each member of the Financial Matters Committee / Audit Committee

In 2020, the Financial Matters Committee/Audit Committee met, as previously stated, sixteen times and minutes of its meetings were kept. Information on the attendance rate of the Committee's members is given in Annex V of this Report as well as in the Annual General and Supervisory Board Report.

36. Positions held in other companies within and outside the Group by each Financial Matters Committee / Audit Committee member

See Annex I of this Report.

C) Powers and Duties

37. Procedures and criteria governing the supervisory body's involvement in hiring additional services from the external auditor

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

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

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

38. Other duties of the supervisory bodies and, if applicable, of the Financial Matters Committee/Audit Committee

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

IV. Statutory Auditor

39. The statutory auditor and the certified auditor representing it

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

40. Number of years for which the statutory auditor has worked consecutively with the company and/or Group

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

41. Other services provided to the company by the statutory auditor

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

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

- the regularity of the Company's books, accounting records and their supporting documents;
- the cash and all assets or securities belonging to the company or received by it as guarantees, deposits or for any other purpose, whenever and however it sees fit;

- the accuracy of the accounting documents;
- whether the company's accounting policies and valuation criteria result in an accurate assessment of its assets and results.

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

V. External Auditor

42. The external auditor and certified auditor partner representing it

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

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

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

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

43. Number of years for which the external auditor and certified auditor partner representing it have worked consecutively with the company and/or group

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

44. Policy on and frequency of rotation of external auditor and certified auditor partner representing it

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

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

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

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

To the extent that PricewaterhouseCoopers & Associados - Sociedade de Revisores de Contas, Lda. was elected for the mandate corresponding to the 2018-2020 term, in the second half of 2020, the General and Supervisory Board and the Financial Matters Committee / Audit Committee started preparing the process for the presentation, at the 2021 Annual General Shareholders’ Meeting, of a proposal for the reelection of the EDP statutory auditor for the 2021-2023 triennium.

Such work was carried out by the Financial Matters Committee / Audit Committee, under the delegation granted by the General and Supervisory Board. This work is concluded, and considering that, according to paragraphs 3 and 4 of article 54 of the Statute of the Order of Statutory Auditors, in publicly traded entities the maximum period of exercise of statutory audit functions by the statutory auditor accounts is for two or three terms, depending on whether they are, respectively, four or three years, the referred Committee submitted to the supervisory body the presentation, to the EDP 2021 Annual General Meeting, of a proposal for the renewal of PriceWaterHouseCoopers to the position of EDP's statutory auditor for the term corresponding to the 2021-2023 triennium.

The General and Supervisory Board approved this proposal at the meeting held on 26 November 2021

45. Body responsible for assessing the external auditor and frequency of assessment

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

46. Non-Audit Services done by the external auditor for the company and/or subsidiaries and internal procedures for approving hiring of these services and reasons for hiring them

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

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

In 2020, the following services were performed by the External Auditor:

Audit services and statutory audit

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

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

Other assurance of reliability services

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

- necessary services for the issue of the interim reports and quarterly information on the accounts;

- assurance of reliability on the Internal Control System on Financial Reporting;

- assurance of reliability on the Sustainability information;
- assurance of reliability on annual financial information of regulated activities;
- comfort letters issuance;
- opinion over carve-out and mergers under the terms of Portuguese Companies Code.

Other services

Upgrade of the SAF-T (PT) file viewing application currently installed at EDP, in order to incorporate a set of new functions.

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

The services that are not related with Audit and statutory audit of accounts requested by Group entities to the External Auditor and to other entities belonging to the same network, amounted to 2,364,633 Euro.

47. Annual remuneration paid by the company and/or subsidiary or group companies to the auditor and other natural or legal persons belonging to the same network and breakdown of percentage for the following services:

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

In 2020, the recognised, specialised costs of the fees of PriceWaterhouseCoopers and KPMG for audit and statutory audit of accounts, other assurance of reliability services and other services than auditing for Portugal, Spain, Brazil, United States of America and other countries were as follows:

PRICEWATERHOUSE COOPERS

EUROS	PORTUGAL		SPAIN		BRAZIL		USA		OTHER COUNTRIES		TOTAL	
Audit and statutory audit of accounts	2,473,892		1,072,645		166,671		1,066,435		839,806		5,619,449	
Other assurance of reliability services (*)	1,894,873		247,994		4,000		-		40,842		2,187,709	
Total of audit and assurance of reliability services	4,368,765		1,320,639		170,671		1,066,435		880,648		7,807,158	99%
Tax consultancy services	-		-		-		-		-		-	
Other services	16,000		-		27,591		-		-		43,591	
Total of other services	16,000		-		27,591		-		-		43,591	1%
Total	**4,384,765**	**56%**	**1,320,639**	**17%**	**198,262**	**2%**	**1,066,435**	**14%**	**880,648**	**11%**	**7,850,749**	**100%**

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

The audit and statutory audit of accounts in Portugal include 1,708,900 Euro related with statutory audit fees, on a company and in consolidated basis, of EDP - Energias de Portugal, S.A.

KPMG

EUROS	BRAZIL		TOTAL	
Audit and statutory audit of accounts	704,181		704,181	
Other assurance of reliability services	60,767		60,767	
Total of audit and assurance of reliability services	764,948		764,948	91%
Tax consultancy services	-		-	
Other additional services	72,566		72,566	
Total of other services	72,566		72,566	9%
Total	**837,514**	**100%**	**837,514**	**100%**

C. Internal Organisation

I. Articles of Association

48. Rules on amendments to the company's Articles of Association

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

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

II. Whistleblowing

49. Whistleblowing policy and channels

The EDP Group has consistently implemented measures to ensure the good governance of its companies, including the prevention of incorrect practices, particularly in matters related to accounting, internal accounting controls, auditing, complaints, denouncements or other irregularities and fight against corruption, banking and financial crime and, for this purpose, updated in April 2020, the Whistleblowing Procedures Regulation.

EDP provides Group employees, shareholders, Statutory Auditor or to any other stakeholders with a channel that enables them to report irregularities on such matters directly and confidentially to the Financial Matters Committee / Audit Committee of the General and Supervisory Board.

With the creation of this channel for reporting irregularities, EDP aims at:

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

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

The contact with the Financial Matters Committee / Audit Committee is made through a platform that supports the operation of the channel, with security and encryption mechanisms for all information, allowing to establish an interaction with the respective author, maintaining anonymity.

The communications of irregularities are treated as confidential information, namely by the General and Supervisory Board, the Financial Matters Committee / Audit Committee and the persons in charge of the operational management of the mechanisms and procedures for receiving, retaining and handling irregularity communications. Knowledge of its existence and the conclusions of the analysis will be limited to those who need this information to carry out their professional tasks.

The Company may not dismiss, threaten, suspend, suppress, harass, withhold or suspend payments of wages and / or benefits, demote, transfer or otherwise take any disciplinary or retaliatory action related to the terms and conditions of a work contract of an employee, agent or representative of the Company, insofar as that person legally reports an irregularity or provides some information or assistance in the scope of the analysis of the reported irregularities presented.

The Financial Matters Committee / Audit Committee informed the General and Supervisory Board of the work carried out with regard to the mechanism for reporting irregularities in the financial year of 2020, concluding that, during that financial year, they received, treated and closed by the Financial Matters Committee / Audit Committee three reports of irregularities.

The communications received refer to three complaints that fall within the “covered matters” defined in the Whistleblowing Procedures Internal Regulation, being the competence of the such Specialized Committee to instruct, conduct and supervise the investigation processes regarding the complaints received. Regarding the three communications received, from the analysis carried out by the Committee for Financial Matters / Audit Committee, it was concluded that the such communications were not valid and the existence of irregularities was not confirmed, so the respective procedures were closed and filed, having their authors been informed in accordance with the Whistleblowing Procedures Internal Regulation.

EDP makes available, at its website, greater detail regarding the Whistle Blowing Procedures’ Regulation to adopt in what concerns to Communication of Erroneous Procedures www.edp.com/en/edp/irregularities-communication-channel

III. Internal Control and Risk Management

50. People, bodies or committees responsible for internal audits or implementation of internal control systems

The EDP Group's Compliance Management System, aligned with the risk management model, is founded on an internal control system based on the “three lines of defense”, in order to properly identify and manage the risks arising from the activity, under the terms of the which:

- the **First line of defense** (Business): it has, among others, the responsibility for the daily and proactive management of compliance risks, in line with the established regulations. The top management of each functional, business or support unit and all employees who are part of them are identified;

- the **Second line of defense** (Compliance): it has, among others, the responsibility of ensuring business support in the identification, analysis, evaluation, mitigation and monitoring of risk, as well as challenging and questioning the potential risks that may arise. The Compliance Department supported by the Compliance Departments of EDP España, EDP Energias do Brasil and EDP Renováveis, and the performance of a network of Compliance Partners and Compliance Business Partners;

- the **Third line of defense** (Internal Audit): it has, among others, the responsibility for carrying out independent audits to the Compliance Management System. These audits may also be carried out by independent external entities with recognized capacity for that purpose.

As defined, this model allows the rationalization of resources and efforts, promotes coordination between functions and homogenization of language and links all Business Units / Departments through a common infrastructure, which shares the same information systems and processes.

The Group's Compliance Management System considers the particularities of the size and activity of each Business Unit and geography. In this sense, the compliance function is supported by a structure composed of the Compliance Department, the Local Compliance Departments (subgroups / geographies), Compliance Partners and Compliance Business Partners, which complement the network dedicated to compliance management in the EDP Group, allowing for an optimization of resources and the effective diffusion / implementation of compliance mechanisms at the various levels of the organization.

In addition, EDP Group has implemented a Compliance Management System approved by the Executive Board of Directors and the Financial Matters Committee / Audit Committee, in line with the best international practices, namely with the ISO 19600: 2014 Compliance Management Systems - Guidelines and with the COSO (Committee of Sponsoring Organizations of the Treadway Commission) framework for risk management, internal control and fraud prevention. The aforementioned Compliance Management System reinforces the special importance that the Group attaches to compliance with legislation and regulations, good professional and industry practices, as well as respect for the principles and values contained in the Code of Ethics and the Integrity Policy which are fundamental instruments to achieve the objectives and proceed with the rigorous execution of the respective strategy.

On the other hand, it shows the EDP Group's commitment to ensure (i) an adequate identification, assessment and management of compliance risks, in order to minimize the risk of sanctions, namely financial and reputational, and (ii) the confidence of the stakeholders, reinforcing the competitiveness of the EDP Group.

The Compliance Management System allows the harmonization of guidelines and methodologies for compliance management, across the organization and different regulatory spheres, ensuring alignment with other internal policies and procedures, namely with the Integrity Policy and the Code of Conduct EDP Group Ethics, seeking the continuous improvement of the actions developed.

The compliance function's mission is to promote a culture of compliance and integrity, by identifying relevant compliance risks and by disseminating and coordinating the implementation of mechanisms that promote compliance, providing proactive and systemic advice to the entire organization.

Through the work developed over the years, EDP Group's Compliance Management System currently has different mechanisms, such as specific policies and procedures, channels for communicating internal and external irregularities, periodic training / awareness initiatives and monitoring instruments that enable the identification of situations to analyze in a logic of continuous improvement, responding to internal and external challenges.

The Compliance Department's activity is essentially based on four pillars, namely:

- identification and analysis of compliance risks;
- promotion and coordination of the implementation of policies, procedures and other mechanisms, in order to mitigate the identified compliance risks;
- monitoring of procedures and other compliance mechanisms adopted, in order to assess the maintenance of their adequacy;
- periodic reporting to the Executive Board of Directors and the Financial Matters Committee / Audit Committee of the most relevant topics that may represent a significant risk for the Group.

The Compliance Department also has as main responsibilities to contribute to the improvement of risk management processes associated, in an external plan, with legal and regulatory compliance and, in an internal plan, with compliance with the regulations and other internal regulations in force, also ensuring implementation of the Internal Control System for Financial Reporting (SCIRF).

In the performance of its duties, the Compliance Department reports hierarchically to the Executive Board of Directors and functionally to the Financial Matters Committee / Audit Committee.

For its part, the Executive Board of Directors establishes a culture of tone at the top in Compliance matters, approving, disseminating and ensuring the implementation of EDP's Compliance Management System in line with the Group's strategic objectives.

The General and Supervisory Board, through the Financial Matters Committee / Audit Committee, monitors and supervises the implementation of the referred compliance culture and approves the business plan of the Compliance Department, also ensuring the follow-up of the respective execution.

The Compliance Management System is based on a Global Compliance Program composed of different Specific Compliance Programs.

The Global Compliance Program is developed at corporate level and covers all activities, businesses and geographies, defining the organization and functioning model of the Compliance Function and identifying the most relevant specific regulatory spheres, for which the development of a Specific Compliance Program is foreseen.

EDP Group adopted a model for structuring its Compliance Management System, applicable both to the Global Compliance Program and to Specific Compliance Programs, based essentially on nine phases, which can be classified into three action levels.

COMPLIANCE MANAGEMENT SYSTEM
PREVENTION
• Implementation of a governance model
• Identification and management of compliance risks
• Development of Internal Compliance Standards, Policies and Procedures
• Promotion of Training and Awareness / Communication actions
DETECTION
• Monitoring, follow-up and supervision mechanisms and corresponding definition of improvement action plans
• Management of communication channels / issues
• Audits and respective definition of action plans
CONTINUOUS IMPROVEMENT
• Monitoring the implementation of improvement action plans
• Definition of investigation procedures / application of corrective measures

Based on the defined governance model, the EDP Group's Compliance Management System develops from a risk assessment, which is reviewed periodically or whenever there are material changes in the legal and regulatory context or in the organizational context, and that allows the identification of the most relevant normative themes or scopes for the organization, resulting in the structuring and development of Specific Compliance Programs, through a process that goes through different sequential phases: (i) planning, (ii) conceptual structuring and design , (iii) support for implementation; (iv) monitoring of implementation and (v) ongoing maintenance and continuous improvement.

The identification of these most relevant topics is carried out based on the identification and assessment of the legal and regulatory requirements applicable to the activities carried out by the Group, whose analysis is organized into normative blocks (corporate governance, energy sector, reporting, environment, health and safety; information, among others).

As a function of risk assessment, global and specific policies, procedures and methodologies are developed for each normative scope, through which the fundamental principles in compliance management are formalized and detailed control rules and mechanisms implemented, reflecting on the activities developed internally or by third parties on behalf of EDP, and which are key elements for the dissemination of a culture of compliance across the Group.

Another fundamental element for the development of Specific Compliance Programs is the training and awareness actions carried out both at the transversal level of the Group and specific to certain Business Units or regulatory areas.

The compliance function ensures the follow-up and monitoring of the development, operation and implementation of Specific Compliance Programs. For its part, and in accordance with the respective annual activity plan, the Audit function conducts specific audit work, addressing compliance issues. In addition, the Compliance Management System is still subject to independent external review, as per reasonableness opinion attached to this Annual Report.

The results of the monitoring and any recommendations for internal and / or external auditing are considered for the purpose of improving compliance management, in a perspective of continuous improvement.

The compliance function also ensures the reporting of the activities carried out to the Executive Board of Directors and to the Financial Matters Committee / Audit Committee.

Without prejudice to other mechanisms previously developed, since the definition of the methodological approach to compliance management in the EDP Group, it was possible to structure the different relevant compliance issues at the corporate and local level, reflecting this work in the evolution of the different Specific Programs of Compliance, with emphasis on the following areas:

- ***Integrity / Corruption Prevention***. The systematization of this Specific Compliance Program had as fundamental element the definition of an Integrity Policy in which the commitments, general principles of action and the duties of the entities of the Group, its employees and business partners were defined, with regard to prevention illicit acts, complementing the set of norms and compliance mechanisms that already exist both at the corporate level (namely the Code of Conduct for Suppliers, the Code of Conduct for Senior Management and Senior Financial Officers, the Regulation on conflicts of interest and business between related parties and the Social Investment Policy, in addition to the EDP Group's own Code of Ethics and the irregularity communication channels made available), as in the different companies of the group, namely the models of prevention and control of criminal liability in EDP Spain and EDP Renováveis and EDP's corruption prevention Compliance program Brazil (which in turn include a significant set of specific compliance policies and procedures). The EDP Group's Integrity Policy, meanwhile revised in 2020 and disclosed to all employees (in the case of a mandatory reading document, with record of the respective acknowledgment) and available at EDP’s website (www.edp.com), reinforces the tolerance policy zero regarding the adoption of practices that could be perceived as acts of corruption or bribery, clarifies the ban on facilitation payments and details the principles related to the prevention of conflicts of interest, donations and sponsorships, contributions to political parties and prevention of money laundering. capital and combating the financing of terrorism, as well as guidelines regarding the conduct of third party integrity due diligences, the relationship with public officials and politically exposed people, the acceptance and assignment of offers and invitations to events and the monitoring international sanctions. Within the scope of the reporting of irregularities, the principle of non-retaliation remains and the different channels available internally and externally are listed. These principles and guidelines were implemented in specific procedures;

- ***Specific Compliance Program for Money Laundering and Fight the Financing of Terrorism***. In 2020, the Integrity Policy as well as the other procedures and compliance mechanisms associated with this program were subject to internal training for employees, and were also internally disclosed for consultation at EDP's internal communication channels. As part of the structuring of the Specific Compliance Program for Money Laundering and Combating the Financing of Terrorism, specific internal regulations and a transversal procedure related to the reporting of suspicious transactions were implemented by the obliged entities. The corporate Irregularities Communication Channel, implemented since 2006 to report potential irregularities in financial matters, was subject to reformulation and now also provides a specific communication channel for potential irregularities related to money laundering and combating violations. Financing of Terrorism. The obliged companies, proceeded to designate a Responsible for Normative Compliance, according to the legal requirements, whose performance is articulated with the governance model defined in the scope of this program. The restructuring of this channel was the subject of internal and external communication, through its dissemination on the EDP Group's Intranet and Internet sites;

- ***Protection of Personal Data***. *This program aims to ensure the adequacy of the EDP Group entities to the applicable legal* requirements in terms of Data Protection, under which Data Protection Officers were appointed in situations subject to this legal obligation and specific teams were identified, with the responsibility to promote the dissemination, knowledge, training and implementation of the compliance program in the respective areas of activity, with the coordination of the Compliance Department. A set of cross-cutting methodologies and procedures that internally regulate the risk assessment process and conducting impact assessments of personal data processing operations, the development of Privacy by Design procedures, matters such as the response to the exercise of rights, the management of subcontractors, the handling of personal data breaches is complemented by specific procedures and control activities defined at the level of the business areas. In 2020, the Executive Board of Directors approved the EDP Group's Personal Data Protection Policy, which is widespread and transversal to all the Group's Business Units, which reinforces EDP's commitments and position in terms of privacy and protection personal data and defines the principles of action to ensure compliance. This policy embodies the values and principles that were already followed by EDP and that are reflected in its operation and in the various privacy policies that govern the treatment of data carried out by the different Business Units. Within the scope of the communication and training plans defined annually at the level of each geography, different specific initiatives were carried out and directed according to the exposure of employees to the risks associated with the processing of personal data;

- ***Competition***. The Specific Competition Compliance Program aims to reinforce the guarantee of compliance by the EDP Group companies, in Portugal, with the legal requirements in terms of competition, namely with regard to contracts signed and the performance of its employees in accordance with the highest standards of the ethics, integrity and competitive Compliance, contributing to the sustainability and development of the markets in which EDP operates. A similar approach to preventing and mitigating practices that potentially restrict competition is being implemented for the rest of the geographies, without prejudice to the codes and manuals already applied. This Specific Competition Compliance Program is, like the others, subject to a continuous improvement scrutiny, having been revised in 2020, with emphasis on: (i) the governance model which establishes the relationship, roles, attributions and responsibilities of the various stakeholders; (ii) the EDP Group's competition manual, addressing the rules of conduct to be observed; (iii) the revision of internal policies and procedures, namely in terms of wholesale and retail offers and access to networks and safeguarding compliance with the competition rules applicable to the concentration of companies; (iv) online training programs to raise employee awareness of the basic concepts of competition, the main rules of conduct to be observed and the impact of non-compliance with competition rules and (v) the specific channel for communication by employees any doubts or confidential reports of breaches of competition rules;

- ***Prevention of Criminal Legal Risks***. The Criminal Legal Risk Prevention Program was implemented in a first phase in companies in Spain (also including a specific program at EDP Renováveis), following different reforms of criminal law in this country, which introduced and deepened the concept of criminal liability of individuals with respect to certain crimes, also defining the requirements to be considered when implementing compliance models. The Compliance programs implemented in this area at EDP provide the organization with a management system that includes supervision and control measures to prevent the occurrence of crimes or mitigate the risk of their occurrence, highlighting the issues of preventing corruption, bribery and other similar offenses (which allows the capture of synergies with other Compliance programs with a transversal scope at the level of the EDP Group, such as the Integrity Compliance / Corruption Prevention Program).

These compliance programs have been evolving and adapting over time, both in terms of changes in the context of EDP companies and their businesses, and in terms of legal and regulatory changes with an impact on this matter. They also have their own government models, in line with the compliance management model in general and provide for the identification of criminal risks applicable to the activity and their mitigation through policies, procedures, specific control activities for that purpose and other mechanisms of control. Complementary compliance (training, awareness, communication channels, among others).

From the established governance model, and with the objective of identifying, assessing, monitoring and controlling the risks to which the EDP Group is exposed, the role, in addition to the Compliance Department, the Risk Management Department and the Internal Audit Department.

The Risk Department is primarily responsible for coordinating risk assessment studies for the Group, with the aim of supporting the Executive Board of Directors in their control and mitigation and providing integrated risk-return analyzes, as detailed in the chapter respective, which activity is detailed in items 52 to 54 of this Annual Report.

In turn, internal audit is an objective and independent activity, of guarantee and advisory, aimed at adding value and improving operations of EDP Group, assisting the organization in pursuing its objectives, through a systematic and disciplined approach in assessing and improving the effectiveness of risk management, control and governance procedures.

The internal audit function has the mission of increasing and protecting the value of EDP, providing assurance, advisory and insight, covering several fields of action.

The EDP Group's internal audit is a corporate function performed by the Internal Audit Department (DAI), which has a double dependency, on the one hand hierarchical structure of the Executive Board of Directors and, on the other, functional of the Financial Matters Committee / Audit Committee, which supervises its activity and which reports the respective exercise.

The EDP Group's Internal Audit Departments are present in Portugal, Spain, the United States of America and Brazil, depending functionally on DAI.

In addition to conducting operational and regulatory audits to Business Units in Portugal and auditing information systems at the Iberian level, DAI's main duties are to propose audit policies and objectives, in accordance with the law and with the best international practices, ensuring the harmonization of internal audit methods, processes and manuals and with a view to implementing the respective support tools, establishing and managing the systematic planning of internal audits at the Group level.

Regarding the areas that make up the DAI, although each area has (operational and regulatory audits and information systems audits) its specific duties, multidisciplinary and the growing interaction between the operational audit and information systems audit teams (with an Iberian scope) have allowed synergies in the analysis of information and data extracted from computer systems to support business processes and, therefore, a better quality of the conclusions obtained, a closer proximity to the business and an increasing monitoring of the degree of evolution of the projects most relevant.

On the other hand, DAI's commitment to quality and the continuous improvement of the processes and activities it carries out led to the creation of the Quality and Continuous Improvement Office at DAI, which, in a fundamentally methodological aspect, ensures an internal service with a view to increasing value added in relation to the internal audit activity in the EDP Group.

The Internal Audit Departments, as well as all professionals assigned to this function, govern their performance by the Fundamental Principles for the Practice of Internal Auditing, the Code of Ethics and the International Standards for the Professional Practice of Internal Auditing approved by The Institute of Internal Auditors (IIA).

EDP Group has internal auditors experienced in several areas (e.g. finance, accounting, legal, information systems), with a deep knowledge of the Group, allowing a multipurpose and transversal analysis of the issues in question and of the activities carried out. In addition to specific training and experience in the area, the employees assigned to the information systems audit area know the systems implemented in the Group and follow market trends, allowing them to obtain a broad view of the systems and processes with the greatest technological risk. and of greater relevance for the different Business Units.

The internal audit activities are developed based on plans aligned with the objectives and mission of the function, in which the audit works that comprise them have as main inputs the consultation with the government bodies and the alignment with the Group's Strategic Plan and with the sustainability objectives, the prioritization of processes based on the risk analysis carried out by DAI, the interactions with the external auditor throughout the year and the consideration of topics of interest that it has identified in the scope of the SCIRF audit and the financial audit, international trends and best practices in matters of internal audit, and the identification and assessment of the control environment existing in the various lines of defense that affect each process, in a perspective of Combined Assurance.

DAI's lines of activity are the analysis of the effectiveness and efficiency of operations, reliability and integrity of information, both financial and operational, compliance with internal procedures and standards, compliance with external standards, auditing of information systems and integrity of assets.

The changing macroeconomic, social and political context, as well as the growing technological transformations and the news and changes that have been affecting the energy sector in general and the EDP Group in particular have forced a constant adaptation of the internal audit activity in order to maintain an ability to respond adequately to the challenges ahead, aiming to maximize the added value that this activity can and should offer to its stakeholders.

DAI has been monitoring the extent and development of the Group's activity in new markets, business lines and geographies, incorporating in its business plan, actions aimed at evaluating and reinforcing the existing internal control environment.

The continuous auditing model has evolved consistently, consolidating the methodology, continuing existing audits, implementing new audits to evaluate different business areas, some with real-time analysis, with a set of new indicators and automation of communication exceptions to the audited entity at the time they are detected. It is a robust monitoring and evaluation model, very relevant for the automatic processing of a high volume of data, allowing to obtain efficiency gains in terms of internal control and in the prevention and detection of irregularities.

Within the scope of information systems audits, actions have been carried out covering a number of areas of high criticality, considering, in particular, the digitization program underway at the EDP Group, which has been a lever for strengthening and growing business processes, the increase in processes / activities analyzed by continuous auditing and the expansion of routine automation in order to speed up the monitoring of the Group's information systems.

In recent years, the existing competencies in the field of information systems and data analytics have been strengthened by recruiting employees who are specialists in these matters in an internal audit perspective, complementing the profiles already existing in the information systems and operational audit teams.

The relationship with the various stakeholders is developed, mainly, through periodic meetings with the Financial Matters Committee / Audit Committee and the members of the Executive Board of Directors, interactions with the Business Units, both at the level of the Boards of Directors and with those in charge of the audited areas, interactions with other areas of the Group, such as risk, sustainability, legal advice, human resources, regulation, strategy, management control, compliance, information systems, in order to identify risk areas and to ensure the update on the various matters of the organization.

DAI carries out, annually, a process of self-assessment of the Group's internal audit activity, which consists of a reflection and analysis on the structure, composition, skills, relationship, reports, methodologies, DAI procedures and work carried out throughout the year, among others, and includes a global conclusion expressed by the responsible person of DAI's activity in line with the best practices of the function.

On the other hand, DAI's activity and performance is evaluated annually by the Financial Matters Committee / Audit Committee based, among others, on the analysis of the interaction that the Commission develops throughout the year with DAI and on the analysis of information and documentation made available by it regarding the process of its self-assessment.

DAI's activity has been subject to external evaluations since 2010 by the IIA (every 5 years, as established in the International Standards for the Professional Practice of Internal Auditing) and, since that date, the opinion of the evaluation teams has been that the internal audit activity "Generally Complies" with the International Standards for the Professional Practice of Internal Auditing and the IIA Code of Ethics, this qualification being the highest granted by the IIA.

The last external evaluation took place in 2020, in all locations where the internal audit function is developed, with the aim of obtaining joint independent certification, with the opinion issued in the external evaluation reports being that the internal audit activity “generally complies” with the Standards and Code of Ethics issued by the IIA in all locations (Portugal, Spain, United States and Brazil), in all its aspects (government, personnel, management and procedures).

It is also worth mentioning, and in line with the information described above, the competence of the General and Supervisory Board, which, under legal terms, permanently monitors and evaluates the internal procedures related to accounting and auditing matters, as well as the effectiveness of the risk management system, the internal control and compliance, including the reception and handling of complaints and related doubts, whether or not from employees. This competence is attributed to the Financial Matters Committee / Audit Committee, which is responsible, among other tasks, for permanently monitoring and supervising: (i) financial matters and accounting practices; (ii) internal audit practices and procedures; (iii) the internal mechanisms and procedures of the Financial Reporting Internal Control System (SCIRF); (iv) matters relating to the risk management and control system; (v) the activities and mechanisms of the compliance management system and (vi) the activity and independence of the Statutory Auditor / Company of Statutory Auditors.

51. Description of hierarchical and/or functional dependency on other company bodies or committees

In the performance of their duties, the Internal Audit Department (DAI) and the Compliance Department (DCO) report hierarchically to the Executive Board of Directors, and functionally to the Financial Matters Committee / Audit Committee of the General and Supervisory Board.

The Risk Management Department reports hierarchically to the Executive Board of Directors.

52. Other company areas with risk control duties

The risk management is an integral part of the common practices of business management and it is the responsibility of all, from the Executive Board of Directors right down to the individual staff member. Each one is responsible for knowing the risks existing in their area of intervention and for managing them in accordance with their role, expertise and delegated responsibilities.

The EDP Group manages its meaningful risks in a portfolio approach, optimizing the risk/ return trade-off transversely across its business areas, aiming to create value and to stand out in the markets where it operates. The EDP Group also works towards a permanent progress of its risk management processes in order to reflect the evolution of its needs and to maintain its alignment with international risk management best practices.

The integration of risk management in the most relevant business and decision-making processes is promoted as part of i) strategic development, ii) investment decisions, iii) business plan and iv) operations management, with the purpose of ensuring stability in results and optimize its response to changes in context and opportunities.

The risk management process is structured around 3 lines of defense (business operation, risk management/ compliance and internal and external auditing), each led independently and ensuring an adequate level of segregation relative to one another. The functions of risk identification, analysis, evaluation, treatment and monitoring are followed by a set of bodies with clearly established roles and responsibilities, typified by Group policies that are approved and ratified by the competent bodies of the Group:

- **the General and Supervisory Board (GSB)**, in particular the Financial Committee/ Audit Committee, is responsible for monitoring on a permanent basis and evaluating internal procedures for accounting and auditing, in addition to the efficacy of the risk management system, the internal control and the internal auditing systems, including the way in which complaints and queries are received and processed, whether originating from employees or not. The General and Supervisory Board is additionally involved in the Group's Strategic Plan, ensuring, implicitly, an alignment between management and shareholders regarding risk appetite;

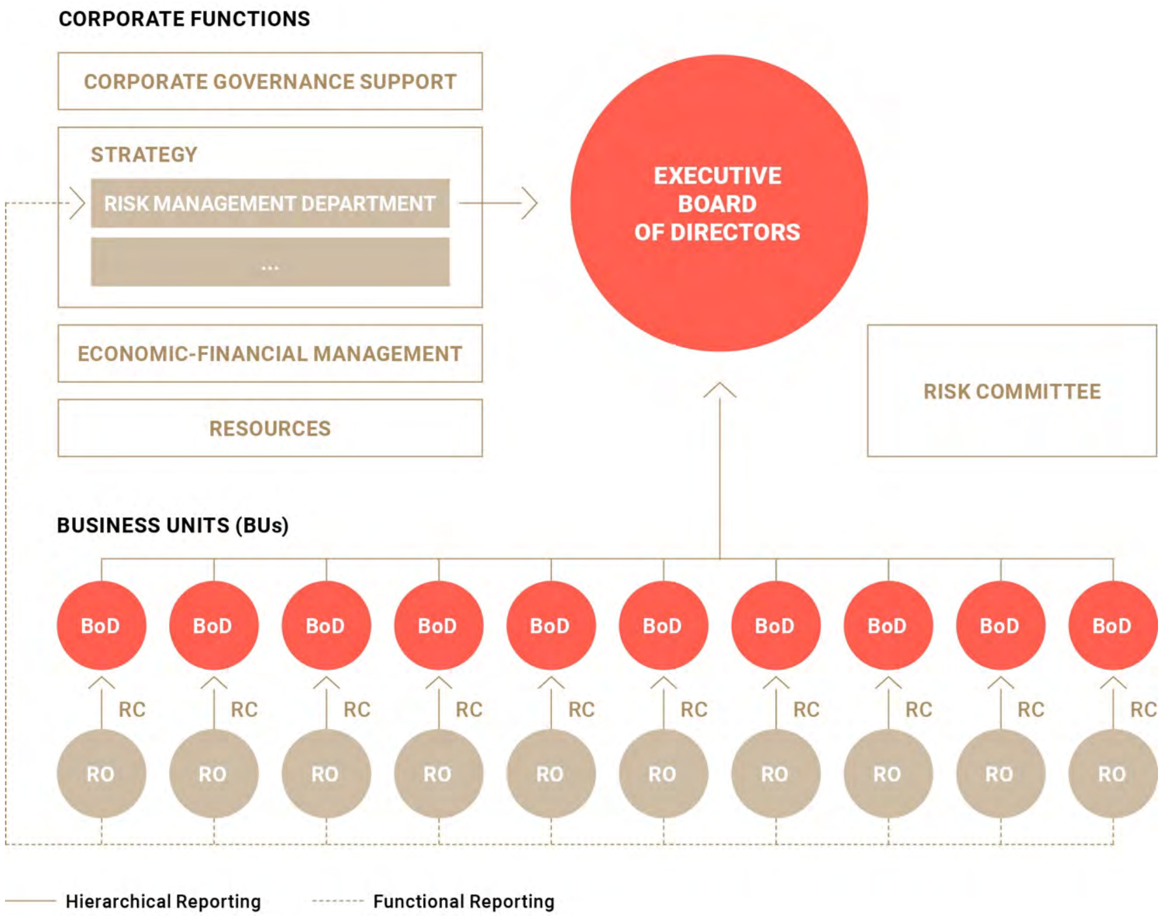
- **the Executive Board of Directors (EBD)** is the highest body responsible for risk-related decision-making, supervision and management control. It is responsible for the approval of the business plan, for setting the management objectives and policies of the EDP Group. It is responsible, among other duties, for defining the Group's risk exposure, in line with the best practices in risk management procedures and policies (namely, the respective exposition limits by risk category), as well as the allocation of resources, depending on the risk-return profile of the various options available;

- **the Risk Management Department, headed by the Chief Risk-Officer**, establishes an integrated and holistic view of the Group's risk position (top-down perspective), supporting the prioritization and coordination of cross-cutting initiatives, offering a segregated and business-independent view regarding key risks. Its main responsibilities are: i) to maintain and update an inventory of the Group's most significant risks and fostering their implementation in the various Business Units and Corporate Departments; ii) to promote and monitor the implementation of the management and control actions regarding the Group's most significant risks; iii) to systematically measure specific risks and conduct risk-return analyses, noting and reporting adjustment needs when necessary; iv) to define main concepts, methods and risk measures and Key Risk Indicators (KRI), supplementary to the Key Performance Indicators (KPI); v) to develop and support projects and initiatives aimed at the effective improvement of the management process of significant risks; and vi) to support the Executive Board of Directors in the risk management and business continuity areas;

- **the Management of Business Units and Corporate Departments** is the first responsible for an integrated risk management in each of their business areas. Its main responsibilities are: i) to propose and approve (through the respective Board of Directors) the definition of key principles for risk management, aligned with the orientations defined by corporate policies; ii) to ensure that the risks within the scope of their activity are identified, analyzed and evaluated broadly, rigorously and consistently throughout the Group, using established methodologies; iii) to optimize the risk/ return trade-off of their activity, aligned with the orientations established by the Executive Board of Directors, regarding the definition and implementation of risk management strategies, implementation of effective initiatives in treatment costs of key risks, the clear and equilibrated allocation between parties in case of internal or external contract of products or services and the definition of mechanisms and levels of residual risk transference (insurance); iv) to monitor and report periodically their risk position, by the definition and regular monitoring of KRIs, risk reports and the evaluation of existing risk controls; and v) to highlight key aspects of risk management to their respective risk-officers, Risk Management Department and appropriate decision makers;

- **local structures for risk management (risk-officers)** assume a key role on operationalizing risk management. Typically, they report hierarchically to a member of the respective Board of Directors, and in coordination with EDP Group Chief Risk-Officer, acting independently from business operation. In large and/ or particularly complex Business Units local replicas of risk management corporate structure exist, articulated with the Risk Management Department.
  Their responsibilities include: i) to identify and characterize through quantification and qualification the materiality of key risks (both threats and opportunities), within the scope of their activity and in articulation with the business; ii) to perform studies on key strategic issues and associated risks, in close articulation with the business and the Risk Management Department; iii) to support the Board of Directors and Departments on decision making, in the perspective of risk; iv) to advise on mitigation and hedging strategies for key risks; v) to monitor and report key risks to decision makers and Risk Management Department, to implement policies and procedures, including the follow-up of expositions vs. established risk limits, the systematic register of incidents and quasi-incidents, including the characterization of events and its quantitative impact; vi) to develop and promote methodologies to analyze, evaluate and treat actual and emerging risks and support its implementation; vii) to coordinate initiatives regarding crisis management and business continuity; viii) to coordinate the existing Risk Committees (if applicable); and ix) to provide adequate risk related information to the Risk Management Department, decision makers, and remaining relevant stakeholders.

Model for risk function report at EDP Group (and communication with the corporate center)



Furthermore, there are a number of regular forums for the discussion, analysis and issue of opinions on risk-related topics:

- **EDP Group Risk Committee** has the main objective of supporting the decisions of the Executive Board of Directors in the identification, assessment, management and control of risk, in terms of: i) supporting the identification of significant risks and the characterization of the EDP Group's risk profile; ii) discussing relevant risk analysis and evaluation projects results developed with Business Units and Corporate Departments; iii) advising and/ or recommending risk management strategies (e.g., regarding policies, procedures and limits); and iv) monitoring and controlling the evolution of significant risks. This Committee is held at half-yearly intervals (at least). It is composed of the key decision makers and those responsible for the Group's risk management (the Executive Board of Directors, the Corporate Centre and selected Business Units);

- **the Individual Risk Committees** are set up and held at Business Unit levels when the degree of complexity of risk management justifies such, taking on a structure replicated from the Group's Risk Committee. These Committees are composed of the key decision makers and those responsible for risks of each Business Unit, typically coordinated by the respective risk officer.

53. The main types of economic, financial and legal risk to which the company is exposed in its business

The taxonomy of risks for the EDP Group combines in an integrated approach and in common language the various mapped risks existing in relation to the Group's several Business Units, structured around four major families: strategic, business, financial and operational.

In 2020, the pandemic situation caused by the COVID-19 virus had a transversal impact on business, financial and operational risks. In particular, the main impacts for EDP Group were at the business level, with the reduction in energy consumption caused by the confinement and deceleration of economic activity, and at the level of the financial markets, with the depreciation of exchange rates.

Strategic risks

The EDP Group closely monitors and reports on strategic risks, since it considers that these risks may have a significant impact if they occur. The strategic risks can be broken down into two different types:

- **risks of the surrounding context**, associated with external developments that may have a negative material impact on the Group, in particular but not limited to, severe macro-economic, social/ or political crisis in core geographies for the Group, technological disruptions of various kinds, profound changes resulting from climate change and disruptive changes in competitive paradigm:
  - **regarding the risk of a macro-economic**, social and/ or political crisis in the geographies where the Group is present, the stability of public deficit and of the interest rate of public debt in Portugal and Spain, as well as the stability of political context, suggest a material reduction of the probability of actual occurrence of these risks. However, some geographies where EDP operates, namely Brazil, are living challenging macroeconomic cycles, which may be materialized in increased volatility of financial markets with direct impact in EDP operations;
  - **regarding technological disruption**, the EDP Group has sought to position itself at the forefront of technological development in the sector, looking at this issue not as a threat but as a central vehicle for promoting growth in the future. The EDP Group has accordingly actively and transversely invested in and investigated the promotion of new technologies in the various stages of the value chain (namely EDP Inovação activity level, and through the development of the digital acceleration program EDPX in 2018, resulting in the creation of a unit dedicated to digitalization – Digital Global Unit);
  - **regarding climate change**, such changes may have a significant and across-the-board impact on the various stakeholders over the medium to long term (e.g., in terms of average temperatures, average sea levels, structural changes in water and/or wind volumes, or the incidence of extreme climatic events). In this regard, the Group has decisively invested over the recent years in strengthening its portfolio of renewable energy as well as in a concerted strategy of environmental sustainability, which has been internationally recognized, not only in order to reduce its ecological footprint, but also to ensure its resilience to the possible materialization of risks deriving from climate change;
  - **regarding disruptive changes to the competitive paradigm**, the Group recognizes the risks associated with changes to the business model paradigm (e.g., in relation to distributed generation). The EDP Group addresses this risk through meticulous analyses and prospective investments, allowing to proactively anticipate and adapt the business model to possible market development trends.
- **strategy risks**, associated with investment decisions, relationships with key partners (shareholders and others), internal governance and corporate planning (in its various forms):
  - **regarding investment decisions**, EDP's growth strategy implies the constant evaluation and decision-making in relation to investment options that allow it to implement the strategy established and approved by its shareholders. Accordingly, a meticulous and consistent process is defined across the Group, with pre-established criteria[1] for analysis, decision-making and monitoring of projects. This process is conducted at the corporate level by the Business Analysis Department, locally supported by the various Business Units. Additionally, Investment Committees regularly meet to discuss, monitor and advice on i) investment analysis and decisions; ii) compliance with investment implementation schedules; and iii) evaluation of impact of detected or potential deviations. These forums are performed both at the Business Unit level and at the corporate level, involving decision-makers and key experts of the Group in the relevant fields;

[1] Particularly related to the definition of minimum return levels, up to date and geography/ business line-specific discount rates as well as to the resilience to multiple adverse scenarios of delays, overruns, fluctuations in key business variables, political environment and regulations

- **regarding the relationship with partners** (shareholders and others), the EDP Group has a solid and stable core of shareholders, which is aligned with and actively participates in the Group's strategy. On the other hand, the EDP Group is guided by strict criteria at all levels for the selection of its partners in the various countries and business areas in which it operates, the management of which is led by the Executive Board of Directors, Business Units and Institutional Relations and Stakeholders Department;

- **regarding internal governance**, the Group considers that the design and implementation of its various corporate bodies ensures compliance with the best international practices on this topic (see previous section for more information);

- **regarding corporate planning** (particularly in terms of brand and communication, investor relations, human resources, information systems, business strategy, and others) the Group believes that the current structures and processes allow it to adequately manage these risks.

Business risks

The business risks encompass all risk factors intrinsically related with the remuneration of the core activities of the EDP Group in the generation, distribution and sale of energy in the various countries and markets where it operates. The business risks can be broken down into two different types:

- **energy market risks**, related to electricity prices (pool) and other commodities, renewable energy generating volumes (hydro, wind and solar power), energy consumption (associated with demand) and supply margins:

  - **regarding price of electricity**, the impact is limited by the fact that a significant share of generation is contracted in the long term, especially in relation to EDP Renováveis and most of the installed capacity in Brazil. Currently, generation subject to market price fluctuations includes: i) all ordinary status generation in Portugal and Spain; ii) generation in Brazil in excess of or in deficit to the PPA; and iii) part of the wind energy farms of EDP Renováveis in Spain, US, Poland and Romania. The Energy Management Business Unit (UNGE) is responsible for proactively acting in the MIBEL[2] and other forward markets (including OTC) in order to optimize the margin of market generation and limit the respective risk, according to the delegation of powers clearly established and ensuring periodic P@R - "Profit at Risk" reporting, based on a proprietary model. Energy Management Business Unit (UNGE)'s operations are adequately framed by a specific risk policy, including exposure limits;

  - **regarding the price of other commodities** (mostly fuel and CO_2), subject to fluctuation due to supply and demand dynamics or changes in international legislation and relevant only to power plants exposed to market risk, this risk is monitored and proactively managed by the Energy Management Business Unit (UNGE), which negotiates and manages coal and gas contracts and CO2 allowances. It is also responsible for mitigation of the fuel prices risk via hedging (including foreign exchange risk in USD, in coordination with the Financial Management Department);

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[2] Iberian Electricity Market

  - **regarding renewable energy generation volumes**, the EDP Group has a degree of material exposure to this risk, particularly in relation to water volume (Wind Energy Capability Index[3] tends to be less volatile than the Hydroelectric Capability Index[4], on an annual basis), arising from its increasing focus on a generation portfolio with ever greater renewable energy, as well as its hydro portfolio in Portugal and Brazil. It should be noted that although this risk may introduce some volatility in annual results, it has a significantly lower impact on the long-term value of EDP's generation assets portfolio, since it i) diversifies inter-annually; ii) diversifies through technologies, somehow compensating volume vs. price with the remaining technologies (lower hydro productivity is, in part, compensated by higher thermal production at typically higher prices) and iii) is uncorrelated with the market. On the other hand, exposure in Brazil is significantly mitigated by i) the fact that there is hydrological diversification throughout the country (through financial coupling mechanisms); as well as ii) the fact that a PPA on fixed energy generation is established; and iii) the fact that the Group joined, in the end of 2015, the hydro risk renegotiation mechanism, which combined with the cap on PLD price limits the exposure to the deficit of allocated energy relative to energy sold in PPA (for the Regulated Environment);

  - **regarding energy consumption** (electricity and gas), the EDP Group is subject to fluctuations in the amounts of energy sold depending, among others, on factors such as economic activity and annual temperatures, as well as extraordinary events (such as the COVID-19 pandemic in 2020). Besides such economic cycle fluctuations and energy efficient solutions, consumption can also be affected by situations of rationing (as happened in Brazil in 2001). Given the difficulty to mitigate this risks, EDP chooses to manage it through diversification across multiple technologies, countries and business lines;

  - **regarding sales margins**, the current customer migration to the free market enhances the competitiveness of offers from suppliers and can add additional volatility in terms of market shares and unit margins. Moreover, there is risk associated with deviations in actual consumption from the forecasting model adopted by the Group. These risks are managed by the Group's energy sales companies, with particular emphasis on initiatives to i) strengthening the core offer (e.g., through combined electricity and gas products); and ii) introducing innovative products and services (e.g., Funciona and Re:dy). In addition, the Prices and Volumes Committee evaluates and regularly makes recommendations for the dynamic management of this risk;

- **regulatory risks**, related to changes in legislation and regulations that the Group is required to comply with in the various countries and markets in which it operates (in particular, but not limited to, sectoral packages, regulatory frameworks, environmental legislation and taxes, and other). This risk is managed proactively by the EDP Group, through monitoring and thorough preparation of the various dossiers and adopting a constructive and cooperative attitude in their discussion. This allows the materialization of options out of synch with reality in the different market contexts in which the Group operates to be anticipated and minimized.

Financial risks

The financial risks encompass the market risk factors linked to the (non-operational) energy business of the EDP Group in the various countries and markets where it operates. Financial risks can be divided into four different types:

- **financial markets risks**, associated with fluctuations in international markets in interest rates, exchange rates, inflation and valuation of financial assets held by the Group:

  - **regarding interest rates**, the risk is mainly associated with the percentage of debt at floating rates, as well as any increases in costs associated with fixed rate debt refinancing needs in a context of rising current interest rates. This risk is managed and mitigated by the Group's Financial Management Department, which ensures compliance with the risk profile, using the procedures and tools provided by the Group's risk policies. Periodic reports on the evolution of these variables and sources of risk are prepared.

[3] Ratio between the yearly wind energy output vs. reference year

[4] Ratio between the yearly hydro energy output vs. reference year

- **regarding foreign currency exchange rates**, the risk is associated with fluctuations in the cost of the purchase and sale of electricity and fuel and with the cost of investments denominated in foreign currencies, as well as fluctuations in the value of net assets, debt and income denominated in foreign currencies. The EDP Group acts proactively in order to ensure a broadly balanced net structural exposure (assets - liabilities) in USD, GBP and CAD. On the other hand, the geographical diversification (and exposure to multiple currencies) contributes for the reduction of annual result volatility. The remaining risks are managed and mitigated by the Group's Financial Management Department, in conjunction with the Energy Management Business Unit (UNGE), EDP Renováveis and EDP Energias do Brasil, in the same way as above;

- **regarding inflation**, the risk is mainly associated with the fluctuation of operating revenues and costs in the various countries where the EDP Group operates. In terms of mitigation, the revenue models of regulated activities as well as part of the PPAs include inflation pegging components in order to preserve adequate revenue for the business activity. A significant component of the Group's current business activities is also focused on markets with stable inflation rates. For the remaining risk, as well as active management of the various supply and services contracts, the EDP Group addresses this risk from an integrated perspective, mitigating it through an appropriate debt profile (fixed rate/floating rate) aligned with the revenues profile;

- **regarding the valuation of financial assets**, EDP adopts a conservative risk policy with reduced levels of exposure, based on a reduced weight of strategic financial assets and short-term cash investments mainly based on bank deposits (without market risk). This risk mainly results from the possibility of devaluation of the financial assets that EDP holds (traded on securities markets). It is managed according to the procedures and tools provided by the Group's risk policies;

- **counterparty and credit risks**, associated with unexpected changes in the compliance capacity with obligations by customers, financial counterparties (mainly associated with deposits in financial institutions and financial derivatives) and energy counterparties:

  - **regarding financial counterparties**, this risk is managed through: i) a careful selection of counterparties; ii) an appropriate diversification of risk over multiple counterparties; iii) an exposure based on financial instruments of reduced complexity, high liquidity and of a non-speculative nature; and iv) regular monitoring of the positions held;

  - **regarding energy counterparties**, this risk is reduced for operations in an organized market. For operations in over-the-market markets and fuel purchases, the Energy Management Business Unit (UNGE), which is responsible for monitoring and the interface with wholesale markets, monitors transactions by applying exposure and negotiation limits that have been established and approved in advance by a higher management according to the counterparty rating (external whenever possible, or internally rated if the former is unavailable), and using clearing houses for clearing. The counterparty risk is also associated with the sale of long-term energy agreements (PPA), which is minimized by the fact that a significant proportion of counterparties in this context are sovereign entities (governments or state-owned electricity systems). Meticulous scrutiny and approval criteria are likewise applied for private counterparties;

  - **regarding customers**, the Group is exposed to default risk in Portugal, Spain and Brazil. The average level of risk in Spain is structurally mitigated in terms of expected loss due to a mix of customers with greater weight of the B2B segment (which has less relative weight of average default). The risk in Brazil is mitigated through financial collateral to mitigate the loss (for the Free Contracting Environment), and through the partial recovery of non-compliance by the regulated tariff (for the Regulated Contracting Environment). This is monitored by E- Redes and EDP Comercial (in Portugal) and EDP España, which are responsible for carrying out the meter reading cycles and cutting off the service/taking legal action and debt recovery. In addition, mitigation tools such as credit insurance and setting up bank collateral are used, whenever this is deemed necessary:

- **liquidity/solvency risk**, associated with specific cash shortfalls, difficulties in access/ cost of credit and rating r eduction risk:

  - **regarding possible sporadic cash shortfalls**, there is a risk of possible default of the EDP Group in meeting all its short-term liabilities in the committed time periods, or just being able to do so under unfavorable conditions. This risk is mitigated through careful liquidity management, by means of: i) centralization (cash pooling) of all the Group's liquidity at the holding company except for Brazil; ii) keeping adequate levels of liquidity (cash and firmly committed credit lines) based on detailed forecasting of cash requirements (reviewed in 2016 to cover two years of refinancing); iii) an appropriate strategy to diversify funding sources; and iv) the diversification of debt type and maturity profiles;

  - **regarding access to and the cost of credit**, the EDP Group has achieved, despite the adverse economic context, all funding necessary for the usual roll over of debt and to finance the Group's business. EDP's Group has successfully continued with its strategic commitment to reduce leverage (expressed as Net Debt/EBITDA excluding Regulatory Assets) over forthcoming years. Additionally, the Group has acted towards increasing the average maturity of its debt and reducing its average cost;

  - **regarding the risk of a ratings decline**, the EDP Group can be impacted in its access to and cost of financing by adverse changes in its rating profile (assigned by international agencies). EDP proactively manages this risk by maintaining a low risk profile and maintaining stable contractual standards, which assure that its liquidity position does not depend on mechanisms as financial covenants or rating triggers;

- **social liabilities' risk**, associated with obligations relating to the capitalization of the Defined Benefit Pension Fund of the Group for Portugal, Spain and Brazil (which has a risk associated with the market value of its assets), and additional costs associated with early retirement as well as medical expenses. The liabilities for employee social benefits are calculated annually by an Independent Actuary on the basis of IFRS-IAS assumptions (taking various factors into account, including interest rate, demographic aspects, economic variables and the applicable requirements). The Defined Benefit Pension Fund is regularly monitored by the Pension Fund Committee that meets at an established frequency, in terms of the value of its assets and the variations in terms of its liabilities (e.g., actuarially related).

Operational risks

The operational risks encompass the risk factors other than those linked to the energy and financial business of the EDP Group in the various countries and markets where it operates, associated with the planning, construction and operation of physical assets, implementation of processes, human resources, information systems and litigation. The operational risks can be broken down into five different types:

- **physical assets risks**, related to unforeseen occurrences in projects under development/construction, damage to physical assets in operation and (technical and non-technical) operating losses, associated with the operation of the assets (mainly in distribution):

  - **regarding projects under development/ construction and assets in operation**, the EDP Group is exposed to incidents derived from external causes (e.g., atmospheric phenomena, fire, damage to structures, burglary and theft, environmental pollution) or internal causes (e.g., damage caused by defects of origin and/or faulty installation), which can result in, among others, threats to the physical integrity of the Group's employees or third parties, repair or replacement costs of equipment, asset unavailability and consequential loss of profit or compensation to third parties. These risks are initially managed and mitigated by the various operational areas of the Group's Business Units, which propose and implement in an articulated manner the best practices in terms of the different policies, standards and operating procedures, inspection and regular preventive maintenance as well as crisis management plans and business continuity for catastrophic events. To this regard, it should be noted the revision of crisis management and business continuity policies in 2015, in order to ensure the continuous alignment with international best practices. Secondly, a significant portion of the remaining risk is mitigated through a comprehensive range of insurance policies (particularly in terms of property damage, civil liability, and the environment), insured in an integrated manner through a special area for this field - the Insurable Risks' Unit. This approach ensures consistency in the risk management policies, guarantees the dissemination of best practices and strengthens the negotiating position of the Group. The existing insurance policies contribute to significantly mitigate the impact of large-scale events (e.g., associated with extreme and comprehensive weather phenomena, non-availability of revenue generating assets or significant compensation to third parties) as well as much less frequent incidents with catastrophic impact (e.g., earthquakes);

  - **regarding operating losses**, the EDP Group is, firstly, liable for regulatory penalties if it does not meet the objectives set for distribution efficiency (technical losses) and also, on the other hand, for the loss of revenue associated with increased consumption of non-invoiced energy (non-technical losses). The various energy distribution Business Units (EDP Distribuição, EDP España, Espírito Santo and São Paulo) are responsible for this risk. Programs are continuously developed to monitor and mitigate this risk (including the launch of comprehensive programs to combat fraud);

- **process execution risks**, associated with irregularities in the implementation of various processes (particularly, but not limited to, commercial activities, supplier selection and management, billing and collection from customers, planning and budgeting of activities). This risk is monitored by the various Business Units. Its mitigation regarding financial reporting is controlled through the group-wide Financial Reporting Internal Control System (SCIRF), which systematically assess both quantitatively and qualitatively the existence and adequacy of the design and documentation of the various existing processes, as well as their internal control mechanisms, based on annual cycles;

- **human Resources Risks**, associated with incidents impacting on the physical integrity of employees, the impact of unethical conduct and labor and trade union relations:

  - **regarding incidents** impacting on the physical integrity of employees, the Group directs its activity around a zero accidents culture, with awareness of employees concerning the risks involved in the various activities, as well as continuous identification and implementation of best practices for the prevention and meticulous analysis of incidents;

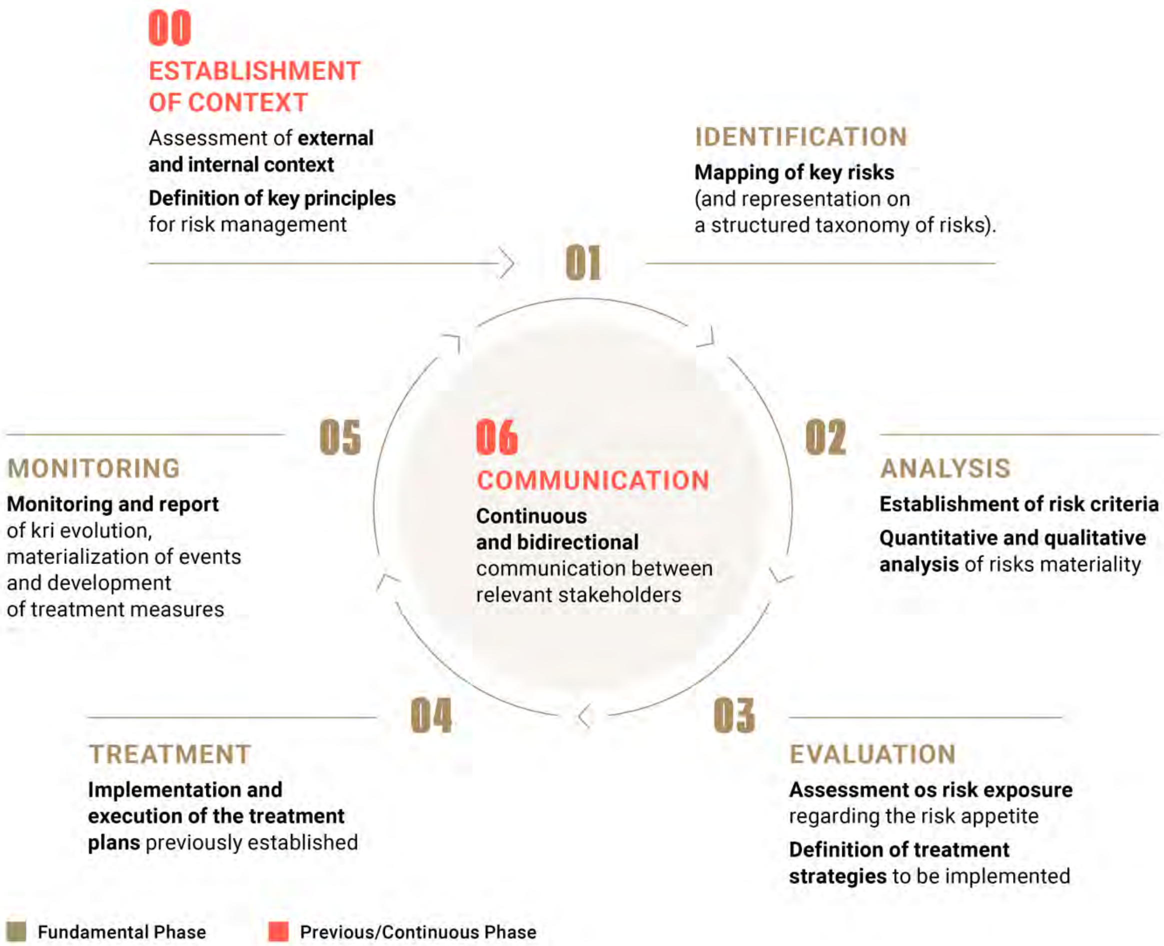
  - **regarding potentially unethical conduct** by employees or other associated entities, the EDP Group regularly develops a training course (for all employees) on ethical models of conduct and behavior in the presence of transgressions in the ethical domain. This risk is monitored by the Office of the EDP Ethics Ombudsman, which is an independent entity responsible for collecting, analyzing and assessing in the Ethics Committee all allegations of unethical conduct, under strict conditions of confidentiality and protection of the respective sources. Moreover, the EDP Group Ethics Committee is responsible for establishing the action lines to mitigate and penalize unethical conduct, whenever necessary, according to the facts collected and reported by the Ombudsman. Risks associated with the non-compliance of processes or corruption are also followed by the Compliance Department.

- **information systems risks**, associated with both the non-availability of information systems, as well as failure in the integrity and security of their data, due to a growing sophistication and integration of the several informatic systems and technologies. These risks are managed by dedicated areas within each the Business Unit (centralized in the Digital Global Unit for Portugal and Spain). To mitigate IT risks, there were established in collaboration with Business Units (end-users) critical levels and maximum unavailability timings allowed for each key application. Disaster recovery redundant systems have also been sized and implemented to address the business specifications (particularly strict for critical systems related with, for example, the implementation of financial transactions, communication and grid operation and trading of energy). Business Units with operational information systems (i.e., EDP Produção and EDP Distribuição) have specialized teams to guarantee the security and integrity of systems. Additionally, regarding cyber security there has been developed a number of mitigation measures, namely i) the creation of a Security Operations Center (SOC) dedicated to the continuous monitoring of the security of IT/ OT infrastructures, ii) the creation of a cyber range to simulate and test the reaction of employees in case of cyber-attack, iii) insurance coverage of cyber risks, and iv) the development of training and other awareness initiatives about the key principles of information security;

- **legal risks**, associated with losses arising from non-compliance with existing tax, labor, administrative, or civil legislation, or any other, that has an economic (penalties, compensation and agreements) and reputation impact. EDP Group analyses, monitors and reports the aggregate exposure and material developments to all relevant bodies, whether at the level of the Board of Directors or the General and Supervisory Board. In addition to overall exposure and by country, all cases deemed to be of a material nature (contingency over EUR 2.5 million) are collected, analyzed and reported individually. All ongoing processes are evaluated and classified individually by legal advisors as probable, possible or remote, according to their probability of resulting in a negative impact on the EDP Group. EDP and its subsidiaries' board of directors, based on the information provided by legal advisors and on the analysis of pending law suits, recognizes provisions to cover the losses estimated as probable, related with litigations in progress. This treatment includes not only ongoing disputes (litigation in courts and out-of-court), but also the main contingencies in dispute and not materialized (and which may also translate into a negative impact, through the materialization of a dispute).

54. Identification, analysis, evaluation, treatment and monitoring of risks

Given the size of EDP Group and its geographical diversity, it is important to define a common process for all Business Units that recognizes and manages the heterogeneity of businesses and activities in which the Group operates. Accordingly, risk management in the EDP Group can be divided into five major integrated and structured phases (identification, analysis, evaluation, treatment and monitoring), complemented by a previous phase of establishment of context, and adequate levels of communication between all stakeholders:



- the **identification** of risks concerns the survey and update of the main risks associated with the Group's business, as well as their representation in a structured repository - the taxonomy of risks. Each of the Business Unit and Corporate;

- departments is primarily responsible for this exercise, within their scope. The Risk Management Department, in coordination with risk-officers, is responsible for the validating and integrating the different exercises and for obtaining and maintaining a global perspective (at the EDP Group level). The Group updated its top-down global risk map, based on interviews and in conjunction with the Group's main risk-owners. More recently, it also developed a reference taxonomy of risks, promoting a common language and facilitating the structure of different exercises for risk identification across all Business Units;

- the **analysis** of risks concerns the establishment of criteria to assess its nature and order of relative magnitude, as well as the analysis of individual and aggregated exposition according to the defined criteria. Each Business Unit and Corporate Department is primarily responsible for this exercise, within their scope of activity, being supported by the Risk Management Department, in coordination with risk-officers, namely through the development of adequate methodologies. This standardization and systematization of analysis and assessment criteria helps make risks of a heterogeneous nature comparable, informs the various decision makers of the orders of magnitude of the various risks and guides the prioritization of management and mitigation initiatives and the definition of clear risk management policies at various levels (including the definition of limits). In addition to this perspective, risk-return analyses are performed systematically (based on EBITDA@Risk, CF@Risk or other methods) associated with the main strategic guidelines and decisions of the Group (e.g., regarding the Group's Strategic Plan, key investment decisions or other topics deemed to be relevant);

- the **evaluation** of risks is related to the comparison between the risk profile and the risk appetite of the Group (stated both implicitly or explicitly), as well as on the definition of adequate strategies for treatment, when necessary. This exercise is responsibility of the Executive Board of Directors and Business Units, supported by the risk-officers, who act in coordination with the business operation (or risk-owners) and the Risk Management Department (leaded by the Chief Risk-Officer). It is important to highlight the recent formalization of EDP Group's risk appetite statement, with the external objective of structuring a holistic narrative around the strategic pillar of controlled risk, as well as the internal objective of promoting a reflection on the risk-return trade-off of strategic options;

- the **treatment** of risks concerns the adequate implementation of the risk strategies previously established, including the definition of adequate mechanisms of control. This exercise is responsibility of each Business Unit and Corporate Department, within the scope of their activity;

- the **monitoring** of risks ensures the effectiveness of action on identified risks, both in terms of control and periodic reporting of the Group's position as regards several risk factors, as well as the effective implementation of the policies, standards and procedures established for risk management. This role is ensured by the Boards of Directors of the various Group Business Units. The Risk Management Department and risk-officers are responsible for promoting and enhancing risk control and management measures, disseminating best practices and supporting the disclosure of concepts, methods, risk measures and key risk indicators (KRI). Additionally, the Risk Management Department, supported by the network of risk-officers, develops a set of bi-weekly or quarterly reports sent to the Executive Board of Directors and to the Board of Directors of each Business Unit.

55. Main features of the risk management and internal control systems in place in the company for the disclosure of financial information

EDP Group has incorporated, into its management, the Internal Control System of Financial Reporting (SCIRF), based on criteria established by the regulatory framework of internal control issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO 2013), in relation to business processes and entity level controls, and the Control Objectives for Information and Related Technologies (COBIT), in relation to the general controls of information technology.

According to the adopted methodology and approved responsibilities model, activities were carried out related to the development, monitoring and maintaining of the internal control system, within the competence of those responsible that participating in it at the corporate level, business unit level, and shared services unit companies.

The monitoring and maintenance work were carried out through: (i) corporate ii) business units and shared services companies.

The activities at corporate level were as follows:

- planning and monitoring cycle, maintenance and review of reference models, conceptual and methodological support to business and shared services unit companies;

- defining SCIRF 2020 scope based on the consolidated financial information, supported on materiality and risk criteria on a "top down" (Compliance Department) and "bottom up" basis, from which the companies and Corporate Centre Departments and respective processes considered relevant were identified. Autonomously, they were covered by the scope, the most relevant companies in Portugal, Spain and Brazil Geographies and in aggregate, the units that make up EDP Renewables, SA, EDP Renewables Europe, SL and EDP Renewables North America, LLC;

- support for business and shared services unit companies in the documentation and review of new controls and redesigned of the existing, resulting from the inclusion of new topics, by materiality and/or risk and legal, structural, procedural and/or accounting changes;

- identification of relevant computer applications that support SCIRF and analysis of "service organizations", for monitoring the issuance of the ISAE 3402 International Standard on Assurance Engagements, reports corresponding to an independent assessment of the control environment used by EDP's information technology service providers;

- monitoring the cycle evaluation process, by the External Auditor, in terms of work planning, interaction with business and shared services unit companies;

- attendance and support provided to business and shared services unit companies, resolution of identified non-compliances and reporting to those internal responsible and supervisors;

- launch and monitoring of the self-certification process, through which those responsible for the internal control of the business and shared services unit companies, declare their explicit recognition about the (i) sufficiency or insufficiency of the controls documentation in terms of updating and adjustment, (ii) its execution and maintenance of evidence, (iii) actions approval and implementation related to the resolution of non-compliance and (iv) compliance with the Code of Ethics;

- completion of the self-assessment process for SCIRF 2020 cycle, through which the Executive Board of Directors, represented by the Chairman and the member of the Executive Board of Directors responsible for the financial areas, emit a responsibility report on the safety and reliability degree of consolidated financial statements preparation and presentation.

The activities at business units and shared services companies level of EDP Group were as follows:

- analysis of the results of the scope model application to the financial statements on an individual basis and inclusion of new topics and relevant applications, following the risk analysis bottom up;
- application on “stand alone” scope level for the EDP España, EDP Renewables and EDP Brasil subgroups, with the profile of materiality and risk appropriate to their size;
- identification, review and appointment of SCIRF responsible, depending on the result of the scope model application and on the review and/or update due to organizational, structural, legislative and operational changes in the business and shared services unit companies;
- documentation of new controls and redesign of the controls documented in previous cycles, subject to revision due to changes at different levels of the business and shared services unit companies;
- implementation of actions necessary for the resolution of non-compliances identified in the assessment tests made by the External Auditor;
- self-certification by which the SCIRF leaders assess, at all levels of the chain, the sufficiency and updating of documentation and maintenance of evidence in the execution of control activities;
- self-assessment by the President of the Board and by the board member in charge of the financial matters of EDP España, EDP Renewables and EDP Brasil subgroups, through the issue of responsibility reports on the degree of safety and reliability of the preparation and presentation of financial statements;
- evaluation of the SCIRF 2020 was made by the Group's External Auditor, PriceWaterhouseCoopers, according to the "ISAE 3000 - International Standard on Assurance Engagements" in all geographies covered by the scope model and with the support of KPMG, in the specific case of EDP Brasil.

The External Auditor issued an independent report on the Group's Internal Control System of Financial Reporting related to the financial statements of December 31, 2020, without reservations nor qualifications, presented in the annex "Reporting Principles", concluding with a reasonable degree of assurance regarding the effectiveness of internal controls system on financial reporting of EDP Group.

IV. Investor Relations

56. Composition, duties and information provided by these services and their contact information

The essential role of the Investor Relations Department is to act as the interlocutor between EDP's Executive Board of Directors and investors and the financial markets in general. It is responsible for all the information provided by the EDP Group, in terms of disclosure of privileged information and other market communications and publication of periodic financial statements.

In carrying out its duties, the department is in constant contact with investors and financial analysts, providing all the information that they request, while observing the applicable legal and regulatory provisions.

EDP's Investor Relations Department comprises six people and is coordinated by Miguel Viana. It is located at the Company’s head office:

Avenida 24 de Julho, n.º 12, 4.º Piso – Poente
1249-300 Lisboa
Telefone: +351 21 001 2834
E-mail: ir@edp.com
Site: www.edp.com

The following chart shows the communication channels through which EDP provides its shareholders with information on each type of documentation.

CHANNELS	IN PERSON (1)	WWW.EDP.COM	E-MAIL	IR PHONE NUMBER (2)	BY MAIL (3)	WWW.CMVM.PT
ELEMENTS REQUIRED BY LAW OR REGULATION (4)						
Notice of meeting	√	√	√	√	√	√
Executive Board of Directors' proposals	√	√	-	√	√	√
Amendment of the Articles of Association	√	√	-	√	√	√
Other proposals	√	√	-	√	√	-
Annual Report	√	√	√	-	-	√
Management and supervisory positions held in other Group companies by company officers	√	√	-	√	-	√
ADDITIONAL ELEMENTS						
Ballots for voting by proxy	√	√	√	√	√	-
Ballots for voting by mail	√	√	√	√	√	-
Ballots for voting by e-mail	√	√	√	√	√	-
Clarification of any issues	√	√	√	√	√	-
EDP Articles of Association and Regulations	√	√	√	√	√	√

1) At EDP's headquarters

2) IR phone number +351 21 001 2834

3) Written notice from the Chairman of the Executive Board of Directors regarding Annual General Meetings

4) Art. 289 of Companies Code and Regulation of CMVM 5/2008

57. Representative for market relations

During 2020, the representative for market relations was the Director Miguel Stilwell de Andrade.

Following the election of the new Board of Directors for the mandate 2021-2023, on the Extraordinary General Shareholders' Meeting of January 19th, 2021, the new representative for CMVM and market relations is the Director Rui Manuel Rodrigues Lopes Teixeira.

58. Percentage of and response time to queries received in the year or pending from previous years

EDP's goal is for communication with the market to consist of objective, transparent information that is understandable to all stakeholders. In order to achieve such intent, and bearing in mind the importance of keeping a trustworthy and sustainable behavior, EDP has adopted a financial reporting policy based on transparent and consistent information properly conveyed to investors and analysts.

On 12 March 2019, EDP presented its "Strategic Update" in London, where it was announced the business plan for the period 2019-22. Additionally, during 2020, EDP participated in numerous events with analysts and investors to inform the market of the Company's strategy and operational and financial performance. These included roadshows, presentations to analysts and investors, meetings and conference calls.

Overall, approximately 100 market communications were made in 2020. The Investor Relations Department received several requests for information during the year and the average response time to queries was less than 24 hours.

The Company's efforts have been rewarded at a number of events. In 2020, EDP was nominated for the "IR Magazine Europe Awards 2020", having been considered the third best company for Investor Relations in the Utilities sector.

V. Website

59. Website Address

EDP's website (www.edp.com) provides comprehensive legal or corporate governance information, updates on the Group's activity and complete financial and operational data in order to facilitate searches and access to information by shareholders, financial analysts and others.

The information made available through this channel in Portuguese and English includes data on the Company, financial statements and accounts, privileged information, the Articles of Association and Internal Regulation of corporate bodies, the Group's shareholder structure, preparatory documentation for General Meetings, historical performance of EDP share prices, a calendar of Company events, the names of members of the corporate bodies and the representative for market relations, contact information for the Investor Relations Department and other information of potential interest about the Group. EDP's website also allows visitors to consult accounting documents for any financial year since 1999.

60. Location of information about the company, its status as a public limited company, head office and other details mentioned in Article 171 of the Company Code

The information set out in Article 171 of the Companies Code is available at EDP's website on:
www.edp.com/en/investors/corporate-governance/principles-govern-us#by-laws---regulations

61. Location of the Articles of Association and regulations of bodies or committees

The Articles of Association and regulations of bodies and committees are available at EDP's website on:
www.edp.com/en/investors/corporate-governance/principles-govern-us#by-laws---regulations

62. Location of information on the names of members of the corporate bodies, market relations representative, investor relations office or equivalent body, their duties and forms of access

The names of members of the corporate bodies, market relations representative, investor relations office or equivalent body, their duties and forms of access are available at EDP's website on:
www.edp.com/en/investors/corporate-governance/governing-bodies
www.edp.com/en/investors/corporate-governance/principles-govern-us#by-laws---regulations

63. Location of accounting documents, which must be available for at least five years and the six-monthly calendar of company events disclosed at the start of each half year, including General Meetings, disclosure of annual, six-monthly and, if applicable, quarterly accounts

The accounting documents and calendar of company events are available at EDP's website on:
www.edp.com/en/investors/investor-information/results-reports#reports-and-accounts
www.edp.com/en/investors-0

64. Location of notice of meeting for General Meetings and all their preparatory and subsequent information

The notice of meeting for General Meetings and all their preparatory and subsequent information are available at EDP's website on: https://www.edp.com/en/investors/general-meetings

65. Location of history of decisions made at the company's General Meetings, the share capital represented and result of votes for the previous three 3 years

The history of decisions made at the Company's General Meetings, the share capital represented and result of votes are available at EDP's website on: https://www.edp.com/en/investors/general-meetings

D. Remuneration

I. Power to set Remuneration

66. Power to set the remuneration of corporate bodies and company directors

As set forth in EDP's Articles of Association, the remuneration of the members of the governing bodies has been fixed by a Remuneration Committee appointed by the General Shareholders' Meeting, with the exception of the remuneration of the members of the Executive Board of Directors, which have been fixed by a Remuneration Committee appointed by the General and Supervisory Board.

These Committees have been submitting annually to the General Shareholders' Meeting a declaration on the remuneration policy of the members of the governing bodies, under the terms of paragraph 1 of article 2 of Law no. 28/2009, of 19 June. With the changes introduced by Law no. 50/2020, of 25 August, these Committees will be responsible for submitting a remuneration policy proposal for approval by the General Shareholders' Meeting (article 26-B of the Portuguese Securities Code).

The Remuneration Committee of the General Meeting takes into account, for the purposes of the proposed remuneration policy for the members of the General and Supervisory Board, the General Meeting Board and the Statutory Auditor, namely, its fixed nature, as well as the mandatory rules on the respective determination, in particular the provisions of Article 440(2) of the Portuguese Companies Code, which sets out the criteria for determining the remuneration of the General and Supervisory Board, , of Article 374-A of the Portuguese Companies Code and the provisions of Law no. 50/2020 , of 25 August, on the remuneration of the members of the Board of the General Meeting, and of Article 60 of Decree-Law no. 224/2008, of 20 November, on the remuneration of the Statutory Auditor.

II. Remuneration Committee

67. Membership of the Remuneration Committee, including names of the natural or legal persons hired to assist and declaration on independence of each member and consultant

The membership of the Remuneration Committee of the General Meeting and of the Remuneration Committee appointed by the General and Supervisory Board is set out in Item 29.

In 2020, the Remuneration Committee of the General and Supervisory Board hired an external consultant – Mercer (Portugal), Lda. – to support it in the validation and certification of the calculation of the annual and multi-annual variable remuneration of the Executive Board of Directors.

In January 2021, the General and Supervisory Board also hired Mercer (Portugal), Lda. To provide services concerning the certification of the evaluation process of the abovementioned body, of its Specialized Committees and of the Executive Board of Directors. The referred certifications may be consulted at the 2020 Annual Report of the General and Supervisory Board.

68. Knowledge and experience of remuneration policy of the members of the Remuneration Committee

The Remuneration Committee of the General and Supervisory Board is composed of members of the General and Supervisory Board with qualifications and experience in remuneration policy, according to Annex I of the current Report.

III. Remuneration Structure

69. Remuneration policy of management and supervisory bodies

Executive Board of Directors

The Remuneration policy for the members of the managing body has been fixed by the Remuneration Committee appointed by the General and Supervisory Board. This committee defined the remuneration of the directors, intending for it to reflect the performance of each member of the Executive Board of Directors in each year of their term of office (annual variable remuneration) and their performance during the whole period of the term by setting a variable component that is consistent with the maximisation of EDP's long-term performance (variable multi-annual remuneration).

The remuneration policy statement, as approved by the shareholders, lays down that the total variable component can reach twice the fixed component during a term of office, thereby placing a maximum limit of two-thirds of the remuneration depending on fulfilment of strict Company performance goals. The variable remuneration depends on the management's compliance with a performance level of 90% of the business plan, and the maximum values permitted by the Company's remuneration policy will only be earned if a level of compliance of 110% is reached.

Variable remuneration is divided into annual, which may only reach 80% of fixed remuneration, and multi-annual, which may reach 120% of the fixed remuneration. The multi-annual remuneration, although calculated annually, only becomes effective if, at the end of the term, on average, at least 90% of set goals have been achieved, assessed by the performance of the Company, by its comparison with strategic benchmarks and by the individual contribution of each member of the Executive Board of Directors for that result.

If the remuneration goals are fully met in a term of office, 60% of the directors' variable remuneration is deferred for no less than three years.

If we compare this percentage with that set out for credit institutions and financial companies, pursuant to Directive 2010/76/EU of the European Parliament and of the Council of 24 November, as it is a paradigm that was widely analyzed and discussed in Europe, we find that EDP's policy on variable remuneration is equivalent to the strictest used by these entities.

In accordance with the remuneration policy of the members of the Executive Board of Directors proposed by the Remuneration Committee of the General and Supervisory Board, the variable multi-annual remuneration may be a maximum of 120% of gross annual remuneration, and it will be paid three years after the financial year in question.

Payment of the multiannual variable remuneration is conditional on the non-realization of intentional unlawful acts, known after the completion of the evaluation and that jeopardize the sustainability of the performance of the Company, and it is made after it is determined and approved by the Remuneration Committee of the General and Supervisory Board.

The remuneration policy statement approved by the General Meeting on 16 April 2020 sets out the following:

- **fixed annual remuneration** – EUR 800,000 gross for the CEO, EUR 560,000 gross for the administrator responsible for finance matters and for the Chief Executive Officer of EDP Renováveis Group and EUR 480,000 for each of the remaining members of the Executive Board of Directors. The directors' retirement savings plans are maintained during their term of office, at a net amount of 10% of their fixed annual remuneration. The characteristics of these retirement savings plans are set out in legislation currently in force, applicable to these financial products;

- **annual variable remuneration** – for each member of the Executive Board of Directors, its value is limited to 80% of their gross annual fixed remuneration. The amount is determined on the basis of the following indicators for each year in office: (i) performance of the EDP Group's Total Shareholder Return against Eurostoxx Utilities and PSI-20, (ii) earnings per share, (iii) net debt to EBITDA ratio, (iv) operational cash flow excluding regulatory receivables, (v) residual income and (vi) EBITDA (annual growth rate) vs. peers. The weighted average of these indicators is given an overall weight of 80% for all members of the Executive Board of Directors, when determining their annual variable remuneration. The other 20% are based on a qualitative assessment by the Remuneration Committee of the General and Supervisory Board;

- **multi-annual variable remuneration** – also for each member of the Executive Board of Directors, this component may be between 0% and 120% of their fixed annual remuneration based on an annual accumulated assessment of the directors' performance in achieving economic sustainability for the EDP Group. The award of this multi-annual remuneration, although calculated on an annual basis, only takes effect if, at the end of the term of office, at least 90% of the strategic objectives have been achieved. These will be assessed on the basis of performance and comparison with defined strategic benchmarks, as well as the individual contribution of each member of the Executive Board of Directors to such performance. This payment component is fixed on the basis of the following factors verified during the term: (i) performance of total return for the Group's shareholders against Eurostoxx Utilities and PSI-20, (ii) performance of earnings per share, (iii) performance of Net Debt to EBITDA ration in the term of office, (iv) performance of the sustainability index applied to the EDP Group, and (v) performance of operational cash flow excluding regulatory receivables. The weighted average of these indicators is given an overall weight of 65% for all members of the Executive Board of Directors, when determining their multi-annual variable remuneration. 35% of the remuneration that is determined by the qualitative individual assessment of the Executive Board of Directors by the Remuneration Committee of the General and Supervisory Board is reserved. Payment of the multiannual variable remuneration is deferred in time, for a period not less than three years, getting the appropriate payment conditional on the non-realization of intentional unlawful acts, known after the completion of the evaluation and that jeopardize the sustainability of the performance of the Company, being paid after the clearance and Remuneration Committee of the General and Supervisory Board approval.

General and Supervisory Board

Pursuant to the provision of the Article 440 of the Companies' Code, the remuneration of the members of the General and Supervisory Board is fixed, in view of their duties.

This remuneration policy has been annually reviewed, and with such periodicity is subject to appreciation of the Shareholders' General Meeting.

The remuneration of the Chairman of the General and Supervisory Board was fixed on the basis of the full-time performance of his duties, unlike the rest of the members of such body.

This Committee has defined the remuneration policy for the members of the General and Supervisory Board, having as a guiding principle that such should be simple, transparent, moderate, adapted to the work conducted and the economic situation of the Company but also competitive and equitable in order to guarantee the purpose of creating value for shareholders and remaining stakeholders.

Based on these principles, the Committee has defined the following remuneration policy guidelines for 2020:

- a differentiation between the remuneration of the members of the General and Supervisory Board and those of the members of the Executive Board of Directors shall be maintained, and there will be no variable component or any other remunerative supplement for the General and Supervisory Board;

- it shall be taken into account the performance merit and the complexity of the functions performed by the members of each body, so that the cohesion, stability and development of the Company is not endangered;

- as to the General and Supervisory Board Chairman, it shall be particularly considered that the Chairman office's functions comprehend a strong component of institutional representation. In addition, under Article 23 (3) of the Articles of Association, the General and Supervisory Board Chairman, being independent, should also preside the Financial Matters Committee/Audit Committee;

- in what regards the Vice Chairman, it shall be considered the duties and works performed by him in other committees;

- it is also important to distinguish other specific positions in the General and Supervisory Board, namely the participation of the members of the General and Supervisory Board in other committees, as well as the functions in those committees;

- finally, it should be considered that, historically, the remuneration of the Chairman of the General Shareholders' Meeting Board is similar to the remuneration attributed to a Committee Chairman. Therefore, the remuneration of the Chairman of the General Shareholders' Meeting Board shall be aligned accordingly.

The shareholders approved the statement of remuneration policy for the 2020 financial term on the Shareholders' General Meeting of 16 April 2020.

70. How remuneration is structured to allow alignment of the interests of the members of the managing body with the company's long-term interests and how it is based on assessment of performance and discourages excessive risk-taking

As set out in the remuneration policy described in Item 69, remuneration is structured to allow alignment of the interests of the members of the Executive Board of Directors with the Company's long-term interests.

The time period considered for the payment of the variable component of the remuneration (gap of three years regarding the exercise at stake), the subjection of this payment to the non-performance of unlawful willful actions known after the assessment and that jeopardize the sustainability of the Company's performance, to which is added i) the utilization of qualitative criteria looking forward for a strategic perspective and of medium term in the development of the Company, ii) the existence of a maximum limit for the variable remuneration and iii) the relative weight of this component in the total value of the remuneration, represent decisive elements to promote a performance of the Company's management focused not only in short term goals, but also that integrates in its performance the Company's and the shareholders' interests in a medium and long term perspective.

The members of the managing body have not concluded any agreements with the Company or third parties that have the effect of mitigating the risk of variability of their remuneration fixed by the Remuneration Committee.

71. Reference to a variable remuneration component and any impact of performance evaluation on this component

As described above in Item 69, remuneration policy in force involves three components: i) fixed remuneration, ii) annual variable remuneration and iii) multi-annual variable remuneration.

The indicators used to assess the performance of the Executive Board of Directors in order to determine annual and multi-annual variable remuneration are as follows:

Annual performance indicators

The annual performance indicators aim to evaluate the Executive Board of Directors in a short-term perspective. For such, stock exchange indexes are considered, as well as financial performance indicators, compared against the annual budget proposed by the Executive Board of Directors and approved by the General and Supervisory Board, having each of the budgets the business plan as a starting point. This type of performance evaluation allows the measurement of the level of fulfilment of short-term objectives assumed by the Executive Board of Directors towards the shareholders.

Multi-annual performance indicators

The multi-annual performance indicators aim to evaluate the Executive Board of Directors in a long-term perspective. To that effect, stock exchange and financial performance indicators are considered, and compared against the most recent Business Plan proposed by the Executive Board of Directors and approved by the General and Supervisory Board. This type of performance evaluation allows the measurement of the level of fulfilment of long-term objectives assumed by the Executive Board of Directors towards the shareholders. The internal Business Plan of EDP Group is the document sustaining the mid and long-term financial objectives of EDP, presented to the capital markets. The Business Plan for the 2019-2022 period has obtained a favorable prior opinion by the General and Supervisory Board on 11 March 2019 and was the basis for the Strategic Update presented to the market, regarding the main financial objectives for the Company until 2022.

For further information, please see Chapter 5 – Remuneration Report.

72. Deferral of payment of variable component of remuneration and its length

The multi-annual variable remuneration is calculated every year and only becomes effective at the end of the term of office if at least 90% of the strategic goals have been achieved, as assessed on the basis of Company performance and its comparison with the strategic benchmarks and the individual contribution of each member of the Executive Board of Directors.

All multi-annual eventual variable remuneration is paid three years after the financial year in question.

73. Criteria on allocation of variable remuneration in shares and executive directors' maintenance of these shares, any agreements concluded concerning these shares, such as hedging or risk transfer contracts, their limit and their association with total annual remuneration

The members of the Executive Board of Directors do not own Company shares under variable remuneration mechanisms.

74. Criteria on allocation of variable remuneration in options, period of deferral and price of exercise

EDP has no variable remuneration option schemes.

75. Main parameters and basis of any annual bonus system and any non-monetary benefits

Company directors do not receive any significant remuneration in the form of non-monetary benefits.

76. Main characteristics of supplementary pension or early retirement schemes for directors and date of approval individually at a General Meeting

The remuneration fixed by the Remuneration Committee of the General and Supervisory Board includes a retirement savings plan-type standard financial product for the members of the Executive Board of Directors, through the application of a net amount correspondent to 10% (ten percent) of their fixed annual remuneration. It was granted in accordance with the Remuneration Policy Statement approved by resolution of the General Shareholders’ Meeting dated 16 April 2020.

This regime does not entail any cost to EDP in the future, as it is merely a subscription to a financial product while the members of the managing body hold their positions and is not covered by Article 402 (1) of the Company Code.

IV. Disclosure of Remuneration

77. Annual aggregate and individual remuneration paid to the members of the company's managing body by the company, including fixed and variable remuneration and its different components

The total gross amount paid by EDP to the members of the Executive Board of Directors in 2020 was 12,837,782 Euros.

The chart below shows the gross amounts of remuneration paid individually to the members of the Executive Board of Directors in office during the 2020 financial year:

	GROSS REMUNERATION PAID BY EDP	
EUROS	FIXED	VARIABLE ANNUAL (2019)
António Luís Guerra Nunes Mexia	970,213	554,020
João Manuel Manso Neto	654,804	393,862
António Fernando Melo Martins Costa	555,910	328,380
João Manuel Veríssimo Marques da Cruz	296,155(*)	210,234
Miguel Stilwell de Andrade	660,379	391,174
Miguel Nuno Simões Nunes Ferreira Setas	281,718 (*)	221,849
Rui Manuel Rodrigues Lopes Teixeira	565,443	330,684
Maria Teresa Isabel Pereira	582,128	330,684
Vera de Morais Pinto Pereira Carneiro	582,128	332,988

(*) To these amounts accrues those paid by Group companies (please see item 78)

The remuneration of the Chairman and directors of the Executive Board of Directors include the amounts associated with the retirement savings plan.

The amounts of the variable remuneration were fixed on the basis of the tax treatment applicable in the director's country of tax residence. The amounts paid by EDP subsidiaries refer solely to their period of residence abroad.

As results of the policy in force, the compensation is structured to allow the alignment of the Executive Board of Directors members' interests with the long-term interests of the Company. In this way, taking into account the objective calculations associated with the approved remuneration model, the multi-annual variable component imputable to the third year of the 2015-2017 mandate was paid:

	GROSS REMUNERATION PAID BY EDP
EUROS	MULTI-ANNUAL VARIABLE (2017) *
António Luís Guerra Nunes Mexia	848,143
Nuno Maria Pestana de Almeida Alves	621,924
João Manuel Manso Neto	607,812
António Fernando Melo Martins Costa	429,760
João Manuel Veríssimo Marques da Cruz	309,471
Miguel Stilwell de Andrade	514,934
Miguel Nuno Simões Nunes Ferreira Setas	340,711
Rui Manuel Rodrigues Lopes Teixeira	502,838

* Multi-annual variable remuneration regarding the performance evaluation for the 2015-2017 period, year of 2017

Amounts paid for any reason by other subsidiary or Group companies or companies under common control

The chart below shows the gross amounts of remuneration paid by other subsidiary or Group companies or companies t o a member of the Executive Board of Directors under common control.

EUROS			GROSS REMUNERATION PAID BY EDP
	FIXED	VARIABLE (2019)	COMPANIES IN A CONTROL RELATIONSHIP
João Manuel Veríssimo Marques da Cruz	240.000	0	EDP - Ásia Soluções Energéticas, Lda.
Miguel Nuno Simões Nunes Ferreira Setas(*)	179.435	0	EDP - Energias do Brasil, S.A.

(*) Annual fixed remuneration and the variable remuneration – annual and multi-annual - were adjusted, aiming to the correction of deviations resulting from exchange rates and tax adjustments, in the respective amounts of 12,798.68 EUR e 15,086.00 EUR, so that the Director effectively receives the amount defined by the Remuneration Committee of the General and Supervisory Board.

79. Remuneration in the form of profit-sharing and/or payment of bonuses and reasons for these bonuses or profit sharing

EDP has no schemes in place for payment of remuneration in the form of profit-sharing and/or payment of bonuses.

80. Compensation paid or owed to former executive directors for termination in the financial year

For information regarding Item 80, please see Chapter 5 – Remuneration Report.

81. Annual aggregate and individual remuneration paid to the members of the company's supervisory bodies

1. General and Supervisory Board

The total gross amount paid by EDP to the members of the General and Supervisory Board in 2020 was 1,863,000 Euros.

The chart below shows the remuneration paid during the 2020 financial year to the members of the General and Supervisory Board:

EUROS	FIXED
Luís Filipe Marques Amado	515,000
China Three Gorges (Portugal), Sociedade Unipessoal, Lda.(*)	57.000
China Three Gorges Corporation	95,000
China Three Gorges International Corp.	57,000
China Three Gorges (Europe), S.A.	67,000
China Three Gorges Brasil Energia Ltda	57,000
Banco Comercial Português, S.A.	57,000
DRAURSA, S. A.	57,000
SONATRACH	57,000
Senfora BV	57,000
Fernando Maria Masaveu Herrero	67,000
Maria Celeste Ferreira Lopes Cardona	80,000
Ilídio Costa Leite Pinho	57,000
Jorge Avelino Braga Macedo	67,000
Vasco Joaquim Rocha Vieira	67,000
Augusto Carlos Serra Ventura Mateus	67,000
João Carvalho das Neves	115,000
María del Carmen Fernández Rozado	70,000
Laurie Lee Fitch	57,000
Clementina Maria Dâmaso de Jesus Silva Barroso	70.000
Luís Maria Viana Palha da Silva	70,000

(*) Remuneration paid to the representative Eduardo de Almeida Catroga

2. Other Company Bodies

Environment and Sustainability Board

The members of the Environment and Sustainability Board are paid in attendance vouchers of EUR 1,750 per meeting. In 2020, the members of the Environment and Sustainability Board did not receive any remuneration.

Remuneration Committee of the General Meeting

The members of the Remuneration Committee of the General Meeting received the following remuneration in 2020:

EUROS	FIXED
Luís Miguel Nogueira Freire Cortes Martins	15,000
José Gonçalo Ferreira Maury	10,000
Jaime Amaral Anahory	10,000

82. Remuneration of the Chairman of the General Meeting

The Chairman and Secretary of the General Meeting do not earn any remuneration in that capacity, given that they are remunerated as a member of the General and Supervisory Board and Company Secretary, respectively.

In 2020, the Vice-Chairman of the General Meeting received the amount of EUR 3,000.

V. Agreements Affecting Remuneration

83. Contractual limitations for compensation payable to directors for dismissal without due cause and their association with the variable component of remuneration.

In addition to the two situations reported in paragraph 80 above, EDP has no existing contracts providing for payments in the event of dismissal or termination by mutual agreement of directors.

84. Description and amounts of agreements between the company and members of the managing body and directors, as set out in Article 248-B (3) of the Securities Code, providing for compensation in the event of dismissal without due cause or termination of employment following a change of company control

Considering Article 248-B (3) of the Securities Code, EDP has no directors other than the members of the General and Supervisory Board and of the Executive Board of Directors. In addition to these members, there are no managers who have regular access to privileged information and participate in decisions on the Company's management and business strategy.

Furthermore, we reiterate that, in addition to the two situations reported in paragraph 80 above, EDP has no existing agreements providing for payments in the event of dismissal or termination by mutual agreement of directors.

VI. Stock Purchase Option Plans or Stock Options

85. Plan and its beneficiaries

There are no stock options for Company employees.

86. Description of the plan (conditions for award, clauses on non-saleability of shares, shares price criteria, price of options in financial year, period in which options can be exercised, characteristics of shares or options, incentives for purchase of shares or exercise of options)

There are no stock options for Company employees.

87. Stock options of company employees

There are no stock options for Company employees.

88. Control mechanisms set out in any employee share scheme so that they do not exercise their voting rights directly

The Company has no such control mechanisms.

E. Transactions with Related Parties

I. Mechanisms and Procedures of Control

89. Company mechanisms for monitoring transactions with related parties

The General and Supervisory Board approved in 2009 objective, transparent rules on the identification, prevention and resolution of relevant corporative conflicts of interest called Framework on Handling of Conflicts of Interest.

Following a resolution made by the General and Supervisory Board, on 17 May 2010 the Executive Board of Directors approved the rules on identification, in-house reporting and procedure in the event of conflicts of interest applicable to all EDP Group employees who play a decisive role in transactions with related parties. As part of its improvement of governance practices, on 29 July 2010, the General and Supervisory Board approved EDP's Regulation on Conflict of Interest and Transactions between Related Parties, which was reviewed in 2015 and a new version was approved on 29 October 2015. However, considering the changes introduced by Law No. 50/2020, of 25 August, as well as the constant adoption of best practices by the Company, between late 2020 and early 2021, a review of the internal rules that regulate conflicts of interest and business between related parties is being conducted. The currently in force version is available for consultation at EDP's website (www.edp.com).

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

90. Transactions that underwent controls in the year

Attentive to the current reporting obligations, the Executive Board of Directors, during 2020, submitted to the General and Supervisory Board the information concerning the transactions between related parties. Such information concerned the transactions listed below:

- EDP Group, through EDP España, provided electricity and gas supply services as well as the installation of solar panels to the company Cementos Tutela Veguín in the amount of approximately 29.5 million Euros (Cementos Tutela Veguín is a subsidiary of the Group Masaveu, which, in turn, holds 55.9% of the company Oppidum Capital, SL);

- EDP Group provided payment management services to Liberbank in the amount of approximately 338,462.44 Euros. The EDP Group also entered into a lease, in the total amount of 16,852.08 Euros, for a property owned by Liberbank, located in Oviedo, Spain, during the first three quarters of 2020, during which the headquarters of a of the EDP Group companies was undergoing renovation works (Liberbank holds 44.1% of Oppidum Capital, SL). During the first quarter of 2020, within the scope of an issue of fixed to reset rate subordinated debt instruments, Liberbank provided the EDP Group with Co-lead Manager services, having earned 39,375.00 Euros for these services;

- EDP Group provided electricity and natural gas supply services to the Millennium BCP Group in the amount of approximately 7.5 million Euros. Banco Comercial Português provided EDP Group with underwriter services in the share capital increase of EDP carried out during the third quarter of 2020, having joined a union with five other entities and earned from these services 3,978,518.62 Euros. During the first quarter of 2020, within the scope of an issue of fixed to reset rate subordinated debt instruments, Banco Comercial Português provided EDP Group with Joint Lead Manager and Joint Bookrunner services, jointly with eight other financial entities, having earned by such services 433,125 Euros. In March 2020, SU Eletricidade, SA, the last resort trading company of the Portuguese electricity system, wholly owned by EDP, agreed to the sale of a tariff deficit for 2020, with Banco Comercial Português, S.A. acquiring the respective credits for approximately 201, 2 million Euros and received a commission of approximately 400,000 Euros. In July 2020, SU Eletricidade, S.A. agreed to sell a tariff deficit related to 2020, with Banco Comercial Português, S.A. acquiring the respective credits for approximately 51.7 million Euros and receiving a commission of approximately 100,000 Euros. In December 2020, SU Eletricidade, S.A. agreed to the sale of a tariff deficit related to 2021, with Banco Comercial Português, S.A. acquiring the respective credits for approximately 49.4 million Euros and receiving a commission of approximately 98.000,00 Euros;

- EDP Group acquired from Sonatrach natural gas, under long-term supply contracts, and for the combined cycle plant Soto 4, established as a result of the partnership agreement between EDP and Sonatrach of October 2007, having been approximately 107.3 million Euros were paid.

The General and Supervisory Board noted that, with basis on the cases analyzed and information provided by the Executive Board of Directors for 2020, there was no evidence that the potential conflict of interests in EDP operations were resolved contrarily to the company's interests.

At the same time, it is important to highlight Article 17(2) of EDP Articles of Association, that defines a number of matters subject to prior opinion from the General and Supervisory Board. This corporate body has competences to set the parameters for measuring the economic or strategic value of the operations that must be submitted for its opinion, and these were approved by the referred Board on the 6 April 2018.

In this context, during the financial year of 2020, 18 transactions were submitted to prior opinion of the General and Supervisory Board, with an average amount of 936 million Euros, and the transaction with a maximum amount was of 2,700 million Euros. Regarding the waiver of prior opinion, 18 transactions were submitted to the General and Supervisory Board, with an average amount of 304 million Euros, and the transaction with maximum amount was of 825 million Euros.

With regard to the transactions subject to a favorable prior opinion, or to the respective waiver, of the General and Supervisory Board, the following ones had underlying a related party:

- in March 2020, SU Eletricidade, SA, the last resort trading company of the Portuguese electricity system, wholly owned by EDP, agreed to the sale of a tariff deficit for 2020, with Banco Comercial Português, S.A. acquiring the respective credits for approximately 201.2 million Euros and received a commission of approximately 400,000.00 Euros;

- during the first quarter of 2020, within the scope of an issue of fixed to reset rate subordinated debt instruments, Banco Comercial Português provided EDP Group with Joint Lead Manager and Joint Bookrunner services, jointly with eight other financial entities, having earned by such services 433,125 Euros;

- in July 2020, SU Eletricidade, S.A. agreed to sell a tariff deficit related to 2020, with Banco Comercial Português, S.A. acquiring the respective credits for approximately 51.7 million Euros and receiving a commission of approximately 100,000 Euros;

- Banco Comercial Português provided EDP Group with underwriter services in the share capital increase of EDP carried out during the third quarter of 2020, having joined a union with five other entities and earned from these services 3,978,518.62 Euros; and,

- in December 2020, SU Eletricidade, S.A. agreed to the sale of a tariff deficit related to 2021, with Banco Comercial Português, S.A. acquiring the respective credits for approximately 49.4 million Euros and receiving a commission of approximately 98,000.00 Euros;

Also under this context, during the 2020 financial year, two operations were submitted to the prior opinion of the United States of America Business Affairs Monitoring Committee, with an average amount of 27 million dollars, and the transaction with maximum amount was of 57 million dollars. Regarding the waiver of prior opinion, 8 transactions were submitted to the United States of America Business Affairs Monitoring Committee, with an average amount of 226 million dollars, and the transaction with maximum amount was of 418 million dollars. Regarding the transactions subject to a favorable prior opinion, or to the respective waiver, of the United States of America Business Affairs Monitoring Committee, none of the transactions had underlying a related party. With regard to the waiver of prior opinion, none of the transactions had underlying a related party. Regarding the waiver of prior opinion, none of the transactions had underlying a related party.

91. Procedures and criteria applicable to the supervisory body's prior assessment of transactions between the company and holders of qualifying shareholdings or entities related to them in any way

The current rules on the issue and waiving of a prior opinion from the General and Supervisory Board were approved on 6 April 2018, along with the procedures for communication and clarifications between it and the Executive Board of Directors.

Pursuant to EDP's Articles of Association, the General and Supervisory Board fixes the parameters for measuring the economic or strategic value of operations submitted to it for an opinion and sets up speedy mechanisms for issuing an opinion in urgent cases or when the nature of the subject so warrants and the situations in which this opinion can be waived (Article 21 (7)). The mechanism for waiving a prior opinion from the General and Supervisory Board may only be used in cases of exceptional urgency or if the nature of the subject so warrants, as set out in EDP's Articles of Association and the General and Supervisory Board Internal Regulation in effect in 2011 (current Article 15 (5)).

With reference to this prior opinion mechanism, the General and Supervisory Board has set out strict rules on transactions between related parties in order to prevent conflicts of interest.

For legal transactions or situations between related parties –reviewed in 2021 - that are likely to cause a conflict of interest between those involved that will have an impact on the interests of EDP, the Executive Board has to request the preliminary opinion of the General and Supervisory Board or its waiver, and also has to provide the following information:

a) within this scope, it should be highlighted what is defined in the Regulation on Conflict of Interest and Transactions between Related Parties in what concerns the procedures and criteria applicable to the supervision for previous evaluation of business between the Company and qualified shareholders or any entities with whom the latter are related:

- a brief description of the operations and obligations assumed by the parties;
- a statement the procedures adopted for selecting the counterparty, particularly if the operation was based on a tender/consultation or limited tendering procedure;
- in the case of a limited tendering procedure, the reasons for such decision and the measures adopted to mitigate any risks from potential conflicts of interests;
- in the case of a tender/consultation, statement of the type of contact established with potential stakeholders and identify such;
- in the event competitive offers existed, information on the terms of the different proposals and the reason for the choice made;
- identification of the parameters to measure the operation performed under "normal market conditions for similar transactions";
- measures taken to prevent or resolve potential conflicts of interests;
- evidence, if applicable, of the multiannual nature of the operation, in which case the starting date of the selected tender/contract should be reported together with the date on which the supplies and/or services provided shall be provided or carried out.

b) with respect to legal business or cases that exist between related parties that are likely to give rise to a conflict of interests between those involved, which could impact the interests of EDP, these should be subject to a preliminary opinion from the General and Supervisory Board:

- if the Corporate Governance and Sustainability Committee can meet before the General and Supervisory Board meeting, an opinion from this Committee should be requested, which should be presented to the General and Supervisory Board for decision making purpose;

- if it is not possible for the Corporate Governance and Sustainability Committee to meet, the assessment of the potential conflict of interests must be made directly by the General and Supervisory Board within its decision-making authority.

c) with respect to legal business or cases that exist between related parties that are likely to give rise to a conflict of interests between those involved, which could impact the interests of EDP, which are subject to a request for waiver of the preliminary opinion from the General and Supervisory Board, at least three Members of the Committee should be consulted, and the majority have to be independent.

d) when considering the request by the Executive Board, in the event of a request to waiver the preliminary report, the Corporate Governance and Sustainability Committee, the General and Supervisory Board or the Chairman of this Board, may recommend to the Executive Board that appropriate measures must be taken to address the potential conflict of interest.

II. Business Information

92. Location of accounting documents providing information on transactions with related parties, pursuant to IAS 24, or reproduction of the information

Information on transactions with related parties, pursuant to IAS 24, is set out in Note 43 of the consolidated and individual financial statements.

PART II
Assessment of Corporate Governance

1. Corporate Governance Code in effect

EDP – Energias de Portugal, S.A. (EDP) is a listed company whose securities are admitted to trading on the NYSE Euronext Lisbon stock market.

Following the entry into force of the Protocol between the CMVM and the Portuguese Institute for Corporate Governance (*Instituto Português de Corporate Governance* - IPCG), on 13 October 2017, the Corporate Governance Code issued by CMVM was revoked, and changes were made to the Corporate Governance Code issued by the IPCG, available at www.cgov.pt

The choice of EDP to adopt the Corporate Governance Code issued by the IPCG, from the moment it entered into force, and under the current version, reflects the concern of ensuring at all times the implementation of best corporate governance practices.

According to the CMVM Circular, dated 11 January 2019, this Report is structured in accordance with Article 1(4) of CMVM Regulation 4/2013, and therefore abides by the model in its Annex I, not including the sections not applicable to EDP's governance model.

2. Assessment of compliance with the Corporate Governance Code in effect

The following table sets out IPCG's corporate governance principles and recommendations as included in the Corporate Governance Code, along with the identification, for each case, of EDP's compliance or non-compliance with said principles or recommendations or, as the case may be, that the provisions to not apply to the Company. Complimentary information has been included where the description of the Company's shareholder structure and governance model does not exhaust the scope of the underlying explanation of the respective principles or recommendations.

Compliance statement

PRINCIPLES AND RECOMMENDATIONS	ADOPTED NOT ADOPTED NOT APPLICABLE	COMMENTS	REPORT DESCRIPTION
CHAPTER I · GENERAL PROVISIONS			
General Principle: Corporate Governance should promote and enhance the performance of companies, as well as of the capital markets, and strengthen the trust of investors, employees and the general public in the quality and transparency of management and supervision, as well as in the sustained development of the companies.			
I.1. Company's relationship with investors and disclosure			
Principle: Companies, in particular its directors, should treat shareholders and other investors equitably, namely by ensuring mechanisms and procedures are in place for the suitable management and disclosure of information		Regarding the disclosure of information, it is important to refer the existence of, on one hand, information flow mechanisms and, on the other hand, of corporate bodies and specialized committees purposefully favoring information sharing. On that regard, EDP relies on an information sharing platform between the Executive Board of Directors and the General and Supervisory Board as well as between the Specialized Committees, accessible to all members of such bodies and committees. Such information tool allows all members to have knowledge of the most important documents, namely minutes and supporting documents to resolutions. The Executive Board of Directors provides to all other corporate body members all the requested information in a timely and appropriate manner. Furthermore, the Investor Relations Department aims to ensure the communication with analysts and investors of the Group companies in order to guarantee the sustainability of the Company's image and EDP's notoriety, as well as to answer all information requests of regulatory entities and financial supervisory authorities. Moreover, the Stakeholders and Institutional Relations Department ensures the institutional communication of the Company through an integrated and consistent narrative before the Group's stakeholders, in line with the adopted vision and strategy in order to maximize the communication potential of the Group towards its stakeholders and to contribute to a fluid and systematized information flow about the Group and its activities. In addition to these Departments, EDP also has an Information Disclosure Committee whose two main functions are: (i) to analyze and assess the information provided or to be provided periodically by EDP when preparing its reports or other releases to the market, and (ii) to assess the control and disclosure information mechanisms of EDP. Finally, EDP has established a Corporate Centre that assumes a supporting role to the Executive Board of Directors in the definition and control of the execution of the defined strategies, policies and objectives. The Corporate Centre is organized by Corporate Departments and Business Units, allowing a better optimization and efficiency of the organizational structure.	Item 15 | Item 21 | Item 22 | Item 27 | Item 29 | Item 52 | Items 55 to 65
Recommendation I.1.1. The Company should establish mechanisms to ensure, in a suitable and rigorous form, the timely disclosure of information to its governing bodies, shareholders, investors and other stakeholders, financial analysts, and to the markets in general.	ADOPTED		Item 15 | Item 21 | Item 22| Item 27 | Item 29 | Item 52 | Items 55 to 65
I.2. Diversity in the composition and functioning of the company's governing bodies			
Principle I.2.A Companies ensure diversity in the composition of its governing bodies, and the		The respect for diversity within the governing bodies and in the appointment procedures constitutes one of the structuring elements of EDP's corporate purpose. The Internal Regulations of the corporate	Items 11 | I tems 15 to 17 and 30 to 33 | Annex I

PRINCIPLES AND RECOMMENDATIONS	ADOPTED NOT ADOPTED NOT APPLICABLE	COMMENTS	REPORT DESCRIPTION
adoption of requirements based on individual merit, in the appointment procedures that are exclusively within the powers of the shareholders.		bodies, corporate entities and Specialized Committees which form part of EDP's structure set forth several provisions related to reputation, independence and incompatibilities applicable to the members of those bodies. Regarding the General and Supervisory Board and the Executive Board of Directors, EDP has a specific policy entitled "Policy on Selection of the Members of the General and Supervisory Board and Executive Board of Directors" according to which the integration of several skills, professional experiences and knowledge, as well as genre and cultural diversity should always be assured, taking into account the specificities of the Company's business. Such policy establishes that the election proposal of any candidate to be submitted to the Shareholders' General Meeting should be duly substantiated in what concerns the candidate's profile and function to be performed, so as to enable the shareholders to verify the adequacy of the candidate's profile, knowledge and curriculum to the functions to be performed. Under the abovementioned policy, some of the general selection criteria are: (i) promotion of equality of rights and opportunities in a context of diversity; (ii) enhancement of diversity, notably regarding age, gender, geographical origin, skills, competences, qualifications and experience; (iii) promotion of the increase in the number of members of the under-represented gender; and (iv) prevention of potential conflicts of interest. Said selection policy also foresees the competences that the members of the Executive Board of Directors and of the General and Supervisory Board should possess, among which we highlight the following: (i) technical-professional competences suitable for the function; (ii) integrity, ethics and professional and personal values; (iii) sufficient knowledge of the legal, regulatory and statutory rules applicable to its functions and to the Company; (iv) sufficient availability to comply with the respective legal and statutory functions; (v) fulfilment of the independence requirements established by law and in the Articles of Association; (vi) commitment with the provisions set forth in policies, codes and Internal Regulations of the Company; (vii) commitment towards compliance with the best corporate governance practices; (viii) competences and experience in company management, risk management and supervision suitable for the function and (ix) industry knowledge and experience in the sector. In particular, regarding gender diversity, it is convened by compliance with Law 62/2017, of 1 August, related to the balanced representation between men and women in governing and supervisory bodies in public sector entities and listed companies. Furthermore, EDP has a diversity policy according to which it undertakes to (i) promote mutual respect and equal opportunity, (ii) acknowledge the differences as a source of strengthening human potential and valuing diversity in organizing, managing and in the strategy, and (iii) adopt positive discrimination and awareness measures, not only internally but also towards the community in order to have an effective and efficient implementation of the diversity policy. Additionally, in 2019, a new corporate department -	
Principle I.2.B Companies should be provided with clear and transparent decision structures and ensure a maximum effectiveness of the functioning of their governing bodies and commissions.			Item 21 | Items 27 to 31
Principle I.2.C Companies ensure that the functioning of their bodies and committees is duly recorded, namely in minutes, to allow an understanding not only of the meaning of the decisions taken, but also of their grounds and opinions expressed by their members.			Item 23 | Item 27 | Item 35
Recommendation I.2.1. Companies should establish standards and requirements regarding the profile of new members of their governing bodies, which are suitable according to the roles to be carried out. Besides individual attributes (such as competence, independence, integrity, availability, and experience), these profiles should take into consideration general diversity requirements, with particular attention to gender diversity, which may contribute to a better performance of the governing body and to the balance of its composition.	ADOPTED		Items 11 | Items 15 to 17 | Items 30 to 33 | Annex I

PRINCIPLES AND RECOMMENDATIONS	ADOPTED NOT ADOPTED NOT APPLICABLE	COMMENTS	REPORT DESCRIPTION
		Transformation and Talent Unit was created, aiming to propose and ensure the execution of the transformation strategy and talent management of EDP group employees, in line with the culture of EDP Group, in order to contribute for the sustainability of the business and reinforce the reference profile of EDP Group. The Transformation and Talent Unit department should be aligned with the People Experience Unit Department that proposes to design the People Management strategy of EDP Group and ensure the implementation of transversal policies and procedures, with the objective to promote outstanding experiences to all employees, contributing therefore to the sustainability of the business and therefore for the alignment with EDP's corporate purpose. Under the terms of Law no. 62/2017, of 1 August, and in full compliance with applicable law, EDP shareholders have resolved on 5 April 2018 to appoint new members of the management and supervisory bodies of the Company for the 2018-2020 triennium, in a way that safeguards a 20% representation of persons of each sex in the Executive Board of Directors and the General and Supervisory Board. The members of the Executive Board of Directors for the 2021-2023 triennium were appointed at the Extraordinary General Shareholders Meeting held on 19 January 2021, with representation at that body now standing at 40%, above legal requirements. As foreseen in EDP's Gender Equality Policy, available at www.edp.com and at www.cmvm.pt, gender equality is of civilizational importance, as a corollary of the equality of rights, freedoms, guarantees, opportunities and recognition between genders. It also enables the enhancement of skills and knowledge through the inclusion of all, promoting a better and more motivating work environment and, consequently, greater levels of productivity and retention of talent.	
Recommendation I.2.2. The company's managing [I.2.2.(1)] and supervisory boards [I.2.2.(2)], as well as their committees [I.2.2.(3)], should have internal regulations — namely regulating the performance of their duties, their Chairmanship, periodicity of meetings, their functioning and the duties of their members — disclosed in full on the company's website. Minutes [I.2.2.(4)] / [I.2.2.(5)] / [I.2.2.(6)] of the meetings of each of these bodies should be drawn out.	ADOPTED	The General and Supervisory Board, the Executive Board of Directors, the Financial Matters Committee / Audit Committee (FMC/AC), the Corporate Governance and Sustainability Committee (CGSC), the Strategy and Performance Committee (SPC), the Remuneration Committee (RC) and the United States of America Business Affairs Monitoring Committee (BAMC) have specific Internal Regulations that establish its functioning (in particular the exercise of the respective duties, chairmanship, periodicity of meetings, functioning, duties of their members and duty to draft detailed minutes of the respective meetings). In relation to the applicable specific articles, please see the chart below: **Internal Regulation EBD [I.2.2 (1)]** Duties 4.º Chairmanship 5.º Periodicity of meetings 7.º Functioning 7.º Duties of their members 4.º Duty to draft Minutes 9.º [I.2.2 (4)]	Items 22 and 23 | Items 27 to 29 | Item 34 | Item 61

PRINCIPLES AND RECOMMENDATIONS	ADOPTED NOT ADOPTED NOT APPLICABLE	COMMENTS	REPORT DESCRIPTION
		Internal Regulation GSB [I.2.2 (2)] Duties 2.º Chairmanship 5.º Periodicity of meetings 4.º Functioning 4.º Duties of their members 11.º Duty to draft Minutes 26.º [I.2.2 (5)] **Internal Regulation FMC/AC [I.2.2 (3)]** Duties 2.º Chairmanship 5.º Periodicity of meetings 4.º Functioning 4.º Duties of their members 10.º Duty to draft Minutes 4.º [I.2.2 (6)] **Internal Regulation RC [I.2.2 (3)]** Duties 2.º Chairmanship 5.º Periodicity of meetings 4.º Functioning 4.º Duties of their members 10.º Duty to draft Minutes 4.º [I.2.2 (6)] **Internal Regulation CGSC [I.2.2 (3)]** Duties 2.º Chairmanship 5.º Periodicity of meetings 4.º Functioning 4.º Duties of their members 10.º Duty to draft Minutes 4.º [I.2.2 (6)] **Internal Regulation SPC [I.2.2 (3)]** Duties 2.º Chairmanship 5.º Periodicity of meetings 4.º Functioning 4.º Duties of their members 10.º Duty to draft Minutes 4.º [I.2.2 (6)] **Internal Regulation BAMC [I.2.2 (3)]** Duties 2.º Chairmanship 5.º Periodicity of meetings 4.º Functioning 4.º Duties of their members 9.º Duty to draft Minutes 4.º [I.2.2 (6)]	
Recommendation I.2.3. The composition [I.2.3.(1)] and the number of annual meetings [I.2.3.(2)] of the managing and supervisory bodies, as well as of their committees, should be disclosed on the company's website.	ADOPTED	[I.2.3.(1)] www.edp.com/en/investors/corporate-governance/governing-bodies-0 [I.2.3.(2)] This information is made available at EDP's website, is disclosed at EDP's Annual Report as well as on the General and Supervisory Board Annual Report.	Item 59
Recommendation I.2.4. A policy for the communication of irregularities (whistleblowing) should be adopted that guarantees the suitable means of communication and treatment of those	ADOPTED	The Whistleblowing Procedures Regulation is in force and has been reviewed in 2020. Such Regulation sets forth reception mechanisms and procedures, irregularities communication retention and processing on several matters received by the Company. Under the terms of this Regulation, the communication of irregularities is handled as confidential information, namely by the General	Item 15 | Item 49 | Items 50 to 55

PRINCIPLES AND RECOMMENDATIONS	ADOPTED NOT ADOPTED NOT APPLICABLE	COMMENTS	REPORT DESCRIPTION
irregularities, with the safeguarding of the confidentiality of the information transmitted and the identity of its provider, whenever such confidentiality is requested.		and Supervisory Board, by the Financial Matters Committee / Audit Committee and by the supporting employees that are responsible for the operational management of reception, retention and handling mechanisms and procedures of the irregularity's communication. Further information is available at https://www.edp.com/en/edp/irregularities-communication-channel, and the Whistleblowing Procedures Regulation is available at https://www.edp.com/sites/default/files/2020-04/Regulations%20Whistleblowing%20Procedures.pdf. Without prejudice to other mechanisms used in different geographies, EDP has an additional channel, the Ethics Ombudsperson channel, which allows all employees, clients, suppliers or other interested parties to report ethics violations and ask ethical questions, where the addressee is the Ethics Ombudsperson. For further information: https://www.edp.com/en/contact-ethics-ombudsperson. In 2020, the Integrity Policy as well as the remaining procedures and compliance mechanisms associated to this program where the object of training directed at the employees, and have been internally disclosed for review in EDP's internal communication channels. Within the scope of the Anti-Money Laundering and Terrorist Financing Compliance Program, obliged entities have implemented specific internal regulations and a horizontal procedure for the communication of suspicious operations- The Irregularities Communication Channel, which was initially set up in 2006 to enable the reporting of potential financial irregularities, has been restructured in 2020 to include the possibility of reporting potential violations related to money laundering and terrorist financing. https://edp.whispli.com/pt-pt/comunicacaodeirregularidadespt	
I.3. Relationships between the company bodies			
Principle: Members of the company's boards, especially directors, should create, considering the duties of each of the boards, the appropriate conditions to ensure balanced and efficient measures to allow for the different governing bodies of the company to act in a harmonious and coordinated way, in possession of the suitable amount of information to carry out their respective duties.		EDP's Article of Association expressly set forth that all corporate bodies of the Company should, to the extent of their competences, create the necessary conditions for a harmonious, articulated and informed performance of their duties, with reporting and information sharing mechanisms implemented in accordance with recommendation I.1.1. In addition, the Internal Regulations of the General and Supervisory Board, the Executive Board of Directors and of the specialized committees contain several provisions that set forth the need to report, namely to supervisory bodies, information regarding annual activity plans, resolutions and minutes.	Items 21 to 45

PRINCIPLES AND RECOMMENDATIONS	ADOPTED NOT ADOPTED NOT APPLICABLE	COMMENTS	REPORT DESCRIPTION
Recommendation I.3.1. The bylaws, or other equivalent means adopted by the company, should establish mechanisms that, within the limits of applicable laws, permanently ensure the members of the managing and supervisory boards are provided with access to all the information and company's collaborators, in order to appraise the performance, current situation and perspectives for further developments of the company, namely including minutes, documents supporting decisions that have been taken, calls for meetings, and the archive of the meetings of the managing board, without impairing the access to any other documents or people that may be requested for information.	ADOPTED	This recommendation is also complied with in light of article 5 of the Internal Regulation of the Executive Board of Directors. Currently, EDP also has an internal instrument that systematizes the operating principles and rules to be observed in the interaction of the Executive Board of Directors with the General and Supervisory Board, developing the legal framework, the Articles of Association and the Internal applicable to such matters.	Items 21 to 45
Recommendation I.3.2. Each of the company's boards and committees should ensure the timely and suitable flow of information, especially regarding the respective calls for meetings and minutes, necessary for the exercise of the competences, determined by law and the bylaws, of each of the remaining boards and committees.	ADOPTED	All Internal Regulations set forth reporting and information sharing mechanisms. In particular, it should be highlighted the relevance of the information sharing platform between the General and Supervisory Board and the Executive Board of Directors. Regarding the applicable provisions, one should highlight: • Articles of Association: Article 22 (L); • Internal Regulation of the Executive Board of Directors: Articles 5 (1) (e) and 9 (4); • Internal Regulation of the General and Supervisory Board: Article 5 (1) (c) and (e), and Article 11 (1) (a); Article 14 (1) (m) and Article 17; • Internal Regulation of the Financial Matters / Audit Committee: Article 5 (1) (f), Article 10 (1) (a) and Article 13; • Internal Regulation of the Remuneration Committee: Article 5 (1) (d); Article 10 (1) (a) and (2); • Internal Regulation of the Corporate Governance and Sustainability Committee: Article 5 (1) (e); Article 10 (1) (a), (2), and (3) (c); Articles 12 and 13; • Internal Regulation of the Strategy and Performance Committee: Article 5 (d); Article 10(1) (a), (2), and (3) (c); and Article 13 (2); • Internal Regulation of the United States of America (USA) Business Affairs Monitoring Committee: Article 5 (d); article 10 (1) (a).	Items 21 to 45

PRINCIPLES AND RECOMMENDATIONS	ADOPTED NOT ADOPTED NOT APPLICABLE	COMMENTS	REPORT DESCRIPTION
I.4. Conflict of interests			
Principle: The existence of current or potential conflicts of interest, between members of the company's boards or committees and the company, should be prevented. The non-interference of the conflicted member in the decision process should be guaranteed.		Since 17 May 2010, the Executive Board of Directors approved rules on identification, internal reporting and actions to be carried out should a case of conflict of interests occur. This Regulation is applicable to all EDP Group employees that have a decision-making role on the completion of a transaction with related parties. The Internal Regulations of EDP's bodies and committees set forth provisions by which the members of such bodies and committees should inform the respective body or committee on facts that could constitute or give cause to a conflict between his/hers interests and the corporate interest. In accordance with the Internal Regulation in force regarding this matter, which terms are currently under review, the Corporate Governance and Sustainability Committee should report to the General and Supervisory Board its activities in matter of conflict of interests. All corporate bodies and Specialized Committees' Internal Regulations set forth a specific provision on the conduct to be adopted by the respective body or committee member in case of an effective or apparent conflict of interests, as well as a duty to provide information or clarifications. The respective articles that specifically set forth this recommendation are the following: • Internal Regulation GSB: Article 10 • Internal Regulation EBD: Article 8 • Internal Regulation FMC/AC: Article 9 • Internal Regulation RC: Article 9 • Internal Regulation CGSC: Article 9 • Internal Regulation SPC: Article 9 • Internal Regulation BAMC: Article 8	Item 10 | Item 18 | Item 20 | Item 21 | Item 91
Recommendation I.4.1. The members of the managing and supervisory boards and the internal committees are bound, by internal regulation or equivalent, to inform the respective board or committee whenever there are facts that may constitute or give rise to a conflict between their interests and the company's interest.	ADOPTED		Item 10 | Item 18 | Item 20 | Item 21 | Item 91
Recommendation I.4.2. Procedures should be adopted to guarantee that the member in conflict does not interfere in the decision-making process, without prejudice to the duty to provide information and other clarifications that the board, the committee or their respective members may request.	ADOPTED		Item 10 | Item 18 | Item 20 | Item 21 | Item 91
I.5. Related party transactions			
Principle: Due to the potential risks that they may hold, transactions with related parties should be justified by the interest of the company and carried out under market conditions, subject to principles of transparency and adequate supervision.		Regarding this matter, in addition to applicable law and the statutory provisions, an internal regulatory framework for conflicts of interest and transactions between related parties is in force, which terms are currently under review, being the currently in force diploma available at EDP's website. www.edp.com. Pursuant to the Articles of Association and legislation in force, the Executive Board of Directors is responsible for the management of the company and, for related party transaction purposes, the deemed decision-makers are: (i) members of management boards (executive and non-executive) of EDP and group subsidiaries identified as such by the Executive Board of Directors, by virtue of their direct or indirect authority and responsibility for the planning, management and control of EDP Group activities as part of their duties with certain EDP Group Subsidiaries, (ii) EDP Group senior management, including top-level directors and other staff with equivalent duties or ranking in the EDP Group, provided that the company's Executive Board of Directors identifies them as such by virtue of their	Item 10 | Items 89 to 92
Recommendation I.5.1. The managing body should disclose in the corporate governance report or by other means publicly available the internal procedure for verifying transactions with related parties.	ADOPTED		Item 10 | Items 89 to 92

PRINCIPLES AND RECOMMENDATIONS	ADOPTED NOT ADOPTED NOT APPLICABLE	COMMENTS	REPORT DESCRIPTION
		direct or indirect authority and responsibility for the planning, management and control of EDP Group activities and (iii) EDP Group employees on the permanent payroll of the EDP Group, on fixed or infinite individual employment contracts, including those suspended temporarily, within the scope of their duties and powers; (iv) all other employees working for EDP Group, including under secondment, on a long-term or occasional basis and regardless of the nature of the contract, on temporary assignment or under a service provision contract, as well as those on work placement or vocational training programs, to the extent determined by the specific legal relationship established. All decision-making persons should therefore report any information deemed relevant over transactions performed or to be performed with related parties, with controlled companies or with the own decision-makers. There are also identified in the applicable Internal Regulation, transactions of significant relevance, specifying the type and scope of the transactions subject to prior opinion. Furthermore, article 17 (2) of EDP's Articles of Association sets forth a range of matters subject to favorable prior opinion of the General and Supervisory Board, with the Board retaining power to set the parameters, in terms of economic or strategic value of the transactions, that should be subject to opinion, namely regarding acquisitions and disposals of goods, rights or shareholdings of a significant amount, under the terms of article 21 (7) of EDP's Articles of Association and article 15 of the General and Supervisory Board Internal Regulation. The General and Supervisory Board is responsible for, under the scope of the annual and interim management EDP report assessment, and taking into consideration the activity performed by the Corporate Governance and Sustainability Committee, analyze and issue an opinion regarding transactions with related parties. In effect, the General and Supervisory Board contains a Specialized Committee, the Corporate Governance and Sustainability Committee, whose attributions include reviewing related party transactions. Its Internal Regulation clarifies that the final decision is up to the General and Supervisory Board, in accordance with article 12 (1) (k). EDP also displays a set of rules on the issuance and waiver of prior opinion by the General and Supervisory Board, as well as the communication procedures between the General and Supervisory Board and the Executive Board of Directors. In addition, the Executive Board of Directors should, within 20 days of the end of each quarter, inform the General and Supervisory Board of all "significant transactions", being set forth in the respective regulation the elements that should be submitted on such communication (see Article 22 (1) (l) of the Articles of Association and article 12 (1) (l) of the General and Supervisory Board Internal Regulation). The General and Supervisory Board intervention in the assessment made to such transaction is always preceded of the analysis and scrutiny of the Executive Board of Directors.	

PRINCIPLES AND RECOMMENDATIONS	ADOPTED NOT ADOPTED NOT APPLICABLE	COMMENTS	REPORT DESCRIPTION
		Also under the terms of the Internal Regulation in force regarding this matter, the General and Supervisory Board and, more specifically, the Corporate Governance and Sustainability Committee analyzes all transactions in the amount equal or superior to: (i) EUR 75M, for subordinated and standard loans; (ii) EUR 75M for purchase, sale, marketing or supply of electricity and natural gas (and connected products and services) and (iii) EUR 5M for all other transactions.	
Recommendation I.5.2. The managing body should report to the supervisory body the results of the internal procedure for verifying transactions with related parties, including the transactions under analysis, at least every six months.	ADOPTED		Item 10 | Items 89 to 92
CHAPTER II – SHAREHOLDERS AND GENERAL MEETINGS			
Principle II.A As an instrument for the efficient functioning of the company and the fulfilment of the corporate purpose of the company, the suitable involvement of the shareholders in matters of corporate governance is a positive factor for the company's governance.			Item 5 | Item 6 | Item 7 | Item 10 | Items 12 to 16 | Item 56
Principle II.B The company should stimulate the personal participation of shareholders in general meetings, which is a space for communication by the shareholders with the company's boards and committees and also of reflection about the company itself.			Item 5 | Item 6 | Item 7 | Item 10 | Items 12 to 16 | Item 56
Principle II.C The company should implement adequate means for the participation and remote voting by shareholders in meetings.			Item 5 | Item 6 | Item 7 | Item 10 | Items 12 to 16 | Item 56
Recommendation II.1. The company should not set an excessively high number of shares to confer voting rights [II.1.(1)], and it should make its choice clear in the corporate governance report every time its choice entails a diversion from the general rule: that each share has a corresponding vote [II.1.(2)].	ADOPTED	[II.1.(1)] EDP establishes in Article 14 (1) and (2) of its Articles of Association that to each share corresponds one vote and that all shareholders with voting rights may participate in the Shareholders' General Meeting provided that they have such capacity on registration date. [II.1.(2)] - Not applicable.	Item 5 | Item 6 | Item 7 | Item 10 | Items 12 to 16 | Item 56

PRINCIPLES AND RECOMMENDATIONS	ADOPTED NOT ADOPTED NOT APPLICABLE	COMMENTS	REPORT DESCRIPTION
Recommendation II.2. The company should not adopt mechanisms that make decision making by its shareholders (resolutions) more difficult, specifically, by setting a quorum higher than that established by law.	ADOPTED	Article 11 (3) of EDP's Articles of Association establishes that Shareholders' General Meeting resolutions are adopted by a majority of voting cast, unless a legal or statutory provision requires a qualified majority.	Item 5 | Item 6 | Item 7 | Item 10 | Items 12 to 16 | Item 56
Recommendation II.3. The company should implement adequate means for the participation and remote voting by shareholders in meetings.	ADOPTED	While EDP has always favored maximizing shareholder participation in general meetings, which entails direct interaction with the holders of its share capital, which constitutes a positive factor for the proximity with its shareholding structure, for the efficient functioning of the Company and for the pursuit of its corporate purpose, the COVID-19 pandemic context has inevitably altered that understanding. EDP has held two General Shareholder Meetings in a state of emergency, in 16 April 2020 and 19 January 2021, and this has required the implementation of procedures to allow the meetings to take place remotely, as per the convening notices available at https://www.edp.com/en/investors/general-meetings The quorum in the aforementioned Annual and Extraordinary General Shareholders' Meetings were respectively of 67,3% in April 2020 and of 73,9068% in January 2021. Due to these exceptional circumstances, all voting rights were exercised remotely, either by post or by electronic means, as provided in Article 384(8) and (9) of the Portuguese Companies Code, Article 22 of the Portuguese Securities Code, and in Article 14(6) and (8) of EDP's Articles of Association. Holding the General Shareholders' Meeting remotely has allowed all duly registered Shareholders to access the live audio and video feed of the meeting. To that effect, a hyperlink to a digital platform was sent the day prior to the meeting to the registered e-mail address of each shareholder who had communicated its intent to attend. Besides being able to ask questions in writing, through the platform, about the topics included in the Agenda which warranted clarification during the meeting, shareholders were allowed to submit questions in advance, up to two days prior to the respective General Shareholder Meeting dates. In the Extraordinary General Shareholders' Meeting held in 19 January 2021, and in order to allow for the complete clarification of the shareholder's questions before they exercised their voting rights – without prejudice to the timely disclosure of documents supplementing the Agenda and the abovementioned alternative, shareholders were allowed to submit questions within the scope of information rights as foreseen in Article 290 of the Portuguese Companies Code, up to eight days before the meeting, so that shareholders have all the questions they had before the exercise of voting rights were fully clarified.	

PRINCIPLES AND RECOMMENDATIONS	ADOPTED NOT ADOPTED NOT APPLICABLE	COMMENTS	REPORT DESCRIPTION
Recommendation II.4. The company should also implement adequate means for the exercise of remote voting, including by correspondence and electronic means.	ADOPTED	EDP's Articles of Association enable the exercise of voting rights by post (Article 14 (6)), they also, on the other hand, determine the procedure for the exercise of postal vote, including by electronic means, in accordance with requirements that ensure its authenticity (Article 14 (6) to (8). At EDP's website (www.edp.com) shareholders may find the necessary drafts for postal and e-mail voting. Due to the abovementioned exceptional circumstances, all voting rights in the General Shareholder Meetings held in April 2020 and January 2021 were exercised remotely, either by post or by electronic means, as provided in Article 384(8) and (9) of the Portuguese Companies Code, Article 22 of the Portuguese Securities Code, and in Article 14(6) and (8) of EDP's Articles of Association. Holding the General Shareholder Meeting remotely has allowed all duly registered Shareholders to access the live audio and video feed of the meeting. EDP has been actively seeking technological solutions that are safe and ensure audio quality, transparency and voting secrecy, which are compatible with the Portuguese legal framework, in order to implement real-time electronic voting.	Item 5 | Item 6 | Item 7 | Item 10 | Items 12 to 16 | Item 56
Recommendation II.5. The bylaws, which specify the limitation of the number of votes that can be held or exercised by a sole shareholder, individually or in coordination with other shareholders, should equally provide that, at least every 5 years, the amendment or maintenance of this rule will be subject to a shareholder resolution — without increased quorum in comparison to the legally established — and in that resolution, all votes cast will be counted without observation of the imposed limits.	NOT ADOPTED	Considering the current shareholder structure of the Company, this recommendation does not have any practical applicability. However, over the past few years, the subject of statutory limitation on voting rights has already been discussed by the General Shareholders Meeting of EDP on three occasions, the last of which on 24 April 2019. The shareholders have thus been called on to decide on limiting the number of votes. The continued existence of the limitation has prevailed, and the reflection on the adjustment of the relevant ceiling for counting voting rights has been precisely to progressively increase this level. The shareholding dynamics of the Company has thus proven to be perfectly in tune with the sense advocated in this recommendation, and to be sufficiently apt for pursuing its goals, avoiding rigid formulas for this review set down in the Articles of Association, which has also fostered a particularly intense scrutiny of this clause by shareholders, and does not constitute an impediment to adequate functioning of the market for corporate control. These circumstances confirm that the voting cap does not prevent the relevant shareholders' involvement in EDP's corporate governance, again bearing in mind that three resolutions of the General Shareholders' Meeting have been adopted, from 2011 to 2019, regarding this statutory limitation. In effect, the voting limitation set forth in article 14 of the Articles of Association reflects the express wish of EDP's shareholders through the General Meeting resolutions, in the defense of the Company's specific interests: (i) the increase of the limit from 5% to 20% was approved by the shareholders at the General Meeting of 25 August	

PRINCIPLES AND RECOMMENDATIONS	ADOPTED NOT ADOPTED NOT APPLICABLE	COMMENTS	REPORT DESCRIPTION
		2011, involving the participation of 72.25% of the share capital and the approval of a majority of 94.16% of the votes cast; (ii) a subsequent increase to the current 25% cap was approved at the General Meeting of 20 February 2012, involving the participation of 71.51% of the share capital and the approval by a majority of 89.65% of votes cast and (iii) the removal of the voting cap set out in the Articles of Association was rejected by a majority of 56.61% of votes cast, with the participation of 64.29% of the share capital.	
Recommendation II.6. The company should not adopt mechanisms that imply payments or assumption of fees in the case of the transfer of control or the change in the composition of the managing body, and which are likely to harm the free transferability of shares and a shareholder assessment of the performance of the members of the managing body.	ADOPTED	As provided for in EDP's Corporate Governance Manual, there are no known measures in place that prevent free transmission of shares and free performance assessment of the members of the Executive Board of Directors. Identically, EDP has not entered into any agreements that come into force, are altered or are terminated in case a change of control or a change to the management board occurs, as provided for in the Remuneration Policy Statement of the Executive Board of Directors	Items 4 and 5
CHAPTER III – NON-EXECUTIVE MANAGEMENT, MONITORING AND SUPERVISION			
Principle III.A The members of governing bodies who possess non-executive management duties or monitoring and supervisory duties should, in an effective and judicious manner, carry out monitoring duties and incentivize executive management for the full accomplishment of the corporate purpose, and such performance should be complemented by committees for areas that are central to corporate governance.			Items 15 to 19 | Item 21 | Item 29
Principle III.B The composition of the supervisory body and the non-executive directors should provide the company with a balanced and suitable diversity of skills, knowledge, and professional experience.		The election proposal of any candidate of the General and Supervisory Board and of the Executive Board of Directors to be submitted to the General Shareholder Meeting should be duly substantiated, considering the candidate's profile and function to be performed so as to enable the verification of the adequacy of the candidate's profile, knowledge and curriculum. Among the established criteria are (i) the promotion of equality of rights and opportunities in a context of diversity; (ii) the enhancement of diversity, notably in matters of age, gender, geographical origin, skills, competences, qualifications and experience; (iii) the promotion of the increase in the number of members of the under-represented gender; (iv) prevention of potential conflicts of interest. As provided in recommendation I.2.1, a selection policy is in force which sets forth specifically the skills that the members of such bodies should possess.	Item 21 | Item 29 | Item 31 | Item 68

PRINCIPLES AND RECOMMENDATIONS	ADOPTED NOT ADOPTED NOT APPLICABLE	COMMENTS	REPORT DESCRIPTION
Principle III.C The supervisory body should carry out a permanent oversight of the company's managing body, also in a preventive perspective, following the company's activity and, in particular, the decisions of fundamental importance.			Items 15 to 19 | Item 21 | Item 29
Recommendation III.1. Without prejudice to the legal powers of the chair of the managing body, if he or she is not independent, the independent directors should appoint a coordinator, from amongst them, namely, to: (i) act, when necessary, as an interlocutor near the chair of the board of directors and other directors, (ii) make sure there are the necessary conditions and means to carry out their functions; and (iii) coordinate the independent directors in the assessment of the performance of the managing body, as established in recommendation V.1.1.	NOT APPLICABLE	This recommendation is not applicable in light of the Company's governance model in force.	
Recommendation III.2. The number of non-executive members in the managing body [III.2.(1)], as well as the number of members of the supervisory body [III.2.(2)] and the number of the members of the committee for financial matters [III.2.(3)] should be suitable for the size of the company and the complexity of the risks intrinsic to its activity, but sufficient to ensure, with efficiency, the duties which they have been attributed. The formation of such suitability judgment should be included in the corporate governance report.	ADOPTED	[III.2(1)] This sub-recommendation is not applicable in light of the governance model in force at the Company. [III.2.(2)] The General and Supervisory Board is composed of a minimum of nine members, but always higher than the number of directors, under Article 21 (1) of the Articles of Association. [III.2.(3)] The Financial Matters Committee / Audit Committee should be composed by at least three independent members according to Article 3 of the Financial Matters Committee / Audit Committee Internal Regulation, which is entirely proportional to the Company's features.	Item 15 | 17 | Item 21 | Item 29 |
Recommendation III.3. In any case, the number of non-executive directors should be higher than the number of executive directors.	NOT APPLICABLE	This recommendation is not applicable in light of the Company's governance model in force.	
Recommendation III.4. Each company should include several non-executive directors that corresponds to no less than one third, but always plural, who satisfy the legal requirements of independence. For the purposes of this recommendation,	NOT APPLICABLE	This recommendation is not applicable in light of the Company's governance model in force.	

PRINCIPLES AND RECOMMENDATIONS	ADOPTED NOT ADOPTED NOT APPLICABLE	COMMENTS	REPORT DESCRIPTION
an independent person is one who is not associated with any specific group of interest of the company, nor under any circumstance likely to affect his/her impartiality of analysis or decision, namely due to: i. having carried out functions in any of the company's bodies for more than twelve years, either on a consecutive or non-consecutive basis; ii. having been a prior staff member of the company or of a company which is considered to be in a controlling or group relationship with the company in the last three years; iii. having, in the last three years, provided services or established a significant business relationship with the company or a company which is considered to be in a controlling or group relationship, either directly or as a shareholder, director, manager or officer of the legal person; iv. having been a beneficiary of remuneration paid by the company or by a company which is considered to be in a controlling or group relationship other than the remuneration resulting from the exercise of a director's duties; v. having lived in a non-marital partnership or having been the spouse, relative or any first degree next of kin up to and including the third degree of collateral affinity of company directors or of natural persons who are direct or indirect holders of qualifying holdings, or vi. having been a qualified holder or representative of a shareholder of qualifying holding.			
Recommendation III.5. The provisions of (i) of recommendation III.4 does not inhibit the qualification of a new director as independent if, between the termination of his/her functions in any of the company's bodies and the new appointment, a period of 3 years has elapsed (cooling-off period).	NOT APPLICABLE	This recommendation is not applicable in light of the Company's governance model in force.	

PRINCIPLES AND RECOMMENDATIONS	ADOPTED NOT ADOPTED NOT APPLICABLE	COMMENTS	REPORT DESCRIPTION
Recommendation III.6. The supervisory body, in observance of the powers conferred to it by law, should assess and give its opinion on the strategic lines [III.6.(1)] and the risk policy prior to its final approval by the management body [III.6.(2)].	ADOPTED	EDP's current governance model foresees the attribution to the General and Supervisory Board of a significant function in this respect. While it does not have managerial attributes, as provided in Article 422(1) of the Portuguese Companies Code, Article 17(2) of EPD's Articles of Association provides (as does Article 15 of the Internal Regulation of the General and Supervisory Board) that the Company's strategic plan as well as the performance, by EDP or any of its subsidiaries, of the following transactions are subject to prior favorable opinion of this body: (i) acquisition and sale of assets, rights or shareholdings of significant economic value, (ii) contracting financing operations of significant value, (iii) the opening and closure of establishments, or important parts thereof, and important increases or reductions in activity, (iv) other transactions or operations of significant economic or strategic value, (v) the commencement or termination of strategic partnerships or other forms of lasting cooperation, (vi) plans for divisions, mergers or transformations, and (vii) changes to the EDP's Articles of Association, including moving the head office and increasing the share capital proposed by the Executive Board of Directors. Also relevant are the specific attributions of the Financial Matters Committee / Audit Committee regarding financial and accounting matters, internal auditing practices and procedures, the functioning of the Internal Control System of Financial Reporting (SCIRF), matters relating to risk management procedures and compliance mechanisms, as well as the work and independence of the Company's statutory auditors.	Item 21 | Item 24 | Item 29 | Items 49 to 55
Recommendation III.7. Companies should have specialized committees, separately or cumulatively, on matters related to corporate governance [III.7.(1)], appointments [III.7.(2)], and performance assessment [III.7.(3)]. In the event that the remuneration committee provided for in article 399 of the Commercial Companies Code has been created and should this not be prohibited by law, this recommendation may be fulfilled by conferring competence on such committee in the aforementioned matters	ADOPTED		Item 21 | Item 29
CHAPTER IV – EXECUTIVE MANAGEMENT			
Principle IV.A As a way of increasing the efficiency and the quality of the managing body's performance and the suitable flow of information in the board, the daily management of the company should be carried			Item 17 | Item 18 | Item 19 | Item 21

PRINCIPLES AND RECOMMENDATIONS	ADOPTED NOT ADOPTED NOT APPLICABLE	COMMENTS	REPORT DESCRIPTION
out by directors with qualifications, powers and experience suitable for the role. The executive board is responsible for the management of the company, pursuing the company's objectives and aiming to contribute towards the company's sustainable development.			
Principle IV.B In determining the number of executive directors, it should be taken into account, besides the costs and the desirable agility in the functioning of the executive board, the size of the company, the complexity of its activity, and its geographical spread.			Item 17 | Item 18 | Item 19 | Item 21
Recommendation IV.1. The managing body should approve, by internal regulation or equivalent, the rules regarding the action of the executive directors applicable to their performance of executive functions in entities outside of the group.	ADOPTED	The Internal Regulation of the Executive Board of Directors expressly addresses this issue. In particular, Article 6 provides that board members cannot hold executive functions in more than two companies outside of the EDP Group, and the performance of such functions must be subject to prior appraisal by the Executive Board of Directors.	Item 17 | Item 18 | Item 19 | Item 21
Recommendation IV.2. The managing body should ensure that the company acts consistently with its objects and does not delegate powers, namely, in what regards: i) the definition of the strategy and main policies of the company [IV.2.(1)]; ii) the organization and coordination of the business structure [IV.2.(2)]; iii) matters that should be considered strategic in virtue of the amounts involved, the risk, or special characteristics [IV.2.(3)].	NOT APPLICABLE	This recommendation is not applicable in light of the Company's governance model in force. In fact, in accordance with the dual governance model, the Executive Board of Directors does not delegate any powers provided for in this recommendation.	Item 17 | Item 18 | Item 19 | Item 21
Recommendation IV.3. In the annual report, the managing body explains in what terms the strategy and the main policies defined seek to ensure the long-term success of the company and which are the main contributions resulting therein for the community at large.	ADOPTED		Item 21 | Items 50 to 55 | Sustainability Report

PRINCIPLES AND RECOMMENDATIONS	ADOPTED NOT ADOPTED NOT APPLICABLE	COMMENTS	REPORT DESCRIPTION
CHAPTER V – EVALUATION OF PERFORMANCE, REMUNERATION AND APPOINTMENTS			
V.1 Annual evaluation of performance			
Principle The company should promote the assessment of performance of the executive board and of its members individually, and also the assessment of the overall performance of the managing body and its specialized committees.			Item 21 | Item 24 and 25 | Item 27 | Item 29 | Item 52 | Item 54
Recommendation V.1.1. The managing body should annually evaluate its performance [V.1.1(1)] as well as the performance of its committees [V.1.1(2)] and executive directors [V.1.1(3)], taking into account the accomplishment of the company's strategic plans and budget plans, the risk management, the internal functioning and the contribution of each member of the body to these objectives, as well as the relationship with the company's other bodies and committees.	ADOPTED	[V.1.1.(1)] Under the terms of Article 5(4) of the Internal Regulation of the Executive Board of Directors, the Chairman of the board should ensure the adoption of adequate mechanisms for the annual evaluation of the functioning of the Executive Board of Directors and the performance of each of its members. In addition, EDP has voluntarily implemented a formal and objective evaluation procedure of the Executive Board of Directors' activity that allows it to evaluate the compliance level of the adopted measures. This is a distinctive practice adopted by the General and Supervisory Board which is aligned with the evaluation criteria of the Dow Jones Sustainability Index and matches the recognition of the continuous excellence efforts of corporate governance practices that the General and Supervisory Board and the Executive Board of Directors have been undertaking. It should be noted that this evaluation process, its content, questionnaire format, and respective conclusions was analyzed and certified by an external consultant. At the beginning of each year, the General and Supervisory Board members are invited to answer a questionnaire that allows to assess each personal perception regarding the performance of the Executive Board of Directors. In this questionnaire several topics are analyzed: (i) composition and organization; (ii) performance of the Executive Board of Directors' activity; (iii) the relationship between the Executive Board of Directors and the General and Supervisory Board; (iv) the relationship between the Executive Board of Directors and other parties. The purpose of the questionnaire is to be an objective reflection support that may be used by the General and Supervisory Board to prepare an evaluation opinion on the performance of the Executive Board of Directors that will then be presented to EDP shareholders to be voted. Such evaluation is available at the Annual Report of the General and Supervisory Board – Statement of the Evaluation Process of the Executive Board of Directors of EDP.	Item 21 | Item 24 and 25 | Item 27 | Item 29 | Item 52 | Item 54
V.2 Remuneration			
Principle V.2.A The remuneration policy of the members of the managing and supervisory boards should allow the			Items 66 to 88

PRINCIPLES AND RECOMMENDATIONS	ADOPTED NOT ADOPTED NOT APPLICABLE	COMMENTS	REPORT DESCRIPTION
company to attract qualified professionals at an economically justifiable cost in relation to its financial situation, induce the alignment of the member's interests with those of the company's shareholders — taking into account the wealth effectively created by the company, its financial situation and the market's — and constitute a factor of development of a culture of professionalization, sustainability, promotion of merit, and transparency within the company.			
Principle V.2.B Directors should receive compensation: i) that suitably remunerates the responsibility taken, the availability and the expertise placed at the disposal of the company; ii) that guarantees a performance aligned with the long-term interests of the shareholders and promotes the sustainable performance of the company; and iii) that rewards performance.			Items 69 and 70
Recommendation V.2.1. The company should create a remuneration committee, the composition of which should ensure its independence from the management, which may be the remuneration committee appointed under the terms of article 399 of the Portuguese Companies Code.	ADOPTED	The Remuneration Committee appointed by the General and Supervisory Board is independent from management and aims to set the remuneration of the Executive Board of Directors, in accordance with Article 27 of the Articles of Association and Article 28 (b) of the Internal Regulation of the General and Supervisory Board. The majority of the Remuneration Committee of the General Meeting members, responsible for setting the remuneration of all corporate bodies, exception made to the Executive Board of Directors, should be independent. On the other hand, the Remuneration Committee of the General Shareholders Meeting is attributed with setting the compensation of the corporate bodies other than the Executive Board of Directors. The remuneration policies of both Remuneration Committees are submitted annually to the General Shareholders Meeting for appraisal. With the changes introduced by Law no. 50/2020, of 25 August, these Committees will be responsible for submitting a remuneration policy proposal for approval by the General Shareholders' Meeting (article 26-B of the Portuguese Securities Code).	Item 29
Recommendation V.2.2. The remuneration should be set by the remuneration committee or the general meeting, on a proposal from that committee.	ADOPTED		Item 29

PRINCIPLES AND RECOMMENDATIONS	ADOPTED NOT ADOPTED NOT APPLICABLE	COMMENTS	REPORT DESCRIPTION
Recommendation V.2.3. For each term of office, the remuneration committee or the general meeting, on a proposal from that committee, should also approve the maximum amount of all compensations payable to any member of a board or committee of the company due to the respective termination of office. The said situation as well as the amounts should be disclosed in the corporate governance report or in the remuneration report.	ADOPTED	As stated in Article 12 of its Internal Regulation, the Remuneration Committee shall (i) annually define the remuneration policy of the Chairman of the Executive Board of Directors and of its remaining members, namely in line with corporate governance best practices, setting criteria of the variable component of the remuneration, (ii) determine the several components of the fixed and variable remuneration, namely possible benefits and complements, in particular the retirement pension benefits due to old age or disability, (iii) set remunerations according to the defined policy, allowing the Company to attract, at a justifiable economic cost, qualified professionals, induce the alignment with shareholders' interests and constitute a development factor of a culture of professionalization, promotion of merit and transparency within the Company, (iv) determine that a significant part of the multi-year variable remuneration is deferred in time, at least for a period of three years, the payment of which shall be conditional upon not willfully undertaking unlawful acts which become known after completion of the assessment and which jeopardize the sustainability of the Company's performance, (v) evaluate, annually, the executive management body considering, among other factors, compliance with the Company's strategy and previously defined objectives, plans and budgets, in order to ponder and determine the variable remuneration of Chairman of the Executive Board of Directors and of the Directors, (vi) assess the individual performance of each member of the Executive Board of Directors, including in this assessment the contribution of each member to the operating efficiency of the body and to the relationship with the different bodies of the Company, (vii) monitor the contractual changes of the mandates of the Chairman of the Executive Board of Directors and the Directors that impact their remuneration, particularly in the event of suspension or termination of those mandates, (viii) set the maximum amount of compensation payable to the Chairman of the Executive Board of Directors and the Directors in the event of termination of office, (ix) evaluate the consequences, within the scope of the adopted remuneration policy, of the possible remuneration to be paid to the Chairman of the Executive Board of Directors or the Directors for holding office in participated or subsidiary companies, (x) submit before the annual General Shareholders Meeting a statement on the remuneration policy for the members of the Executive Board of Directors, as adopted by the Committee (xi) establish the necessary mechanisms to coordinate its activity with the Remuneration Committee elected by the General Shareholders Meeting to set the remunerations for the remaining social bodies, and (xii) monitor the definition of the remuneration policies of the directors of subsidiaries. The Remuneration Report identifies two extraordinary situations that resulted in the attribution of remuneration installments to be paid between 2021 and 2023, resulting from non-	Item 29 | Items 66 to 88

PRINCIPLES AND RECOMMENDATIONS	ADOPTED NOT ADOPTED NOT APPLICABLE	COMMENTS	REPORT DESCRIPTION
		compete agreements entered into with directors of EDP Group officers with the approval of the Remuneration Committee of the General and Supervisory Board, pursuant to article 429 of the Commercial Companies Code, article 27 of EDP's Articles of Association and article 12 (h) of the Internal Regulations of the Remuneration Committee of the General and Supervisory Board at a meeting held on 13 November 2020, and the General and Supervisory Board, at the meeting held on 26 November 2020, expressed its agreement to the respective execution and granted powers to two members of the Remuneration Committee of the General and Supervisory Board to represent the Company in the signing of such agreements.	
Recommendation V.2.4. In order to provide information or clarifications to shareholders, the chair or, in case of his/her impediment, another member of the remuneration committee should be present at the annual general meeting, as well as at any other, whenever the respective agenda includes a matter linked with the remuneration of the members of the company's boards and committees or, if such presence has been requested by the shareholders.	ADOPTED	Article 5 (2) of the Remuneration Committee Internal Regulation expressly sets forth that in order to provide information or clarification to shareholders, the Chairman, or in his absence, other Remuneration Committee member, shall ensure the presence in the Annual Shareholders' General Meeting or in any other General Shareholders Meeting if the agenda covers any matter related to the remuneration of the members of the Company's bodies or committees, or if such presence is required by shareholders.	Item 29
Recommendation V.2.5. Within the company's budgetary limitations, the remuneration committee should be able to decide, freely, on the hiring, by the company, of necessary or convenient consulting services to carry out the committee's duties.	ADOPTED	Both the Remuneration Committee of the General and Supervisory Board and the Remuneration Committee elected by the General Shareholders Meeting freely decide on the hiring by the Company of the necessary or convenient consultancy services for the exercise of the respective functions, as provided, namely, in Article 4 (6) of the Remuneration Committee of the General and Supervisory Board Internal Regulation.	Item 29 | Item 67
Recommendation V.2.6 The remuneration committee should ensure that those services are provided independently and that the respective providers do not provide other services to the company, or to others in controlling or group relationship, without the express authorization of the committee.	ADOPTED	In accordance with Article 4 (5) of its Internal Regulation, the Remuneration Committee of the General and Supervisory Board ensures that the consultancy services on remuneration matters are provided with independence and that the respective service providers are not hired for the provision of any other services to the Company or any other controlled by the Company or subsidiary of the Company without express consent of the Committee.	Item 29 | Item 67
Recommendation V.2.7 Taking into account the alignment of interests between the company and the executive directors, a part of their remuneration	ADOPTED	The adoption of this recommendation results in particular of item 69 of this chapter.	Items 69 and 70

PRINCIPLES AND RECOMMENDATIONS	ADOPTED NOT ADOPTED NOT APPLICABLE	COMMENTS	REPORT DESCRIPTION
should be of a variable nature, reflecting the sustained performance of the company, and not stimulating the assumption of excessive risks.			
Recommendation V.2.8 A significant part of the variable component should be partially deferred in time, for a period of no less than three years, being necessarily connected to the confirmation of the sustainability of the performance, in the terms defined by a company's internal regulation.	ADOPTED	The adoption of this recommendation results in particular of items 69 and 70 of this chapter.	Item 69 | Items 70 and 72
Recommendation V.2.9 When variable remuneration includes the allocation of options or other instruments directly or indirectly dependent on the value of shares, the start of the exercise period should be deferred in time for a period of no less than three years.	NOT APPLICABLE	There are no stock option plans or other direct or indirect instruments dependent on the value of shares.	Items 85 to 88
Recommendation V.2.10 The remuneration of non-executive directors should not include components dependent on the performance of the company or on its value.	NOT APPLICABLE	This recommendation is not applicable in light of the Company's governance model in force.	
V.3. Appointments			
Principle. Regardless of the manner of appointment, the profile, the knowledge, and the curriculum of the members of the company's governing bodies, and of the executive staff, should be suited to the functions carried out.			Items 17 to 19
Recommendation V.3.1. The company should, in terms that it considers suitable, but in a demonstrable form, promote that proposals for the appointment of the members of the company's governing bodies are accompanied by a justification in regard to the suitability of the profile, the skills and the curriculum vitae to the duties to be carried out.	ADOPTED	The Selection Policy in force for the members of the General and Supervisory Board was implemented in accordance with the best practices and is aimed at implementing transparent and objective selection procedures. The appointment of the members of the General and Supervisory Board and of the Executive Board of Directors Members results from a transparent and objective selection procedure that evaluates the adequacy of the candidates, both individually and collectively, taking into consideration the legal and statutory competences of such corporate bodies, despite the fact that it is an attribution of the General Shareholders Meeting. In the scope of the selection process, the integration of a range of skills, professional experiences, diversity of	Items 17 to 19

PRINCIPLES AND RECOMMENDATIONS	ADOPTED NOT ADOPTED NOT APPLICABLE	COMMENTS	REPORT DESCRIPTION
		knowledges, gender and culture must be ensured, bearing in mind the specificities of the companies' businesses. The election proposal of any candidate of the General and Supervisory Board and of the Executive Board of Directors to be submitted to the General Shareholder Meeting should be duly substantiated, so that shareholders may assess the candidates' profile, knowledge and curriculum in light of the functions to be carried out. Noe also the specific competences set forth in the Corporate Governance and Sustainability Committee Internal Regulation, in particular the powers to monitor, together with the Executive Board of Directors, the selection criteria, the provision of necessary competences to the internal bodies and structures of the Company, its subsidiaries and other entities in which the Company has the right to appoint members corporate bodies, and their repercussions in the respective composition, all in articulation with EDP's Selection Policy and the criteria set out therein of merit, adequacy to function and diversity. In this regard, EDP effectively promotes that the presentation of resolution proposals by shareholders is made in accordance with the Selection Policy in force, by which said proposals are required to be duly grounded.	
Recommendation V.3.2. The overview and support to the appointment of members of senior management should be attributed to a nomination committee unless this is not justified by the company's size.	NOT APPLICABLE	This recommendation is not applicable in light of the Company's governance model in force.	
Recommendation V.3.3. This nomination committee includes a majority of nonexecutive, independent members.	NOT APPLICABLE	This recommendation is not applicable in light of the Company's governance model in force.	
Recommendation V.3.4. The nomination committee should make its terms of reference available, and should foster, to the extent of its powers, transparent selection processes that include effective mechanisms of identification of potential candidates, and that those chosen for proposal are those who present a higher degree of merit, who are best suited to the demands of the functions to be carried out, and who will best promote, within the organisation, a suitable diversity, including gender diversity.	ADOPTED	The Corporate Governance and Sustainability Committee, in coordination with the Executive Board of Directors, shall oversee the preparation of the succession plans regarding the internal structures and bodies of the Company and its subsidiaries, as well as of other entities in which the Company has the right to appoint members of their corporate bodies. In this respect, a stated objective is to identify in advance potential additional human resources needs, in order to ensure the continuity of the Company's operations. Under the selection procedure of the candidates, it is considered advisable to resort to external independent consultants with specific expertise on these matters, which should comply with the criteria and skills sets forth in the Selection Policy in force when selecting candidates. The Corporate Governance and Sustainability Committee should carry out a periodic review on the execution and compliance of the Selection Policy and should propose any changes deemed necessary, reporting	Items 17 to 19

PRINCIPLES AND RECOMMENDATIONS	ADOPTED NOT ADOPTED NOT APPLICABLE	COMMENTS	REPORT DESCRIPTION
		its conclusions on the adoption of the policy to the General and Supervisory Board. The members to be appointed for the General and Supervisory Board and the Executive Board of Directors shall be individuals of recognized national and/or international prestige, with professional knowledge and experience which are adequate to the exercise of the respective functions. The curricula of candidates to the corporate bodies should be made available on the institutional website of the Company. Along with the concern for each member's individual adequacy, it is also intended that the composition of the corporate bodies demonstrates a collective adequacy, by gathering as a whole the professional and personal qualities required for the proper performance of the functions of each of EDP's corporate bodies. Likewise, in order to determine the number of members of the Executive Board of Directors, the costs and the desirable operational agility of the management, the size of the Company, the complexity of its activity and the geographical dispersion shall be pondered.	
CHAPTER VI – INTERNAL CONTROL			
Principle. Based on its mid and long-term strategies, the company should establish a system of risk management and control, and of internal audit, which allow for the anticipation and minimization of risks inherent to the company's activity.			Items 50 to 55
Recommendation VI.1. The managing body should debate and approve the company's strategic plan [VI.1.(1)] and risk policy, which should include the establishment of limits on risk-taking [VI.1.(2)].	ADOPTED	[VI.1.(1)] The Executive Board of Directors is the highest responsible for the risk management decision-making, supervision and control, and is in charge to set objectives and management policies within the EDP Group. Among other attributions, the Executive Board of Directors is responsible for the Business Plan, definition of risk policies, namely the respective exposure limits by risk category and by resources allocation, according to the risk profile. On the other hand, the General and Supervisory Board permanently monitors and assesses the efficiency of the risk management system. As set forth in Article 17(2) of the Company's Articles of Association, the approval of the Company's strategic plan and the execution of relevant transactions by the Company its subsidiaries are subject to favorable prior opinion of the General and Supervisory Board. [VI.1.(2)] As stated in Article 4 (2) (k) of its Internal Regulation, the Executive Board of Directors should "ensure that the Company risks are identified, assessed, controlled and managed, define risk objectives, set risk profiles of the Company and coordinate the decisions related to material risks management.". In this regard, the definition of EDP's strategic objectives on risk assumption matters should be subject to the appraisal of the General and Supervisory Board and the Financial Matters	Items 50 to 55

PRINCIPLES AND RECOMMENDATIONS	ADOPTED NOT ADOPTED NOT APPLICABLE	COMMENTS	REPORT DESCRIPTION
		Committee/Audit Committee, following a proposal of the Executive Board of Directors, namely within the scope of the appraisal of the Company's business plan. Furthermore, the Executive Board of Directors should develop a continuous effort to improve the internal control and risk management systems, assessing its efficiency and implementing measure deemed adequate to reinforce the assured quality levels. It should also be noted that, periodically, the Executive Board of Directors reports to the General and Supervisory Board and to the Financial Matters Committee/Audit Committee on the identification and evolution of the main risks related to EDP's activity, quantifying its impact and the probability of occurrence of the risks deemed relevant.	
Recommendation VI.2. The supervisory board should be internally organised, implementing mechanisms and procedures of periodic control that seek to guarantee that risks which are effectively incurred by the company are consistent with the company's objectives, as set by the managing body.	ADOPTED	In accordance with Article 12(2)(i) of its Internal Regulation, the Financial Matters Committee/Audit Committee shall, in carrying out its functions, pay special attention to the identification, evaluation, risk management and control and evaluations of the internal level of compliance as well as the continuous monitoring of performance and risk management system efficiency of the Company, jointly with the Executive Board of Directors, following namely the risk control policies, the key risk indicators (KRI) identification and the integrated risk evaluation methodologies, having the possibility to request to the Risk Management Department and to the Corporate Risk Department the information deemed convenient, and should implement necessary mechanisms and procedures adequate to that effect.	Items 50 to 55 | Annual Report of the General and Supervisory Board
Recommendation VI.3. The internal control systems, comprising the functions of risk management, compliance, and internal audit should be structured in terms adequate to the size of the company and the complexity of the inherent risks of the company's activity. The supervisory body should evaluate them and, within its competence to supervise the effectiveness of this system, propose adjustments where they are deemed to be necessary.	ADOPTED	Pursuant to Article 12(3) of its Internal Regulation, the Financial Matters Committee/Audit Committee is additionally authorized to (i) propose to the General and Supervisory Board the contracting of specialist services and independent consultants in accordance with the appropriate budgets, (ii) carry out other inquires in departments of the Company and its subsidiaries or group companies, when necessary in order to enable it to fulfil its duties, (iii) obtain all the information it requires in order to carry out its duties, either directly or indirectly through the Chairman of the General and Supervisory Board, (iv) Attend meetings of the Executive Board of Directors, where attendance at meetings at which the annual accounts are to be considered is mandatory, (v) assess, annually, the activity and performance of the Internal Audit Department as well as the work conditions adequacy namely the human resources and technical means levels, (vi) assess, annually, the activity and performance of the Compliance Department as well as the work conditions adequacy namely the human resources and technical means levels, (vii) review, annually, in coordination with the Executive Board of Directors, the Internal Audit Basic Standard, (viii) review, annually, in coordination with the Executive Board of Directors, the Compliance System Regulation, and (ix) monitor on a permanent basis the communication of the Company to the Statutory Auditors Association the conclusion of contracts, on behalf of the Company, the nature and duration of the service to be provided.	Item 50 | Items 53 and 54 | Annual Report of the General and Supervisory Board

PRINCIPLES AND RECOMMENDATIONS	ADOPTED NOT ADOPTED NOT APPLICABLE	COMMENTS	REPORT DESCRIPTION
Recommendation VI.4. The supervisory body should provide its view on the work plans and resources allocated to the services of the internal control system, including the risk management, compliance and internal audit functions, and may propose the adjustments deemed to be necessary.	ADOPTED		Item 50 | Items 53 and 54 | Annual Report of the General and Supervisory Board
Recommendation VI.5. The supervisory body should be the recipient of the reports prepared by the internal control services, including the risk management functions, compliance and internal audit, at least regarding matters related to the approval of accounts, the identification and resolution of conflicts of interest, and the detection of potential irregularities.	ADOPTED	In accordance with Article 12(1)(k) of its Internal Regulation, the Financial Matters Committee/Audit Committee shall supervise and monitor the accounts review and the individual and consolidated accounting documents namely taking into consideration eventual remarks of the Portuguese Securities Market Commission (CMVM) and assess the content of the certification of accounts and audit annual reports with the Statutory Auditor, being the Financial Matters/Audit Committee the first recipient of such documents, namely regarding eventual reservations for recommendation presentation purposes to the General and Supervisory Board and the Executive Board of Directors. It shall also receive the reports prepared by the internal control services, including risk management, compliance and internal auditing, at least whenever they relate to the preparation of accounts, the identification or solution of conflicts of interest, and the detection of potential irregularities. In also ensures the activity and independence of the Statutory Auditor, as foreseen in Annex II of its Internal Regulation and in applicable laws and regulations, in order to assess its independence and compliance with applicable laws, regulations and agreements, as well as principles and best practices applicable to auditing companies and their representatives with the audited entities.	Item 50 | Items 53 and 54 | Annual Report of the General and Supervisory Board
Recommendation VI.6. Based on its risk policy, the company should establish a risk management function, identifying (i) the main risks it is subject to in carrying out its activity [VI.6.(1)]; (ii) the probability of occurrence of those risks and their respective impact [VI.6.(2)]; (iii) the devices and measures to adopt towards their mitigation [VI.6.(3)]; and (iv) the monitoring procedures, aiming at their accompaniment [VI.6.(4)].	ADOPTED	EDP has set several internal rules that set forth provisions on risk management strategies and policies. On the Group Business Risk Management Manual of EDP it should be highlighted the specific chapters on business risk management structures, on risks management procedures, on business risk management tools and on periodic updating. Regarding EDP's Risk Appetite Execution document, the objective is to formalize and to disclose EDP's risk approach, as a relevant element of alignment and transparency towards shareholders and other stakeholders, as well as further explain the controlled risk pillar. For further information please see: https://www.edp.com/en/investors/corporategovernance/risk-management https://www.edp.com/en/suppliers/sustainableprocurement/risk-management-supply-chain#risk-analysis [VI.6.(1)] Items 53 and 54 of this Report set forth the main risks that EDP is subject to in the performance of its activity.	Item 50 | Items 53 and 54

PRINCIPLES AND RECOMMENDATIONS	ADOPTED NOT ADOPTED NOT APPLICABLE	COMMENTS	REPORT DESCRIPTION
		[VI.6.(2)] Under item 53 of this Report, EDP identifies the probability of occurrence of each risk associated with its activity and the respective impact. [VI.6.(3)] Regarding the instruments and measures adopted in order to mitigate risk, EDP adopts such sub-recommendation as set out in items 53 and 54 of this Report. [VI.6.(4)] The adoption of this sub-recommendation regarding the monitoring procedures is set forth in item 54 of this Report being the respective risk management structured in six main phases, being the "monitorization" phase the penultimate one.	
Recommendation VI.7. The company should establish procedures for the supervision, periodic evaluation, and adjustment of the internal control system, including an annual evaluation of the level of internal compliance and the performance of that system, as well as the perspectives for amendments of the risk structure previously defined.	ADOPTED	As referred in the comments to recommendation VI.I, the Executive Board of Directors of EDP should develop a continuous effort on improving the internal risk control and management systems, assessing their efficiency and implementing the adequate measures to reinforce the quality assurance levels. It should also be noted that, periodically, the Executive Board of Directors reports to the General and Supervisory Board and to the Financial Matters Committee / Audit Committee on the identification and evolution of the main risks associated with EDP's activity, quantifying the impact and the occurrence probability of the deemed relevant risks. The Financial Matters Committee/Audit Committee should according to Article 12 (2) (h) of its Internal Regulation, monitor with special attention the risk identification, evaluation, control and management and to assess the internal compliance standards, as well as to continuously monitor the risk management system performance and efficiency with the Executive Board of Directors, accompanying namely the risk control policies, the key risk indicators (KRI) identification and the integrated risk assessment methodologies, having the possibility to request to the Risk Management Department and to the Risk Committee the information deemed relevant. In addition to Article 12 (1) (d) of the respective Internal Regulation provision which specifically sets forth the Financial Matters Committee/Audit Committee competence to supervise the risk management, the internal control and internal audit systems efficiency, it should be noted that the Financial Matters Committee/Audit Committee is authorized to propose to the General and Supervisory Board and to the Executive Board of Directors the measures aimed to guarantee the integrity of financial information and improve the operation of financial information internal control systems, risk and compliance management systems, in accordance with Article 12 (3) (a). It is also important to point out that, according to Article 12 (3) (f) of the respective Internal Regulation, the Financial Matters Committee/Audit Committee should annually evaluate the activity and performance of the Internal Audit Department, as well as the working conditions namely on human resources and technical means adequacy.	Items 50 to 55

PRINCIPLES AND RECOMMENDATIONS	ADOPTED NOT ADOPTED NOT APPLICABLE	COMMENTS	REPORT DESCRIPTION
CHAPTER VII – FINANCIAL INFORMATION			
VII.1 Informação financeira			
Principle VII.A The supervisory body should, with independence and in a diligent manner, ensure that the managing body complies with its duties when choosing appropriate accounting policies and standards for the company, and when establishing suitable systems of financial reporting, risk management, internal control, and internal audit.		The General and Supervisory Board is responsible for the monitoring and permanent assessment of internal proceedings related to accounting and auditing matters as well the monitoring of the risk profile of the Company, the risk management system efficiency, the internal control system and the internal auditing system including the reception and processing of claims and complaints whether or not arising from employees under Article 14 (1) (e) of the General and Supervisory Board Internal Regulation. In particular, the Financial Matters Committee/Audit Committee has the authority to (i) verify if the accounting policies and metrical criteria adopted by the Company are consistent with the general accounting principles accepted and adequate to the correct presentation of its assets, liabilities and results (under Article 12 (1) (a)) of the Financial Matters Committee/Audit Committee Internal Regulation and (ii) supervise the internal audit, financial reporting control (SCIRF), risk, and compliance management systems, under Article 12 (1) (d) of such Committee Internal Regulation.	Item 15 | Item 17 | Item 21 | Item 29 | Items 30 to 41
Principle VII.B The supervisory body should promote an adequate coordination between the internal audit and the statutory audit of accounts.		The General and Supervisory Board is responsible for the monitoring and permanent assessment of internal proceedings related to accounting and auditing matters as well the monitoring of the risk profile of the Company, the risk management system efficiency, the internal control system and the internal auditing system including the reception and processing of claims and complaints whether or not arising from employees under Article 14 (1) (e) of its Internal Regulation. In particular, the Financial Matters Committee/Audit Committee has the authority to (i) verify if the accounting policies and metrical criteria adopted by the Company are consistent with the general accounting principles accepted and adequate to the correct presentation of its assets, liabilities and results (under Article 12 (1) (a)) and (ii) supervise the internal audit, financial reporting control (SCIRF), risk, and compliance management systems, under Article 12 (1) (d). The Internal Regulation of the Financial Matters Committee/Audit Committee specifically sets forth the competence to monitor, with special care, the activity and contractual relations with the Statutory Auditor, without interfering with its performance, being allowed to formulate recommendations or request clarifications within the context of the relationship between the General and Supervisory Board, the Executive Board of Directors and the Statutory Auditor regarding financial information, as well to monitor and evaluate, pursuant to applicable law, the objectivity and independence of the Statutory Auditor, namely regarding the provision of non-audit services, under Article 12 (2) (j).	Item 15 | Item 17 | Item 21 | Item 29 | Items 30 a 41

PRINCIPLES AND RECOMMENDATIONS	ADOPTED NOT ADOPTED NOT APPLICABLE	COMMENTS	REPORT DESCRIPTION
Recommendation VII.1.1. The supervisory body's internal regulation should impose the obligation to supervise the suitability of the preparation process and the disclosure of financial information by the managing body, including suitable accounting policies, estimates, judgments, relevant disclosure and its consistent application between financial years, in a duly documented and communicated form.	ADOPTED	The Internal Regulation of the Financial Matters Committee/Audit Committee sets forth in Article 12 (2) (f) the competence to supervise the adequacy of the preparation and financial disclosure of information process as well as to prepare a report addressed to the General and Supervisory Board which includes the analysis of the Financial Matters Committee/Audit Committee of such process, namely on the adequacy of accounting policies, estimates, judgements and relevant disclosure procedures and its consistent implementation between financial years.	Item 21 | Item 27 | Item 29 | Item 46 | Item 50 | Item 55
VII.2 Statutory audit of accounts and supervision			
Principle. The supervisory body should establish and monitor clear and transparent formal procedures on the relationship of the company with the statutory auditor and on the supervision of compliance, by the auditor, with rules regarding independence imposed by law and professional regulations.		Article 14 (1) (d) of the General and Supervisory Board Internal Regulation sets forth that this body should permanently monitor the activity of the Statutory Auditor and give its opinion on the respective election or appointment, its exoneration, its independency and its other relationships with the Company. Particularly, the Financial Matters Committee/Audit Committee is responsible for the (i) proposal to the General and Supervisory Board of the hiring and the dismissal of the Statutory Auditor as well as its remuneration under Article 12 (1) (j), (ii) issuance of a reasoned opinion, in accordance with applicable law, on the renewal and extension of the Statutory Auditor's mandate to be submitted to the General and Supervisory Board under Article 12 (1) (i), (iii) monitoring, with special care, the activity and contractual relations with the Statutory Auditor, without interfering with its performance, being allowed to formulate recommendations or request clarifications within the context of the relationship between the General and Supervisory Board, the Executive Board of Directors and the Statutory Auditor regarding financial information, as well to monitor and evaluate, pursuant to applicable law, the objectivity and independence of the Statutory Auditor, namely regarding the provision of non-audit services, under Article 12 (2) (j) and (iv) supervise the activity and the independence of the Statutory Auditor and compliance with applicable laws, regulations and agreements, as well as principles and best practices applicable to auditing companies and their representatives with the audited entities under Article 12 (1) (k).	Item 29 | Item 42 | Items 44 to 46 | Item 50
Recommendation VII.2.1. By internal regulations, the supervisory body should define, according to the applicable legal regime, the monitoring procedures aimed at ensuring the independence of the statutory audit.	ADOPTED	The duties of the Financial Matters Committee / Audit Committee are set forth in Article 12 of its Internal Regulation, and they include supervising the activity and the independence of the Statutory Auditor in accordance with applicable laws and regulations, in order to assess its independence and compliance with applicable laws, regulations and agreements, as well as principles and best practices applicable to auditing companies and their representatives with the audited entities. It should also approve the provision of audit and non-auditing services by the Statutory Auditor to the	Items 39 to 41

PRINCIPLES AND RECOMMENDATIONS	ADOPTED NOT ADOPTED NOT APPLICABLE	COMMENTS	REPORT DESCRIPTION
		Company or its subsidiaries, ensuring an adequate prior review of any threats to the independence of the Statutory Auditor that the provision of such services may entail, as well as any safeguards to be applied in order to mitigate them. Within the scope of its attributions, the Financial Matters Committee / Audit Committee must monitor, with special care, the activity and contractual relations with the Statutory Auditor, without interfering with its performance, being allowed to formulate recommendations or request clarifications within the context of the relationship between the General and Supervisory Board, the Executive Board of Directors and the Statutory Auditor regarding financial information, as well to monitor and evaluate, pursuant to applicable law, the objectivity and independence of the Statutory Auditor, namely regarding the provision of non-audit services. Consider also that Article 12 (1) (f) sets out the competence to supervise the adequacy of the preparation and financial disclosure of information process, as well as to prepare a report addressed to the General and Supervisory Board which includes the analysis of the Financial Matters Committee/Audit Committee of such process, namely on the adequacy of accounting policies, estimates, judgements and relevant disclosure procedures and its consistent implementation between financial years. Furthermore, EDP has an Internal Regulation on Services Provided by the Statutory Auditor which defines and promotes criteria and methodologies to ensure the independence of the Statutory Auditor when providing audit and non-audit services to EDP or to its subsidiaries. This Regulation is available at EDP's website: https://www.edp.com/en/corporate-governance/governing-bodies/statutory-auditor The supervisory procedures aiming to ensure the independence of the Statutory Auditor are set forth in the aforementioned Regulation, as well as in Annex II of the Internal Regulation of the Financial Matters Committee / Audit Committee, which specifically sets forth the annual evaluation process of the Statutory Auditor of the Company.	
Recommendation VII.2.2. The supervisory body should be the main interlocutor of the statutory auditor in the company and the first recipient of the respective reports [VII.2.2 (1)], having the powers, namely, to propose the respective remuneration [VII.2.2 (2)] and to ensure that adequate conditions for the provision of services are ensured within the company.	ADOPTED	[VII.2.2 (1)] The Financial Matters Committee/Audit Committee is responsible for assessing the contents of the annual accounts' certification reports (Article 12 (1) (k) of its Internal Regulation), and [VII.2.2 (2)] for monitoring, with special care, the activity and contractual relations with the Statutory Auditor, without interfering with its performance, being allowed to formulate recommendations or request clarifications within the context of the relationship between the General and Supervisory Board, the Executive Board of Directors and the Statutory Auditor regarding financial information, as well to monitor and evaluate, pursuant to applicable law, the objectivity and independence of the Statutory Auditor, namely regarding the provision of non-audit services, under Article 12 (2) (j). Furthermore, this Internal Regulation sets forth the specific competences of the Financial Matters Committee/Audit Committee to propose, to the General and Supervisory Board, the hiring and dismissal of the Statutory Auditor.	Item 21 | Item 29

PRINCIPLES AND RECOMMENDATIONS	ADOPTED NOT ADOPTED NOT APPLICABLE	COMMENTS	REPORT DESCRIPTION
Recommendation VII.2.3. The supervisory body should annually assess the services provided by the statutory auditor, their independence and their suitability in carrying out their functions and propose their dismissal or the termination of their service contract by the competent body when this is justified for due cause.	ADOPTED	The Internal Regulation of the Financial Matters Committee/Audit Committee establishes specific prerogatives and competences to annually assess the activity pursued by the Statutory Auditor namely on (i) submitting to the General and Supervisory Board proposals on the hiring and dismissal of the Statutory Auditor, as well as its remuneration under Article 12 (1) (j), (ii) issuing a reasoned opinion in accordance with the applicable law on the renewal or extension of the Statutory Auditor's mandate, to be presented to the General and Supervisory Board under Article 12 (1) (i), (iii) monitoring, with special care, the activity and contractual relations with the Statutory Auditor, without interfering with its performance, being allowed to formulate recommendations or request clarifications within the context of the relationship between the General and Supervisory Board, the Executive Board of Directors and the Statutory Auditor regarding financial information, as well to monitor and evaluate, pursuant to applicable law, the objectivity and independence of the Statutory Auditor, namely regarding the provision of non-audit services, under Article 12 (2) (j) and (iv) supervise the activity and the independence of the Statutory Auditor and compliance with applicable laws, regulations and agreements, as well as principles and best practices applicable to auditing companies and their representatives with the audited entities under Article 12 (1) (k). During this exercise, the annual evaluation of the Statutory Auditor of EDP has been carried out under the terms set forth in Annex II of the Internal Regulation of the Financial Matters Committee /Audit Committee.	Item 21 | Item 29 | Item 45

3. Other information

The following documents are attached to this Report, forming an integral part thereof:

Annex I – Brief curricula of the members of the General and Supervisory Board and the Executive Board of Directors

Annex II - Attendance list of the meetings of the General and Supervisory Board

Annex III - Attendance list of the meetings of the Executive Board of Directors

Annex IV - Positions held in other companies

Annex V – Attendance lists for:

(i) The Financial Matters Committee/Audit Committee

(ii) The Remuneration Committee

(iii) The Corporate Governance and Sustainability Committee

(iv) The Strategy and Performance Committee

(v) The United States of America Business Affairs Monitoring Committee

ANNEX I

General and Supervisory Board

Luís Filipe Marques Amado

STATUS
Independent

POSITION
Chairman of the General and Supervisory Board

COMMITTEES
Chairman of the Corporate Governance and Sustainability Committee

Chairman of the Financial Matters Committee/Audit Committee

SKILLS AND EXPERIENCE
- Degree in Economics - Lisbon University (76)
- Auditor - Court of Auditors
- Auditor - National Defence Institute (89-90)
- Deputy - National Assembly of Portugal (el. 91/95/99/05/09)
- Deputy Secretary of State - Internal Administration Minister (95-97)
- Secretary of State - Foreign Affairs and Cooperation Minister (97-02)
- National Defense Minister (05-06)
- State and Foreign Affairs Minister (06-11)
- Non-Executive Board Member - Sociedade de Desenvolvimento da Madeira (13-19)
- Chairman of the Board of Directors - Banco Internacional do Funchal, S.A. (12-16)
- Chairman of the General Meeting Board - Banco Cabo-Verdiano de Negócios, S.A. (13-14)
- Chairman of the Board of Directors - Banco Cabo-Verdiano de Negócios, S.A. (15-17)
- Non-executive member of the Board of Directors - Francisco Manuel dos Santos Foundation (13-17)

PAST APPOINTMENTS IN EDP
- General and Supervisory Board Vice Chairman (April 2015 - April 2018)
- General and Supervisory Board Chairman (since April 2018)

CURRENT EXTERNAL APPOINTMENTS
- Curator - Oriente Foundation (12)
- Curator - Francisco Manuel dos Santos Foundation (18)
- Member of Global Advisory Board - SONAE (18)
- Chairman of the General Meeting Board - Tabaqueira, S.A. (18)
- Invited Professor - ISCSP (12)
- Invited Professor - Paris School of International Affairs (16)

Dingming Zhang

STATUS
Non-independent

POSITION
Vice Chairman of the General and Supervisory Board

SKILLS AND EXPERIENCE
- Bachelor's degree in Power System and Automation - Huazhong University of Science and Technology (1984)
- Master's degree in Management - Huazhong University of Science and Technology (2001)
- Deputy Director of Power Production Department - China Three Gorges Corporation (2002)
- Executive Vice President - China Yangtze Power Company (2002-11)
- Director - Guangzhou Development Industry (2006-11)

PAST APPOINTMENTS IN EDP
- General and Supervisory Board Vice Chairman, in representation of China Three Gorges (February 2012 - April 2015)
- General and Supervisory Board Member, in representation of CWEI (Europe), S.A. (April 2015 - April 2018)
- General and Supervisory Board Member, in representation of China Three Gorges International Corporation (April 2018 - December 2018)
- General and Supervisory Board Vice Chairman, in representation of China Three Gorges Corporation, since December 2018

CURRENT EXTERNAL APPOINTMENTS
- Vice-President - China Three Gorges Corporation (18)

Shengliang Wu

STATUS
Non-independent

POSITION
Member of the General and Supervisory Board

COMMITTEES
Chairman of the Remuneration Committee

Member of the Strategy and Performance Committee

SKILLS AND EXPERIENCE
- Bachelor's degree in Engineering - Wuhuan University (92)
- Master's degree in Technical Economics and Management - Chongqing University (00)
- Secretary of Corporate Affairs Department - Gezhouba Hydropower Plant (98-00)
- Deputy Director of the Board - China Yangtze Power Company (02-03)
- Director of Capital Operating Department - China Yangtze Power Company (04-06)
- Executive Vice-President - Beijing Yangtze Power Capital (06-11)
- Deputy Director of Strategic Planning Department - China Three Gorges Corporation (11-15) Executive Vice-President - China Three Gorges International Corporation (15)
- Chairman - China Three Gorges (Europe), S.A. (15-20)

PAST APPOINTMENTS IN EDP
- General and Supervisory Board Member, in representation of China Three Gorges International (Europe), S.A. (February 2012 – April de 2015)
- General and Supervisory Board Member, in representation of China Three Gorges (Portugal), Sociedade Unipessoal, Lda. (April 2015 - April 2018)
- General and Supervisory Board Member, in representation of China Three Gorges (Europe), S.A (April 2018 - December 2018)
- General and Supervisory Board Vice-Chairman in representation of China Three Gorges International Corporation, since December 2018

CURRENT EXTERNAL APPOINTMENTS
- Chairman-China Three Gorges International Limited

Ignacio Herrero Ruiz

STATUS
Non-independent

POSITION
Member of the General and Supervisory Board

COMMITTEES
Member of the Corporate Governance and Sustainability Committee

Member of the Strategy and Performance Committee

SKILLS AND EXPERIENCE
- Degree in Economics - Carlos III University (Madrid) (97)
- Mergers and Acquisitions Department - Citigroup (97-98)
- Mergers and Acquisitions Department - Deutsche Bank Investment (98- 03)
- Mergers and Acquisitions Department - Credit Suisse (03-16)

PAST APPOINTMENTS IN EDP
- General and Supervisory Board Member, in representation of China Three Gorges (Europe), S.A., since December 2018

CURRENT EXTERNAL APPOINTMENTS
- Executive Vice-Chairman at China Three Gorges Corporation (Europe), S.A. (16)

Li Li

STATUS
Non-independent

POSITION
Member of the General and Supervisory Board

COMMITTEES
Member of the Corporate Governance and Sustainability Committee

SKILLS AND EXPERIENCE
- Bachelor's degree in International Business with a major in Hydropower Engineering
- First-class Constructor in China
- Assistant Engineer at Planning Department - CWE (84-85)
- Assistant Engineer/Engineer - CWE Tunisian Branch (85-89)
- Engineer at Hydropower Department - CWE (89-93)
- Engineer - CWE Romanian Branch (94-95)
- Senior Engineer at Hydropower Department - CWE (95-99)
- Project Manager *(the Odaw Drainage Channel)* - CWE (99-00)
- Deputy General Manager - CWE (00-01)
- Project Manager *(the Water Mains)* - CWE (01-03)
- Deputy/General Manager at International Business Department - CWE (03-11)
- Vice-Chairman - CWE (11-15)
- Chairman - CWE (15-17)
- Executive Director - CWE (17-19)

PAST APPOINTMENTS IN EDP
- General and Supervisory Board Member, in representation of China Three Gorges Brasil Energia Ltda., since December 2019

CURRENT EXTERNAL APPOINTMENTS
- Deputy Chief Economist - China Three Gorges Brazil (since 2019)

Eduardo de Almeida Catroga

STATUS

Non-independent

POSITION

Member of the General and Supervisory Board

COMMITTEES

Chairman of the Strategy and Performance Committee

SKILLS AND EXPERIENCE

- Degree in Finance - Instituto Superior de Economia e Gestão (66)
- Program for Management Development Course - Harvard Business School (79)
- Honorary Doctor - Lisbon University
- Minister of Finance - Portuguese Government (93-95)
- Invited Full Professor - MBA of Instituto Superior de Economia e Gestão
- Director with executive and non-executive functions in particular as Chief Executive Officer and Chairman on several national and international companies in several fields namely chemical, agrochemical, major consumer products, energy and investment banking

PAST APPOINTMENTS IN EDP

- Independent member of the General and Supervisory Board (June 2006 - February 2012)
- Chairman and independent member of the General and Supervisory Board (February 2012 - April 2015)
- Chairman and Member of the General and Supervisory Board, in representation of China Three Gorges Corporation (April 2015 - April 2018)
- General and Supervisory Board Member, in representation of China Three Gorges (Portugal), Sociedade Unipessoal, Lda., since April 2018

CURRENT EXTERNAL APPOINTMENTS

- Chairman (non-executive) of the Board of Directors - Finantipar, holding which controls Finantia Bank (17)
- Investment Committee Member - Portugal Venture Capital Initiative managed by the European Investment Fund (08)

Felipe Fernández Fernández

STATUS

Non-independent

POSITION

Member of the General and Supervisory Board

COMMITTEES

Member of the Corporate Governance and Sustainability Committee

SKILLS AND EXPERIENCE

- Degree in Administrative and Economic Sciences - Bilbao University (75)
- Professor of Business and Economic Faculty - Oviedo University (84-90)
- Director of Economics and Regional Planning - Principality of Asturias (84-90)
- Counsellor of Organisation of the Territory and Housing - Principality of Asturias (90-91)
- Counsellor of countryside and fishing - Principality of Asturias (91-93)
- Manager on several companies in numerous fields

PAST APPOINTMENTS IN EDP

- General and Supervisory Board Member in representation of Cajastur Inversiones S.A., (February 2012 - April 2015)
- General and Supervisory Board Member, in representation of DRAURSA, S.A., since April 2018

CURRENT EXTERNAL APPOINTMENTS

- Board of Director Member - Liberbank (11)
- Chairman of Board of Directors - Lico Leasing (17)
- Executive Commission Member - Lico Leasing (18)
- Board of Director Member - Tudela Veguín (11)
- Masaveu Inmobiliaria (14)
- Cimento Verde do Brasil (14)
- Board of Director Member - Molecular Oncology Medicine Institute of Asturias (14)

Fernando María Masaveu Herrero

STATUS

Non-independent

POSITION

Member of the General and Supervisory Board

COMMITTEES

Member of the Remuneration Committee

Member of the Strategy and Performance Committee

SKILLS AND EXPERIENCE

- Law Degree - Navarra University (92)
- Manager on several companies of Masaveu Group in numerous fields such as energy, finance, transport, environment and real state, among others

PAST APPOINTMENTS IN EDP

- General and Supervisory Board Member, since February 2012 (re-elected in April 2015 and April 2018)

CURRENT EXTERNAL APPOINTMENTS

- Chairman - Masaveu Corporation
- Chairman - Cementos Anónima Tudela Veguín
- Chairman - Masaveu International
- Board Member - Bankinter
- Executive Committee Member - Bankinter
- Board Member – EGEO Internacional and EGEO SGPS
- Board Member - Olmea Internacional
- Chairman - Maria Cristina Masaveu Peterson Foundation
- Chairman - San Ignacio de Loyola Foundation
- Patron - Asturias Princess Foundation
- Executive Committee Member - Asturias Princess Foundation
- Chairman of the Board of Directors - Oppidum Capital and subsidiaries
- Patron – Friends of the Prado Museum Association

Mohammed Issa Khalfan Al-Huraimel Al-Shamsi

STATUS

Non-independent

POSITION

Member of the General and Supervisory Board

COMMITTEES

Member of the Strategy and Performance Committee

SKILLS AND EXPERIENCE

- Bachelor’s degree in Business Administration - American University of Sharjah (01)
- MBA - HEC School of Management (05)
- Consultant - McKinsey & Company (05-07)
- Director of Strategy & Policy - UAE Prime Minister's Office (09-11)
- Board Member - Tabreed District Cooling (14)
- Board Member - Jiangsu Suyadi (12-14)
- Board Member - Shariket Kahraba Hadjret-En-Nous (14-16)
- Board Member - SMN Power Company (13-16)

PAST APPOINTMENTS IN EDP

- General and Supervisory Board Member, in representation of Senfora BV, since October 2017 (re-elected in April 2018)

CURRENT EXTERNAL APPOINTMENTS

- Director of Utilities Investments - Mubadala Investments Company (11)

Nuno Manuel da Silva Amado

STATUS
Non-independent

POSITION
Member of the General and Supervisory Board

COMMITTEES
Member of the Strategy and Performance Committee

SKILLS AND EXPERIENCE

- Degree in Companies Organization and Management – Institute of Labour and Business Sciences (80)
- Advanced Program in Management - INSEAD (04)
- Audit and Consulting Department - KPMG Peat Marwick (80-85)
- Citibank (85-90)
- Banco Fonsecas & Burnay (90-92)
- Board of Director Member - Deutsche Bank Portugal (93-97)
- Executive Committee Member - Banco de Comércio e Indústria (97-04)
- Vice-Chairman of the Executive Committee - Crédito Predial Português (00-04)
- Vice-Chairman of the Board of Directors and Chairman of the Executive Committee - Banco Santander Totta, SGPS (06-12)
- Chairman of the Executive Committee - Banco Comercial Português (12-18)

PAST APPOINTMENTS IN EDP

- General and Supervisory Board Member, since May 2013 (re-appointed in April 2015 and April 2018)

CURRENT EXTERNAL APPOINTMENTS

- Chairman - Banco Comercial Português (18)

Karim Djebbour

STATUS
Non-independent

POSITION
Member of the General and Supervisory Board

COMMITTEES
Member of the Strategy and Performance Committee

SKILLS AND EXPERIENCE

- Degree in Agronomic Engineering - (83)
- Degree in Assessment Economic and Financial Project - C.E.F.E.B Paris (89)
- Several positions - Banque de l'Agriculture et du Développement Rural (84-91)
- Sub-director - Ministry of Economy (91-93)
- General Manager Assistant in Project Financing, Finance Director - SONATRACH's branch, General Manager (93-99)
- CEO - Brown and Root Condor (07)
- General Manager - SONATRACH Investissements et Participations SIP (08)
- Chief of Staff of the CEO - Sonatrach (14-15)

PAST APPOINTMENTS IN EDP

- General and Supervisory Board Member, in representation of Sonatrach, since April 2018

CURRENT EXTERNAL APPOINTMENTS

- Official in the General Directorate - Sonatrach Group (15)

Maria Celeste Ferreira Lopes Cardona

STATUS

Independent

POSITION

Member of the General and Supervisory Board

COMMITTEES

Member of the Corporate Governance and Sustainability Committee

Member of the Financial Matters Committee/Audit Committee

SKILLS AND EXPERIENCE

- Law Degree - Lisbon University (81)
- Master degree in Law - Lisbon University (94)
- Doctorate in Law - Lisbon University (15)
- Assistant Professor - Lisbon University (82)
- Tax Studies Center Member (83)
- Portuguese Representative - Organization for Economic Cooperation and Development (85)
- Justice Minister - Portuguese Government (02-04)
- Non-Executive Member of the Board of Directors - Caixa Geral de Depósitos, S.A. (04-08)

PAST APPOINTMENTS IN EDP

- Independent General and Supervisory Board Member since February 2012 (re-elected in April 2015 and April 2018)

CURRENT EXTERNAL APPOINTMENTS

- Lawyer (82)
- Consultant - M. Cardona Consulting, Unipessoal, Lda. (93)
- Supervisory Board Member - SIBS (12)
- Associate Professor - Lusíada University (17)

Ilídio da Costa Leite de Pinho

STATUS
Independent

POSITION
Member of the General and Supervisory Board

COMMITTEES
Member of the Remuneration Committee

SKILLS AND EXPERIENCE
- Electronic and Machinery Engineering degree - Porto Industrial Institute (64)
- Non-Executive member, in representation of the National Industry, of the Board of Directors - ICEP (86-91)
- President - Municipal Council of Vale de Cambra (73-83)
- President - General Meeting of Vale de Cambra (93-97)
- Founder of COLEP Group
- Founder of Nacional Gás and its associates
- CEO of several companies and associations
- Member of the Board of Trustees of Aveiro University
- *Honoris Causa* Doctorate by Aveiro University

PAST APPOINTMENTS IN EDP
- Independent General and Supervisory Board Member since February 2012 (re-elected in April 2015 and April 2018)

CURRENT EXTERNAL APPOINTMENTS
- CEO - Grupo Ilídio Pinho (94)
- Chairman - Ilídio Pinho Foundation

Jorge Avelino Braga de Macedo

STATUS
Independent

POSITION
Member of the General and Supervisory Board

COMMITTEES
Member of the Corporate Governance and Sustainability Committee

Member of the Strategy and Performance Committee

SKILLS AND EXPERIENCE
- Law Degree - Lisbon University (71)
- International Relations Master degree - Yale University (73)
- Doctorate in Economics - Yale University (79)
- Professor - Princeton University (80-86)
- Minister of Finances - Portuguese Government (91-93)
- Chairman of the European Affairs Parliamentary Committee (94-95)
- President - Tropical Research Institute (04-15)
- Consultant - European Bank for Reconstruction and Development (96-99)
- Consultant - United Nations (82-84)
- Consultant - World Bank (84-88)
- Trainee - International Monetary Fund (78-79)

PAST APPOINTMENTS IN EDP
- Independent General and Supervisory Board Member since February 2012 (re-elected in April 2015 and April 2018)

CURRENT EXTERNAL APPOINTMENTS
- Economics Professor - Nova University of Lisbon (76)
- Director - Globalization and Governance Center - Economy Faculty - Universidade Nova de Lisboa (08)
- Distinguished Fellow - Board of Governors of the International Centre for International Governance Innovation in Waterloo (14)
- Chairman of the General Meeting Board - Sociedade de Desenvolvimento da Madeira (12)

Vasco Joaquim Rocha Vieira

STATUS

Independent

POSITION

Member of the General and Supervisory Board

COMMITTEES

Member of the Remuneration Committee

Member of the Strategy and Performance Committee

SKILLS AND EXPERIENCE

- Degree in Civil Engineering - Military Academia (56-64)
- Course of General Staff at the Army (69-70)
- Complementary Course of General Staff at the Army (70-72)
- Course of Command and Direction for Official General (82-83)
- Course of National Defence (84)
- Brigadier (84)
- General (87)
- Governor of Macao (91-99)
- Minister of the Republic for the Azores (86-91)
- Deputy Secretary of Communications and Public Works - Macao Government (74-75)
- Chief of Army Staff (76-78)
- National Military Representative at NATO Supreme Headquarters Allied Powers in Europe (78-82)

PAST APPOINTMENTS IN EDP

- Independent General and Supervisory Board Member since February 2012 (re-elected in April 2015 and April 2018)

CURRENT EXTERNAL APPOINTMENTS

- Council Member of the Order of Engineers
- Member of the Representatives General Meeting of the Order of Engineers
- Member of Engineering Academy
- ISCSP School Board Member
- Member of the Strategy Board of the Portuguese-Chinese Chamber of Commerce and Industry

Augusto Carlos Serra Ventura Mateus

STATUS

Independent

POSITION

Member of the General and Supervisory Board

COMMITTEES

Member of the Corporate Governance and Sustainability Committee

Member of the Strategy and Performance Committee

SKILLS AND EXPERIENCE

- Economics Degree - Higher Economics and Management Institute (72)
- Invited Professor - Higher Economics and Management Institute (72-14)
- Industry Secretary of State (95-96)
- Minister of Economy (96-97)

PAST APPOINTMENTS IN EDP

- Independent General and Supervisory Board Member since May 2013 (re-elected in April 2015 and April 2018)

CURRENT EXTERNAL APPOINTMENTS

- Consultant on macroeconomics fields, economic policies, strategy and business (86)

João Carvalho das Neves

STATUS
Independent

POSITION
Member of the General and Supervisory Board

COMMITTEES
Member of the Remuneration Committee

Vice-Chairman of the Financial Matters Committee/Audit Committee

SKILLS AND EXPERIENCE

- Degree in Companies Organization and Management (81) and MBA in Management - Economics and Management College Institute of the University of Lisbon (85)
- Doctorate in Management / Finance - Manchester Business School Manchester University (92)
- Executive: Deputy controller - Cometna SA (81-85)
- Trainer and General Director - CIFAG/IPE (85-92)
- General Manager - CIFAG/IPE (87-02)
- Associate Consultant - Coopers & Lybrand (92-93)
- Judicial Manager: Torralta (93-97); Casino Hotel de Tróia (94-95); TVI (97-98)
- Partner and Statutory Auditor - Neves, Azevedo Rodrigues e Batalha, SROC (98-08)
- Chairman of the Management Department - ISEG (07-08)
- Director - BPN (08)
- CEO and CFO - SLN (08-09)
- Chairman - Central Administration of Health System (11-14)
- Professional appointments: Certified accountant (81)
- Statutory Auditor (95)
- FRICS - Fellow of Royal Institution of Chartered Surveyors (08)
- Recognised European Valuer (REV) by TEGoVA (18)

PAST APPOINTMENTS IN EDP

- Independent General and Supervisory Board Member since April 2015 (re-elected in April 2018)

CURRENT EXTERNAL APPOINTMENTS

- Professor - Management Department - ISEG (92), where he is also a Director of the Post-graduate degree in Management and Real Estate Evaluation - ISEG (00) and in Health Institution Management (20), as well as School Board Member - ISEG Lisbon University (14)
- Management Consultant in Management through the company Zenaction Business Consulting (14)
- Independent non-executive member - Montepio - Valor SGOIC (17)
- Pro-Bono: Member of Valuation Professional Group - RICS Portugal (20), Member of the European Business Valuation Standards Board - TEGoVA (20) and Member of the Board - ERES European Real Estate Society (19)

María del Carmen Fernández Rozado

STATUS
Independent

POSITION
Member of the General and Supervisory Board

COMMITTEES
Member of the Financial Matters Committee/Audit Committee

SKILLS AND EXPERIENCE
- Degree in Economics and Business Administration and Political Sciences and Sociology - Complutense University of Madrid (78)
- PhD in Public Finance - Complutense University of Madrid (98)
- PADE Management Program MBA - IESE Business School (04-05)
- State Tax Inspector (84)
- Account Auditor (88)
- Deputy head of the State Tax Inspection Office (96-99)
- Chief-Inspector in Spanish Ministry of Economy and Finance (85-86)
- Deputy Head of the State Tax Inspection Office (87-96) – Chief of Staff of the State Tax Inspections (96-99) | Member of the Spanish Energy Commission (Regulatory Body for the Spanish Energy System) (99-11)
- President of the Task Force for Renewable Energies, Sustainability and Carbon Markets - ARIAE (99-11)
- Member of the Advisory Board - Ernst & Young (12-13)

PAST APPOINTMENTS IN EDP
- Independent General and Supervisory Board Member since April 2015 (re-elected in April 2018)

CURRENT EXTERNAL APPOINTMENTS
- Consultant, Professor and Speaker
- Independent Board member and Chairman of the Audit Committee - ACS Group (Spain 17)
- Member of the Advisory Board - Beragua Capital
- Professor in different universities and business schools

Laurie Lee Fitch

STATUS
Independent

POSITION
Member of the General and Supervisory Board

COMMITTEES
Member of the Strategy and Performance Committee

SKILLS AND EXPERIENCE
- B.A. in Arabic - American University (91)
- M.A. - Georgetown University's School of Foreign Service (94)
- Assistant Vice-President - Bank of New York (94-99)
- Associate - Schroders plc (99-00)
- Associate - UBS Warburg (00-02)
- Managing Director and Director of International Equity Research - TIAA-CREF (02-06)
- Senior Analyst and Partner - Artisan Partners (06-11)
- Managing Director and Co-Head, Global Industrial Group, Investment Division - Morgan Stanley (12-16)

PAST APPOINTMENTS IN EDP
- General and Supervisory Board Member since April 2018

CURRENT EXTERNAL APPOINTMENTS
- Partner at PJT Partners (16)
- Member of the Audit and Finance & Operations subcommittees - Tate Board of Trustees (15)
- Chairs the Advisory Board of Georgetown University's Center for Contemporary Arab Studies (13)
- Trustee of The American University in Cairo (19)

Clementina Maria Dâmaso de Jesus Silva Barroso

STATUS

Independent

POSITION

Member of the General and Supervisory Board

COMMITTEES

Member of the Financial Matters Committee/Audit Committee

SKILLS AND EXPERIENCE

- Degree in Management - Advanced Institute of Labour and Business Sciences (ISCTE) (76-81)
- Master in Business Management - Economy and Management Superior Institute (ISEG) (84-85)
- Several positions - Banco Espírito Santo e Comercial Lisboa (88-90)
- Board of Directors Member and General Director - INDEG ISCTE (99-13)
- Chairman of the Board of the General Meeting - Science4You, S.A. (14-20)
- Doctorate in Advanced Company Management - ISCTE (15)

PAST APPOINTMENTS IN EDP

- General and Supervisory Board Member since April 2018

CURRENT EXTERNAL APPOINTMENTS

- Invited Professor - ISCTE (82)
- Auxiliary Professor (20)
- Statutory auditor and external auditor (90)
- Non-Executive Director and Audit Committee Member - CTT Bank, S.A. (15)
- Board Member - Portuguese Corporate Governance Institute (16)

Luís Maria Viana Palha da Silva

STATUS
Independent

POSITION
Member of the General and Supervisory Board

SKILLS AND EXPERIENCE

- Degree in Economics - Higher Institute of Economics (78)
- Degree in Management - Portuguese Catholic University (81)
- CFO - Covina - Companhia Vidreira Nacional, S.A.R.L (87-91)
- Member of the Board of Directors - IPE - Investimentos e Participações Empresariais, SGPS, S.A. (91)
- Secretary of State for Trade (91-95)
- CFO - CIMPOR - Cimentos de Portugal, SGPS, S.A. (97-01)
- CFO and CEO - Jerónimo Martins (01-11)
- Advanced Management Program - University of Pennsylvania (05)
- Vice-Chairman of the Board of Directors - Galp Energia, SGPS, S.A. (12-15)
- Member of the Board of Directors - Oi, S.A. (15-18)
- Chairman of the Board - AEM – Associação dos Emitentes Portugueses
- Non-executive Member of the Board of Directors - NYSE Euronext
- Member of the Audit Committee - NYSE Euronext
- Chairman - APETRO – Associação Portuguesa de Empresas Petrolíferas

PAST APPOINTMENTS IN EDP

- Chairman of the Board of the General Shareholders’ Meeting and General and Supervisory Board Member of EDP since April 2019

CURRENT EXTERNAL APPOINTMENTS

- Chairman of the Board of Directors and Delegate Board Member - Pharol, SGPS, S.A., (since 2015)
- Director in its affiliates Bratel B.V. and Bratel S.à.r.l.
- Non-executive Board Member - Nutrinveste, SGPS, S.A.

Executive Board of Directors

António Luís Guerra Nunes Mexia

POSITION
President of the Executive Board of Directors, elected in March 2006 (reappointed in April 2009, February 2012, April 2015 and April 2018)

SKILLS AND EXPERIENCE
- Degree in Economy - Geneva University (80)
- Assistant of the Economy Department
- Professor at Nova University of Lisbon and Portuguese Catholic University (82-95)
- Portuguese Institute for foreign Trade Vice-Chairman of the Board of Directors (88-90)
- Board of Directors Member - Banco Espírito Santo de Investimentos (90-98)
- Board of Directors Chairman - Gás de Portugal and Transgás (98-00)
- Board of Directors Vice-Chairman - Galp Energia (00-01)
- Executive Chairman - Galp Energia (01-04)
- Minister of Public Works, Transport and Communications - Portuguese Government (04-05)
- President - Eurelectric (15-17)

João Manuel Manso Neto

POSITION
Member of the Executive Board of Directors, elected in March 2006 (reappointed in April 2009, February 2012, April 2015 and April 2018)

SKILLS AND EXPERIENCE
- Degree in Economy - Higher Institute of Economics (81)
- Postgraduate in European Economy - Portuguese Catholic University (82)
- Course - American Bankers Association (82)
- Advanced Management Program for Overseas Bankers - Wharton School (85)
- Financial and Commercial Retail South Central Director - Banco Português do Atlântico (81-95)
- Financial Directorate, Large Institutional Businesses and Treasury General Director, Board Member - BCP - Investment Bank and Vice Chairman of BIG Bank Gdansk (95-02)
- Board Member - Grupo Banco Português de Negócios (02-03)
- General Director and Board Member - EDP Produção (03-05)

António Fernando Melo Martins da Costa

POSITION

Member of the Executive Board of Directors, elected in March 2006 (reappointed in April 2009, February 2012, April 2015 and April 2018)

SKILLS AND EXPERIENCE

- Degree in civil engineering - Porto University (76)
- MBA - Porto Business School (89)
- Executive Course - INSEAD, Fontainebleau - (95)
- PADE - AESE (00)
- Advanced Management Program - Wharton School (03)
- Assistant Professor - Engineering Institute of Oporto (76-89)
- Hydraulic Production - EDP (81-89)
- General Director - Banco Millennium BCP and Executive Board Member of several insurance, pension and financial asset management companies - BCP Group (89-03)
- Executive Director - Eureko BV, Chairman - Eureko Polska and Executive Vice-Chairman - PZU Poland (99-02)
- Director and Board of Directors Vice-Chairman - EDP Brasil (03-07)
- Vice-Chairman - Portuguese Chamber of Commerce in Brazil (03-07)
- Chairman - Brazilian Electricity Distributors Association (03-07)
- Chairman and CEO - EDP Renováveis USA (07-09)
- Member of the Board of Directors - EDP Renováveis (08-11)
- Chairman - Chamber of Commerce of USA in Portugal
- Chairman of the Strategic Board– Proforum | Vice-Chairman- APGEI
- Member – General and Supervisory Board – Porto Business School
- Member – General Board – AESE
- Member – Consulting Board – INDEG ISCTE

CURRENT EXTERNAL APPOINTMENTS

- Member of the Strategic Board – ISEG MBA (21)
- Member of the Board of Trustees – Alfredo de Sousa Foundation (21)

João Manuel Veríssimo Marques da Cruz

POSITION

Member of the Executive Board of Directors Member elected in February 2012, (reappointed in April 2015 and April 2018)

SKILLS AND EXPERIENCE

- Degree in Management - Technical University of Lisbon (84)
- MBA - Technical University of Lisbon (89)
- Post-graduation in Marketing and Airlines Marketing - International Air Travel Association/Bath University (92)
- Several positions including General Director - TAP Air Portugal (84-99)
- Director - TAPGER (97-99)
- Director - EMEF and other companies - Grupo CP (00-02)
- Executive Committee Chairman - Air Luxor (02-05)
- President - External Trade Institute of Portugal (05-07)

CURRENT EXTERNAL APPOINTMENTS

- Portuguese Representative of the Supervisory Board of the European Union Chamber of Commerce in China (19)

Miguel Stilwell de Andrade

POSITION

Member of the Executive Board of Directors elected in February 2012, (reappointed in April 2015 and April 2018)

SKILLS AND EXPERIENCE

- Degree in Mechanic Engineering – Strathclyde University (98)
- MBA – Massachusetts Institute of Technology - Sloan School of Management (03)
- Analyst, Mergers and Acquisitions – UBS Investment Bank (UK) (98-00)
- Associate and Project Manager at Corporate Development / M&A Department – EDP (00-05)
- Head of Corporate Development / M&A Department – EDP (05-09)
- Non-executive member of Board of Directors – EDP Inovação (07-12)
- Member of the Board of Directors – EDP Distribuição (09-12)
- Non-executive member of Board of Directors – EDP Gás Distribuição (09-12)
- Chairman – InovGrid ACE (09-11)
- CEO – EDP Comercial (12-18)
- CEO – EDP Espanha (12-18)
- CFO – EDP Group (18-21)
- Interim Chairman of the Executive Board of Directors – EDP (20-21)
- Chairman of the Executive Board of Directors – EDP (21)

CURRENT EXTERNAL APPOINTMENTS

- Member of the General Board – AEM - Association of Listed Companies (21)

Miguel Nuno Simões Nunes Ferreira Setas

POSITION

Member of the Executive Board of Directors, elected in April 2015 (reappointed in April 2018)

SKILLS AND EXPERIENCE

- Degree in Physics Engineering - Higher Technical Institute (93)
- Masters in Electronic and Computing Engineering - Higher Technical Institute (95)
- MBA - Nova University of Lisbon (96)
- Consultant - McKinsey & Company (95-98)
- Corporate Director - GDP - Gás de Portugal (98-00)
- Board Member - Setgás (99-01)
- Executive Board Member - Lisboagás (00-01)
- Strategic Marketing Director - Galp Energia (01-04)
- Board Member - Comboios de Portugal (04-06)
- Chief of Staff of the Chairman of the Executive Board of Directors Chairman - EDP (06-07)
- Board Member - EDP Comercial (07-08)
- Board Member - EDP Inovação (07-08 / 12-14)
- Vice-Chairman - EDP Brasil (08-13)

CURRENT EXTERNAL APPOINTMENTS

- Vice-Chairman of the Board – BCSD Portugal (21)

Rui Manuel Rodrigues Lopes Teixeira

POSITION

Member of the Executive Board of Directors, elected in April 2015 (reappointed in April 2018)

SKILLS AND EXPERIENCE

- Degree in in Naval Engineering - Higher Technical Institute (95)
- MBA - Nova University of Lisbon (01)
- Advanced Management Program - Harvard Business School (13)
- Assistant Director of the Naval Commercial Department - Gellweiler (96-97)
- Project manager - Det Norske Veritas (97-01)
- Consultant - McKinsey & Company (01-04)
- Corporate Control and Planning Director - EDP (04-07)
- Board Member - EDP Renováveis (07-15)

CURRENT EXTERNAL APPOINTMENTS

- Does not hold any other office or was appointed to any executive position outside EDP Group

Maria Teresa Isabel Pereira

POSITION

Member of the Executive Board of Directors, elected in April 2018

SKILLS AND EXPERIENCE

- Law Degree - Law School, Lisbon University (93)
- Lecturer in Law of Obligations - Law School, Lisbon University (93-97)
- Post-graduation in Information Society Law - Lisbon Law School (00-01)
- Lawyer registered at the Portuguese Bar Association (97)
- Jurist - Proet Projectos (EDP Group) (94-98)
- Legal Director - ONI SGPS (98-05)
- Legal Director and General Secretariat, Company Secretary - EDP (06-18)

CURRENT EXTERNAL APPOINTMENTS

- Does not hold any other office or was appointed to any executive position outside EDP Group

Vera de Morais Pinto Pereira Carneiro

POSITION

Member of the Executive Board of Directors elected in April 2018

SKILLS AND EXPERIENCE

- Economics Degree - Nova University of Lisbon (96)
- Post-graduation in Economics - Nova University of Lisbon (98)
- MBA - INSEAD, Fontainebleau (00)
- Associate - Mercer (96-99)
- Founder - Innovagency Consulting (01-03)
- Television Service Director - TV Cabo - PT Multimedia (03-07)
- Television Service Director - MEO (07-14)
- Executive Vice-Chairman and General Director (Portugal and Spain) - Fox Networks Group (14-18)

CURRENT EXTERNAL APPOINTMENTS

- Member of the Board - Portuguese Institute of Corporate Governance (19)
- Member of the Board of Charge up Europe (20)
- Chairman - Portuguese-Chinese Chamber of Commerce and Industry (21)

At the Extraordinary General Shareholders Meeting held in 19 January 2021, other than (i) Miguel Stilwell de Andrade, (ii) Miguel Nuno Simões Nunes Ferreira Setas, (iii) Rui Manuel Rodrigues Lopes Teixeira, and (vi) Vera de Morais Pinto Pereira Carneiro, whose biographies may be found above, the following person was also appointed to the Executive Board of Directors for the triennium 2021-2023:

Ana Paula Garrido Pina Marques

POSITION

Member of the Executive Board of Directors, elected in January 2021

SKILLS AND EXPERIENCE

- Economics Degree - Faculdade de Economia do Porto (96)
- MBA - INSEAD, France and Singapore (02)
- Executive Education Programs at IMD in Lausanne and Harvard Business School (08 and 09)
- Marketing at Procter & Gamble (96-98)
- SMEs Business Unit at Optimus (98)
- Marketing Director of the Mobile Residential Business Unit at Optimus (03-07)
- Brand and Communication Director at Optimus (05-07)
- Marketing and Sales Director of the Mobile Residential Business Unit at Optimus (08-09)
- Executive Board Member of Optimus (10-13)
- President of APRITEL (Portuguese Association of Telecom Operators) (11-14)
- Executive Board of Directors Member (13-20)
- Vice-President at NOS, SGPS, S.A. (19-20)
- Non-Executive Board Member - SportTV (19-21)

CURRENT EXTERNAL APPOINTMENTS

- Chairman of the Governing Board – ELECPOR - Portuguese Association of Electric Companies (21)
- Member of the General Board – COTEC Portugal - Business Association for Innovation (21)

ANNEX II

Meetings of the General and Supervisory Board and each member's attendance:

NAME	23 JAN	20 FEB	9 MAR	16 MAR	16 APR	07 MAY	4 JUN	25 JUN	6 JUL	13 JUL
LUÍS FILIPE MARQUES AMADO – CHAIRMAN	**P**	**P**	**P**	**P**	**P**	**P**	**P**	**P**	**P**	**P**
Dingming Zhang – Vice-Chairman	R	A	R	R	A	A	A	R	A	A
Augusto Mateus	P	P	P	P	P	P	P	P	P	P
Clementina Barroso	P	P	A	A	P	P	P	P	P	P
Eduardo de Almeida Catroga	P	A	P	P	P	P	P	R	P	P
Felipe Fernández Fernández	P	P	P	P	P	P	P	P	P	P
Fernando Masaveu Herrero	P	P	P	P	P	P	A	P	P	P
Ilídio Pinho	P	P	P	A	R	R	R	R	R	R
Ignacio Herrero Ruiz	P	A	P	P	P	P	P	P	P	P
João Carvalho das Neves	P	P	P	P	P	P	P	P	P	P
Jorge Braga de Macedo	A	P	P	P	P	P	P	P	P	P
Karim Djebbour	P	A	P	P	A	A	P	P	P	P
Laurie Fitch	P	P	P	P	P	P	P	P	P	P
Luís Palha da Silva	P	P	P	P	P	P	P	P	P	P
Maria Celeste Cardona	P	P	P	A	P	P	P	P	P	P
María del Carmen Rozado	P	P	P	P	P	P	P	P	P	P
Mohammed Al-Shamsi	P	A	P	P	A	A	P	P	P	A
Nuno Amado	P	A	P	P	P	P	P	P	P	P
Shengliang Wu	R	A	P	P	P	A	P	P	P	P
Vasco Rocha Vieira	P	P	P	P	P	P	P	P	P	A
Li Li	A	A	R	R	A	A	A	P	A	A

NAME	15 JUL	30 JUL	3 SEP	24 SEP	29 OCT	17 NOV	26 NOV	9 DEC	17 DEC	%
LUÍS FILIPE MARQUES AMADO – CHAIRMAN	P	P	P	P	P	P	P	P	P	100
Dingming Zhang – Vice-Chairman	A	R	A	R	A	A	R	R	A	0
Augusto Mateus	P	P	P	P	P	P	P	P	P	100
Clementina Barroso	P	P	P	P	P	P	P	P	P	89
Eduardo de Almeida Catroga	P	P	P	P	P	P	P	P	P	89
Felipe Fernández Fernández	P	P	A	P	P	P	P	P	P	95
Fernando Masaveu Herrero	P	P	P	P	P	P	P	P	P	95
Ilídio Pinho	R	R	R	R	R	R	R	R	R	16
Ignacio Herrero Ruiz	P	P	P	P	P	P	P	P	P	95
João Carvalho das Neves	P	P	P	P	P	P	P	P	P	100
Jorge Braga de Macedo	P	P	P	P	P	P	P	P	P	95
Karim Djebbour	P	P	P	P	P	P	A	P	P	79
Laurie Fitch	P	P	P	P	P	P	P	P	P	100
Luís Palha da Silva	P	P	P	P	P	P	P	P	P	100
Maria Celeste Cardona	P	P	P	P	P	P	P	P	P	95
María del Carmen Rozado	P	P	P	P	P	P	P	P	P	100
Mohammed Al-Shamsi	P	A	A	P	A	P	A	A	A	47
Nuno Amado	P	P	P	P	A	A	P	P	P	84
Shengliang Wu	P	R	R	R	A	A	R	R	A	42
Vasco Rocha Vieira	P	P	P	P	P	P	P	P	P	95
Li Li	A	P	P	P	A	P	P	P	P	42

P = Present; A = Absent; R = Represented

Total meetings in 2020: 19

Average participation: 79%

ANNEX III

Meetings of the Executive Board of Directors and each member's attendance:

NAME	07-JAN	14-JAN	21-JAN	28-JAN	04-FEB	11-FEB	14-FEB	18-FEB	20-FEB	02-MAR	09-MAR	10-MAR	17-MAR	24-MAR	26-MAR	31-MAR	02-APR	07-APR	09-APR
António Mexia	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
João Manso Neto	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
António Martins da Costa	P	P	P	P	P	P	A	P	P	P	P	P	P	P	P	P	P	P	P
João Marques da Cruz	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
Miguel Stilwell de Andrade	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
Miguel Setas	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
Rui Teixeira	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
Maria Teresa Pereira	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
Vera Pinto Pereira Carneiro	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P

P = Present; A = Absent; R = Represented

NAME	14-APR	21-APR	23-APR	28-APR	30-APR	05-MAY	07-MAY	12-MAY	16-MAY	19-MAY	26-MAY	03-JUN	09-JUN	16-JUN	18-JUN	23-JUN	26-JUN	30-JUN	06-JUL
António Mexia	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	-
João Manso Neto	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	-
António Martins da Costa	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
João Marques da Cruz	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
Miguel Stilwell de Andrade	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
Miguel Setas	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
Rui Teixeira	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
Maria Teresa Pereira	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
Vera Pinto Pereira Carneiro	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P

P = Present; A = Absent; R = Represented

NAME	07-JUL	10-JUL	13-JUL	14-JUL	15-JUL	15-JUL	21-JUL	28-JUL	04-AUG	07-AUG	25-AUG	28-AUG	31-AUG	01-SEP	03-SEP	08-SEP	15-SEP	22-SEP	29-SEP
António Mexia	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
João Manso Neto	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
António Martins da Costa	P	P	P	P	P	P	P	P	A	P	P	P	P	P	P	P	P	P	P
João Marques da Cruz	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
Miguel Stilwell de Andrade	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
Miguel Setas	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
Rui Teixeira	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
Maria Teresa Pereira	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P
Vera Pinto Pereira Carneiro	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P

P = Present; A = Absent; R = Represented

NAME	06-OCT	13-OCT	20-OCT	23-OCT	27-OCT	29-OCT	03-NOV	10-NOV	17-NOV	24-NOV	30-NOV	30-NOV	02-DEC	09-DEC	15-DEC	22-DEC	28-DEC	%
António NAME	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	100%
João Manso Neto	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	100%
António Martins da Costa	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	97,3%
João Marques da Cruz	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	100%
Miguel Stilwell de Andrade	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	100%
Miguel Setas	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	100%
Rui Teixeira	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	100%
Maria Teresa Pereira	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	100%
Vera Pinto Pereira Carneiro	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	P	100%

P = Present; A = Absent

Total meetings in 2020: 74

Average participation: 99,7%

ANNEX IV

Positions held by the members of the Executive Board of Directors in other companies belonging or not to the EDP Group:

	ANTÓNIO MEXIA	JOÃO MANSO NETO	ANTÓNIO MARTINS DA COSTA	JOÃO MARQUES DA CRUZ	MIGUEL STILWELL ANDRADE	MIGUEL SETAS	RUI TEIXEIRA	TERESA PEREIRA	VERA PINTO PEREIRA
CNET – Centre for New Energy Technologies, S.A.	-	-	-	CBD	-	-	-	-	-
Comercializadora Energética Sostenible, S.A.U.	-	-	-	-	-	-	R	-	-
EDP - Ásia Soluções Energéticas Lda.	-	-	-	CBD	-	-	-	-	-
EDP - Energias de Portugal Sociedade Anónima, Sucursal en España	PR	PR	PR	-	PR	-	PR	-	-
EDP - Energias do Brasil, S.A.	CBD	-	-	C	C	VP/MD	-	-	-
EDP - Estudos e Consultoria, S.A.	-	-	-	-	-		-	CBD	
EDP - Gestão da Produção de Energia, S.A.	-	-	-	-	-	CBD	-	-	-
EDP - Soluções Comerciais, S.A.	-	-	-	-	-	-	-	-	CBD
EDP Comercial - Comercialização de Energia, S.A.	-	-	-	-	-	-	-	-	CBD
EDP España, S.A.U.	-	C	-	-	C	-	VP/MD	-	C
EDP Espírito Santo Distribuição de Energia S.A.	-	-	-	-	-	CBD	-	-	-
EDP Finance BV	R	R	R	R	R	R	R	R	R
EDP Gás.Com - Comércio de Gás Natural, S.A.	-	CBD	-	-	-	-	-	-	D
EDP Global Solutions - Gestão Integrada de Serviços, S.A.	-	-	-	-	-	-	-	CBD	-
EDP Iberia, S.L.	-	-	-	-	-	-	CBD	-	-
EDP Internacional, S.A.	-	-	-	CBD	-	-	-	-	-
EDP International Investments and Services SL	-	-	-	CBD	-	-	-	-	-
EDP IS - Investimentos e Serviços, Sociedade Unipessoal, Lda.	-	-	-	-	M	-	-	-	-
EDP Real Estate Global Solutions - Imobiliária e Gestão de Participações, S.A.	-	-	-	-	-	-	-	CBD	-
EDP Renewables Europe SL	-	CBD	-	-	-	-	-	-	-
EDP Renováveis Brasil, S.A.	-	CBD	-	-	-	-	D	-	-
EDP Renováveis Servicios Financieros S.A.	-	CBD	-	-	-	-	-	-	-
EDP Renováveis, S.A.	CBD	VP/MD	-	-	-	-	C	-	C
EDP São Paulo Distribuição de Energia S.A.	-	-	-	-	-	CBD	-	-	-
EDP Solar España, S.A.U.	-	-	-	-	-	-	-	-	R
EDP Transmissão Aliança SC S.A.	-	-	-	-	-	CBD	-	-	-
EDP Transmissão MA I S.A.	-	-	-	-	-	CBD	-	-	-
EDP Transmissão MA II S.A.	-	-	-	-	-	CBD	-	-	-
EDP Transmissão S.A.	-	-	-	-	-	CBD	-	-	-
EDP Transmissão SP-MG S.A.	-	-	-	-	-	CBD	-	-	-
EDP Ventures Brasil S.A.	-	-	-	-	-	CBD	-	-	-
EDP Ventures España, S.A.	-	-	-	-	-	-	CBD	-	-
Empresa Hidroeléctrica do Guadiana, S.A.	-	-	-	-	-	CBD	-	-	-
Energest S.A.	-	-	-	-	-	CBD	-	-	-

	ANTÓNIO MEXIA	JOÃO MANSO NETO	ANTÓNIO MARTINS DA COSTA	JOÃO MARQUES DA CRUZ	MIGUEL STILWELL ANDRADE	MIGUEL SETAS	RUI TEIXEIRA	TERESA PEREIRA	VERA PINTO PEREIRA
Energia Ásia Consultoria, Lda.	-	-	-	CBD	-	-	-	-	-
Energia RE, S.A.	-	-	D	-	CBD	-	-	-	-
Hydro Global Investment Limited	-	-	-	CBD	-	-	-	-	-
Investco S.A.	-	-	-	-	-	CBD	-	-	-
Labelec - Estudos, Desenvolvimento e Actividades Laboratoriais, S.A.	-	-	-	CBD	-	-	-	-	-
Lajeado Energia S.A.	-	-	-	-	-	CBD	-	-	-
Pecém Operação e Manutenção de Unidades de Geração Elétrica S.A.	-	-	-	-	-	CBD	-	-	-
Porto do Pecém Geração de Energia S.A.	-	-	-	-	-	CBD	-	-	-
Sãvida - Medicina Apoiada, S.A.	-	-	-	-	-	CBD	-	-	-
SCNET – Sino-Portuguese Centre for Energy Technologies (Shangai) co., Ltd.	-	-	-	D	-	-	-	-	-
Transporte GNL, S.A.U.	-	-	-	-	-	-	R	-	-
Companhia de Electricidade de Macau – CEM, S.A.	-	-	-	VP	-	-	-	-	-
OMIP – Operador do Mercado Ibérico (Portugal), SGPS, S.A.	-	D	-	-	-	-	-	-	-
Operador del Mercado Ibérico de Energía, Polo Español, S.A. (OMEL)	-	C	-	-	-	-	-	-	-

Information updated as of 31 December 2020.

D = Director; C = Counsellor; M = Manager; CBD = Chairman of the Board of Directors; R = Representative
RP – Permanent Representative; VP = Vice-President; VP/CD = Vice-President and Managing Director

ANNEX V

Meetings of the Financial Matters Committee/Audit Committee and each member's attendance:

NAME	22 JAN	13 FEB	20 FEB	9 APR	5 MAY	7 MAY	18 JUN	23 JUL	31 AUG
LUÍS FILIPE MARQUES AMADO - PRESIDENTE	P	P	P	P	P	P	P	P	P
João Carvalho das Neves - Vice-Presidente	P	P	P	P	P	P	P	P	P
Clementina Dâmaso Barroso	P	P	P	P	P	P	P	P	P
Maria Celeste Cardona	P	P	P	P	P	P	P	P	P
Maria del Carmen Rozado	P	P	P	P	P	P	P	P	P

NAME	3 SEP	10 SEP	24 SEP	26 OCT	29 OCT	19 NOV	10 DEC	%
LUÍS FILIPE MARQUES AMADO - PRESIDENTE	P	P	P	P	P	P	P	100
João Carvalho das Neves - Vice-Presidente	P	P	P	P	P	P	P	100
Clementina Dâmaso Barroso	P	P	P	P	P	P	P	100
Maria Celeste Cardona	P	P	P	P	P	P	P	100
Maria del Carmen Rozado	P	P	P	P	P	P	P	100

P = Present; A = Absent; R = Represented

Total meetings in 2020: 16

Average participation: 100%

Meetings of the Remuneration Committee and each member's attendance:

NAME	28 FEB	15 APR	31 JUL	5 NOV	13 NOV	17 DEC	%
SHENGLIANG WU - PRESIDENTE	P	P	P	A	P	P	83
Fernado Masaveu Herrero	A	P	P	R	P	P	67
Ilídio Pinho	A	A	P	R	R	P	33
João Carvalho das Neves	P	P	P	P	P	P	100
Vasco Rocha Vieira	P	P	P	P	P	P	100

P = Present; A = Absent; R = Represented

Total meetings in 2020: 6

Average participation: 77%

Meetings of the Corporate Governance and Sustainability Committee and each member's attendance:

NAME	19 FEV	06 MAR	29 JUL	28 OCT	16 DEC	%
LUÍS FILIPE MARQUES AMADO - PRESIDENTE	P	P	P	P	P	100
Augusto Mateus	P	P	P	P	P	100
Felipe Fernández Fernández	P	P	P	A	P	80
Jorge Braga de Macedo	P	P	P	P	P	100
Maria Celeste Cardona	P	P	P	P	P	100
Ignacio Herrero Ruiz	P	P	A	A	P	60
Li Li	R	A	P	A	R	20

P = Present; A = Absent; R = Represented

Total meetings in 2020: 5

Average participation: 80%

Meetings of the Strategy and Performance Committee and each member's attendance:

NAME	22 JAN	19 FEV	06 MAY	29 JUL	23 SEP	28 OCT	25 NOV	10 DEC	%
EDUARDO DE ALMEIDA CATROGA - PRESIDENTE	P	P	P	P	P	P	P	P	100
Augusto Mateus	P	P	P	P	P	P	P	P	100
Fernando Masaveu Herrero	A	P	P	P	P	P	P	P	88
Ignacio Herrero Ruiz	P	P	P	A	A	P	P	A	63
Jorge Avelino Braga de Macedo	A	P	P	P	P	P	P	P	88
Karim Djebbour	P	A	A	A	P	A	A	A	25
Laurie Fitch	P	P	P	P	P	P	P	P	100
Mohammed Al-Shamsi	P	A	A	A	A	A	A	A	13
Nuno Amado	P	P	P	P	P	p	P	P	100
Shengliang Wu	A	P	A	A	A	A	P	A	25
Vasco Rocha Vieira	P	P	P	P	P	P	P	P	100

P = Present; A = Absent; R = Represented

Total meetings in 2020: 8

Average participation: 73%

Meetings of the United States of America (USA) Business Affairs Monitoring Committee and each member's attendance:

NAME	19 MAY	28 JUL	22 SEP	27 OCT	24 NOV	8 DEC	%
SHENGLIANG WU - PRESIDENTE	P	P	P	P	P	P	100
Fernado Masaveu Herrero	A	P	P	P	P	P	83
Ilídio Pinho	P	P	P	P	P	P	100
João Carvalho das Neves	P	P	P	A	P	A	67
Vasco Rocha Vieira	P	P	P	P	P	P	100

P = Present; A = Absent; R = Represented

Total meetings in 2020: 6

Average participation: 93%

Changing tomorrow now.

Fostering excellence to meet the world's needs

Changing tomorrow now.

05

REMUNERATION REPORT

05

Remuneration Report

EDP has rooted in its organizational culture the challenge and ambition to implement and achieve, at all times, the best corporate governance practices, and seeks, with transparency and rigor, to go beyond the legal and regulatory requirements applicable in this area. Despite the understanding of the Portuguese Securities Commission (CMVM) that the remuneration report only needs to be released and submitted to shareholders, for the first time, at the annual general shareholders' meeting subsequent to the year in which the new remuneration policy is approved, as of 2022, EDP sought, under the terms of Article 245.º - C of the Portuguese Securities Code, to anticipate, already in 2021, to provide a version aiming to the effective compliance of such legal requirement. This commitment seeks to materialize our culture towards our Shareholders and the market in general.

Pursuant to the terms of Article 245-C of the Portuguese Securities Code, as amended by Law no. 50/2020, of 25 August, this Remuneration Report envisages to provide a wide-ranging view of the remuneration attributed to the members of the corporate bodies of EDP – Energias de Portugal, S.A., including all benefits, regardless of their form, due or attributed during the financial year of 2020.

As set forth in EDP's Articles of Association, the remuneration of the members of the governing bodies has been fixed by a Remuneration Committee appointed by the General Shareholders' Meeting, with the exception of the remuneration of the members of the Executive Board of Directors, which have been fixed by a Remuneration Committee appointed by the General and Supervisory Board.

These Committees have been submitting annually to the General Shareholders' Meeting a declaration on the remuneration policy of the members of the governing bodies, under the terms of paragraph 1 of article 2 of Law no. 28/2009, of 19 June. Recently, this framework has been amended pursuant to the transposition of EU Directive no. 2017/828 of the European Parliament and of the Council of 17 May 2017, as regards the encouragement of long-term shareholder engagement. With the changes enacted by Law no. 50/2020, of 25 August, namely in light of Article 26-B of the Portuguese Securities Code, these Committees will be responsible for submitting a remuneration policy proposal for approval by the General Shareholders' Meeting (article 26-B of the Portuguese Securities Code), as from 2021 these Committees will be responsible for submitting a remuneration policy proposal for approval by the General Shareholders' Meeting.

A. Remuneration policy applicable to the members of the Executive Board of Directors, approved by the Remuneration Committee appointed by the General and Supervisory Board

Procedures for adoption of the policy

The remuneration policy for the members of the managing body has been set by the Remuneration Committee appointed by the General and Supervisory Board. This committee defined the remuneration of the directors, intending for it to reflect the performance of each member of the Executive Board of Directors in each year of their term of office (annual variable remuneration) and their performance during the whole period of the term by setting a variable component that is consistent with the maximisation of EDP's long-term performance (variable multi-annual remuneration).

The remuneration policy is reviewed annually, and submitted for approval at the General Shareholders' Meeting. The remuneration policy for the financial year 2020 has been approved at the General Shareholders' Meeting held on 16 April 2020.

It should be noted that, at the Extraordinary General Shareholders' Meeting held on 19 January 2021, the Remuneration Committee appointed by the General and Supervisory Board submitted a proposal to extend the current remuneration policy of the Executive Board of Directors, as approved on 16 April 2020, to the members of the Executive Board of Directors to be appointed for the triennium 2021-2023, until such time as the 2021 Annual General Shareholders' Meeting is held. This proposal (which was approved), was grounded on the understanding of the Remuneration Committee that the extension, for a few weeks, of the term of the current remuneration policy, constituted a solution which promoted the legitimacy and efficiency of the policy, until a new policy can be presented which is in line with EDP's strategy as conformed by the new Executive Board of Directors, and also that is aligned with the policy to be submitted to the General and Supervisory Board.

Qualititative component of the remuneration

The remuneration policy statement, as approved by the shareholders, lays down that the total variable component can reach twice the fixed component during a term of office, thereby placing a maximum limit of two-thirds of the remuneration depending on fulfilment of strict Company performance goals.

The variable remuneration depends on the management's compliance with a performance level of 90% of the business plan, and the maximum values permitted by the Company's remuneration policy will only be earned if a level of compliance of 110% is reached.

Variable remuneration is divided into annual, which may only reach 80% of fixed remuneration, and multi-annual, which may reach 120% of the fixed remuneration. The multi-annual remuneration, although calculated annually, only becomes effective if, at the end of the term, on average, at least 90% of set goals have been achieved, assessed by the performance of the Company, by its comparison with strategic benchmarks and by the individual contribution of each member of the Executive Board of Directors for that result.

If the remuneration goals are fully met in a term of office, 60% of the directors' variable remuneration is deferred for no less than three years.

If we compare this percentage with that set out for credit institutions and financial companies, pursuant to Directive 2010/76/EU of the European Parliament and of the Council of 24 November, as it is a paradigm that was widely analyzed and discussed in Europe, we find that EDP's policy on variable remuneration is equivalent to the strictest used by these entities.

In accordance with the remuneration policy of the members of the Executive Board of Directors proposed by the Remuneration Committee of the General and Supervisory Board, the variable multi-annual remuneration may be a maximum of 120% of gross annual remuneration, and it will be paid three years after the financial year in question.

Payment of the multiannual variable remuneration is conditional on the non-realization of intentional unlawful acts, known after the completion of the evaluation and that jeopardize the sustainability of the performance of the Company, and it is made after it is determined and approved by the Remuneration Committee of the General and Supervisory Board.

The remuneration policy statement approved by the General Meeting on 16 April 2020 sets out the following:

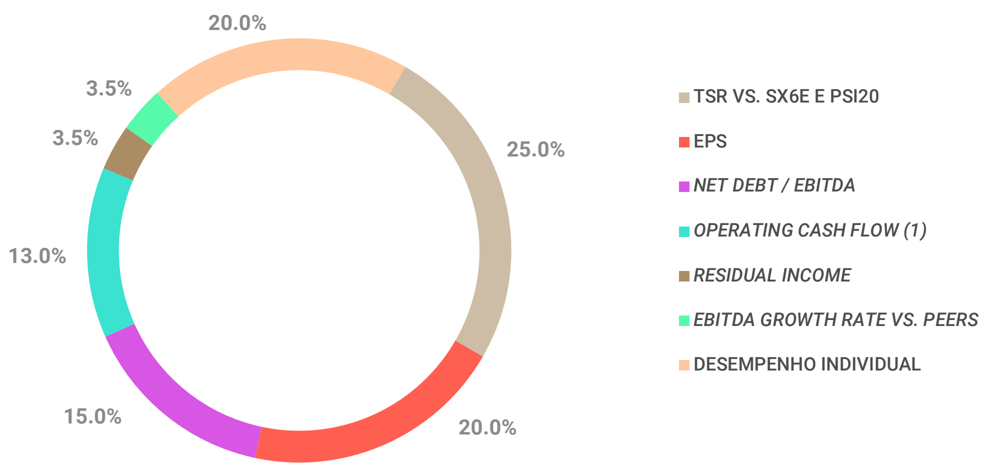
- **Fixed Annual Remuneration** – EUR 800,000 gross for the CEO, EUR 560,000 gross for the administrator responsible for finance matters (CFO) and for the CEO of EDP Renováveis Group, and EUR 480,000 gross for each of the remaining members of the Executive Board of Directors. The directors' retirement savings plans are maintained during their term of office, at a net amount of 10% of their fixed annual remuneration. The characteristics of these retirement savings plans are set out in legislation currently in force, applicable to these financial products;

- **Annual Variable Remuneration** – for each member of the Executive Board of Directors, its value is limited to 80% of their gross annual fixed remuneration. The amount is determined on the basis of the following indicators for each year in office: (i) performance of the EDP Group's Total Shareholder Return against Eurostoxx Utilities and PSI-20, (ii) earnings per share, (iii) net debt to EBITDA ratio, (iv) operational cash flow excluding regulatory receivables, (v) residual income and (vi) EBITDA (annual growth rate) vs. peers. The weighted average of these indicators is given an overall weight of 80% for all members of the Executive Board of Directors, when determining their annual variable remuneration. The other 20% are based on a qualitative assessment by the Remuneration Committee of the General and Supervisory Board. The annual performance indicators are aimed at assessing the activity of the members of the Executiver Board of Directors on a short-term basis. To that effect, they take into account stock market performance as well as financial performance indicators, which are then compared against the annual budget proposed by the Executive Board of Directors and approved by the General and Supervisory Board, where each of the annual budgets is based on the Business Plan in effect at the time. This kind of performance assessment allows to evaluate the actual fulfilment by the Executive Board of Directors of the short-term objectives assumed towards their shareholders.

	KPI	WEIGHT	BENCHMARK	DESCRIPTION
QUANTITATIVE COMPONENT (80%)	Total shareholder return (TSR) vs Eurostoxx utilities and PSI20	25%	50% - PSI 20 50% - SX6E	Comparison between EDP's Total Shareholder Return (TSR) and the TSR of two major indexes (SX6E which encompasses the most important companies within the Eurozone); and the PSI 20 (the Portuguese stock market index). The indexes are equally-weighted and the comparison is made using current year-end prices, assuming dividend reinvestment during the year.
	Earnings per Share	20%	2020 Budget	Comparison between earning per share of the year under analysis and the one defined in the annual budget previously approved by the General and Supervisory Board.
	Net debt to EBITDA	15%	2020 Budget	Comparison between the net debt over EBITDA ratio and the ratio defined in the annual budget approved by the General and Supervisory Board.
	Operating cash flow excluding regulatory receivables	13%	2020 Budget	Comparison between this year's operating cash flow, excluding the impact from regulatory receivables, and the one defined in the annual budget approved by the General and Supervisory Board.
	Residual Income	3,5%	2020 Budget	Comparison between the net income minus the product between EDP's cost of capital and its net worth, excluding non-controllable interests, and the amount previously defined in the annual budget approved by the General and Supervisory Board.

	KPI	WEIGHT	BENCHMARK	DESCRIPTION
	EBITDA (annual growth rate) vs peers	3,5%	Peers	Comparison between the annual growth of EBITDA of EDP with the average annual growth of EBITDA of its peers
QUALITATIVE COMPONENT (20%)	Individual Performance Assessment	20%	-	Individual assessment by the Remuneration Committee of the General and Supervisory Board, based on the individual performance for the period of each member of the Executive Board of Directors.
	Total	**100%**		

Annual Performance Indicators (%)



(1) Excludes regulatory receivables

The resulting amount of the quantitative and qualitative component is then weighted, as mentioned above, by a coefficient of 80% of the annual fixed remuneration, linearly calculated as follows:

- if performance reaches less than 90% of the defined objectives, there will be no annual variable remuneration attribution;
- if the performance is between 90% and 95% of the defined objectives, an amount within the range of 8% and 24% of the fixed remuneration of each member of the Executive Board of Directors is due;
- if performance is between 95% and 100% of the defined objectives, an amount within the range of 24% and 52,8% of the fixed remuneration of each member of the Executive Board of Directors is due;
- if performance is between 100% and 105% of the defined objectives, an amount within the range of 52,8% and 68% of the fixed remuneration of each member of the Executive Board of Directors is due;
- if performance is between 105% and 110% of the defined objectives, an amount within the range of 68% and 80% of the fixed remuneration of each member of the Executive Board of Directors is due;
- if performance meets the defined objectives in more than 110% of the defined objectives, an amount equal to 80% of the fixed remuneration of each member of the Executive Board of Directors is due.

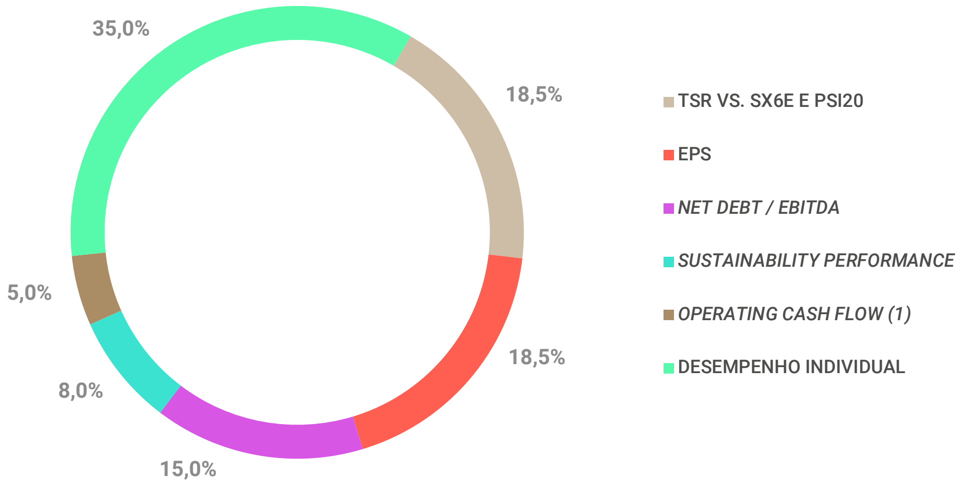
Under the terms of the statement on the remuneration policy for the 2020 financial year approved by shareholders at the General Shareholders' Meeting on 16 April 2020, the annual performance of the Executive Board of Directors is also assessed by means of establishment of minimum and maximum thresholds for each indicator separately.

In graphic terms:

- **Multi-annual variable remuneration** – for each member of the Executive Board of Directors, this component's value may fall between 0% and 120% of their gross fixed annual remuneration, depending on the accumulated values of the directors' annual performance assessments, in light of the realization of the EDP Group's economic sustainability. The determination of this multi-annual remuneration is made annually, however, it becomes due and effective only if, at the end of their term of office, at least an average of 90% of the defined objectives have been accomplished, when comparing the Company's performance against the strategic benchmarks, and bearing in mind each director's specific contributions to those goals. In particular, this amount is determined on the basis of the following indicators for each term of office: (i) performance of the EDP Group's Total Shareholder Return against Eurostoxx Utilities and PSI-20, (ii) earnings per share, (iii) net debt to EBITDA ratio, (iv) performance of EDP in the Sustainability Index, and (v) operational cash flow excluding regulatory receivables. The weighted average of these indicators is given an overall weight of 65% for all members of the Executive Board of Directors, when determining their multi-annual variable remuneration. The other 35% are based on a qualitative internal assessment of the Executive Board of Directors, which is made by the Remuneration Committee of the General and Supervisory Board. The multi-annual performance indicators aim to evaluate the Executive Board of Directors in a long-term perspective. To that effect, stock exchange and financial performance indicators are considered, and compared against the most recent Business Plan proposed by the Executive Board of Directors and approved by the General and Supervisory Board. This type of performance evaluation allows the measurement of the level of fulfilment of long-term objectives assumed by the Executive Board of Directors towards the shareholders. The internal Business Plan of EDP Group is the document sustaining the mid and long-term financial objectives of EDP, presented to the capital markets. The Business Plan for the 2019-2022 period has obtained a favorable prior opinion by the General and Supervisory Board on 11 March 2019 and was the basis for the Strategic Update presented to the market, regarding the main financial objectives for the Company until 2022.

	KPI	WEIGHT	BENCHMARK	DESCRIPTION
QUANTITATIVE COMPONENT (65%)	Total shareholder return (TSR) vs Eurostoxx utilities and PSI20	18,5%	50% - PSI 20 50% - SX6E	Comparison between EDP's Total Shareholder Return (TSR) and the TSR of two major indexes (SX6E which encompasses the most important companies within the Eurozone); and the PSI 20 (the Portuguese stock market index). The indexes are equally-weighted and the comparison is made using current year-end prices, assuming dividend reinvestment during the year.
	Earnings per Share	18,5%	Business Plan	Comparison between earnings per share of the year under analysis and the one defined in the pluriannual business plan previously approved by the General and Supervisory Board.
	Net debt to EBITDA	15,0%	Business Plan	Comparison between the net debt over EBIDTA ratio and the ratio defined in the pluriannual business plan approved by the General and Supervisory Board.
	Sustainability Performance Indicator	8%	Historic | Peers | Qualitative	This indicator evaluates EDP sustainability performance taking into account: absolute metrics' evolution over past periods, peer comparison and qualitative performance evaluation of the Remuneration Committee of the General and Supervisory Board.
	Operating cash flow excluding regulatory receivables	5%	Business Plan	Comparison between this year's operating cash flow, excluding the impact from regulatory receivables, and the one defined in the pluriannual business plan approved by the General and Supervisory Board.
QUALITATIVE COMPONENT (35%)	Individual Performance Assessment	35%	-	Individual assessment by the Remuneration Committee of the General and Supervisory Board, based on the individual performance for the period of each member of the Executive Board of Directors.
	Total	**100%**		

Multi-Annual Performance Indicators (%)



(1) Excludes regulatory receivables

The resulting amount of the quantitative and qualitative component is then weighted, as mentioned above, by a coefficient of 120% of the annual fixed remuneration, linearly calculated as follows:

i) if performance is less than 90% of the defined objectives, there will be no multiannual variable remuneration attribution;

ii) if performance is between 90% and 95% of the defined objectives, an amount within the range of 12% and 36% of the fixed remuneration of each member of the Executive Board of Directors is due;

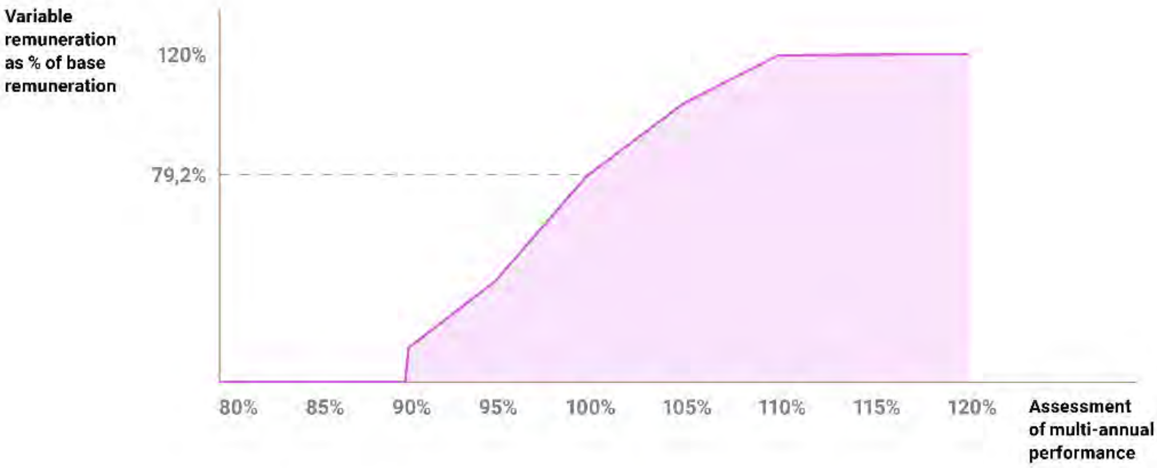
iii) if performance is between 95% and 100% of the defined objectives, an amount within the range of 36% and 79,2% of the fixed remuneration of each member of the Executive Board of Directors is due;

iv) if performance is between 100% and 105% of the defined objectives, an amount within the range of 79,2% and 102% of the fixed remuneration of each member of the Executive Board of Directors is due;

v) if performance is between 105% and 110% of the defined objectives, an amount within the range of 102% and 120% of the fixed remuneration of each member of the Executive Board of Directors is due;

vi) if performance meets the defined objectives in more than 110%, an amount equal to 120% of the fixed remuneration of each member of the Executive Board of Directors is due.

In graphic terms:



- Payment of the multi-annual remuneration is deferred for a period of no less than three years, and effective payment is conditional on the non-realization of intentional unlawful acts, known after the completion of the evaluation and that jeopardize the sustainability of the performance of the Company, and it is made after it is determined and approved by the Remuneration Committee of the General and Supervisory Board.

- The remuneration policy is therefore structured to promote the allignment of interests between the members of the Executive Board of Directors and the Company's long term goals. The timeframe for payment of the multi-annual variable remuneration (three years from the end of the respective financial year), the conditioning of such payment to the non-realization of intentional unlawful acts, known after the completion of the evaluation and that jeopardize the sustainability of the performance of the Company, as well as (i) using qualitative criteria oriented to a strategic and mid-term perspective of the Company's development, (ii) setting a maximum limit for the variable remuneration, and (iii) the relative weight of this component in the global remuneration packages, together constitute the fundamental elements in promoting Company management that does not focus exlusively on short-term objectives, rather integrating in its performance the long-term interests of the Company and its shareholders.

Annually, the following is a list of the maximum potencial amount to be attributed to the members of the Executive Board of Directors, assuming integral accomplishment of the defined objectives entailing payment of the maximum amounts set for annual and multi-annual variable remuneration, as described above:

(i) chairman of the Executive Board of Directors: EUR 2,570,213;

(ii) chief Financial Officer and Chief Executive Officer of EDP Renováveis Group: EUR 3,598,298;

(iii) remaining members of the Executive Board of Directors: EUR 9,252,766;

(iv) total: EUR 15,421,277.

Qualitative component

Pursuant to the terms of the remuneration policy in force during the 2020 financial year, the directors' remuneration has a qualitative element, both in the annual leg (of 20%, duly pondered by each directors' individual performance assessment and considering the respective period), and in the multi-annual leg (of 35% duly pondered by each directors' individual performance assessment and considering the respective period).

To that effect, the General and Supervisory Board annually undertakes not only the self-assessment of its activity and performance, and that of its Committees, the conclusions of which can be found in the respective annual report (see Article 12 of the Internal Regulation of the General and Supervisory Board), but also the independent evaluation of the acitivity and performance of the Executive Board of Directors, the conclusions of which are presented to the General Shareholders' Meeting and can be found attached to the General and Supervisory Board's annual report.

Through the initiative of the General and Supervisory Board, EDP has voluntarily instituted a formal and objective assessment procedure of the activities of this body and of the Executive Board of Directors. The experience of the last few years has allowed the General and Supervisory Board to introduce some changes to the methodology, considering its efficiency and effectiveness. During the financial year of 2020, the adopted methodology included the following milestones:

- the collective assessment exercise of the General and Supervisory Board, its Committees, and of the Executive Board of Directors, was conducted by an external entity, with the goal of having each member of the supervisory body carry out an individual questionnaire, supporting and validating the information to be provided to the evaluation process;

- at the start of 2021, each member of the General and Supervisory Board answered a questionnaire prepared by specialized consultants, answering both qualitative and quantitative questions; in particular, those questions related to the performance and activity of the General and Supervisory Board, as well as its relationship with its Committees and other corporate bodies of EDP; additionally, there were queries about the composition and organization of the Executive Board of Directors, the performance of its activity, the relationship between the Executive Board of Directors and the General and Supervisory Board;

- assessment reports of the General and Supervisory Board, its Committees and of the Executive Board of Directors were produced and made available for review of the General and Supervisory Board;

- the General and Supervisory Board issued its assessment opinions, which are included in this body's annual report;

- at the General Meeting, within the item of the agenda destined to the assessment of the Executive Board of Directors, the Chairman of the General and Supervisory Board presents its opinion on the matter.

In 2020, the Remuneration Committee of the General and Supervisory Board hired an external consultant – Mercer (Portugal), Lda. – to support it in the validation and certification of the calculation of the annual and multi-annual variable remuneration of the Executive Board of Directors.

In January 2021, the General and Supervisory Board also hired Mercer (Portugal), Lda. to provide services concerning the certification of the evaluation process of the abovementioned body, of its Specialized Committees and of the Executive Board of Directors. The referred certifications may be consulted at the 2020 Annual Report of the General and Supervisory Board.

Disclosure of remuneration

The total gross amount paid by EDP to the members of the Executive Board of Directors in 2020 was 12,837,782 Euros.

The chart below shows the gross amounts of remuneration paid individually to the members of the Executive Board of Directors in office during the 2020 financial year.

	GROSS REMUNERATION PAID BY EDP (*)	
EUROS	FIXED	VARIABLE ANNUAL (2019)
António Luís Guerra Nunes Mexia	970,213	554,020
João Manuel Manso Neto	654,804	393,862
António Fernando Melo Martins Costa	555,910	328,380
João Manuel Veríssimo Marques da Cruz	296,155 (**)	210,234
Miguel Stilwell de Andrade	660,379	391,174
Miguel Nuno Simões Nunes Ferreira Setas	281,718 (**)	221,849
Rui Manuel Rodrigues Lopes Teixeira	565,443	330,684
Maria Teresa Isabel Pereira	582,128	330,684
Vera de Morais Pinto Pereira Carneiro	582,128	332,988

(*) The remuneration of the members of the Executive Board of Directors include the amounts regarding retirement pension plans.

(**) Does not include the amounts paid by other Group companies

	GROSS REMUNERATION PAID BY EDP
EUROS	MULTI-ANNUAL VARIABLE (2017)*
António Luís Guerra Nunes Mexia	848,143
Nuno Maria Pestana de Almeida Alves	621,924
João Manuel Manso Neto	607,812
António Fernando Melo Martins Costa	429,760
João Manuel Veríssimo Marques da Cruz	309,471
Miguel Stilwell de Andrade	514,934
Miguel Nuno Simões Nunes Ferreira Setas	340,711
Rui Manuel Rodrigues Lopes Teixeira	502,838

* Multi-annual variable remuneration regarding the performance evaluation for the 2015-2017 period, year of 2017

The amounts of the variable remuneration were fixed on the basis of the tax treatment applicable in the director's country of tax residence. The amounts paid by EDP subsidiaries refer solely to their period of residence abroad.

The chart below shows the gross amounts of remuneration paid by other subsidiary or Group companies or companies to a member of the Executive Board of Directors under common control.

EUROS	FIXED	VARIABLE (2019)	GROSS REMUNERATION PAID BY EDP COMPANIES IN A CONTROL RELATIONSHIP
João Manuel Veríssimo Marques da Cruz	240.000	0	EDP - Ásia Soluções Energéticas, Lda.
Miguel Nuno Simões Nunes Ferreira Setas(*)	179.435	0	EDP - Energias do Brasil, S.A.

(*)Annual fixed remuneration and the variable remuneration – annual and multi-annual - were adjusted, aiming to the correction of deviations resulting from exchange rates and tax adjustments, in the respective amounts of 12,798.68 EUR e 15,086.00 EUR, so that the board member effectively receives the amount defined by the Remuneration Committee of the General and Supervisory Board.

Inexistence of additional benefits

EDP has not set a specific retirement benefit plan for its directors. The remuneration fixed by the Remuneration Committee of the General and Supervisory Board includes a retirement savings plan-type standard financial product for the members of the Executive Board of Directors, through the application of a net amount correspondent to 10% (ten percent) of their fixed annual remuneration. It was granted in accordance with the Remuneration Policy Statement approved by resolution of the General Shareholders' Meeting dated 16 April 2020. The product carries no liability for EDP in the future, as it corresponds simply to a financial product that is subscribed during their term of office, and is therefore not encompassed in Article 402(1) of the Portuguese Companies Code.

The members of the Executive Board of Directors do not own Company shares under variable remuneration mechanisms.

Company directors do not receive any significant remuneration in the form of non-monetary benefits.

EDP has no schemes in place for payment of remuneration in the form of profit-sharing and/or payment of bonuses.

EDP's directors have not entered into any agreements, with the Company or any third parties, with the effect of mitigating the inherent variability risk of the remuneration the Company has set for them.

Other than as described in this Remuneration Report, there are no agreements in force at EDP which foresee payments in case of dismissal or termination by mutual agreement of any director.

Exceptional payments related to termination and non-compete clauses agreements

The year of 2020 was characterized by an exceptional context in terms of the Company's governance, as António Luís Guerra Nunes Mexia, Chairman of the Executive Board of Directors for the mandate between 2018 and 2020, and João Manuel Manso Neto, Director of the Company in the same mandate, were suspended from the exercise of functions by a court decision in the context of the judicial procedure regarding the termination of the Power Purchase Agreements and the transition to the framework of contractual balance maintenance costs, as well as the extension of use right of the Public Hydro Domain.

Within this context, it should be noted that on 20 November 2020 António Luís Guerra Nunes Mexia and João Manuel Manso Neto entered into termination and non-competition agreements with EDP.

Under the terms of the aforementioned agreements, EDP would maintain the obligation to pay to the Directors the monetary amount due as remuneration for the mandate between 2018 and 2020, including the respective fixed and variable components, annual and multi-annual, whose assessment is the responsibility of the Remuneration Committee of the General and Supervisory Board, under the terms of the remuneration policy statement approved by this Committee and submitted to the General Shareholders' Meeting. To the extent that the aforementioned Directors, due to the performance of their duties over a fourteen-year period, had access to the knowledge and to extensive inside information and particularly sensitive information in terms of competition regarding EDP Group's strategy and business, non-competition agreements were also executed with reference to the post-termination period. According to the analysis that preceded the execution of the termination and non-compete agreements, the interests of the signing parties were duly safeguarded, as the final terms were fair and based in market best practices.

As consideration for the non-compete obligation, EDP undertakes to pay António Luís Guerra Nunes Mexia, over a three-year period, the amount of EUR 800,000 and to maintain, during the same period, the payment of health and life insurance premiums as well as the Retirement Savings Plan (PPR) Life Insurance, the premium of which represents 10% of the annual fixed remuneration and to João Manuel Manso Neto, over a three-year period, the amount of EUR 560,000 and to maintain, during the same period, the payment of the Retirement Savings Plan (PPR) Life Insurance, the premium of which represents 10% of the annual fixed remuneration. The termination and non-compete agreements were approved by the Remuneration Committee of the General and Supervisory Board, pursuant to Article 429 of the Commercial Companies Code, Article 27 of the Articles of Association of EDP and Article 12 (h) of the Internal Regulation of the Remuneration Committee of the General and Supervisory Board, at a meeting held on 13 November 2020, with the General and Supervisory Board, at the meeting held on November 17, 2020, having expressed its agreement to the respective conclusion and empowered two members of the Remuneration Committee of the General and Supervisory Board to represent the Company at the signing of such agreements.

B. Remuneration policy applicable to the members of the Corporate Bodies approved by the Remuneration Committee of the General Shareholders' Meeting

The Remuneration Committee of the General Meeting takes into account, for the purposes of the proposed remuneration policy for the members of the General and Supervisory Board, the General Meeting Board and the Statutory Auditor, namely, its fixed nature, as well as the mandatory rules on the respective determination, in particular the provisions of Article 440(2) of the Portuguese Companies Code, which sets out the criteria for determining the remuneration of the General and Supervisory Board, , of Article 374-A of the Portuguese Companies Code and the provisions of Law no. 50/2020 , of 25 August, on the remuneration of the members of the Board of the General Meeting, and of Article 60 of Decree-Law no. 224/2008, of 20 November, on the remuneration of the Statutory Auditor.

Principles underlying the remuneration policy for the members of the Corporate Bodies (other than the Executive Board of Directors)

The Remuneration Committee of the General Meeting has defined the remuneration policy of the members of the General and Supervisory Board under the guiding principle that it should be simple, moderate, adapted to the work being performed and the economic situation of the Company, but also equitable and competitive, so as to ensure value creation to the shareholders and other stakeholders of the Company.

The decisions of the Remuneration Committee of the General Meeting are based on the following guiding lines:

- definition of a simple, clear, transparent policy which is alligned with EDP's culture, so that the remuneratory practices can be based in uniform, consistente, fair and balanced criteria;

- definition of a policy consistente with risk control and management, effective to avoid excessive exposure to risk and conflicts of interest, seeking coherence with the Company's long-term objectives and values;

- assessment and promotion of scrupulous performance, where merit should be duly rewarded, but ensuring the homogeneity that allows for the necessary cohesion of the General and Supervisory Board, without losing sight of the economic and financial situation of the Company and of the country, even if EDP is working on a global scale;
- allignment with the remuneration of the memebers of the corporate bodies of the biggest companies by market capitalization and European peers, naturally adapted to the Portuguese market;
- the most recente recommendations issued by the European Union and the Securities Market Commission;
- allignment of the remuneration with the specific responsibilities inherent to the respective function;
- allignment of the remuneration with the time that the function requires.

The remuneration policy of the members of EDP's Corporate Bodies shall, in essence, be simple, transparent, moderate, adapted to the work being performed and the economic situation of the Company, but also equitable and competitive, so as to ensure value creation to the shareholders and other stakeholders of the Company.

This remuneration policy is reviewed annually, and with such periodicity, a statement that describes its general lines is submitted to the appreciation of the General Shareholders' Meeting, pursuant to a proposal made by the Remuneration Committee. When defining this remuneration policy, proposals are submitted which are aimed at ensuring remuneration is adequate and it reflects the risk profile and long-term objectives of EDP, while remaining compliant with applicable laws and national and international guidelines and recommendations.

Remuneration structure of the members of the Corporate Bodies (other than the Executive Board of Directors)

Based on these criteria and considering the challenges ahead for the next term of office, the Committee has defined the following remuneration policy guidelines:

- a differentiation between the remuneration of the members of the General and Supervisory Board and those of the members of the Executive Board of Directors shall be maintained, and there will be no variable component or any other remunerative supplement for the General and Supervisory Board.
- it shall be taken into account the performance merit and the complexity of the functions performed by the members of each body, so that the cohesion, stability and development of the Company is not endangered;
- as to the Chairman of the General and Supervisory Board, it shall be particularly considered that the Chairman office's functions are time consuming and comprehend a strong component of institutional representation. In addition, under Article 23 (3) of the Articles of Association, the General and Supervisory Board Chairman, being independent, should also preside the Financial Matters Committee/Audit Committee.
- in what regards the Vice Chairman, it shall be considered the duties and works performed by him in other committees.
- it is also important to distinguish other specific positions in the General and Supervisory Board, namely the participation of the members of the General and Supervisory Board in other committees, as well as the functions in those committees.
- finally, it should be considered that, historically, the remuneration of the Chairman of the General Shareholders' Meeting Board is similar to the remuneration attributed to a Committee Chairman. Therefore, the remuneration of the Chairman of the General Shareholders' Meeting Board shall be aligned accordingly.

The shareholders approved the statement of remuneration policy for the 2020 financial year on the Shareholders' General Meeting of 16 April 2020.

C. Particulars of the remuneration of the members of the General and Supervisory Board

Pursuant to the provision of the Article 440 of the Companies' Code, the remuneration of the members of the General and Supervisory Board is fixed, in view of their duties.

This remuneration policy has been annually reviewed, and with such periodicity is subject to appreciation of the Shareholders' General Meeting, with the policy for financial year 2020 having been approved on the General Shareholders' Meeting of 16 April 2020.

The remuneration of the Chairman of the General and Supervisory Board was set on the basis of the full-time performance of his duties, unlike the rest of the members of such body.

Remuneration limits

Accordingly, the Committee has submitted to the shareholders the following remuneration proposal for the financial year starting on 1 January 2020 and until the end of the respective terms of office:

A. GENERAL AND SUPERVISORY BOARD	B. ANNUAL REMUNERATION[1]
Chairman:	EUR 515,000.00
Vice-Chairman:	EUR 72,000.00
Member:	EUR 47,000.00

FINANCIAL MATTERS COMMITTEE/AUDIT COMMITTEE: ACCRUAL TO THE BASE REMUNERATION OF MEMBER	ANNUAL REMUNERATION[1]
Chairman:	+ EUR 73,000.00[2] (total EUR 120,000.00)
Vice-Chairman:	+ EUR 58,000.00 (total EUR 105,000.00)
Member:	+ EUR 23,000.00 (total EUR 70,000.00)

OTHER COMMITTEES: MEMBERS OF THE GENERAL AND SUPERVISORY BOARD WHO ACCUMULATE FUNCTIONS IN ONE OR MORE COMMITTEES:	ANNUAL REMUNERATION[1]
For each Committee acting as Chairman:	+ EUR23,000.00
For each Committee acting as Vice-Chairman:	+ EUR 15,000.00
For each Committee acting as Member:	+ EUR10,000.00

Regarding the remunerations set out above, the following additional rules shall be applied:

a) the Chairman of the General and Supervisory Board and the Chairman of the Financial Matters Committee/Audit Committee shall be entitled to no additional remuneration if they participate in additional Committees.

[1] Gross amounts.
[2] Not applicable to this term of office.

b) no other member of the General and Supervisory Board may accumulate the remuneration of more than two Committees beyond the base remuneration.

Disclosure of remuneration

The total gross amount paid by EDP to the members of the General and Supervisory Board in 2020 was EUR 1,863,000.

The chart below shows the remuneration paid during the 2020 financial year to the members of the General and Supervisory Board:

MEMBERS OF THE GENERAL AND SUPERVISORY BOARD	FIXED EUROS
Luís Filipe Marques Amado	515,000
China Three Gorges (Portugal), Sociedade Unipessoal, Lda.(*)	57.000
China Three Gorges Corporation	95,000
China Three Gorges International Corp.	57,000
China Three Gorges (Europe), S.A.	67,000
China Three Gorges Brasil Energia Ltda	57,000
Banco Comercial Português, S.A.	57,000
DRAURSA, S. A.	57,000
SONATRACH	57,000
Senfora BV	57,000
Fernando Maria Masaveu Herrero	67,000
Maria Celeste Ferreira Lopes Cardona	80,000
Ilídio Costa Leite Pinho	57,000
Jorge Avelino Braga Macedo	67,000
Vasco Joaquim Rocha Vieira	67,000
Augusto Carlos Serra Ventura Mateus	67,000
João Carvalho das Neves	115,000
María del Carmen Fernández Rozado	70,000
Laurie Lee Fitch	57,000
Clementina Maria Dâmaso de Jesus Silva Barroso	70.000
Luís Maria Viana Palha da Silva	70,000

(*) Remuneration paid to their representative, Prof. Eduardo de Almeida Catroga

D. Particulars applicable to the remuneration of the Statutory Auditor

Contractual nature

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

The Committee has resolved that the remuneration of the Statutory Auditor shall correspond to the amounts set out in the “Agreement for the Provision of Auditing Services” entered into between EDP and PricewaterhouseCoopers & Associados – Sociedade de Revisores Oficiais de Contas, Lda.

Scope of activity and services provided

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

All services provided by the Statutory Auditor during the 2020 financial year are laid out in item 46 of chapter 4 of this Annual Report.

Fees incurred

PRICEWATERHOUSECOOPERS

EUROS	PORTUGAL		SPAIN		BRAZIL		USA		OTHER COUNTRIES		TOTAL	
Audit and statutory audit of accounts	2,473,892		1,072,645		166,671		1,066,435		839,806		5,619,449	
Other assurance of reliability services (*)	1,894,873		247,994		4,000		-		40,842		2,187,709	
Total of audit and assurance of reliability services	4,368,765		1,320,639		170,671		1,066,435		880,648		7,807,158	99%
Tax consultancy services	-		-		-		-		-		-	
Other services	16,000		-		27,591		-		-		43,591	
Total of other services	16,000		-		27,591		-		-		43,591	’1%
Total	**4,384,765**	**56%**	**1,320,639**	**17%**	**198,262**	**2%**	**1,066,435**	**14%**	**880,648**	**11%**	**7,850,749**	**100%**

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

The “audit and statutory audit of accounts” line in Portugal include 1,708,900 Euro related with statutory audit fees, on an individual and consolidated basis, of EDP - Energias de Portugal, S.A.

KPMG

EUROS	BRAZIL		TOTAL	
Audit and statutory audit of accounts	704,181		704,181	
Other assurance of reliability services	60,767		60,767	
Total of audit and assurance of reliability services	764,948		764,948	91%
Tax consultancy services	-		-	
Other additional services	72,566		72,566	
Total of other services	72,566		72,566	9%
Total	**837,514**	**100%**	**837,514**	**100%**

The non-audit services requested by Group companies, in Portugal and in Brazil, to the Statutory Auditor and other entities of its network amount to EUR 2,364,633.

E. Particulars applicable to the remuneration of the Environmnent and Sustainability Board

The remuneration policy in force foresees that the members of the Environment and Sustainability Board are paid in attendance vouchers of EUR 1,750 per meeting.

In 2020, the members of the Environment and Sustainability Board did not receive any remuneration.

F. Particulars applicable to the remuneration of the Remuneration Committee of the General Meeting

The members of the Remuneration Committee of the General Meeting received the following remuneration in 2020:

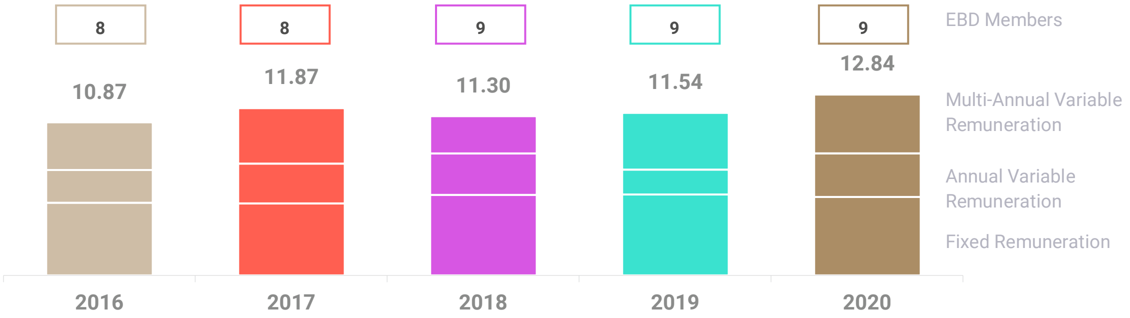
EUROS	FIXED
Luís Miguel Nogueira Freire Cortes Martins	15,000
José Gonçalo Ferreira Maury	10,000
Jaime Amaral Anahory	10,000

G. Particulars applicable to the remuneration of the Chairman of the General Meeting

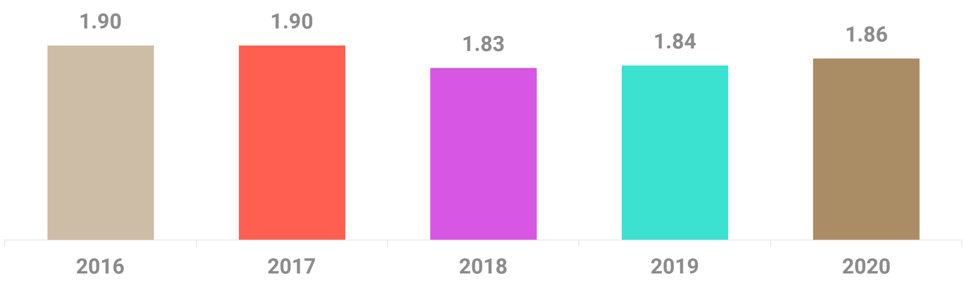
The Chairman and Secretary of the General Meeting do not earn any remuneration in that capacity, given that they are remunerated as a member of the General and Supervisory Board and Company Secretary, respectively. In 2020, the Vice-Chairman of the General Meeting received the amount of EUR 3,000.

H. Evolution of remuneration and performance

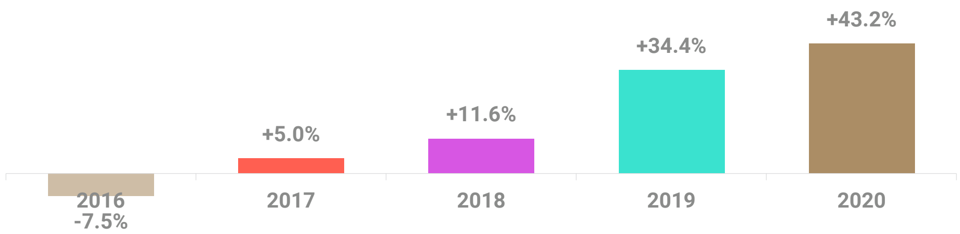
Remuneration of the Executive Board of Directors
(€ million)



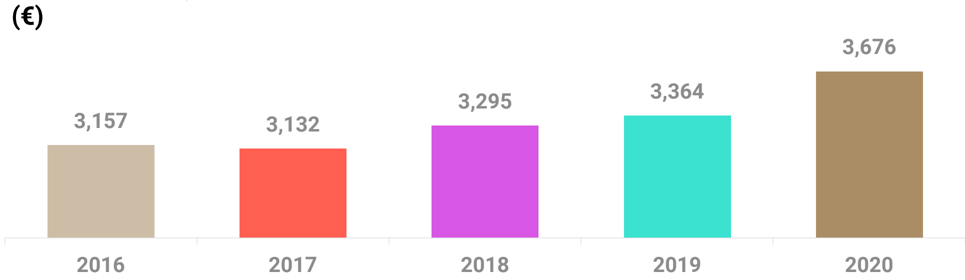
Remuneration of the General and Supervisory Board
(€ million)



Total Shareholder Return
(%) - SOURCE BLOOMBERG



Average Employees' Remuneration
(€)



Note: Excluding ForEx effect; constant FX rate (average of 2015 to 2017) of 3.72 EUR/BRL, applied to the period 2016 to 2020.

Changing tomorrow now.

CHANGE

FROM MORE TO BETTER

Changing
tomorrow now.

Driving change to set new standards

Changing tomorrow now.

06

FINANCIAL STATMENTS

Financial Statements
31 December 2020

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EDP - Energias de Portugal

Consolidated Income Statements
for the periods ended at 31 December 2020 and 2019

Thousand Euros	Notes	2020	2019 *
Revenues from energy sales and services and other	7	12,448,205	14,333,009
Cost of energy sales and other	7	-7,356,487	-9,115,859
		5,091,718	5,217,150
Other income	8	1,077,689	691,886
Supplies and services	9	-856,519	-897,543
Personnel costs and employee benefits	10	-667,313	-620,196
Other expenses	11	-635,180	-652,473
Impairment losses on trade receivables and debtors	26	-63,690	-33,207
		-1,145,013	-1,511,533
Joint ventures and associates	21	3,257	25,011
		3,949,962	3,730,628
Provisions	36	-112,093	-101,530
Amortisation and impairment	12	-1,631,831	-1,765,619
		2,206,038	1,863,479
Financial income	13	226,702	387,817
Financial expenses	13	-897,326	-1,057,591
Profit before income tax and CESE		1,535,414	1,193,705
Income tax expense	14	-309,112	-225,901
Extraordinary contribution to the energy sector (CESE)	15	-65,109	-68,477
		-374,221	-294,378
Net profit for the period		**1,161,193**	**899,327**
Attributable to:			
Equity holders of EDP		**800,692**	**511,751**
Non-controlling Interests	33	**360,501**	**387,576**
Net profit for the period		**1,161,193**	**899,327**
Earnings per share (Basic and Diluted) - Euros	30	0.21	0.14

* Includes restatement due to changes in results in Joint Ventures and Associates as described in note 2a)

LISBON, 24 FEBRUARY 2021

THE CERTIFIED ACCOUNTANT
N.º 17,713

THE MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS

EDP - Energias de Portugal

Consolidated Statements of Comprehensive Income
for the periods ended at 31 December 2020 and 2019

	2020		2019	
Thousand Euros	Equity holders of EDP	Non-controlling Interests	Equity holders of EDP	Non-controlling Interests
Net profit for the period	800,692	360,501	511,751	387,576
Items that will never be reclassified to profit or loss (i)				
Actuarial gains/(losses) (iii)	-78,961	4,226	-170,330	-30,559
Tax effect from the actuarial gains/(losses)	25,671	-1,436	53,752	10,387
Fair value reserve with no recycling (financial assets) (ii)	-5,203	-	6,429	-
Tax effect from the fair value reserve with no recycling (financial assets) (ii)	927	-	-1,514	-
	-57,566	2,790	-111,663	-20,172
Items that may be reclassified to profit or loss (i)				
Currency translation reserve	-508,945	-472,807	-70,687	-3,590
Fair value reserve (cash flow hedge) (ii)	-61,451	-6,196	354,667	3,437
Tax effect from the fair value reserve (cash flow hedge) (ii)	17,898	-197	-92,451	-793
Fair value reserve of assets measured at fair value throught other comprehensive income with recycling (ii)	1,404	-755	-	71
Tax effect of Fair value reserve of assets measured at fair value throught other comprehensive income with recycling (ii)	-442	-	-	-
Share of other comprehensive income of joint ventures and associates, net of taxes	-8,312	-6,644	-17,188	-5,825
	-559,848	-486,599	174,341	-6,700
Other comprehensive income for the period (net of income tax)	-617,414	-483,809	62,678	-26,872
Total comprehensive income for the period	183,278	-123,308	574,429	360,704

(i) See Consolidated Statement of Changes in Equity
(ii) See Note 32
(iii) See Note 35

LISBON, 24 FEBRUARY 2021

THE CERTIFIED ACCOUNTANT
N.º 17,713

THE MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS

EDP - Energias de Portugal

Consolidated Statements of Financial Position
as at 31 December 2020 and 31 December 2019

Thousand Euros	Notes	2020	2019
Assets			
Property, plant and equipment	16	20,163,221	19,676,222
Right-of-use assets	17	1,030,193	828,503
Intangible assets	18	4,998,235	4,223,823
Goodwill	19	2,306,303	2,119,862
Investments in joint ventures and associates	21	940,362	1,098,512
Equity instruments at fair value	22	184,748	170,806
Investment property	23	21,378	29,944
Deferred tax assets	24	1,139,543	1,084,046
Debtors and other assets from commercial activities	26	2,747,012	3,424,220
Other debtors and other assets	27	1,020,788	932,578
Non-Current tax assets	28	251,770	389,037
Collateral deposits associated to financial debt	34	22,848	21,690
Total Non-Current Assets		34,826,401	33,999,243
Inventories	25	323,945	368,334
Debtors and other assets from commercial activities	26	3,545,611	2,858,160
Other debtors and other assets	27	850,753	881,779
Current tax assets	28	414,302	415,735
Collateral deposits associated to financial debt	34	9,221	39,786
Cash and cash equivalents	29	2,954,302	1,542,722
Non-Current Assets held for sale	41	22,248	2,255,887
Total Current Assets		8,120,382	8,362,403
Total Assets		42,946,783	42,361,646
Equity			
Share capital	30	3,965,681	3,656,538
Treasury stock	31	-54,025	-61,220
Share premium	30	1,196,522	503,923
Reserves and retained earnings	32	3,673,785	4,247,195
Consolidated net profit attributable to equity holders of EDP		800,692	511,751
Total Equity attributable to equity holders of EDP		9,582,655	8,858,187
Non-controlling Interests	33	3,495,754	3,773,826
Total Equity		13,078,409	12,632,013
Liabilities			
Financial debt	34	14,023,940	13,124,615
Employee benefits	35	1,138,237	1,128,155
Provisions	36	992,865	926,426
Deferred tax liabilities	24	814,474	503,746
Institutional partnerships in North America	37	1,933,542	2,289,784
Trade payables and other liabilities from commercial activities	38	1,435,006	1,644,307
Other liabilities and other payables	39	1,739,448	1,177,119
Non-current tax liabilities	40	122,743	138,212
Total Non-Current Liabilities		22,200,255	20,932,364
Financial debt	34	2,262,823	3,446,854
Employee benefits	35	204,067	183,514
Provisions	36	260,154	126,091
Trade payables and other liabilities from commercial activities	38	3,952,213	3,859,623
Other liabilities and other payables	39	590,117	623,771
Current tax liabilities	40	398,634	478,594
Non-Current Liabilities held for sale	41	111	78,822
Total Current Liabilities		7,668,119	8,797,269
Total Liabilities		29,868,374	29,729,633
Total Equity and Liabilities		42,946,783	42,361,646

LISBON, 24 FEBRUARY 2021

THE CERTIFIED ACCOUNTANT
N.º 17,713

THE MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS

The following notes form an integral part of these condensed financial statements

EDP - Energias de Portugal

Consolidated Statements of Changes in Equity
for the periods ended at 31 December 2020 and 2019

Thousand Euros	Total Equity	Share capital (i)	Share premium (i)	Legal reserve (ii)	Reserves and retained earnings	Fair value reserve (cash flow hedge) (ii)	Fair value reserve (financial assets) (ii)	Currency translation reserve (ii)	Treasury stock (iv)	Equity attributable to equity holders of EDP	Non-controlling Interests (iii)
Balance as at 31 December 2018	**12,900,327**	**3,656,538**	**503,923**	**739,024**	**4,817,541**	**-213,315**	**10,287**	**-483,410**	**-62,410**	**8,968,178**	**3,932,149**
Comprehensive income:											
Net profit for the period	899,327	-	-	-	511,751	-	-	-	-	511,751	387,576
Changes in the fair value reserve (cash flow hedge) net of taxes	264,860	-	-	-	-	262,216	-	-	-	262,216	2,644
Changes in the fair value reserve of assets measured at fair value through other comprehensive income, net of taxes	4,986	-	-	-	-	-	4,915	-	-	4,915	71
Share of other comprehensive income of joint ventures and associates net of taxes	-23,013	-	-	-	-8,706	-8,532	-	50	-	-17,188	-5,825
Actuarial gains/(losses) net of taxes	-136,750	-	-	-	-116,578	-	-	-	-	-116,578	-20,172
Exchange differences arising on consolidation	-74,277	-	-	-	-	-	-	-70,687	-	-70,687	-3,590
Total comprehensive income for the period	935,133	-	-	-	386,467	253,684	4,915	-70,637	-	574,429	360,704
Dividends paid	-690,675	-	-	-	-690,675	-	-	-	-	-690,675	-
Dividends attributable to non-controlling interests	-136,515	-	-	-	-	-	-	-	-	-	-136,515
Share-based payments	1,231	-	-	-	41	-	-	-	1,190	1,231	-
Sale without loss of control of windfarms in Europe	-289,186	-	-	-	-	172	-	-	-	172	-289,358
Changes resulting from acquisitions/sales, equity increases/decreases and other	-88,302	-	-	-	4,852	-	-	-	-	4,852	-93,154
Balance as at 31 December 2019	**12,632,013**	**3,656,538**	**503,923**	**739,024**	**4,518,226**	**40,541**	**15,202**	**-554,047**	**-61,220**	**8,858,187**	**3,773,826**
Comprehensive income:											
Net profit for the period	1,161,193	-	-	-	800,692	-	-	-	-	800,692	360,501
Changes in the fair value reserve (cash flow hedge) net of taxes	-49,946	-	-	-	-	-43,553	-	-	-	-43,553	-6,393
Changes in the fair value reserve of assets measured at fair value through other comprehensive income, net of taxes	-4,069	-	-	-	-	-	-3,314	-	-	-3,314	-755
Share of other comprehensive income of joint ventures and associates net of taxes	-14,956	-	-	-	-16,453	-1,356	-	9,497	-	-8,312	-6,644
Actuarial gains/(losses) net of taxes	-50,500	-	-	-	-53,290	-	-	-	-	-53,290	2,790
Exchange differences arising on consolidation	-981,752	-	-	-	-	-	-	-508,945	-	-508,945	-472,807
Total comprehensive income for the period	59,970	-	-	-	730,949	-44,909	-3,314	-499,448	-	183,278	-123,308
Dividends paid	-690,739	-	-	-	-690,739	-	-	-	-	-690,739	-
Dividends attributable to non-controlling interests	-132,436	-	-	-	-	-	-	-	-	-	-132,436
Share Capital increase	1,001,742	309,143	692,599	-	-	-	-	-	-	1,001,742	-
Share-based payments	7,354	-	-	-	159	-	-	-	7,195	7,354	-
Changes resulting from acquisitions/sales, equity increases/decreases and other	200,505	-	-	-	222,833	-	-	-	-	222,833	-22,328
Balance as at 31 December 2020	**13,078,409**	**3,965,681**	**1,196,522**	**739,024**	**4,781,428**	**-4,368**	**11,888**	**-1,053,495**	**-54,025**	**9,582,655**	**3,495,754**

(i) See note 30
(ii) See note 32
(iii) See note 33
(iv) See note 31

LISBON, 24 FEBRUARY 2021

THE CERTIFIED ACCOUNTANT
N.º 17,713

THE MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS

EDP - Energias de Portugal

Consolidated and Company Statements of Cash Flows
for the periods ended at 31 December 2020 and 2019

Thousand Euros	Notes	Group 2020	Group 2019	Company 2020	Company 2019 *
Operating activities					
Profit before income tax and CESE		1,535,414	1,193,705	817,731	655,758
Adjustments for:					
Amortisation and impairment	12	1,631,831	1,765,619	40,726	28,856
Provisions	36	112,093	101,530	301	-133
Joint ventures and associates	21	-3,257	-25,011	-	-
Financial (income)/expenses	13	670,624	669,774	-791,838	-685,775
(Gains) / Losses on disposal and scope effects except Asset Rotations		-234,818	32,440	-699	-3,676
Changes in working capital:					
Trade and other receivables		5,928	131,007	-139,245	75,690
Trade and other payables		16,411	-116,077	-54,349	-54,321
Personnel		-101,616	-339,684	6,018	156
Regulatory assets		-47,293	-251,160	-	-
Other changes in assets/liabilities related with operating activities		-523,418	-342,802	-135,624	35,352
Income tax and CESE		-172,788	-284,929	71,184	46,697
Net cash flows from operations		2,889,111	2,534,412	-185,795	98,604
Net (gains) / losses with Asset Rotations		-433,900	-313,452	-	-
Net cash flows from operating activities		2,455,211	2,220,960	-185,795	98,604
Investing activities					
Cash receipts relating to:					
Sale of assets/subsidiaries with loss of control i)		3,835,863	502,982	-	-
Other financial assets and investments ii)		130,227	563,867	1,613,045	116
Other financial assets at amortised cost		-	-	527,282	474,188
Changes in cash resulting from consolidation perimeter variations iii)		85,579	-	-	-
Property, plant and equipment and intangible assets		12,484	30,885	6,123	221
Other receipts relating to tangible fixed assets		6,683	4,894	-	-
Interest and similar income		26,940	61,308	55,349	76,964
Dividends		48,478	43,127	883,690	601,205
Loans to related parties		326,071	605,313	600,260	508,490
		4,472,325	1,812,376	3,685,749	1,661,184
Cash payments relating to:					
Acquisition of assets/subsidiaries iii)		-1,097,339	-3,133	-	-
Other financial assets and investments iv)		-431,182	-739,100	-7,919	-146,156
Other financial assets at amortised cost		-	-	-122,442	-
Changes in cash resulting from consolidation perimeter variations i)		-38,825	-112,284	-	-
Property, plant and equipment and intangible assets		-2,409,812	-2,348,542	-45,272	-38,341
Loans to related parties		-780,652	-254,339	-46,160	-325,850
		-4,757,810	-3,457,398	-221,793	-510,347
Net cash flows from investing activities		-285,485	-1,645,022	3,463,956	1,150,837
Financing activities					
Receipts relating to financial debt (include Collateral Deposits)		5,927,683	4,099,892	1,942,863	1,657,992
(Payments) relating to financial debt (include Collateral Deposits)		-6,463,566	-3,443,363	-4,365,029	-1,729,425
Interest and similar costs of financial debt including hedge derivatives		-570,155	-557,270	-349,697	-266,144
Receipts/(payments) relating to loans from non-controlling interests		216,858	-29,922	-	-
Interest and similar costs relating to loans from non-controlling interests		-9,831	-21,177	-	-
Receipts/(payments) relating to loans from related parties		-	-	406,597	-361,418
Interest and similar costs of loans from related parties including hedge derivatives		-	-	-3,145	-4,988
Governmental grants received		37	-	-	-
Share capital increases/(decreases) (includes the subscribed by non-controlling interests) v)		920,598	-61,722	996,392	-
Receipts/(payments) relating to derivative financial instruments		12,776	-4,946	-68,248	35,365
Dividends paid to equity holders of EDP vi)		-690,739	-690,675	-691,026	-690,963
Dividends paid to non-controlling interests		-112,001	-134,726	-	-
Treasury stock sold/(purchased)		7,195	-	-	-
Receipts/(payments) related with transactions with non-controlling interest without change of control		-1,007	-20,386	-	-
Lease (payments) vii)		-80,364	-75,754	-11,853	-12,533
Receipts/(payments) from institutional partnerships in North America viii)		248,728	105,627	-	-
Net cash flows from financing activities		-593,788	-834,422	-2,143,146	-1,372,114
Changes in cash and cash equivalents		1,575,938	-258,484	1,135,015	-122,673
Effect of exchange rate fluctuations on cash held		-170,198	-1,999	223	-534
Cash and cash equivalents reclassified as held for sale		5,840	-	-	-
Cash and cash equivalents at the beginning of the period		1,542,722	1,803,205	1,037,393	1,160,600
Cash and cash equivalents at the end of the period ix)		2,954,302	1,542,722	2,172,631	1,037,393

i) Relates essentially to the receivement of the sales of Babilônia Holding, S.A. and its subsidiaries (see note 27), the transfers of offshore companies to OW Offshore Relates, the sale of Camirengia Hidroeléctricos, S.A. (Portugal), the receivement of Baser Comercializadora de Referencia, S.A and EDP Comercializadora, S.AU (Spain), as well the sell of companies located in Spain and North America (see note 6);

ii) Relates essentially to the receivement of the sale of Zephyr fund (see note 22) and the receivement of notes (see note 27);

iii) Relates, mainly, to the impact with the acquisition of Viesgo Group companies (see note 6);

iv) Relates essentially to payments made for the capital increases in North America companies, the Investment Funds in Brazil and acquisition of participation in the Mercer and Dunas funds (see note 22);

v) Relates essentially to the capital increase made by the company (see note 30);

vi) See Note 32;

vii) Includes capital and interest;

viii) On a consolidated basis, refers to the receipts and payments net of transaction costs (transactions included in note 37);

ix) See details of Cash and cash equivalents in note 29 and the Consolidated and Company Reconciliation of Changes in the responsibilities of Financing activities in note 52 of the Financial Statements.

* Includes the reclassification arising from the change in accounting policy as described in note 2a).

LISBON, 24 FEBRUARY 2021

THE CERTIFIED ACCOUNTANT
N.º 17,713

THE MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS

EDP - Energias de Portugal, S.A.

Company Income Statements
for the periods ended at 31 December 2020 and 2019

Thousand Euros	Notes	2020	2019
Revenues from energy sales and services and other	7	2,863,316	2,968,760
Cost of energy sales and other	7	-2,555,001	-2,739,070
		308,315	229,690
Other income		16,646	19,387
Supplies and services	9	-159,748	-152,951
Personnel costs and employee benefits	10	-79,382	-72,800
Other expenses		-18,917	-24,630
Impairment losses on trade receivables and debtors		6	10
		-241,395	-230,984
		66,920	-1,294
Provisions		-301	133
Amortisation and impairment	12	-40,726	-28,856
		25,893	-30,017
Financial income	13	1,486,782	1,252,845
Financial expenses	13	-694,944	-567,070
Profit before income tax		817,731	655,758
Income tax expense	14	60,420	65,158
Net profit for the period		**878,151**	**720,916**

LISBON, 24 FEBRUARY 2021

THE CERTIFIED ACCOUNTANT
N.º 17,713

THE MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS

EDP - Energias de Portugal, S.A.

Company Statements of Comprehensive Income
for the periods ended at 31 December 2020 and 2019

Thousand Euros	2020	2019
Net profit for the period	878,151	720,916
Items that will never be reclassified to profit or loss (i)		
Actuarial gains/(losses)	628	-538
Tax effect from the actuarial gains/(losses)	-159	122
Changes in reserves and retained earnings by liquidation of financial assets	-	-248
	469	-664
Items that may be reclassified to profit or loss (i)		
Fair value reserve (cash flow hedge) (ii)	176,802	-90,247
Tax effect from the fair value reserve (cash flow hedge) (ii)	-39,780	20,306
	137,022	-69,941
Other comprehensive income for the period (net of income tax)	137,491	-70,605
Total comprehensive income for the period	1,015,642	650,311

(i) See Company Statement of Changes in Equity
(ii) See Note 32

LISBON, 24 FEBRUARY 2021

THE CERTIFIED ACCOUNTANT
N.º 17,713

THE MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS

EDP - Energias de Portugal, S.A.

Company Statements of Financial Position
as at 31 December 2020 and 31 December 2019

Thousand Euros	Notes	2020	2019 *
Assets			
Property, plant and equipment	16	27,958	28,925
Right-of-use assets	17	106,911	110,947
Intangible assets	18	115,223	93,353
Investments in subsidiaries	20	14,396,105	15,684,346
Investments in joint ventures and associates		2	2
Equity instruments at fair value		1,252	1,252
Investment property	23	87,289	71,163
Deferred tax assets	24	123,626	142,907
Debtors and other assets from commercial activities		730	692
Other debtors and other assets	27	3,203,422	3,289,149
Total Non-Current Assets		18,062,518	19,422,736
Debtors and other assets from commercial activities	26	733,926	583,828
Other debtors and other assets	27	853,407	1,551,140
Current tax assets	28	51,314	109,676
Cash and cash equivalents	29	2,172,631	1,037,393
Total Current Assets		3,811,278	3,282,037
Total Assets		21,873,796	22,704,773
Equity			
Share capital	30	3,965,681	3,656,538
Treasury stock	31	-54,025	-55,124
Share premium	30	1,196,522	503,923
Reserves and retained earnings	32	2,786,784	2,619,244
Net profit for the period		878,151	720,916
Total Equity		8,773,113	7,445,497
Liabilities			
Financial debt	34	8,134,429	8,494,071
Employee benefits		8,366	6,696
Provisions		2,051	1,794
Trade payables and other liabilities from commercial activities		363	1,144
Other liabilities and other payables	39	497,290	348,890
Total Non-Current Liabilities		8,642,499	8,852,595
Financial debt	34	3,349,143	4,980,058
Employee benefits		1,075	69
Provisions		848	926
Trade payables and other liabilities from commercial activities	38	662,559	715,314
Other liabilities and other payables	39	423,337	681,279
Current tax liabilities	40	21,222	29,035
Total Current Liabilities		4,458,184	6,406,681
Total Liabilities		13,100,683	15,259,276
Total Equity and Liabilities		21,873,796	22,704,773

* Includes the reclassification arising from the change in accounting policy as described in note 2a).

LISBON, 24 FEBRUARY 2021

THE CERTIFIED ACCOUNTANT
N.º 17,713

THE MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS

EDP - Energias de Portugal, S.A.

Company Statements of Changes in Equity
for the periods ended at 31 December 2020 and 2019

Thousand Euros	Total Equity	Share capital (i)	Share premium (i)	Legal reserve (ii)	Reserves and retained earnings (ii)	Fair value reserve (cash flow hedge) (ii)	Treasury stock (iii)
Balance as at 31 December 2018	**7,484,917**	**3,656,538**	**503,923**	**739,024**	**2,643,075**	**-1,328**	**-56,315**
Comprehensive income:							
Net profit for the period	720,916	-	-	-	720,916	-	-
Changes in the fair value reserve (cash flow hedge) net of taxes	-69,941	-	-	-	-	-69,941	-
Changes in reserves and retained earnings by liquidation of financial assets	-248	-	-	-	-248	-	-
Actuarial gains / (losses) net of taxes	-416	-	-	-	-416	-	-
Total comprehensive income for the period	650,311	-	-	-	720,252	-69,941	-
Dividends paid	-690,963	-	-	-	-690,963	-	-
Share-based payments	1,232	-	-	-	41	-	1,191
Balance as at 31 December 2019	**7,445,497**	**3,656,538**	**503,923**	**739,024**	**2,672,405**	**-71,269**	**-55,124**
Comprehensive income:							
Net profit for the period	878,151	-	-	-	878,151	-	-
Changes in the fair value reserve (cash flow hedge) net of taxes	137,022	-	-	-	-	137,022	-
Actuarial gains / (losses) net of taxes	469	-	-	-	469	-	-
Total comprehensive income for the period	1,015,642	-	-	-	878,620	137,022	-
Share Capital increase	1,001,742	309,143	692,599				
Dividends paid	-691,026	-	-	-	-691,026	-	-
Share-based payments	1,258	-	-	-	159	-	1,099
Balance as at 31 December 2020	**8,773,113**	**3,965,681**	**1,196,522**	**739,024**	**2,860,158**	**65,753**	**-54,025**

(i) See note 30
(ii) See note 32
(ii) See note 31

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N.º 17,713

THE MANAGEMENT

THE EXECUTIVE BOARD OF DIRECTORS

COVID 19 - Macroeconomic, Regulatory, Operational, Accounting Impact and Stakeholders

In late 2019, in the Chinese city of Wuhan, a virus, SARS-COV-2, that can cause a serious respiratory infection like pneumonia was first identified in humans. During the year 2020, the disease caused by the virus, the COVID-19, was classified by the World Health Organization (WHO) as a pandemic. COVID-19 has forced the world to change its habits and is having several social, economic, regulatory, operational, accounting and public health impacts.

Macroeconomic Impact

The current global crisis with the COVID-19 pandemic incorporates significant risks to the economy and society, remaining an uncertainty regarding the duration of the epidemic crisis and its long term economic impacts.

In global macroeconomic terms, COVID-19 has impacted the EDP Group's activity in its various geographies and across the value chain. However, a prudent strategy to hedge energy and financial market risks, the maintenance of robust liquidity levels as well as an active management of suppliers and critical supplies, have allowed to significantly mitigate the impacts of this crisis.

EDP Group's energy business has been impacted by the drop in demand associated with the lockdown, as well as by a strong decline in pool prices in the various geographies due to the falling prices in fuel (gas, oil, coal, CO2), partly already felt a few months before the COVID-19 crisis in Europe. The risk price hedging strategy, with very high levels of fixed-price coverage has allowed to contain the impacts of the fall in pool prices in generation business in the several geographies of EDP Group and specially in the Iberian market. The decrease in business consumption had an impact in commercialization business, however it was partially offset by an increase in residential consumption. The energy distribution business in Iberia had very little impact from the drop in consumption. With the progressive end of the "lockdown", there was a general improvement in consumption levels and prices, however still below pre-crisis levels, with uncertainty about the potential effects of this 2nd wave and the duration and strenght of the economic recovery.

Regarding the financial markets, there was a very significant increase in the volatility of exchange and interest rates, in addition to a sharp drop in capital markets, however fully recovered after March minimums. In this context, the most relevant impact on EDP is the sharp devaluation of the Brazilian real.

In terms of exposure to credit risk, there was an increase in commercial debt, which in the meantime has fallen after peak with regulatory measures to protect the economy (credit default). However, the uncertainties associated with this 2nd wave and duration of the economic recovery still incorporate some risks, especially in the sectors of activity most affected by the crisis. Even so, the existence of a very diverse portfolio of customers and standard debt recovery policies and processes allows to mitigate these impacts.

The EDP Group has been strengthening its financial position and is taking the appropriate mitigation measures from the first signs, making it better prepared to absorb the potential impacts that may result from this pandemic. The issue of the 750 million Euros Hybrid Green Bond and the repurchase of a Hybrid Bond in the same amount in January, the sale of tariff deficit in the amount of 825 million Euros in March, the issue of a 750 million Euros bond loan in April, the sale of tariff deficit in the amount of 273 million Euros in July, the issue of the 850 million American Dolars Green Bond in September and the sale of tariff deficit in the amount of 271 million Euros in December, as well as the sale of the hydro powerplants portfolio in Portugal in the amount of 2.2 billion Euros, in December, reinforce the Group's liquidity position.

Regulatory Impact

In the context of COVID-19 pandemic, a set of laws has been approved with the purpose to adapt the sector's activity to the situation experienced, establishing, in particular, consumer protection, procedures and business continuity measures.

Dispatch 26/2020 of the Portuguese Authority of Energy and Geology (DGEG), published in 17 March 2020, taking into account the decisions came from the Council of Ministers on 13 March 2020 where a set of extraordinary and urgent measures to respond to the epidemic situation created by the new Covid-19 were approved, and joining DGEG to this effort, come to simplify and facilitate some measures related to the billing of fees regarding to processes of Small Production Units (UPP) and Self-consumption production units (UPAC), namely, payment of fees associated with administrative procedures.

On 18 March 2020, Regulation 255-A / 2020 of the Energy Services Regulatory Agency (ERSE) was published, which sets out the exceptional conditions for the energy supply services to avoid interruptions in electricity supply, piped natural gas and liquefied petroleum gas (LPG), namely:

- Regarding the contingency plans adopted by the providers of essential public services and anticipating possible payment difficulties motivated by isolation, lack of access to alternative means of payment from home or by an abrupt and unexpected loss of income by consumers, ERSE determines that the period of notice of interruption of supply to domestic customers (BTN) is extended by an additional 30 days;
- Establish exceptional rules regarding the instalment payment of debts generated in this exceptional period of 30 days, which may be extended by ERSE itself;
- Fractional payment of invoices, with no interest being charged by companies for a period of 30 days, due to the difficulty of paying consumers to their energy suppliers;
- The distribution system operators must give priority, in their actions to guarantee the supply of energy, to priority facilities, specially in hospitals and other health facilities, including those facilities that are exceptionally mobilized for this regime, as well as facilities public security and civil protection.

DGEG Dispatch 27/2020, published on 20 March 2020, determines the execution of exceptional and temporary measures in the scope of licensing of the electricity sector, in response to the epidemiological situation arising from COVID-19, namely, the suspension, until the end of April, beginning with the date of the present order, of the submission of new requests for the allocation of Capacity Reserve Titles, Agreements for the allocation of reception capacity in the Electric Public Network (RESP), Registrations for UPP or UPAC, Electricity Production Licenses within the scope of Production in Ordinary Regime (PRO), Cogeneration and Production in Special Regime (PRE) and Licenses for the establishment of network infrastructures (lines and extensions, stations transformers, substations), except those of public or private service that fit in situations considered emergency by DGEG, for public health reasons or similar).

On 22 March 2020, Dispatch 3547-A / 2020, of the Ministry of Environment and Climate Action, was published, which regulates the declaration of the state of emergency, ensuring the functioning of supply chains for essential goods and public services, as well as the operating conditions under which they must operate.

In order to ensure the continuity and non-interruption of the electricity distribution service, the distribution system operators, municipalities and concessionaires for low voltage distribution must ensure, within the scope of their responsibilities, all necessary measures to ensure regular management , operation and maintenance of networks, maintenance of lines, transformer stations and auxiliary installations, and defining the necessary teams, including operators, team leaders, operation and maintenance technicians and other elements assigned to emergency response, to ensure the following functions:

- Operation of the National Dispatch of the National Electricity Transport Network in Sacavém;
- Operation of the Operation Center of the National Electricity Transport Network in Vermoim;
- Local operation and response to breakdowns and incidents in the infrastructures of the National Electricity Transport Network;
- Operation of the National Dispatch of the National Transport Network and Natural Gas Storage Infrastructures in Bucelas;
- Local operation and response to breakdowns and incidents in the infrastructures of the National Natural Gas Transport Network;
- Local operation and response to breakdowns and incidents in the underground natural gas storage infrastructures in Carriço;
- Local operation and response to breakdowns and incidents at the Terminal of liquefied natural gas in Sines, including the reception, storage and regasification of liquefied natural gas (GNL);
- Operation and response to malfunctions and incidents of the computer systems that support previous activities;
- Maintenance of protection bands and fuel management in situations of imminent risk.

On 8 April 2020, ERSE Regulation No. 356-A / 2020 was published, which approves the regulation that establishes exceptional measures within the scope of the SEN and SNGN by the Epidemiological Emergency COVID-19 (additional measures to ERSE Regulation no. 255-A / 2020, published on 18 March 2020). In this context, ERSE approves additional regulations in which it extends, until 30 June 2020, the validity period of Regulation no. 225-A / 2020 and operates provisions for fractioned payment of electricity and natural gas bills until 12 monthly payments and also establishes other rules for application to companies not covered by Regulation No. 225-A / 2020.

On 10 April 2020, Law no. 7/2020 of the Assembly of the Republic was published, which establishes an exceptional and transitional regime for non-interruption of the provision of essential services. It is determined that during the state of emergency and in the following month, the suspension of the provision of essential services, such as electricity and natural gas, is not allowed and that, in the event of outstanding amounts related to the provision of these services, it should be drawn a payment plan, by agreement between the supplier and the customer, starting in the second month following the state of emergency. Because Law No. 7/2020 was published with inaccuracies, on 30 April 2020, Statement of Rectification No. 18/2020 was published, which rectifies, among others, the article that imposes obligations in terms of telephone lines available to customers.

On 26 May 2020, ERSE Regulation 496/2020 was published, approving the amendment to the Electric Sector Tariff Regulation (TR), determining that the regulatory parameters approved in ERSE Directive 2/2018, of 4 January, for the 2018-2020 regulatory period, are exceptionally applicable until 31 December 2021, that is, for another year due to the current context of uncertainty created by the pandemic.

On 29 May 2020, Law No. 18/2020 was published, which makes the first amendment to Law No. 7/2020, of 10 April 2020, extending the deadlines for measures to support families in the context of current public health crisis generated by COVID-19. Thus, this Law determines that the suspension of the supply of essential services such as electricity and natural gas should not be allowed until 30 September 2020, and the suspension ban precluded applies when motivated by a situation of unemployment, drop in household income equal to or greater than 20%, or with COVID-19 (applying from 1 June). In the event that there are outstanding amounts related to the provision of these services, a payment plan should be drawn up, by agreement between the supplier and the customer, starting in the second month thereafter from 30 September 2020.

On 22 June 2020, Ordinance No. 149/2020 was published, which defines and regulates the terms under which the aforementioned drop in income is demonstrated for the purpose of not suspending the provision of essential services.

On 8 July 2020, Dispatch 40/2020 of DGEG was published, which determines the closure of the facilities to the public until 27 July, suspension of submission of new requests and deadlines of the Terms of Reference relating to the Agreements to be signed with the Network Operators for the allocation of the injection capacity reserve in the RESP.

Similar measures have been implemented in other countries where the Group is present.

Operational Impact

The rapid and effective implementation of EDP's business continuity plans in its various Business Units allowed the continuity of operations during the period of confinement, without significant interruptions in the supply of energy or services to customers.

EDP's operational and investment activities are dependent on local and global supply chains, with active management of critical supplies being carried out to minimize potential impacts of breakages in these chains.

Accounting Impact

EDP Group has not applied any different classifications from those normally used in its income statement, as a result of COVID-19. To assess possible accounting impacts arising from COVID-19, the Group reassessed the estimates it considers relevant and which may have been impacted by this fact. Thus, on 31 December 2020, the Group carried out a series of analyses of these relevant estimates. Given that, due to the current scenario of uncertainty, the update of the basic assumptions for these estimates still, at this date, complex. Nevertheless, we can highlight the analysis made regarding the following topics:

i) Impairment losses of trade receivables (expected credit losses)

EDP Group determines impairment losses of trade receivables by reference to provision matrices based on the simplified approach foreseen by IFRS 9. In view of the measures enacted by the governments of the different countries in which the Group operates and the potential change in the quality of the customers' credit portfolio, the EDP Group carried out an analysis of the assumptions used in determining the expected credit losses and their confrontation with the best information available to date, such as the evolution of the Group's exposure as at 31 December 2020. Given the existing uncertainties regarding the impact on the credit risk of the respective customer portfolio, the Group has carried out an analysis of a set of scenarios in order to reflect its best expectation in the respective impairment calculation matrices, and will continue monitoring the evolution of this topic, in order to adjust the assumptions that may prove necessary. As at the reporting date, the Group has recognised impairment losses in the amount of approximately 19 million Euros. This increase has resulted essentially from the increase in accounts receivable balances on 31 December 2020, which are the basis for the impairment calculation matrices, as well as the adjustments made to the impairment loss assumptions, based on the country and the segment in which customers are included (residential customers and business customers), in order to reflect the specific situation generated by the pandemic.

ii) Provision for employee benefit liabilities

Some significant actuarial assumptions used to determine the present value of the defined benefit obligation have been updated, due to COVID-19. Therefore, given the evolution of the stock markets, the discount rate used in the valuation of past service liabilities has been reviewed. In this sense, considering the evolution of interest rates that support the determination of the discount rate during the year, on 31 December 2020 the EDP Group has considered the discount rate of 0.70% to 0,80% for Portugal (31 December 2019: 0.95%) and the discount rate of 6.78% to 7.67% for Brazil (31 December 2019: 7.56%). Moreover, there was a significant reduction in the fair value of the Plans Assets in Portugal in the first quarter, which has been partially recovered in the second semester, translated into a reduction in the value of the Plan Assets of approximately 40 million Euros compared to 31 December 2019. The sensitivity analysis regarding the assumptions considered at 31 December 2020 can be found in note 35.

iii) Impairment losses on non-financial assets

As a result of COVID-19, the Group has carried out an analysis in order to identify any evidence of impairment, in particular on Goodwill, Property, Plant and Equipment and intanglible assets and to determine the methods and assumptions to be used to estimate the recoverable value of such assets in accordance with IAS 36 – Impairment of assets, including the sensitivity analyses. Where necessary, an impairment test was carried out to compare the carrying amount and the recoverable amount of the cash-generating units (CGUs). With the exception of the situations described in notes 12 and 19, it has been confirmed the full recoverability at 31 December 2020 of the carrying amounts of the non-financial assets.

iv) Investment in joint ventures and associates

Investments in joint ventures and associates are accounted for under the equity method in the consolidated financial statements. The results for the period already include the effects resulting directly from the pandemic, with no materially relevant impacts having been determined.

v) Fair value of financial instruments

Valuation volatility in financial and commodity markets due to COVID-19 pandemic and the consequently economic slowdown, impact the measurement of the instruments held by the Group and measured at fair value (see note 22), since the fair value of financial instruments incorporates data that reflect the way in which market participants would take into account the impact of COVID-19. Neverthless, the Group did not consider necessary to make changes to the valuation methods applied and therefore there are no additional financial instruments categorised as "Level 3" (that is, valued based on inputs that are not based on observable market data).

vi) Derivatives – "Own use" and hedging relationships

The impact of COVID-19 on issues related to risk management was limited and did not affect, directly and materially, the measurement of derivative instruments and the outcome of the assessment of the effectiveness of exchange rate, interest rate and commodity risk hedges. Regarding derivatives designated as cash flow hedges, the Group has not identified significant situations that have resulted in the discontinuation of hedge accounting or in the recognition of a higher ineffective portion in existing hedging relationships. The Management has no intention to change the settlement of these contracts.

vii) Provisions for risks and charges

As a result of COVID-19, certain activities were more impacted than others, therefore the Group has reviewed whether any current obligations were likely to give rise to the recognition of provisions at 31 December 2020. In particular, the assumptions underlying the assessment of the possible presence of onerous contracts have been updated and the Group has concluded that there are no situations for which it would be necessary to recognise additional provisions as a result of COVID-19, pursuant to IAS 37 – Provisions, contingent liabilities and contingent assets.

viii) Recoverability of deferred tax assets

The EDP Group has reviewed the deferred tax asset positions in order to ensure their recoverability through future taxable income and has monitored changes to legislation, revisions to tax rates and other tax measures taken in response to the crisis. Where required, any tax relief has been recognised and the timing of the reversal of deductible temporary differences and the recoverability of deferred tax assets have been monitored according to IAS 12 – Income taxes (see note 24).

ix) Subsequent events

The EDP Group had special attention to the events occurred during the period from 31 December 2020 until the approval of the financial statements by the Board of Directors, given the uncertainties related to the health crisis and the constantly changing environment (see note 46).

Stakeholders

The EDP Group assumed the commitment to its stakeholders from the first moment and has acted in the fight against the pandemic, having elaborated an integrated plan to address and mitigate the impacts of COVID-19 on their operations and performance, as well as to support and protect the interests of all its stakeholders, of which the following initiatives stand out:

- Employees

The investment in recent years in digitalization was critical in this response to the pandemic, allowing the EDP Group to have 72% of the Group's workers teleworking. The EDP Group also reinforced internal communication and created an internal medical support line for more than 45,000 people.

For employees who are at the front line to insure the continuity of energy supply, the Group reinforced its cleaning and disinfection activities, delivered personal protective equipment and worked in alternate shifts, without contact and redundancy of the teams.

EDP's Executive Board of Directors has decided that the non-mandatory return regime for teams currently working in teleworking in Portugal will remain in effect until 31 March 2021.

- Customers

The Group takes care of its customers, not only ensuring the supply of energy, but also suspending energy cuts, making the deadline and payment method more flexible (without interest) and reinforcing digital contact means and call centers.

For its customers who are healthcare professionals and are at the frontline battling the pandemic, the Group is granting discounts on electricity prices in Portugal and Spain. These discounts also benefit the integrated continuing care units and residential structures around disability, childhood and community, as well as hotels required to provide support to hospitals.

- Suppliers and job creation

The Group is contributing to maintain the economic activity and employment and helping suppliers to overcome this phase of the economic slowdown. Thus, the Group has maintained the goal of hiring 700 people in 2020 and the investment plan of more than 9 billion Euros between 2020 and 2022 (remaining period of the Business Plan). Regarding suppliers, the Group anticipated payments to more than 1,200 Small and Medium Enterprises (SME) in early April and made payments on a set of SME invoices of up to 500 thousand Euros, totalling about 100 million Euros, by the end of May.

- Communities

From the first moment, the Group made a commitment to the Communities, delivering medical equipment worth approximately 5.8 million Euros, of which approximately 4 million Euros in partnership with China Three Gorges (CTG) (50 fans, 200 monitors and medical support equipment), and personal protective equipment worth approximately 500 thousand Euros.

Additionally, the Group i) created a social fund to support community projects and vulnerable communities; ii) donated essential goods to homes and Non-Governmental Organizations (NGO) and personal protective equipment for homes; iii) helped to finance the production of a new invasive ventilator model, the development of platforms and applications to promote public health; and iv) provided electronic equipment for schools in the context of adapting schools to digital platforms. This set of measures totalled an investment of approximately 1.7 million Euros.

- Shareholders

The Group upholded the execution of the business plan and the commitment to the dividend distribution in May 2020.

This set of measures reflects the Group's resilience and commitment to all its stakeholders.

1. Economic Activity of EDP Group

EDP - Energias de Portugal, S.A. (hereinafter referred to as EDP), currently with head office in Lisbon, Avenida 24 de Julho 12 and with its shares listed on the Euronext Lisbon stock exchange, results from the transformation of Electricidade de Portugal, E.P., incorporated in 1976 following the nationalization and consequent merger of the main companies in the electricity sector in Portugal. During 1994, as established by Decree-laws 7/91 and 131/94, the EDP Group (EDP Group or Group) was set up following the split of EDP, which led to a number of directly or indirectly wholly owned subsidiaries of EDP.

The Group's businesses are currently focused on the generation, transmission, distribution and supply of electricity and supply of gas. Additionally, the Group also operates in related areas such as engineering, laboratory tests, professional training, energy services and property management.

EDP Group operates essentially in the European (Portugal, Spain, France, Poland and Romania) and American (Brazil and North America) energy sectors.

2. Accounting Policies

a) Basis of presentation

The accompanying consolidated and company financial statements of EDP - Energias de Portugal, S.A. reflect the results of the company's operations and its subsidiaries (EDP Group or Group) and the Group's interest in its joint ventures and associated companies, for the periods ended on 31 December 2020 and 2019 and EDP S.A.'s Executive Board of Directors approved them on 24 February 2021, after that they are subject to General Meeting approval. The financial statements are presented in thousand Euros, rounded to the nearest thousand.

In accordance with Regulation (EC) 1606/2002 of the European Council and Parliament, of 19 July 2002, as transposed into Portuguese legislation through Decree-law 35/2005 of 17 February 2005, with changes updated by the Decree-law 158/2009 of 13 July and Decree-law 98/2015 of 2 June, the company's financial statements and the Group's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS), as endorsed by the European Union (E.U). IFRS comprise accounting standards issued by the International Accounting Standards Board (IASB) as well as interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) and their predecessor bodies. The EDP Group's consolidated and company financial statements for the years ended 31 December 2020 and 2019 were prepared in accordance with IFRS as adopted by the E.U. and effective during 2020.

As described in note 3, the Group adopted in the preparation of company and consolidated financial statements as at 31 December 2020, the accounting standards issued by IASB and IFRIC interpretations effective since 1 January 2020. The accounting policies used by the Group in preparing the consolidated financial statements described in this note were adopted in accordance. The new standards and interpretations recently issued but not yet effective and that the Group has not yet applied on its consolidated financial statements, are detailed in note 3.

The financial statements have been prepared on a going concern basis and under the historical cost convention, modified by the application of the fair value accounting to derivative financial instruments, financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income except those for which fair value is not available. Assets and liabilities that are hedged under hedge accounting are stated at fair value in respect of the hedged risk. Non-current assets and disposal groups held for sale are stated at the lower of carrying amount and fair value less costs to sell. Liabilities for defined benefit plans are recognised at the present value of the obligation net of plan assets fair value.

In accordance with IFRS 3 - Business Combinations, if the initial purchase price allocation of assets, liabilities and contingent liabilities acquired is identified as provisional, in the subsequent 12 months after the business combination transaction, the legal acquirer should make the final allocation of the purchase price related to the fair value of the assets, liabilities and contingent liabilities acquired. These adjustments with impact on the amount of goodwill determined and booked in previous periods, originate a restatement of the comparative information, which is reflected on the Statement of financial position, with effect from the date of the business combination transaction.

The preparation of financial statements in conformity with IFRS requires the Executive Board of Directors to make judgments, estimates and assumptions that affect the application of the accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and related assumptions are based on historical experience and other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making judgments regarding the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The issues involving a higher degree of judgment or complexity, or where assumptions and estimates are considered to be significant, are presented in note 4 - Critical accounting estimates and judgments in preparing the financial statements.

Accounting policies have been applied consistently by all Group companies and in all periods presented in the consolidated and company financial statements.

Change of Accounting Policy at the individual basis

On 1 January 2020, EDP SA changed its accounting policy for recognizing balances related to the Group's financial system, starting to recognise the balances of assets and liabilities in cash and cash equivalents and financial debt respectively. Prior to this change, the company recognized these balances in other debtors and other assets and other creditors and other liabilities.

With reference to 31 December 2019, at company level, the effect of this change implied the reclassification of a balance from the caption of other debtors and other assets to the caption of cash and cash equivalents in the amount of 612,064 thousand Euros and the reclassification of a balance of the caption of other creditors and other liabilities for the caption of financial debt in the amount of 711,836 thousand Euros.

With reference to 31 December 2019, at company level, the effect of this change implied the reclassification in Statement of Cash Flows of a positive balance of 63,933 thousand Euros from the line Receipts/(payments) relating to loans from related parties to the line of cash and cash equivalents. On 1 January 2019, at the company level, this change implied the increase of Cash and Equivalents at the beginning of the period to 1,160,600 thousand Euros.

Change in results presentation of Joint Ventures and Associated companies

In January 2020, EDP Group signed a strategic memorandum with ENGIE to the creation of a new company - a Joint Venture with equal control for both sides - as an exclusive investment veihicle for worlwide opportunities in wind offshore projects (fixed and floating projects), combining development and industrial skills of both companies. As part of the deal, EDP Group and ENGIE are preparing their offshore wind projects and the projects in progress of this new company, starting with a total of 1.5 GW in construction and 3.7 GW in development, working together to create a global leader in this sector.

With the relevance of this agreement and the growing expectations for offshore renewable business, EDP Group decided to change the way it controls these investments, changing the presentation of results with Joint Ventures and Associate companies in Consolidated Income Statement. Previously to this change, EDP Group presented a caption in Consolidated Income Statement, in which reflected only the results with Joint Ventures and Associates, being the results from acquisitons or disposals recorded as financial income or expenses.

With this change, and considering the interests of Joint Ventures and Associates, and in special the referred vehicle for offshore wind activity, are an extension of EDP Group operating activity, through which conducts its operation and strategy, EDP Group starts including after the other operation income and costs caption, a single caption related to Joint Ventures and Associates, integrating the results from these companies as well as the results from acquisitions and/or disposals in these investments.

b) Basis of consolidation

The accompanying consolidated financial statements reflect the assets, liabilities and results of EDP, S.A. and its subsidiaries (Group or EDP Group) and the equity and results attributable to the Group, through the investments in associates and jointly controlled entities.

EDP Group applies prospectively as from 1 January 2010, IFRS 3 (revised) for the accounting of business combinations.

Controlled entities

Investments in subsidiaries where the EDP Group has control are fully consolidated from the date the Group assumes control over their financial and operating activities and/or over their assets and liabilities until the moment that control ceases to exist.

An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee, independently of the percentage of voting rights held.

Accumulated losses are attributed to non-controlling interests in the corresponding proportions held, implying that the Group can recognise negative non-controlling interests.

On a step acquisition process resulting in the acquisition of control the revaluation of any interest previously held is booked against the income statement when goodwill is calculated. On a partial disposal resulting in loss of control over a subsidiary, any participation retained is revalued at market value on the sale date and the gain or loss resulting from this revaluation is booked against the income statement, as well as any gain or loss resulting from the disposal.

Jointly controlled entities

EDP Group classifies an arrangement as a joint arrangement when the jointly control is contractually established. Joint control exists only when decisions about the relevant activities require the unanimous consent of the parties that collectively control the arrangement. After determining the existence of joint control, the Group classifies joint arrangements into two types - joint operations or joint ventures.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets and obligations for the liabilities relating to the arrangement, so the assets and liabilities (and related revenues and expenses) in relation to its interest in the arrangement are recognised and measured in accordance with relevant IFRS applicable.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint ventures) have rights to the net assets of the arrangement, so these investments are included in the consolidated financial statements under the equity method.

The consolidated financial statements include the Group's attributable share of total reserves and profits or losses of joint ventures, included under the equity method. When the Group's share of losses exceeds its interest in a joint venture, it's carrying amount is reduced to zero and recognition of further losses is discontinued, except to the extent that the Group has a legal or constructive obligation to cover such losses on behalf of that entity.

Entities over which the Group has significant influence

Investments in associates are included in the consolidated financial statements under the equity method from the date the Group acquires significant influence to the date it ceases. Associates are entities over which the Group has significant influence, but not control, over its financial and operating policies.

The existence of significant influence by the Group is usually evidenced by one or more of the following:
- Representation on the Executive Board of Directors or equivalent governing body of the investee;
- Participation in policy-making processes, including participation in decisions about dividends or other distributions;
- Existence of material transactions between the Group and the investee;
- Interchange of managerial personnel; and
- Provision of essential technical information.

The consolidated financial statements include the Group's attributable share of total reserves and profits or losses of associates, included under the equity method. When the Group's share of losses exceeds its interest in an associate, it's carrying amount is reduced to zero and recognition of further losses is discontinued, except to the extent that the Group has a legal or constructive obligation to cover such losses on behalf of the associate.

Accounting for investments in subsidiaries, joint ventures and associates in the company's financial statements

Investments in subsidiaries, joint ventures and associates not classified as held for sale or not included in a disposal group which is classified as held for sale are accounted for at cost in the company's financial statements, and are subject to periodic impairment tests, whenever indication exists that certain financial investment may be impaired.

Goodwill

Following the transition to International Financial Reporting Standards (IFRS) on 1 January 2004 and as permitted under IFRS 1 - First-time Adoption of International Financial Reporting Standards, the EDP Group decided to maintain the goodwill resulting from business combinations that occurred prior to the transition date, calculated in accordance with the Group's previous accounting policies.

Costs directly attributable to the acquisition of a subsidiary are booked directly in the income statement.

As from the transition date to IFRS (1 January 2004), total positive goodwill arising from acquisitions is recognised as an asset carried at acquisition cost and is not subject to amortisation. Goodwill arising on the acquisition of subsidiaries, joint ventures and associates is defined as the difference between the cost of acquisition and the corresponding share of the fair value of the net assets acquired.

The EDP Group has the possibility to book non-controlling interests at fair value or at cost, implying that the full amount of goodwill can be booked in the financial statements, including the portion attributable to the non-controlling interests, against non-controlling interests, if the first option is chosen. Goodwill arising on the acquisition of subsidiaries, joint ventures and associates is defined as the difference between the cost of acquisition and the total or corresponding share of the fair value of the net assets acquired, depending on the option taken.

Negative goodwill arising on an acquisition is recognised directly in the income statement in the period when the business combination occurs.

The recoverable amount of the goodwill is assessed annually, regardless of the existence of any impairment triggers. Impairment losses are recognised in the income statement. The recoverable amount is determined based on the value in use of the assets, calculated using valuation methodologies supported by discounted cash flow techniques, considering market conditions, the time value of money and the business risks.

Goodwill is not adjustable due to changes in the initial estimate of the contingent purchase price and the difference is booked in the income statement.

Purchases of non-controlling interests and dilution

In acquisitions (dilutions not resulting in a loss of control of non-controlling interests), the difference between the fair value of the non-controlling interests acquired and the consideration paid, is accounted against reserves. The acquisitions of non-controlling interests through written put options related with investments in subsidiaries held by non-controlling interests, are recorded as a liability for the fair value of the amount payable, against non-controlling interests. The fair value of the liability is determined based on the contractual price which may be fixed or variable. In case of a variable price, the changes in the liability are recognised against the income statement as well as the effect of the financial discount of the liability (unwinding).

Investments in foreign operations

The financial statements of the foreign subsidiaries, joint ventures and associates of the Group are prepared using their functional currency, defined as the currency of the primary economic environment in which they operate. In the consolidation process, the assets and liabilities of foreign subsidiaries are translated into Euros at the official exchange rate at the balance sheet date.

Regarding the investments in foreign operations that are consolidated using the full consolidation method and equity method, the exchange differences between the amount of equity expressed in Euros at the beginning of the period and the amount translated at the official exchange rates at the end of the period, on a consolidated basis, are booked against reserves.

Foreign currency goodwill arising on the acquisition of these investments is remeasured at the official exchange rate at the balance sheet date directly against reserves.

The income and expenses of foreign subsidiaries are translated into Euros at the approximate exchange rates at the dates of the transactions. Exchange differences from the translation into Euros of the net profit for the period, arising from the differences between the rates used in the income statement and those prevailing at the balance sheet date are recognised in reserves.

On disposal of a foreign subsidiary, the related exchange differences previously recognised in reserves, are accounted for in the income statement.

Balances and transactions eliminated on consolidation

Inter-company balances and transactions, including any unrealised gains and losses on transactions between Group companies, are eliminated in preparing the consolidated financial statements. Unrealised gains and losses arising on transactions with associates and jointly controlled entities are eliminated to the extent of the Group's interest in those entities.

Business combinations achieved in stages

In a business combination achieved in stages, on the date of obtaining control, the excess of the aggregate of (i) the consideration transferred; (ii) the amount of any non-controlling interest recognised in the acquiree; and (iii) the fair value of the previously held equity interest in the acquired business; over the net of amounts of the identifiable assets acquired and liabilities assumed, is recognised as goodwill.

If applicable, the negative difference, after evaluating the consideration transferred, of the amount of any non-controlling interest recognised in the acquiree and the fair value of the previously held equity interest in the acquired business; over the net value of the identifiable assets acquired and liabilities assumed, is recognised in the income statement. The Group recognises the difference between the fair value of the previously held equity interest in the acquired business and the carrying value in consolidated results in Other income. Additionally, the Group reclassifies the deferred amounts in other comprehensive income relating to the previously held equity interest to the income statement or consolidated reserves, according to their nature.

c) Foreign currency transactions

Foreign currency transactions are translated at the exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currency are translated into Euros at the exchange rates at the balance sheet date. These exchange differences arising on translation are recognised in the income statement as financial results.

Foreign currency non-monetary assets and liabilities accounted for at historical cost are translated using the exchange rates at the dates of the transactions. Foreign currency non-monetary assets and liabilities stated at fair value are translated into Euros at the exchange rates at the dates the fair value was determined.

d) Derivative financial instruments and hedge accounting

Derivative financial instruments are recognised on the trade date at fair value. Subsequently, the fair value of derivative financial instruments is remeasured on a regular basis, being the gains or losses on re-measurement recognised directly in the income statement, except for derivatives designated as cash flow hedging instruments. Recognition, in the income statement, of the resulting gains and losses on re-measurement of hedging derivatives depends on the hedge model used.

The fair value of derivative financial instruments corresponds to their market value, if available, or to quotes indicated by external entities through the use of valuation techniques accepted by the market, which are compared in each date of report to fair values available in common financial information platforms, namely Bloomberg and Reuters.

Hedge accounting

The Group uses financial instruments to hedge interest rate risk, exchange rate risk and price risk resulting from its operational and financing activities. Derivatives not qualified for hedge accounting under IFRS 9 are accounted for as trading instruments.

Hedging derivatives are recorded at fair value, being the gains and losses recognised in accordance with the hedge accounting model applied by the Group. Hedge relationship exists when:

(i) The hedging relationship consists only of hedging instruments and hedged items that are eligible as per determined in IFRS 9;
(ii) At the inception of the hedge there is formal documentation of the hedging relationship and the Group's risk management objective and strategy for the hedge;
(iii) There is an economic relationship between the hedged item and the hedging instrument;
(iv) The effect of credit risk does not dominate the value changes that result from that economic relationship; and
(v) The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item.

Fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged assets and liabilities or group of hedged assets and liabilities that are attributable to the hedged risk. For cross currency interest rate swaps, the currency basis spread is excluded from the hedge designation, but considered as a hedging cost in other comprehensive income, in cost of hedging reserve. When the hedging relationship ceases to comply with the requirements for hedge accounting, the accumulated gains or losses concerning the fair value of the risk being hedged are amortised over the residual period to maturity of the hedged item.

Cash flow hedge

Changes in the fair value of derivatives qualified as cash flow hedges are recognised in reserves.

The cumulative gains or losses recognised in reserves are reclassified to the income statement when the hedged item affects the income statement.

When a hedging relation of a future transaction is discontinued, the changes in the fair value of derivative recognised in reserves remain recognised in reserves until the future hedged transaction occurs. When the future transaction is no longer expected to occur, the cumulative gains or losses recognised in reserves are recorded immediately in the income statement.

Net investment hedge

The net investment hedge model is applied on a consolidated basis to investments in subsidiaries in foreign currencies. This model allows that the exchange differences recognised in the currency translation reserve to be offset by the foreign exchange differences in foreign currency loans or currency derivatives contracted, recognised in Currency translation reserve - Net investment hedge. For cross currency interest rate swaps, the cross currency basis spread and forward points are not designated into the hedge relationship, but deferred as a hedging cost in other comprehensive income, in Currency translation reserve - Net investment hedge - Cost of hedging, and recognized in profit or loss over the period of the hedge. The ineffective portion of the hedging relationship is recognised in the income statement.

The accumulated foreign exchange gains and losses regarding the net investment and the related hedging instrument recognised in equity are transferred to the income statement when the foreign currency subsidiary is sold, as part of the gain or loss resulting from the disposal.

Effectiveness

For a hedge relationship to be classified as such, in accordance with IFRS 9, its effectiveness must be demonstrated. Therefore, the Group performs prospective tests at the inception date and at each balance sheet date, in order to demonstrate its effectiveness, showing that any adjustments to the fair value of the hedged item attributable to the risk being hedged are offset by adjustments to the fair value of the hedging instrument. Any ineffectiveness is recognised in the income statement when it occurs.

e) Debtors and Other assets

The financial assets are classified based on the business model for managing the financial assets ("business model test") and their contractual cash flow characteristics ("SPPI test"). EDP Group classifies its financial assets, at the initial recognition, in accordance with the aforementioned requirements introduced by IFRS 9, on the following categories:

Financial assets at amortised cost

A financial asset is measured at amortised cost if: (i) it is held within a business model whose objective is to hold assets in order to collect its contractual cash flows; and (ii) the contractual cash flows represent solely payments of principal and interest. Financial assets included within this category are initially recognised at fair value and subsequently measured at amortised cost. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss.

Loans and trade receivables are generally held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest, thus they meet the criteria for amortised cost measurement under IFRS 9.

Financial assets measured at fair value through other comprehensive income (FVOCI)

A financial asset is measured at fair value through other comprehensive income if (i) the objective of the business model is achieved by both collecting contractual cash flows and selling financial assets; and (ii) the asset's contractual cash flows represent solely payments of principal and interest. Financial assets included within this category are initially recognised and subsequently measured at fair value, with the changes in the carrying amount booked in other comprehensive income, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses, which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in other comprehensive income is reclassified to profit or loss.

Financial assets measured at fair value through profit or loss (FVTPL)

Financial assets that do not meet the criteria to be classified under the previously referred categories, are classified at fair value through profit or loss, deemed to be a residual category under IFRS 9.

Regardless of the business model assessment, EDP Group can elect to classify a financial asset at fair value through profit or loss if doing so reduces or eliminates a measurement or recognition inconsistency ("accounting mismatch").

Changes in the business model assessment over time

Financial assets are not reclassified subsequent to their initial recognition. However, if the Company changes its business model for managing financial assets, it will classify newly originated or newly purchased financial assets under the new business model, but will keep the classification of existing assets under the previous business model.

Recognition and derecognition of financial assets

Purchases and sales of financial assets are recognised on the trade date, which is the date on which the Group commits to purchase or sell these financial assets.

Financial assets are derecognised when: (i) the Group contractual rights to receive their future cash flows have expired, (ii) the Group has transferred substantially the risks and rewards of ownership, or (iii) although retaining some, but not substantially all the risks and rewards of ownership, the Group has transferred control over the assets.

Impairment

EDP Group recognise an impairment loss based on the Expected Credit Loss (ECL) model, before the objective evidence of a loss event from past actions. This model is the basis for the recognition of impairment losses on held financial assets that are measured at amortised cost or at fair value through other comprehensive income (which includes cash and cash equivalents, trade receivables, loans and debt securities).

The impairment methodology applied depends on whether there has been a significant increase in credit risk since initial recognition. If the credit risk on a financial asset does not increase significantly since its initial recognition, EDP Group measures the loss allowance for that financial asset at an amount equal to 12-month expected credit losses. If the credit risk increases significantly since its initial recognition, EDP Group measures the loss allowance for that financial asset at an amount equal to lifetime expected credit losses.

Regardless of the above, a significant increase in credit risk is presumed if there is an objective evidence that the financial asset is impaired, including if there is observable data that comes to the attention of the holder of the asset about the following loss events, among others: significant financial difficulty of the issuer or obligor; restructuring of an amount due to the Group in terms that it would not consider otherwise; a breach of contract, such as a default or delinquency in interest or principal payments; or it becoming probable that the borrower will enter bankruptcy or other financial reorganisation.

As soon as the loss event occurs in terms of IFRS 9, the impairment allowance would be allocated directly to financial asset affected, that is, the asset's carrying amount is reduced and the amount of the loss is recognised in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases, the previously recognised impairment loss is reversed in profit or loss, if the decrease can be related objectively to an event occurring after the impairment loss was recognised.

Trade receivables, including contract assets

EDP Group applies the simplified approach and records lifetime expected losses on all trade receivables and contract assets, including those with a significant financing component. The estimated ECL are calculated based on actual credit loss experience over a period that, per business and type of customers, is considered statistically relevant and representative of the specific characteristics of the underlying credit risk. When applicable, EDP Group estimated the ECL rates separately for corporates and individuals.

Considering the particularities of each business, exposures are segmented based on common credit risk characteristics such as credit risk grade, geographic region and/or industry - for corporates; and type of product purchased - for individuals, as applicable. Actual credit loss experience is adjusted by scalar factors to reflect differences between economic conditions during the period over which historical data was collect, current conditions and EDP Group's view of economic conditions over the expected lives of the receivables.

Other receivables and financial assets

For receivable assets related to regulatory assets, loans, financial entities and State carried at amortised cost and FVOCI, EDP Group performes an analysis based on the general approach. On making its assessment, the company has to make assumptions about risk of default and expected loss rates, which requires judgement. The inputs used for risk assessment and for calculation of the loss allowances for financial assets includes: (i) credit ratings (as far as available) from external credit rating companies such as Standard and Poors, Moody's and Fitch; (ii) significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the Group and changes in the operating results of the borrower; (iii) public market data, namely on probabilities of default and loss given default expectations; and (iv) macroeconomic information (such as market interest rates or growth rates).

f) Trade payables and other liabilities

An instrument is classified as a financial liability when there is a contractual obligation for the issuer to liquidate capital and/or interests, through delivering cash or other financial asset, regardless of its legal form. Financial liabilities are recognised at the issuance date (trade date): (i) initially at fair value less transaction costs; and (ii) subsequently at amortised cost, using the effective interest method. All financial liabilities are booked at amortised cost, with the exception of the financial liabilities hedged at fair value hedge, which are stated at fair value on risk component that is being hedged.

Initial measurement of the lease liabilities (rents due from lease contracts)

As provided by IFRS 16, EDP Group measures the lease liabilities (rents due from lease contracts) on the commencement date based on the present value of the future payments of that lease contracts, discounted using EDP Group's incremental borrowing rate for each portfolio of leases identified.

EDP Group determines the lease term as the non-cancellable period of a lease, together with both: (i) periods covered by an option to extend the lease, if the lessee is reasonably certain to exercise that option; and (ii) periods covered by an option to terminate the lease, if the lessee is reasonably certain not to exercise that option.

EDP Group applies the recognition exemption provided by IFRS 16 for the leases which lease term is 12 months or less, or that are for a low-value asset.

After the commencement date, the lease liabilities (rents due from lease contracts) are increased to reflect interest on the liability and reduced to reflect the lease payments made.

Remeasurement of the lease liabilities (rents due from lease contracts)

EDP Group remeasures the lease liabilities (rents due from lease contracts), and adjusts the corresponding right-of-use assets, by discounting the revised lease payments, using an unchanged discount rate, if either:
• there is a change in future lease payments resulting from a change in an index or a rate used to determine those payments; or
• there is a change in the amounts expected to be payable under a residual value guarantee.

If there is a lease modification that do not qualifies to be accounted as a separate lease, EDP Group remeasures the lease liabilities (rents due from lease contracts) and adjusts the corresponding right-of-use assets, by discounting the revised lease payments, using a revised discount rate at the effective date of the modification.

The variable lease payments that do not depend in an index or a rate are not included in the measurement of the lease liabilities (rents due from lease contracts), nor the right-of-use asset. Those payments are recognised as cost in the period in which the event or condition that gives rise to the payments occurs.

Derecognition of financial liabilities

EDP Group derecognises a financial liability (or a part of a financial liability) from its statement of financial position when, and only when, the obligation specified in the contract is discharged or cancelled or expired. An exchange between an existing borrower and lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability, or a part of it, is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability.

The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss.

g) Equity instruments

A financial instrument is classified as an equity instrument when there is no contractual obligation at settlement to deliver cash or other financial asset to another entity, regardless of its legal form, and there is a residual interest in the assets of an entity after deducting all its liabilities.

Costs directly attributable to the issuance of equity instruments are recognised in equity, as a deduction to the amount issued. Amounts paid or received relating to sales or acquisitions of equity instruments are recognised in equity, net of transaction costs.

Distributions related to equity instruments are deducted from equity, as dividends, when declared.

Preference shares issued by the Group are considered as an equity instrument when there is no contractual obligation to redeem the shares and dividends are paid at the discretion of the Group. Preference shares issued by subsidiaries, classified as equity instruments and held by third parties, are recognised as non-controlling interests.

Equity instruments at fair value

EDP Group classifies the equity instruments that are held for trading at fair value to profit or loss. For all other equity instruments, management has the ability to make an irrevocable election on initial recognition, on an instrument-by-instrument basis, to present changes in fair value in other comprehensive income.

If this election is made, all fair value changes, excluding dividends that are a return on investment, will be included in other comprehensive income. There is no recycling of amounts from other comprehensive income to profit and loss (for example, on sale of an equity investment) being, at that time, transferred to retained earnings.

h) Property, plant and equipment

Property, plant and equipment is stated at acquisition cost less accumulated depreciation and impairment losses. On transition to IFRS, on 1 January 2004, the Group decided to consider as deemed cost the revalued amount of Property, plant and equipment in accordance with the Group's previous accounting policy, which was comparable in general terms to the depreciated cost determined in accordance with IFRS.

Subsequent costs are recognised as property, plant and equipment only when it is probable that future economic benefits associated with the item will flow to the Group. Repair and maintenance costs are charged in the income statement as incurred, according to the accrual principle.

The Group carries out impairment tests whenever events or circumstances may indicate that the book value of an asset exceeds its recoverable amount, being any impairment recognised in the income statement.

The recoverable amount is the higher of fair value less costs to sell and value in use, the latter being calculated by the present value of the estimated future cash flows obtained from continued use of the asset and its sale at the end of its useful life.

Land is not depreciated. Depreciation of tangible assets is calculated on a straight-line basis over their estimated useful lives, as follows:

	Number of years
Buildings and other constructions	8 to 50
Plant and machinery:	
- Hydroelectric generation	30 to 75
- Thermoelectric generation	25 to 45
- Renewable generation	30 to 35
- Electricity distribution	10 to 40
- Other plant and machinery	4 to 25
Transport equipment	4 to 25
Office equipment and tools	2 to 16
Other property, plant and equipment	3 to 50

According to IFRS, the estimate of the useful life of assets should be reviewed whenever a change in the expected economic benefits flowing from the assets occurs as well as when the technical use planned for the assets differs from previous estimates. Changes occurring in the depreciation charge for the year are accounted prospectively.

Capitalisation of borrowing costs and other directly attributable costs

Borrowing costs that are directly attributable to the acquisition or construction of assets are capitalised as part of the cost of these assets. A qualifying asset is an asset that needs a substantial period of time to be ready for its intended use or sale. The amount of interest costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on those assets. The capitalisation rate corresponds to the weighted average of the borrowing costs applicable to the outstanding borrowings during the period. The capitalisation of borrowing costs begins when expenditure for the assets is being incurred, borrowing costs have been incurred and activities necessary to prepare all or part of the assets for their intended use or sale are in progress. Capitalisation ceases when substantially all the activities necessary to prepare the qualifying assets for their intended use or sale are completed. Other expenses directly attributable to the acquisition and construction of the assets, such as cost of consumed materials and personnel costs, are also capitalised as part of the cost of the assets.

Investment government grants

Investment government grants are initially booked as Trade payables and other liabilities from commercial activities - Non Current only when there is reasonable certainty that the grant will be received and that the Group will fulfil the grant term conditions. Grants that compensate the Group for expenses incurred are booked in the income statement on a linear basis, on the same period in which the expenses are incurred. Grants that compensate the Group for the acquisition of assets are recognised in the income statement over the related assets useful life.

Transfers of assets from customers

Transfers of assets from customers concession arrangement and out of the scope of IFRIC 12, in accordance with IFRS 15, are related to payments of performance obligations fulfilled over the useful life of the underlying asset. Accordingly, when they are received from the customers, they are booked as liabilities instead of revenue. The assets are recognised by the estimated construction cost and are depreciated over their useful lives. The liabilities are recognised as revenue based on the corresponding useful life of the underlying asset.

i) Intangible assets

The Group's intangible assets are booked at acquisition cost less accumulated amortisation and impairment losses.

The Group performs impairment tests whenever events or circumstances may indicate that the book value of the asset exceeds its recoverable amount, being any impairment recognised in the income statement. The recoverable amount is the higher of fair value less costs to sell and value in use, the latter being calculated by the present value of the estimated future cash flows obtained from continued use of the asset and its sale at the end of its useful life.

Acquisition and development of software

The costs of purchasing software and the costs incurred by the Group to implement it are capitalised and amortised on a straight-line basis over the expected useful life of the asset.

Costs incurred by the Group directly related to the development of software, that are expected to generate economic benefits beyond one year, are recognised as intangible assets. Such costs include employee costs directly associated to the project and are amortised on a straight-line basis over its estimated useful life.

Software maintenance costs are charged to the income statement when incurred.

Concession rights on distribution of electricity

The concession rights on distribution of electricity in Brazil are recorded as intangible assets and amortised on a straight-line basis over the concessions period, not exceeding 30 years.

Concession rights to use the public hydric domain

Portuguese concession rights to use the public hydric domain are booked as intangible assets and depreciated on a straight-line basis over the concession period, which does not exceed 74 years. EDP Group records as concession rights the financial compensations for the use of public domain assets, whenever these compensations are paid and for all the Group subsidiaries.

The accounting policy related to intangible assets assigned to concessions in the scope of IFRIC 12 is described in z), Group concession activities.

Industrial property and other rights

Industrial property and other rights are amortised on a straight-line basis over the estimated useful life of the assets, which does not exceed 6 years.

j) Leases / Right-of-use assets

EDP Group presents the information related to lease contracts in the caption Right-of-use assets, in a separate line in the Statement of Financial Position. These assets are accounted for at cost less accumulated depreciation and impairment losses. The cost of these assets comprises the initial costs and the initial measurement of the lease liabilities (rents due from lease contracts), deducted from the prepaid amounts and any incentives received.

Depreciation of right-of-use assets is calculated on a straight-line basis over their estimated useful lives, considering the lease contract terms.

Remeasurement of right-of-use assets

If EDP Group remeasures the lease liability (rents due from lease contracts) (see f)), the corresponding right-of-use assets shall be adjusted accordingly.

k) Investment property

The Group classifies as investment property, property held for capital appreciation and/or for rental purposes.

Investment property is recognised initially at acquisition or production cost, including directly attributable transaction costs, and is subsequently measured at cost less accumulated depreciation and any impairment losses.

Subsequent expenditures on investment property are only added to the cost of the asset when it is probable that additional future economic benefits will arise when compared to initial recognition.

Investment property is amortised on a straight-line basis over the estimated useful life of the assets (between 8 and 50 years).

l) Inventories

Inventories are measured at the lower of acquisition cost and net realisable value. The cost of inventories includes purchases, conversion and other costs incurred in bringing the inventories to their present location and condition. The net realisable value is the estimated selling price in the ordinary course of business less the estimated selling costs.

The cost of inventories is determined by using the weighted average cost method.

CO2 Licenses held by the Group for trade purposes are booked as inventories and measured at fair value, at each balance sheet date, against the income statement.

m) Employee benefits

Pensions

Some EDP Group companies grant post-employment benefits to employees under defined benefit and defined contribution plans, namely pension plans that grant complementary retirement benefits for age and early retirement pensions.

Defined benefit plans

In Portugal, the defined benefit plan is assured by (i) a closed pension fund managed by an external entity, covering responsibilities with benefits that are complementary to those provided under the Social Security System (namely retirement and early retirement pensions); and (ii) by a complementary specific provision, recognised in the statement of financial position. Benefits are generally determined and assigned through the combination of one or more factors, such as age, years of service and the relevant base retribution (pensionable salary).

In Spain, the defined benefit plan is partially covered by insurance policies, and complemented by a specific provision, recognised at the balance sheet. Benefits are generally determined and assigned through the combination of one or more factors, such as age, years of service and the relevant base retribution (pensionable salary).

In Brazil, EDP São Paulo and EDP Espírito Santo have defined benefit plans managed by a closed complementary welfare entity, external to EDP Group, covering responsibilities associated with retirement and early retirement pensions, according to factors such as age, years of service and the relevant base retribution.

The Group's pension liability for each plan is calculated by independent experts annually, for each plan, at the balance sheet date, using the projected unit credit method. The discount rate used in the calculation is determined based on market interest rates of high quality corporate bonds denominated in the currency in which the benefits will be paid and that have similar maturity to the related pension liability.

Actuarial gains and losses presented in consolidated statement of comprehensive income comprise: (i) the actuarial gains and losses resulting from increases or decreases in the present value of the defined benefit obligation because of changes in actuarial assumptions and experience adjustments; (ii) the return on plan assets, excluding amounts included in net interest on the net defined benefit liability (asset); and (iii) any change in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset).

The increase in past service costs arising from early retirements (retirements before the normal retirement age) or plan amendments is recognised in the income statement when incurred.

The Group recognises as operational results, in the income statement, current and past service costs. Net interest on the net defined benefit liability (asset) is recognised in financial results.

The assets of the plan comply with the recognition criteria established by IFRIC 14 - IAS 19 and the minimum funding requirements established by law or by contract.

Defined contribution plans

In Portugal, Spain and Brazil, some companies have defined contribution social benefit plans that complement those granted by the Social Security System, under which they pay an annual contribution to the plans, calculated in accordance with the rules established in each plan. These contributions represent a percentage of the fixed and variable remuneration of the employees included in this plan and are accounted for as cost for the period in which they are due.

Other benefits granted

Medical benefits

Some EDP Group companies provide medical benefits under which employees and immediate eligible family members have favourable conditions in medical assistance and health care services, namely:
- Concerning EDP Group companies in Portugal, through the provision of medical assistance that is complementary to the one provided under the National Health System, provided using infrastructures owned and managed internally;
- Concerning EDP Group companies in Spain and Brazil, through the share of costs in eligible medical and health expenses, in an external agreed network.

The medical benefits plans are classified as defined benefit plans.

In Portugal, the medical benefit and death benefits plan is assured by (i) a closed fund managed by an external entity, created in December 2016, and (ii) a complementary specific provision, recognised in EDP Group company's statement of financial position.

In Spain, the medical care and death subsidy benefits plan is partially covered by insurance policies, and complemented by a specific provision, booked in EDP Group company's statement of financial position.

In Brazil, the liability is being covered by provisions booked in EDP Group company's statement of financial position.

Measurement and recognition of the medical benefits liabilities are similar to the defined benefit pension plans liabilities, explained above.

Other benefits

In addition, EDP Group grants other benefits, supporting charges arising from responsibilities for disability benefit's complements, survival benefits, life insurance, antiquity and retirement benefits, power tariff discounts, among others.

Benefits included in each Plan for Portugal and Brazil are detailed in EDP's Collective Labor Agreement, published in the Labor Bulletin of 8 October 2014 and in the website of the Plan management entity Enerprev (www.enerprev.com.br), respectively.

n) Provisions

Provisions are recognised when: (i) the Group has a present legal, contractual or constructive obligation; (ii) it is probable that settlement will be required in the future; and (iii) a reliable estimate of the obligation can be made.

Provisions for dismantling and decommissioning in electric power plants

The Group accounts for provisions for dismantling and decommissioning of assets at the end of the assets' useful life when there is a legal, contractual or constructive obligation. Therefore, such provisions have been booked for the electric power plants to cover the cost of restoring the location and land to their original condition. The provisions are calculated at the present amount of the expected future liability and are accounted for as part of the cost of the related property, plant and equipment being depreciated on a straight-line basis over the useful life of those assets.

Decommissioning and dismantling provisions are remeasured on an annual basis based on the best estimate of the settlement amount. The unwinding of the discount at each balance sheet date is charged to the income statement.

o) Recognition of revenue from contracts with customers

EDP Group recognises revenue to depict the transfer of control of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for these goods or services, as provided in the 5 steps methodology introduced by IFRS 15, namely: (i) identify the contract with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to performance obligations; and (v) recognise revenue when (or as) the entity satisfies a performance obligation.

Revenue in EDP Group arises essentially from electricity generation and distribution and energy (electricity and gas) supply activities.

Revenue related to the sale of energy and access tariffs to energy distribution network is measured at fair value of the consideration received or receivable, net of value added tax, rebates and discounts and after elimination of intra-group sales.

Regarding the **electricity generation**, the transfer of control occurs when the energy is generated and injected into the transport/distribution grids. The electricity generated is sold under free market conditions or through the establishment of medium/long term power purchase agreements.

The **energy distribution** is a regulated activity, which is remunerated through tariffs set by each country Regulatory Body (ERSE in Portugal, CNE in Spain and ANEEL in Brazil). In Portugal and Spain, revenue arises mainly from the sale of access tariffs, as well as from the recovery, from the commercialisation entities, of the costs related to the global management activity of the system. In Brazil, revenue results from the electricity sales to final consumers, in the regulated market, based on the tariffs determined by ANEEL, which are included the use of the distribution and transport system tariff, among other components. In Portugal and Brazil, these activities are subject to public service concession arrangements (see z)).

Following the Directive 13/2018, of 15 December 2018, on tariffs to be in force in 2019, and the premisses of IFRS 15, E-Redes – Distribuição de Eletricidade, S.A. acts as an agent in the purchase and sale of access to the transmission network (CVART) and therefore, as from this date onwards the associated amounts of costs and revenues are recorded at net value in the caption Revenues and cost of Energy Sales and Services and Other.

The **energy supply** is carried out in regulated and non-regulated markets. In non-regulated market, revenue is recognised based on commercial agreements. In regulated market, revenue is recognised according to the tariffs determined by each country Regulatory Body.

For contracts with customers in which the sale of energy and access tariffs are generally expected to be the only performance obligation, EDP Group recognises the revenue at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

Revenue recognition includes two components: (i) energy sales already invoiced, based on actual consumption readings and/or in estimated consumption based on the historical data of each consumer; and (ii) estimates of energy supplied and not yet invoiced (energy into energy meter). Differences between estimated and actual amounts are recorded in subsequent periods.

Additionally, it should be noted that, in energy distribution and supply activities, there is a tariff adjustment mechanism through which gains or losses of a certain year are recognised in the period to which they relate and recovered in the future years tariffs – Tariff Adjustments (see w)).

EDP Group recognises the revenue related with **services rendered** over time in accordance with IFRS 15, given that the customer simultaneously receives and consumes the benefits provided by the Group.

EDP Group also sells products and services as a part of an **integrated commercial offer ("bundled")**. In a bundled sale arrangement, the Group accounts the sale of each product and/or service separately if they are distinct, that is, if the product or service is separately identifiable in the context of the integrated offer and the customer benefits from it. The consideration paid is allocated between the goods or services separately identifiable based on their relative stand-alone selling prices. The stand-alone selling price is determined based on EDP Group price lists on goods or services sold separately or, if they are not listed, based on the market valuation approach.

In what concerns variable transaction prices, EDP Group only recognises revenue when it is highly probable that there will not be any significant reversal of the recognised revenue, when it becomes certaint.

EDP Group considers the facts and circumstances when analysing the terms of each contract with customers, applying the requirements that determine the recognition and measurement of revenue in a harmonized manner, when considering contracts with the same characteristics and in similar circumstances.

Contract liabilities

As provided by IFRS 15, EDP Group presents a contract liability if the Group has an obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

Contract assets

As provided by IFRS 15, EDP Group presents a contract asset if the Group has a right to consideration that is conditional on something other than the passage of time. This is common when the Group has transferred goods or services to a customer usually before invoicing and the payment is due, excluding any amounts presented as a Trade receivables (unconditional rights to consideration).

Incremental costs of obtaining a contract

EDP Group establishes certain contracts with third parties for the promotion (sale) of energy and related services. These third parties act as sales agents and are paid through sales commissions. The Group recognises incremental costs of obtaining contracts with customers as an asset if the entity expects to recover these costs over the respective contracts. The costs incurred by an entity to obtain a contract with a customer are considered as incremental costs whenever it is clear that the entity would not incur these costs if the contract had not been obtained (for example, a sales commission).

Therefore, EDP Group understands that the incremental costs to obtain a contract are eligible for capitalisation, accounting for a contract asset under the caption Debtors and other assets of commercial activities - Non-current. This asset shall be recognised in the income statement as amortisation, on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the asset relates. Considering the analysis carried out on the set of goods and services provided by the EDP Group to which these commissions relate, the useful life allocated to them varies between 6 and 8 years.

p) Financial results

Financial results include interest costs on borrowings, interest income on funds invested, dividend income, foreign exchange gains and losses, realised gains and losses, changes in fair value of derivative financial instruments related to financing activity classified by the Group, within IFRS 9, as held for trading and consequently measured at fair value through profit or loss, and changes in the fair value of hedged risks, when applicable.

Interest is recognised in the income statement on an accrual basis. Dividend income is recognised on the date the right to receive is established.

Considering the accounting model provided by IFRS 16, the financial results start to include the interest expenses (unwinding) calculated on the lease liabilities (rents due from lease contracts).

q) Income tax

Income tax recognised in the income statement includes current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is also recognised in equity.

Deferred taxes arising from the revaluation of assets measured at fair value through other comprehensive income and cash flow hedge derivatives recognised in equity are recognised in the income statement in the period the results that originated the deferred taxes are recognised.

Current tax is the tax expected to be paid on the taxable income for the period, using tax rates enacted at the balance sheet date and any adjustment to tax payable in respect of previous years.

Deferred taxes are calculated in accordance with the balance sheet liability method, considering temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and their respective tax basis, using the tax rates enacted or substantively enacted at the balance sheet date for each jurisdiction and that are expected to be applied when the temporary differences are reversed.

Deferred tax liabilities are recognised for all taxable temporary differences except for goodwill not deductible for tax purposes, differences arising on initial recognition of assets and liabilities that affect neither accounting nor taxable profit and differences relating to investments in subsidiaries, to the extent that these will probably not be reversed in the future. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available to absorb deductible temporary differences for taxation purposes.

The Group offsets, as established in IAS 12, the deferred tax assets and liabilities if, and only if:
(i) the entity has a legally enforceable right to offset current tax assets against current tax liabilities; and
(ii) the deferred tax assets and the deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in future periods in which deferred tax liabilities or assets are expected to be settled or recovered.

When accounting for interest and penalties related to income taxes, EDP Group considers whether a particular amount payable or receivable is, in its nature, a taxable income and, if so, applies IAS 12 to this amount. Otherwise, IAS 37 is applied.

Regarding the new interpretation to IAS 12 – Income tax, IFRIC 23, the Group has reassessed, as at 1 January 2019, all the pending litigations or disputes with tax authorities regarding income tax and no changes in the estimates made previously by management were identified.

r) Earnings per share

Basic earnings per share are calculated by dividing the consolidated and the company net profit attributable to the equity holders of EDP, S.A. by the weighted average number of ordinary shares outstanding during the period, excluding the average number of shares held by the Group and by EDP, S.A., respectively.

For the diluted earnings per share calculation, the weighted average number of ordinary shares outstanding is adjusted to consider conversion of all dilutive potential ordinary shares, such as convertible debt and stock options granted to employees. The dilution effect corresponds to a decrease in earnings per share resulting from the assumption that the convertible instruments are converted or the options granted are exercised.

s) Share based payments

The stock options remuneration program enables the Group's employees to acquire parent company shares. The exercise price of the options is calculated based on the listed price of the shares at the grant date.

The fair value of the options granted, determined at the grant date, is recognised in the income statement against equity during the vesting period, based on their market value calculated at the grant date.

In case the option is exercised, the Group acquires shares in the market to grant them to employees.

Shareholders of EDP Brasil structured and implemented a Share based Compensation Policy, which began in June 2016. The referred policy comprises two types of programs to be granted to certain employees (incentive and retention programs), being the eligible beneficiaries and assignment requirements subject to the conditions established.

t) Non-current assets held for sale and discontinued operations

Non-current assets or groups of non-current assets held for sale (groups of assets and related liabilities that include at least one non-current asset) are classified as held for sale when their carrying amounts will be recovered mainly through sale, the assets or groups of assets are available for immediate sale and its sale is highly probable.

The Group also classifies as non-current assets held for sale, non-current assets or groups of assets acquired exclusively for its subsequent resale, that are available for immediate sale and its sale is highly probable.

Prior to their classification as held for sale, the measurement of all non-current assets and all assets and liabilities included in a disposal group, is adjusted in accordance with the applicable IFRS standards. Subsequently, these assets or disposal groups are measured at the lowest between their carrying amount and fair value less costs to sell.

u) Cash and cash equivalents

Cash and cash equivalents include balances with maturity of less than three months from the balance sheet date, including cash and deposits in banks. This caption also includes other short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and specific demand deposits in relation to institutional partnerships that are funds required to be held in escrow sufficient to pay the remaining construction related costs of projects in institutional equity partnerships.

On a company basis, EDP S.A. classifies as Cash and cash equivalents the current account balances with Group companies formalized through Cash Pooling Agreements (Group's financial system).

v) Operating segments

The Group presents the operating segments based on internal management information.

In accordance with IFRS 8, an operating segment is a Group component:
(i) that engages in business activities from which it may earn revenues and incur expenses;
(ii) whose operating results are reviewed regularly by the entity's chief operating decision maker in order to make decisions about resources to be allocated to the segment and assess its performance;
(iii) for which discrete financial information is available.

w) Tariff adjustments

Classification and measurement of regulatory assets, which qualify as financial assets in EDP Group’s financial statements, is analysed based on the business model used in the management of the assets and the characteristics of the contractual cash flows (see e)).

In this sense, deviations and tariff deficits exclusively recovered or returned through electricity and gas tariffs, applicable to customers in subsequent periods, are recognised at amortised cost.

On the other hand, deviations or deficits that can be recovered, either through electricity rates (receipt of capital and interest) or through sales with recourse to third parties (bilateral contracts or securitization operations) are recognised at fair value through comprehensive income. This classification results from the existing history of sales to third parties and from the management's perspective regarding the existing assets.

In regulated activities, the regulator establishes, through the tariff adjustment mechanism, the criteria to recognise gains or losses of one period in future periods. The tariff adjustments accounted for in the EDP Group financial statements represent the difference between the amounts invoiced by Portuguese regulated companies (based on the applicable tariffs published by ERSE in December of the previous year) and the regulated revenue calculated based on actual costs. The assets or liabilities resulting from the tariff adjustments are recovered or returned through the electricity and gas tariffs charged to customers in subsequent periods.

Decree-Law 165/2008 of 21 August recognised the unconditional right of the regulated operators of the electric sector to recover the tariff adjustments under a regime identical to the one used for the tariff deficits. Consequently, EDP Group booked under the income statement caption Revenues from energy sales and services and other - Electricity and network access, the effects resulting from the recognition of tariff adjustments, against Debtors and other assets from commercial activities. According to the referred Decree-Law, the tariff adjustments determined annually, will be recovered by the regulated operators even in case of insolvency or cease of operations. ERSE is the entity responsible to establish the method to ensure that the entity entitled to these rights continues to recover the tariff adjustments until its complete payment. The Decree-Law also allows the transfer of the right to receive the tariff adjustment to third parties, in whole or in part, through future electricity tariffs.

Decree-Law 87/2011 of 18 July establishes the unconditional right of regulated operators in the natural gas sector to recover tariff adjustments and related interest expenses, notwithstanding the form of the future payment or situations of insolvency and cessation of operations, and allows the transfer to third parties of the right to receive tariff adjustments. The EDP Group recorded in the income statement, under the caption Revenues from energy sales and services and other - Gas, the effects of the recognition of tariff adjustments of Natural Gas, against Debtors and other assets from commercial activities and Trade payables and other liabilities from commercial activities.

x) CO2 Licenses and greenhouse gas emissions

The Group holds CO2 Licenses in order to deal with gas emissions resulting from its operational activity and Licenses for trading. The CO2 and gas emissions Licenses held for its own use are booked as intangible assets at the acquisition cost. CO2 licenses consumption is recorded in accordance with the weighted average price of the CO2 and gas emissions Licenses held for consumption in that year.

The Licenses held by the Group for trading purposes are booked under Inventories (see l)).

y) Statement of Cash Flow

The Statement of Cash Flow is presented under the indirect method, by which gross cash flows from operating, financing and investing activities are disclosed.

The Group classifies cash flows related to interest and dividends paid as financing activities and interest and dividends received as investing activities.

z) Group concession activities in the scope of IFRIC 12

EDP Group applies IFRIC 12 to the public-private concession contracts in which the public entity controls or regulates the services rendered through the utilisation of certain infrastructure as well as the price for such services and also controls any significant residual interest in the infrastructure. The infrastructures allocated to concessions are not recognised by the operator as property, plant and equipment or as financial leases, as the operator does not control the assets. These infrastructures are recognised according to one of the following accounting models, depending on the type of remuneration commitment of the operator assumed by the grantor within the terms of the contract:

Financial Asset Model

This model is applicable when the operator has an unconditional right to receive certain monetary amounts regardless of the level of use of the infrastructure within the concession and results in a financial asset recognition, booked at amortised cost.

Intangible Asset Model

This model is applicable when the operator, within the concession, is remunerated on the basis of the level of use of the infrastructure (demand risk) and results in an intangible asset recognition.

Mixed Model

This model is applicable when the concession includes simultaneously guaranteed remuneration and remuneration based on the level of use of the infrastructure within the concession.

Intangible assets within concessions are amortised over their respective useful lives during the concession period.

The Group carries out impairment tests to the intangible assets within concessions whenever events or circumstances may indicate that the book value of an asset exceeds its recoverable amount, being any impairment recognised in the income statement.

Grants received from customers related to assets within concessions are delivered to the Group on a definitive basis, and, therefore, are not reimbursable. These grants are deducted from the value of the assets allocated to each concession.

The concession contracts that currently exist in EDP Group are mainly based in the Intangible Asset Model, namely in the electricity special regime production concessions (PRE) in Portugal and in the Mixed Model, namely in the electricity distribution concessions in Portugal and in Brazil.

IFRIC 12 - Concessions has been amended as a result of the adoption of IFRS 15, thus EDP Group has transferred from the caption Intangible assets to the caption Debtors and other assets from commercial activities - Non current, the amounts related to the assets under construction for the electricity distribution concessions in Portugal and in Brazil, since they qualify as contractual assets (see o)).

aa) Institutional partnerships in North America

The Group has entered in several partnerships with institutional investors in North America, through operating agreements with limited liability companies that apportion the cash flows generated by the wind farms between the investors and the Company and allocates the tax benefits, which include Production Tax Credits (PTCs), Investment Tax Credits (ITC) and accelerated depreciation, largely to the investor.

The institutional investors purchase their minority partnership interests for an upfront cash payment with an agreed targeted internal rate of return over the period that the tax credits are generated. This anticipated return is computed based on the total anticipated benefit that the institutional investors will receive and includes the value of PTC’s / ITC's, allocated taxable income or loss and cash distributions received.

The control and management of these wind farms are a responsibility of EDP Group and they are fully consolidated in these financial statements.

The financial instruments held by the institutional investors issued by the partnerships represent compound financial instruments as they contain characteristics of both financial liabilities and equity. The Group has determined that at the funding dates, the fair values of the original proceeds is equal to the fair values of the liabilities at that time and no value was assigned to the equity component. Subsequently, these liabilities are measured at amortized cost.

This liability is reduced by the value of tax benefits provided and cash distributions made to the institutional investors during the contracted period. The value of the tax benefits delivered, primarily accelerated depreciation and ITC are recognised as Income from institutional partnerships on a pro-rata basis over the useful life of the underlying projects (see note 8). The value of the PTC's delivered are recorded as generated. This liability is increased by an interest accrual that is based on the outstanding liability balance and the targeted internal rate of return agreed.

After the flip date, the institutional investor retains a non-significant interest for the duration of the structure. This non-controlling interest is entitled to distributions ranging from 2.5% to 10% and taxable income allocations ranging from 5% to 10%. EDPR NA has an option to purchase the institutional investor’s residual interest at fair market value during a defined period following the flip date. Post flip non-controlling interests is the portion of equity that is ascribed to the institutional investor in the institutional equity partnership at flip date. This amount is reclassified from the total equity attributable to the Parent to non-controlling interests caption in the period in which the flip date takes place.

ab) Disposal of assets under Asset Rotation strategy

The Asset rotation strategy allows EDP Group to crystallize the value of a project by selling with loss of control, and reinvesting the proceeds in another projects, targeting greater growth. Typically, the developer retain the role of O&M supplier. The gains on disposals under this strategy are recognised in the caption Other income.

3. Recent Accounting Standards and Interpretations Issued

Standards, amendments and interpretations issued effective for the Group

The amendments that have been issued and that are already effective and that the Group has applied on its financial statements, with no significant impacts, are the following:

- Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7)

  The amendments in Interest Rate Benchmark Reform (Amendments to IFRS 9, IAS 39 and IFRS 7) have been issued by International Accounting Standards Board (IASB) in September 2019 and endorsed by the EU on 15 January 2020, and became effective as of 1 January 2020 and must be applied retrospectively.

  The amendments clarify that entities would continue to apply certain hedge accounting requirements assuming that the interest rate benchmark on which the hedged cash flows and cash flows from the hedging instrument are based will not be altered as a result of interest rate benchmark reform. The amendments for IFRS 9 include a number of reliefs that apply to all hedging relationships of interest rate risk that are affected by interest rate benchmark reform. The reliefs are intended to be narrow in their effect. Accordingly, entities will cease to apply the relief when the earlier of the following occurs: (i) uncertainty regarding timing and amount of the resulting cash flows is no longer present; or (ii) hedging relationship terminates.

The EDP Group adopted, retroactively, the requirements of IBOR Reform to the existing hedging relationships on 1 January 2020 and to those that were subsequently designated, and that are directly affected. In particular, a hedge relationship is considered to be directly affected if the respective reform creates uncertainty regarding: (i) the reference interest rate designated in a hedge relationship to hedge a given risk or, (ii) the term or amount of the flows associated with the reference interest rate of the hedged item or the hedged instrument. The reform will impact fair value measurement, the effects of hedge accounting and the net financial results when the alternative rates are defined. As of 31 December 2020, no changes were made to the contracts with respect to IBOR Reform. The EDP Group is monitoring the contractual relationships affected by IBOR Reform in order to minimize the uncertainty regarding the applicable interest rates and the timing of the flows associated with the reference interest rate. As of this date, no significant impacts are expected.

- IAS 1 (Amended) and IAS 8 (Amended) - Definition of material;
- IFRS 3 (Amended) - Definition of a business;
- Amendments to References to the Conceptual Framework in IFRS; and
- IFRS 16 (Amended) - Covid 19 - Related Rent Concessions.

Standards, amendments and interpretations issued but not yet effective for the Group

The standards, amendments and interpretations issued but not yet effective for the Group (whose effective application date has not yet occurred or, despite their effective dates of application, they have not yet been endorsed by the EU) for which no signifcant impact is expected, are the following:

- IFRS 17 - Insurance Contracts;
- IAS 1 (Amended) - Classification of Liabilities as Current or Non-current;
- IFRS 3 (Amended) - Reference to the Conceptual Framework;
- IAS 16 (Amended) - Proceeds before Intended Use;
- IAS 37 (Amended) - Onerous Contracts – Cost of Fulfilling a Contract;
- Annual Improvement Project (2018-2020);
- IFRS 4 (Amended) - Deferral of effective dates to apply two optional solutions (temporary exemption from IFRS 9 and overlay approach); and
- Amendments to IFRS 9, IFRS 7, IFRS 4 and IFRS 16 - Interest Rate Benchmark Reform (Phase 2).

4. Critical Accounting Estimates and Judgements in Preparing the Financial Statements

IFRS requires the use of judgement and the making of estimates in the decision process regarding certain accounting treatments, with impact in total assets, liabilities, equity, costs and income. The actual effects may differ from these estimates and judgements, namely in relation to the effect of actual costs and income.

The main accounting estimates and judgements used in applying the accounting policies are discussed in this note in order to improve the understanding of how its application affects the Group's reported results and disclosures. A broader description of the accounting policies employed by the Group is disclosed in note 2 - Accounting policies.

Considering that in many cases there are alternatives to the accounting treatment adopted by EDP Group, the reported results could differ if a different treatment was chosen. The Executive Board of Directors believes that the choices made are appropriate and that the financial statements present fairly the Group operations in all material respects.

Financial asset related with infrastructure concession contracts in Portugal

The caption "Amounts receivable from concessions - IFRIC 12", refers to the financial assets receivable by EDP Group companies that operate infrastructures under concession contracts, and arises from the unconditional right to receive this amount regardless of the utilisation level of the infrastructures covered by the concession. In these companies is included E-Redes – Distribuição de Eletricidade, S.A. as the National Distribution Network's (RND) concessionaire, which comprises the medium and high voltage network (MT and HT), and low voltage distribution networks (LT), being these concessions exercised exclusively through public service concession contracts.

The RND's operation, which is part of the HT and MT, is carried out through a public service concessions' attribution, by the Portuguese State. On the other hand, the right to distribute low voltage electricity is attributed to the Portuguese mainland municipalities. The legislation that establishes the basis of each concession sets up that the ownership or possession of the goods assigned to these concessions revert to the concessionaires at the end of their respective concessions. They also establish that in return for the assets returned to grantors, whether State or municipalities, compensation corresponding to the assets' book value assigned to the concession, net of amortisations, financial contributions and non-refundable subsidies will be paid. Therefore, the assets' estimated residual value at the end of each concession constitutes a financial asset, and the remaining fair value component of the concession assets is an intangible asset to be amortised over its useful life. Hence, the end date of each concession is one of the main assumptions to determine the amount of the financial and intangible assets.

In May 2017 Law 31/2017 was approved, which lays down the principles and general rules concerning the organisation of public tendering procedures for the awarding, by contract, of the municipal LT concessions' operation in the Portuguese mainland. This Law foresees the simultaneous launch, in 2019, of public tender procedures for all municipalities that do not opt for direct management of the electricity distribution activity, as well as to all municipalities whose current concession contracts reach their end before 2019, and do not opt for direct management. In these cases, both parts shall enter into a written agreement extending the term of their respective concessions until the new concession contracts enter into force. The awarding decisions will be taken by municipalities or by the territorial area's intermunicipal entity attached to the referred proceedings.

Thus, it is expected that this legislation and the concessions renewal proceedings will have a significant impact on the amount of the financial and intangible assets determined E-Redes – Distribuição de Eletricidade, S.A., namely through the concessions' termination anticipation, that currently extend beyond 2019. However, at this date it is not possible to predict the end date of the concession contracts currently in force, as the process is still in an initial phase, by doing studies and legislation. With reference to 31 December 2020, financial assets and intangible assets were determined based on the end dates of each of the contracts currently in force, and do not consider any changes arising from the already mentioned legislation. The use of different assumptions could result in different amounts of financial and intangible assets, with the consequential impact in the Statement of Financial Position (see note 26).

Measurement criteria of the concession financial receivables under IFRIC 12 in Brazil

In 2012, the Provisional Measure 579/12 was published in Brazil, meanwhile converted into Law 12.783/13, which determines that the amount of the indemnisation payable to the distribution companies regarding the assets not amortised or depreciated at the end of each concession, should be determined based in the methodology of the Value of Replacement as New (VNR). The indemnisation amount variation is booked against Revenues from energy sales and services and other. This amount corresponds to the difference between the residual value determined based on the value of replacement as new and the residual value determined based on the historical cost.

ANEEL reviews the VNR, through the valuation report of the Regulatory Remuneration Base, every three years for EDP Espírito Santo and every four years for EDP São Paulo, as established in the concession contracts. Within these periods the distribution companies use their best estimate for the VNR. The use of different assumptions could result in different values of financial assets, with the consequent impact in the Statement of Financial Position (see note 26).

Impairment

Impairment of long term assets and Goodwill

Impairment tests are performed whenever there is a trigger that the recoverable amount of property, plant and equipment and intangible assets is less than the corresponding net book value of the assets.

On an annual basis, the Group reviews the assumptions used to assess the existence of impairment in goodwill resulting from acquisitions of shares in subsidiaries. The assumptions used are sensitive to changes in macroeconomic indicators and business assumptions used by management. The investments in subsidiaries, on a company basis, and in associates are reviewed when circumstances indicate the existence of impairment.

Considering the uncertainties regarding the recoverable amount of property, plant and equipment, intangible assets and goodwill as they are based on the best information available, changes in the assumptions could result in changes on the determination of the amount of impairment and, consequently, in results (see notes 12 and 19).

Measurement of the fair value of financial instruments

Fair values are based on listed market prices, if available. Otherwise, fair value is determined either by the price of similar recent transactions under market conditions, or determined by external entities, or based on valuation methodologies, supported by discounting future cash flows techniques, considering market conditions, time value, yield curves and volatility factors. These methodologies may require the use of assumptions or judgements in determining fair values.

Consequently, the use of different methodologies and different assumptions or judgements in applying a particular model, could generate different financial results from those reported.

Additionally, financial instruments' classification as debt or equity requires judgement in the interpretation of contractual clauses and in the evaluation of the existence of a contractual obligation to deliver cash or other financial assets (see note 42).

Review of the useful life of the assets

The Group reviews annually the reasonableness of the assets' useful lives that are used to determine the depreciation rates of assets assigned to the activity. When applicable, the Group changes the depreciation charge of the year, prospectively, based on such review.

Useful lives of generation assets - Hydro independent generator in Brazil

The hydro generation assets in Brazil for independent generators are amortised during their estimated useful lives, considering the existing facts and circumstances at the date of preparation of the financial statements. This includes, among other issues, EDP's best expectations of the useful lives of such assets, which are consistent with the useful lives defined by ANEEL, the respective contractual residual indemnification values at the end of each concession period, as well as related technical and legal opinions. The remaining period of amortisation and the indemnification values at the end of the concessions may be influenced by changes in the regulatory legal framework in Brazil (see note 16).

Lease Liabilities (Rents due from lease contracts)

The Group recognises right-of-use assets (ROU assets) and lease liabilities (rents due from lease contracts), if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether: i) the contract involves the use of an identified asset; ii) it has the right to obtain substantially all of the economic benefits from the use of the asset throughout the period of use; and iii) it has the right to direct the use of the asset. EDP Group uses judgement on its assessment, namely concerning the termination and extension contract options and the determination of the incremental borrowing rate to be applied for each portfolio of leases identified (see notes 17 and 39).

Tariff adjustments

Portugal

Tariff adjustments in Portugal represent the difference between costs and income of the National Electricity, estimated at the beginning of each period for purposes of calculating the tariff, and the actual costs and income of the System established at the end of each period. The tariff adjustments assets or liabilities are recovered or returned through electricity and gas tariffs to customers in subsequent periods.

Decree-Law 237-B/2006 of 19 December, and Decree-Law 165/2008 of 21 August, recognised an unconditional right of the operators of the electricity sector to recover the tariff adjustments and related interest expenses, notwithstanding the form of the future payment or situations of insolvency and cessation of operations. Additionally, the legislation allows the transfer to third parties of the right to receive tariff adjustments. Therefore, under this legislation, regulated companies may provide to third parties, in whole or in part, the right to receive the tariff adjustments through the electricity tariffs. In accordance with the accounting policy in force, the EDP Group books under the caption Revenues from energy sales and services and other - Electricity and network access, the effects of the recognition of tariff adjustments in the electricity sector, against Debtors and other assets from commercial activities and Trade payables and other liabilities from commercial activities.

Brazil

On 25 November 2014, ANEEL made addendums to the concession contracts with brazilian electric distribution companies to reduce significant uncertainties regarding to the recognition and realization of regulatory assets/liabilities that existed since 2010, when the IFRS were adopted in Brazil. As a consequence, the CPC ("Comitê de Pronunciamentos Contábeis") issued on 28 November 2014, the OCPC 08 (Recognition of Certain Assets and Liabilities in Accounting and Financial Reports of Electric Distribution) which determines how to treat these regulatory assets/liabilities in the financial statements.

Therefore, on 10 December 2014, EDP Brasil signed the Fourth and Fifth Addendum to the Concession Agreement, where it was established that, in the case of concession termination, the outstanding balances of any failure of payment or reimbursement by the tariff (assets and liabilities), will be considered on the indemnity calculation, based on the regulator pre-established regulations.

EDP Group considers, based on the issued legislation (Portugal and Brazil), that the requirements for the recognition of tariff deficits as receivables and payables against the income statement of the period have been satisfied (see notes 7, 26 and 38).

Revenue recognition

Energy sales revenue is recognised when the monthly energy invoices are issued, based on actual meter readings or estimated consumption based on the historical data of each consumer. Revenue relating to energy to be invoiced, regarding consumption up to the balance sheet date but not measured, is booked based on estimates that take into consideration factors such as consumption in prior periods and analysis relating to the energy balance of the operations.

The use of different estimates and assumptions could affect the Group's revenue and, consequently, its reported results (see note 8).

Income taxes

The Group is subject to income taxes in several jurisdictions. Certain interpretations and assumptions are required in determining the global amount of income tax.

There are several transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. One of the most significant judgements in this area relates to the tax treatment of the new accounting standards, namely IFRS 16. It is the Group's understanding that, in general, the tax treatment follows the accounting treatment, and therefore, no significant tax adjustments have been made to the accounting records arising from the implementation of the new standards. Different interpretations and assumptions could result in a different level of income taxes, current and deferred, recognised in the period (see note 14).

Pensions and other employee benefits

Determining pension and other employee benefits liabilities requires the use of assumptions, including actuarial projections, estimated rates of return on investments, discount rates and pension and salary growth and other factors that can impact the cost and liability of pension plans, medical plans and other benefits. Changes in the assumptions could materially affect the amounts determined (see note 35).

Provisions for dismantling and decommissioning of power generation units

EDP considers to exist legal, contractual or constructive obligations to dismantle and decommission property, plant and equipment assets allocated to electricity generation operations. The Group records provisions in accordance with existing obligations to cover the present value of the estimated cost to restore the locations and land where the electricity generation units are located. EDP Group provisions include the calculation of the present value of the expected future liabilities.

The use of different assumptions and judgement from those referred could lead to different financial results than those considered (see note 36).

Entities included in the consolidation perimeter

In order to determine which entities must be included in the consolidation perimeter, EDP Group evaluates whether it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee ("de facto" control).

This evaluation requires the use of judgement and assumptions in order to conclude whether the Group is in fact exposed to the variability of returns and has the ability to affect those returns through its control over the investee.

Other assumptions and judgements could lead to a different consolidation perimeter of the Group, with direct impact on the consolidated financial statements (see note 6).

Business combination

Under IFRS 3 (Business Combination) in a business combination, the acquirer shall recognise and measure in the consolidated financial statements the assets acquired and liabilities assumed at fair value at the acquisition date. The difference between the purchase price and the fair value of the assets and liabilities acquired leads to the recognition of goodwill or a gain from a purchase at a low price (bargain purchase).

The fair value determination of the assets acquired and liabilities assumed is carried out internally or by independent external evaluators, using the discounted cash flows method, using the replacement cost or other fair value determination techniques, which rely on the use of assumptions including macroeconomic indicators such as inflation rates, interest rates, exchange rates, discount rates, sale and purchase prices of energy, cost of raw materials, production estimates and business projections. Consequently, the determination of the fair value and goodwill or gain from a purchase at a low price is subject to numerous assumptions and judgments and therefore changes could result in different impacts on results (see note 49).

Fair value measurement of contingent consideration

Contingent consideration from a business combination or a sale of a financial investment is measured at fair value at the acquisition date as part of the business combination or at the date of the sale in the event of a sale of a financial investment. This contingent consideration is subsequently remeasured at fair value at each report date. Fair value is based on discounted cash flows. The main assumptions consider the probability of achieving each objective and the discount factor, corresponding to the best estimates of management at each report date. Changes in assumptions could have significant impact on the values of contingent assets and liabilities recognised in the financial statements (see notes 27 and 39).

Contractual stability compensation - CMEC

i) Contractual stability compensation – Annual revisibility mechanism

The approval in 2004 of the Decree-Law 240/2004, of 27 December, determined the early Power Purchase Agreements (PPA) extinction, and the adoption of a contractual stability compensation (CMEC), which EDP Produção entered into after signing the Contractual stability on 27 January 2005, approved by the competent Government member (Order 4672/2005, of 4 March). This mechanism includes three types of compensation: initial compensation, annual adjustment (or revisibility) and final adjustment.

During period I (2007/2017) of the contractual stability compensation mechanism, there was a correction on an annual basis, resulting from positive or negative deviations between the estimates made for the initial stability compensation calculation and actual amounts arising from an efficient performance, using the "Valorágua" model, as established in the Decree-Law 240/2004. Later, Order 4694/2014 was published to define the guidelines of the annual revisibility calculation with respect to the revenues from the ancillary services market, regarding power plants under CMEC.

Revisibility amounts for the years 2007 to 2014 were determined and approved by the Member of the Government responsible for the energy sector, and were contested by EDP Produção:

a) As regards the approval of the 2011 and 2012 revisibilities, the fact that it did not consider the costs incurred with the social tariff in the calculation of the revisibilities; and
b) As regards the approval of the 2014 revisibility, the fact that it did not take into account in the calculation of the revisibility the costs incurred with the social tariff and CESE.

The annual revisibility of 2015 was approved by the Government member responsible for the energy sector in 20 October 2020 in the amount of 62.7 million Euros, after deducting an amount of 72.9 million Euros related to the alleged overcompensation of CMEC, due to their participation in the ancillary services market, in the period between 2009 and the first quarter of 2014. EDP Produção challenged the order for ratifying the annual revisibility for the year 2015 on 19 January 2021, as it did not agreed with the assumption of overcompensation within the scope of its performance in the system services market, between 2009 and 2014 and, consequently, do not agree with the deduction of the underlying value (72.9 million Euros) in that revisibility. It should also be noted that EDP Produção has already contested the imposition of a fine by the Competition Authority on matters of the same scope. The challenge also covered the non-consideration of the Social Tariff and CESE amounts paid by the centrals operating under the CMEC regime and also the non-approval of the annual revisibilities from 2016 to 2017, which still await the respective approval by the Government member responsible for the area of energy.

ii) Contractual stability compensation – Final Adjustment

The CMEC's Final Adjustment is calculated in accordance with number 7 of article 3rd and Annex IV of Decree-Law 240/2004, of 27 December. The State budget for 2017 (Law 42/2016) determined, in its article 170, that the final adjustment amount shall be calculated and justified in a study done and presented by ERSE. This entity had the technical support of EDP Produção/REN, legally enforced.

Accordingly, the technical group EDP/REN has presented to ERSE its report on the CMEC final adjustment calculation, which was achieved by strictly following the calculation methodology described in Decree-Law 240/2004, of 27 December. This calculation, performed by the technical group EDP/REN was presented to ERSE and comes to a range of amounts between 256.5 and 271 million Euros.

At the end of September 2017, ERSE has also presented to the Government its report on the calculation of the CMEC final adjustment, reaching an amount of 154 million Euros, which was provisionally considered in the document of tariffs and prices for 2018.

In the Financial statements as at 31 December 2017, EDP Group has included its best estimate of the CMEC final adjustment, by recognising an asset in the amount of 256.5 million Euros against deferred income, based on Decrew-Law 240/2004,of 27 December, and on the document done jointly by EDP and REN and the legal opinions obtained on this subject.

On 3 May 2018, EDP was notified (through a DGEG's letter from 25 April 2018) that the CMEC final adjustment had been officially approved, according to ERSE's proposal, in the amount of 154 million Euros. EDP reflected this reality in its financial statements as of 31 December 2018, recognising a provision by the difference in the final adjustment amounts already recognised in the Group's revenues. On 31 December 2020 EDP maintains the provision in its accounts (see note 36).

Considering that the administrative act contained in the Dispatch of approval of the SSE of 25 April 2018 lacks technical, economic and legal basis, and that, in particular, it does not apply the calculation methodology contained in Decree-Law 240/2004, of 27 December, and which would lead to the determination of an amount close to the one determined by the technical group, on 3 September 2018, EDP Produção has legally contested it.

"Clawback" - Regulatory mechanism to ensure the competitive balance in the wholesale electricity market in Portugal

Following some tax changes occurred in Spain, which affected electricity generators operating in this country, Decree-Law 74/2013, of 4 June, was approved in Portugal, which aimed to rebalance the competition between electricity generators operating in Portugal and other players operating in Europe.

Pursuant to relate diploma and its regulations, in order to restore such balance, the power plants operating on a market regime situated in Portugal, which were not covered by the PPA or CMEC regime, should pay an amount per MWh produced.

The amount payable should consider an estimate of the impact that the off-market events in the EU (such as the above-mentioned tax changes in Spain) would have in pool prices, as well as off-market events in Portugal that would affect the competitiveness of electricity generators operating in Portugal. Consequently, a net competition advantage would allegedly arise to generators operating in Portugal.

Under this mechanism regulation – commonly known as clawback – Social tariff and CESE were approved by Dispatch 11566-A/2015, of 3 October 2015, as off-market events that should be considered as competitive disadvantages of generators operating in Portugal.

Dispatch 7557-A/2017, of 25 August, superseded Dispatch 11566-A/2015 (which defined the variables for the computation formula of the amount to be paid by each of the power-generating plants under Decree-Law 74/2013, of 4 June, for each injected MWh) in its entirety. It states that ERSE, after consulting DGEG, shall present proposals for a new definition of the variables, as well as reference terms for the new study.

Subsequently, the Dispatch 9371/2017, of 24 October 2017, partially nulled the Dispatch 11566-A/2015, of 3 October 2015 from the SSE, in relation to the decisions presented under its numbers 11 and 12 (the deduction of social tariff and CESE costs in the unit price). ERSE was asked to consider in 2018 UGS tariff, the recovery, in benefit of the consumers, of the amounts allegedly unproperly included in previous years' tariffs (2016 and 2017). Dispatch 9955/2017, of 17 November, defines a new amount for the estimate of the off-market events' impact in EU, which is -4.75 €/MWh, with retroactive effects as at August 24. Following these Dispatches, the document of prices and tariffs for 2018 has included a clawback amount of around 90 million Euros to be returned to tariffs, which includes power plants operating under CMEC and estimated generation.

Based on its interpretation of the Law, as well as on legal opinions obtained in the meantime, EDP Produção considers that the Decree-Law 74/2013, of 4 of June, aims to reestablish a situation of competition balance between generators operating in Portugal and their peers operating in other European countries, which means to consider as off-market events all the taxes and contributions that fall only over generators located outside of Portugal (particularly in Spain), as well as all the taxes and contributions that fall only over generators located in Portugal. Consequently, in the Group's understanding, Dispatch 9371/2017 and 9955/2017 have completely distorted the clawback mechanism, having filed its legal action in January 2018.

In the Financial statements as at 31 December 2018, EDP Group has included the clawback amount as calculated by EDP Produção, regarding the legislation in place in each period, namely Decree-Law 74/2013, of 4 of June, Order 225/2015, Ordinance 9371/2017 and Dispatch 9955/2017. It is important to notice that this mechanism is not applicable to power plants in 2018 still operating under CMEC regime. However, this situation was subsequently changed and disputed by EDP Produção.

On 5 October 2018, the Spanish legislature, by the sixth and seventh additional lines on Article 21 of Royal Decree-Law 15/2018, suspended the 7% tax on electricity generation approved in 2012 for a period of six months, from the beginning of October 2018 to the end of March 2019. This tax suspension corresponds to the suspension of the off-market event verified within the European Union, which is considered in the clawback calculation.

Following the temporary suspension of the tax on electricity production in Spain:
- Order 895/2019 of 23 January, establishing the suspension of the "Clawback" was approved for a period of 6 months as from 1 October 2018;
- The Tariff and Price Document for 2019, published on 17 December 2018, estimates a Clawback value of € 4.18/MWh, to be applied after the end of the suspension period (more specifically from 6 April 2019);
- ERSE informed EDP Produção that any clawback invoicing relating to the referred suspension period should be deleted or canceled;
- The State Budget Law for 2019 provided that "the Government shall, until the end of the first quarter of 2019, review the regulatory mechanism designed to ensure the balance of competition in the wholesale electricity market in Portugal, provided for under DL 74/2013, of 4 June, adapting it to the new rules of the Iberian Electricity Market, with the aim of creating harmonized regulatory mechanisms that reinforce competition and protect consumers".

On 1 April 2019, the suspension of the tax on the production of electric energy in Spain was terminated, and it became effective again. From that moment, the "clawback" invoiced to EDP Produção was resumed, based on a value of 4.75€/MWh.

On August 9, Decree-Law 104/2019 was published, which makes the first amendment to Decree-Law 74/2013, of 4 June, by changing the scope of the clawback mechanism. Previously, "ordinary producers of electricity and other producers not covered by the guaranteed remuneration regime were subject to clawback ". With the publication of this diploma, the CMEC centrals are now included in the scope of the clawback. Considering that this scope contradicts the Decree Law 240/2004, of 27 of December, EDP Produção proceeded to its challenge.

The same Decree-Law introduced the possibility to define CIT (corporate income tax) – advanced payment, and on 26 September 2019 was published the Order 8521/2019, which set the amounts of advanced payment related to the clawback mechanism at 2.71€ / MWh for coal-fired power plants and 4.18€/MWh for other power plants.

In the Tariff and Price Document for 2020, published on 16 December 2019, ERSE considered the unit values defined in Dispatch 8521/2019, correcting only the value applicable to coal to 1.23 € / MWh, due to the increase in the ISP tax percentage and CO2 addition planned for 2020. EDP Produção presented on 10 March of 2020 an action seeking a declaration of nullity or annulment of that administrative act by ERSE.

On 27 December 2019, Dispatch 12424-A / 2019 was published, which identifies as national extra-market events to be considered in the Study to be prepared by ERSE until April 2020 (with reference to 2019) under the Clawback, the taxation of petroleum and energy products used in the production of electricity (ISP), CESE and the Social Electricity Tariff.

On 20 March 2020 ERSE Directive 4/2020 was published, which approves the operational rules of the commercial relationship between the Transmission System Operator (ORT) and the producers covered by the application of Decree-Law 74/2013, of 4 June, with the amendment given by Decree-Law 104/2019, of 9 August, revoking Directive 15/2016, of 14 September 2016, regarding the "Clawback" regime. The main change of this Directive is: i) to allow the breakdown of the amount of exchanges with CMEC and, ii) the monthly aggregation by balance sheet area, instead of by power generation center.

On 30 June 2020, Dispatch 6740/2020 was published by the SEE which establishes the CIT (corporate income tax) – advanced payment to be applied in 2020 to electric power producers covered by the "Clawback" mechanism. The value of CIT (corporate income tax) – advanced payment for the year 2020 is set at € 2.24/MWh for plants that are not subject to extra market internal events, that is, only to some renewable energy producers in the market with the exception of the power generation centers included in the scope of internal extra-market events identified.

On 22 October 2020, Dispatch 10177/2020, issued by the SEE Office, was published, which determines the final compensation of the "Clawback" for the year 2019, considering the ISP regime as the only internal off-market event within the National Electrical System (SEN), thus determining a value of € 2.24 / MWh for hydro, gas and PRE on the market and 0.68€/MWh for coal power plants. This determination is not consistent with that contained in Dispatch 12424-A/2019, of 27 December, which identifies ISP, CESE and Social Tariff as internal off-market events for 2019. EDP Produção challenged Order 10177/2020 on 22 January 2021.

Social Tariff Scheme

Following the periodic litigation assessment, EDP Group will file a complaint with the European Commission to assess the compliance of the Social Tariff funding mechanism, fully supported by ordinary regime generators, with the rules and principles of European Union law. On this, since 2011, EDP has already been charged more than 460 million Euros (including ERSE's estimate for 2021). EDP does not question the existence of the Social Tariff, and agrees with its purpose, but cannot, in light of the current regime, conform with the terms in which the legislator enshrined its method of financing.

The complaint, which calls on the European Commission to request the Portuguese Government to review the national legislation on the financing of the social electricity tariff and, if necessary, to initiate an infringement action under the article 258 of the Functioning of the European Union Treaty (TFEU), was submitted by EDP Produção, Greenvouga and Empresa Hidroeléctrica do Guadiana on 4 December 2020, and the European Commission confirmed on 13 January 2021 that it had received it.

Ancillary Services

On 3 September 2018 the Autoridade da Concorrência (AdC) adopted a Note of Illegality, under which it intended to attribute to EDP Produção a behavior of abuse of a dominant position in the secondary regulation band market. AdC claimed that EDP Produção restricted the offer of a segment of the Electricity System (the secondary regulation band or teleregulation service) between 2009 and the first quarter of 2014, limiting the capacity offer of its plants under CMEC regime to benefit market power plants, in order to benefit twice, to the detriment of consumers. The same authority stressed that the adoption of a Note of Illegality does not determine the final result of this investigation, which began in September 2016. On 28 November 2018, EDP Produção exercised its right to be heard and to defend itself in relation to the wrongful act was imputed and the sanctions it could incur, that is, it responded to the Note of Illegality.

On 18 September 2019, AdC informed EDP Produção of its decision to condemn, imposing a fine of 48 million Euros, for alleged abuse of dominant position in the secondary regulation band market in mainland Portugal between 2009 and the first quarter of 2014.

According to AdC, EDP Produção would have manipulated its offer of tele-regulation service or secondary regulation band, limiting the capacity offer of its CMEC power plants to offer it through its market power plants, benefiting in two ways:
- Highest compensation paid to CMEC plants (annual revisability), as their lower participation in the provision of secondary regulation band service would be below what would be expected (according to competitive market criteria);
- The increase of the market price of the secondary bandwidth service, as a result of the limited supply by CMEC plants, favoring market-based power plants.

On 30 October 2019, EDP Produção filed an appeal against this decision before the Competition, Regulation and Supervision Court (TCRS), awaiting the AdC's counter-allegations. On 20 May 2020, EDP Produção was notified of an order from TCRS, which, among other things, admitted its Appeal of Judicial Contestation, establishing a purely return effect and determining the payment of the fine imposed within 20 days. In this context, EDP Produção submitted requests, invoking supervening facts to demonstrate the considerable damage associated with a putative payment of the fine, and arguing defects in the decision that determined the attribution of a merely devolutive effect to the Judicial Challenge Appeal, and is waiting for a court decision on whether the fine can be replaced by some form of collateral, until there is a decision of the Court. On 16 July 2020, EDP Produção was notified of the TCRS's order which, in particular, suspended the advance payment of the fine. On 18 November 2020, EDP Produção was notified of the judgment of the Lisbon Court of Appeal that upheld the appeal filed by the Public Prosecutor's Office and revoked the referred TCRS order. EDP Produção appealed to the Constitutional Court on 30 November 2020, regarding the constitutionality of the interpretation given by the Lisbon Court of Appeal to the rule that defines the regime applicable to the decision that determines the effect of the judicial challenge of the AdC's condemnatory decisions.

The EDP Group considers that EDP Produção did not abuse any dominant position, having acted strictly in accordance with the legal framework in force.

On 20 October 2020, EDP Produção became aware, by letter sent by DGEG, of the dispatch of the SEE regarding the approval of the revisibility for the year 2015, which is deducted in the amount of 72.9 million Euros, relating to the alleged overcompensation. In this respect, the EDP Group has registered a provision in the amount of 72.9 million Euros (see note 36), and carried out an administrative appeal against the order of SEE, as referred to in point above (Contractual stability compensation – Annual revisibility).

Innovative Features

On 9 July 2018, EDP has been notified, within the scope of a stakeholder hearing promoted by the DGEG, to present its opinion on the possibility of DGEG proposing to the Secretary of State for Energy an amount associated with the alleged "innovative features" introduced in CMEC regime regardind PPA, to a maximum amount of 357.9 million Euros. According to DGEG, this amount shall be associated with the lack of legal scope for tests on the availability of the CMEC plants (285 million Euros) and the ancillary services, mentioned above (72.9 million Euros).

On 26 September 2018, EDP Produção was notified of the Order of the SEE of 29 August, which considers as an "innovative features" the topic "procedures for calculating the verified availability coefficient", quantified at 285 million Euros. This Order refers to the alleged lack of legal forecast of availability tests of CMEC plants. Considering that the Order in question lacks technical, economic and legal basis, on 8 October 2018 EDP Produção has submitted an administrative appeal.

Subsequently, EDP Produção received a letter from ERSE dated 12 November 2018 and became aware of the Order of the SEE of 4 October, which, following the Order of 29 August, declared the annulment of the annual adjustments in the part in which they considered the alleged "innovative features" concerning the procedures for calculating the coefficient of availability. In the Tariff and Price Document for 2019, ERSE considered the refund of an amount of 90 million Euros for a portion of the 285 million Euros referred to, expecting that the remaining portion will be paid for a number of years that allow the CMEC to have zero tariff impact by including the 86.5 million Euros in the tariffs of 2020, 86.5 million Euros in tariffs of 2021 and 21.9 million Euros in 2022.

Without having received any response to the gracious complain filed on 1 February 2019, EDP Produção challenged in court the Orders of 29 August and 4 October and the Tariff and Price Document for 2019.

In the Electricity Tariffs and Prices Document for 2020, approved by ERSE on 16 December 2019, that entity charged again 86.5 million Euros, as it had foreseen the previous year.

Although the EDP Group considers that there were no innovative features weighted in CMEC adjustments, this aspect was reflected in these financial statements as of 31 December 2018, by recognising a provision of 285 million Euros. In 2019 EDP made the payment of 92,458 thousand Euros and during 2020 made the payment of 110,963 thousand Euros (see note 36), using this provision, so that at 31 December 2020 this provision amounts 81,579 thousand Euros.

Hydro power plants of Fridão and Alvito

On 17 December 2008, EDP Produção and the Portuguese State signed the Contract for the Implementation of the National Program for High Hydroelectric Potential Power Plants (PNBEPH) regarding the Hydro Power Plants of Fridão (AHF) and Alvito (AHA), with the payment, by EDP Produção of 231.700 thousand Euros. Of this amount, 217,798 thousand Euros relates to the right to implement and exploit the AHF.

EDP Produção followed up on the procedures for the implementation of these projects, having, in the case of the AHF, obtained a Favorable Environmental Impact Declaration and an Environmental Compliance Report of the Execution Project (RECAPE).

On 22 October 2013, EDP Produção requested to the Minister of the Environment, Land Management and Energy, based on a change of circumstances, to postpone the signing of the concession contract for the AHF. This request was formally rejected on 2 May 2014, and the terms of the concession contract, were subsequently negotiated between EDP Produção and the Portuguese Environmental Agency (APA) and a specific date for the respective signature for 30 September 2015, which was revoked by the Government without rescheduling a new date.

In 2016, following the beginning of the XXI Constitutional Government, the Government Program provided the reassessment of the PNBEPH. In this context, it was agreed to suspend for three years the execution of the Contract for the implementation of the AHF, as well as the annulment of the implementation Contract regarding AHA, through a Memorandum of Understanding signed on 5 December 2016, concluded by an agreement between the Portuguese State and EDP Produção on 11 April 2017.

This deferral decision was taken based on public interest reasons, considering the evolution of installed power and energy demand since 2008 (conclusion date of the Implementation Contract) until 2016. It is not clear that the AHF would be an energy surplus that would offset the environmental impacts resulting from its implementation.

On 16 April 2019 EDP Produção received, by email, an official letter from the Ministry of the Environment and Energy Transition, dated 11 April 2019, informing the State's conclusion that there is no need for implementation of AHF to meet national targets for Renewable Energy Source and Greenhouse Gas Reduction, as well as "that the State does not find any reason to inhibit the construction of the Fridão Hydro Power Plant".

Simultaneously, the Minister of the Environment and Energy Transition (MATE) announced at the National Assembly, in a hearing at the Environment, Land-use Planning, Decentralization, Local Power and Housing Committee, that the State's decision was not to build the AHF and that "the State will always comply with the contract but believes there are no reasons for any repayment of the amount that was given to the State ten years ago". It acknowledged, however, that there was no agreement with EDP on this matter.

EDP Produção notified the Portuguese State to clarify that at no time did EDP express its intention to not proceed with the construction of power plants and to return all the investment already made, including the consideration paid on the provisional award, and, as well, to compensate it for other losses and damages resulting from the non-compliance, to be settled in a timely manner. As at 31 December 2019 the Group reclassified these Assets under construction to Other debtors and other assets and valued in accordance with the principles defined in IFRS 9 (see note 27).

Currently, the arbitral proceedings, initiated by EDP Produção are in progress, having the Portuguese State submitted a rejoinder on 20 November 2020. A preliminary hearing is expected for the first quarter of 2021 and the trial hearing will be in April 2021, with only a final decision expected for the second half of 2021.

Sale of real estate by E-Redes – Distribuição de Eletricidade, S.A.

In the 2009-2018 period, E-Redes – Distribuição de Eletricidade, S.A. disposed a set of real estate that were unused, in the amount of approximately 52 million Euros, obtaining a total net value of gains of 33.9 million Euros (35.7 million Euros of gains and 1.7 million Euros of losses).

In the regulated accounts sent to ERSE in April 2018, E-Redes – Distribuição de Eletricidade, S.A. identified the amount to be returned into tariffs related to the depreciation of the properties that were sold in the period 2012-2017. ERSE did not consider this amount in the 2019 rates and submitted the topic for further analysis.

In the Tariffs for 2020, ERSE recognized the principle of profit sharing with the system and assumed the return into the tariffs of approximately 16.6 million Euros referring to half of the net gains obtained from the sale of real estate by E-Redes – Distribuição de Eletricidade, S.A. between 2009 and 2018, having mentioned that the position to be taken by the respective grantors of the Concession Contract for the National Distribution Network (RND) and the electricity distribution network concessions in BT may determine the revision of this amount.

Subsequent to the publication of the Tariffs for 2020, in 17 December 2019, the Government approved an Order that stipulates that the total value of the gains generated by the sale of real estate by E-Redes – Distribuição de Eletricidade, S.A. between 2009 and 2018, and which were subject to remuneration for the tariffs, “reverts entirely to the grantor ”, and should be “fully reflected in the electricity tariffs”.

On 17 March 2020, E-Redes – Distribuição de Eletricidade, S.A. initiated an arbitration process at the Commercial Arbitration Center, which the State, represented by the Ministry for the Environment and Climate Action (MAAC), submitted its response on 3 July 2020. In January 2021, the first preliminary hearing was held, then the pleading phase began, in which E-Redes – Distribuição de Eletricidade, S.A. presented its initial petition and the State is due to respond. It is already scheduled for July 2021 a second session of prior hearing.

On 15 December 2020, the Regulator published the tariffs for 2021 and it was considered the return to the system of the remaining amount of 16.6 million Euros referring the net gains obtained from the sale of properties in the period between 2009 and 2018, in accordance with the Dispatch sent by MAAC, despite the ongoing arbitration process.

E-Redes – Distribuição de Eletricidade, S.A. acted in a transparent manner and within the framework of regulatory efficiency standards dictated by ERSE itself, as is evident from the values that have always been evidenced in the published Reports and Accounts and in the Regulated Accounts presented.

5. Financial Risk Management Policies

The Group monitors regularly the financial risks to which it has exposure to. During 2020, considering the COVID-19 pandemic and the impacts on the markets, namely on interest and foreign exchange rates to which the Group has exposure to, there was a revaluation of the risks involved, having concluded that the current Financial Risk Management Policies already incorporate worst case scenarios sufficiently conservative and therefore adequate to the Group profile, not being necessary its revision. However, given that the pandemic duration and global impacts are still unknown, the EDP Group continues to monitor the risks, seeking to anticipate and manage possible impacts not currently contemplated.

Exchange-rate and interest rate risk management

Financial risk management

The EDP Group’s business is exposed to a variety of financial risks, including the effect of changes in market prices, foreign exchange and interest rates. The Group’s exposure to financial risks arises essentially from its debt portfolio, its investments and from the volatility of commodity prices, resulting in interest and exchange rate exposures as well as commodity market price exposure. The status and evolution of the financial markets are analysed on an on-going basis in accordance with the Group’s risk management policy.

The management of financial risks of EDP, S.A. and other EDP Group entities is undertaken centrally by EDP, S.A., in accordance with policies approved by the Executive Board of Directors. The Financial Department, the Energy Management Business Unit and the Risk Management Department identify, evaluate and submit to the Board, for approval, hedging mechanisms appropriate to each exposure. The Executive Board of Directors is responsible for the definition of general risk management principles and the establishment of exposure limits.

As for the subsidiaries of EDP Energias do Brasil, the management of the financial risks inherent to the variation of interest rates, exchange rates and commodities is carried out locally, according to the rules set by EDP Energias do Brasil's Management and aligned with the principles/policies set by EDP Group for this geographical area.

Exchange-rate risk management

EDP Group operates in different geographies, therefore becoming exposed to exchange rate risk in US Dollar (USD), Brazilian Real (BRL), Polish Zloty (PLN), Romanian Leu (RON), Canadian Dollar (CAD), Pound Sterling (GBP) and Colombian Pesos (COP). Currently, these exposures result essentially from investments of EDP Group in wind parks (and solar) in the USA, Poland, Romania, Canada and United Kingdom, respectively. The exposure to Brazilian Real results essentially from investments of EDP Group in EDP Energias do Brasil and EDP Renováveis Brasil. The majority of these investments were financed with debt contracted in the respective local currency which allows to mitigate the exchange rate risk related to these assets, and such financing is complemented in certain cases with derivatives to hedge exchange-rate risk on net investment.

The policy implemented by the EDP Group consists of undertaking derivative financial instruments to hedge exchange rate risk with similar terms to those of the hedged asset or liability. The operations are revalued and monitored throughout their useful lives and, periodically, their effectiveness in controlling and hedging the risk that gave rise to them is assessed.

Investments in the Brazilian subsidiaries of EDP Energias do Brasil, whose net assets expressed in Brazilian Real expose EDP Group to the exchange rate risk from it's conversion to Euros, are monitored through analysis of the evolution of the BRL/EUR exchange rate.

In the hedge relationships, the main source of ineffectiveness is the effect of the counterparties’ and the Group’s own credit risk on the fair value of the forward foreign exchange contracts and cross currency interest rate swaps, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in exchange rates.

Sensitivity analysis - exchange rate

Regarding the financial instruments that result in an exchange rate risk exposure, a fluctuation of 10% in the EUR/USD exchange rate, as at 31 December 2020 and 2019, would lead to an increase/(decrease) in the EDP Group results and/or equity as follows:

	Dec 2020			
	Profit or loss		Equity	
Thousand Euros	+10%	-10%	+10%	-10%
USD	-22,673	27,712	-68,188	83,341

	Dec 2019			
	Profit or loss		Equity	
Thousand Euros	+10%	-10%	+10%	-10%
USD	-4,499	5,498	-167,397	204,596

This analysis assumes that all other variables, namely interest rates, remain unchanged.

Interest rate risk management

The aim of the interest rate risk management policies is to manage the impact on financial charges, from contracted debt, related to the exposure to interest rate risk from market fluctuations.

In the floating rate financing context, the EDP Group enters, when considered appropriate, into interest rate derivative financial instruments to hedge the cash flows associated with future interest payments, which have the effect of converting floating interest rate loans into fixed interest rate loans.

Long-term debt engaged at fixed rates is, when appropriate, converted into floating rate debt through interest rate derivative financial instruments designed to level them to current and expected market conditions.

All the operations are undertaken on liabilities in the EDP Group's debt portfolio and mainly involve perfect hedges, resulting in a high level of correlation between changes in fair value of the hedging instrument and changes in fair value of the interest rate risk or future cash flows.

In the hedge relationships, the main source of ineffectiveness is the effect of the counterparty's and the Group's own credit risk on the fair value of the interest rate swaps, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in interest rates.

The EDP Group has a portfolio of interest rate derivatives with maturities up to 15 years. The Group's Financial Departments undertake sensitivity analyses of the fair value of financial instruments to interest rate fluctuations. As at 31 December 2020, after the hedging effect of the derivatives 70% of the Group's liabilities are at fixed rate.

Sensitivity analysis - Interest rates (excluding the Brazilian operations)

Based on the Group's debt portfolio, except for Brazil, and the related derivative financial instruments used to hedge the related interest rate risk, a 50 basis points change in the reference interest rates at 31 December 2020 and 2019 would lead to an increase/(decrease) in the EDP Group results and/or equity as follows:

	Dec 2020			
	Profit or loss		Equity	
Thousand Euros	50 bp increase	50 bp decrease	50 bp increase	50 bp decrease
Cash flow effect:				
Hedged debt	-10,052	10,052	-	-
Unhedged debt	-1,362	1,362	-	-
Fair value effect:				
Cash flow hedging derivatives	-	-	6,392	-6,392
Trading derivatives (accounting perspective)	5,159	-5,159	-	-
	-6,255	6,255	6,392	-6,392

Thousand Euros	Dec 2019			
	Profit or loss		Equity	
	50 bp increase	50 bp decrease	50 bp increase	50 bp decrease
Cash flow effect:				
Hedged debt	-12,302	12,302	-	-
Unhedged debt	-6,054	6,054	-	-
Fair value effect:				
Cash flow hedging derivatives	-	-	7,297	-7,332
Trading derivatives (accounting perspective)	-244	206	-	-
	-18,600	18,562	7,297	-7,332

This analysis assumes that all other variables, namely exchange rates, remain unchanged.

Brazil - Exchange and interest rate risk management

Stress tests and sensitivity analysis are carried out for purposes of risk management in the Brazilian subsidiaries. Through these two tools, the financial impact in different market scenarios is monitored.

For sensitivity analysis, the exposure of portfolio of operations is evaluated through 25% and 50% changes in the main risk factors, currency and interest rates. The stress test is performed on the fair value of the operations and uses as premise the interest rate curve projections of the Brazilian basic macroeconomic scenario.

Brazil - Sensitivity analysis - exchange rate

A Brazilian subsidiary is mainly exposed to the USD/BRL exchange rate, arising from USD debt for which the exposure was completely offset by cross currency interest rate swaps.

Brazil - Sensitivity analysis - Interest rates

Based on the portfolio of operations, a 25% change in the interest rates, to which the Brazilian subsidiaries are exposed to, would have an impact to EDP Energias do Brasil Group, at 31 December 2020 and 2019, in the amount of:

Thousand Euros	Dec 2020	
	+ 25%	- 25%
Financial instruments - assets	2,676	-2,437
Financial instruments - liabilities	-75,183	70,936
Derivative financial instruments	-306	306
	-72,813	68,805

Thousand Euros	Dec 2019	
	+ 25%	- 25%
Financial instruments - assets	9,905	-9,436
Financial instruments - liabilities	-132,773	121,285
Derivative financial instruments	-	-
	-122,868	111,849

Counterparty credit risk management

EDP Group's policy in terms of counterparty risk on financial transactions (see note 2 e)) is managed through an analysis of the technical capacity, competitiveness, credit rating and exposure to each counterparty, avoiding significant concentrations of credit risk. Counterparties in derivative financial instruments are institutions with high credit rating so the risk of counterparty default is not considered to be significant. Therefore, guarantees and other collaterals are not typically required for these transactions.

EDP Group has documented its financial operations in accordance with international standards. Derivative financial instruments are mainly contracted under ISDA Master Agreements.

The amount receivable from customers is mainly generated by operations in Portugal, Spain and Brazil, with a diversified customer base, both geographically and in terms of segments (business clients, private and public sector) and size (Supply companies, Business to Business (B2B) and Business to Consumer (B2C)). EDP is present in 19 countries and 4 continents, with more than 8.6 million customers in the electricity sector and 0.7 million customers in the gas sector, and usually the contractual relationship with the counterparty tends to be long-lasting.

The maximum exposure to customer credit risk by counterparty type is detailed as follows:

Thousand Euros	Dec 2020	Dec 2019
Corporate and private sector:		
Supply companies	74,119	99,019
B2B	415,342	489,589
B2C	326,927	403,616
Other	196,966	114,706
	1,013,354	1,106,930
Public sector:		
Debt with payment agreement	1,238	7,778
Debt without payment agreement	114,639	98,547
	115,877	106,325
	1,129,231	1,213,255

Trade receivables by geographical market for the Group EDP, is as follows:

	Dec 2020					
Thousand Euros	Portugal	Spain	Brazil	USA	Other	Group
Corporate and private sector	498,733	96,125	393,449	17,162	7,885	1,013,354
Public sector	25,450	66,466	23,914	-	47	115,877
	524,183	162,591	417,363	17,162	7,932	1,129,231

	Dec 2019					
Thousand Euros	Portugal	Spain	Brazil	USA	Other	Group
Corporate and private sector	503,135	89,616	489,013	10,585	14,581	1,106,930
Public sector	42,380	8,212	54,021	-	1,712	106,325
	545,515	97,828	543,034	10,585	16,293	1,213,255

The amounts receivable from supply companies are concentrated mainly in Portugal, Brazil and EDP Renováveis Group, as follows:

- In Portugal, these counterparties present a significantly reduced days sales outstanding, about 20 days, and these entities are subject to the sector regulation that establishes collaterals to reduce credit risk. The collateral provided is updated based on the average of the last quarter monthly sales, which reinforces a low risk profile;

- In Brazil, it refers mainly to: (i) the amounts from sale of electricity to wholesale dealers and supply companies, (ii) accounts receivable relating to energy traded in the Electric Energy Trading Chamber - CCEE; and (iii) charges for the electricity network access;

- In EDPR EU, main customers are utilities and regulated entities in the different countries. Credit risk is not significant due to the limited average collection period for customer balances and the quality of its debtors. Additional counter-party risk comes from the countries with renewables incentives, which it is usually treated as regulatory risk;

- In EDPR NA, main customers are regulated utility companies and regional market agents in the US. As it occurs in Europe, credit risk is not significant due to the limited average collection period for customer balances and the quality of the debtors. However, the exposure due to the mark-to-market of long term contracts may be significant. This exposure is managed by a detailed assessment of the counter-party before signing any long term agreement and by a requirement of collaterals when financial soundness of the counterparty deteriorates.

Regarding the remaining receivables from companies and individual customers, resulting from the current activity of EDP Group, the credit risk is essentially the result of customers defaults, whose exposure is limited to the supply made until the possible date of supply disruption. A very criterious credit risk analysis made for new costumers, as well as the large number of customers and their diversity in terms of sectors of activity are some of the main factors that mitigate the concentration of counterparty credit risk.

Amounts receivable from public sector customers include amounts receivable from renegotiated debt with payment agreements, which, as the counterparty is a public entity and has already recognised the debt through payment protocols, present a lower risk. These amounts also include debt without payment agreements arising from the normal power supply activity similar to that described for the corporate and individual sector.

In accordance with accounting policies - note 2 e), impairment losses are determined using the simplified approach precluded in IFRS 9, based on life time expected losses.

Regarding third-party receivables generated by the Group's day-to-day business, the credit risk arises essentially from customers default, whose exposure is limited to the Low Tension Eletricity supplied with usual delays in payments. The very criterious credit risk analysis made for new costumers, as well as the large number of customers and their diversity in terms of sectors of activity are some of the main factors that mitigate the concentration of counterparty credit risk.

EDP Group believes that the amount that best represents the Group's exposure to credit risk corresponds to the carrying amount of customers and of Contract assets related to energy sales net of the impairment losses recognised. The Group believes that the credit quality of these receivables is adequate and that no significant impaired credits exist that have not been recognised as such and provided for.

As at 31 December 2020, in accordance with the methodology for determining impairment losses on amounts receivable from the electric sector, no impairment loss has been booked. The risk levels for amounts receivable from the electric sector have been considered to be the same as the country risk levels for Brazil, Portugal and Spain, which have high credit ratings.

The maximum exposure to credit risk of Contract assets related to energy sales and Amounts receivable from the electric sector is as follows:

Thousand Euros	Dec 2020	Dec 2019
Contract assets related to energy sales:		
Contract assets receivable from energy sales contracts	1,032,629	1,050,707
	1,032,629	1,050,707
Amounts receivable from the electric sector:		
Amounts receivable from tariff adjustments - Electricity	563,580	425,396
Amounts receivable relating to CMEC	697,171	777,065
Amounts receivable from concessions - IFRIC 12	1,115,215	1,012,048
	2,375,966	2,214,509
	3,408,595	3,265,216

Liquidity risk management

The EDP Group undertakes management of liquidity risk through the engagement and maintenance of credit lines and financing facilities, with a firm underwriting commitment with international reliable financial institutions, as well as term deposits, allowing immediate access to funds. These credit lines are used to complement and backup national and international commercial paper programmes, allowing the EDP Group's short-term financing sources to be diversified (see note 34). Considering the COVID-19 pandemic, the Group assessed the potential impacts on additional liquidity needs, having concluded that the current Liquidity Risk Management Policy remains adequate.

The table below shows the contractual undiscounted cash flows and the estimated interests due, computed using the rates available at 31 December 2020:

Thousand Euros	Dec 2021	Dec 2022	Dec 2023	Dec 2024	Dec 2025	Following years	Total
Bank loans	290,686	125,412	114,399	101,447	70,349	388,105	1,090,398
Bond loans	1,553,226	1,174,693	1,924,294	2,358,190	1,501,892	4,154,972	12,667,267
Hybrid Bond	36,066	-	-	-	-	1,750,000	1,786,066
Commercial paper	381,468	15,690	91,680	47,070	295,412	-	831,320
Other loans	2,992	994	1,202	1,011	1,031	22,503	29,733
Interest Payments (i)	216,649	431,936	394,302	241,934	166,677	398,409	1,849,907
	2,481,087	1,748,725	2,525,877	2,749,652	2,035,361	6,713,989	18,254,691

i) The coupons of the hybrid bonds were included taking into consideration the earliest possible call date.

Energy market risk management

In the sphere of its operations in the Iberian market for both electricity and gas, EDP Group purchases fossil fuels to generate electric energy which is sold in organized markets (OMIE and OMIP) as well as to third parties or, in the gas business, sells natural gas to clients either through EDP Group's trading companies or directly to third parties. As a result, the Group is fully exposed to energy market risks.

As a result of its energy management operations, EDP Group has a portfolio of operations related to electricity and gas businesses. The portfolio is managed through the engagement of operations with financial and physical settlement on the forward energy markets. The objective of the operations is to reduce volatility of the financial impact resulting from the managed positions and to benefit from arbitration or positioning within the trading limits approved by the Executive Board of Directors. The financial instruments traded include swaps (electricity, coal and gas) and futures to fix prices.

In the hedge relationships, the main source of ineffectiveness is the effect of the counterparty's and the Group's own credit risk on the fair value of the derivative financial derivatives, which is not reflected in the change in the fair value of the hedged cash flows attributable to the change in market prices.

Energy management activity is subject to a series of variables which are identified and classified based on their common uncertainty characteristics (or risk). Such risks include market price evolution risk (electricity and fuel) with impact in the expected energy volume generated, as well as credit risk of the counterparties.

Monitoring the price, volume and credit risks includes their quantification in terms of positions at risk which can be adjusted through market operations. This quantification is made by using specific models that value positions to determine the maximum loss that can be incurred, with a given probability and a determined time frame.

Risks are managed in accordance with the strategies defined by the Executive Board of Directors, which are subject to a periodic review based on the evolution of the operations, to change the profile of the positions and adjust them to the established management objectives.

Risks are monitored by means of a series of actions involving daily monitoring of the different risk indicators, of the operations grouped in the systems and the prudence limits defined by management area and risk component, as well as regular backtesting and supplementary validation of the models and assumptions used. This monitoring not only ensures the effectiveness of the strategies implemented, but also provides elements to enable initiatives to be taken to correct them, if necessary.

The main price and volume risk indicator used is the margin at risk (P@R), which estimates the impact of the variation of the different risk factors (price of electricity and hydrological) on the next 24 month's margin, P@R corresponding to the difference between an expected margin and a margin of a pessimistic scenario with a probability to occur of 5% (confidence interval of 95%) considering a time frame of 2 years. Both the volumes which are certain and those, which although uncertain, are expected, namely production of the plants and the corresponding consumption of fuel, are considered. The P@R distribution by business segment is as follows:

		P@R Distribution by business segment	
Thousand Euros		Dec 2020	Dec 2019
Business	**Portfolio**		
Electricity	Trading	5,000	536
Electricity	Trading + Hedging	80,412	87,680
Gas	Hedging	38,725	10,541
Diversification effect		-26,668	-10,971
		97,469	87,786

Regarding credit risk, the quantification of exposure considers the amount and type of transaction (e.g. swap or forward), the rating of the counterparty risk that depends on the probability of default and the expected value of credit to recover, which varies depending on the guarantees received or the existence of netting agreements. The EDP Group's exposure to credit risk rating is as follows:

	Dec 2020	Dec 2019
Credit risk rating (S&P)		
AAA to AA-	4.44%	1.97%
A+ to A-	26.08%	28.46%
BBB+ to BBB-	60.95%	61.24%
No rating assigned	8.53%	8.33%
	100.00%	100.00%

Capital management

EDP is not an entity subject to regulation in terms of capital or solvency ratios. Therefore, capital management is carried out within the financial risk management process of the entity.

Additionally, management describes this aspect of its strategic objectives, policies and processes to manage risks, including the financial risks, in the chapters of the Annual Report of 2020:
02 Strategic Approach
2.2.2 Strategic Guidelines Compliance - Continue Financial Deleveraging; and
2.3 Risk Management: Key Risks - Financial; Risk Appetite - Financial.
04 Corporate Governance
53 The main types of economic, financial and legal risk - Financial risks.

The Group's goal in managing capital is to safeguard the Group's capacity to continue operating as a going concern, grow steadily to meet established objectives and maintain an optimum capital structure to reduce equity cost.

In conformity with other groups operating in this sector, the Group controls its financing structure based on several control mechanisms and ratios.

6. Consolidation Perimeter

During the year of 2020, the following changes occurred in the EDP Group consolidation perimeter:

Companies acquired:

The following acquisitions were classified as asset purchases, out of scope of IFRS 3 – Business Combinations, due to the substance of these transactions, the type of assets acquired and the very early stage of the projects:

- EDPR France Holding, S.A.S. acquired 100% of the company Société D'Exploitation du Parc Eolien Source de Sèves, S.A.R.L.;
- EDP Renewables Italia Holding, S.R.L. acquired 100% of the companies Aliseo, S.r.l. and VRG Wind 153, S.r.l. and 60% of the companies Energia Emissioni Zero 4, S.r.l., Wind Energy San Giorgio, S.r.l. and Giglio, S.r.l.;
- EDP Renewables Polska, Sp. z o.o. acquired 100% of the companies Wind Field Wielkopolska, Sp. z.o.o., R.Wind, Sp. z o.o., FW Warta, Sp. z o.o. and Neo Solar Farm, Sp. z o.o.;
- Korean Floating Wind Power Co., Ltd. acquired 90% of the company East Blue Power Co., Ltd.;
- EDP Renováveis S.A. and EDP Renewables Europe S.L. acquired 100% of the company Parque Solar Los Cuervos, S. de R.L. de C.V.;
- OW Offshore S.L. acquired 100% of the company Delphis Holdings Limited.;
- EDP Renewables Polska HoldCo, S.A. acquired 100% of the company Budzyn, Sp. z o.o.;
- EDP Renováveis, S.A. acquired 100% of the company Solar Power Solutions, S.A.S. E.S.P. which holds 100% of the companies Elipse Energía, S.A.S. E.S.P., Omega Energía, S.A.S. E.S.P. and Kappa Energía, S.A.S. E.S.P.;
- EDP Grid Gestão de Redes Inteligentes de Distribuição, S.A. acquired 100% of the company UFV SP V Equipamentos Fotovoltaicos Ltda.;
- A EDP Renewables Europe, S.L.U. acquired 85% of the companies Sunlight Solar, Kft. and ESC ERŐMŰ, Kft. and 100% of the companies Wind Shape, Ltd., Drummarnock Wind Farm Limited, Wind 2 Project 1 Limited, Moorshield Wind Farm Limited, Altnabreac Wind Farm Limitede and Ben Sca Wind Farm Limited;
- EDP Renováveis, S.A. acquired, indirectly, 2 companies in North America; and
- A EDP Renováveis Brasil, S.A. acquired 100% of the companies Central Solar Lagoa I, S.A. and Central Solar Lagoa II, S.A.

Additionally, the following companies were acquired:

- A EDP Iberia, S.L. acquired the Viesgo Group (ver nota 49), through the establishment of a long-term partnership with Macquarie Super Core Infrastructure Fund SD Holdings S.À.R.L. (MSCIF) for electricity distribution business in Spain, which will be 75.1% owned by EDP and 24.9% by MSCIF. Thus, EDP Iberia, S.L. acquired 75.1% of Fresco International S.a.r.l., which directly and indirectly holds 100% of:
  - Fresco Investments S.a.r.l.;
  - IE2 Inversiones Globales Empresariales, S.L.;
  - Viesgo Infraestructuras Energéticas, S.L.;
  - IE2 Innovación, S.L.;
  - Viesgo HoldCo, S.A.;
  - IE2 HoldCo, S.A.;
  - Viesgo Distribución Eléctrica, S.L.; e
  - Barras Eléctricas Galaico-Asturianas, S.A.

- Within the scope of the above transaction, EDP Iberia, S.L. has also acquired 100% of Viesgo Producción, S.L.

- EDP Renewables Europe, S.L.U. also acquired 100% of the companies Viesgo Europa S.L.U. and Viesgo Renovables, S.L.U. wich holds 100% of the companies Viesgo Mantenimiento, S.L.U., S.E.E. - Sul Energía Eólica, S.A. and IE2 Portugal, SGPS, S.A., 90% of the company Parque Eólico do Barlavento, S.A., 75% of the company Northeolic Monte Buño, S.L., 50% of the companies Compañía Eólica Aragonesa, S.A. and Unión de Generadores de Energía, S.L., 49% of the company Eos Pax IIa, S.L., 47% of the company San Juan de Bargas Eólica, S.L., 45% of the company Eólica de São Julião, Lda., 36% of the company Geólica Magallón, S.L. and 23% of the company Elecdey Carcelén, S.A. Additionally, the aforementioned companies IE2 Portugal, SGPS, S.A. and S.E.E. - Sul Energía Eólica, S.A. own 100% of the company Eoliser - Serviços de Gestão para Parques Eólicos, Lda. (see note 49).

Sale of companies without loss of control:

- A EDPR France Holding, S.A.S. sold 15% of its financial interest in Transition Euroise Roman II, S.A.S.

Sale of companies with loss of control:

- In the fourth quarter of 2020, EDP Renováveis, S.A., through a subsidiary in North America, sold 80% of a portfolio of 5 companies, for the amount of 231,714 thousand Euros, equivalent to 264,646 thousand American dollars. In accordance with the Shareholders Agreement and other relevant contracts, it has been established a shared control of the Companies which led to a loss of control over the companies and their consolidation by the equity method. This disposal with loss of control generated a gain which has been registered within the "Other income" caption of the consolidated financial statements in the amount of 99,359 thousand Euros (see note 8).

Companies sold and liquidated:

- The companies Frontier Beheer Nederland, B.V. and Frontier, C.V., in which OW Offshore, S.L. held, directly or indirectly, a 30% financial interest, were liquidated;
- The companies EDP Energía, S.A.U., Baser Comercializadora de Referencia, S.A. and EDP Comercializadora, S.A.U., in which EDP Iberia, S.L. held, directly or indirectly, a 100% financial interest, were sold for the amount of 479,148 thousand Euros and generated a gain which has been registered within the "Other income" caption of the consolidated financial statements in the amount of 30.129 thousand Euros (see note 8);
- The companies Bon Vent de Corbera, S.L.U., Eólica Sierra de Ávila, S.L.U., Parc Eòlic de Coll de Moro, S.L.U., Parc Eòlic de Torre Madrina, S.L.U. and Parc Eòlic de Vilalba dels Arcs, S.L.U., in which EDP Renovables España, S.L.U. held, directly or indirectly, a 100% financial interest and the company Aprofitament D'Energies Renovables de L'Ebre, S.L. owned in 13,29%, were sold for the amount of 449,658 thousand Euros, of which 112,724 thousand Euros are related to a shareholder loan. This transaction generated a gain which has been registered within the "Other income" caption of the consolidated financial statements in the amount of 112,908 thousand Euros (see note 8);
- In December, under the agreement to sell a company that owns a portfolio of 6 hydro plants in Portugal (Miranda, Bemposta, Picote, Foz Tua, Baixo Sabor and Feiticeiro) established with the consortium of investors formed by Engie, Crédit Agricole Assurances and Mirova - Grupo Natixis, the spin-off of these assets and liabilities, rights and obligations, legal and labor relations, contractual positions, protocols and licenses associated with these plants from EDP Produção was carried out, originated a new company. Subsequently, EDP SA sold this company to the referred consortium for the global amount of 2,173 million Euros, generating a gain of 215,609 thousand Euros recorded in the caption Other income (see note 8);
- In the fourth quarter of 2020, EDP Renováveis, S.A. sold, through a North American subsidiary, a company in North America for the value of 160,741 thousand Euros, generating a gain of 14,438 thousand Euros(see note 8); and
- 6 companies in North America were liquidated.

Companies merged:

- Merger of EDPR RO PV, S.R.L., Studina Solar, S.A., Cujmir Solar, S.A., Potelu Solar, S.A., Vanju Mare Solar, S.A., Foton Delta, S.A., Foton Epsilon, S.A. into EDPR România, S.R.L.

Companies incorporated:

- Vanosc Energie, S.A.S.;
- Transition Euroise Roman II, S.A.S.;
- Mordel Limited;
- EDPR Offshore South Korea Co., Ltd.;
- Comercializadora Energética Sostenible, S.A.;
- Transporte GNL, S.A.;
- EDP Clientes, S.A.;
- EDP Renewables Hungary Kft.;
- EDP Renewables Vietnam Ltd.;
- 32 companies incorporated in North America.

Other changes:

- A joint control partnership has been executed following the strategic memorandum of understanding dated May 2019 and signed between EDP Renováveis and ENGIE by which a co-controlled 50/50 joint venture in fixed and floating offshore wind segment, OW Offshore S.L., has been established, including its subsidiaries:
    - OW FS Offshore, S.A.;
    - Les Eoliennes Flottantes du Golfe du Lion, S.A.S.;
    - Éoliennes en Mer Dieppe - Le Tréport, S.A.S.;
    - Éoliennes en Mer Îles d'Yeu et de Noirmoutier, S.A.S.;
    - Les Eoliennes en Mer Services, S.A.S.;
    - OW France, S.A.S.;
    - Relax Wind Park IV, Sp. z o.o.;
    - Morska Farma Wiatrowa Neptun, Sp. z o.o.;
    - B-Wind Polska, Sp. z o.o.;
    - C-Wind Polska, Sp. z o.o.;
    - Ocean Wind UK Ltd;
    - Mordel Limited;
    - Moray Offshore Renewable Power Limited;
    - B&C Wind Polska sp. z o.o. s.c.;
    - Ventum Ventures III Holding, B.V.;
    - 4THEWIND I, B.V.;
    - 4THEWIND II, B.V.;
    - 4THEWIND III, B.V.;
    - 4THEWIND IV, B.V.;
    - 4THEWIND V, B.V.;
    - 4THEWIND VI, B.V.;
    - 4THEWIND VII, B.V.;
    - 4THEWIND VIII, B.V.;
    - Ancoris Beheer Nederland, B.V.;
    - EDPR Japan Godo Kaisha;
    - EDPR Offshore South Korea Co., Ltd.;
    - Moray East Holdings Limited;
    - Moray Offshore Windfarm (East) Limited;
    - Delphis Holdings Limited;
    - Moray West Holdings Limited;
    - Moray Offshore Windfarm (West) Limited;
    - Korean Floating Wind Power Co., Ltd.;
    - East Blue Power Co. Ltd.;
    - Windplus, S.A.;
    - Ventos do Atlântico - Projetos de Energía Eólica Ltda;
    - Electrabel Offshore Energy, CVBA;
    - SeaMade, N.V;
    - North Sea Wave, N.V.;
    - 4 North American companies.

As a result of this transaction, EDP Renováveis has registered a gain in the amount of 217,633 thousand Euros in the other income caption of the consolidated income statement (see note 8).

- EDP Renováveis owns 100% of Nation Raise LP trough Quatro Limited Partnership (99.99%) and Nation Rise Wind Farm GP Inc. (0.01%) (see note 21).

- EDP Iberia S.L. sold 100% of its direct stake in Hidrocantábrico Distribucion Eléctrica, S.A.U. and indirect 75% stake in Electra Llobregat Energía, S.L. to IE2 Inversiones Globales Empresariales, S.L., which is 75.1% owned by EDP Iberia S.L.

The companies included in the consolidation perimeter of EDP Group as at 31 December 2020 and 2019 are disclosed in Annex I.

7. Revenues and cost of Energy Sales and Services and Other

Revenues from energy sales and services and other, by sector, are as follows:

	Group		Company	
Thousand Euros	Dec 2020	Dec 2019	Dec 2020	Dec 2019
Electricity and network access	10,706,781	12,327,096	2,052,712	2,422,467
Gas and network access	857,939	757,099	170,444	24,816
Sales of CO2 Licenses	95,052	86,141	473,678	357,781
Revenue from assets assigned to concessions	622,826	918,826	-	-
Other	165,607	243,847	166,482	163,696
	12,448,205	14,333,009	2,863,316	2,968,760

Revenues from energy sales and services and other, by geographical market, for the Group, are as follows:

	Dec 2020					
Thousand Euros	Portugal	Spain	Brazil	USA	Other	Group
Electricity and network access	5,556,501	2,198,945	2,046,186	623,547	281,602	10,706,781
Gas and network access	433,921	424,018	-	-	-	857,939
Revenue from assets assigned to concessions	230,796	-	392,030	-	-	622,826
Other	113,724	55,894	73,841	9,932	7,268	260,659
	6,334,942	2,678,857	2,512,057	633,479	288,870	12,448,205

	Dec 2019					
Thousand Euros	Portugal	Spain	Brazil	USA	Other	Group
Electricity and network access	5,975,879	2,730,461	2,708,597	616,222	295,937	12,327,096
Gas and network access	286,337	470,762	-	-	-	757,099
Revenue from assets assigned to concessions	225,751	-	693,075	-	-	918,826
Other	137,297	57,373	129,545	4,200	1,573	329,988
	6,625,264	3,258,596	3,531,217	620,422	297,510	14,333,009

The caption Electricity and network access in Portugal, on a consolidated basis, includes a net revenue of 1,462,407 thousand Euros (revenue in 31 December 2019: 1,438,399 thousand Euros) regarding tariff adjustments of the period (see note 26). This caption also includes a net revenue of 61,596 thousand Euros (31 December 2019: net cost of 902 thousand Euros) related to recognition of tariff adjustments for the period in Brazil (see notes 26 and 38).

Additionally, the caption Electricity and network access includes, on a consolidated basis, a positive amount of 61,777 thousand Euros (31 December 2019: positive amount of 70,354 thousand Euros) related to the contractual stability compensation (CMEC) as a result of the power purchase agreements (PPA) termination, including an income of 21,629 thousand Euros related to the CMEC final adjustment (31 December 2019: positive amount of 21,156 thousand Euros), net from the recognised provision due to the final adjustment official approval.

The caption Electricity and network access, on a company basis, includes 1,097,464 thousand Euros (31 December 2019: 1,255,951 thousand Euros) related with energy sales under the purchase and sale agreement of evolutive energy between EDP, S.A. and EDP Comercial S.A.

The breakdown of Revenues from energy sales and services and other by segment, are as follows (see note 51 - Operating Segments):

Thousand Euros	Dec 2020					
	Reported Operating Segments					
	Renewables	Networks	Client Solutions & Energy Management	Total	Other Segments	Group
Electricity and network access	1,308,733	3,032,242	6,365,852	10,706,827	-45	10,706,782
Gas and network access	-	10,322	847,616	857,938	-	857,938
Revenue from assets assigned to concessions	-	622,823	3	622,826	-	622,826
Other	49,685	48,688	157,382	255,755	4,904	260,659
	1,358,418	3,714,075	7,370,853	12,443,346	4,859	12,448,205

Thousand Euros	Dec 2019					
	Reported Operating Segments					
	Renewables	Networks	Client Solutions & Energy Management	Total	Other Segments	Group
Electricity and network access	1,371,741	3,476,658	7,478,769	12,327,168	-73	12,327,095
Gas and network access	-	12,729	744,369	757,098	-	757,098
Revenue from assets assigned to concessions	-	918,813	14	918,827	-	918,827
Other	37,751	98,837	184,216	320,804	9,185	329,989
	1,409,492	4,507,037	8,407,368	14,323,897	9,112	14,333,009

The segment "Client Solutions & Energy Management" includes sales of renewable energy, hydro and wind, carried out by EDP SA's energy management business unit, as part of its intermediation activity.

Revenues from energy sales and services and other by segment are considered globally as "overtime" and not as "at a point in time".

Cost of energy sales and other are as follows:

Thousand Euros	Group		Company	
	Dec 2020	Dec 2019	Dec 2020	Dec 2019
Cost of electricity	5,141,261	6,333,955	1,953,992	2,407,172
Cost of gas	837,299	1,031,410	-	-
Expenditure with assets assigned to concessions	531,861	812,539	-	-
Changes in inventories and cost of raw materials and consumables used				
Fuel, steam and ashes	177,253	371,207	-	-
Gas	248,850	152,192	169,310	24,816
CO2 Licenses	261,784	282,200	458,007	356,139
Other	158,179	132,356	-26,308	-49,057
	846,066	937,955	601,009	331,898
	7,356,487	9,115,859	2,555,001	2,739,070

Cost of electricity includes, on a company basis, costs of 1,047,943 thousand Euros (31 December 2019: 1,184,778 thousand Euros) with the purchase of energy under the agreement for management, purchase and resale of energy signed between EDP, S.A. and EDP Gestão da Produção de Energia, S.A.

Under the terms of concession contracts of EDP Group to which IFRIC 12 is applicable, the construction activities are outsourced to external specialised entities. The revenue and the expenditure with the acquisition of these assets are as follows:

	Group	
Thousand Euros	Dec 2020	Dec 2019
Revenue from assets assigned to concessions	622,826	918,826
Expenditure with assets assigned to concessions		
Subcontracts and other materials	-417,609	-710,793
Personnel costs capitalised (see note 10)	-70,709	-71,413
Capitalised borrowing costs (see note 13)	-43,543	-30,333
	-531,861	-812,539

Revenue from assets assigned to concessions include 358,474 thousand Euros relative to electricity distribution concessions in Portugal and in Brazil resulting from the application of the mixed model. Additionally, it also includes the revenue related to the asset to be received by EDP Group under the transmission concessions in Brazil (see note 26).

The main variations on the captions Revenues and cost of Energy Sales and Services and Other are described in the Chapter 3 - Performance mainly in 3.1 - Group's financial analysis and 3.4 - Business area analysis.

8. Other Income

Other income, for the Group, are as follows:

	Group	
Thousand Euros	Dec 2020	Dec 2019
Income arising from institutional partnerships (see note 37)	201,783	181,570
Gains on disposals - electricity business assets - Asset Rotation	444,338	313,452
Gains on disposals - electricity business assets	245,738	-
Gains from contractual indemnities and insurance companies	25,373	26,168
Other	160,457	170,696
	1,077,689	691,886

Income arising from institutional partnerships relates to income arising from production and investment tax credits (PTC/ITC), mostly from accelerated tax depreciation, regarding wind farms and solar plants in North America (see note 37).

The caption Gains on disposals - electricity business assets - Asset Rotation corresponds to gains from asset rotation strategy. This strategy aimed at crystallizing the value of a project by selling with loss of control, and reinvesting the proceeds in another projects, targeting greater growth. As at 31 December 2020, the caption Gains on disposals includes: i) the gain amounting to 217,633 thousand Euros resulting from loss of control in the EDPR's offshore business as a consequence of the joint control partnership between EDPr and Engie (see note 6); ii) the gain amounting to 112,908 thousand Euros from the sale of the entire stake in the companies Bon Vent de Corbera, S.L.U., Eólica Sierra de Ávila, S.L.U., Parc Eòlic de Torre Madrina, S.L.U., Parc Eòlic de Coll de Moro, S.L.U., Parc Eòlic de Vilalba dels Arcs, S.L.U. and Aprofitament D'Energies Renovables de L'Ebre, S.L. (see note 6); iii) the gain amounting to 99,359 thousand Euros related to the sale of the 80% stake and loss of control of EDPR companies in North America (see note 6); and iv) 14,438 thousand Euros from the sale of one EDPR company in North America (see note 6).

The caption on Gains on disposals - eletricity business assets includes: i) 215,609 thousand Euros from the sale of the new company to the consortium of investors formed by Engie, Crédit Agricole Assurance and Mirova - Grupo Natixis (see note 6); and ii) 30,129 thousand Euros from the sale of EDP Energía, S.A.U., Baser Comercializadora de Referencia, S.A. and EDP Comercializadora, S.A.U. (see note 6).

The caption Other includes gains on the reinsurance activity, gains in the adjustment of contingent prices of sale operations and gains on the sale of property, plant and equipment.

9. Supplies and Services

Supplies and services are as follows:

	Group		Company	
Thousand Euros	Dec 2020	Dec 2019	Dec 2020	Dec 2019
Consumables and communications	27,300	30,961	6,681	7,759
Rents and leases	31,619	32,190	6,183	6,176
Maintenance and repairs	353,442	396,278	16,878	32,587
Specialised works:				
- Commercial activity	142,404	156,906	656	631
- IT services, legal and advisory fees	140,076	96,362	77,442	43,816
- Other services	52,584	48,936	23,988	27,298
Provided personnel	-	-	9,156	9,548
Other supplies and services	109,094	135,910	18,764	25,136
	856,519	897,543	159,748	152,951

10. Personnel Costs and Employee Benefits

Personnel costs and employee benefits are as follows:

	Group		Company	
Thousand Euros	Dec 2020	Dec 2019	Dec 2020	Dec 2019
Personnel costs				
Board of Directors remuneration	16,997	17,981	7,050	7,062
Employees' remuneration	466,762	471,091	42,501	38,785
Social charges on remuneration	112,117	115,936	10,918	10,187
Performance, assiduity and seniority bonus	84,138	74,944	16,753	11,741
Other costs	22,972	25,014	294	495
Own work capitalised:				
- Assigned to concessions (see note 7)	-70,709	-71,413	-	-
- Other (see note 16)	-77,367	-62,465	-6,660	-
	554,910	571,088	70,856	68,270
Employee benefits				
Pension plans costs	18,673	22,849	4,967	1,996
Medical plans costs and other benefits (see note 35)	14,843	8,293	348	335
Pension plans past service cost (Curtailment/Plan amendments) (see note 35)	36,848	8,958	-	-
Other benefits plans past service cost (Curtailment/Plan amendments) (see note 35)	1,068	-30,820	-	-
Other	40,971	39,828	3,211	2,199
	112,403	49,108	8,526	4,530
	667,313	620,196	79,382	72,800

Pension plans costs include 5,202 thousand Euros (31 December 2019: 6,159 thousand Euros) related to defined benefit plans (see note 35) and 13,471 thousand Euros (31 December 2019: 16,690 thousand Euros) related with defined contribution plans.

The variation in the caption Performance, assiduity and seniority bonus, for the Company, essentially results from the 2018 bonus adjustment registered in the first quarter of 2019.

As at 31 December 2020, Pension plans past service cost (Curtailment/Plan amendments) is essentially related to the increase in liabilities under the permanent employees reduction program that covered 121 portuguese employees, from which 43 were considered as a curtailment since weren´t met the pre-retirement conditions foreseen in the ACT of 2014 (see note 35).

As at 31 December 2020, Other benefits plans past service cost (Curtailment/Plan amendments) results essentially from the change in the medical plan granted to brazilian employees (new access rules to medical procedures and variety of specialities / exams) due to the change in the operator with its own medical services network and infrastrutures (see note 35).

During 2020, EDP Group distributed treasury stocks to employees (334,606 shares) totalling 1,259 thousand Euros.

The breakdown by management positions and category of professional staff is as follows:

	Group		Company	
	Dec 2020	Dec 2019	Dec 2020	Dec 2019
Executive Board of Directors	9	9	9	9
Senior management	861	827	102	101
Managers	777	783	28	28
Specialists	4,717	4,528	441	394
Support, Operational and Administrative Technicians	5,246	5,513	72	67
	11,610	11,660	652	599

11. Other Expenses

Other Expenses are as follows:

	Group	
Thousand Euros	Dec 2020	Dec 2019
Concession rents paid to local authorities and others	283,486	281,825
Direct and indirect taxes	207,487	230,870
Donations	24,822	22,489
Write-off of tangible assets	33,755	41,374
Other	85,630	75,915
	635,180	652,473

The caption Concession rents paid to local authorities and others includes essentially the rents paid to the local authorities under the terms of the low tension electricity distribution concession contracts and rents paid to city councils where the power plants are located.

The caption Direct and indirect taxes includes the tax of 7% over electricity generation in Spain, property tax, clawback and other taxes and levies.

In 2020, the EDP Group proceeded to the write-off of tangible assets, which mainly relate to losses in materials, equipment and discontinuation of projects in Brasil and Portugal in the amount of 31,747 thousand Euros (31 December 2019: 23,472 thousand Euros).

The caption Others includes losses in the reinsurance activity and losses in tangible fixed assets. Also, the caption includes an amount of 10,439 thousand Euros that refers to a change in the fair value of the contingent consideration related to the sale in 2018 to Sumitomo Corporation of 13.5% stake in the companies Éoliennes en Mer Dieppe - Le Tréport, S.A.S. and Éoliennes en Mer Îles d'Yeu et de Noirmoutier, S.A.S., in accordance with the relevant agreements signed (see note 27).

12. Amortisation and Impairment

Amortisation and impairment are as follows:

	Group		Company	
Thousand Euros	Dec 2020	Dec 2019	Dec 2020	Dec 2019
Depreciation/impairment of Property, plant and equipment (see note 16)	1,112,667	1,294,059	6,045	6,057
Depreciation/impairment of Right of use asset (see note 17)	62,282	56,898	5,519	5,414
Amortisation/impairment of Intangible assets (see note 18)	455,783	418,678	17,858	13,410
	1,630,732	1,769,635	29,422	24,881
Amortisation/impairment of Investment property (see note 23)	8,042	356	11,304	3,975
	1,638,774	1,769,991	40,726	28,856
Compensation of depreciation Partially-funded property, plant and equipment (see note 38)	-22,176	-27,003	-	-
Amortisation of Incremental costs of obtaining contracts with customers (see note 26)	12,841	22,142	-	-
Impairment of Goodwill (see note 19)	2,392	489	-	-
	1,631,831	1,765,619	40,726	28,856

During 2020, due to the revision of market assumptions (in mainly, commodity prices and energy sales prices), as well as the expected reduction in consumption in the Iberian market and the consequent entry of renewable energy capacity, the Group carried out a review of its future estimates of value by carrying out impairment tests for some of the production assets.

The above impairment tests carried out led to the recording of the following impairments on assets in Portugal: 44,404 thousand Euros at the combined cycle thermoelectric plant in Lares, 25,520 thousand Euros at the combined cycle thermoelectric plant in Ribatejo, 8,441 thousand Euros at the hydroelectric plant Greenvouga and 33,659 thousand Euros at the Guadiana Hydroelectric Power Plant (see notes 16 and 18). Impairments were also recorded in Spain in the amount of 43,778 thousand Euros, essentially at the combined cycle thermoelectric plant in Soto 5 (39,200 thousand Euros) (see note 16).

In the scope of impairment tests on these assets, sensitivity analyzes were performed on key variables, namely discount rates. A sensitivity analysis of +0.5% in discount rate would determine an additional impairment loss of around 18,364 thousand Euros in Lares power station, 20,421 thousand Euros in Ribatejo power station, 27,603 thousand Euros in Greenvouga, 19,029 thousand Euros in Hidroelétrica do Guadiana and 12,795 thousand Euros in Soto 5.

Additionally on 14 July 2020, a declaration of resignation of the production license was delivered to the Sines power plant closure by January 2021. Considering this decision the impairment test carried out was reviewed, being determined an additional impairment amounting of 77 million Euros (see note 16).

13. Financial Income and Expenses

Financial income and expenses, for the Group, are as follows:

	Group	
Thousand Euros	Dec 2020	Dec 2019
Financial income		
Interest income from bank deposits and other investments	20,294	49,445
Interest from derivative financial instruments	24,161	31,632
Interest income on tariff deficit:		
- Portugal - Electricity (see note 26)	1,147	-1,658
- Brazil - Electricity (see notes 26 and 38)	2,205	4,256
Other interest income	47,604	59,862
Derivative financial instruments	-9,076	8,444
Foreign exchange gains	59,315	25,763
CMEC:		
- Interest on the initial CMEC	30,570	33,658
- Financial effect considered in the calculation	7,792	11,574
Gains on the sale of financial investments	41	85
Gains on the sale of the electricity tariff deficit - Portugal (see note 26)	992	3,589
Equity instruments at fair value through other comprehensive income (see note 22)	1,893	33,690
Other financial income	39,764	127,477
	226,702	387,817
Financial expenses		
Interest expense on financial debt	513,692	648,821
Bonds buyback	70,436	-
Capitalised borrowing costs:		
- Assigned to concessions (see note 7)	-43,543	-30,333
- Other (see note 16)	-26,989	-17,484
Interest from derivative financial instruments	24,387	29,547
Interest expense on tariff deficit:		
- Portugal - Electricity (see note 38)	42	314
- Brazil - Electricity (see notes 26 and 38)	7,191	1,716
Other interest expense	19,559	32,059
Derivative financial instruments	8,759	5,126
Foreign exchange losses	65,228	47,717
CMEC	10,655	13,428
Unwinding of discounted liabilities	142,421	124,000
Unwinding of lease liabilities (rents due from lease contracts) (see note 39)	39,743	38,687
Net interest on the net pensions plan liability (see note 35)	2,197	10,580
Net interest on the medical liabilities and other benefits (see note 35)	13,372	22,072
Losses on the sale of the electricity tariff deficit - Portugal (see note 26)	1,037	-
Other financial expenses	49,139	131,341
	897,326	1,057,591
Financial income/(expenses)	-670,624	-669,774

Capitalised borrowing costs includes the interest capitalised in assets under construction according to Group accounting policy. Regarding the rate applicable to borrowing costs related with tangible/intangible assets under construction that is used in the determination of the amount of borrowing costs eligible for capitalisation (see notes 16 and 18), it varies depending on business unit, the country and currency, since EDP Group incorporates in its scope of consolidation a significant number of subsidiaries in several geographies with different currencies. Therefore, for the most representative geographies, the weighted average funding rates, in use in 2020, ranged from 1.05% to 2% in Portugal, from 2.6% to 7% in Spain and from 0.28% to 7.75% in North America, depending on related assets under construction and related financing.

The Unwinding of discounted liabilities refers essentially to: (i) the unwinding of the dismantling and decommissioning provision for wind generation assets of 6,432 thousand Euros (31 December 2019: 6,614 thousand Euros) (see note 36); (ii) the implied financial return in institutional partnerships of 94,718 thousand Euros (31 December 2019: 85,320 thousand Euros) (see note 37); and (iii) the financial expenses related to the discount of the liability associated to the concessions of Alqueva/Pedrógão, Investco and Enerpeixe of 26,721 thousand Euros (31 December 2019: 20,352 thousand Euros).

The Derivative financial instruments caption includes income and expenses related with financial assets and liabilities measured and fair value through profit and loss, while the remaining captions of financial income and expenses are registered at amortised cost, based on the effective interest rate method.

In 2019, the captions Other financial income and Other financial expenses include the amount of 93,557 thousando Euros (412,918 thousand Brazilian Reais), which net impact is null, resulting from the monetary update on the exclusion of ICMS from PIS/COFINS tax assessment in EDP Espirito Santo and EDP São Paulo, which resulted in recognizing an liability of 388,988 thousand Euros (1,756,597 thousand Brazilian Reais) in Amounts payable from tariff adjustments - Electricity - Brazil caption (see note 38), against a asset in Special taxes Brazil caption (see note 28).

In the first quarter of 2020, EDP S.A. concluded a "Tender Offer" over the issue “€750,000,000 Fixed to Reset Rate Subordinated Notes due 2075”, and on November 2020, EDP S.A. has bought an amount of 53,357 thousand Euros issued by EDP Finance B.V., booking a cost related to both transactions of 70,436 thousand Euros.

Financial income and expenses, for the Company, are as follows:

	Company	
Thousand Euros	Dec 2020	Dec 2019
Financial income		
Interest income from loans to subsidiaries and related parties (see note 44)	53,123	67,244
Interest from derivative financial instruments	124,800	155,867
Derivative financial instruments	151,540	65,012
Income from equity investments (see note 44)	908,690	686,205
Gains on the sale of financial investments	215,650	243,349
Other financial income	32,979	35,168
	1,486,782	1,252,845
Financial expenses		
Interest expense on financial debt	209,513	293,889
Bonds Buyback	120,042	-
Interest from derivative financial instruments	136,141	159,967
Derivative financial instruments	207,352	96,591
Unwinding of lease liabilities (rents due from lease contracts)	7,062	5,601
Other financial expenses	14,834	11,022
	694,944	567,070
Financial income/(expenses)	791,838	685,775

The caption Other financial income includes 14,053 thousand Euros related to nominal interests from bonds issued by EDP Finance B.V., repurchased by EDP S.A. (see notes 27 and 44). The effective interest of these instruments amounts to 205 thousand Euros (includes the recognition of premium and transaction costs associated with the buyback transaction by the effective interest rate method).

In the first quarter of 2020, EDP S.A. concluded a "Tender Offer" over the issue “€750,000,000 Fixed to Reset Rate Subordinated Notes due 2075”, booking a cost related to the transaction of 56,897 thousand Euros. On December 2020, EDP S.A. Has ought an amount of 450 million Euros from the issue "EUR1.000.000.000 Fixed Rate Notes due 2025", booking a cost related to the transaction of 63,145 thousand Euros.

On December 2020, EDP S.A. sold its stake in the company that owns the portfolio of 6 Hydroelectric Power Plants (Miranda, Bemposta, Picote, Foz Tua, Baixo Sabor e Feiticeiro), by a total amount of 2,173,000 thousand Euros, generating a gain of 215,609 thousand Euros in the Caption Gains on the sale of financial investments (see note 6).

As at 31 December 2019, the caption Gains on the sale of financial investments includes the impact of the operation in EDP International Investment and Servicies, S.L., which generated a gain of 243,272 thousand Euros.

14. Income Tax

The following note includes an analysis on the reconciliation between the theoretical and the effective income tax rate applicable at an individual level and at the level of the EDP Group, on a consolidated basis. In general terms, this analysis aims to quantify the impact of the income tax, recognised in the income statement, which includes both current and deferred tax.

As the EDP Group prepares and discloses its financial statements in accordance with IFRS, an alignment between the accounting of income tax expense or income and the corresponding cash flow is not mandatory. Accordingly, this analysis does not represent the income tax paid or received by the EDP Group for the correspondent reporting period.

The overall tax contribution borne by the EDP Group (which includes comments on the contributions paid to the respective states where the Group operates), as well as other relevant information (such as EDP Group's tax footprint, specific taxation over energy sector and procedures to control and manage adverse tax exposures), are disclosed on the annual Sustainability Report, available on EDP website (www.edp.com).

The general principles concerning EDP Group's mission and tax policy are also addressed in the same report. This document also describes the key principles with respect to transfer pricing policy applicable to the EDP Group, under which the Group's policy is to abide within the international rules, guidelines and best practises applicable in the various geographies where it operates.

It should be noted that, as a multinational group, the EDP Group fully complies with the annual obligation of communication and report, which results from the transposition to the Portuguese domestic Law of the disposals of Action 13 of the Base Erosion and Profit Shifting (named Country-by-Country Reporting), as a part of a set of measures adopted by OECED and G20 countries to enhance transparency for tax administrations. Furthermore, this obligation is fulfilled in Portugal by the parent company, within the deadlines foreseen by law.

Main features of the tax systems of the countries in which EDP Group operates

The statutory corporate income tax rates applicable in the main countries in which EDP Group operates are as follows:

	Dec 2020	Dec 2019
Europe:		
Portugal	21% - 31.5%	21% - 31.5%
Spain	24% - 25%	24% - 25%
Netherlands	25%	25%
Belgium	25%	29.58%
France	28%	28% - 32.02%
Italy	24% - 28.8%	24% - 28.8%
Poland	19%	19%
Romania	16%	16%
United Kingdom	19%	19%
America:		
Brazil	34%	34%
United States of America	24.91%	24.91%
Canada	26.5%	26.5%
Mexico	30%	30%

EDP Group companies are taxed, whenever possible, on a Group consolidated basis as allowed by the tax legislation of the respective countries.

As per the applicable legislation, in general terms, tax periods may be subject to review and reassessment by the various tax authorities during a limited number of years. Statutes of limitation differ from country to country, as follows: Portugal 4 years or, if tax losses or credits have been used, the number of years that such tax losses or credits may be carried forward; Spain 4 years; USA and The Netherlands 3 years; and Brazil 5 years. In remaining main jurisdictions, the deadline for review and reassessment by the various tax authorities ranges between 3 and 10 years.

Tax losses generated in each year are also subject to tax authorities' review and reassessment and may be used to offset yearly taxable income assessed in the subsequent periods, in the main jurisdictions in which EDP is present, as follows: in Portugal 5 years (for tax losses of 2017 to 2019, not being considered the years 2020 and 2021 for the purposes of this period); and 12 years (for tax losses of 2014 to 2016, being also applicable the suspension of two years previously referred; 2020 and 2021); in the Netherlands 6 years (for tax losses incurred from 2019 onwards); and 9 years (for tax losses incurred before 2018), and without term in the USA, Brazil and Spain. Moreover, in the Netherlands the tax losses of a given year may be used to recover current tax of the previous year. However, the deduction of tax losses in the USA, Portugal, Spain and Brazil may be limited to a percentage of the taxable income of each period.

EDP Group companies may, in accordance with the law, benefit from certain tax benefits or incentives in specific conditions, namely the Production Tax Credit in North America, which are the dominant form of wind remuneration in this country, and represent an extra source of revenue per unit of electricity, over the first 10 years of the asset's life. Wind facilities that qualify for the application of the Production Tax Credits prior to 1 January 2017, benefit from 100% of the credit ($25/MWh in 2020 and $26/MWh in 2021, being adjusted to inflation in subsequent years). The credit amount is reduced by 20% for wind facilities qualifying in 2017, 40% in 2018 and 60% in 2019. Additional legislation in 2020 and 2021 extended the aforementioned regime to wind facilities, with start of construction in 2020 or 2021, attributing 60% of the tax credit amount. Additionally, EDP Group companies benefit from the Investment Tax Credit which avails solar projects to a credit based upon its capital expenditures. This credit amount equates to 26% for projects that start construction before 2022 and 22% for projects starting construction in 2023 as long as these projects go into service by 2025.

EDP is monitoring, in the countries where it is present, tax measures designed to help mitigate the economic effects of the COVID-19 outbreak. To date, these measures have not constitute material impacts in the geographies where the EDP Group is present.

Corporate income tax provision

Income tax expense is as follows:

	Group		Company	
Thousand Euros	Dec 2020	Dec 2019	Dec 2020	Dec 2019
Current tax	-139,751	-145,858	25,411	18,125
Deferred tax	-169,361	-80,043	35,009	47,033
	-309,112	-225,901	60,420	65,158

Reconciliation between the theoretical and the effective income tax expense

The effective income tax rate is as follows:

	Group		Company	
Thousand Euros	Dec 2020	Dec 2019	Dec 2020	Dec 2019
Profit before tax and CESE	1,535,414	1,193,705	817,731	655,758
Income tax expense	-309,112	-225,901	60,420	65,158
Effective income tax rate	20.1%	18.9%	-7.4%	-9.9%

The difference between the theoretical and the effective income tax expense results from the application of the law provisions, in the various countries where EDP operates, in the determination of the taxable base, as demonstrated below.

The reconciliation between the theoretical and the effective income tax expense for the Group, in December 2020 and 2019, is as follows:

Thousand Euros	Dec 2020	Dec 2019
Profit before income tax and CESE	1,535,414	1,193,705
Theoretical income tax rate *	29.5%	29.5%
Theoretical income tax expense	452,947	352,143
Different tax rates (includes state surcharge) and CIT rate changes	36,624	51,604
Tax losses and tax credits	-33,846	-19,559
Dividends	1,867	-16,655
Tax benefits	-19,530	-21,392
Differences between accounting and fiscal provisions/depreciations	20,661	-26,476
Accounting/fiscal differences on the recognition/derecognition of assets	-130,804	-73,882
Taxable differences attributable to non-controlling interests	-15,776	-16,360
Other adjustments and changes in estimates	-3,031	-3,522
Effective income tax expense as per the Consolidated Income Statement	309,112	225,901

* Average tax rate considering the different tax rates applicable to EDP Group companies in Portugal.

The caption Accounting/fiscal differences on the recognition/derecognition of assets mainly includes the impacts inherent to transactions of production and energy supply business assets, in the the several geographies in which the Group operates as a result of its business activity (see note 6).

The caption Different tax rates (includes state surcharge) and CIT rate changes mainly refer to the difference between the tax rates applicable in the countries in which the EDP Group operates as compared to the tax rate used as reference for the theoretical income tax expense calculation. The caption Taxable differences attributable to non-controlling interests (North America) include the effect inherent in the attribution of taxable income to non-controllable interests in EDPR Group in the USA, as determined by the tax legislation of that geography.

The reconciliation between the theoretical and the effective income tax expense for the Company, in 2020 and 2019, is as follows:

Thousand Euros	Dec 2020	Dec 2019
Profit before income tax	817,731	655,758
Nominal income tax rate (*)	22.5%	22.5%
Theoretical income tax expense	183,989	147,546
Tax losses and tax credits	-1,258	2,140
Dividends	-204,455	-154,396
Accounting/fiscal temporary differences on the recognition / derecognition of assets	-48,762	-54,749
Other adjustments and changes in estimates	10,066	-5,699
Effective income tax expense as per the Company Income Statement	-60,420	-65,158

* Statutory Corporate Income Tax rate applicable in Portugal (21%) and municipal surcharge (1.5%),

15. Extraordinary Contribution to the Energy Sector (CESE)

Law 83-C/2013, of the State Budget 2014 ("Lei do Orçamento de Estado 2014"), approved by the Portuguese Government on 31 December 2013, introduced CESE, with the objective of financing mechanisms that promote the energy sector systemic sustainability, through the establishment of a fund which aims to contribute for the reduction of tariff debt and to finance social and environmental policies in the energy sector. This contribution focuses generally on the economic operators that develop the following activities: (i) generation, transportation or distribution of electricity; (ii) transportation, distribution, storage or wholesale supply of natural gas; and (iii) refining, treatment, storage, transportation, distribution and wholesale supply of crude oil and oil products.

CESE is calculated based on the companies' net assets as at 1 January, which comply, cumulatively, to: (i) property, plant and equipment; (ii) intangible assets, except industrial property elements; and (iii) financial assets assigned to concessions or licensed activities. In the case of regulated activities, CESE focuses on the value of regulated assets if it is higher than the value of those assets.

The general rate is 0.85%. However, in case of natural gas combined cycle power plants with an annual utilization equivalent of installed capacity equal or higher to 1,500 hours and lower than 3,000 hours, is expected a reduced rate of 0.565%. Nevertheless, this rate could be 0.285% in case the annual utilization of installed capacity is lower than 1,500 hours.

The CESE system has been successively extended and is now valid for 2020 through Law nº 2/2020 of 31 March.

Since January 2016, EDP Groups contests the legal basis and constitutionality of this contribution. Furthermore, EDP undertakes periodic assessments of the company's ongoing legal proceedings. From this analysis and taking into account the current public health and economic crisis, caused by the COVID-19 pandemic, the litigation related to CESE has been considered for a possible withdrawal and the relevant legal procedures will be carried. On this account, it should also be noted that EDP based its judicial actions, among other aspects, on the fact that the amounts paid relating to the CESE were not being utilized for the reduction of the National Electric System's tariff debt, contrarily to the legal provision. However, the legislation has been followed since 2019 and the amounts paid are being directed towards the reduction of this debt.

EDP has paid 453.357 thousand Euros relating to CESE so far. The withdrawal of these legal actions will have no impact on EDP's financial statements, considering the full payment has already been made.

16. Property, Plant and Equipment

This caption is as follows, for the Group:

Thousand Euros	Land and natural resources	Buildings and other constructions	Plant and machinery	Other tangible assets	Assets under construction	Total
Gross Amount	82,310	374,054	34,942,285	432,248	1,719,438	37,550,335
Accumulated depreciation and impairment losses	-	159,637	17,288,860	340,967	84,649	17,874,113
Carrying Amount at 31 December 2019	82,310	214,417	17,653,425	91,281	1,634,789	19,676,222
Gross Amount	74,057	364,648	35,458,783	553,586	2,800,419	39,251,493
Accumulated depreciation and impairment losses	-	163,937	18,426,670	416,164	81,501	19,088,272
Carrying Amount at 31 December 2020	74,057	200,711	17,032,113	137,422	2,718,918	20,163,221
Balance as at 1 January 2019	87,067	232,985	21,032,693	100,707	1,173,536	22,626,988
Additions	1,196	199	47,504	18,789	1,247,626	1,315,314
Depreciation and impairment	-	-9,866	-1,248,142	-30,439	-5,612	-1,294,059
Disposals/Write-offs	-2,228	-5,840	-472	-1,518	-24,708	-34,766
Transfers	-320	222	-1,041,612	14,288	-739,070	-1,766,492
Exchange Difference	-701	-2,371	103,022	191	8,306	108,447
Perimeter Variations	-2,704	-912	-1,239,568	-10,737	-25,289	-1,279,210
Balance as at 31 December 2019	82,310	214,417	17,653,425	91,281	1,634,789	19,676,222
Additions	770	8,319	577,859	16,557	2,179,260	2,782,765
Depreciation and impairment	-	-8,303	-1,072,363	-31,378	-623	-1,112,667
Disposals/Write-offs	-1,425	-1,048	-18,885	-846	-2,418	-24,622
Transfers	-	4,317	1,009,091	23,874	-992,291	44,991
Exchange Difference	-13,465	-44,991	-1,095,810	-1,548	-199,023	-1,354,837
Perimeter Variations	5,867	28,000	-21,204	39,482	99,224	151,369
Balance as at 31 December 2020	74,057	200,711	17,032,113	137,422	2,718,918	20,163,221

This caption is as follows, for the Company:

Thousand Euros	Land and natural resources	Buildings and other constructions	Plant and machinery	Other tangible assets	Assets under construction	Total
Gross Amount	4,581	28,772	468	79,335	10,464	123,620
Accumulated depreciation and impairment losses	-	26,827	309	59,039	8,520	94,695
Carrying Amount at 31 December 2019	4,581	1,945	159	20,296	1,944	28,925
Gross Amount	4,581	28,575	468	82,297	11,486	127,407
Accumulated depreciation and impairment losses	-	26,661	323	63,945	8,520	99,449
Carrying Amount at 31 December 2020	4,581	1,914	145	18,352	2,966	27,958
Balance as at 1 January 2019	4,581	1,792	153	22,848	1,738	31,112
Additions	-	-	19	6,747	2,290	9,056
Depreciation and impairment	-	-73	-13	-5,968	-3	-6,057
Disposals/Write-offs	-	-15	-	-5,100	-	-5,115
Transfers	-	241	-	1,840	-2,081	-
Other	-	-	-	-71	-	-71
Balance as at 31 December 2019	4,581	1,945	159	20,296	1,944	28,925
Additions	-	-	-	2,587	2,595	5,182
Depreciation and impairment	-	-78	-14	-5,953	-	-6,045
Disposals/Write-offs	-	-52	-	-48	-	-100
Transfers	-	103	-	1,470	-1,573	-
Other	-	-4	-	-	-	-4
Balance as at 31 December 2020	4,581	1,914	145	18,352	2,966	27,958

Gross amount of Assets under construction are as follows:

Thousand Euros	Dec 2020	Dec 2019
Wind and solar farms in North America	1,485,274	1,003,395
Wind and solar farms in Europe	643,396	345,360
Hydric Portugal	43,943	142,573
Other assets under construction	627,806	228,110
	2,800,419	1,719,438

The capitalised costs for Property, plant and equipment for the period, except Land and natural resources, are as follows:

Thousand Euros	Dec 2020	Dec 2019
Subcontracts and other materials	2,356,170	1,134,284
Purchase price allocation	256,054	63,575
Dismantling and decommissioning costs (see note 36)	65,415	36,310
Personnel costs (see note 10)	77,367	62,465
Borrowing costs (see note 13)	26,989	17,484
	2,781,995	1,314,118

Additions include the investment in wind and solar farms by North America, Europe and Brazil. In Portugal, the Group is carrying out hydroelectric investments in several power plants (Caniçada and Ribeiradio-Ermida) and improvements and repairs in thermoelectric power plants (Lares and Ribatejo).

Transfers refers to the transfer of Brazil hydroelectric production, classified on 31 December 2019 as held for sale, by the net amount of 44,991 thousand Euros (cost in the amount of 68,067 thousand Euros and accumulated depreciation and impairment losses in the amount of 23,066 thousand Euros).

Disposals/Write-offs include essentially the write-off of two Hydroelectric Power Plants: Bemposta by the net amount of 7,199 thousand Euros and Picote by the net amount of 4,709 thousand Euros, and the sell of scrap and solar panels by the amount of 3,252 thousand Euros at EDP Produção and EDP Comercial.

Perimeter Variations/Regularisations mainly include: (i) the impact of Viesgo acquisition in the amount of 1,109,942 thousand Euros (see notes 6 and 49); (ii) the impact of the sale of subsidiaries in North America in the amount of 586,783 thousand Euros (see note 6); and (iii) the impact of the sale of EDP Spain subsidiaries in the amount of 549,840 thousand Euros (see note 6). Additionally, additions include the effect of the price allocation exercise of Viesgo assets in he amount of 472,567 thousand Euros (see note 49).

Charge/Impairment losses include impairment in combined cycle thermoelectric plants and Hydroeletric Power Plant in Portugal in the amount of 78,365 thousand Euros as well as impairments in Spain in the amount of 43,778 thousand Euros (see note 12). Additionally, considering the decision to close Sines plant, its impairment test carried out was revised, with an impairment of a total amount of 77,311 thousand Euros (see note 12).

The movement in Exchange differences in the period results mainly from the depreciation of US Dollar and Brazilian Real, against the Euro.

17. Right of use assets

This caption is as follows, for the Group:

Thousand Euros	Land and natural resources	Buildings and other construc-tions	Plant and machinery	Other tangible assets	Total
Gross amount	649,050	220,027	4,873	8,750	882,700
Accumulated depreciation and impairment losses	25,661	23,794	1,234	3,508	54,197
Carrying Amount at 31 December 2019	623,389	196,233	3,639	5,242	828,503
Gross amount	723,690	250,301	153,316	11,744	1,139,051
Accumulated depreciation and impairment losses	49,350	45,303	7,282	6,923	108,858
Carrying Amount at 31 December 2020	674,340	204,998	146,034	4,821	1,030,193
Balance as at 1 January 2019	605,979	208,957	4,947	8,343	828,226
Additions (see note 39)	94,147	17,019	170	1,785	113,121
Depreciation and impairment	-27,133	-24,530	-1,262	-3,973	-56,898
Disposals/Write-offs	-	-34	-	-458	-492
Transfers	-	-4,295	-	-259	-4,554
Exchange Difference	3,591	-784	-216	-196	2,395
Perimeter Variations	-53,195	-100	-	-	-53,295
Balance as at 31 December 2019	623,389	196,233	3,639	5,242	828,503
Additions (see note 39)	138,008	38,120	149,754	1,879	327,761
Depreciation and impairment	-28,135	-24,308	-6,473	-3,366	-62,282
Disposals/Write-offs	-7	-680	-	-5	-692
Transfers	-	47	-	127	174
Exchange Difference	-45,573	-4,492	-886	-657	-51,608
Perimeter Variations	-13,342	78	-	1,601	-11,663
Balance as at 31 December 2020	674,340	204,998	146,034	4,821	1,030,193

This caption is as follows, for the Company:

Thousand Euros	Buildings and other construc-tions	Other tangible assets	Total
Gross amount	115,744	617	116,361
Accumulated depreciation and impairment losses	5,210	204	5,414
Carrying Amount at 31 December 2019	110,534	413	110,947
Gross amount	117,135	709	117,844
Accumulated depreciation and impairment losses	10,532	401	10,933
Carrying Amount at 31 December 2020	106,603	308	106,911
Balance as at 1 January 2019	118,961	-	118,961
Additions	1,009	-	1,009
Depreciation and impairment	-5,210	-204	-5,414
Other	-4,226	617	-3,609
Balance as at 31 December 2019	110,534	413	110,947
Additions	1,391	92	1,483
Depreciation and impairment	-5,322	-197	-5,519
Balance as at 31 December 2020	106,603	308	106,911

Additions include, essentially, new lease contracts registered, under IFRS16, in EDP Renováveis (North America and Europe) and in EDP Espanha.

18. Intangible Assets

This caption is as follows, for the Group:

Thousand Euros	Concession rights	CO2 Licenses	Other intangibles	Intangible assets in progress	Total
Gross amount	12,727,969	224,992	1,047,336	219,004	14,219,301
Accumulated depreciation and impairment losses	9,390,468	-	605,010	-	9,995,478
Carrying Amount at 31 December 2019	3,337,501	224,992	442,326	219,004	4,223,823
Gross amount	12,355,618	198,555	2,227,892	169,842	14,951,907
Accumulated depreciation and impairment losses	9,291,434	-	662,238	-	9,953,672
Carrying Amount at 31 December 2020	3,064,184	198,555	1,565,654	169,842	4,998,235
Balance as at 31 December 2018	3,669,176	197,273	400,709	469,372	4,736,530
Additions	54,465	268,850	40,015	116,535	479,865
Depreciation and impairment	-358,142	-	-60,536	-	-418,678
Disposals/Write-offs	-10,564	-241,131	-516	-932	-253,143
Transfers	-20,931	-	53,606	-68,662	-35,987
Exchange Difference	-8,108	-	-1,841	-237	-10,186
Perimeter Variations	11,605	-	10,889	-297,072	-274,578
Balance as at 31 December 2019	3,337,501	224,992	442,326	219,004	4,223,823
Additions	31,209	237,892	595,549	145,967	1,010,617
Depreciation and impairment	-381,476	-	-74,307	-	-455,783
Disposals/Write-offs	-5,183	-269,172	-9,681	-64	-284,100
Transfers	147,435	-	183,230	-195,754	134,911
Exchange Difference	-151,560	-	-12,372	-4,043	-167,975
Perimeter Variations	86,258	4,843	440,909	4,732	536,742
Balance as at 31 December 2020	3,064,184	198,555	1,565,654	169,842	4,998,235

This caption is as follows, for the Company:

Thousand Euros	Other intangibles	Intangible assets in progress	Total
Gross amount	145,921	44,634	190,555
Accumulated depreciation and impairment losses	97,202	-	97,202
Carrying Amount at 31 December 2019	48,719	44,634	93,353
Gross amount	183,691	54,412	238,103
Accumulated depreciation and impairment losses	122,880	-	122,880
Carrying Amount at 31 December 2020	60,811	54,412	115,223
Balance as at 31 December 2018	43,347	35,315	78,662
Additions	3,641	24,888	28,529
Depreciation and impairment	-13,410	-	-13,410
Disposals/Write-offs	-498	-	-498
Transfers	15,570	-15,570	-
Other	70	-	70
Balance as at 31 December 2019	48,720	44,633	93,353
Additions	9,647	30,081	39,728
Depreciation and impairment	-17,858	-	-17,858
Transfers	20,302	-20,302	-
Balance as at 31 December 2020	60,811	54,412	115,223

The concession rights over the electricity distribution networks in Brazil, namely in EDP São Paulo Distribuição de Energia S.A. and in EDP Espírito Santo Distribuição de Energia S.A. are amortised on a straight-line basis over the concession period until 2028 and 2025, respectively. Concession rights in Portugal relate to the public hydric domain for hydroelectric generation (EDP Produção and Hidroeléctrica do Guadiana), which useful life does not exceed 75 years.

The concession rights over electricity generation in Brazil, namely for Lajeado Energia and Investco, are amortised over the concession period until 2032.

The assets allocated to concession contracts (IFRIC 12) currently in force in EDP Group fall within the Intangible Asset Model, for the electricity special regime production concessions (PRE) in Portugal and within the Mixed Model, for the electricity distribution concessions in Portugal and in Brazil, as referred in the Group's accounting policies.

Additions of CO2 Licenses include 53,612 thousand Euros refering to CO2 Licenses granted free of charge to EDP Group plants operating in Portugal and Spain and 184,280 thousand Euros of licences purchased in the market for own consumption. The Disposals/Write-offs of CO2 licences, essentially includes the delivery in April 2020 of the 2019 consumption licenses.

Additions of Intangible assets in progress essentially include the implementation and development of information systems projects.

Transfers refer to the intangible assets assigned to concessions that became operational, in the amount of 122,748 thousand Euros (see note 26). Additionally, this caption includes the transfer to held for sale of Electricity generation assets (Hydro Brazil).

Perimeter Variations/Regularisations include essentially the impact of Viesgo acquisition that generated the inclusion of intangible assets in the amount of 452,469 thousand Euros (see notes 6 and 49). Additionally, additions include the effect of the price allocation exercise of Viesgo assets in the amount of 604,162 thousand Euros (see note 49).

The capitalised costs of the period related to construction of intangible assets are included in own work capitalised in notes 7, 10 and 12.

Charge/Impairment losses include impairment in Guadiana Hydroeletric Power Plant in Portugal in the amount of 33,659 (see note 12).

19. Goodwill

Goodwill for the Group, resulting from the difference between the acquisition price and the fair value of the net assets acquired, at the acquisition date, is organized by segment, and is as follows:

	Group	
Thousand Euros	Dec 2020	Dec 2019
Renewables	1,651,582	1,627,099
Networks	644,173	300,207
Client Solutions & Energy Management	10,548	192,556
	2,306,303	2,119,862

The movements in Goodwill, during the period ended 31 December 2020, are analysed as follows:

Thousand Euros	Balance at 1 January	Increases	Decreases	Impairment (see note 12)	Exchange differences	Balance at 31 December
Renewables	1,627,099	143,700	-57,310	-2,759	-59,148	1,651,582
Networks	300,207	343,966	-	-	-	644,173
Client Solutions & Energy Management	192,556	-	-180,434	367	-1,941	10,548
	2,119,862	487,666	-237,744	-2,392	-61,089	2,306,303

The movements in Goodwill, during the period ended 31 December 2019, are as follows:

Thousand Euros	Balance at 1 January	Increases	Decreases	Impairment (see note 12)	Exchange differences	Balance at 31 December
Renewables	1,758,106	-	-143,850	-	12,843	1,627,099
Networks	300,207	-	-	-	-	300,207
Client Solutions & Energy Management	193,148	-	-	-489	-103	192,556
	2,251,461	-	-143,850	-489	12,740	2,119,862

Renewables

In the fourth quarter of 2020, the acquisition of Viesgo's renewable business (see notes 6 and 49), through EDP Renováveis S.A., originated an increase in this caption in the amount of 143,700 thousand Euros, in accordance with the requirements of IFRS 3. Additionally, an amount of 4,641 thousand Euros was recorded in Investments in joint ventures and associates caption due to associate companies consolidated by the equity method (see note 21).

Additionally, also in the last quarter of 2020, the sale of a Spanish portfolio of companies was concluded (Bon Vent de Corbera, S.L.U., Eólica Sierra de Ávila, S.L.U., Parc Eòlic de Torre Madrina, S.L.U., Parc Eòlic de Coll de Moro, S.L.U., Parc Eòlic de Vilalba dels Arcs, S.L.U. and Aprofitament D'Energies Renovables de L'Ebre, S.L.) and originated a decrease in the goodwill in the amount of 60,964 thousand Euros related with (see note 6).

In reverse, the movement in the amount of 3,654 thousand Euros is related to the reclassification of the item of non-current assets held for sale to the item of goodwill related to the company Energest S.A.

Networks

In the fourth quarter of 2020, the acquisition of the electricity distribution, thermal and hydro generation business of Viesgo by EDP Iberia S.L. generated an increase in this caption in the amount of 343,966 thousand Euros through the purchase price allocation exercise carried out in accordance with IFRS 3 (see notes 6 and 49).

Client Solutions & Energy Management

During 2020, the sale of two gas power plants (Castejón I & III) was concluded resulting in a decrease in goodwill in the amount of 180,434 thousand Euros (see note 6).

Goodwill impairment test analysis – EDP Group

The recoverable amount of the goodwill in subsidiaries is assessed annually, as at 30 September, independently of the existence of any indicators of impairment. The recoverable amount is determined based on the value in use of the assets, calculated using valuation methodologies supported by discounted cash flow techniques, considering market conditions, the time value of money and the business risks. Any impairment losses are recognised in the income statement for the period.

Following the update of the EDP Group's strategic plan for the horizon 2019-2022, released on March 12, 2019, the Executive Board of Directors reorganized the operating segments based on which, EDP group monitors the Group's activity to align them with this new vision , with effect from 1 January 2019.

Within the scope of this change, the composition of the segments for the purpose of comparability, was changed.

The new EDP Group segments are the following and their composition is detailled in the note 51:

• Renewables - corresponds to the activity of producing electricity through renewable energy sources, with emphasis on hydro, wind and solar;
• Grids - corresponds to the electricity distribution and transmission activity, including regulated energy retailers;
• Client Solutions and Energy Management - includes the following activities: production of electricity using non-renewable energy sources, with emphasis on coal and gas; commercialization of electricity and gas and energy solutions services to customers; and the intermediation business responsible for managing the purchase and sale of energy in the Iberian and Brazilian markets, as well as for the respective hedging operations;

For the purposes of these tests, the EDP Group has defined a set of assumptions to determine the recoverable amount of the main investments by each cash generating unit, being presented by aggregation in each business units after the impairment tests carried out at each subgroup/cash generating unit.

Goodwill impairment test analysis – Renewables Segment

The future cash flows are based on the useful life of wind farms, solar and hydro assets. This projection also considers long-term energy sales contracts and long-term energy price estimates, for assets with market exposure.

The main assumptions on which impairment tests are based are as follows:

- Regarding the production of wind and solar energy, the “net capacity factors” used for each cash-generating unit consider: (i) the installed capacity and the forecast resulting from the studies on the occurrence of wind in the long term; and (ii) that regulatory mechanisms in almost all geographies determine the production and priority of energy dispatch whenever weather conditions permit;

- Regarding hydro production, the “net capacity factors” used for each cash-generating unit consider: (i) the installed capacity and the forecast for hydraulic production; and (ii) that the regulatory mechanisms in each geography;

- Energy remuneration: the approved or contracted remunerations were considered in the event of long-term energy sales contracts for the total or partial useful life of the assets or remunerations determined by the regulatory framework in force in each geography. In the remaining cases, the long-term market price curves projected by the Group were used based on past experience and internal models built on the basis of external information sources;

- New capacity: impairment tests were based on the best information available regarding the wind farms that are expected to be built in the coming years, adjusted by the probability of the planned projects being completed, by the expectations of growth based on the objectives of the Business Plan and by the projections of market growth. The tests consider the prices contracted and expected to purchase turbines from the various suppliers;

- Operating costs: the land and maintenance contracts in force were used. The other operating costs were projected consistently based on the experience acquired, on the Budget approved for the next year and taking into account internal analysis models;

- Terminal value: considered as a 15% of the initial investment in each wind farm, considering inflation; and

- Discount rate: the discount rates used are post-tax, reflect EDP Group's best estimate of the risks specific to each CGU and range as follows:

	2020	2019
Europe (EUR)	3.5% - 5.3%	3.5% - 5.5%
North America (USD)	4.8% - 6.5%	4.8% - 6.6%
Brazil (BRL)	8.5% - 10.2%	8.8% - 10.4%

Impairment tests were performed taking into account the regulatory changes in each country.

The impairment tests carried out on Goodwill led to the recording of Greenvouga's impairment in the amount of 2,626 thousand Euros.

Goodwill impairment test analysis – Grids Segment

The cash flow projection assumes the extent of the concessions related to the electricity distribution business in Brazil. In the case of the concession in Spain, it is perpetual. These cash flows are estimated considering the volume of production and expected consumption, installed capacity, the evolution forecast of the tariff and the energy purchase / sale agreements.

The discount rates after taxes used in the grids segment for the purposes of impairment tests ranged between 3.6% (Spain) and 7.8% (Brazil in BRL) (2019: between 3.5% and 10.8% respectively).

The main assumptions used to project cash flows are as follows:

- Investment costs: the best available estimates of the investments to be made were used to ensure regular use of current assets, as well as those resulting from legislative changes;

- Regarding operating costs, the projections made considered the current operating costs projected based on the historical experience acquired, in the Budget approved for the next year and taking into account internal models of analysis;

- The most recent remuneration rates proposed by ANEEL and CNMC ("Comisión Nacional de los Mercados y la Competencia") were considered, applying the updating mechanisms as provided for in the regulation;

- The projections for the electricity distribution businesses are based on long-term estimates of the various assumptions considered in the analysis;

- The terminal value of the distribution assets corresponds to the present value of the net assets at the end of the concession ("Net Regulatory Asset Base").

Sensitivity analyzes were carried out on the results of the impairment tests carried out, namely at discount rates. The results of the sensitivity analyzes carried out conclude that an increase of 50 basis points in the different discount rates, does not determine the existence of signs of impairment in "goodwill" or concession rights.

Regarding the business grids in Spain, an impairment test was not made due to the value on the recent transation.

20. Investments in Subsidiaries (Company Basis)

This caption is as follows:

	Company	
Thousand Euros	Dec 2020	Dec 2019
Acquisition cost	15,414,830	16,700,420
Effect of equity method (transition to IFRS)	-785,593	-785,593
Equity investments in subsidiaries	14,629,237	15,914,827
Impairment losses on equity investments in subsidiaries	-233,132	-230,481
	14,396,105	15,684,346

On the date of transition to IFRS, EDP, S.A. ceased to apply the equity method of accounting to its investments in its separate financial statements, having considered this method in the determination of the deemed cost at transition date.

Investments in subsidiaries are as follows:

	Company	
	Dec 2020	Dec 2019
Thousand Euros	Net amount	Net amount
Equity investments in subsidiaries:		
EDP Renováveis, S.A.	4,154,431	4,154,431
EDP Gestão de Produção de Energia, S.A.	4,470,776	5,756,366
EDP España, S.A.U.	2,105,002	2,105,002
E-Redes – Distribuição de Eletricidade, S.A. de Energia, S.A.	1,686,158	1,686,158
EDP Servicios Financieros España, S.A.U.	482,695	482,695
EDP Comercial - Comercialização de Energia, S.A.	299,091	299,091
EDP International Investments and Services, S.L.	988,849	988,849
SU Eletricidade, S.A., S.A.	145,104	145,104
Other	63,999	66,650
	14,396,105	15,684,346

In the context of impairment tests carried out at EDP Group, the financial investments held by EDP, S.A. in subsidiaries are reviewed, based on the higher of the value in use and the fair value less costs related to the sale. The main assumptions considered in the valuation models of the main financial holdings in Portugal of EDP, S.A. are as follows:

- The discount rates used reflect the best estimate regarding the specific risks associated to each subsidiary activity within a range between 3.6% and 4.8% (2019: between 3.5% and 4.7%);

- For the activities subject to regulation, the remunerations currently in force and/or approved were considered, applying the updating mechanisms as provided for in the regulation, and incorporates the expectation of renewal of the concessions currently in force and the best estimate of CAPEX and the future regulatory framework;

- Fuel prices (brent, gas, coal and CO2 licenses) and electricity prices forcast were defined considering market expectations for future prices and the application of internal models for building price curves, taking into account the regulatory framework in force and the best expectation regarding its future evolution. Regarding fuel prices, the prices and clauses established in long-term supply contracts, including gas purchase contracts, were also considered. Production assets were valued from a portfolio management perspective, without prejudice to an individual analysis as to recoverability, based on the estimate of the evolution of the market share;

- The production estimates were based on an average hydrological year over the projection period for the hydroelectric plants, the estimated evolution of demand, market share projections and current installed and under construction capacity, as well as the best estimate of the plants to be decommission in the projection period;

- Additionally, other system costs are considered, such as: ISP and CO2 addition fee, CESE, social tariff, and other income;

- The operating costs considered were based on extrapolations from current operating costs based on the knowledge acquired in each activity.

The impairment tests led to the recording of impairment in EDP Real State Global Solutions, S.A.'s stake in the amount of 2,651 thousand Euros.

To the assets that were subject to impairment tests, the sensitivity analyzes carried out at the discount rate considering an increase of 50 basis points did not determine a relevant additional impairment in the financial investments of EDP, S.A.

The assumptions used in the valuation models of EDP S.A.'s financial holdings in other geographies, as well as the respective sensitivity analyses are described in note 19.

The variation in the caption Investments in subsidiaries on a company basis results from the spin-off of EDP Gestão de Produção de Energia, S.A. associated to the portfolio of 6 plants in Portugal to the investor consortium formed by Engie, Crédit Agricole Assurances and Mirova - Grupo Natixis, and subsequent sale by EDP, S.A. (see note 6).

21. Investments in Joint Ventures and Associates

This caption is as follows:

Thousand Euros	Group	
	Dec 2020	Dec 2019
Investments in joint ventures	753,056	936,496
Investments in associates	187,306	162,016
	940,362	1,098,512

As at 31 December 2020, for the Group, this caption includes goodwill in investments in joint ventures of 8,047 thousand Euros (31 December 2019: 42,226 thousand Euros) and goodwill in investments in associates of 24,599 thousand Euros (31 December 2019: 20,045 thousand Euros).

The movement in Investments in joint ventures and associates, for the Group, is as follows:

Thousand Euros	Group	
	Dec 2020	Dec 2019
Balance at the beginning of the period	1,098,512	951,613
Acquisitions/Entries	71,495	6,982
Increases/Decreases of share capital	126,647	260,298
Disposals	-79,833	-
Share of profit in joint ventures and associates	6,938	25,011
Dividends	-52,739	-45,771
Exchange differences	-187,621	107
Cash flow hedging reserve	-1,642	-10,334
Transfer to Assets held for sale (see note 41)	-10,103	-90,270
Other	-31,292	876
Balance at the end of the period	940,362	1,098,512

Nation Rise has reached the construction phase of a 100 MW wind farm in Ontario, Canada. This facility was scheduled to begin commercial operations in the first quarter of 2020. On 6 December 2019, the Ontario Minister of the Environment, Conservation and Parks issued a decision to revoke Nation Rise's Renewable Energy Approval (REA). This was a reversal of prior approvals by the same Ministry and was also previously ratified by the Environmental Review Tribunal. As a result of this decision, EDPR was forced to halt all construction activities. Immediately following this revocation, Nation Rise filed a Notice of Application for Judicial Review of the Ministers revocation of the REA. Subsequent to the filing for judicial review, Nation Rise was successful in obtaining a determination of force majeure, providing for a delay in the start date of the project's power sales contract. On 13 May 2020, the Ontario Superior Court rendered its decision fully in favor of the Nations Rise project and overturned the Ministry's actions. Considering the positive outcome of the litigation, the project will continue its development and construction. As a consequence of the delays caused by the legal procedure, and according with the agreements reached in the selling contract of the project with Axium, as of 3 of June 2020, EDPR returned the original consideration received plus interest and now owns 100% of the project. This implies a decrease in the amount of 9,415 thousand Euros in interests in joint ventures caption (see note 6).

Further, EDPR Group has signed an agreement with ENGIE on January 2020 to establish a co-controlled 50/50 joint venture, OW Offshore S.L., in fixed and floating offshore wind segment business. This entity will be the exclusive vehicle of investment of EDPR and ENGIE for offshore wind opportunities worldwide (see note 6). This implies a decrease in the amount of 2,370 thousand Euros in interests in joint ventures caption.

The acquisition of Viesgo's renewables business originated an increase amounting to 9,436 thousand Euros in interests in associates for the companies Elecdey Carcelén, S.A., Eos Pax IIa, S.L., Geólica Magallón, S.L., San Juan de Bargas Eólica, S.L., Unión de Generadores de Energía, S.L. and Eólica de São Julião, Lda. The effect of the fair value adjustment of the interest in associates was recognized in the amount of 48,661 thousand Euros. The acquisition of Viesgo's renewables business also originated a decrease amounting to 46,527 thousand Euros related to the company Compañía Eólica Aragonesa, S.A. where EDP Renováveis, S.A. had 50% of the shares of the company and gained control, throught a business combination achieved in stages, by acquiring the remaining 50% of the shares (see note 6 and 49).

The sale of the 80% stake and loss of control in portfolio of companies from North America led to an increase amounting to 37,368 thousand Euros related to the 20% of interest (see note 6). The effect of the fair value adjustment of the interest in joint ventures has an amount of 20,561 thousand Euros.

The movement in Exchange differences in the period results mainly from the depreciation of US Dollar and Brazilian Real, against the Euro.

The following table resumes the companies' financial information of joint ventures whose investment is included under the equity method in the Group consolidated accounts, as at 31 December 2020:

Thousand Euros	Companhia Energética do Jari	Energia Cachoeira Caldeirão	Energia São Manoel	Flat Rock Windpower II	Flat Rock Windpower	Hydro Global Investment
Companies' financial information of joint ventures						
Non-Current Assets	246,874	204,661	584,212	80,247	196,644	221,071
Current Assets	25,393	18,184	30,361	2,334	3,022	70,163
Cash and cash equivalents	12,093	11,873	13,875	1,085	1,927	61,241
Total Equity	143,409	90,781	296,676	79,905	192,900	90,166
Long term Financial debt	77,237	109,317	273,868	-	-	163,107
Non-Current Liabilities	100,115	113,752	283,510	1,411	3,714	178,743
Short term Financial debt	8,477	14,396	24,184	-	-	1,381
Current Liabilities	28,743	18,312	34,387	1,265	3,052	22,325
Revenues	46,749	24,204	61,243	2,726	7,106	-
Property plant and equipment and intangibles amortization/impairment	-9,005	-7,885	-22,952	-5,351	-13,703	-366
Other financial expenses	-10,329	-12,453	-30,815	-25	-55	-19,228
Income tax expense	267	2,360	7,032	-	-	3,887
Net profit for the period	15,314	-4,603	-13,665	-7,996	-19,919	-16,650
Amounts proportionally attributed to EDP Group						
Net assets	97,019	45,620	98,894	39,953	103,315	34,736
Goodwill	-	-	-	-	-	-
Dividends paid	11,414	-	-	-	10,149	-

Thousand Euros	EDP Asia Group	OW Offshore, S.L.	Portfolio Vento XVII	Portfolio Vento XIX	Others
Companies' financial information of joint ventures					
Non-Current Assets	115,001	873,253	506,707	449,711	543,060
Current Assets	1	133,403	4,590	11,435	23,458
Cash and cash equivalents	1	38,740	-126	4,569	7,819
Total Equity	115,002	8,790	166,781	120,578	315,402
Long term Financial debt	-	-	-	-	3,679
Non-Current Liabilities	-	166,013	338,441	336,584	226,206
Short term Financial debt	-	10,612	-	-	8,431
Current Liabilities	-	831,853	6,075	3,984	24,910
Revenues	-	1,108	39,505	25,448	56,136
Property plant and equipment and intangibles amortization/impairment	-	-777	-13,179	-16,177	-24,232
Other financial expenses	-	-29,415	-29,782	-18,485	-7,702
Income tax expense	-	305	-	-	-766
Net profit for the period	20,023	-18,096	-1,694	20,055	1,492
Amounts proportionally attributed to EDP Group					
Net assets	83,409	9,027	53,917	44,943	142,223
Goodwill	-	5,352	-	-	2,695
Dividends paid	7,087	-	-	5,477	10,674

The following table resumes the companies' financial information of joint ventures whose investment is included under the equity method in the Group consolidated accounts, as at 31 December 2019:

Thousand Euros	Companhia Energética do Jari	Energia Cachoeira Caldeirão	Energia São Manoel	Flat Rock Windpower II	Flat Rock Windpower	Hydro Global Investment
Companies' financial information of joint ventures						
Non-Current Assets	360,192	293,592	827,401	94,214	231,447	214,741
Current Assets	33,627	25,649	49,765	1,465	1,547	106,022
Cash and cash equivalents	12,995	13,838	25,009	635	593	105,674
Total Equity	204,749	134,131	436,552	92,251	225,323	120,573
Long term Financial debt	119,820	160,808	388,141	-	-	154,324
Non-Current Liabilities	152,049	166,340	404,360	1,516	4,001	169,664
Short term Financial debt	13,010	12,727	25,841	-	-	1,855
Current Liabilities	37,021	18,770	36,254	1,912	3,670	30,526
Revenues	5,273	31,547	86,665	3,203	8,378	-
Property plant and equipment and intangibles amortization/impairment	-3,346	-10,178	-29,515	-5,512	-14,119	-74
Other financial expenses	-1,649	-17,242	-42,021	-26	-56	-62,796
Income tax expense	571	2,757	1,530	-	-	-753
Net profit for the period	21,157	-5,386	-2,994	-7,534	-18,771	-10,477
Amounts proportionally attributed to EDP Group						
Net assets	139,593	67,402	145,520	46,125	121,606	48,329
Goodwill	-	-	-	-	-	-
Dividends paid	7,809	-	-	-	12,688	-

Thousand Euros	Compañía Eólica Aragonesa	CIDE HC Energía	EDP Asia Group	Portfolio Vento XIX	Others
Companies' financial information of joint ventures					
Non-Current Assets	115,362	1,999	119,157	493,326	774,060
Current Assets	7,883	47,193	1	25,138	63,078
Cash and cash equivalents	6,263	820	1	16,732	12,860
Total Equity	100,909	17,630	119,158	100,274	394,992
Long term Financial debt	-	-	-	-	60,309
Non-Current Liabilities	19,621	3,889	-	377,751	347,227
Short term Financial debt	-	-	-	198	11,655
Current Liabilities	2,715	27,673	-	40,439	94,919
Revenues	19,262	245,031	-	25,063	32,106
Property plant and equipment and intangibles amortization/impairment	-12,469	-47	-	-12,258	-3,367
Other financial expenses	-342	-767	-	-13,616	-718
Income tax expense	1,359	-1,775	1,820	-	-4,568
Net profit for the period	1,018	4,464	22,901	22,701	46,366
Amounts proportionally attributed to EDP Group					
Net assets	45,830	8,864	92,305	51,837	169,085
Goodwill	39,558	-	-	-	2,668
Dividends paid	3,086	1,000	7,178	3,289	1,473

The following table resumes the companies' financial information of associates whose investment is included in the Group consolidated accounts under the equity method, as at 31 December 2020:

Thousand Euros	Mabe Brasil	Celesc	Parque Eólico Belmonte	Parque Eólico Madero	Principle Power Inc.	Others
Companies' financial information of associates						
Non-Current Assets	506	256,026	18,589	45,647	15,544	66,275
Current Assets	1,013	21,121	2,033	14,281	20,395	63,974
Total Equity	357	253,354	8,234	33,412	28,840	80,545
Non-Current Liabilities	232	714	4,790	3,974	4,527	30,842
Current Liabilities	930	23,080	7,599	22,542	2,573	18,862
Revenues	-	-	4,575	9,895	8,201	65,024
Net profit for the period	-3,918	48,475	1,187	2,547	-5,653	3,853
Amounts proportionally attributed to EDP Group						
Net assets	178	75,744	4,188	14,033	9,893	83,270
Goodwill	-	-	1,726	-	5,008	17,865
Dividends paid	-	5,578	-	1,470	-	890

The column "Others" include companies with financial statements as of 31 December 2020, with the exception of companies that have no activity or are in liquidation process, and Portsines whose financial statements are for the period ended 30 November 2020, once the accounts as at 31 December 2020 were not yet available.

The following table resumes the companies' financial information of associates whose investment is included in the Group consolidated accounts under the equity method, as at 31 December 2019:

Thousand Euros	Mabe Brasil	Celesc	Parque Eólico Belmonte	Parque Eólico Madero	Principle Power Inc.	Others
Companies' financial information of associates						
Non-Current Assets	2,540	445,094	20,849	47,410	19,485	49,244
Current Assets	17,138	9,239	6,196	13,810	3,813	42,473
Total Equity	-4,892	437,046	7,047	34,419	15,363	47,253
Non-Current Liabilities	21,668	1,004	13,708	5,446	5,742	34,557
Current Liabilities	2,902	16,283	6,290	21,355	2,193	9,906
Revenues	-	-	4,057	11,109	6,954	55,237
Net profit for the period	-1,446	49,453	1,384	3,662	-3,424	7,915
Amounts proportionally attributed to EDP Group						
Net assets	-	110,797	3,830	14,456	6,778	26,155
Goodwill	-	-	1,726	-	5,091	13,228
Dividends paid	-	4,979	339	-	-	3,930

Other include companies with financial statements as of 31 December 2019, with the exception of companies that have no activity or are in liquidation process, and Portsines whose financial statements are for the period ended 30 November 2019, once the accounts as at 31 December 2019 were not yet available.

As at 31 December 2020, the significant companies' financial information of joint ventures and associates presents the following reconciliation of net assets proportionally attributed to EDP Group:

Thousand Euros	Equity	% EM	Fair Value Adjustments	Goodwill	Other	Net Assets
Companhia Energética do Jari	143,409	50.00%	25,314	-	-	97,019
Empresa de Energia Cachoeira Caldeirão S.A.	90,781	50.00%	229	-	-	45,620
Empresa de Energia São Manoel S.A.	296,676	33.33%	-	-	-	98,894
Flat Rock Windpower II LLC	79,905	50.00%	-	-	-	39,953
Flat Rock Windpower LLC	192,900	50.00%	-	-	6,865	103,315
Hydro Global Investment, Ltda	90,166	50.00%	-	-	-10,347	34,736
EDP ASIA - Investimento e Consultadoria, Lda	115,002	50.00%	25,908	-		83,409
OW Offshore, S.L.	8,790	50.00%	-	5,352	-720	9,027
Portfolio Vento XVII	166,781	20.00%	20,561	-	-	53,917
Portfolio Vento XIX	120,578	20.00%	20,558	-	269	44,943
Mabe Construções e Administração projectos, Lda	357	50.00%	-	-	-	178
Centrais eléctricas de Santa Catarina, S.A. - Celesc	253,354	29.90%	-	-	-	75,744
Parque Eólico de Belmonte, S.A.	8,234	29.90%	-	1,726	-	4,188
Parque Eólico Sierra del Madero S.A.	33,412	42.00%	-	-	-	14,033
Principle Power, Inc.	28,840	25.93%	-	5,008	-2,593	9,893

As at 31 December 2019, the significant companies' financial information of joint ventures and associates presents the following reconciliation of net assets proportionally attributed to EDP Group:

Thousand Euros	Equity	% EM	Fair Value Adjustments	Goodwill	Other	Net Assets
Companhia Energética do Jari	204,749	50.00%	37,218	-	-	139,593
Empresa de Energia Cachoeira Caldeirão S.A.	134,131	50.00%	336	-	-	67,402
Empresa de Energia São Manoel S.A.	436,552	33.33%	-	-	-	145,520
Flat Rock Windpower II LLC	92,251	50.00%	-	-	-	46,125
Flat Rock Windpower LLC	225,323	50.00%	-	-	8,944	121,606
Hydro Global Investment, Ltda	120,573	50.00%	-	-	-11,958	48,329
Compañía Eólica Aragonesa, S.A.	100,909	50.00%	-4,625	-	-	45,830
CIDE HC Energía, S.A.	17,630	50.00%	-	-	49	8,864
EDP ASIA - Investimento e Consultadoria, Lda	119,158	50.00%	32,726	-	-	92,305
Portfolio Vento XIX	100,274	20.00%	31,782	-	-	51,837
Mabe Construções e Administração Projetos, Lda	-4,892	50.00%	-	-	2,446	-
Centrais eléctricas de Santa Catarina, S.A. - Celesc	437,046	25.35%	-	-	-	110,797
Parque Eólico de Belmonte, S.A.	7,047	29.90%	-	1,726	-3	3,830
Parque Eólico Sierra del Madero S.A.	34,419	42.00%	-	-	-	14,456
Principle Power, Inc.	15,363	32.51%	-	5,091	-3,308	6,778

As at 31 December 2020 and 2019, commitments and contingent liabilities assumed by the Group in respect of its joint ventures and associates, including its share of commitments assumed jointly with other investors, are disclosed by maturity as follows:

	Dec 2020				
	Capital outstanding by maturity				
Thousand Euros	Total	Less than 1 year	From 1 to 3 years	From 3 to 5 years	More than 5 years
Commitments and contingent liabilities in respect of joint ventures and associates	342,872	314,547	7,427	2,351	18,547

	Dec 2019				
	Capital outstanding by maturity				
Thousand Euros	Total	Less than 1 year	From 1 to 3 years	From 3 to 5 years	More than 5 years
Commitments and contingent liabilities in respect of joint ventures and associates	126,246	83,257	14,349	3,242	25,398

Commitments and contingent liabilities in respect of joint ventures and associatess include EDPR commitments to provide funding to Offshore projects and to the construction of solar farms facilities in USA, and to commitments assumed by EDP Brasil related to its joint ventures operating obligations.

The summarised financial information for subsidiaries with material non-controlling interests, namely EDP Brasil and EDP Renováveis, as at 31 December 2020, are disclosed in the Annex I.

22. Equity Instruments at Fair Value

As at 31 December 2020, the movements in Equity Instruments measured at Fair Value are as follows:

	Group	
Thousand Euros	Dec 2020	Dec 2019
Equity Instruments at Fair Value through Other Comprehensive Income (OCI)	117,111	102,814
Equity Instruments at Fair Value through Results (PL)	67,637	67,992
	184,748	170,806

As a result of the analysis of the applicable business model, the EDP Group classified equity instruments held for long-term strategic purposes as Equity instruments measured at fair value through other comprehensive income (OCI) and the remaining equity instruments held for trading purposes as Equity instruments measured at fair value through Results (PL).

Under IFRS 13 (see note 45), equity instruments at fair value are classified into three levels of fair value: level 1 includes essentially financial investments that are indexed to quoted market prices; level 2 includes the fund of stocks and bonds held by Energia RE; and level 3 covers all other equity instruments at fair value. As at 31 December 2020, there are no equity instruments at fair value within level 1.

As at 31 December 2020, this caption is analysed as follows:

	Other Comprehensive Income			Results			
Thousand Euros	Zephyr Fund (Energia RE portfolio)	Mercer and Dunas Funds (Energia RE portfolio)	Other	EDA - Electricidade dos Açores, S.A.	Feedzai - Consultadoria e Inov. Tecn., S.A.	Other	Total
Balance as at 1 January 2019	74,535	-	18,752	13,666	15,526	2,668	125,147
Acquisitions	-	-	3,425	-	-	2,870	6,295
Disposals	-	-	-369	-	-	-	-369
Change in fair value (see note 32)	5,544	-	958	750	31,288	1,652	40,192
Other variations	-	-	-31	-	-	-428	-459
Balance as at 31 December 2019	80,079	-	22,735	14,416	46,814	6,762	170,806
Acquisitions	-	94,915	4,071	-	-	1,371	100,357
Disposals	-79,054	-8,595	-2,394	-	-	-2,750	-92,793
Change in fair value (see note 32)	-1,025	3,501	3,130	870	-	-469	6,007
Other variations	-	-	-252	-	-	623	371
Balance as at 31 December 2020	-	89,821	27,290	15,286	46,814	5,537	184,748

During the third quarter of 2020, Zephyr fund, that represents the participation units in a fund of stocks and bonds held by Energia RE as a result of its reinsurance activity, was sold. On the same period, Energia RE acquired particiapation units in two new funds (Mercer Funds and Dunas Patrimonio).

As at 31 December 2020, the fair value reserve of equity instruments measured at fair value through other comprehensive income attributable to the Group is as follows:

Thousand Euros	Dec 2020	Dec 2019
Zephyr Fund (Energia RE portfolio)	-	11,997
Mercer Funds	2,907	-
Defined Crowd Corporation	6,339	-
Other	4,009	6,458
	13,255	18,455

In equity instruments measured at fair value through profit stands out: i) Feedzai - Consultadoria e Inovação Tecnológica, S.A., the fair value of 46,814 thousand Euros was determined according to the last transaction sales of the society EQ/sales amounting to 9,6x. The sensitivity analysis, considering a reduction or increase of 0,5x in the multiple, determines a fair value of 44,4 million Euros and 49,3 million Euros, respectively; 2) EDA - Electricidade dos Açores, S.A., the fair value of 15,286 thousand Euros was determined according to the Dividend Discounted model. The sensitivity analysis, considering a reduction or increase of 50bp in the discounted rate, determines a fair value of 14,8 million Euros and 15,9 million Euros, respectively.

During 2020 an increase in the fair value of the Equity Instruments through OCI, in the amount of 401 thousand Euros, was booked against Profit or Loss (see notes 13 and 45).

23. Investment property

The caption is detailed as follows:

	Group		Company	
Thousand Euros	Dec 2020	Dec 2019	Dec 2020	Dec 2019
Cost	55,733	56,630	112,644	85,214
Accumulated amortisation and impairment losses	-34,355	-26,686	-25,355	-14,051
Carrying amount	21,378	29,944	87,289	71,163

The investment properties are mainly lands and buildings held to obtain rents or for capital appreciation and are not materially relevant.

On a consolidated basis, Accumulated amortisation and impairment losses in 2020 includes 342 thousand Euros related to charges of the period. The Accumulated impairment losses in investiment property amounts to 7,700 thousand Euros, booked during 2020, based on an independent evaluation of the fair value of these assets (see note 12).

On an individual basis, Accumulated amortisation and impairment losses in 2020 includes 3,604 thousand Euros related to charges of the period. The Accumulated impairment losses in investiment property amounts to 7,700 thousand Euros, booked during 2020, related to investment properties based on an independent evaluation of the fair value of these assets (see note 12). The variation in the caption Cost relates with the transfer of property, plant and equipment and right-of-use assets to investment property of 27,431 thousand Euros (see notes 16 and 17).

The impairment tests carried out of Investment Properties are based on assessments using current market practices: the comparative method, in cases where there is an active and comparable market, the income method, through discounted cash flows and the cost method, which considers the the market value of the land and the construction costs.

24. Deferred Tax Assets and Liabilities

EDP Group records the tax effect resulting from temporary differences between the assets and liabilities determined on an accounting basis and on a tax basis. As at a 31 December 2020, on a consolidated basis, the movement by nature of Net Deferred Tax Assets and Liabilities are as follows:

Net Deferred Tax Assets					
Thousand Euros	Balance at 01.01.2020	Mov. Results	Mov. Reserves	Perimeter variations, exchange differences and others	Balance at 31.12.2020
Tax losses and tax credits	1,067,738	-2,498	-	-41,528	1,023,712
Provisions for social benefits, bad debts and other risks	666,766	-14,940	24,130	46,734	722,690
Financial instruments	84,851	1,810	30,030	-21,274	95,417
Property plant and equipment	278,901	62,006	-	71,744	412,651
Financial and equity instruments at fair value	248	83	2,600	-63	2,868
Tariff adjustments and tariff deficit	14,448	23,540	-	-	37,988
Allocation of fair value to assets and liabilities acquired	13,248	-8,382	-	87,603	92,469
Fiscal revaluations	392,872	-92,494	-	4,334	304,712
Use of public property	24,437	6,867	-	-7,646	23,658
Other temporary differences	86,815	8,934	1,947	-10,155	87,541
Assets/liabilities compensation of deferred taxes	-1,546,278	-55,514	-623	-61,748	-1,664,163
	1,084,046	-70,588	58,084	68,001	1,139,543

Net Deferred Tax Liabilities					
Thousand Euros	Balance at 01.01.2020	Mov. Results	Mov. Reserves	Perimeter variations, exchange differences and others	Balance at 31.12.2020
Provisions for social benefits, bad debts and other risks	16,375	732	-2,267	-427	14,413
Financial instruments	122,266	-7,667	11,080	-24,768	100,911
Property plant and equipment	404,458	-2,614	-	-34,976	366,868
Reinvested gains	3,192	-	-	543	3,735
Financial and equity instruments at fair value	10,551	29	-1,621	-	8,959
Tariff adjustments and tariff deficit	109,158	40,090	442	-	149,690
Allocation of fair value to assets and liabilities	663,855	74,060	-	389,737	1,127,652
Fiscal revaluations	61,552	-4,931	-	-1,884	54,737
Deferred income relating to CMEC	177,611	9,947	-	-	187,558
Gains from institutional partnerships in wind farms	349,644	25,711	57	-31,320	344,092
Use of public property	6,958	3,038	-	-2,259	7,737
Fair value of financial assets	56,977	7,872	-	-17,206	47,643
Other temporary differences	67,427	8,019	-	-10,804	64,642
Assets/liabilities compensation of deferred taxes	-1,546,278	-55,514	-623	-61,748	-1,664,163
	503,746	98,772	7,068	204,888	814,474

As at a 31 December 2019, on a consolidated basis, the movement by nature of Net Deferred Tax Assets and Liabilities are as follows:

Net Deferred Tax Assets					
Thousand Euros	Balance at 01.01.2019	Mov. Results	Mov. Reserves	Perimeter variations, exchange differences and others	Balance at 31.12.2019
Tax losses and tax credits	983,530	59,624	-	24,584	1,067,738
Provisions for social benefits, bad debts and other risks	698,426	-91,176	63,915	-4,399	666,766
Financial instruments	109,159	-11,494	-12,173	-641	84,851
Property plant and equipment	204,030	80,579	-	-5,708	278,901
Financial and equity instruments at fair value	438	-	-196	6	248
Tariff adjustments and tariff deficit	39,906	-27,449	-	1,991	14,448
Allocation of fair value to assets and liabilities	24,762	-8,833	-	-2,681	13,248
Fiscal revaluations	464,070	-56,876	-	-14,322	392,872
Use of public property	24,068	769	-	-400	24,437
Other temporary differences	44,296	38,385	3,872	262	86,815
Assets/liabilities compensation of deferred taxes	-1,440,490	-73,718	-3,903	-28,167	-1,546,278
	1,152,195	-90,189	51,515	-29,475	1,084,046

Net Deferred Tax Liabilities					
Thousand Euros	Balance at 01.01.2019	Mov. Results	Mov. Reserves	Perimeter variations, exchange differences and others	Balance at 31.12.2019
Provisions for social benefits, bad debts and other risks	16,163	-636	1,314	-466	16,375
Financial instruments	36,264	4,636	81,607	-241	122,266
Property plant and equipment	434,119	12,677	-	-42,338	404,458
Reinvested gains	3,213	-21	-	-	3,192
Financial and equity instruments at fair value	3,993	6,558	-	-	10,551
Tariff adjustments and tariff deficit	80,337	26,830	-	1,991	109,158
Allocation of fair value to assets and liabilities	698,042	43,721	-	-77,908	663,855
Fiscal revaluations	70,138	-3,981	-	-4,605	61,552
Deferred income relating to CMEC	198,055	-20,444	-	-	177,611
Gains from institutional partnerships in USA wind farms	336,895	6,203	58	6,488	349,644
Use of public property	7,500	-432	-	-110	6,958
Fair value of financial assets	35,505	22,546	-	-1,074	56,977
Other temporary differences	94,967	-34,085	7,356	-811	67,427
Assets/liabilities compensation of deferred taxes	-1,440,490	-73,718	-3,903	-28,167	-1,546,278
	574,701	-10,146	86,432	-147,241	503,746

As referred under accounting policies, note 2 q), the compensation between deferred tax assets and liabilities is performed at each subsidiary, and therefore the consolidated financial statements reflect in its assets the total of the deferred tax of subsidiaries that have deferred tax assets and in its liabilities the total of the deferred tax of subsidiaries that have deferred tax liabilities.

Under EDP Group accounting policies, when there is uncertainty over income tax treatments, EDP Group measures its current or deferred tax asset or liability applying the requirements in IAS 12 (see note 2 q)). The main pending litigations or disputes with tax authorities are disclosed in note 36.

On a Company basis, EDP, S.A. records the tax effect arising from temporary differences between the assets and liabilities determined on an accounting basis and on a tax basis. As at a 31 December 2020, on a Company basis, the movement by nature of Net Deferred Tax Assets and Liabilities are as follows:

Net Deferred Tax Assets					
Thousand Euros	Balance at 01.01.2020	Mov. Results	Mov. Reserves	Others	Balance at 31.12.2020
Tax losses and tax credits	116,483	37,356	-	-14,442	139,397
Provisions for social benefits, bad debts and other risks	6,065	2,006	-159	-95	7,817
Financial instruments	48,337	-	-19,741	-	28,596
Property plant and equipment	4,330	-365	-	-	3,965
Other temporary differences	3,086	-	-	187	3,273
Assets/liabilities compensation of deferred taxes	-35,394	-24,028	-	-	-59,422
	142,907	14,969	-19,900	-14,350	123,626

Net Deferred Tax Liabilities					
Thousand Euros	Balance at 01.01.2020	Mov. Results	Mov. Reserves	Others	Balance at 31.12.2020
Financial instruments	27,642	-	20,039	-	47,681
Allocation of fair value to assets and liabilities acquired	3,546				3,546
Fiscal revaluations	192	-7	-	-	185
Other temporary differences	4,014	3,995	-	1	8,010
Assets/liabilities compensation of deferred taxes	-35,394	-24,028	-	-	-59,422
	-	-20,040	20,039	1	-

As at a 31 December 2019, on a Company basis, the movement by nature of Net Deferred Tax Assets and Liabilities are as follows:

Net Deferred Tax Assets					
Thousand Euros	Balance at 01.01.2019	Mov. Results	Mov. Reserves	Others	Balance at 31.12.2019
Tax losses and tax credits	89,383	44,893	-	-17,793	116,483
Provisions for social benefits, bad debts and other risks	6,945	-1,571	122	569	6,065
Financial instruments	21,431	-	26,906	-	48,337
Property plant and equipment	4,322	-	-	8	4,330
Other temporary differences	3,083	-	-	3	3,086
Assets/liabilities compensation of deferred taxes	-32,505	-2,889	-	-	-35,394
	92,659	40,433	27,028	-17,213	142,907

Net Deferred Tax Liabilities					
Thousand Euros	Balance at 01.01.2019	Mov. Results	Mov. Reserves	Others	Balance at 31.12.2019
Financial instruments	21,042	-	6,600	-	27,642
Allocation of fair value to assets and liabilities acquired	3,546	-	-	-	3,546
Fiscal revaluations	199	-7	-	-	192
Other temporary differences	7,718	-3,704	-	-	4,014
Assets/liabilities compensation of deferred taxes	-32,505	-2,889	-	-	-35,394
	-	-6,600	6,600	-	-

Taxes recorded against reserves are as follows:

	Group		Company	
Thousand Euros	Dec 2020	Dec 2019	Dec 2020	Dec 2019
Financial instruments and fair value	17,701	-93,244	-39,780	20,306
Actuarial gains and losses	24,235	64,139	-159	122
Changes in fair value of financial assets held for sale	485	-1,514	-	-
Transactions with non-controlling interests and Others	8,595	-4,298	-	-
	51,016	-34,917	-39,939	20,428

The Group tax losses carried forward are analysed as follows:

Thousand Euros	Group Dec 2020	Group Dec 2019
Expiry date:		
2020	-	9,131
2021	41,583	47,691
2022	12,558	17,101
2023	22,875	36,081
2024	34,604	541,209
2025	16,858	10,897
2026 a 2040	2,865,581	2,277,516
Without expiry date	1,673,849	1,032,844
	4,667,908	3,972,470

Of the total of EDP Group's tax losses available to carry forward as at 31 December 2020, the amount of 750,795 thousand Euros does not have deferred tax asset, in accordance with the applicable accounting standards since, at the present date, there is still not sufficient visibility about the future period in which such tax losses will be used.

25. Inventories

This caption is as follows:

Thousand Euros	Group Dec 2020	Group Dec 2019
Merchandise	54,159	54,368
Finished, intermediate products and sub-products	27,801	37,785
Raw and subsidiary materials and consumables (coal and other fuels)	43,275	150,465
Nuclear fuel	14,576	15,562
CO2 licenses	57,661	-
Other	126,473	110,154
	323,945	368,334

The caption CO2 Licenses, includes licenses held for trading, measured at the lower of acquisition cost and net realisable value, which corresponds to the market quote, as described in accounting policy 2 x).

The movements in the portfolio of CO2 Licenses held for trading and classified as inventories are as follows:

CO2 (Ton)	Group Dec 2020	Group Dec 2019
CO2 Licenses held for trading on 1 January	-	-
Licenses negotiated in the market	8,697,000	7,677,267
Emission Licenses transferred from trading portfolio to intangibles	-6,925,000	-7,677,267
CO2 Licenses held for trading on 31 December	1,772,000	-
CO2 Licenses for trading on 31 December (in thousand Euros)	57,661	-

Purchases and sales of Licenses are booked based on the listed price on the transaction date. Emission Licenses transferred to the trading portfolios are classified as Inventories, in accordance with Accounting policy - note 2 x).

Fair value corresponds to the spot price (closing price) at the end of December in each period.

26. Debtors and Other Assets from Commercial Activities

At Group level, Debtors and other assets from commercial activities are as follows:

	Non-Current		Current	
Thousand Euros	Dec 2020	Dec 2019	Dec 2020	Dec 2019
Assets measured at amortised cost:				
Amounts receivable from tariff adjustments - Electricity - Portugal	53,634	254,482	1,036	82,166
Amounts receivable from tariff adjustments - Electricity - Brazil	49,986	29,105	35,600	50,486
Debtors for other goods and services	-	-	29,480	32,201
Amounts receivable relating to CMEC	507,419	579,160	189,752	197,905
Amounts receivable from concessions - IFRIC 12	359,650	954,132	755,565	57,916
Other assets measured at amortised cost	65,125	44,935	175,170	155,600
Impairment losses on other assets measured at amortised cost	-2,894	-2,895	-1,406	-2,694
	1,032,920	1,858,919	1,185,197	573,580
Trade receivables at amortised cost:				
Trade receivables	24,896	49,305	1,363,760	1,480,280
Impairment losses on trade receivables	-8,771	-16,285	-253,067	-302,687
	16,125	33,020	1,110,693	1,177,593
Assets measured at fair value through other comprehensive income:				
Amounts receivable from tariff adjustments - Electricity - Portugal	267,054	6,292	156,270	2,865
Assets measured at fair value through profit or loss:				
Amounts receivable from concessions - IFRIC 12	547,103	664,489	-	-
Contract assets:				
Contract assets receivable from energy sales contracts	600	1,355	1,034,442	1,051,994
Contract assets receivable from concessions - IFRIC 12	805,382	743,111	-	
	805,982	744,466	1,034,442	1,051,994
Other assets:				
Incremental costs of obtaining contracts with customers	33,600	63,752	-	-
Other assets from comercial activities	44,228	53,282	59,009	52,128
	77,828	117,034	59,009	52,128
	2,747,012	3,424,220	3,545,611	2,858,160

At Company level, Debtors and other assets from commercial activities are as follows:

	Current	
Thousand Euros	Dec 2020	Dec 2019
Assets measured at amortised cost:		
Debtors for other goods and services	40,223	33,827
Other assets measured at amortised cost	246,349	62,754
Impairment losses on other assets measured at amortised cost	-1	-
	286,571	96,581
Trade receivables at amortised cost:		
Trade receivables	214,153	237,424
Impairment losses on trade receivables	-209	-215
	213,944	237,209
Contract assets:		
Contract assets receivable from energy sales contracts	226,040	245,567
Other assets:		
Other assets from comercial activities	7,371	4,471
	733,926	583,828

The movement for the period in Amounts receivable from tariff adjustments - Electricity - Portugal (Non-current and Current) is as follows:

Thousand Euros	Non-Current	Current
Balance as at 31 December 2019	260,774	85,031
Receipts through the electricity tariff	-	-86,126
Sale of 2020 and 2021 overcosts for the special regime generators	-	-1,363,221
Tariff adjustment of the period (see note 7)	375,208	1,087,199
Fair value of the tariff deficit measured at fair value through other comprehensive income (see note 29)	-438	1,843
Financial expenses (see note 13)	66	1,081
Transfer to/from tariff adjustment payable (see note 38)	75,093	41,484
Transfer from Non-Current to Current	-390,015	390,015
Balance as at 31 December 2020	320,688	157,306

During the first quarter of 2020, SU Eletricidade, S.A., sold the 2020 tariff deficit in the amount of 821,221 thousand Euros. This tariff deficit resulted from the deferral, for the period of 5 years, of the recovery of the 2020 over costs related to the acquisition of electricity from special regime generators (including the adjustments for 2018 and 2019). In this sale transaction of assets, SU Eletricidade, S.A., gave in fully and without recourse, the right to receive such amounts and interest. The sale price amounted to 825 million Euros and generated a loss net of transaction costs of 1,037 thousand Euros (see note 13).

During the third quarter of 2020, SU Eletricidade, S.A., sold the 2020 tariff deficit in the amount of 272,000 thousand Euros. This tariff deficit results from the 5-year deferral of the recovery of the 2020 overcost related with the acquisition of energy from special regime generators (including adjustments for 2018 and 2019). In this sale transaction of assets, SU Eletricidade, S.A., gave in fully and without recourse, the right to receive such amounts and interest. The sale price amounted to 273 million Euros and generated a gain net of transaction costs of 103 thousand Euros (see note 13).

During the fourth quarter of 2020, SU Eletricidade, S.A., sold the 2021 tariff deficit in the amount of 270,000 thousand Euros. This tariff deficit results from the 5-year deferral of the recovery of the 2021 overcost related with the acquisition of energy from special regime generators (having been recognized as a Deficit in 2020 only the component referring to the adjustments of 2019 and 2020, as published in the "Caderno de Proveitos Permitidos e Ajustamentos de 2021" on 15 December 2020). In this sale transaction of assets, SU Eletricidade, S.A., gave in fully and without recourse, the right to receive such amounts and interest. The sale price amounted to 271 million Euros and generated a gain net of transaction costs of 889 thousand Euros (see note 13).

As at 31 December 2020, the caption Assets measured at fair value through other comprehensive income includes the amount of the tariff deficit classified and measured at fair value through other comprehensive income. According to IFRS 13, the tariff deficit fair value is classified as level 2 (see note 45).

The following table provides details for the caption Amounts receivable from tariff adjustments - Electricity - Portugal, by nature and year of establishment, as well as presents the amounts of tariff deficit that have been sold during the period ended 31 December 2020:

Thousand Euros	Deficit	Tariff adj.	Sales	Total
Year:				
2018	4,994	-	-	4,994
2019	1,298	11,677	-	12,975
2020	1,094,715	42,993	-1,093,221	44,487
2021	685,538	-	-270,000	415,538
	1,786,545	54,670	-1,363,221	477,994

The caption Amounts receivable from tariff adjustments - Electricity - Brazil corresponds to tariff adjustments recognised in EDP São Paulo - Distribuição de Energia S.A. and EDP Espírito Santo - Distribuição de Energia S.A. in the accumulated amount, as at 31 December 2020, of 45,503 thousand Euros (31 December 2019: 33,190 thousand Euros) and 40,083 thousand Euros (31 December 2019: 46,401 thousand Euros), respectively. The variation occurred includes the tariff deficit for the period with a positive impact of 173,417 thousand Euros (see note 7), transfer to tariff adjustment payable of 25,040 thousand Euros (see note 38), amounts received through the electricity tariff of 172,089 thousand Euros, unwinding in the amount of 5,233 thousand Euros (see note 13) and the exchange differences due to depreciation of Brazilian Real against Euro with a negative impact of 25,606 thousand Euros.

The caption Amounts receivable relating to CMEC is detailed as follows:

Thousand Euros	Non-current	Current
Initial CMEC	345,860	27,426
Final adjustement	161,559	61,134
Revisibility 2014 - 2017 *	-	101,192
	507,419	189,752

* The revisibility calculation for 2016 to 2017 is still waiting the official approval.

The caption Amounts receivable from concessions - IFRIC 12 in the amount of 1,662,318 thousand Euros (31 December 2019: 1,676,537 thousand Euros) relates to the financial asset to be received by the EDP Group regarding the electricity distribution concessions in Portugal and Brazil, resulting from the application of the mixed model, and the asset related to electricity transmission concessions in Brazil. The variation of the period includes: (i) the effect of the depreciation of Brazilian Real against Euro in the amount of 216,509 thousand Euros and (ii) transfers from Contract assets receivable from concessions in the amount of 179,279 thousand Euros.

The movements in Impairment losses on other assets measured at amortised cost are as follows:

	Group	
Thousand Euros	Non-current	Current
Balance as at 1 January 2019	2,895	5,897
Charge of the period	-	121
Reversal of impairment losses	-	-554
Charge-off	-	-2,720
Exchange differences	-	-3
Perimeter variations/Other regularisations	-	-47
Balance as at 31 December 2019	2,895	2,694
Charge of the period	-	32
Reversal of impairment losses	-	-421
Charge-off	-	-702
Exchange differences	-	-66
Perimeter variations/Other regularisations	-1	-131
Balance as at 31 December 2020	2,894	1,406

The geographical market Trade receivables' breakdown and the credit risk analysis are disclosed in note 5, under the Counterparty credit risk management.

As at 31 December 2020 and 2019, on a company basis, trade receivables are from Portugal geographical market.

The movements in Impairment losses on trade receivables are as follows:

	Group	
Thousand Euros	Non-current	Current
Balance as at 1 January 2019	52,629	304,237
Charge of the period	929	95,306
Reversal of impairment losses	-12,121	-50,474
Charge-off	-25,060	-49,020
Exchange differences	-103	-1,809
Perimeter variations/Other regularisations	11	4,447
Balance as at 31 December 2019	16,285	302,687
Charge of the period	65	100,447
Reversal of impairment losses	-1,169	-35,264
Charge-off	-4,696	-40,539
Exchange differences	-1,714	-30,115
Perimeter variations/Other regularisations	-	-44,149
Balance as at 31 December 2020	8,771	253,067

Contract assets receivable from energy sales contracts - Current include contract assets relating to energy delivered and not yet invoiced, amounts receivable from REN regarding the CMEC Revisibility of 2016 and 2017 which are awaiting approval, and accruals from UNGE's energy management business. The impairment losses on Trade receivables includes impairment losses related to Contract assets receivable from energy sales contracts.

The caption Incremental costs of obtaining contracts with customers includes contract assets from the recognition of incremental costs of obtaining contracts with customers, which are capitalised and amortised under IFRS 15.

The caption Contract assets receivable from concessions - IFRIC 12 refers to the investment in assets under construction assigned to concessions. The variation of the period includes (i) the effect of the depreciation of Brazilian Real against Euro in the amount of 212,595 thousand Euros; (ii) the investment of the period in the amount of 502,126 thousand Euros and (iii) the transfer of assets assigned to concessions which began operation to intangible assets, in the amount of 122,748 thousand Euros (see note 16), and to Amounts receivable from concessions - IFRIC 12, in the amount of 179,279 thousand Euros.

27. Other Debtors and Other Assets

Other debtors and other assets are as follows:

	Group		Company	
Thousand Euros	Dec 2020	Dec 2019	Dec 2020	Dec 2019 *
Debtors and other assets - Non-Current				
Assets measured at amortised cost:				
Loans to subsidiaries	-	-	2,739,230	3,016,108
Loans to related parties	7,630	9,070	90	90
Guarantees rendered to third parties	96,311	107,744	-	-
Other financial assets at amortised cost (i)	23,864	46,382	113,609	46,900
Assets measured at fair value through profit or loss:				
Derivative financial instruments (see note 42)	333,600	201,349	350,400	225,947
Contingent price	113,880	155,353	-	-
Other assets:				
Excess of the pension fund financing (see note 35)	29,610	55,506	93	104
Other debtors and sundry operations	415,893	357,174	-	-
	1,020,788	932,578	3,203,422	3,289,149
Debtors and other assets - Current				
Assets measured at amortised cost:				
Loans to subsidiaries	-	-	18,186	297,616
Dividends attributed by subsidiaries	-	-	110,000	85,000
Loans to related parties	415,120	13,257	-	-
Receivables from the State and concessors	5,402	27,955	-	-
Guarantees rendered to third parties	72,150	70,809	47,102	43,980
Subsidiary companies	-	-	103,602	69,318
Other financial assets at amortised cost (i)	22,818	23,025	56,038	526,428
Assets measured at fair value through profit or loss:				
Derivative financial instruments (see note 42)	271,828	363,943	421,666	439,143
Other financial investments measured at fair value	24,157	29,938	-	-
Contingent price	12,159	129,161	7,159	-
Other assets:				
Other debtors and sundry operations	27,119	223,691	89,654	89,655
	850,753	881,779	853,407	1,551,140
	1,871,541	1,814,357	4,056,829	4,840,289

* Includes reclassification resulting from the change of the accounting policy as described in note 2a)

Loans to subsidiaries - Non-Current and Current, for the Company, mainly includes 807,346 thousand Euros (31 December 2019: 1,369,908 thousand Euros) of loans granted to EDP - Gestão da Produção de Energia, S.A. and 1,503,685 thousand Euros (31 December 2019: 1,503,715 thousand Euros) of loans granted to E-Redes – Distribuição de Eletricidade, S.A. (see note 44).

For the Loans to subsidiaries, EDP S.A. performs an analysis to evaluate impairment based on the general approach. The company uses several inputs on making its assessment of the credit risk related to these assets, such as the analysis of the historical possible delays and/or impairment losses indications, rating companies (when applicable) and market and macroeconomic data that may change the probability of default and the expectation of delays in the receivable amounts. According to the analysis performed, as per 31 December 2020 there are no expected credit losses accounted for related to loans with subsidiaries.

Loans to related parties - Current, on a consolidated basis, mainly include loans granted to OW FS Offshore, S.A. in the amount of 398,348 thousand Euros and to Parque Eólico Sierra del Madero, S.A. in the amount of 8,149 thousand Euros (see note 44).

(i) Other financial assets at amortised cost

On a consolidated basis, this caption mainly includes securities issued by Tagus - Sociedade de Titularização de Crédito, SA, in the context of the transmission of the right to receive tariff adjustments (deviations and deficits) from the National Electric System for credit securitisation companies, acquired by SU Eletricidade, S.A. The detail of the balances arising from these operations is as follows:

Thousand Euros	Issue date	Class R Notes	Liquidity Notes	Senior Notes	Total Jun 2020
Overcost from special regime production 2016	Ago 2016	367	125	-	492
Overcost from special regime production 2017	Dec 2017	510	329	8,766	9,605
Overcost from special regime production 2018	Jun 2018	409	825	17,754	18,988
Overcost from special regime production 2019	Jun 2019	540	509	16,529	17,578
		1,826	1,788	43,049	46,663

On a company basis, this caption includes the bonds issued by EDP Finance B.V. reacquired on market by EDP, S.A.

On 15 December 2017, EDP S.A. has bought an amount of 500,000 thousand American Dollars of nominal debt, related to a couple of bonds issued by EDP Finance B.V. in a market operation, in the total amount of 446,802 thousand Euros. This amount includes a premium paid over the nominal debt of 18,016 thousand Euros and accrued interest as at the acquisition date. On 11 December 2018, EDP S.A. has bought an amount of 499,998 thousand Euros of nominal debt, related to a couple of bonds issued by EDP Finance B.V. in a market operation, in the total amount of 541,751 thousand Euros. This amount includes a premium paid over the nominal debt of 33,705 thousand Euros and accrued interest as at the acquisition date. On November 2020, EDP S.A. has bought an amount of 53,357 thousand Euros of a private bond placement, issued by EDP Finance B.V.

During 2020 EDP Finance B.V. repaid, at maturity, in the first quarter 750 million American Dollars of securities issued, of which EDP S.A. had already reacquired 167,076 thousand American Dollars, in the second quarter 300 million Euros of securities issued, of which EDP S.A. had already reacquired 66,628 thousand Euros and in the third quarter 750 million Euros of securities issued, of which EDP S.A. had already reacquired 287,778 thousand Euros.

The detail of these bonds is as follows:

Issuer	Maturity date	Currency	Interest rate	Nominal value in Currency '000	Acquired in Currency '000	Fair Value '000
EDP Finance B.V.	20 Jan 2021	EUR	4.13%	600,000	46,783	46,871
EDP Finance B.V.	23 Dec 2022	EUR	Fixed rate (i)	93,357	53,357	56,167
					100,140	103,038

(i) This issue corresponds to private placements.

Contingent prices - Non Current mainly include 69,557 thousand Euros and 27,031 thousand Euros related to the fair value of the contingent consideration in connection with the sale in 2020 and 2018 of 29,5% and 13,5% stake of the French companies Éoliennes en Mer Dieppe - Le Tréport, S.A.S and Éoliennes en Mer Îles d'Yeu et de Noirmoutier, SAS to OW Offshore S.L. and Sumitomo Corporation respectively, in accordance with the relevant agreements signed. The variation of the caption Contingent prices - Current is mainly due to a decrease amounting to 123,061 thousand Euros related to financing proceeds of Nation Rise project (see note 21).

The caption Other debtors and sundry operations - Non Current includes the financial consideration paid in advance in 2009 for the exploitation of the hydro power plants of Fridão and other amounts invested in such hydro power plant (see note 4).

The variation of the caption Other debtors and sundry operations - Current is mainly due to the receipt in the first quarter of 2020 the amount of 121,596 thousand Euros related to the sale of Babilônia Holding, S.A. and its subsidiaries and the receipt in 2020 of amounts related with the transaction of acquisition of certain projects in North America in 2019, amounting 54,506 thousand Euros as at 31 December 2019.

28. Tax Assets

Current tax assets are as follows:

	Group		Company	
Thousand Euros	Dec 2020	Dec 2019	Dec 2020	Dec 2019
Non-Current:				
Special taxes Brazil	251,770	389,037	-	-
Current:				
Income tax	125,503	186,869	44,241	108,799
Value added tax (VAT)	191,587	87,431	6,196	-
Special taxes Brazil	90,783	132,792	-	-
Other taxes	6,429	8,643	877	877
	414,302	415,735	51,314	109,676
	666,072	804,772	51,314	109,676

The Special taxes Brazil caption relates to the following taxes: CSLL (Social Contribution on net profits), PIS (Social integration programme) and COFINS (Social Security Financing Contribution).

On 3 April 2019 and 10 December 2019, EDP Espírito Santo and EDP São Paulo were granted with a favourable judicial decision, which recognises the right of non-inclusion of the amounts of VAT borne in the basis of calculation of PIS and COFINS, as well as, the right to reacquire the previously collected amounts. EDP Espírito Santo and EDP São Paulo recognised the amount of 6,566 thousand Euros (38,664 thousand Brazilian Reais) of financial update on the value resulting from the exclusion, in 2019, of the ICMS from the PIS/COFINS base calculation (1,756,597 thousand Brazilian Reais on 31 December 2019, of which 65,213 thousand Brazilian Reais were returned in 2020 through the electricity tariff), based on the Consultation no. 13/2018 of the COSIT, in the Special taxes Brazil caption. On the other hand, the same amount was recognised in the Amounts payable for tariff adjustments caption (see note 38), in order to pass through this amount to the customers. Both companies are waiting for authorisation by the Brazilian Fiscal Authorities on the possibility of an alleged compensation of future tax liabilities in this regard and are also expecting a definition by the regulatory entity in what concerns the model of pass through to the costumers.

In December 2014, the distribution companies EDP São Paulo and EDP Espírito Santo began to recognise tariff adjustments as payable and receivable amounts, considering that the triggering event for the recognition of the various taxes (e.g. IRPJ, CSLL, PIS and COFINS) would only be verified when the respective energy was consumed, in accordance with the legal opinion of independent consultants. This understanding was consistent with the interpretation of Brazilian Fiscal Authorities ("Receita Federal do Brasil" - RFB), made public through the consultation no. 26/02 of the COSIT.

On 30 June 2016, RFB approved the COSIT opinion no. 101/16 where it concluded that the receivables over tariff adjustments should integrate the basis for tax calculation at the time of the accounting recognition. Thus, companies requested independent consultants to update their legal opinions, and they kept their initial understanding.

In the third quarter of 2017, considering that the new COSIT procedure is more conservative and the possibility of appealing to the Tax Regularisation Special Programme ("Programa Especial de Regularização Tributária" - PERT), created by Provisional Measure no. 783/17 and regulated by Normative Instruction RFB 1711/17, the distribution companies changed their criteria and started to recalculate all taxes since the initial recognition of payable and receivable amounts related with tariff adjustments.

Additionally, Enerpeixe identified energy sale contracts, signed before 31 December 2003, with the possibility of being integrated in the cumulative fiscal regime with the consequential application of a PIS and COFINS tax rate of 3.65% compared to the 9.25% previously considered. These contracts were submitted to the evaluation of an independent consultant, who demonstrated that the pre-determined price did not decrease, in accordance with Law 11196/05 and Normative Instruction RFB 658/06.

Following these operations, the companies recognized tax receivables totaling 21,063 thousand Euros (134,244 thousand Brazilian Reais) and tax payables totaling 80,678 thousand euros (514,203 thousand Brazilian Reais) (see note 40).

As at 31 December 2020, the captions Income tax and Special taxes Brazil include the amount of 13,029 thousand Euros (83,038 thousand Brazilian Reais), corresponding to the recognised asset of 21,063 thousand Euros net of compensations.

The movement in the period in current and non-current taxes in Brazil is mainly due to exchange rate differences resulting from the depreciation of Brazilian Real against the Euro in 2020.

29. Cash and Cash Equivalents

Cash and cash equivalents are as follows:

	Group		Company	
Thousand Euros	Dec 2020	Dec 2019	Dec 2020	Dec 2019*
Cash	254	298	39	41
Bank deposits				
Current deposits	1,461,444	953,829	1,030,863	167,288
Term deposits	1,452,451	545,480	150,000	-
Specific demand deposits in relation to institutional partnerships	34,313	60,977	-	-
	2,948,208	1,560,286	1,180,863	167,288
Operations pending cash settlement				
Current deposits	-	-	118,000	258,000
Other operations				
Group Financial System (see note 44)	-	-	873,729	612,064
	2,948,462	1,560,584	2,172,631	1,037,393
Held for sale operations:				
Cash and cash equivalents reclassified as held for sale	5,840	-17,862	-	-
	2,954,302	1,542,722	2,172,631	1,037,393

* Includes the reclassification arising from the change in accounting policy as described in note 2a).

Specific demand deposits in relation to institutional partnerships corresponds to funds required to be held in escrow sufficient to pay the remaining construction related costs of projects in institutional equity partnerships (see note 37), under the Group accounting policy.

As at 31 December 2020, on a company basis, the caption Operations pending cash settlement represents commercial paper issued by EDP, S.A., which is booked as financial debt at the issuance trade date, under the Group accounting policy. This caption of 118,000 thousand Euros (31 December 2019: 258,000 thousand Euros) refers to commercial paper issued on 31 December 2020, acquired by EDP Finance B.V., which settlement date occurred on 5 January 2021.

30. Share Capital and Share Premium

EDP, S.A. was incorporated as a State-owned company and started its privatisation process in 1997. The second and third phases of the privatisation process were carried out in 1998, the fourth phase in 2000, the fifth phase consisting of a capital increase in 2004 and a sixth phase in 2005. In December 2007, the State issued bonds convertible into shares of EDP, S.A. under the seventh phase of the privatisation process.

On 11 May 2012, regarding EDP's eighth privatisation phase, the Portuguese State sold to China Three Gorges (Europe), S.A. (former - CWEI (Europe), S.A.), the ownership of 780,633,782 shares representing 21.35% of the share capital and the voting rights of EDP, S.A.

On 21 February 2013, Parpública – Participações Públicas (SGPS) S.A. (Parpública) notified EDP that, on 19 February 2013, it sold 151,517,000 shares, which correspond to 4.14% of EDP's share capital.

As a result of these last two transactions, Parpública no longer has a qualified shareholding position in EDP share capital.

On 29 September 2017, China Three Gorges (Europe), S.A. acquired 70,143,242 shares representing around 1.92% of EDP's share capital and voting rights. After this acquisition, an off-market transaction, CTG Europe became the holder of 850,777,024 shares.

On August 11, 2020, EDP made a capital increase by issuing 309,143,297 ordinary, book-entry and nominative shares, with a unit face value of 1 Euro, with a unit subscription price of 3.30 Euros, offered to subscription of its shareholders, in the exercise of the respective preemptive rights, offered to the shareholders of EDP for subscription through the exercise of their pre-emption subscription rights pursuant to applicable law (the “Rights Offering”). The new ordinary shares will be fungible with existing ordinary shares and will entitle their holders to the same rights as those of pre-existing shares. As such, the current share capital of EDP is now of 3,965,681,012 Euros, represented by 3,965,681,012 ordinary, registered, book-entry shares with nominal value 1,00 Euro each.

EDP - Energias de Portugal S.A. shareholder structure as at 31 December 2020 is as follows:

	No. of Shares	% Capital	% Voting
China Three Gorges Corporation	854,736,441	21.55%	21.55%
Oppidum Capital, S.L.	285,414,883	7.20%	7.20%
BlackRock, Inc.	200,481,297	5.06%	5.06%
Norges Bank	123,958,104	3.13%	3.13%
Alliance Bernstein	107,030,000	2.70%	2.70%
Qatar Investment Authority	89,915,722	2.27%	2.27%
Sonatrach	87,007,433	2.19%	2.19%
EDP (Treasury Stock)	19,557,741	0.49%	
Remaining Shareholders	2,197,579,391	55.41%	
	3,965,681,012	100.00%	

Share capital and Share premium are as follows:

Thousand Euros	Group and Company	
	Share capital	Share premium
Balance as at 1 January	3,656,538	503,923
Movements during the period	309,143	692,599
Balance as at 31 December	3,965,681	1,196,522

The earnings per share (EPS) attributable to the equity holders of EDP are as follows:

	Group		Company	
	Dec 2020	Dec 2019	Dec 2020	Dec 2019
Net profit attributable to the equity holders of EDP (in Euros)	800,691,979	511,750,938	878,151,389	720,916,031
Net profit from continuing operations attributable to the equity holders of EDP (in Euros)	800,691,979	511,750,938	878,151,389	720,916,031
Weighted average number of ordinary shares outstanding	3,764,319,113	3,635,010,162	3,765,706,030	3,636,482,426
Weighted average number of diluted ordinary shares outstanding	3,764,319,113	3,635,010,162	3,765,706,030	3,636,482,426
Basic earnings per share attributable to equity holders of EDP (in Euros)	0.21	0.14	-	-
Diluted earnings per share attributable to equity holders of EDP (in Euros)	0.21	0.14	-	-
Basic earnings per share from continuing operations (in Euros)	0.21	0.14	-	-
Diluted earnings per share from continuing operations (in Euros)	0.21	0.14	-	-

EDP Group calculates basic and diluted earnings per share attributable to equity holders of EDP using the weighted average number of ordinary shares outstanding during the period, net of changes in treasury stock during the period. Basic earnings per share and diluted earnings per share are equal because there are no dilution factors.

The average number of shares is determined as follows:

	Group		Company	
	Dec 2020	Dec 2019	Dec 2020	Dec 2019
Ordinary shares issued at the beginning of the period	3,656,537,715	3,656,537,715	3,656,537,715	3,656,537,715
Effect of shares issued during the period	128,809,707		128,809,707	
Average number of realised shares	3,785,347,422	3,656,537,715	3,785,347,422	3,656,537,715
Effect of treasury stock	-21,028,309	-21,527,553	-19,641,393	-20,055,289
Average number and diluted average number of shares during the period	3,764,319,113	3,635,010,162	3,765,706,030	3,636,482,426

31. Treasury Stock

This caption is as follows:

	Group		Company	
	Dec 2020	Dec 2019	Dec 2020	Dec 2019
Book value of EDP, S.A.'s treasury stock (thousand Euros)	54,025	61,220	54,025	55,124
Number of shares	19,557,741	21,405,347	19,557,741	19,892,347
Market value per share (in Euros)	5.156	3.864	5.156	3.864
Market value of EDP, S.A.'s treasury stock (thousand Euros)	100,840	82,710	100,840	76,864

Shares' transactions occurred between 1 January and 31 December 2020:

	EDP, S.A.	Energia RE
Volume acquired (number of shares)	-	-
Average purchase price (in Euros)	-	-
Total purchases (thousand Euros)	-	-
Volume sold (number of shares) i)	-334,606	-1,513,000
Average selling price (in Euros)	3.360	4.464
Total sales (thousand Euros) i)	1,124	6,753
Final position (number of shares)	19,557,741	-
Highest market price (in Euros)	3.760	4.515
Lowest market price (in Euros)	3.760	4.422
Average market price (in Euros)	3.760	4.464

i) Includes the distribution of treasury stocks to employees (see note 10).

The treasury stock held by EDP, S.A. is within the limits established by the Company's articles of association and by the "Código das Sociedades Comerciais" (Portuguese Commercial Companies Code). Treasury stock is recognised at acquisition cost.

32. Reserves and retained earnings

This caption is as follows:

	Group		Company	
Thousand Euros	Dec 2020	Dec 2019	Dec 2020	Dec 2019
Legal reserve	739,024	739,024	739,024	739,024
Fair value reserve (cash flow hedge)	-6,066	58,716	84,893	-91,909
Tax effect of fair value reserve (cash flow hedge)	1,698	-18,175	-19,140	20,640
Fair value reserve of assets measured at fair value through other comprehensive income	14,659	18,455	-	-
Tax effect of the fair value reserve of assets measured at fair value through other comprehensive income	-2,771	-3,253	-	-
Currency translation reserve - Exchange differences arising on consolidation	-699,299	62,094	-	-
Currency translation reserve - Net investment hedge	-291,829	-594,947	-	-
Currency translation reserve - Net investment hedge - Cost of hedging	-62,367	-21,194	-	-
Treasury stock reserve (EDP, S.A.)	54,025	55,124	54,025	55,124
Other reserves and retained earnings	3,926,711	3,951,351	1,927,982	1,896,365
	3,673,785	4,247,195	2,786,784	2,619,244

Legal reserve

In accordance with article no. 295 of "Código das Sociedades Comerciais" (Portuguese Commercial Companies Code) and EDP, S.A.'s articles of association, the legal reserve must be increased by a minimum of 5% of the annual profit until it reaches 20% of the company's share capital. This reserve can only be used to cover losses or to increase share capital.

Fair value reserve (cash flow hedge)

This reserve includes the effective portion of the cumulative net change in the fair value of the cash flow hedging financial derivative instruments.

Fair value reserve (financial assets at fair value through other comprehensive income)

The changes in this consolidated caption for the period are as follows:

Thousand Euros	Group FV reserve
Balance as at 31 December 2019	18,455
Positive changes in fair value	11,954
Negative changes in fair value	-4,184
Disposal of Zephyr Fund (see note 22)	-11,566
Balance as at 31 December 2020	14,659

Changes in fair value reserve attributable to the EDP Group during the period ended 31 December 2020 are as follows:

Thousand Euros	Increases	Decreases
Defined Crowd Corporation (see note 22)	6,339	-
Mercer and Dunas Funds (carteira da Energia RE) (see note 22)	3,501	-
Zephyr Fund (Energia RE portfolio) (see note 22)	213	-1,238
SU Eletricidade, S.A. tariff deficit (see note 22)	1,843	-438
Other (see note 26)	58	-2,508
	11,954	-4,184

Currency translation reserve - Exchange differences arising on consolidation

Exchange differences arising on consolidation corresponds to the amounts resulting from changes in the value of net assets of subsidiaries, joint ventures and associated companies resulting from changes in exchange rates. The exchange rates used in the preparation of the financial statements are as follows:

		Exchange rates at Dec 2020		Exchange rates at Dec 2019	
Currency		Close	Average	Close	Average
US Dollar	USD	1.227	1.142	1.123	1.120
Brazilian Real	BRL	6.374	5.889	4.516	4.414
Macao Pataca	MOP	9.800	9.124	9.010	9.035
Canadian Dollar	CAD	1.563	1.530	1.460	1.486
Polish Zloty	PLN	4.615	4.444	4.257	4.298
Romanian Leu	RON	4.869	4.837	4.783	4.745
Pound Sterling	GBP	0.899	0.890	0.851	0.878
South African Rand	ZAR	18.022	18.754	15.777	16.177
Mexican Peso	MXN	24.359	24.514	21.220	21.560
Colombian peso	COP	4,191.065	4,214.657	3,685.713	3,673.675
Chinese Yuan	CNY	8.023	7.874	7.821	7.736
Corean Won	WON	1,336.000	1,345.385	1,296.280	1,305.210
Japanese Yen	JPY	126.490	121.846	121.940	122.021

The movement for the period in Exchange differences arising on consolidation is mainly due to the effect of the depreciation of the Brasilian Real against the Euro.

Currency translation reserve - Net investment hedge and Cost of hedging

The changes in these captions, net of income tax, for the period are as follows:

Thousand Euros	Net investment hedge	Cost of hedging
Balance as at 31 December 2019	-594,947	-21,194
Changes in fair value	303,118	-41,173
Balance as at 31 December 2020	-291,829	-62,367

The caption Net investment hedge corresponds to the amounts resulting from the application of hedge accounting to investments in subsidiaries in foreign currencies, mainly in the subsidiary EDPR North America, through financial derivative instruments (see note 42) and debt in foreign currency. The caption Cost of hedging corresponds to the amounts determined in accordance with accounting policies.

Treasury stock reserve (EDP, S.A.)

In accordance with the article 324º of "Código das Sociedades Comerciais" (Portuguese Commercial Companies Code), EDP, S.A. has created an unavailable reserve with an amount equal to the book value amount of treasury stock held in the company statements.

Dividends

On 16 April 2020, the Shareholders General Meeting of EDP, S.A. approved the dividends distribution to shareholders of the net profit for the year 2019 in the amount of 690,739 thousand Euros, corresponding to a dividend of 0.19 Euros per share (including the treasury stock dividend owned by Energia RE in the amount of 287 thousand Euros). This distribution occurred on 14 May 2020.

33. Non-Controlling Interests

This caption is as follows:

Thousand Euros	Group	
	Dec 2020	Dec 2019
Non-controlling interests in income statement	360,501	387,576
Non-controlling interests in equity and reserves	3,135,253	3,386,250
	3,495,754	3,773,826

The movement by subgroup of the non-controlling interests item is analysed as follows:

Thousand Euros	EDP Renováveis Group	EDP Brasil Group	Other	Total
Balance as at 31 December 2019	2,547,411	1,266,635	-40,220	3,773,826
Results	219,645	148,996	-8,140	360,501
Dividends	-50,496	-81,940	-	-132,436
Currency Exchange differences	-138,511	-334,296	-	-472,807
Captial Increses/Decreases	-66,089	-	-1,298	-67,387
Perimeter variations and Others	6,501	-56,228	83,784	34,057
Balance as at 31 December 2020	2,518,461	943,167	34,126	3,495,754

The caption Perimeter variations and Others includes 83,373 thousand Euros of Non-controlling interests related to the acquisition of Viesgo (see note 49).

The summarised financial information for subsidiaries with material non-controlling interests, namely EDP Brasil and EDP Renováveis, as at 31 December 2020, are disclosed in the Annex I.

34. Financial Debt

This caption is as follows:

	Group		Company	
Thousand Euros	Dec 2020	Dec 2019	Dec 2020	Dec 2019
Debt and borrowings - Non-current				
Bank loans:				
- EDP Finance B.V. **	-8,935	439,261	-	-
- EDP Brasil Group	200,782	285,520	-	-
- EDP España Group	15,067	-	-	-
- EDP Renováveis Group	572,457	688,708	-	-
	779,371	1,413,489	-	-
Non-convertible bond loans:				
- EDP S.A.	742,779	-	6,192,779	7,400,000
- EDP Finance B.V.	8,475,687	9,190,998	-	-
- EDP Brasil Group	613,880	1,060,453	-	-
- EDP España Group	1,052,210	-	-	-
	10,884,556	10,251,451	6,192,779	7,400,000
Hybrid bonds:				
- EDP S.A.	1,737,918	994,071	1,737,918	994,071
	1,737,918	994,071	1,737,918	994,071
Commercial paper:				
- EDP S.A.	203,732	100,000	203,732	100,000
- EDP Finance B.V.	183,359	222,539	-	-
- EDP Brasil Group	62,760	66,435	-	-
	449,851	388,974	203,732	100,000
Other loans	26,741	13,557	-	-
	13,878,437	13,061,542	8,134,429	8,494,071
Accrued interest	13,026	8,528	-	-
Other liabilities:				
- Fair value of the issued debt hedged risk	132,477	54,545	-	-
Total Debt and Borrowings	14,023,940	13,124,615	8,134,429	8,494,071
Collateral Deposits - Non-current *	-22,848	-21,690	-	-
	14,001,092	13,102,925	8,134,429	8,494,071

* Deposits constituted as collateral for financial guarantee.
** Deferred discount of origination fees on celebrated RCF, which are currently not used.

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Thousand Euros	Group		Company	
	Dec 2020	Dec 2019	Dec 2020	Dec 2019 **
Debt and borrowings - Current				
Bank loans:				
- EDP Brasil Group	188,032	125,956	-	-
- EDP Renováveis Group	77,173	79,825	-	-
- Other	3,305	17	-	-
	268,510	205,798	-	-
Non-convertible bond loans:				
- EDP S.A.	-	-	1,500,000	850,000
- EDP Finance B.V.	1,164,278	1,213,181	-	-
- EDP Brasil Group	181,219	282,301	-	-
	1,345,497	1,495,482	1,500,000	850,000
Hybrid bonds:				
- EDP, S.A.	-	739,258	-	739,258
	-	739,258	-	739,258
Commercial paper:				
- EDP S.A	-	100,000	586,000	2,582,000
- EDP Finance B.V.	155,000	618,750	-	-
- EDP Brasil Group	123,951	-	-	-
- EDP España Group	100,000	-	-	-
	378,951	718,750	586,000	2,582,000
Other loans				
Group Financial System (see note 44)	-	-	1,188,704	711,836
- Other	1,797	1,198	-	-
	1,797	1,198	1,188,704	711,836
Accrued interest	243,214	279,568	74,439	96,964
Other liabilities:				
- Fair value of the issued debt hedged risk	24,854	6,800	-	-
Total Debt and Borrowings	2,262,823	3,446,854	3,349,143	4,980,058
Collateral Deposits - Current *	-9,221	-39,786	-	-
	2,253,602	3,407,068	3,349,143	4,980,058

* Deposits constituted as collateral for financial guarantee.
** Includes the reclassification arising from the change in accounting policy as described in note 2a).

Non-current Commercial Paper refers to a Commercial Paper program with firm underwriting commitment for a period of over one year, in the amount of 475,000 thousand American Dollars and 400,000 thousand Brazilian Real.

Main events of the period:

On 21 January 2020, EDP concluded a "Tender Offer" over the issue “€750,000,000 Fixed to Reset Rate Subordinated Notes due 2075”. As a result of the offer, EDP S.A. acquired 681 million Euros of that issuance, and on March 2020 proceeded with the early redemption for the remaining nominal amount of that issuance, which totalled 69 million Euros (see note 13).

On 15 April 2020, under its "Debt Issuance Program (EMTN)", EDP issued a green bond of 750 million Euros maturing in April 2027.

On 17 September 2020, under its "Debt Issuance Program (EMTN)", EDP issued a green bond of 850 million American Dollars maturing in January 2028.

In November 2020, EDP S.A. acquired 53,357 thousand Euros of private bond placement, issued by EDP Finance BV in 2002 and due on 23 December 2022 (see notes 13 and 27).

On December 2020, EDP Iberia S.L. acquired Viesgo Group for electricity distribution network business in Spain (see notes 6 and 49). This fact explains the variation above on EDP España Group.

The nominal value of outstanding Bond loans placed with external counterparties issued during 2020, as at 31 December 2020, is as follows:

Issuer	Issue date	Interest rate	Type of hedge	Conditions / Redemption	Nominal Value in Million Currency	Thousand Euros Group	Thousand Euros Company
Hybrids by EDP S.A.							
EDP S.A. (iv)	Jan/19	Fixed rate EUR 4.496% (v)	n.a.	Apr/79	1,000 EUR	1,000,000	1,000,000
EDP S.A. (vi)	Jan/20	Fixed rate EUR 1.7% (vii)	n.a.	Jul/80	750 EUR	750,000	750,000
						1,750,000	1,750,000
Issued under the Euro Medium Term Notes program (EMTN)							
EDP Finance B.V. (ii)	Dec/02	Taxa fixa EUR (iii)	n.a.	Dec/22	40 EUR	40,000	-
EDP Finance B.V. (i)	Nov/08	Fixed rate GBP 8.625%	Fair Value	Jan/24	325 GBP	410,314	-
EDP Finance B.V.	Nov/08	Zero coupon EUR (iii)	n.a.	Nov/23	160 EUR	160,000	-
EDP Finance B.V. (ii)	Nov/13	Fixed rate EUR 4.125%	n.a.	Jan/21	553 EUR	553,217	-
EDP Finance B.V.	Jan/14	Fixed rate USD 5.25%	Net Investment	Jan/21	750 USD	611,197	-
EDP Finance B.V. (i)	Sep/14	Fixed rate EUR 2.625%	Fair Value	Jan/22	1000 EUR	1,000,000	-
EDP Finance B.V. (i)	Apr/15	Fixed rate EUR 2%	Fair Value	Apr/25	750 EUR	750,000	-
EDP Finance B.V.	Mar/16	Fixed rate EUR 2.375%	n.a.	Mar/23	600 EUR	600,000	-
EDP Finance B.V. (i)	Aug/16	Fixed rate EUR 1.125%	Net Investment	Feb/24	1000 EUR	1,000,000	-
EDP Finance B.V.	Jan/17	Fixed rate EUR 1.875%	n.a.	Sep/23	600 EUR	600,000	-
EDP Finance B.V.	Jun/17	Fixed rate USD 3.625%	Net Investment	Jul/24	1000 USD	814,930	-
EDP Finance B.V.	Nov/17	Fixed rate EUR 1.5%	n.a.	Nov/27	500 EUR	500,000	-
EDP Finance B.V.	Jun/18	Fixed rate EUR 1.625%	n.a.	Jan/26	750 EUR	750,000	-
EDP Finance B.V.	Oct/18	Fixed rate EUR 1.875%	n.a.	Oct/25	600 EUR	600,000	-
EDP Finance B.V.	Sep/19	Fixed rate EUR 0.375%	n.a.	Sep/26	600 EUR	600,000	-
EDP S.A.	Apr/20	Fixed rate EUR 1.625%	n.a.	Apr/27	750 EUR	750,000	750,000
EDP Finance B.V.	Sep/20	Fixed rate USD 1.71%	Net Investment	Jan/28	850 USD	692,690	-
						10,432,347	750,000
Issued by the EDP Energias do Brasil Group in the Brazilian domestic market							
Energias do Brasil	Sep/15	IPCA + 8.8201%	n.a.	Sep/21	75 BRL	11,821	-
Energias do Brasil	Sep/15	IPCA + 8.7608%	n.a.	Sep/24	60 BRL	9,471	-
Energias do Brasil	Apr/16	IPCA + 8.3479%	n.a.	Apr/22	298 BRL	46,733	-
Pecém	Dec/16	CDI + 2.95%	n.a.	Nov/21	165 BRL	25,888	-
EDP São Paulo	Apr/17	108.75 % CDI	n.a.	Apr/22	90 BRL	14,121	-
EDP Espírito Santo	Apr/17	108.75 % CDI	n.a.	Apr/22	114 BRL	17,887	-
Enerpeixe	Nov/17	116% CDI	n.a.	Dec/22	213 BRL	33,479	-
Lajeado Energia	Dec/17	113.70% CDI	n.a.	Dec/22	200 BRL	31,380	-
EDP Espírito Santo	Dec/17	107.5 % CDI	n.a.	Jan/21	55 BRL	8,629	-
EDP São Paulo	Dec/17	107.5% CDI	n.a.	Jan/21	50 BRL	7,845	-
EDP Espírito Santo	Jan/18	107.5 % CDI	n.a.	Jan/21	55 BRL	8,629	-
EDP São Paulo	Jan/18	107.5% CDI	n.a.	Jan/21	50 BRL	7,845	-
EDP Transmissão	May/18	IPCA + 7.0267%	n.a.	May/33	127 BRL	19,991	-
EDP Espírito Santo	Aug/18	IPCA + 5.91%	n.a.	Jul/25	206 BRL	32,376	-
EDP São Paulo	Aug/18	IPCA + 5.91%	n.a.	Aug/25	272 BRL	42,707	-
EDP Transmissão	Oct/18	IPCA + 6.72%	n.a.	Oct/28	1297 BRL	203,460	-
Lajeado Energia	Nov/18	109.25% CDI	n.a.	Oct/22	100 BRL	15,690	-
Enerpeixe	Dec/18	112.48% CDI	n.a.	Nov/23	255 BRL	40,009	-
EDP Espírito Santo	Apr/19	106.9% CDI	n.a.	Mar/24	300 BRL	47,070	-
EDP São Paulo	Apr/19	107.5% CDI	n.a.	Mar/24	200 BRL	31,380	-
EDP Transmissão	Aug/19	IPCA + 4.45%	n.a.	Jul/39	840 BRL	131,859	-
EDP Espírito Santo	Apr/20	CDI + 2.5%	n.a.	Apr/21	150 BRL	23,535	-
						811,806	-
						12,994,154	2,500,000

(i) These issues by EDP Finance B.V. are associated with interest rate swaps and/or currency swaps;
(ii) Consolidated nominal value after the repurchase of securities by EDP - Energias de Portugal, S.A.;
(iii) These issues correspond to private placements;
(iv) There is a call option exercisable at par by EDP at January 2024 and subsequently, on each interest payment date;
(v) Fixed rate in the first 5.25 years, subsequently updated every 5 years;
(vi) There is a call option exercisable at par by EDP at April 2025 and July 2025 and subsequently, on each interest payment date;
(vii) Fixed rate in the first 5.5 years, subsequently updated every 5 years.

Some of the loans contracted by the EDP Group, mainly debt issued under the EMTN, include some usual clauses in this type of operations, namely, "change-of-control", "negative pledge", "pari-passu" and "cross-default" clauses, each one only applicable under a restricted set of circumstances.

The Group has project finance loans with the usual guarantees for such loans, namely pledges or promissory pledges over shares, bank accounts and assets relating to the projects. As at 31 December 2020, these loans amounted to 643,984 thousand Euros (31 December 2019: 771,854 thousand Euros). At 31 December 2020, the Group confirms the fulfillment of all the covenants of the Project Finance Portfolio under the Facilities Agreements. Additionally, there are 18,034 thousand Euros of other loans that are guaranteed by EDPR.

EDP Group has several credit facilities it uses for liquidity management. EDP Group has short-term credit facilities of 256 million Euros, indexed to Euribor for the agreed period of use with spread conditions agreed in advance, all with a firm underwriting commitment, which as at 31 December 2020 were totally available. EDP Group also has a Commercial Paper program of 50 million Euros with guaranteed placement, which as at 31 December 2020 was totally available. Regarding medium-term credit facilities with a firm underwriting commitment, EDP Group has three Revolving Credit Facilities, namely (i) 75 million Euros, maturing in 2021; (ii) 3,300 million Euros, of which 3,295 million Euros mature in 2024 while the remaining amount matures in 2023; and (iii) 2,240 million Euros, of which 2,095 million Euros mature in 2025 while the remaining amount matures in 2023, all of them totally available as at 31 December 2020.

As at 31 December 2020, future debt and interest payments and origination fees, by type of loan and currency, are as follows:

Thousand Euros	Dec 2021	Dec 2022	Dec 2023	Dec 2024	Dec 2025	Following years	Total
Bank loans:							
Euro	49,272	46,444	37,605	30,677	16,208	56,194	236,400
Brazilian Real	159,025	54,700	48,859	38,730	31,174	165,805	498,293
US Dollar	59,593	11,304	11,546	12,135	13,109	148,042	255,729
Other	22,796	12,964	16,389	19,905	9,858	18,064	99,976
	290,686	125,412	114,399	101,447	70,349	388,105	1,090,398
Bond loans:							
Euro	714,271	1,095,210	1,843,550	1,421,152	1,379,512	3,227,930	9,681,625
Brazilian Real	196,059	79,483	80,744	122,108	122,380	234,352	835,126
US Dollar	642,896	-	-	814,930	-	692,690	2,150,516
	1,553,226	1,174,693	1,924,294	2,358,190	1,501,892	4,154,972	12,667,267
Hybrid Bonds:							
Euro	36,066	-	-	-	-	1,750,000	1,786,066
	36,066	-	-	-	-	1,750,000	1,786,066
Commercial paper:							
Euro	255,000	-	-	-	-	-	255,000
Brazilian Real	123,951	15,690	-	47,070	-	-	186,711
US Dollar	2,517	-	91,680	-	295,412	-	389,609
	381,468	15,690	91,680	47,070	295,412	-	831,320
Other loans:							
Euro	2,210	994	1,202	1,011	1,031	13,125	19,573
Brazilian Real	782	-	-	-	-	9,378	10,160
	2,992	994	1,202	1,011	1,031	22,503	29,733
Origination Fees:	-1,615	-6,788	-38,785	-8,922	-6,620	-55,291	-118,021
	2,262,823	1,310,001	2,092,790	2,498,796	1,862,064	6,260,289	16,286,763

As at 31 December 2019, future debt and interest payments and origination fees, by type of loan and currency, are as follows:

Thousand Euros	Dec 2020	Dec 2021	Dec 2022	Dec 2023	Dec 2024	Following years	Total
Bank loans:							
Euro	40,840	43,687	43,997	492,832	39,302	117,166	777,824
Brazilian Real	149,710	86,692	65,750	61,580	47,558	140,975	552,265
US Dollar	12,472	12,605	12,348	12,612	12,720	150,836	213,593
Other	13,859	10,033	14,049	17,763	21,572	32,778	110,054
	216,881	153,017	136,144	584,787	121,152	441,755	1,653,736
Bond loans:							
Euro	842,859	553,217	1,203,888	1,375,147	1,414,671	3,227,070	8,616,852
Brazilian Real	304,290	224,285	111,472	112,022	170,217	475,439	1,397,725
US Dollar	559,901	667,616	-	-	890,155	-	2,117,672
	1,707,050	1,445,118	1,315,360	1,487,169	2,475,043	3,702,509	12,132,249
Hybrid Bond:							
Euro	812,271	-	-	-	-	1,000,000	1,812,271
	812,271	-	-	-	-	1,000,000	1,812,271
Commercial paper:							
Euro	719,089	100,000	-	-	-	-	819,089
Brazilian Real	-	-	-	-	66,435	-	66,435
US Dollar	2,690	-	-	-	222,539	-	225,229
	721,779	100,000	-	-	288,974	-	1,110,753
Other loans:							
Euro	1,333	104	34	211	-	-	1,682
Brazilian Real	1,050	393	-	-	-	12,818	14,261
	2,383	497	34	211	-	12,818	15,943
Origination Fees:	-13,510	-3,221	-9,908	-50,555	-12,068	-64,221	-153,483
	3,446,854	1,695,411	1,441,630	2,021,612	2,873,101	5,092,861	16,571,469

In accordance with the Group's accounting policies, the financial liabilities whose risks are being hedged by derivative financial instruments and that comply with hedge accounting requirements of IFRS 9, are accounted at fair value. The financial liabilities are booked at amortised cost.

35. Employee Benefits

Employee benefits are as follows:

	Non-Current		Current	
Thousand Euros	Dec 2020	Dec 2019	Dec 2020	Dec 2019
Provisions for pension liabilities	507,883	499,948	121,725	130,842
Provisions for medical liabilities and other benefits	630,354	628,207	82,342	52,672
	1,138,237	1,128,155	204,067	183,514

The movement in Provisions for employee benefits liabilities for EDP Group is as follows:

	Pensions		Medical and Other	
Thousand Euros	Dec 2020	Dec 2019	Dec 2020	Dec 2019
Balance at the beginning of the period	630,790	759,376	680,879	647,926
Charge for the period	7,399	16,739	28,215	30,365
Past service cost (Curtailment/Plan amendments)	36,848	8,958	1,068	-30,820
Actuarial (gains)/losses	97,403	86,498	-22,668	114,391
Charge-off	-129,588	-137,461	-26,504	-35,104
Fund contributions (see note 44)	-	-	-23,040	-141,660
Surplus/(Deficit) pension funding (see note 27)	-25,896	-4,334	-	-
Transfers, reclassifications and exchange differences	-11,293	-98,986	-45,718	95,781
Perimeter variations	23,945	-	120,464	-
Balance at the end of the period	629,608	630,790	712,696	680,879

A more detailed analysis has been carried out by the EDP Group in 2019, which has resulted in the transfer of the amount of liabilities with employee benefits in Spain from Provisions for pension liabilities to Provisions for medical liabilities and other benefits. Perimeter variations result from the acquisition of Viesgo Group by EDP Iberia S.L., in December 2020 (see notes 6 and 49).

The breakdown of actuarial gains and losses is as follows:

	Pensions		Medical and Other	
Thousand Euros	Dec 2020	Dec 2019	Dec 2020	Dec 2019
Actuarial gains and losses arising from:				
- changes in financial assumptions	3,369	136,357	-9,838	137,855
- experience adjustments	95,671	51,967	-8,107	-1,277
Actuarial gains and losses arising from return on plan assets	6,892	-101,950	-4,723	-22,187
Actuarial gains and losses of asset ceiling	-8,529	124	-	-
	97,403	86,498	-22,668	114,391

The components of the consolidated net cost of the pension plans recognised during the period are as follows:

	Dec 2020			
Thousand Euros	Portugal	Spain	Brazil	Group
Current service cost (see note 10)	6,304	-	-1,102	5,202
Past service cost (Curtailment/Plan amendments) (see note 10)	36,848	-	-	36,848
Operational component	43,152	-	-1,102	42,050
Net interest on the net pensions plan liability (see note 13)	206	-	1,991	2,197
Financial component	206	-	1,991	2,197
	43,358	-	889	44,247

	Dec 2019			
Thousand Euros	Portugal	Spain	Brazil	Group
Current service cost (see note 10)	6,564	-	-405	6,159
Past service cost (Curtailment/Plan amendments) (see note 10)	8,958	-	-	8,958
Operational component	15,522	-	-405	15,117
Net interest on the net pensions plan liability (see note 13)	9,238	-	1,342	10,580
Financial component	9,238	-	1,342	10,580
	24,760	-	937	25,697

The components of the consolidated net cost of the medical and other benefits plans recognised during the period are as follows:

	Dec 2020			
Thousand Euros	Portugal	Spain	Brazil	Group
Current service cost (see note 10)	4,832	9,324	687	14,843
Past service cost (Curtailment/Plan amendments) (see note 10)	1,068	-	-	1,068
Operational component	5,900	9,324	687	15,911
Net interest on the net medical liabilities and other benefits (see note 13)	2,640	1,038	9,694	13,372
Financial component	2,640	1,038	9,694	13,372
	8,540	10,362	10,381	29,283

	Dec 2019			
Thousand Euros	Portugal	Spain	Brazil	Group
Current service cost (see note 10)	5,163	2,426	704	8,293
Past service cost (Curtailment/Plan amendments) (see note 10)	260	-	-31,080	-30,820
Operational component	5,423	2,426	-30,376	-22,527
Net interest on the net medical liabilities and other benefits (see note 13)	6,902	1,398	13,772	22,072
Financial component	6,902	1,398	13,772	22,072
	12,325	3,824	-16,604	-455

In accordance with accounting policies - note 2 m), the EDP Group opted, upon transition to IFRS, to charge to reserves, the total amount of the deferred actuarial losses existing at that date, for the several employee benefits plans. The impact in reserves at 31 December 2004 amounted to 1,162,000 thousand Euros. In the following periods, actuarial gains and losses were recognised directly in reserves. As at 31 December 2020 losses of 74,735 thousand Euros (31 December 2019: losses of 200,889 thousand Euros).

During 2020, under the employees' reduction program in Portugal and the closure of Sines power plant, EDP Group entered into early retirement and anticipation of retirement agreements, and as a result an increase in liabilities with employee benefits has been recognised in the income statement in the amount of 37,916 thousand Euros (see note 10).

The weighted average duration of the defined benefit liabilities in Portugal is 10 years.

Assumptions used to determine EDP Group liabilities related to employee benefits

The following financial and actuarial assumptions used in the calculation of the liability for employees defined benefit plans, were updated considering the evolutions occurred in the financial markets during 2020 and 2019, respectively:

	Dec 2020			Dec 2019		
	Portugal	Spain	Brazil	Portugal	Spain	Brazil
Assumptions						
Discount rate	0.70% - 0.80%	0.90%	6.78% - 7.67%	0.95%	1.00%	7.56%
Salary increase rate	1.75%	not applicable	4.18%	1.75%	not applicable	4.90%
Pension increase rate	1.50%	not applicable	3.31%	1.50%	not applicable	4.03%
Social Security salary appreciation	1.50%	not applicable	not applicable	1.50%	not applicable	4.03%
Inflation rate	1.50%	1.50%	3.31%	1.50%	3.00%	4.03%
Annual increase rate of medical service costs	1.50%	not applicable	9.51% (b)	1.50%	not applicable	10.27% (d)
Estimated administrative expenses per beneficiary per year (Euros)	289 €/year (c)	2.00%	not applicable	297 €/year (e)	not applicable	not applicable
Mortality table	Nasc.< 1950 - - TV99/01 (+1) // Nasc.>= 1950 -- TV99/01	PERM/F-2000P	AT-2000 / RP-2000 Geracional	Nasc.< 1950 -- TV99/01 (+1) // Nasc.>= 1950 -- TV99/01	PERM/F-2000P	AT-2000 / RP-2000 Geracional
Disability table	50%EKV 80	not applicable	Muller / TASA 1927	50%EKV 80	not applicable	Muller / TASA 1927
Expected % of eligible employees accepting early retirement	(a)	not applicable	not applicable	(a)	not applicable	not applicable

(a) 45% of the eligible population (employees entitled to early retirement, as stated in the Collective Labour Agreement: 37 years of service with at least 61 years of age or 40 years of service at any age).
(b) 9.51% in the first year, decreasing to 5.38% in 2029.
(c) Decrease of 2.4% for 2022, decrease of 0.4% for 2023 and an increase after that date.
(d) 10.27% in the first year, decreasing to 6.11% in 2028.
(e) Decrease of 2.7% for 2021, decrease of 2.4% for 2022, decrease of 0.4% for 2023 and an increase after that date.

The discount rates used for the EDP Group pension plan were selected based on an analysis of the rates of return available on the date for the high quality corporate bonds. Bonds with maturities and ratings considered appropriate were selected considering the amount and the periods that the benefits are expected to be paid.

As at 31 December 2020 the amount of future benefits expected to be paid, related to the activity in Portugal, Spain and Brazil, is as follows:

Thousand Euros	Pensions				Medical and Other Benefits			
Years	Portugal	Spain	Brazil	Total	Portugal	Spain	Brazil	Total
2021	185,140	132	13,362	198,634	37,336	37,724	5,822	80,882
2022	160,536	36	13,576	174,148	35,456	32,144	6,129	73,729
2023	136,902	30	13,959	150,891	35,253	11,215	6,423	52,891
2024	114,055	27	14,345	128,427	35,245	10,939	6,739	52,923
2025 and following	399,504	14	94,383	493,901	206,778	168,059	47,104	421,941

In 2020, the pensions paid by the funds in Portugal amounted 81,001 thousand Euros (31 December 2019: 79,938 thousand Euros) and in Brazil amounted to 13,195 thousand Euros (31 December 2019: 16,368 thousand Euros). The contributions made to the Pension funds in Brazil amounted to 697 thousand Euros (31 December 2019: 1,447 thousand Euros), which were fully paid in cash.

Following the decision and implementation of the autonomisation of the Medical Plan and Death Subsidy Plan in Portugal, EDP Group has made contributions of 23,040 thousand Euros in 2020 (31 December 2019: 141,660 thousand Euros). In the following years, until the end of 2027, the Group estimates to make additional contributions in the approximate total amount of 150 million Euros, of which approximate 23 million Euros in 2021, in line with the financing plan approved by Insurance and Pension Funds Supervisory Authority (ASF) (see note 44).

The Pension Plans in Portugal, Spain and Brazil are subject to several risks, in which are included the risk of changes in market rates (which impacts the discount rate and the fixed rate of return rate on assets), the risk of changes on the expected lifetime of plan participants, the risk of changes on the pension increase rate and the risk of changes on the social security pension increase, to which are made the following sensitivity analysis for the liabilities at the end of the period:

	Portugal		Spain		Brazil	
Thousand Euros	Increase	Decrease	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	-46,891	50,604	-8,701	9,826	-13,759	15,052
Mortality (increase of 1 year in expected lifetime of plan participants)	45,311		-		2,898	

The solvency level of the fund for the financing of pension plan liabilities in Portugal may vary not only from the risks described above, but also from the performance of the different classes of assets that comprise it. Considering the nature of the defined benefit of the plan and despite the fund's low risk profile (mostly composed of fixed income assets), the joint materialization of adverse risks (including those above referred) may lead to the need for additional contributions to the fund.

The medical care and other benefits Plans in Portugal, Spain and Brazil are subject to several risks, in which are included the risk of changes in market rates (which impacts the discount rate and the fixed rate of return rate on assets), the risk of changes in the health care costs and the risk of changes on the expected lifetime of plan participants, to which are made the following sensitivity analysis for the liabilities at the end of the period:

	Portugal		Spain		Brazil	
Thousand Euros	Increase	Decrease	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	-55,047	61,568	-15,641	17,578	-11,548	3,906
Health care cost trend (0.5% movement)	13,533	-12,433	-	-	-	-
Mortality (increase of 1 year in expected lifetime of plan participants)	19,519		-		9,811	

The level of solvency of the fund for the financing of post-employment medical care liabilities in Portugal may vary not only from the risks described above, but also from the performance of the different classes of assets that comprise it. Considering the nature of the defined benefit of the plan and despite the fund's low risk profile (mostly composed of fixed income assets), the joint materialization of adverse risks (including those above referred) may lead to changes in the financing plan approved by ASF.

Composition of the assets portfolio funds

The assets of the pension funds, medical care and death subsidy in Portugal are as follows:

	Fund assets by nature					
Thousand Euros	Liquidity	Bonds	Shares	Property	Other	Total
31 December 2020	-14,639	519,874	454,436	197,314	94,216	1,251,201
31 December 2019	-3,357	538,441	466,278	198,285	91,268	1,290,915

	Fund assets by nature					
%	Liquidity	Bonds	Shares	Property	Other	Total
31 December 2020	-1.17%	41.55%	36.32%	15.77%	7.53%	100.00%
31 December 2019	-0.26%	41.71%	36.12%	15.36%	7.07%	100.00%

The portfolio of shares and bonds have a quoted market price in an active market.

Properties included in the fund, that are being used by the Group amount to 183,242 thousand Euros as at 31 December 2020 (31 December 2019: 183,708 thousand Euros). Bonds includes 5,138 thousand Euros (31 December 2019: 3,018 thousand Euros) relating to bonds issued by EDP Finance B.V. and EDP, S.A.

The real return rate on assets of the pension Fund in 2020 was positive in 2.12% (2019: positive in 9.71%).

The assets of the pension fund in Brazil are as follows:

	Fund assets by nature					
Thousand Euros	Liquidity	Bonds	Shares	Property	Other	Total
31 December 2020	-	197,959	2,505	1,624	-	202,088
31 December 2019	-	315,397	12,879	2,420	-	330,696

	Fund assets by nature					
%	Liquidity	Bonds	Shares	Property	Other	Total
31 December 2020	-	97.96%	1.24%	0.80%	-	100.00%
31 December 2019	-	95.37%	3.90%	0.73%	-	100.00%

The portfolio of shares and bonds have a quoted market price in an active market.

Employee benefit plans

Some EDP Group companies grant post-retirement benefits to employees, under defined benefit and defined contribution plans, namely pension plans that pay retirement complements of age, disability and surviving pensions, as well as early retirement pensions. In some cases healthcare is provided during retirement and early retirement, through mechanisms complementary to those provided by the National Health Service.

The following is a summary of the nature of the plans and the companies covered, as well as financial and economic data of the plans:

I. Defined benefit pension plans

The EDP Group companies in Portugal resulting from the EDP spin-off in 1994 have a social benefits plan funded by a closed Pension Fund, complemented by a specific provision. The EDP Pension Fund is managed by an external entity as well as the management of its assets is subcontracted to external asset management entities.

This Pension Fund covers the liability for retirement pension complementary benefits for age. The responsibilities for early retirement are not covered by the fund's assets, being adequately provisioned through a specific provision.

In Spain, the companies Viesgo Holdco S.A. and Viesgo Distribución, acquired by EDP Group in December 2020, have defined benefit plans partially outsourced throught insurance policies, and complemented by a specific provision, which covers the liabilities for retirement, widowhood, death and disability.

EDP São Paulo in Brazil has two defined benefit plans managed by a closed complementary welfare entity, sponsored by companies of EDP Brasil Group, in order to manage a set of benefit plans for employees and ex-employees of the company:

- Bandeirante (BD) plan in force up to 31 March 1998, a Balanced Benefit Plan that grants Balanced Proportional Supplementary Benefits (BSPS) in the form of an annuity payable to participants enrolled until 31 March 1998, of an amount defined in proportion to accumulated past service up to that date, based on compliance with the regulatory granting requirements. The company is fully liable to fund this plan;

- BD plan in force after 31 March 1998, grants an annuity in proportion to the accumulated past services after 31 March 1998, on the basis of 70% of the average actual monthly wage for the last 36 months in service. In the event of death or disability caused by a labour accident, the benefits incorporate all the past service (including that accumulated up to 31 March 1998), and not only past service accumulated after 31 March 1998. The Company and the participants are equally responsible for funding the Plan.

EDP Espírito Santo, EDP São Paulo and Energest have Defined Benefit Plans that grant complementary pensions for retirement and early retirement.

In the pension plans in Portugal, and according with the Pension Funds regulation, the surplus amount of the assets fund, under certain conditions, can be reimbursed to the company.

In the pension plans in Brazil, the surplus amount of the assets fund generally can not be reimbursed to the company, since there are very strict rules on the amount that can be recovered, therefore the asset amount to be recognised is greatly reduced.

The number of participants covered by the pension plans and similar obligations is as follows:

	2020			2019		
	Portugal	Spain	Brazil	Portugal	Spain	Brazil
Retirees and pensioners	17,949	822	1,483	18,003	-	1,632
Active workers	2,575	159	592	3,044	-	720
	20,524	981	2,075	21,047	-	2,352

The liability for retirement pensions and related coverage for the Group is as follows:

	Dec 2020			
Thousand Euros	Portugal	Spain	Brazil	Group
Liability at the end of the period	1,353,388	23,945	210,725	1,588,058
Plan assets at the end of the period	-814,128	-	-202,088	-1,016,216
Surplus/(Deficit) pension funding (see note 27)	29,610	-	-	29,610
Asset ceiling	-	-	28,156	28,156
Provision at the end of the period	568,870	23,945	36,793	629,608

	Dec 2019			
Thousand Euros	Portugal	Spain	Brazil	Group
Liability at the end of the period	1,404,188	-	315,247	1,719,435
Plan assets at the end of the period	-864,350	-	-330,696	-1,195,046
Surplus/(Deficit) pension funding (see note 27)	55,506	-	-	55,506
Asset ceiling	-	-	50,895	50,895
Provision at the end of the period	595,344	-	35,446	630,790

The evolution of the present value of the plan liability and fair value of the plan assets of the related Funds is as follows:

Thousand Euros	2020	2019	2018	2017	2016
Liability at the end of the period	1,588,058	1,719,435	1,784,521	1,882,891	1,948,791
Plan assets at the end of the period	-1,016,216	-1,195,046	-1,136,581	-1,236,791	-1,248,017
Surplus / (Deficit) pension funding	29,610	55,506	59,840	58,952	57,585
Asset ceiling	28,156	50,895	51,596	58,197	56,905
Provision at the end of the period	629,608	630,790	759,376	763,249	815,264

The experience adjustments (effects of the differences between the previous actuarial assumptions and what has really occurred) for the Pension Funds in Portugal and Brazil are as follows:

Thousand Euros	2020	2019	2018	2017	2016
Portugal					
Experience adjustments for the Plan liabilities	61,193	-46,993	-91,575	-55,281	-51,686
Experience adjustments for the Plan assets	-6,662	60,914	-37,567	64,044	-2,061
Brazil					
Experience adjustments for the Plan liabilities	34,478	-4,974	-6,090	15,354	-8,941
Experience adjustments for the Plan assets	13,554	41,036	8,182	6,278	30,772

The past service liability of the pension plans for the Group is as follows:

	Dec 2020			
Thousand Euros	Portugal	Spain	Brazil	Group
Liability at the beginning of the period	1,404,188	-	315,247	1,719,435
Current service cost	6,304	-	-1,102	5,202
Net interest on the pensions plan liability	3,796	-	20,735	24,531
Benefits paid	-188,691	-	-14,566	-203,257
Past service cost (Curtailment/Plan amendments) (see note 10)	36,848	-	-	36,848
Actuarial (gains)/losses	90,943	-	8,097	99,040
Exchange differences	-	-	-90,825	-90,825
Perimeter variations and other	-	23,945	-26,861	-2,916
Liability at the end of the period	1,353,388	23,945	210,725	1,588,058

	Dec 2019			
Thousand Euros	Portugal	Spain	Brazil	Group
Liability at the beginning of the period	1,436,616	98,481	249,424	1,784,521
Current service cost	6,564	-	-405	6,159
Net interest on the pensions plan liability	23,543	-	23,946	47,489
Benefits paid	-196,095	-81	-18,127	-214,303
Past service cost (Curtailment/Plan amendments)	8,958	-	-	8,958
Actuarial (gains)/losses	124,467	-	63,042	187,509
Exchange differences	-	-	-5,582	-5,582
Other	135	-98,400	2,949	-95,316
Liability at the end of the period	1,404,188	-	315,247	1,719,435

The evolution of the consolidated assets of the Pension Funds is as follows:

	Dec 2020		
Thousand Euros	Portugal	Brazil	Group
Assets value at the beginning of the period	864,350	330,696	1,195,046
Group contribution	-	697	697
Plan participants contributions	-	504	504
Benefits paid	-60,474	-13,195	-73,669
Interest on the pensions plan assets	3,590	18,744	22,334
Actuarial gains/(losses)	6,662	-13,554	-6,892
Exchange differences	-	-93,742	-93,742
Other variations	-	-28,062	-28,062
Assets value at the end of the period	814,128	202,088	1,016,216

	Dec 2019		
Thousand Euros	Portugal	Brazil	Group
Assets value at the beginning of the period	849,606	286,975	1,136,581
Group contribution	-	1,447	1,447
Plan participants contributions	-	676	676
Benefits paid	-60,474	-16,368	-76,842
Interest on the pensions plan assets	14,305	22,604	36,909
Actuarial gains/(losses)	60,914	40,221	101,135
Exchange differences	-	-4,859	-4,859
Other variations	-1	-	-1
Assets value at the end of the period	864,350	330,696	1,195,046

The caption Asset ceiling refers to the unrecognised assets in the respective accounting periods. The reconciliation between the opening balance and the closing balance is as follows:

	Group	
Thousand Euros	Dec 2020	Dec 2019
Asset ceiling at the beginning of the period	50,895	51,596
Effect of changes in restricted net assets of benefits to the asset ceiling	-8,529	124
Exchange differences	-14,210	-825
Asset ceiling at the end of the period	28,156	50,895

To determine the amount of provisions for pension funds, it has been deducted from the assets funds the value of the asset ceiling of 28,156 thousand Euros (179,452 thousand Reais). As at 31 December 2019, the asset ceiling amounted to 50,895 thousand Euros (229,829 thousand Reais).

The actuarial gains/losses in Brazil include the negative amount of 8,529 thousand Euros (50,227 thousand Reais) related to actuarial gains and losses of the asset ceiling not recognised in reserves (31 December 2019: positive in 124 thousand Euros).

II. Defined Contribution Pension Plan

EDPR Europe and EDP España in Spain, EDP São Paulo in Brazil and several subsidiaries in Portugal, have defined contribution plans for their employees that complement those granted by the Social Welfare Systems, under which they pay annual contributions to these plans, calculated in accordance with the rules established in each case.

III. Liability for Medical Care and Other Benefits Plans - Defined Benefit Type

The EDP Group companies in Portugal resulting from the EDP spin-off in 1994 have a Medical Care and Death Subsidy Plans partially funded by a closed Pension Fund, complemented by a specific provision. The responsibilities regarding the remaining defined benefit plans are fully covered by a provision.

In Spain, the companies Viesgo Holdco S.A. and Viesgo Distribución, acquired by EDP Group in December 2020, have Medical Care and Death Subsidy Plans partially outsourced throught insurance policies, and complemented by a specific provision. The responsibilities regarding the remaining defined benefit plans are fully covered by a provision.

In Brazil, EDP Espírito Santo, Energest and Investco also have Medical and other benefits plans for retired employees which are also fully covered by provisions.

In addition, EDP Group grants other benefits, supporting charges arising from responsibilities for disability benefit’s complements, survival benefits, life insurance, antiquity and retirement benefits, power and gas tariff discounts, among others.

The number of participants covered by the medical and other benefits plans is as follows:

	2020			2019		
	Portugal	Spain	Brazil	Portugal	Spain	Brazil
Retirees and pensioners	17,949	2,876	2,884	18,013	-	2,755
Active workers	5,672	639	203	5,819	1,417	845
	23,621	3,515	3,087	23,832	1,417	3,600

The provision for medical liabilities and other benefits and related coverage for the Group is as follows:

	Dec 2020			
Thousand Euros	Portugal	Spain	Brazil	Group
Liability at the end of the period	833,506	212,451	103,812	1,149,769
Plan assets at the end of the period	-437,073	-	-	-437,073
Provision at the end of the period	396,433	212,451	103,812	712,696

	Dec 2019			
Thousand Euros	Portugal	Spain	Brazil	Group
Liability at the end of the period	835,882	104,364	167,198	1,107,444
Plan assets at the end of the period	-426,565	-	-	-426,565
Provision at the end of the period	409,317	104,364	167,198	680,879

The evolution of the present value of the liability for Medical care and other benefits for the Group is as follows:

Thousand Euros	2020	2019	2018	2017	2016
Liability at the end of the period	1,149,769	1,107,444	923,880	994,273	993,506
Plan assets at the end of the period	-437,073	-426,565	-275,954	-235,269	-81,925
Provision at the end of the period	712,696	680,879	647,926	759,004	911,581

The experience adjustments (effects of the differences between the previous actuarial assumptions and what really occurred) for the medical and other benefits Liabilities in Portugal and Brazil and for the Plan Assets in Portugal are as follows:

Thousand Euros	2020	2019	2018	2017	2016
Portugal					
Experience adjustments for the Plan liabilities	11,979	3,214	-1,265	-452	-5,816
Experience adjustments for the Plan assets	-4,723	22,187	-11,869	8,368	-8
Brazil					
Experience adjustments for the Medical Plan liabilities	-20,086	-1,937	37,773	-2,565	-6,245

The past service liability of medical and other benefits plans for the Group is as follows:

	Dec 2020			
Thousand Euros	Portugal	Spain	Brazil	Group
Liability at the beginning of the period	835,882	104,364	167,198	1,107,444
Current service cost	4,832	9,324	687	14,843
Net interest on the net medical liabilities and other benefits	5,910	1,038	9,694	16,642
Benefits paid	-32,597	-7,940	-6,494	-47,031
Past service cost (Curtailment/Plan amendments) (see note 10)	1,068	-	-	1,068
Actuarial (gains)/losses	18,403	-14,162	-22,186	-17,945
Exchange differences	-	-	-48,318	-48,318
Perimeter variations and other	8	119,827	3,231	123,066
Liability at the end of the period	833,506	212,451	103,812	1,149,769

	Dec 2019			
Thousand Euros	Portugal	Spain	Brazil	Group
Liability at the beginning of the period	763,960	-	159,920	923,880
Current service cost	5,163	2,426	704	8,293
Net interest on the net medical liabilities and other benefits	13,130	1,398	13,772	28,300
Benefits paid	-34,825	-9,859	-9,884	-54,568
Past service cost (Curtailment/Plan amendments)	260	-	-31,080	-30,820
Actuarial (gains)/losses	88,068	8,717	39,793	136,578
Exchange differences	-	-	-6,028	-6,028
Other	126	101,682	1	101,809
Liability at the end of the period	835,882	104,364	167,198	1,107,444

The evolution of the consolidated assets of the Medical care and Death subsidy Funds is as follows:

Thousand Euros	Portugal	
	Dec 2020	Dec 2019
Assets value at the beginning of the period	426,565	275,954
Group contribution	23,040	141,660
Benefits paid	-20,525	-19,464
Interest on the pensions plan assets	3,270	6,228
Actuarial gains/(losses)	4,723	22,187
Assets value at the end of the period	437,073	426,565

36. Provisions

Provisions are as follows:

Thousand Euros	Group	
	Dec 2020	Dec 2019
Provision for legal and labour matters and other contingencies	100,316	110,034
Provision for customer guarantees under current operation	21,691	1,029
Provision for dismantling and decommissioning	566,170	485,990
Provision for other liabilities and charges	564,842	455,464
	1,253,019	1,052,517

This caption is as follows:

Thousand Euros	Group	
	Dec 2020	Dec 2019
Non-Current	992,865	926,426
Current	260,154	126,091
	1,253,019	1,052,517

With reference to 31 December 2020, the movement by nature of the Provisions item at the EDP Group level is presented as follows:

Thousand Euros	Legal, labour and other matters	Guarantees to customers in the context of current activity	Dismantling and Decommission ing	Other risks and charges	Total
Balance as at 31 December 2018	92,034	15,686	480,508	430,217	1,018,445
Perimeter variations (see note 6)	-	-	-35,865	-	-35,865
Charge for the period	22,365	400	-	7,179	29,944
Reversals	-8,588	-	-	-6,015	-14,603
Charge-off for the period	-18,601	-11,496	-	-10,246	-40,343
Unwinding (see note 12)	-	-	6,614	-	6,614
Increase of the responsibility (see note 14)	-	-	36,310	-	36,310
Hydro power plants of Fridão (see note 4)	-	-	-	86,189	86,189
Innovative Features Charge-off (see note 4)	-	-	-	-92,458	-92,458
CMEC	-	-	-	15,977	15,977
"Lesividad"	-	-	-	12,020	12,020
Exchange differences and other	24,100	-3,561	-1,577	12,777	31,739
Reclassification to Liabilities Held for Sale	-1,276	-	-	-176	-1,452
Balance as at 31 December 2019	110,034	1,029	485,990	455,464	1,052,517
Perimeter variations (see note 6)	723	-	43,871	100,755	145,349
Charge for the period	20,300	-	-	33,753	54,053
Reversals	-9,871	-	-	-4,989	-14,860
Charge-off for the period	-9,072	-	-17,154	-4,064	-30,290
Unwinding (see note 13)	12,013	-	6,432	2,497	20,942
Increase of the responsibility (see note 16)	-	-	65,415	-	65,415
Onerous contracts	-	20,662	-	-	20,662
Innovative Features Charge-off (see note 4)	-	-	-	-110,963	-110,963
Overcompensation revisability CMEC (see note 4)	-	-	-	72,900	72,900
CMEC	-	-	-	15,824	15,824
"Lesividad"	-	-	-	12,020	12,020
Exchange differences and other	-24,789	-	-18,384	-8,718	-51,891
Reclassification to Liabilities Held for Sale	978	-	-	363	1,341
Balance as at 31 December 2020	100,316	21,691	566,170	564,842	1,253,019

EDP and its subsidiaries' Board of Directors, based on the information provided by its legal advisors and on the analysis of pending law suits, have recognised provisions to cover the losses estimated as probable, related with litigations in progress.

Provision for legal and labour matters and other contingencies includes provisions for litigation in progress and other labour contingencies, which are related essentially with:

i) Requests for the refund of tariff increases paid by industrial consumers of the brazilian subsidiaries EDP São Paulo and EDP Espírito Santo in the amount of 10,575 thousand Euros (31 December 2019: 13,102 thousand Euros). These requests result from the application of Administrative Orders DNAEE no. 38 of 27 February 1986 and no. 45 of 4 March 1986 - Plano Cruzado, effective from March to November 1986;

ii) In 2012, following the decision by the arbitration court, which partially accepted Terriminas' claim, and condemned EDP Produção to pay the amount of 1,329 thousand Euros regarding the price differential for 1985 and 1986, EDP Group has booked a provision to cover this contingency. Therefore, as at 31 December 2016, the estimated liability amounted to 5,836 thousand Euros, corresponding to the indemnity discounted amount. The appeal presented by EDP Produção was denied, and confirmed the court sentence that determined the legitimacy for Terriminas to collect the amount in which EDP Produção was condemned. EDP Produção paid 6,371 thousand Euros and appeal for the payment of the remaining amount of 1,629 thousand Euros (interest from 2 February 2013 to 30 September 2017) for lack of an enforceable instrument. On February 2019, a decision was delivered regarding EDP's claim, considering it as an undue payment. On May 2019, the court decided in favour of EDP Group claim. As at 31 December 2019 this process was closed. After the conclusion of this process, Terriminas filed a new claim against EDP Produção, asking for the payment of interests. This contingency was assessed in the amount of 2,207 thousand Euros with a possible risk of loss. Additionally, on September 15, 2020, the Court issued a clearing order in which it judged the exception of res judicata to be verified and, consequently, acquitted EDP Produção of the instance. On 18 November 2020, Terriminas appealed this decision to the Lisbon Court of Appeal, and is awaiting a decision from this Court.;

iii) The remaining legal litigations correspond mainly to indemnities for damages allegelly suffered in consequence of interruption of electricity supply, power accidents and fires.

In accordance with IFRS 3, during an acquisition, the acquiring company shall recognise, at the acquisition date, a contingent liability for the present obligations resulting from past events which fair value can be reliably measured. Within the process of acquisition of control of Porto do Pecém in 2015, the Board of Directors identified a contingency, which estimated responsibility amounts to 3,412 thousand Euros (31 December 2019: 4,815 thousand Euros).

Provisions for customer guarantees under current operations include essentially provisions for commercial losses.

As at 31 December 2020, Provision for dismantling and decommissioning includes the following situations:

i) The Group has recognised a provision of 47,614 thousand Euros (31 December 2019: 44,375 thousand Euros) to cover the cost of dismantling the Trillo Nuclear Plant from the final close down until its transfer to Enresa, the company that will dismantle it. The assumptions used in the calculation of the provision include an inflation rate of 2% and a discount rate of 0.60%. Enresa has the responsibility of decommissioning nuclear power plants, as well as of treating and accommodating radioactive waste, within three years after the conclusion of the operational activity of nuclear power plants;

ii) Provisions for dismantling wind farms and solar parks of 305,628 thousand Euros (31 December 2019: 270,353 thousand Euros) to cover the costs of bringing the sites to their original conditions, of which 151,704 thousand Euros refer to the wind farms and solar parks in North America, 149,249 thousand Euros refer to the wind farms and solar parks in Europe and 4,675 thousand Euros refer to the wind farms in Brazil.

Discount and Inflation rates used for 2020 are:

	Europe	North America	Brazil
Discount Rate	[0,00% - 4,04%]	[0,13% - 1,45%]	[2,79% - 7,64%]
Inflation Rate	[0,60% - 2,85%]	[2,00% - 3,50%]	[3,76% - 4,47%]

iii) Under the current and future social/economical trends and the practices followed by the EDP Group in matters of sustainability and environment, the Group recognises provisions to cover the costs with the decommissioning, dismantlement and environmental rehabilitation of electric power plants. As at 31 December 2020, the provision amounts to 93,191 thousand Euros and 75,695 thousand Euros for the electric power plants located in Portugal and Spain, respectively. According to accounting policy referred in note 2 n), these provisions are calculated at the present value of the future liability and are accounted against an increase in property, plant and equipment and are depreciated on a straight line basis over the useful life of the assets. The calculation of these provisions was based on an inflation rate between 1.35% and 2% and discount rates between 0% and 1.31%.

iv) The item Variations in Perimeter reflects the effect of the acquisitions and disposals made in the year ended December 31, 2020, within the scope of the strategic plan carried out by the Group (see note 6).

The BOE 223/2017 published during the third quarter of 2017 opened the hearing process of the Order of the Minister of Energy, Tourism and Digital Agenda of 13 September, introducing a "lesividad" declaration procedure for the public interest Order IET/980/2016, of 10 June, which established a remuneration for electricity distribution companies for 2016. Thus, the remuneration that was determined was allegedly higher than it should be for 2016. Until to solve the "lesividad" procedure, the remuneration for the distribution activity for the years 2017, 2018 and 2019 is considered provisional, EDP España has been calculating the remuneration based on the remuneration of 2016. As at 31 December 2020, EDP España recorded a provision in the amount of 12,020 thousand Euros (31 December 2019: 12,020 thousand Euros) and the total value of this contingency at this point is 60,100 thousand Euros related to the potential "lesividad" effect for 2016, 2017, 2018, 2019 and 2020.

On 3 May 2018, it has come to EDP's knowledge (through a DGEG's letter) that the CMEC final adjustment had been officially approved, according to ERSE's proposal, in the amount of 154 million Euros. EDP reflected this reality in its financial statements as of 31 December 2018, recognising a provision by the difference in the final adjustment amounts already recognised in the Group's revenues. On 31 December 2020 EDP maintains the provision in its accounts (see note 4).

On 26 September 2018, DGEG notified EDP about a dispatch issued by the Secretary of State for Energy (SSE) on 29 August 2018, which quantifies at 285 million Euros the alleged overcompensation of EDP related to the calculation of the real availability factor of the plants under the CMEC regime. Thus, even though the Group is still analysing the technical and legal foundations of this dispatch, this has been reflected in the financial statements as at 31 December 2018, through a provision of the same amount. During 2020, EDP made payments of 110,963 thousand Euros, using this provision. As at 31 December 2020, the value of this provision is 81,579 thousand Euros (see note 4).

On 19 October 2020, EDP Produção became aware, by letter sent by DGEG, of the dispatch of the SEE regarding the approval of the revisibility for the year 2015, which is deducted in the amount of 72.9 million Euros the predicted amount of 135.6 million Euros.. In this respect, the EDP Group has registered a provision in the amount of 72.9 million Euros, and carried out an administrative appeal against the order of SEE on 19 January 2021 (see note 4).

In their ordinary course of business, EDP Group subsidiaries are involved in several litigations and contingencies (of possible risk) of administrative, civil, tax, labour and other natures. These legal, arbitration or other actions, involve customers, suppliers, employees, administrative, central, municipal, tax, environmental or other authorities. In EDP Group and its legal advisors' opinion, the risk of a loss in these actions is not probable, and the outcome will not affect on a material way its consolidated financial position.

The processes whose losses were considered as possible, do not require the recognition of provisions and are periodically reassessed. The detail of possible contingencies is analised as follows:

	Group		Company	
Milhares de Euros	Dec 2020	Dec 2019	Dec 2020	Dec 2019
Administrative and Civil	222,541	239,911	-	1,279
Fiscal	559,652	488,963	11,969	12,023
Others	133,969	126,472	2,691	3,056
	916,162	855,346	14,660	16,358

The possible contingencies more relevant in Portugal, are as follows:

distribution grids, including public illumination, with respect to the urbanistic reconversion and intervention area in Parque Expo 98. In this context, Parque Expo 98 claims that, between 1996 and 2014, it supported the costs that are responsibility of E-Redes – Distribuição de Eletricidade, S.A. In November 2015, Parque Expo 98 in liquidation addressed E-Redes – Distribuição de Eletricidade, S.A. a separate judicial notice, in order to interrupt the limitation period (which would occur 20 years from the date of the referred agreement). Meanwhile Parque Expo 98, in liquidation, claims a reimbursement from E-Redes – Distribuição de Eletricidade, S.A. of those costs in the amount of 15,811 thousand Euros. E-Redes – Distribuição de Eletricidade, S.A. contested this claim on 28 June 2017 and is still waiting for further developments.

ii) On 29 July 2016, the Portuguese Competition Authority (AdC) has notified EDP S.A. and EDP Comercial, S.A. with a notice for alleged violation of competition laws, regarding the process about the commercial campaign done in partnership with Modelo Continente, designated as "Plano EDP Continente". This was an occasional campaign, limited to two years, which was one of several campaigns usually performed by several other market agents. On 5 May 2017, EDP S.A. and EDP Comercial, S.A. received AdC final decision which applied a fee of 2,900 thousand Euros to EDP S.A. and 25,800 thousand Euros to EDP Comercial. EDP Group is convinced that this campaign has brought real benefits to consumers and competition in markets and that no transgression has been committed. The companies filed their appeal on 19 June 2017 and are still awaiting sentence. Subsequently, a dispatch was delivered by Competition, Regulation and Supervision Court (TCRS) that considered unconstitutional the law from AdC which demanded a fine payment or a security before a decision about the case. This view was confirmed with a Constitutional Court judgment on 4 October 2018. The Public Prosecuters as well as AdC presented a new appeal about this judgement for Constitutional Court, with EDP S.A and EDP Comercial presenting its counter-allegations. On 17 December 2019, EDP S.A. and EDP Comercial were notified by the Constitutional Court for the reversal of the prior decision, by the same court. The process was transfer from the Constitutional Court to TCRS and EDP Group companies are now awaiting for a new audience. On 5 June 2020, it was determined in a court hearing that EDP and EDP Comercial would provide a security in the amount of 50% of the fine imposed on them by the AdC, and on 19 June 2020, EDP and EDP Comercial provided surety bond and surety in the amounts of 1,450 thousand Euros and 12,900 thousand Euros, respectively. The last judgment session was held on the 15th of July, awaiting the decision of the TCRS and maintaining for the time being both the amount of the contingency and the risk analysis. On 30 September 2020, a judgment was issued by the TCRS, which maintained the conviction of the two companies of the EDP Group, as well as Sonae Group's Companies, having also reduced fines by 10%. Fines were determined at 2,610 thousand Euros and 23,220 thousand Euros for EDP and EDP Comercial, respectively. On 30 October 2020, EDP and EDP Comercial appealed the condemnatory sentence handed down by the TCRS, to the Lisbon Court of Appeal, and are awaiting the decision of this Court. The contingency amount and risk analysis remain unchanged.

iii) Within E-Redes – Distribuição de Eletricidade, S.A. there is a contingency established by Gás Natural Comercializador, S.A. (GNC), for the undue payment of tariffs for access to networks charged by E-Redes – Distribuição de Eletricidade, S.A. and surplus consumption by Repsol Polimeros, S.A. The situation is related with the attribution of a proper consumption producer status to Repsol Polimeros, S.A. in June 2014, being this energy invoiced only from October 2015 onwards. Regarding the year 2015, GNC was reimbursed for the over paid amounts, therefore the claim is only on payments about the second half of 2014, in the amount of 5,724 thousand Euros. As at 31 December 2020, the value of this contingency is divided between a probable risk of loss in the amount of 2,308 thousand Euros and the remain value with a classification of risk as possible. According to the expert report issued in the meantime, it came to recognize that, with regard to the Network Access Tariffs (“TAR”), despite the fact that at the time of the facts, the self-consumption statute has not yet been approved and that, therefore, E-Redes – Distribuição de Eletricidade, S.A. situation was not clear, the amount of TAR charged by the company would have been higher than the amount actually due by GNC. With regard to the amount claimed by GNC as “excess consumption”, the consolidated expert report concluded that “the reliquidation taking into account the adjustments between 13 June 2014 and 31 December 2014, according to the hourly values presented by GNC for that period, would generate a return to GNC whose approximate value estimates that it could be in the range between 3,192 thousand Euros and 3,271 thousand Euros ”. Consequently, and with reference to 31 December 2020, the probable contingency amount of 2,308 thousand Euros (referring to the value of TAR) was updated to 5,579 thousand Euros; the difference refers to the higher amount indicated in the expert report as the amount allegedly owed by GNC to excess consumption securities. The provision amount was also updated accordingly, with the remainder remaining as possible, 144 thousand Euros. In October 2020, the experts presented the clarifications requested by the Court, and the Judgment Hearing was scheduled for January 2021. On December 31, 2020, the amount of the contingency and the risk analysis remain unchanged.

iv) On 3 September 2018, the Portuguese Competition Authority (AdC) notified EDP Produção with Statement of Objections, under which EDP Produção is accused of abuse of a dominant position in the secondary regulation band market (a part of the ancillary services market). AdC claims that EDP Produção has deliberately limited the participation of CMEC plants in the secondary regulation market between 2009 and 2013, benefitting its non-CMEC power plants. The alleged benefit, in detriment of consumers, would be twofold: receiving higher compensation under CMEC annual adjustment regime; profiting from higher market prices in said market. AdC has estimated that the alleged practice of EDP Produção has generated damages to the national electricity system and to consumers of around 140 million Euros. AdC pointed out that the adoption of a Statement of Objections did not determine the result of the investigation, which began in September 2016 and is still in course. On 28 November 2018, EDP Produção presented to AdC its facts about the accusation. On 18 September 2019, AdC has notified EDP Produção for an alleged infraction to competition rules. This contingency was estimated with a value of 48 million Euros and it graduation was assessed as possible. On 30 October 2019, EDP Produção presented an appeal against this decision to the TCRS and it is waiting the counter-allegations of AdC. On 20 May 2020, EDP Produção was notified of a decision by the TCRS, which, among other things, admitted its Judicial Challenge Appeal, establishing a purely return effect and determining the payment of the fine imposed within 20 days. In this regard, EDP Produção submitted requests, invoking supervening facts for the demonstration of considerable damage, and arguing defects in the decision that determined the attribution of a merely devolution effect to the Judicial Challenge Appeal. On 16 July 2020, EDP was notified of an order which implied the existence of substantial losses if the fine was paid in advance. Thus, the payment order was therefore suspended. On 18 November 2020, EDP Produção was notified of a decision by the Lisbon Court of Appeal, granting the appeal presented by the Public Prosecutor and, consequently, revoking the order of TCRS of 16 July 2020. EDP Produção appealed of this judgment to the Constitutional Court on November 30, 2020, and is awaiting the decision of this Court. As of 31 December 2020, the contingency amount and the associated risk remain unchanged.

v) On 9 September 2020, Portsines - Terminal Multipurpose de Sines, SA (Portsines) filed an arbitration lawsuit against EDP Produção, to obtain its condemnation in the payment of the amounts relating to port fees, allegedly provided for in the Contract for Provision of Services celebrated between both. In summary, Portsines intends to obtain the condemnation of EDP Produção to the payment of the so-called fixed rate provided for in the Contract, even concerning periods in which there is no unloading of coal destined for the Sines Thermoelectric Power Station, claiming in particular that the referred fee remunerates the investment made by you in said infrastructure and makes its actual use by EDP Produção irrelevant. On 2 November 2020, a decision was handed down that ordered EDP Produção to pay (i) the amount invoiced and overdue of 590 thousand Euros related to the fixed rate of the first quarter of 2020; (ii) the amount invoiced and falling due of 590 thousand Euros related to the fixed rate of the second quarter of 2020; (iii) conditionally, until the end of the Concession Contract or until the end of the Contract, whichever occurs first, the amount of 599 thousand Euros for the third and fourth quarters of 2020 and each of the four quarters of the year 2021 and first two quarters of the year 2022; and (iv) conditionally, alternatively, full payment of the current fixed fee amount of 3,074 thousand Euros, divided quarterly, during the period between the date of the eventual termination of the Contract between Tejo Energia and Portsines and the end of the Contract Concession or Contract between EDP Produção and Portsines, whichever comes first; (v) interest due and falling due at the applicable rate. On December 2, 2020, EDP Produção filed an Appeal against the aforementioned Arbitral Award, to the Lisbon Court of Appeal, within which a request for annulment of the final decision was also deducted, awaiting a decision on the same. The amount of the contingency currently amounts to 5,896 thousand Euros, with the risk being classified as possible.

The possible contingencies more relevant in Brazil, are as follows:

i) Investco is involved in a legal action of a civil nature mostly related with indemnity claims resulting from the filling of the hydroelectric reservoir, in the amount of 21,033 thousand Euros (31 December 2019: 24,879 thousand Euros);

ii) There is a public civil action filed against EDP São Paulo and EDP Espírito Santo by ADIC – Associação de Defesa dos Interesses Colectivos, claiming a compensation arising from a tariff readjustment on part A from 43 concessionaires. The estimated value attributable to EDP São Paulo and EDP Espirito Santo amounts to 44,502 thousand Euros (31 December 2019: 52,668 thousand Euros);

iii) EDP São Paulo is a party to a lawsuit related to the COFINS (Contribution for social security financing) from 1993 to 1995 in joinder with AES Eletropaulo, where is discussed the application of the tax amnesty introduced by the Provisional Measures paragraphs 1858-6 and 1858-8, granted to taxpayers who did not collect COFINS, considering it improper. In the trial of 2nd Instance, was partially confirmed the right to amnesty, and applied the Decree-Law 1,025/69, which established the payment of procedural costs in favour of the National Treasury. From this decision, an appeal was presented, which holds trial. The updated amount as at 31 December 2020 is 12,050 thousand Euros (31 December 2019: 16,905 thousand Euros);

iv) EDP São Paulo and EDP Espírito Santo have administrative and judicial actions regarding tax compensations not ratified by the Brazilian Federal Revenue Bureau, which: (i) are protected by judicially recognised credits (IRPJ - Corporate tax income and CSLL - Social Contribution on net profits) and (ii) that result from tax contributions in 2001 of IRPJ, CSLL, PIS (Social integration programme) and COFINS considered to be excessive as a consequence of the application of "Parecer COSIT 26/2002" (Extraordinary Tariff Adjustment - RTE) published by the Brazilian Tax Authorities. According to this opinion, the amounts resulting from tariffs updated under RTE should be recognised and taxed only as of 2002. As at 31 December 2020, the updated values amount to 30,917 thousand Euros (31 December 2019: 86,023 thousand Euros);

v) Lajeado has a judicial tax action initiated by the Brazilian Tax Authorities in 2014 aimed at collecting tax contributions (IRPJ and CSLL) resulting from the disallowance of expenses regarding goodwill arising from a business combination (acquisition). As at 31 December 2020, this contingency amounts to 22,332 thousand Euros (31 December 2019: 28,918 thousand Euros);

vi) Porto do Pecém was the subject of tax execution procedure in the amount of 19,995 thousand Euros, resulting from alleged non-taxation under IRPJ and CSLL of financial income and exchange variations related to previous periods amounting to 31 December 2020 to 14,407 thousand Euros (31 December 2019: 19,995 thousand Euros); e

vii) Following a period of drought in the State of Ceará, the local government, through Decree 32,044 of 16 September 2016, introduced an extraordinary rate called the Emergency Water Charge (EHE) over the actual water consumption of thermoelectric power plants, and in particular the Porto do Pecém. On 13 October 2016, the Porto do Pecém submitted an administrative request to ANEEL for the purpose of transferring this additional cost to the Unit Variable Cost (CVU), in order to restore the economic-financial balance of the contract (CCEAR). ANEEL, through Order 3,293 of 16 December 2016, denied the request of the Porto do Pecém, which initiated proceedings against ANEEL.

As at 31 December 2020, the lawsuit is estimated in an amount of 19,721 thousand Euros (31 December 2019: 23,738 thousand euros). The variation occured during this period is related with the revision of assumptions used to calculate the contingency which previously was considering the estimative of the value of EHE to be paid following the historical average. The new calculation is based on the claim effective risk considering the transference of CVU.

Finally, even if EDP Group classifies its risk as remote, it is important to identify the following litigation:

i) On 27 October 2009 and 5 January 2010, the EDP Group received two tax settlements regarding 2005 and 2006 taxable income for the EDP tax Group, which included an adjustment of 591 million Euros regarding its subsidiary, EDP Internacional SGPS, related to the tax treatment considered by the EDP Group in relation to a capital loss generated with the liquidation of a subsidiary, whose main assets consisted of investments in operating subsidiaries in Brazil, namely EDP Espírito Santo and Enersul. As at 31 December 2020, the amount of this tax contingency amounts to 299 million euros (31 December 2019: 290 million euros).
Considering the analysis made, the technical advice received and a favourable binding opinion obtained from the tax authorities in relation to the nature of the transaction occurred in the year of the assessment, the EDP Group considers as remote the risk associated with this matter. Under this analysis, the capital loss is tax deductible for income tax purposes as established in article 75 no. 2 of the Corporate Income Tax Code ("Código do IRC") based on the wording of the law in force at that date (existing article 81).
Given the above, and considering that the EDP Group's tax procedures comply with applicable Portuguese tax legislation at the date of the events, the Group is currently using all available legal means to contest these additional settlements. Thus, following the implied rejection of the hierarchical appeal, EDP presented a judicial claim, on 6 June 2012. In November 2018, EDP Group was notified with a decision in favour. The Treasuary filed an appeal on that decision.

ii) EDP São Paulo through the Power Industry Union of the State of São Paulo - SindiEnergia, filed two claims against the Treasury Department of the State of São Paulo, seeking the suspension of the effects of Decrees 55.421/2010 and 55.867/2010. Both claims deal with VAT incidence on energy technical losses (theft, deviation or fraud) and obtained a favourable decision. These decisions are still subject of appeal to higher courts, however, given that the higher courts jurisprudence supports the thesis discussed in this process, the EDP Group classifies as remote the risk of losing this action. The estimated value at 31 December 2019 amounted to 133,613 thousand Euros. As at 31 December 2020, this contingency is closed, due to the favourable decision to EDP São Paulo in February 2021.

37. Institutional Partnerships in North America

The caption Institutional partnerships in North America is as follows:

	Group	
Thousand Euros	Dec 2020	Dec 2019
Deferred income related to benefits provided	799,094	1,002,871
Liabilities arising from institutional partnerships	1,134,448	1,286,913
	1,933,542	2,289,784

Subsidiaries in North America recognises under this caption the receipts of institutional investors associated with wind and solar projects. This liability is reduced by the amount of tax benefits provided and payments made to the institutional investors during the period. The amount of tax benefits provided is booked as a non-current deferred income, and recognised over the useful life of the related projects (see note 8). Additionally, this liability is increased by the estimated interest based on the liability outstanding and the expected rate of return of the institutional investors (see note 13).

The movements in Institutional partnerships in North America are as follows:

	Group	
Thousand Euros	Dec 2020	Dec 2019
Balance at the beginning of the period	2,289,784	2,231,249
Proceeds received from institutional investors	307,860	188,490
Cash paid for deferred transaction costs	-3,310	-2,087
Cash paid to institutional investors	-55,822	-80,776
Other Income (see note 8)	-201,783	-181,570
Unwinding (see note 13)	94,718	85,320
Exchange differences	-181,398	42,848
Loss of control of companies with Institutional Partnerships (see note 6)	-320,944	-
Other	4,437	6,310
Balance at the end of the period	1,933,542	2,289,784

During the first quarter of 2020, EDPR NA, has secured and received proceeds amounting to 130,055 thousand Euros (148,539 thousand dollars) related to institutional equity financing from JP Morgan, in exchange for an interest in onshore wind projects.

During the third quarter of 2020, EDPR NA, has secured and received proceeds amounting to 177,805 thousand Euros (203,075 thousand dollars) related to institutional equity financing from Bank of America, in exchange for an interest in the 405 MW onshore wind projects.

EDP Renováveis has lost control in 2020 over a portfolio upon the completion of the sale of 80% of equity shareholding (see note 6), implying a decrease in the amount of 320,944 thousand Euros in the Institutional partnerships liabilities related to this portfolio.

Under these partnerships, EDP Group provides operating guarantees to institutional investors in wind and solar projects, which are typical of this type of structure. As at 31 December 2020, the liabilities associated with these guarantees are not expected to exceed the amounts already recognized under the caption Liabilities arising from institutional partnerships.

38. Trade payables and other liabilities from commercial activities

At Group level, Trade payables and other liabilities from commercial activities are as follows:

	Non-Current		Current	
Thousand Euros	Dec 2020	Dec 2019	Dec 2020	Dec 2019
Contract liabilities:				
Energy sales contracts - North America	6,286	9 148	-	-
Deferred income - CMEC	142,482	208,535	66,053	74,995
Amounts received from the Fund for systemic sustainability of the energy sector	-	-	12,405	-
	148,768	217,683	78,458	74,995
Other liabilities:				
Investment government grants	515,409	566,450	-	-
Amounts payable for tariff adjustments - Electricity - Portugal	75,093	-	41,479	43,626
Amounts payable for tariff adjustments - Electricity - Brazil	277,807	464,823	98,345	-
Amounts payable - securitisations	-	-	139,192	136,933
Amounts payable - CMEC	-	-	222,245	221,955
Amounts payable for concessions	195,471	199,772	-	-
Property, plant and equipment suppliers	2,874	5,101	1,202,896	1,196,186
Suppliers	-	-	799,158	919,745
Accrued costs related with commercial activities	-	-	731,954	633,664
Holiday pay, bonus and other charges with employees	-	-	168,272	151,917
CO2 emission Licenses	-	-	166,692	203,085
Other creditors and sundry operations	219,584	190,478	303,522	277,517
	1,286,238	1,426,624	3,873,755	3,784,628
	1,435,006	1,644,307	3,952,213	3,859,623

At Company level, Trade payables and other liabilities from commercial activities are as follows:

	Current	
Thousand Euros	Dec 2020	Dec 2019
Other liabilities:		
Suppliers	390,819	412,388
Accrued costs related with commercial activities	234,644	253,650
Property, plant and equipment suppliers	1,379	961
Holiday pay, bonus and other charges with employees	33,133	30,370
Other creditors and sundry operations	2,584	17,945
	662,559	715,314

At the moment of EDPR NA acquisition, the contracts signed between this subsidiary and its customers, determined under the terms of the Purchase Price Allocation, were valued through discounted cash flow models and market assumptions at 190,400 thousand US Dollars, being booked as a non-current liability under Energy sales contract - EDPR NA, and amortised over the useful life of the contracts in Other operating income - Other.

The caption Deferred income - CMEC is detailed as follows:

Thousand Euros	Non-current	Current
Initial CMEC	37,553	37,883
Final adjustment	104,929	28,170
	142,482	66,053

Deferred income - CMEC Non-current and Current, in the amount of 208,535 thousand Euros (31 December 2019: 283,530 thousand Euros) includes the amount of 75,436 thousand Euros corresponding to the initial CMEC amount (833,467 thousand Euros) deducted from the amortisation of initial CMEC during the years 2007 to 2017 and accrued with unwinding (see note 13), and the amount of 133,099 thousand Euros relating with the final adjustment recognised in accordance with the result achieved by EDP/REN working group (256,539 thousand Euros), deducted from amortisation charges of the period and accrued with corresponding unwinding (see note 13).

The Amounts received from the Fund for Systemic Sustainability of the Energy Sector refer to amounts transferred to SU Eletricidade, S.A. related with the electricity tariffs for 2020, which represented CESE amounts intended to reduce the National Electric System's tariff debt and that will be settled through the tariff.

Investment government grants are amortised through the recognition of a revenue in the income statement over the useful life of the related assets, which amounts to 22,176 thousand Euros as at 31 December 2020.

The movement for the period in Amounts payable for tariff adjustments - Electricity - Portugal (Non-current and Current) is as follows:

Thousand Euros	Non-Current	Current
Balance at the beginning of the period	-	43,626
Payment through the electricity tariff	-	-43,673
Interest expense (see note 13)	-	42
Transfer to/from tariff adjustment payable (see note 26)	75,093	41,484
Balance at the end of the period	75,093	41,479

The caption Amounts payable for tariff adjustments - Electricity - Brazil, refers to tariff adjustments recognised in EDP São Paulo - Distribuição de Energia S.A. and EDP Espírito Santo - Distribuição de Energia S.A. in the accumulated amount of 242,630 thousand Euros (31 December 2019: 276,341 thousand Euros) and 133,522 thousand Euros (31 December 2019: 188,482 thousand Euros), respectively. The variation occurred includes the tariff deficit of the period with a positive impact of 111,821 thousand Euros (see note 7), the transfer from tariff adjustment receivable of 25,040 thousand Euros (see note 26), the decrease of the amount returned through the tariff of 96,410 thousand Euros, the exchange differences due to depreciation of Brazilian Real against Euro with a negative impact of 139,341 thousand Euros and the unwinding in the amount of 10,219 thousand Euros (see note 13), which includes the recognition of 6,566 thousand Euros (38,664 thousand Brazilian Real) of the unwinding over the amount resulting from the non-inclusion, in 2019, of the amounts of VAT borne in the basis of calculation of PIS and COFINS (1,756,597 thousand Brazilian Real as at 31 December 2019, of which 65,213 thousand Brazilian Reais were returned in 2020 through the electricity tariff).

In the energy distribution activity, the subsidiaries of EDP Group in Portugal and Spain recover the deficits and tariff adjustment assets through the tariffs charged to their customers. The caption Amounts payable - securitizations includes the amounts payable to entities that have acquired the right to receive these assets in securitisation or direct sales operations in Portugal.

The caption Amounts payable - CMEC refers to amounts received by E-Redes – Distribuição de Eletricidade, S.A., through the tariff, regarding the CMEC Revisibility of 2016 and 2017, which delivery to REN is awaiting approval.

The caption Amounts payable for concessions includes the concession rights for the operation of the hydric domain of Alqueva and Pedrógão transferred by EDIA in the amount of 131,577 thousand Euros (31 December 2019: 134,496 thousand Euros) and the financial compensation for the use of the public domain related to concession agreements of Investco, S.A. and Enerpeixe, S.A. in Brazil in the amount of 63,894 thousand Euros (31 December 2019: 65,276 thousand Euros).

The caption Property, plant and equipment suppliers - Current refers mainly to the amounts due related with the construction of windfarms and solar parks in North America in the amount of 789,771 thousand Euros (31 December 2019: 1,003,668 thousand Euros) and in Poland in the amount of 65,036 thousand Euros (31 December 2019: 18,055 thousand Euros).

The caption CO2 emission licenses includes the CO2 consumptions during 2020 in Portugal and Spain, in the amount of 103,469 thousand Euros and 63,223 thousand Euros, respectively (31 December 2019: 116,752 thousand Euros and 86,333 thousand Euros). The variation includes the consumptions of 2020 and the delivery in 2020 of the 2019 consumption licenses, which are returned to regulatory authorities until April of the year following its consumption.

The caption Other creditors and sundry operations - Non-current includes the amount of 55,155 thousand Euros related with the reinsurance activity (31 December 2019: 62,258 thousand Euros). The caption Other creditors and sundry operations - Current includes the amount of 14,317 thousand Euros related to tariff adjustment payable (31 December 2019: 14,317 thousand Euros).

39. Other Liabilities and Other Payables

Other liabilities and other payables are as follows:

	Group		Company	
Thousand Euros	Dec 2020	Dec 2019	Dec 2020	Dec 2019 *
Other liabilities and other payables - Non-Current				
Loans from non-controlling interests	409,978	215,023	-	-
Derivative financial instruments (see note 42)	227,228	169,008	263,309	215,510
Amounts payable and contingent prices for acquisitions/sales	143,567	18,303	84,393	-
Lease Liabilities (Rents due from lease contracts)	955,036	762,725	149,588	133,378
Other creditors and sundry operations	3,639	12,060	-	2
	1,739,448	1,177,119	497,290	348,890
Other liabilities and other payables - Current				
Loans from non-controlling interests	180,446	117,327	-	-
Dividends attributed to related companies	55,561	58,749	-	-
Derivative financial instruments (see note 42)	169,654	213,363	346,612	547,312
Group companies	-	-	3,873	70,288
Amounts payable and contingent prices for acquisitions/sales	67,039	151,975	25,349	-
Lease Liabilities (Rents due from lease contracts)	100,642	75,004	12,384	12,390
Other creditors and sundry operations	16,775	7,353	35,119	51,289
	590,117	623,771	423,337	681,279
	2,329,565	1,800,890	920,627	1,030,169

* Includes reclassification resulting from the change of the accounting policy as described in note 2a).

The caption Loans from non-controlling interests Current and Non-Current mainly includes:

Thousand Euros		Dec 2020	Dec 2019
ACE Portugal (CTG Group)	Fixed rate of 3.75%	29,282	32,302
ACE Poland (CTG Group)	Fixed rate of a range between 1.33% and 7.23%	88,950	109,245
ACE Italy (CTG Group)	Fixed rate of 4.5%	50,284	55,474
CITIC CWEI Renewables (CTG Group)	Fixed rate of 5.5%	26,462	38,696
Sonatrach	Fixed rate of 5.6%	76,394	73,186
Macquarie Super Core Infrastructure Fund SD Holdings S.À.R.L. ("MSCIF")	Fixed rate of a range between 0.50% and 2.73%	306,368	-
		577,740	308,903

The variation of the caption Amounts payable and contingent prices for acquisitions/sales results from the recognition of contingent prices in the amount of 109,741 thousand Euros and 61,000 thousand Euros regarding the sale of the company that owns Douro's power plants portfolio by EDP S.A. and the sale of the companies EDP Energía, S.A.U., Baser Comercializadora de Referencia, S.A. e EDP Comercializadora, S.A.U. by EDP Iberia S.L. in December 2020, respectively, (see note 6) and the recognition of 19,510 thousand Euros related to the estimated construction costs to be incur as a result of the sale of North America projects in 2020. On the other hand, the variation relates to Nation Rise project (decrease of 87,963 thousand Euros (see note 21)), the regularisation of contingent prices related to the sale of gas distribution business in Portugal (decrease of 37,673 thousand Euros) and the costs actually incurred in the construction of the windfarm projects as foreseen in the context of the sale of North America projects, in December 2018 (decrease of 14,230 thousand Euros).

The variation of the caption Lease Liabilities (Rents due from lease contracts) Non-Current and Current includes: i) 326,815 thousand Euros corresponding to lease liabilities (rents due from lease contracts) starting after 1 January 2020; ii) negative 78,225 thousand Euros corresponding to payments rents made; and iii) 39,743 thousand Euros corresponding to the financial update of the liability (see note 13).

As at 31 December 2020, the nominal value of the lease liabilities (rents due from lease contracts) is detailed as follows: (i) less than 5 years: 464,607 thousand Euros; (ii) from 5 to 10 years: 324,148 thousand Euros; (iii) from 10 to 15 years: 283,371 thousand Euros; and (iv) more than 15 years: 566,945 thousand Euros.

The caption Lease Liabilities (Rents due from lease contracts), on a Company basis, includes lease contracts with EDP Pension and Medical and Death Subsidy Funds regarding to the building units of Porto headquarters acquired by EDP Pension Fund in December 2015 and the Lisbon headquarters building given as an in-kind contribution to EDP Medical and Death Subsidy Fund in September 2017. These contracts were celebrated for a period of 25 years (see note 44).

40. Tax Liabilities

Tax liabilities are as follows:

	Group		Company	
Thousand Euros	Dec 2020	Dec 2019	Dec 2020	Dec 2019
Non Current				
Special tax Brazil	122,743	138,212	-	-
Current				
Income tax	47,859	47,100	15,044	1,456
Withholding tax	35,730	36,785	1,256	1,801
Value Added Tax (VAT)	141,399	116,799	3,777	24,725
Special taxes Brazil	71,911	90,100	-	-
CESE (see note 15)	-	53,360	-	-
Other taxes	101,735	134,450	1,145	1,053
	398,634	478,594	21,222	29,035
	521,377	616,806	21,222	29,035

As at 31 December 2020, the captions Income tax and Special taxes Brazil include the amount of 58,489 thousand Euros (372,778 thousand Brazilian Reais), corresponding to the recognised liability value of 80,678 thousand Euros (514,203 thousand Brazilian Reais) net of payments (see note 28).

41. Non-Current Assets and Liabilities Held for Sale

The criteria for classifying assets and liabilities as held for sale, as well as their presentation in EDP Group's consolidated financial statements, are described in the Group's accounting policies.

This caption is as follows:

	Group	
Thousand Euros	Dec 2020	Dec 2019
Assets held for sale		
Electricity generation assets - Hydro Brazil	-	90,517
Electricity generation assets - Hydro Portugal	-	1,951,176
Electricity generation assets - Offshore wind	12,306	9,308
Electricity generation assets - Offshore wind - Transaction completed	-	204,886
Electricity supply (B2C) assets - Spain	9,942	-
	22,248	2,255,887
Liabilities held for sale		
Electricity generation liabilities - Hydro Brazil	-	16,924
Electricity generation liabilities - Hydro Portugal	-	35,147
Electricity generation liabilities - Offshore wind	111	111
Electricity generation liabilities - Offshore wind - Transaction completed	-	26,640
	111	78,822
	22,137	2,177,065

In May 2019, EDPR Group signed a strategic memorandum of understanding with ENGIE to create a co-controlled 50/50 joint venture in fixed and floating offshore wind segment, the OW Offshore S.L. The new entity will be the exclusive vehicle of investment of EDPR and ENGIE for offshore wind opportunities worldwide. This transaction was completed (see note 6). The assets and liabilities associated with Moray West Holdings Limited remain classified as non-current assets and liabilities held for sale under the sale plan that the EDPR Group has entered into in the past.

During the first semester of 2019, the EDP Brasil Group started the process of selling Energest, S.A. Assets and liabilities associated with this company were presented in non-current assets and liabilities held for sale. During the first semester of 2020 and considering the actual scenario of uncertainty, the management of the EDP Brasil Group decided that is no longer its intention to dispose of the participation in this company. As of the decision taken, its assets and liabilities stopped being presented as non-current assets and liabilities held for sale.

In the last quarter of 2019, the EDP Group agreed to sell a company that owns a portfolio of 6 hydro plants in Portugal to a consortium of investors formed by Engie, Crédit Agricole Assurances and Mirova – Natixis Group. The hydro portfolio comprises 1,689 MW of installed capacity in the Douro river basin (Miranda, Picote, Bemposta, Foz Tua, Baixo Sabor and Feiticeiro). This transaction was completed in December 2020 (see note 6).

In the second quarter of 2020, the EDP Group agreed to sell a portfolio of two CCGTs power plants (Castejón I & III), with 843 MW of installed capacity located in Navarra, North of Spain and the B2C energy supply business in Spain, which includes 1.2 million clients in free market, and the 50% stake in our joint venture with CIDE for electricity supply in this segment (CHC Energia). This transaction was completed (see note 6) in December 2020. Furthermore, following CIDE's exercise of its preferential right for the acquisition of EDP's 50% shareholding in CHC Energia, EDP and CIDE have reached an agreement for the acquisition by CIDE which shall be completed in 2021, so this asset is still presented as a non-current asset held for sale.

In the second quarter of 2020, EDPR Group committed to the plan of selling the entire stake held in the following portfolio of Spanish companies: Bon Vent de Corbera, S.L.U., Eólica Sierra de Ávila, S.L.U., Parc Eòlic de Coll de Moro, S.L.U., Parc Eòlic de Torre Madrina, S.L.U., Parc Eòlic de Vilalba dels Arcs, S.L.U., Aprofitament D'Energies Renovables de la Terra Alta, S.A. and Aprofitament D'Energies Renovables de L'Ebre, S.L. This transaction was completed in December 2020 (see note 6).

In the third quarter of 2020, EDPR Group signed a sale and purchase agreement with Connor, Clark & Lunn Infrastructure to sell an 80% equity shareholding in a onshore wind and solar portfolio located in the United States with 563 MW (450 MW net). This transaction was completed in December 2020 (see note 6).

As at 31 December 2020 the following reclassifications were made to held for sale:

	Renewables	Client Solutions & Energy Management	
Thousand Euros	Offshore wind	Supply (B2C) Spain	Total
Assets			
Investments in joint ventures and associates (see note 21)	-161	-9,942	-10,103
Other assets	-2,837	-	-2,837
Assets Held for Sale	2,998	9,942	12,940
	-	-	-

These reclassifications were made only for financial statement presentation purposes, without impact on the measurement of these assets and liabilities, as it is expected that the fair value less costs to sell is higher than its book value, in accordance with IFRS 5.

42. Derivative Financial Instruments

In accordance with IFRS 9, the Group classifies derivative financial instruments as fair value hedge of a recognised asset or liability (Fair value hedge), as cash flow hedge of recognised liabilities and highly probable future transactions (Cash flow hedge), as net investment hedge in foreign operations (Net investment hedge), or as held for trading, if or when they are not eligible for hedge accounting.

The fair value of the derivative financial instruments in EDP Group is as follows:

	Dec 2020		Dec 2019	
Thousand Euros	Assets	Liabilities	Assets	Liabilities
Net Investment hedge				
Cross-currency interest rate swaps	83,532	-23,822	9,343	-54,085
Currency forwards	5,544	-38	5,026	-
Fair value hedge				
Interest rate swaps	70,515	-	84,762	-
Cross-currency interest rate swaps	27,320	-3,974	50,213	-
Cash flow hedge				
Interest rate swaps	2,287	-24,852	122	-15,383
Swaps related to gas commodity	153,253	-156,716	131,719	-148,416
Electricity swaps	24,219	-34,235	25,213	-30,132
Currency forwards for commodities	54,046	-22,770	95,434	-5,240
Trading				
Interest rate swaps	-	-6,054	7,682	-1,958
Cross-currency interest rate swaps	1,089	-432	-	-55
Commodity swaps and forwards	146,877	-97,339	123,013	-116,937
Currency forwards	3,006	-4,528	1,573	-1,233
CO2 forwards	-	-3,843	728	-2,760
Currency forwards associated to commodities	29,592	-18,279	27,855	-6,172
Commodity options	4,148	-	2,609	-
	605,428	-396,882	565,292	-382,371

As at 31 December 2020, EDP Group holds contracts for the purchase and sale of commodities traded on futures exchange market, namely Chicago Mercantile Exchange, Intercontinental Exchange, European Energy Exchange and OMIP, whose fair value of the contracted operations is settled on a daily basis, and therefore it is not included in the Statement of Financial Position. The notional amount of these futures contracts amount to 2,619,544 thousand Euros with maturities ranged between 2020 and 2024 (31 December 2019: 3,394,113 thousand Euros, with maturity in 2019 and 2024), and the fair value held in EDP Group results and cash flow hedge reserves related to these operations are a negative amount of 11,313 thousand Euros and a negative amount of 16,664 thousand Euros, respectively (31 December 2019: positive amount of 13,762 thousand Euros and positive amount of 27,453 thousand Euros).

The management of financial risk of EDP, S.A. and other EDP Group companies, is carried out centrally by EDP, S.A. (note 5). On this basis, EDP, S.A. negotiates derivative financial instruments with external entities to hedge its own individual business risks, as well as for other companies of the Group, performing for these entities' as an intermediate in their contracting.

The fair value of the derivative financial instruments at Company level is as follows:

	Dec 2020		Dec 2019	
Thousand Euros	Assets	Liabilities	Assets	Liabilities
Cash flow hedge				
Swaps related to gas commodity	27,101	-80,913	7,392	-82,537
Electricity swaps	57,387	-2,434	4,157	-95,770
Currency forwards for commodities	39,768	-7,766	86,380	-
Trading				
Interest rate swaps	69,493	-73,850	91,067	-86,739
Cross-currency interest rate swaps	96,906	-88,240	53,946	-57,922
Commodity swaps	417,217	-305,455	369,978	-405,701
Currency forwards	6,847	-6,700	2,806	-5,296
Commodity forwards	3,341	-7,535	7,661	-10,089
Currency forwards associated to commodities	46,111	-32,960	39,096	-16,269
Commodity options	7,895	-4,068	2,607	-2,499
	772,066	-609,921	665,090	-762,822

The fair value of derivative financial instruments is booked in Other debtors and other assets (see note 27) and Other liabilities and other payables (see note 39), according to its nature.

Fair value of derivative financial instruments is based on listed market prices, whenever available, or on valuations determined through valuation models that use variables observable on the market. Therefore, according to IFRS 13 requirements, the fair value of the derivative financial instruments is classified as of level 2 (see note 45) and no changes of level were made during this period. These valuation models are based on generally accepted discounted cash flow techniques and option valuation models, using market data obtained through financial information platforms.

Derivative financial instruments classified as trading are financial hedging instruments contracted for economic hedging at EDP Group level (see note 5), however such instruments are not eligible for hedge accounting under IFRS.

In 2020, the notional amounts per measurement unit of the derivative financial instruments in EDP Group, are as follows:

Thousand Units	Unit	2021	2022	2023	2024	Following years	Total
Net Investment hedge							
Cross-currency interest rate swaps	Euros	94,906	102,959	138,512	877,009	686,740	1,900,126
Currency forwards	Euros	1,001,739	-	-	-	-	1,001,739
Fair value hedge						-	
Interest rate swaps	Euros	-	1,000,000	-	-	600,000	1,600,000
Cross-currency interest rate swaps	Euros	-	-	-	410,314	-	410,314
Cash flow hedge							
Interest rate swaps	Euros	98,526	131,973	59,216	56,798	101,719	448,232
Swaps related to gas commodity	MWh	64,366	40,584	34,849	23,401	12,792	175,992
Electricity swaps	MWh	11,313	7,521	5,829	4,270	9,076	38,009
Currency forwards for commodities	Euros	581,611	178,358	108,358	105,768	82,878	1,056,974
Trading							
Interest rate swaps	Euros	639	645	645	645	311,276	313,850
Cross-currency interest rate swaps	Euros	95,403	-	-	-	-	95,403
Swaps related to gas commodity	MWh	26,654	27,782	15,308	8,694	-	78,438
Electricity swaps and forwards	MWh	8,590	3,420	3,709	1,895	2,542	20,156
Currency forwards	Euros	201,447	58,957	-	-	-	260,404
CO2 forwards	MT	655	155	-	-	-	810
Currency forwards for commodities	Euros	166,530	240,776	185,549	108,352	-	701,207
Options purchased and sold	MWh	1,752	438	-	-	-	2,190

In 2019, the notional amounts per measurement unit of the derivative financial instruments in EDP Group, were as follows:

Thousand Units	Unit	2020	2021	2022	2023	Following years	Total
Net Investment hedge							
Cross-currency interest rate swaps	Euros	77,093	75,416	49,558	75,720	1,183,694	1,461,481
Currency forwards	Euros	772,434	-	-	-	-	772,434
Fair value hedge							
Interest rate swaps	Euros	450,000	-	1,000,000	-	600,000	2,050,000
Cross-currency interest rate swaps	Euros	-	-	-	-	410,314	410,314
Cash flow hedge							
Interest rate swaps	Euros	108,087	112,905	146,423	74,511	217,539	659,465
Swaps related to gas commodity	MWh	46,792	27,269	22,738	18,956	18,956	134,711
Electricity swaps	MWh	10,087	7,171	5,212	3,645	5,600	31,715
Currency forwards for commodities	Euros	195,566	166,997	155,983	130,374	129,372	778,292
Trading							
Interest rate swaps	Euros	600,000	-	-	-	300,000	900,000
Cross-currency interest rate	Euros	-	6,075	-	-	-	6,075
Swaps related to gas commodity	MWh	63,822	975	-	-	-	64,797
Electricity swaps	MWh	5,232	1,897	1,160	515	2,630	11,434
Currency forwards	Euros	87,848	22,887	-	-	-	110,735
CO2 forwards	MT	1,194	-	-	-	-	1,194
Currency forwards for commodities	Euros	612,462	3,686	-	-	-	616,148
Options purchased and sold	MWh	439	-	-	-	-	439

In 2020, the notional amounts per measurement unit of the derivative financial instruments at Company level, are as follows:

Thousand Units	Unit	2021	2022	2023	2024	Following years	Total
Cash flow hedge							
Swaps related to gas commodity	MWh	21,012	21,658	20,801	16,253	12,792	92,516
Electricity swaps	MWh	8,015	542	796	315	1,148	10,816
Currency forwards for commodities	Euros	148,473	127,379	93,236	105,768	82,878	557,734
Trading							
Interest rate swaps	Euros	-	2,000,000	-	-	1,500,000	3,500,000
Cross-currency interest rate swaps	Euros	965,829	1,011,349	277,024	901,418	686,740	3,842,360
Swaps related to gas commodity	MWh	115,663	65,685	46,609	24,643	-	252,600
Coal swaps	MT	528	-	-	-	-	528
Electricity swaps	MWh	12,576	4,260	1,344	1,346	6,696	26,222
Currency forwards	Euros	974,985	54,328	-	-	-	1,029,313
CO2 forwards	MT	1,923	155	-	-	-	2,078
Currency forwards for commodities	Euros	464,053	303,912	215,795	108,352	-	1,092,112
Options purchased and sold	MWh	5,256	1,314	-	-	-	6,570

In 2019, the notional amounts per measurement unit of the derivative financial instruments at Company level, were as follows:

Thousand Units	Unit	2020	2021	2022	2023	Following years	Total
Cash flow hedge							
Swaps related to gas commodity	MWh	2,247	22,706	22,713	18,956	18,956	85,578
Electricity swaps	MWh	13,520	403	192	139	1,287	15,541
Currency forwards for	Euros	-	165,069	155,983	130,374	129,372	580,798
Trading							
Interest rate swaps	Euros	1,500,000	-	2,000,000	-	1,500,000	5,000,000
Cross-currency interest rate swaps	Euros	154,187	126,932	135,164	151,440	1,867,388	2,435,111
Swaps related to gas commodity	MWh	162,834	11,905	79	-	-	174,818
Coal swaps	MT	4,314	-	-	-	-	4,314
Electricity swaps	MWh	15,635	3,276	1,396	792	7,138	28,237
Currency forwards	Euros	508,883	45,774	-	-	-	554,657
CO2 forwards	MT	10,624	-	-	-	-	10,624
Currency forwards for commodities	Euros	1,182,484	3,686	-	-	-	1,186,170
Options purchased and sold	MWh	878	-	-	-	-	878

In 2020, the future undiscounted cash flows of the derivative financial instruments in EDP Group, are as follows:

Thousand Euros	2021	2022	2023	2024	Following years	Total
Net Investment hedge						
Cross-currency interest rate swaps	-34,223	-26,730	-24,583	34,322	-17,442	-68,656
Currency forwards	5,578	-	-	-	-	5,578
	-28,645	-26,730	-24,583	34,322	-17,442	-63,078
Fair value hedge						
Interest rate swaps	20,754	29,271	7,332	7,338	5,732	70,427
Cross-currency interest rate swaps	15,959	15,953	15,953	-26,728	-	21,137
	36,713	45,224	23,285	-19,390	5,732	91,564
Cash flow hedge						
Interest rate swaps	-5,143	-3,535	-2,332	-1,728	-16,786	-29,524
Swaps related to gas commodity	23,534	-17,495	-5,626	-6,570	2,662	-3,495
Electricity swaps	-1,551	-4,208	-3,194	-2,411	-4,942	-16,306
Currency forwards for commodities	11,106	9,624	5,918	10,124	-9,290	27,482
	27,946	-15,614	-5,234	-585	-28,356	-21,843
Trading						
Interest rate swaps	-2,123	-977	-969	-971	-995	-6,035
Cross-currency interest rate swaps	591	-	-	-	-	591
Commodity swaps and forwards	7,115	284	9,764	13,131	18,149	48,443
CO2 forwards	-2,581	-1,235	-	-	-	-3,816
Currency forwards	-1,943	787	-	-	-	-1,156
Currency forwards for commodities	6,817	2,193	-1,160	3,463	-	11,313
Options purchased and sold	5,015	1,533	-	-	-	6,548
	12,891	2,585	7,635	15,623	17,154	55,888
	48,905	5,465	1,103	29,970	-22,912	62,531

In 2019, the future undiscounted cash flows of the derivative financial instruments in EDP Group, are as follows:

Thousand Euros	2020	2021	2022	2023	Following years	Total
Net Investment hedge						
Cross-currency interest rate swaps	-34,570	-35,122	-29,961	-30,078	-62,614	-192,345
Currency forwards	5,026	904	-	-	-	5,930
	-29,544	-34,218	-29,961	-30,078	-62,614	-186,415
Fair value hedge						
Interest rate swaps	28,940	17,868	27,379	6,105	11,228	91,520
Cross-currency interest rate swaps	17,487	17,569	17,527	17,527	740	70,850
	46,427	35,437	44,906	23,632	11,968	162,370
Cash flow hedge						
Interest rate swaps	-5,299	-4,376	-2,851	-1,751	-2,102	-16,379
Swaps related to gas commodity	54,580	-12,046	-24,728	-16,897	-19,847	-18,938
Electricity swaps	2,241	-2,830	-1,200	-462	-419	-2,670
Currency forwards for commodities	7,509	19,738	24,551	19,385	19,010	90,193
	59,031	486	-4,228	275	-3,358	52,206
Trading						
Interest rate swaps	7,198	-357	-359	-356	-535	5,591
Cross-currency interest rate swaps	-83	-99	-	-	-	-182
Commodity swaps	-7,511	2,556	446	-43	8,246	3,694
Commodity forwards	-2,027	-	-	-	-	-2,027
Currency forwards	-563	-	-	-	-	-563
Currency forwards for commodities	21,759	-67	-10	-	-	21,682
Options purchased and sold	3,083	-	-	-	-	3,083
	21,856	2,033	77	-399	7,711	31,278
	97,770	3,738	10,794	-6,570	-46,293	59,439

In 2020, the future undiscounted cash flows of the derivative financial instruments at Company level, are as follows:

Thousand Euros	2021	2022	2023	2024	Following Years	Total
Cash flow hedge						
Swaps related to gas commodity	-26,037	-18,740	-7,696	-4,519	2,662	-54,330
Electricity swaps	51,464	1,725	2,359	-163	-561	54,824
Currency forwards for commodities	7,751	12,158	7,684	10,124	-5,936	31,781
	33,178	-4,857	2,347	5,442	-3,835	32,275
Trading						
Interest rate swaps	-929	-977	-969	-971	-484	-4,330
Cross-currency interest rate swaps	-54,323	1,642	-30,504	33,648	-17,442	-66,979
Commodity swaps	82,362	10,801	9,454	985	8,806	112,408
Currency forwards	-	-	-	-	-	-
Commodity forwards	-2,931	-1,235	-	-	-	-4,166
Currency forwards for commodities	8,129	2,193	-1,160	3,463	-	12,625
Commodity options purchased and sold	4,906	1,511	-	-	-	6,417
	37,214	13,935	-23,179	37,125	-9,120	55,975
	70,392	9,078	-20,832	42,567	-12,955	88,250

In 2019, the future undiscounted cash flows of the derivative financial instruments at Company level, are as follows:

Thousand Euros	2020	2021	2022	2023	Following Years	Total
Cash flow hedge						
Swaps related to gas commodity	-190	-16,053	-24,716	-16,897	-19,847	-77,703
Electricity swaps	-92,161	-657	484	486	382	-91,466
Currency forwards for commodities	-	25,406	24,484	18,947	17,543	86,380
	-92,351	8,696	252	2,536	-1,922	-82,789
Trading						
Interest rate swaps	5,804	-357	-359	-356	-535	4,197
Cross-currency interest rate swaps	-10,723	-11,132	-11,080	-11,324	2,798	-41,461
Commodity swaps	-38,158	-5,104	-1,416	88	8,939	-35,651
Currency forwards	-3,054	904	-	-	-	-2,150
Commodity forwards	-2,422	-	-	-	-	-2,422
Currency forwards for commodities	30,279	-67	-10	-	-	30,202
Commodity options purchased and sold	110	-	-	-	-	110
	-18,164	-15,756	-12,865	-11,592	11,202	-47,175
	-110,515	-7,060	-12,613	-9,056	9,280	-129,964

The changes in the fair value, including accrued interest, of hedging instruments and risks being hedged are as follows:

			2020		2019	
			Changes in fair value		Changes in fair value	
Thousand Euros	Hedging instrument	Hedged risk	Instrument	Risk	Instrument	Risk
Net investment (i)	Cross-curr. int. rate swaps	Subsidiaries in PLN, BRL, GBP, USD and CAD	104,452	-159,741	-45,390	17,970
Net investment	Currency forwards	Subsidiaries in USD	480	-480	2,345	-2,345
Fair value	Interest rate swap	Interest rate	-14,247	14,866	-5,329	5,311
Fair value	Cross-curr. int. rate swaps	Exchange and interest rate	-26,867	26,577	24,452	-18,190
Cash flow	Interest rate swap	Interest rate	-7,304	7,304	643	-643
Cash flow	Currency forwards	Exchange rate	-58,918	58,918	24,688	-24,688
Cash flow (ii)	Commodity swaps	Commodity prices	8,137	-21,500	243,611	-276,212
			5,733	-74,056	245,020	-298,797

(i) Fair value variation of the hedging instrument on Cross currency interest rate swaps for Net investment includes a negative amount of 52,118 thousand Euros related to the cost of hedging (41,173 thousand Euros net of tax effect), recorded in reserves (see note 32), and ineffectiveness of a negative amount of 3,171 thousand Euros.

(ii) Fair value variation of the hedging instrument on Commodity swaps for Cash flow includes a negative amount of 13,363 thousand Euros related to ineffectiveness, and in the company level a negative amount of 40,421 thousand Euros.

Considering that hedging derivative financial instruments are contracted with a high correlation of critical terms, namely in the same currency and at the same indexes, the hedge ratio between the hedging instruments and the hedged instruments is 1:1.

As at 31 December 2020, the following market inputs were considered for the fair value calculation:

Instrument	Fair value indexed to the following market inputs
Cross-curr. int. rate swaps	Interest rates: Euribor 3M, Euribor 6M, Libor 3M, Libor 6M, Daily CDI, Wibor 3M, Wibor 6M, CAD Libor 3M, Robor 3M and Colombia Overnight Interbank; and exchange rates: EUR/GBP, EUR/BRL, EUR/PLN, EUR/CAD, EUR/RON, EUR/COP, and EUR/USD.
Interest rate swaps	Interest rates: Euribor 3M, Euribor 6M, Wibor 6M, US Libor 3M and CAD Libor 3M.
Currency forwards	Exchange rates: EUR/USD, EUR/PLN, EUR/BRL, EUR/GBP, BRL/USD, BRL/CNY, COP/USD and MXN/USD.
Commodity swaps	Market quotes of commodities: Brent, NBP Natural Gas, Electricity, Henry Hub, TTF, Coal, CO2 and JKM.

The changes in the fair value reserve related to cash flow hedges in 2020 and 2019 by nature of derivative financial instruments in EDP Group, were as follows:

Thousand Euros	Interest rate swaps	Commodity swaps	Currency forwards for commodities	Gross Amount	Deferred Tax	Total
Balance as at 1 Januray 2019	-28,317	-319,818	62,396	-285,739	72,424	-213,315
Fair value changes	11,765	385,329	26,590	423,684	-111,094	312,590
Transfer to results from hedging	-39	3,453	-	3,414	-1,577	1,837
Transfers included in the initial cost of inventories from hedging of commodity prices	-	-60,442	5,710	-54,732	17,174	-37,558
Comprehensive Income changes in associates	-27,911	-	-	-27,911	4,898	-23,013
Balance as at 31 December 2019	-44,502	8,522	94,696	58,716	-18,175	40,541
Fair value changes	39,063	-87,407	-77,761	-126,105	47,233	-78,872
Transfer to results from hedging	-36	63,095	-	63,059	-28,885	34,174
Comprehensive Income changes in associates	-1,735	-	-	-1,735	1,524	-211
Balance as at 31 December 2020	-7,210	-15,790	16,935	-6,065	1,697	-4,368

The changes in the fair value reserve related to cash flow hedges in 2020 and 2019 by nature of derivative financial instruments at Company level, were as follows:

Thousand Euros	Commodity swaps	Currency forwards for commodities	Gross Amount	Deferred Tax	Total
Balance as at 1 Januray 2019	-61,548	59,886	-1,662	334	-1,328
Fair value changes	-362,506	26,493	-336,013	75,604	-260,409
Transfer to results from hedging	245,765	-	245,765	-55,297	190,468
Balance as at 31 December 2019	-178,289	86,379	-91,910	20,641	-71,269
Fair value changes	-96,537	-54,378	-150,915	33,956	-116,959
Transfer to results from hedging	327,717	-	327,717	-73,736	253,981
Balance as at 31 December 2020	52,891	32,001	84,892	-19,139	65,753

Changes in fair value for the period, on consolidated and individual basis, in the fair value reserve include: (i) contracts for the purchase and sale of commodities traded on futures exchange market whose fair values are settled on a daily basis, and therefor are not in the statement of financial position; and (ii) fair value variation of derivative financial instruments contracted and settled within the same period.

The gains and losses on the financial instruments portfolio, excluding accrued interest, booked in the Income Statement in 2020 and 2019 are as follows:

	Group		Company	
Thousand Euros	Dec 2020	Dec 2019	Dec 2020	Dec 2019
Commodity derivatives held for trading	50,432	43,061	26,395	49,078
Debt derivatives held for trading	-16,065	32,832	-	-
Net investment hedge - ineffectiveness	-3,171	-296	-	-
Fair value hedges:				
-Derivatives	-36,498	21,802	-	-
-Hedged liabilities	37,935	-15,540	-	-
Cash flow hedges:				
-Transfer to results from hedging of financial liabilities	-36	-39	-	-
-Transfer to results from hedging of commodity prices	40,939	-23,071	-327,717	-245,765
	73,536	58,749	-301,322	-196,687

The amount transferred to the Income Statement related to the hedging of commodity derivatives is included in the caption of Revenues and cost of Energy Sales and Services and Other.

The effective interest rates of the derivative financial instruments relating to financing operations at 31 December 2020 are as follows:

	Group			
	Notional Euro'000	Currency	EDP Pays	EDP Receives
Interest rate contracts:				
Interest rate swaps	2,158,662	EUR	[3.67% - -0.50%]	[2.63% - -0.50%]
Interest rate swaps	34,763	PLN	[2.78% - 2.48%]	[-0.28%]
Interest rate swaps	40,804	USD	[1.86%]	[-0.22%]
Interest rate swaps	14,090	CAD	[2.59%]	[-0.51%]
Currency and interest rate contracts:				
CIRS (currency interest rate swaps)	458,647	EUR/GBP	[3.59% - 0.12%]	[8.63% - -0.54%]
CIRS (currency interest rate swaps)	225,348	EUR/PLN	[3.15% - 0.32%]	[1.84% - -0.54%]
CIRS (currency interest rate swaps)	29,345	EUR/BRL	[5.95% - 0.69%]	[-0.44% - -0.54%]
CIRS (currency interest rate swaps)	8,455	EUR/COP	[1.70%]	[-0.54%]
CIRS (currency interest rate swaps)	97,638	EUR/CAD	[0.86% - 0.22%]	[-0.51% - -0.57%]
CIRS (currency interest rate swaps)	72,441	USD/BRL	[3.21% - 0.17%]	[0.95% - 0.84%]
CIRS (currency interest rate swaps)	1,539,340	USD/EUR	[3.82% - 2.30%]	[1.50% - 0.38%]

The effective interest rates of the derivative financial instruments relating to financing operations at 31 December 2019 were as follows:

	Group			
	Notional Euro'000	Currency	EDP Pays	EDP Receives
Interest rate contracts:				
Interest rate swaps	3,486,543	EUR	[3.67% - -0.92%]	[4.88% - -0.83%]
Interest rate swaps	42,760	PLN	[2.78% - 2.48%]	[-1.79%]
Interest rate swaps	47,925	USD	[1.86%]	[-2.10%]
Interest rate swaps	12,253	CAD	[2.59%]	[-1.97%]
Currency and interest rate contracts:				
CIRS (currency interest rate swaps)	434,798	EUR/GBP	[3.67% - 0.98%]	[8.63% - -0.41%]
CIRS (currency interest rate swaps)	199,422	EUR/PLN	[4.69% - -0.40%]	[2.03% - -0.40%]
CIRS (currency interest rate swaps)	29,345	EUR/BRL	[5.95% - 5.94%]	[-0.40% - -0.44%]
CIRS (currency interest rate swaps)	44,307	EUR/CAD	[2.45% - -0.40%]	[-0.31% - -0.41%]
CIRS (currency interest rate swaps)	1,169,997	USD/EUR	[3.81% - 2.43%]	[1.50% - 0.38%]

The contracted prices of the derivative financial instruments relating to commodities at 31 December 2020 were as follows:

	Unit	2021	2022	2023	2024	Following Years
Electricity swaps	Euros/MWh	[40,35 - 53,00]	[41,75 - 45,60]	[41,75 - 45,25]	[41,75 - 45,25]	[37,00 - 44,00]
Swaps related to gas commodity	Euros/MWh	[6,20 - 23,64]	[6,36 - 19,87]	[6,99 - 17,23]	[7,84 - 17,05]	[6,94 - 16,67]
CO2 forwards	Euros/MT	[26,58 - 29,10]	[24,97 - 24,97]	n.a.	n.a.	n.a.

The contracted prices of the derivative financial instruments relating to commodities at 31 December 2019 were as follows:

	Unit	2020	2021	2022	2023	Following Years
Electricity swaps	Euros/MWh	[44,00 - 59,25]	[44,00 - 53,00]	[44,00 - 45,25]	[44,00 - 45,25]	[37,00 - 45,25]
Swaps related to gas commodity	Euros/MWh	[6,74 - 26,21]	[8,69 - 25,36]	[8,16 - 21,25]	[8,33 - 16,90]	[8,56 - 16,80]
CO2 forwards	Euros/MT	[23,64 - 28,95]	n.a.	n.a.	n.a.	n.a.

43. Commitments

Operating guarantees granted by EDP Group, not included in the consolidated statement of financial position nor in the Notes, are as follows:

	Group		Company	
Thousand Euros	Dec 2020	Dec 2019	Dec 2020	Dec 2019
Operating guarantees				
EDP S.A.	440,724	453,005	440,724	453,005
EDP España Group	87,851	105,283	-	-
EDP Brasil Group	159,325	270,421	-	-
EDP Renováveis Group	1,444,576	1,435,821	-	-
	2,132,476	2,264,530	440,724	453,005

The operating guarantees which are not included in the consolidated statement of financial position or in the Notes, as at 31 December 2020 and 2019, mainly refer to Power Purchase Agreements (PPA), interconnection, permits and market participation guarantees.

Additionally to the above guarantees, there are guarantees of operational nature related to the portfolio of Spanish and North American companies of EDPR, whose sale occurred in December 2020 (see note 6), in the amount of 200 thousand Euros and 982 thousand Euros, respectively, for which EDPR temporarily assumes responsibility until they are effectively replaced.

In addition to the guarantees identified above, EDP Group provides financial and operating guarantees related to liabilities assumed by joint ventures and associates in the amount of 492,364 thousand Euros and 309,806 thousand Euros, respectively (31 December 2019: 604,590 thousand Euros and 341,301 thousand Euros).

The remaining financial and operating guarantees granted by EDP Group have underlying liabilities that are already reflected in its consolidated statement of financial position and/or disclosed in the Notes.

In the Group, the commitments relating to future cash outflows not reflected in the measurement of the lease liabilities (rents due from lease contracts) and purchase obligations are disclosed, by maturity, as follows:

	Dec 2020				
	Capital outstanding by maturity				
Thousand Euros	Total	Less than 1 year	From 1 to 3 years	From 3 to 5 years	More than 5 years
Future cash outflows not reflected in the measurement of the lease liabilities (rents due from lease contracts)	64,408	7,379	11,535	6,436	39,058
Purchase obligations	21,992,063	4,502,177	3,774,031	2,392,018	11,323,837
	22,056,471	4,509,556	3,785,567	2,398,454	11,362,895

	Dec 2019				
	Capital outstanding by maturity				
Thousand Euros	Total	Less than 1 year	From 1 to 3 years	From 3 to 5 years	More than 5 years
Future cash outflows not reflected in the measurement of the lease liabilities (rents due from lease contracts)	300,347	22,773	65,895	58,665	153,014
Purchase obligations	23,762,667	4,772,858	5,354,099	2,824,157	10,811,553
	24,063,014	4,795,631	5,419,994	2,882,822	10,964,567

The Group's contractual commitments shown above relate essentially to agreements and commitments required for current business activities. Specifically, the majority of the commitments are established to guarantee adequate supply of energy to the customers in Europe, North America and Brazil and to comply with medium and long term investment objectives of the Group.

As at 31 December 2020, there are commitments from future cash outflows not reflected in the measurement of the lease liabilities (rents due from lease contracts) which refer to future rents of lease contracts already signed but not yet commenced.

The commitments related to the joint ventures are disclosed in note 21.

Purchase obligations of 8,671,817 thousand Euros essentially related with very long-term contracts for energy acquisition in the brazilian market (by regulatory imposition) which are updated with the respective projected rates and discounted at present value by a rate that represents the weighted average cost of capital (WACC) of the EDP Brasil Group, as follows:

Thousand Euros	Dec 2020	Dec 2019
Purchase obligation - Present value	8,560,278	12,328,055
Purchase obligation - Nominal amount	12,149,109	17,121,883

Purchase obligations also include obligations of long term contracts relating to the supply of products and services under the Group's ordinary course of business. Prices defined under forward contracts are used in estimating the amount of contractual commitments.

The nature of purchase obligations breaks down as follows:

Thousand Euros	Dec 2020	Dec 2019
Fuel acquisition	5,473,666	6,994,412
Electricity acquisition	11,533,487	11,294,873
O&M contracts	719,288	902,040
Fixed assets, equipment and miscellaneous materials	1,888,135	2,159,439
Supply and assembly contract	1,404,619	1,340,568
Other supplies and services	972,868	1,071,335
	21,992,063	23,762,667

The commitments for fuel and electricity acquisition are disclosed, by maturity, as follows:

	Dec 2020				
	Capital outstanding by maturity				
Thousand Euros	Total	Less than 1 year	From 1 to 3 years	From 3 to 5 years	More than 5 years
Fuel acquisition	5,473,666	557,396	760,122	488,274	3,667,873
Electricity acquisition	11,533,487	837,075	1,789,979	1,752,465	7,153,968
	17,007,153	1,394,471	2,550,101	2,240,739	10,821,841

	Dec 2019				
	Capital outstanding by maturity				
Thousand Euros	Total	Less than 1 year	From 1 to 3 years	From 3 to 5 years	More than 5 years
Fuel acquisition	6,994,412	657,713	1,071,616	734,854	4,530,229
Electricity acquisition	11,294,873	1,431,081	2,207,412	1,904,441	5,751,939
	18,289,285	2,088,794	3,279,028	2,639,295	10,282,168

Some of the transactions related to the disposal of non-controlling interests while retaining control, carried out in previous years, incorporate contingent assets and liabilities according to the terms of the corresponding agreements. Additionally, some of the assets acquisition transactions foresee contingent liabilities which depend on certain milestones and, although EDP Group has recognized the fair value of these liabilities in the consolidated financial statements, changes in the assumptions could change these liabilities.

At Company level, the commitments relating to future cash outflows not reflected in the measurement of the lease liabilities (rents due from lease contracts) and purchase obligations are disclosed, by maturity, as follows:

	Dec 2020				
	Capital outstanding by maturity				
Thousand Euros	Total	Less than 1 year	From 1 to 3 years	From 3 to 5 years	More than 5 years
Future cash outflows not reflected in the measurement of the lease liabilities (rents due from lease contracts)	450	450	-	-	-
Purchase obligations	4,960,512	297,368	514,212	488,623	3,660,309
	4,960,962	297,818	514,212	488,623	3,660,309

Thousand Euros	Dec 2019 Total	Capital outstanding by maturity: Less than 1 year	From 1 to 3 years	From 3 to 5 years	More than 5 years
Future cash outflows not reflected in the measurement of the lease liabilities (rents due from lease contracts)	362	362	-	-	-
Purchase obligations	5,645,372	310,741	603,311	525,902	4,205,418
	5,645,734	311,103	603,311	525,902	4,205,418

The caption Purchase obligations relates mainly to gas purchase contracts.

44. Related Parties

Shares held by company officers

The number of shares of EDP S.A. held or attributable to company officers as at 31 December 2020 and 2019 are as follows:

	2020 Nr. of shares	2019 Nr. of shares
General and Supervisory Board		
China Three Gorges Corporation (represented by Dingming Zhang)	854,736,441	850,777,024
China Three Gorges International Corp. (represented by Shengliang Wu)	854,736,441	850,777,024
China Three Gorges (Europe), S.A. (represented by Ignacio Herrero Ruiz)	854,736,441	850,777,024
Draursa, S.A. (represented by Felipe Fernández Fernández)	1,350	1,350
Fernando Maria Masaveu Herrero	285,434,976	265,065,136
Mubadala Investment Company (represented by Mohammed Issa Khalfan Alhuraimel Alshamsi)	54,095,476	76,787,292
Sonatrach (represented by Karim Djebbour)	87,007,433	87,007,433
Vasco Joaquim Rocha Vieira	3,515	3,203
Banco Comercial Português, S.A. (represented by Nuno Manuel da Silva Amado)	76,627,022	75,615,918
João Carvalho das Neves	8,060	7,429
Luís Maria Viana Palha da Silva	5,479	5,050
Executive Board of Directors		
António Luís Guerra Nunes Mexia	101,093	91,000
António Fernando Melo Martins da Costa	58,915	54,299
João Manuel Manso Neto	1,375	1,268
Miguel Nuno Simões Nunes Ferreira Setas	8,104	7,382
Miguel Stilwell de Andrade	151,904	140,000
Maria Teresa Isabel Pereira	25,415	71,281
Rui Manuel Rodrigues Lopes Teixeira	39,033	31,733
Vera de Morais Pinto Pereira Carneiro	7,000	-

EDP S.A bonds and the number of shares of other EDP group companies held or attributable to company officers are disclosed in part I section A - Ownership structure of chapter 4 - Corporate governance.

Following the capital increase of EDP - Energias de Portugal, SA, registered on 11 August 2020, and in which subscription rights were attributed to shareholders, the exercise of the respective subscription rights was reported by the following members of the Executive Board of Directors : (i) António Luís Guerra Nunes Mexia, (ii) João Manuel Manso Neto, (iii) António Fernando Melo Martins da Costa, (iv) Miguel Stilwell de Andrade, (v) Miguel Nuno Simões Nunes Ferreira Setas, (vi) Rui Manuel Rodrigues Lopes Teixeira and (vii) Maria Teresa Isabel Pereira.

Additionally, on 4 September 2020, Director Vera de Morais Pinto Pereira Carneiro has acquired 7,000 shares representative of EDP - Energias de Portugal, S.A. share capital.

On 30 October 2020, Director Maria Teresa Isabel Pereira has disposed of 52,228 shares representative of EDP - Energias de Portugal, S.A. share capital.

During 2019, João Manuel Veríssimo Marques da Cruz, member of the Executive Board of Directors (EBD), sold 79,578 shares representative of EDP - Energias de Portugal, S.A. share capital.

Remuneration of company officers

In accordance with the Company's by-laws, the remuneration of company officers is set by a Remunerations Committee appointed by the Shareholders' General Meeting, except for the remuneration of the members of the Executive Board of Directors (EBD), which is set by a Remunerations Committee appointed by the General and Supervisory Board (GSB).

Short-term employee benefits

During 2020, the annual fixed and variable remuneration cost accounted for the members of the EBD and the fixed remuneration of the GSB, was as follows:

Thousand Euros	EBD	GSB
President	1,524	515
Members	6,719	1,348
	8,243	1,863

The remuneration costs accounted with the EBD includes the amount of 2,688 thousand Euros related to the annual variable remuneration. This amount was calculated considering the best estimation of the variable remuneration for the year of 2020, in accordance with Remunerations Committee policy of the GSB, deducted from the correction of the accrual from the previous year compared with the amount paid.

Additionally, the Remunerations Committee policy of the GSB foresees, in certain circumstances, a variable multi-annual remuneration to the EBD members, corresponding to the current mandate (2018-2020). On this basis, an estimated amount of 12,383 thousand Euros was accrued (31 December 2019: 12,745 thousand Euros).

During 2020, the remuneration costs of the members of the Remunerations Committee of the General Assembly amounted to 35,000 Euros and there were no remuneration costs regardind the Sustainability Committee.

Post-employment benefits

EDP has no specific retirement benefits system in place for its directors. The remuneration fixed by the Remuneration Committee of the General and Supervisory Board provides for a retirement savings plan-type standard financial product for the members of the Executive Board of Directors, who contribute 10% (ten percent) of their net fixed annual remuneration. It was granted by decision of the General Meeting of 16 April 2020 as part of the remuneration policy statement. This financial product does not entail any cost to EDP in the future, as it is merely a subscription to a financial product while the members of the managing body hold their positions and is not covered by Article 402 (1) of the "Código das Sociedades Comerciais" (Portuguese Commercial Companies Code).

Audit and non audit fees

In 2020, PwC fees relating to external audit and statutory audit of all subsidiaries of EDP Group, except EDP Brasil Group, amounted to 5,619,449 Euros. Additionally, the total fees charged by PwC for other assurance services, which include quarterly reviews, and other non audit services amounted to 2,187,709 Euros and 16,000 Euros, respectively.

In 2020, PwC Portugal fees relating to external audit and statutory audit of all subsidiaries of EDP Group in Portugal, amounted to 2,473,892 Euros. The total fees charged by PwC Portugal for other assurance of reliability services, which include quarterly reviews and other non audit services to subsidiaries of EDP Group in Portugal amounted to 1,894,873 Euros and 16,000 Euros, respectively.

Business operations between the Company and the members of the Executive Board of Directors and General and Supervisory Board with qualifying holdings and companies in the group or control relationship with EDP

In the course of its activity and regardless of their relevance, EDP concludes businesses and operations under normal market conditions for similar transactions with different entities, namely financial institutions, including holders of qualified shareholdings in EDP's share capital and those related parties.

On 11 May 2012, after the Strategic Partnership Agreement concluded with China Three Gorges Corporation (CTG) came into effect in December 2011, this company (and three other group companies) became part of EDP's General and Supervisory Board.

Under the Strategic Partnership Agreement with China Three Gorges Corporation, on 28 June 2013, EDP Renováveis, S.A. sold for a total final price of 368 million Euros to a CTG Group company (CITIC CWEI Renewables S.C.A.) a 49% shareholding in EDP Renováveis Portugal and 25% of the shareholder loans capital and supplementary capital contributions under the applicable rules for additional contributions granted to this company.

Also under this partnership, on 6 December 2013, EDP Brasil signed a Memorandum of Understanding with CWE Investment Corporation (CWEI), currently designated as China Three Gorges Corporation, a wholly owned subsidiary of CTG, setting out the main guidelines for a future partnership in joint investments between EDP Brasil and CWEI and that governs parties' participation in joint projects in Brazil. These investments by CWEI Brasil were considered for purposes of fulfilment of the Strategic Partnership Agreement in relation to the total investment of 2 billion Euros made by CTG up to 2015 (including co-funding of operating investments) in ready-to-build and operational renewable energy generation projects.

On 19 May 2015, EDP Renováveis, S.A. completed the sale to CTG, of a 49% equity shareholding in selected wind farms in Brazil. This transaction was recognised as a sale without loss of control, having the Group recognised non-controlling interests of 50,943 thousand Euros and an impact in reserves attributable to the Group of 10,337 thousand Euros in 2015.

On 27 October 2016, the transaction relating with the sale of the minority interest in the wind generation assets of EDP Renováveis, S.A. in Italy and Poland to CTG, which purchase and sale agreement was signed on 28 December 2015 was concluded. CTG, through ACE Poland S.A.R.L. and ACE Italy S.A.R.L., both owned in 100% by ACE Investment Fund LP, an entity owned by China Three Gorges Hong Kong Ltd, subsidiary of CTG, formalised the payment of approximately 363 million Euros corresponding to the final price agreed between the parties.

On 30 June 2017, EDP Renewables, SGPS, S.A. completed the sale to ACE Portugal S.A.R.L. (CTG Group), of a 49% equity shareholding in EDPR PT-PE. This transaction was recognised as a sale without loss of control, having the Group recognised non-controlling interests of 135,679 thousand Euros and an impact in reserves attributable to the Group of 74,419 thousand Euros in 2017.

On 28 December 2018, EDP Renováveis, S.A. completed the sale to CTG, of a 10% equity stake and respective shareholder loans on Moray Offshore Windfarm (East) Limited, for the total amount of 37.6 million Pounds.

Balances and transactions with companies of China Three Gorges Group

In accordance with the EDP/CTG strategic partnership, EDPR Group completed the sale of 49% of EDPR Portugal, EDPR Brasil, EDPR PT-PE, EDPR Italia and EDPR Polska to CTG Group.

Following these transactions, CTG Group granted shareholders loans to the EDPR Group in the amount of 194,978 thousand Euros including accrued interests (31 December 2019: 235,717 thousand Euros) (see note 39).

During 2020, EDPR Portugal distributed dividends to CTG in the amount of 19,600 thousand Euros.

Balances with EDP Pension and Medical and Death Subsidy Funds

In December 2015, EDP, S.A. signed a lease contract related with the building units of the Porto headquarters (sold to the EDP Pension Fund in December 2015) for a period of 25 years. As at 31 December 2020, the present value of the lease liability (rents due from lease contracts), as a result of the adoption of IFRS 16, amounts to 46,941 thousand Euros (31 December 2019: 48,232 thousand Euros) (see note 39).

In September 2017, EDP, S.A. signed a lease contract related with the building of the Lisbon headquarters (given as an in-kind contribution to the EDP Medical and Death Subsidy Funds) for a period of 25 years. As at 31 December 2020, the present value of the lease liability (rents due from lease contracts), as a result of the adoption of IFRS 16, amounts to 88,261 thousand Euros (31 December 2019: 89,280 thousand Euros) (see note 39).

Following the decision and implementation of the autonomisation of the Medical Plan and Death Subsidy Plan in Portugal, EDP Group has made contributions of 23,040 thousand Euros in 2020 (31 December 2019: 141,660 thousand Euros) (see note 35). In the next years, and until the end of 2027, the Group estimates to make additional contributions in the approximatly total amount of 150 million Euros, of which approximate 23 million Euros in 2021, in line with the financing plan approved by Insurance and Pension Funds Supervisory Authority (ASF).

Balances and transactions with subsidiaries, joint ventures and associates

In their ordinary course of business, EDP Group companies establish commercial transactions and operations with other Group companies, whose terms reflect current market conditions.

The credits and debits over subsidiaries, joint ventures and associates, at Company level, are as follows:

Credits held

Thousand Euros	31 December 2020			
	Intra-Group Financial Mov.	Loans and Interests receivable	Other Credits	Total
EDP Comercial, S.A.	-	42,037	259,053	301,090
E-Redes – Distribuição de Eletricidade, S.A.	19,381	1,503,685	28,567	1,551,633
EDP España, S.A.U.	-	-	143,878	143,878
EDP Finance B.V.	-	156,705	300	157,005
EDP Produção, S.A.	-	807,346	402,019	1,209,365
Hidrocantábrico Distribucion Eléctrica, S.A.U.	-	-	30,500	30,500
EDP Renováveis, S.A.	-	-	19,278	19,278
EDP Servicios Financieros España, S.A.U.	853,955	-	6,453	860,408
SU Eletricidade, S.A., S.A.	-	300,387	14,728	315,115
EDP Renewables Europe, S.L.U.	-	-	22,520	22,520
EDP GÁS.COM - Comércio de Gás Natural, S.A.	-	10,038	13,988	24,026
EDP Clientes, S.A.	-	-	121,228	121,228
Other	393	94,013	35,841	130,247
	873,729	2,914,211	1,098,353	4,886,293

The amount of 156,705 thousand Euros refers to one private placement and one repurchase in market by EDP, S.A. of two bonds issued by EDP Finance B.V.

Thousand Euros	31 December 2019			
	Intra-Group Financial Mov.	Loans and Interests receivable	Other Credits	Total
EDP Comercial, S.A.	56,945	75,831	275,210	407,986
E-Redes – Distribuição de Eletricidade, S.A.	-	1,503,715	25,434	1,529,149
EDP España, S.A.U.	-	-	107,479	107,479
EDP Finance, B.V.	-	560,077	39,458	599,535
EDP Produção, S.A.	-	1,369,908	188,855	1,558,763
EDP Real State Global Solutions, S.A.	-	-	31,823	31,823
EDP Renováveis, S.A.	-	-	5,257	5,257
EDP Servicios Financieros España, S.A.U.	523,825	-	1,522	525,347
SU Eletricidade, S.A., S.A.	-	300,157	5,595	305,752
EDP Renewables Europe, S.L.U.	-	-	15,237	15,237
EDP Comercializadora, S.A.U.	-	-	40,429	40,429
EDP GÁS.COM - Comércio de Gás Natural, S.A.	7,807	10,038	7,177	25,022
Other	23,487	54,165	45,060	122,712
	612,064	3,873,891	788,536	5,274,491

Debits held

Thousand Euros	31 December 2020			
	Intra-Group Financial Mov.	Loans and Interests payable	Other Debits	Total
E-Redes – Distribuição de Eletricidade, S.A.	-	-	13,257	13,257
EDP Comercial, S.A.	41,506	-	1,281	42,787
EDP Finance B.V.	-	7,567,069	69,579	7,636,648
EDP Renováveis Servicios Financieros, S.A.	-	-	17,237	17,237
EDP Produção, S.A.	864,756	-	364,155	1,228,911
EDP Renováveis, S.A.	-	-	56,058	56,058
SU Eletricidade, S.A., S.A.	203,304	-	9	203,313
EDP España, S.A.U.	-	-	28,775	28,775
EDP Clientes, S.A.	-	-	54,580	54,580
Other	79,137	-	70,448	149,585
	1,188,703	7,567,069	675,379	9,431,151

The amount of 7,567,069 thousand Euros includes 6,977,196 thousand Euros related to five intragroup bonds issued by EDP Finance BV and acquired by EDP S.A., with fixed and variable rate and a term to maturity up to 7 years.

	31 December 2019			
Thousand Euros	Intra-Group Financial Mov.	Loans and Interests payable	Other Debits	Total
E-Redes – Distribuição de Eletricidade, S.A.	225,055	-	5,712	230,767
EDP Comercial, S.A.	-	-	459	459
EDP Finance, B.V.	-	10,836,891	87,808	10,924,699
EDP Renováveis Servicios Financieros, S.A.	-	-	1,311	1,311
EDP Produção, S.A.	289,981	-	614,484	904,465
EDP Renováveis, S.A.	-	-	4,099	4,099
SU Eletricidade, S.A., S.A.	157,645	-	36,920	194,565
EDP España, S.A.U.	-	-	20,428	20,428
EDP Comercializadora, S.A.U	-	-	127,524	127,524
Other	39,154	-	77,807	116,961
	711,835	10,836,891	976,552	12,525,278

Expenses and income related to Subsidiaries, Joint Ventures and Associates, at Company level, are as follows:

Expenses

	31 December 2020			
Thousand Euros	Interest on Intra-Group Financial Mov.	Interest on Loans Obtained	Other Losses	Total
EDP Finance B.V.	-	136,276	145,147	281,423
EDP Produção, S.A.	-	-	2,031,542	2,031,542
EDP España, S.A.U.	-	-	140,240	140,240
Other	30	-	406,976	407,006
	30	136,276	2,723,905	2,860,211

	31 December 2019			
Thousand Euros	Interest on Intra-Group Financial Mov.	Interest on Loans Obtained	Other Losses	Total
EDP Finance, B.V.	-	152,228	130,808	283,036
EDP Produção, S.A.	-	-	1,190,204	1,190,204
EDP España, S.A.U.	-	-	152,442	152,442
EDP Comercializadora, S.A.U.	-	-	278,097	278,097
Other	8	-	132,489	132,497
	8	152,228	1,884,040	2,036,276

Income

	31 December 2020			
Thousand Euros	Interest on Intra-Group Financial Mov.	Interest on Loans Granted	Other Gains	Total
EDP Comercial, S.A.	119	1,537	1,145,769	1,147,425
E-Redes – Distribuição de Eletricidade, S.A.	11	23,209	137,345	160,565
EDP España, S.A.U.	-	-	909,485	909,485
EDP Produção, S.A.	-	21,802	941,198	963,000
EDP Soluções Comerciais, S.A.	2	219	10,221	10,442
EDP Finance B.V.	-	14,053	97,630	111,683
Hidrocantábrico Distribución Eléctrica S.A.U.	-	-	23,632	23,632
EDP Renováveis, S.A.	-	-	86,794	86,794
EDP Renewables Europe, S.L.U.	-	-	22,276	22,276
Other	46	6,178	400,069	406,293
	178	66,998	3,774,419	3,841,595

Other gains include income from equity investments of 908,690 thousand Euros (see note 13).

Thousand Euros	31 December 2019			
	Interest on Intra-Group Financial Mov.	Interest on Loans Granted	Other Gains	Total
EDP Comercial, S.A.	82	2,225	1,296,096	1,298,403
E-Redes – Distribuição de Eletricidade, S.A.	-	33,459	106,878	140,337
EDP España, S.A.U.	-	-	684,450	684,450
EDP Produção, S.A.	8	24,959	578,889	603,856
EDP Soluções Comerciais, S.A.	75	-	11,929	12,004
EDP Finance, B.V.	-	37,547	58,527	96,074
Hidrocantábrico Distribución Eléctrica S.A.U.	-	-	22,791	22,791
EDP Comercializadora, S.A.U	-	-	78,952	78,952
EDP Renováveis, S.A.	-	314	69,857	70,171
EDP Renewables Europe, S.L.U.	-	-	27,726	27,726
Other	94	6,028	176,441	182,563
	259	104,532	3,112,536	3,217,327

Assets, liabilities and transactions with related companies, for the Group, are as follows:

Assets and Liabilities

Thousand Euros	31 December 2020		
	Assets	Liabilities	Net Value
Joint Ventures			
OW Offshore, S.L.	474,939	130	474,809
Cide HC Energía, S.A.	6,860	1,276	5,584
SCNET - Sino-Portuguese Centre	-	1,080	-1,080
HC Tudela Cogeneración, S.L.	906	1,488	-582
Flat Rock Windpower II LLC	17	961	-944
Other	8,992	928	8,064
	491,714	5,863	485,851
Associates			
Parque Eólico Sierra del Madero, S.A.	8,149	-	8,149
Parque Eólico Belmonte, S.A.	1,119	-	1,119
Centrais Elétricas de Santa Catarina, S.A. - Celesc	3,083	-	3,083
Solar Works! B.V.	965	-	965
Other	2,078	36	2,042
	15,394	36	15,358
	507,108	5,899	501,209

Thousand Euros	31 December 2019		
	Assets	Liabilities	Net Value
Joint Ventures			
Companhia Energética do JARI - CEJA	3,522	467	3,055
Porto do Pecém Transportadora de Minérios S.A.	1,418	343	1,075
Cide HC Energía, S.A.	3,275	6,470	-3,195
SCNET - Sino-Portuguese Centre	-	1,080	-1,080
HC Tudela Cogeneración, S.L.	2,298	1,294	1,004
Outras	2,943	954	1,989
	13,456	10,608	2,848
Associates			
MABE Construção e Administração de Projectos, Ltda.	5,407	-	5,407
Parque Eólico Sierra del Madero, S.A.	8,150	-	8,150
Outras	6,983	2,426	4,557
	20,540	2,426	18,114
	33,996	13,034	20,962

Transactions

Thousand Euros	31 December 2020 Operating Income	Financial Income	Operating Expenses	Financial Expenses
Joint Ventures				
Cide HC Energía, S.A.	67,144	5	110	-
Companhia Energética do JARI - CEJA	218	-	2,462	-
HC Tudela Cogeneración, S.L.	706	18	2,955	-
Empresa de Energia São Manoel, S.A.	4,998	-	6,629	-
OW Offshore, S.L.	6,932	3,934	-	3,102
Porto do Pecém Transportadora de Minérios S.A.	172	-	2,568	-
Other	8,392	96	874	-
	88,562	4,053	15,598	3,102
Associates				
MABE Construção e Administração de Projectos, Ltda.	-	113	-	-
Desarrollos Eólicos de Canarias, S.A.	453	-	55	-
Parque Eólico Sierra del Madero	8	284	-	-
Parque Eólico Belmonte, S.A.	644	33	-	-
	1,105	430	55	-
	89,667	4,483	15,653	3,102

Thousand Euros	31 December 2019 Operating Income	Financial Income	Operating Expenses	Financial Expenses
Joint Ventures				
Cide HC Energía, S.A.	90,553	12	113	-
HC Tudela Cogeneración, S.L.	5,192	28	3,146	-
Empresa de Energia São Manoel, S.A.	35	-	8,559	-
Comercializador de Referencia Energético, S.L.U.	5,949	-	17	-
Porto do Pecém Transportadora de Minérios S.A.	259	-	5,294	-
Other	9,694	991	1,569	-
	111,682	1,031	18,698	-
Associates				
MABE Construção e Administração de Projectos, Ltda.	-	304	-	-
Desarrollos Eólicos de Canarias, S.A.	227	-	18	-
Parque Eólico Sierra del Madero	8	345	-	-
Parque Eólico Belmonte, S.A.	695	34	-	-
Other	48	217	120	-
	978	900	138	-
	112,660	1,931	18,836	-

During 2020, EDP Group contributed with 12,700 thousand Euros of donations to Fundação EDP (see note 11).

Additionally, management describes other transactions with related parties in the part I section A - Ownership structure of chapter 4 - Corporate governance. The aforementioned chapter includes transactions with holders of qualified shareholding positions as required by the Securities Code which are out of scope of IAS 24.

45. Fair Value of Financial Assets and Liabilities

Fair value of financial instruments is based, whenever available, on listed market prices. Otherwise, fair value is determined through quotations supplied by third parties or through the use of generally accepted valuation models, which are based on cash flow discounting techniques and option valuation models. These models use market data which impacts the financial instruments, namely yield curves, exchange rates and volatility indicators, including credit risk.

Market data is available on stock exchanges and/or financial information platforms such as Bloomberg and Reuters.

The fair value of financial assets and liabilities is as follows:

Thousand Euros	Dec 2020			Dec 2019		
	Carrying amount	Fair value	Difference	Carrying amount	Fair value	Difference
Assets						
Equity instruments at fair value	184,748	184,748	-	170,806	170,806	-
Debtors/other assets from commercial activities	6,292,623	6,292,623	-	6,282,380	6,282,380	-
Other debtors and other assets	1,266,113	1,266,113	-	1,249,065	1,249,065	-
Derivative financial instruments	605,428	605,428	-	565,292	565,292	-
Collateral deposits/financial debt	32,069	32,069	-	61,476	61,476	-
Cash and cash equivalents	2,954,302	2,954,302	-	1,542,722	1,542,722	-
	11,335,283	11,335,283	-	9,871,741	9,871,741	-
Liabilities						
Financial debt	16,286,763	17,100,948	814,185	16,571,469	17,319,817	748,348
Suppliers and accruals	2,002,054	2,002,054	-	2,115,931	2,115,931	-
Institutional partnerships	1,933,542	1,933,542	-	2,289,784	2,289,784	-
Trade payables and other liabilities from commercial activities	2,869,756	2,869,756	-	2,821,549	2,821,549	-
Other liabilities and other payables	1,932,683	1,932,683	-	1,418,519	1,418,519	-
Derivative financial instruments	396,882	396,882	-	382,371	382,371	-
	25,421,680	26,235,865	814,185	25,599,623	26,347,971	748,348

Given that EDP Group's financial assets and liabilities, recognised at amortised cost, are predominantly short-term and level 2, changes in fair value were not considered. Fair value of EDP Group's financial debt was determined considering current market, namely listed price (level 1).

The market value of financial debt, when no listed market prices are available, is calculated based on the discounted cash flows at market interest rates at the balance sheet date, increased by the best estimate, at the same date, of market conditions applicable to Group's debt.

According to IFRS 13 requirements, EDP Group established the way it obtains the fair value of its financial assets and liabilities. The levels used are defined as follows:

- Level 1 – Fair value based on the available listed price (not adjusted) in the identified active markets for assets and liabilities;
- Level 2 – Fair value based in market inputs not included in level 1, but observable in the market for the asset or liability, either directly or indirectly;
- Level 3 – Fair value of the assets and liabilities calculated with inputs that are not based on observable market information.

Thousand Euros	Dec 2020			Dec 2019		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets						
Equity instruments at fair value through						
other comprehensive income (see note 22)	-	89,821	27,290	-	80,079	22,735
profit or loss (see note 22)	-	-	67,637	-	-	67,992
Tariff deficit at fair value through other comprehensive income (see note 26)	-	423,324	-	-	9,157	-
Amounts receivable from concessions-IFRIC 12 at fair value through profit or loss (see note 26)	-	547,103	-	-	664,489	-
Derivative financial instruments (see note 42)	-	605,428	-	-	565,292	-
	-	1,665,676	94,927	-	1,319,017	90,727
Financial liabilities						
Derivative financial instruments (see note 42)	-	396,882	-	-	382,371	-
	-	396,882	-	-	382,371	-

The market value of the amounts of tariff deficit at fair value through other comprehensive income is calculated based on the cash flows associated with these assets, discounted at rates which, at the balance sheet date, better reflect the assets risk considering the average term of the assets.

The amounts receivable from concessions - IFRIC 12 at fair value through profit or loss are valued based in the methodology of the Value of Replacement as New (VNR). This method requires that each asset is valued, at current prices, for all the expenses needed for its replacement by equivalent asset that performs the same services and has the same capacity as the existing asset. The valuation for each asset is based on (i) Data Bank of Referential Prices - which is defined in the Tariff Adjustment Procedures - PRORET; or (ii) Data Bank of Prices from the Distribution company - which is formed based on the company's own information; or (iii) Referential Budget – that corresponds to the calculation by comparison of market data, relating to other assets with similar characteristics. ANEEL reviews the VNR, through the valuation report of the Regulatory Remuneration Base, every three years for EDP Espírito Santo and every four years for EDP São Paulo, as established in the concession contracts.

The movement in financial assets and liabilities included in Level 3 is as follows:

Thousand Euros	At fair value through other comprehen-sive income	At fair value through profit or loss
Balance at beginning of period	22,735	67,992
Change in fair value (see note 22)	3,130	401
Acquisitions	4,071	1,371
Disposals	-2,394	-2,750
Other changes	-252	623
Balance at the end of the period	27,290	67,637

The assumptions used in the determination of Equity Instruments at Fair Value are described in note 22, as required by IFRS 13.

46. Relevant or Subsequent Events

Power purchase agreement for two solar projects in USA

On 4 January 2021, EDP announced that has closed two 15-year Power Purchase Agreement to sell the energy produced by two solar PV plants totalling 275 MW. The projects, located in the U.S. states of Mississippi and Indiana, are expected to begin operations in 2023.

Enertel acquisition

On 12 January 2021, EDP announced, through its subsidiary EDP Comercial S.A., the acqusition of Enertel, an italian company that provides decentralized solar energy self-consumption solutions. Decentralized solar energy is one of the main resources listed by European institutions to achieve the goal of reducing the environmental footprint and CO2 emissions, and over the next decade its installed capacity is expected to triple on a global scale.

Sale by China Three Gorges of 2.5% stake in EDP

On 15 January 2021, China Three Gorges (CTG) has completed the sale through a private placement of a 2.5% stake in EDP for 534 million Euros, corresponding to a price of 5.34 Euros per share, according to a regulatory filing. Following this transaction, CTG's stake in EDP's share capital stands at 19%, continuing to support the strategic partnership established between EDP and CTG.

Acquisition of 85% of a distributed solar paltaform in USA

On 18 January 2021, EDP disclosed that, through its subsidiary EDP Renewables North America LLC, has entered into an agreement to acquire a majority interest in C2 Omega, LLC, the distributed solar platform of C2 Energy Capital, LLC.

With this transaction, EDP Renewables North America LLC will acquire an 85% equity stake in a solar generation portfolio that includes 89 MW of operating and imminent completion capacity and a near-term pipeline of around 120 MW, across near 200 sites in 16 states. EDP Renewables North America LLC investment in C2's distributed solar platform business corresponds to an enterprise value of approximately 119 million American Dollars for the acquisition of the operating capacity. The transaction will also include certain earn-out payments based on the growth in future operational capacity.

Early repaid by EDP S.A. of 500 Million Euros

Regarding a 1,500 Million Euros bond fully subscribed by EDP Finance B.V. due on October 2021, 500 Million Euros were early repaid by EDP S.A. on 19 January.

Green hybrid issuance of 750 million Euros

On 25 January 2021, EDP priced a fixed to reset rate subordinated notes issuance in the total amount of 750 million Euros, with an early redemption option exercisable by EDP 5.25 years after the issue date, final maturity date in August 2081 and a yield of 1.95% up to the first reset date to happen 5 years and 6 months after issuance.

Long-term Contract-for-Differences for 187 MW in Spanish and Italian renewable auctions

On 27 January 2021, EDP announced that was awarded long-term Contract-for-Differences at the Spanish and Italian renewable energy auctions to sell electricity.

At the Spanish auction, a portfolio of 6 projects of wind and solar, including hybrid projects, with a total capacity of 143 MW has been awarded. The projects are expected to become operational in 2022 and 2023. At the Italian auction, a wind project of 44 MW and expected to become operational in 2022 has also been awarded.

Solar PV project in Hungary with 50 MW

On 12 February 2021, EDP announced that has secured a 15-year Contract-for-Difference to sell energy produced by a solar PV project in Hungary totalling 50 MW and with expected commercial operation in 2022.

Qualified shareholding in EDP

On 17 February 2021, Canada Pension Plan Investment Board, notified EDP that it had reached a qualified shareholding correspondent to 2.01% of EDP's share capital and respective voting rights. The 2% threshold was crossed on 11 February 2021.

Asset rotation in North America

In February 2021, the requirements defined in IFRS 5 - Non-current assets held for sale were met, for the classification of a group of assets and liabilities corresponding to 405 MW in North America as non-current assets and liabilities held for sale. Because these conditions were not fulfilled at 31 December 2020, assets and liabilities were not classified as such in the financial statements as at 31 December 2020.

Intention to acquire the AES Tietê Energia, S.A.

On February 2021, EDP - Energias do Brasil, S.A. announced its intention to enter into a purchase agreement with AES Tietê Energia S.A. for the acquisition of 100% of the voting shares of AES Inova Soluções de Energia Ltda. and the respective subsidiaries, AES Tietê Inova Soluções de Energia I Ltda. and AES Tietê Inova Soluções de Energia II Ltda.

AES Inova is a distributed solar investment platform that holds a portfolio of approximately 34 MWp in the states of Rio Grande do Sul, São Paulo and Minas Gerais, with projects at different stages of development. The closing of this operation is expected in the second quarter of 2021 and is subject to the fulfillment of regulatory conditions precedent, in addition to other land and environment related steps required for the development of the projects.

47. EDP Branch in Spain

The aim of EDP - Energias de Portugal - Sociedade Anónima, Sucursal en España is to manage and coordinate the energy interests of subsidiaries depending from EDP Group in Spain, organised through managing and monitoring structures, in order to ensure the maximum synergy and value creation in the operations and activities in Spain, also assuming itself as an organizational platform to lead the Iberian integration of shared and support services (back and middle offices). On this basis, interests in EDP Servicios Financieros (España), S.A.U. and EDP España, S.A.U. are directly allocated to the assets of EDP Sucursal, as well as the majority interest in EDP Renováveis, S.A.

The Spanish branch of EDP has offices in Madrid and Oviedo. From a formal and legal point of view, the representation of the Spanish branch of EDP before third parties is ensured through the permanent representatives, which are members of the Executive Board of Directors of EDP, mandated for that purpose.

The structure of direction, coordination, management and representation of the Spanish branch of EDP is composed by an Executive Committee, a Management Committee and by direct representation on iberian scope EDP Management Committees.

The Executive Committee is composed essentially by five permanent representatives, a Corporate General Director (Group Controller for the activities in Spain) and by first line directors of the business units in Spain, which constitute the main direction and coordination body of the Branch, being responsible for the coordination of the activities of the permanent representatives and of the Management Committee. The Management Committee is chaired by the Corporate General Director and is composed by the natural extension of the Departments of the Corporate Centre of EDP in Spain, namely the Department of M&A ("Direcção de Projectos e Novos Negócios"), Department of Legal Affairs ("Direcção de Assessoria Jurídica"), Department of Internal Audit ("Direcção de Auditoria"), Department of Administration and Finance ("Direcção de Administração e Finanças"), Department of Human Resources ("Direcção de Recursos Humanos"), Department of EDP Spain Foundation ("Direcção da Fundação EDP Espanha"), Department of Regulation ("Direcção de Regulação"), IT Department ("Direcção de Sistemas de Informação") and Department of Environment, Sustainability, Innovation and Quality ("Direcção de Ambiente, Sustentabilidade, Inovação e Qualidade") ensuring in a homogeneous way the functions of these departments transversally to the Spanish territory, being provided with 192 human resources as at 31 December 2020, including 109 in its own payroll. Lastly, the Spanish branch of EDP has direct representation on iberian scope EDP Management Committees, particularly the Energy Planning, Price and Volume, Markets, Distribution Networks, Commercial and Production Committees.

The Statement of Financial Position of the Branch is as follows:

	EDP Branch	
Thousand Euros	Dec 2020	Dec 2019*
Investments in subsidiaries:		
- EDP Renováveis, S.A.	4,154,431	4,154,431
- EDP España, S.A.U.	2,105,002	2,105,002
- EDP Servicios Financieros (España), S.A.U.	482,695	482,695
- EDP International Investments and Services, S.L.	988,849	988,849
Deferred tax assets	53,020	66,972
Other debtors and others assets	9,358	9,702
Total Non-Current Assets	7,793,355	7,807,651
Other debtors and others assets	176,365	132,751
Tax receivable	39,515	79,517
Cash and cash equivalents	854,129	523,961
Total Current Assets	1,070,009	736,229
Total Assets	8,863,364	8,543,880
Equity	8,809,855	8,442,024
Employee benefits	1,592	2,225
Other liabilities and other payables	685	1,501
Total Non-Current Liabilities	2,277	3,726
Employee benefits	891	17
Other liabilities and other payables	46,251	96,521
Tax payable	4,090	1,592
Total Current Liabilities	51,232	98,130
Total Liabilities	53,509	101,856
Total Equity and Liabilities	8,863,364	8,543,880

* Includes reclassification resulting from the change in accounting policy as described in note 2a)

48. Environmental Matters

Expenses of an environmental nature are those identified and incurred to avoid, reduce or repair damage of an environmental nature resulting from the company's normal activity.

Expenses of an environmental nature are booked as expenses for the period, except if they qualify to be recognised as an asset according with IAS 16.

Investments of an environmental nature booked as Property, plant and equipment and intangible assets during 2020 and 2019, in the Group, are as follows:

	Group	
Thousand Euros	Dec 2020	Dec 2019
Air and climate protection	6,200	777
Water management	346	376
Waste management	159	118
Soil, subterranean and surface water protection	3,334	1,290
Noise and vibration reduction	470	735
Biodiversity protection	17,638	13,499
Landscape protection	9,094	14,784
Energetic efficiency	16,752	21,643
Research and development in the environmental area	-	17
Other environmental management and protection activities	12,995	35,078
	66,988	88,317

During 2020 and 2019, the Group recognised expenses that are as follows:

	Group	
Thousand Euros	Dec 2020	Dec 2019
Air and climate protection	194,624	205,589
Water management	6,989	13,186
Waste management	18,317	13,487
Soil, subterranean and surface water protection	836	1,910
Noise and vibration reduction	277	225
Biodiversity protection	5,079	4,973
Landscape protection	40	13
Energetic efficiency	5,450	13,877
Radiations management	118	66
Research and development in the environmental area	455	547
Other environmental management and protection activities	9,885	12,006
	242,070	265,879

Under current and future socioeconomic trends and practices followed by the EDP Group regarding to environmental sustainability, the group accounts for provisions to cover the costs of dismantling, decommissioning, restoring and decontaminating land where electric power plants are located, of 93,191 thousand Euros and 75,695 thousand Euros for thermoelectric power plants located in Portugal and Spain, respectively. Regarding the liability to dismantle and restore the land where solar and wind farms are located to its original condition, as at 31 December 2020, the provisions amount to 301,839 thousand Euros. Additionally, the provision to dismantle the Trillo nuclear power plant amounts to 47,614 thousand Euros (see notes 2 n) and 36).

Environmental income recognised in 2020 relates to the sale of environmental waste of 2,716 thousand Euros (31 December 2019: 4,535 thousand Euros) and the sale of by-products of 71 thousand Euros (31 December 2019: 127 thousand Euros).

49. Business combinations

On 16 December 2020, EDP Iberia S.L., 100% owned by EDP, has completed the acquisition of Viesgo.

This transaction includes the establishment of a long-term partnership with Macquarie Super Core Infrastructure Fund SD Holdings S.À.R.L. ("MSCIF") for electricity distribution business in Spain, which will be 75.1% owned by EDP and 24.9% by MSCIF. This partnership will own three electricity distribution companies: E-Redes (previously 100% owned by EDP), Viesgo Distribución and Begasa, (currently 100% owned by Viesgo).

In addition, as part of the transaction, EDP Renováveis, S.A. (EDPR), acquired 100% of the renewables business of Viesgo, comprising 0.5 GW in Iberia, and EDP owns 100% of Viesgo's two thermal power plants currently under decommissioning stage in the south of Spain, which carry potential interconnection rights to develop renewable projects.

These transactions are considered under the scope of IFRS 3 - Business combinations.

For simplification purposes, and considering this does not have a material effect, the Group used the financial statements as at 31 December 2020 of the companies acquired, to determine pre-acquisition results and, consequently, the companies have been consolidated from that date with no impact in the 2020 consolidated profit and loss of the EDP Group, except for the result of the aforementioned business combination achieved in stages detailed below (Compañía Eólica Aragonesa, S.A.).

Non-controlling interests were measured using the proportionate share method.

Acquisition of electricity distribution and thermal and hydro generation business of Viesgo by EDP Iberia S.L.

If this acquisition had occurred in the beginning of the exercise, Viesgo would have contributed for the consolidated financial statements with Revenues from energy sales and distribution in the amount of 244,855 thousands of Euros and with a Net profit for the period in the amount of 45,176 thousands of Euros for the period of 2020.

At the acquisition date, EDP Group has determined the fair value of the assets acquired and liabilities assumed, based on a valuation performed by an independent third party. This valuation, which was based on the discounted cashflow method, came to a fair value of Viesgo in the amount of 1,025 million Euros. Fair value of identifiable assets and liabilities at the acquisition date is presented as follows:

Thousand Euros	Book value at acquisition date	Fair value adjustment	Fair value at acquisition date
Assets			
Property, plant and equipment	906,915	258,313	1,165,228
Right-of-use assets	2,438	-	2,438
Intangible assets	439,129	604,162	1,043,291
Deferred tax assets	268,584	24,601	293,185
Other debtors and other assets	680,820	-1,709	679,111
Cash and cash equivalents	52,672	-	52,672
Total Assets	2,350,558	885,367	3,235,925
Liabilities			
Financial Debt	1,181,058	102,930	1,283,988
Employee benefits	144,409	-	144,409
Provisions	127,805	35,000	162,805
Deferred tax liabilities	196,364	215,292	411,656
Other liabilities and other payables	247,859	-39,926	207,933
Total liabilities	1,897,495	313,296	2,210,791
Net Assets	453,063	572,071	1,025,134
Net assets acquired at fair value (75.1% of Distribution business + 100% Generation business)			758,731
Acquisition cost			1,102,697
Goodwill			343,966

On the same date of this transaction, EDP Iberia S.L. sold 100% of its direct stake in Hidrocantábrico Distribucion Eléctrica, S.A.U. (E-redes) and indirect 75% stake in Electra Llobregat Energía, S.L. to IE2 Inversiones Globales Empresariales, S.L., a Viesgo portfolio company. This transaction resulted in the following impacts on Non-controlling interests:

Net Assets Viesgo - Distribution business	1,069,326
Net Assets Viesgo - Generation business	-44,193
Net Assets Viesgo	1,025,134
Net Assets Viesgo - Distribution business	1,069,326
Incorporation of E-redes (Net book value)	391,629
Incorporation of E-redes (Acquisition cost)	-1,126,122
Net Assets - Distribution business	334,833
Non-controlling interests (24.9%) (see note 33)	83,373

Viesgo valuation has determined a fair value for Property, plant and equipment in the amount 1,165,228 thousand Euros, based on the regulary asset base value, generating a fair value adjustment of 258,313 thousand Euros. As a result, a deferred tax liability arise amounting to 64,578 thousand Euros.

The intangible assets identified and subject to analysis and valuation are the Permits, Licences and Concessions (PLCs). The existing PLCs allow Viesgo Distribución to operate the electricity distribution business in Cantabria. To estimate the value of the PLC's, the Multi-Period Excess Earnings Method (MEEM) has been used, which is commonly applied in the valuation of intangible assets that generate earnings through the contribution of other assets, since intangible assets do not generate cash flows individually. This valuation has determined a fair value of PLCs in the amount of 1,033,466 thousand Euros, generating a fair value adjustment of 604,162 thousand Euros. As a result, a deferred tax liability arise amounting to 151,040 thousand Euros.

In the Consolidated Financial Statements of Viesgo as at 31 December 2020 there are grants amounting to 39,926 thousand Euros. As these grants won't generate cash flows in future an adjustment to the Viesgo Financial Statements should be done as at 31 December 2020 in this regard. As a result, an adjustment to deferred tax assets arise amounting 9,982 thousand Euros.

The subsidiary IE2 Holdco, S.A. is the vehicle that maintains the Group's Euro Medium-Term Notes (EMTN) programme guaranteed by the subsidiary company Viesgo Holdco, S.A. As at 31 December 2020, the liability registered related to the bonds of this programme totaled 1,052,210 thousand Euros. The fair value of this liability amount to 1,155,140 thousand Euros based on the price method in an active market, generating a fair value adjustment of 102,930 thousand Euros. As a result, a deferred tax asset arise amounting to 25,733 thousand Euros.

According to due diligences reviewed (labor, tax, legal and environmental), the SPA and risk information, relevant matters detected have been analysed in order to conclude if there were present obligations as at the acquisition date and whether its fair value can be measured reliably. In this regard, a provision related to a contingent liability has to be recognized in the business combination in Generation Financial Statements amounting to 35,000 thousand Euros according to management estimation. As a result, a deferred tax asset arise amounting to 8,750 thousand Euros.

The purchase price allocation exercise carried out in accordance with IFRS 3 resulted in a goodwill recognition in the Distribution cash-generating unit in the amount of 343,965 thousand Euros, as per the difference of the net assets acquired at fair value and the consideration transferred for the acquisition of the shares.

Acquisition of the renewable business of Viesgo by EDP Renováveis, S.A (EDPR)

EDP Renováveis, S.A entered in July 2020 into an agreement with certain funds managed by Macquarie Infrastructure and Real Assets, for the acquisition of the control of the renewable business of Viesgo, and namely the acquisition of 100% of the shares in the companies Viesgo Europa, S.L.U. and Viesgo Renovables, S.L.U. which in turn owns a portfolio of affiliates (see note 6). At that moment, the completion of this transaction was subject to customary conditions precedent.

With this transaction, completed in 16 December 2020 once the aforementioned customary conditions precedent were fulfilled, EDPR has acquired 100% of a portfolio of 0.5 GW of renewable installed capacity in Spain (84%) and Portugal (16%) for a total consideration of 563,488 thousand Euros of which an amount of 26,001 thousand Euros refers to shareholders loans.

Within this transaction, EDPR has gained control over the company Compañía Eólica Aragonesa, S.A., where EDPR had 50% of the shares of the company and acquired the remaining 50% of the shares, considering this acquisition a business combination achieved in stages under IFRS 3. Until the date in which the control was obtained, the shareholding previously held was being included in the consolidated financial statements under the equity method. Total value of the equity investment previously to the transaction amounted to 46,527 thousand Euros of which an amount of 1,954 thousand Euros corresponds to the result of the company for the year 2020 attributable to EDPR.

If this acquisition had occurred in the beginning of the exercise, it would have contributed to the consolidated financial statements with Revenues, mainly from energy sales, in the approximate amount of 78 million Euros and with a Net profit for the period in the approximate amount of 17 million Euros, referring to the twelve-month period ended at 31 December 2020.

At the acquisition date, EDPR Group has determined the fair value of the assets acquired and liabilities assumed, based on a valuation performed internally. The valuation methodology applied was a discounted cashflow approach, where cash flows for each project were forecasted for the remaining life of the assets. The main components of cashflow, namely production, long term power prices and operational costs were estimated using EDPR's own methodology using historical data of the assets provided by the seller and information from similar wind farms in EDPR's portfolio. The after tax cash flows were then discounted at the weighted average cost of capital reflecting the risk of each of the country and adjusted for the contracted profile of each project. Lastly to the aggregate value of the portfolio, adjustments were made for one-off items, other balance sheet assets or liabilities and synergies, to reach the final equity valuation.

Such valuation has determined a fair value of the net assets acquired in the amount of 503,312 thousands of Euros. Fair value of identifiable assets and liabilities at the acquisition date is presented as follows:

Thousand Euros	Book value at acquisition date	Fair value adjustment	Fair value at acquisition date
Assets			
Property, plant and equipment	203,027	214,254	417,281
Right-of-use assets	15,403	-	15,403
Intangible assets	13,340	-	13,340
Goodwill	112,279	-	112,279
Investments in subsidiaries	9,437	44,023	53,460
Equity instruments at fair value	182	366	548
Deferred tax assets	15,184	-	15,184
Other debtors and other assets	62,357	-	62,357
Cash and cash equivalents	32,907	-	32,907
Total Assets	464,116	258,643	722,759
Liabilities			
Financial Debt	18,059	-	18,059
Provisions	18,728	1,100	19,828
Deferred tax liabilities	11,449	56,631	68,080
Other liabilities and other payables	58,642	-	58,642
Total liabilities	106,878	57,731	164,609
Net Assets	357,238	200,912	558,150
Non-controlling interests			-8,311
Net assets previously held in Compañía Eólica Aragonesa, S.A. (business combination achieved in stages)			-46,527
Net assets acquired at fair value			503,312
Acquisition cost			537,487
Goodwill			36,062
Gain on acquisition Compañía Eólica Aragonesa, S.A. (business combination achieved in stages)			-1,887

The aforementioned Viesgo's valuation has determined a fair value for Property, plant and equipment in the amount of 417,281 thousand Euros, generating a fair value adjustment of 214,254 thousand Euros and a corresponding deferred tax liability in the amount of 56,631 thousand Euros (see note 16). Further, some of the affiliates of Viesgo Renovables, S.L.U. are associates companies which are consolidated by the equity method, as well as equity instruments at fair value where the valuation determined a fair value adjustment in the amount of 44,023 thousand Euros (see note 21) and 366 thousand Euros respectively.

At the acquisition date, certain contingent liabilities have been identified, therefore additional provisions have been recognized in the amount of 1,100 thousand Euros.

The purchase price allocation exercise carried out in accordance with IFRS 3 resulted as follows:

i) Goodwill recognition in the amount of 148,341 thousand Euros as per the difference of the net assets acquired at fair value and the consideration transferred for the acquisition of the shares. This amount includes the previous Goodwill recognized in the book value at acquisition date amounting to 112,279 thousand Euros and an additional amount of 36,062 thousand Euros, of which an amount of 4,641 thousand Euros refers to associate companies consolidated by the equity method, thus presented in the caption Investments in joint ventures and associates caption (see note 19 and 21); and

ii) Gain in the step acquisition of Compañía Eólica Aragonesa, S.A. in the amount of 1,887 thousand Euros as a consequence of the remeasurement at fair value of the investment previously held, being registered the corresponding difference between the fair value and the book value in the Other income caption of the consolidated financial statements.

The aforementioned goodwill resulting from the purchase price allocation, which is identified as provisional according to what is indicated in note 2 a), is mainly attributable to the high-quality of the portfolio with strong wind resource (29% average load factor) and with a low risk profile, of which 87% of the capacity is regulated, with an average age of 13 years (~7 years of remaining regulated life) considering that the portfolio also counts with an attractive potential for future extensions/repowering given the aforementioned profile, as well as to the benefits and synergies that are expected to arise as a result of its integration into EDPR Group.

50. Investigation process about CMEC and DPH

Following the enactment of an EU legislation package regarding the construction of the Internal Energy Market, aimed at, among others, promoting the liberalization of the electricity sector, the existence of long-term Power Purchase Agreements ("Contratos de Aquisição de Energia" – CAE), and the Portuguese legal framework involving a "single buyer", ceased to be compatible with EU law.

Accordingly, Decree-Law no. 240/2004, of 27 December, was enacted in the context of the liberalization of the Portuguese energy sector, establishing the early termination of the CAEs entered into in 1996 and, at the same time, approving the methodology to be used in accomplishing said termination, as well as the compensation due to energy producers in that respect.

This methodology was subjected to the European Commission's (EC) prior approval, expressed in the Decision concerning State aid N161/2004, which deemed it effective and strictly necessary. Additionally, the enactment of the aforementioned Decree-Law by the Portuguese Government was the object of a legislative authorization, granted by the Portuguese Parliament.

In that context, and according to the approved methodology, EDP and REN - Rede Eléctrica Nacional, S.A. (REN) signed the CAE early termination agreements in 2005, their entry into force having taken place on 1 July 2007, after being amended earlier that same year. Both termination agreements were ratified by the member of the Portuguese Government responsible for the energy sector.

Pursuant to the provisions of the 2005 CAE termination agreements, on 8 March 2008 the Portuguese Government, REN and EDP Produção entered into a number of concession agreements formalizing EDP's right of use over the Public Hydro Domain ("Domínio Público Hídrico" – DPH) until the end of the operational life of the hydroelectric plants subject to the so-called Costs for the Maintenance of the Contractual Balance mechanism ("Custos de Manutenção do Equilíbrio Contratual" – CMEC). Decree-Law 226-A/2007, of 31 May, introduced a new obligation to EDP, unforeseen in the 2004 legislation or in the 2005 termination agreements, which consisted in the payment by EDP of an amount concerning the "economic and financial balance" of each power plant. Pursuant to this legal framework, and following assessments carried out by two independent financial institutions appointed by the Government, EDP Produção was ordered to pay EUR 759 million, as consideration for the extension of its right of use over the DPH. This included approximately EUR 55 million due for the Hydro Resources Tax.

In 2012, the EC and Portuguese authorities (the Central Department of Criminal Investigation and Prosecution, a part of the Public Prosecutor's Office – "Departamento Central de Investigação e Ação Penal", DCIAP) received complaints regarding (i) the methodology adopted for the early termination of the CAEs and the implementation of the CMEC mechanism; and (ii) EDP's right of use over the DPH.

So far as the complaint received by the EC is concerned, this institution addressed a clarification request to the Portuguese Government over the early termination of the CAEs, and its replacement by the CMEC framework.

The EC decided, in September 2013, that the compensation attributed to EDP Produção in the context of the early termination of the CAEs did not exceed the amount required to reimburse the investment costs meant to be recovered throughout the operational life of the assets in question. Furthermore, it certified that the execution of the CMEC framework respected the terms that were notified to the EC, and approved, in 2004. Accordingly, the EC has at this stage concluded its investigation regarding the early termination of the CAEs. Having found no evidence of non-compliance with the framework in force in Portugal (approved by the EC itself in 2004) or at the EU level, it decided not to pursue an in-depth investigation on the matter.

Simultaneously, in September 2013, the EC decided to undertake an in-depth investigation exclusively in respect of the right of use over the DPH matter.

In 2 June 2017, EDP was made aware of the investigation being carried out by the DCIAP since 2012 regarding the amounts due to EDP for the early termination of the CAEs and the right of use over the DPH. On that date, the authorities carried out a search in EDP's offices, as well as REN's (as network operator) and a consultant. At that time, DCIAP informed, by way of a public press release, that investigations were ongoing, and the alleged facts could amount to active and passive corruption, and economic participation in business deals. The DCIAP further informed, in said press release, that some members of EDP's Executive Board of Directors, as well as former directors who executed the relevant agreements, were suspects in that investigation.

On 6 July 2020, a measure of constraint to suspend the exercise of functions in EDP's Executive Board of Directors was proposed by the Public Prosecutor's Office, and applied by the court, to António Mexia and João Manso Neto (then Chairman and member of the board, respectively), while the investigation remained in the inquiry stage. On the same day, the General and Supervisory Board and the Executive Board of Directors resolved to appoint then Chief Financial Officer Miguel Stilwell de Andrade as interim Chairman, for the duration of the impediment of the current Chairman of the Executive Board of Directors, in addition to his functions at the time.

On 30 November 2020, and as communicated to the market on that same date, EDP received formal notices of both suspended members of the Executive Board of Directors, informing it of their unavailability to be re-appointed to serve in EDP's corporate bodies for the 2021-2023 term of office.

On 19 January 2021, an Extraordinary General Shareholders' Meeting was held, and a new management team was appointed to the Executive Board of Directors, for the 2021-2023 triennium.

EDP reaffirms that no irregularities exist regarding the matters at hand and believes the amounts due by the early termination of the CAEs and the proceedings regarding the DPH, in particular the amounts paid, were fair and according to market conditions.

EDP remains determined in the pursuit of its corporate purpose and in the fulfilment of its clients, shareholders, employees, and remaining stakeholders' highest expectations. EDP is committed to the accomplishment of its strategic goals, and no impact to its consolidated financial statements is expected to arise as a consequence of the above.

51. Operating Segments

In accordance with IFRS 8, an operating segment is a Group component:
(i) that engages in business activities from which it may earn revenues and incur expenses;
(ii) whose operating results are reviewed regularly by the Group's chief operating decision maker to make decisions about resources to be allocated to the segment and assess its performance; and
(iii) for which discrete financial information is available.

The Group develops a set of regulated and liberalised activities in the energy sector, with special emphasis in generation, distribution and supply of electricity.

The Executive Board of Directors regularly reviews segmental reports, using Operating Profit to assess and release each business operating performance, as well as to allocate resources.

The management of financial activities of all EDP Group entities (except Brazil) is undertaken centrally by the Financial Department at holding level, in accordance with policies approved by the Executive Board of Directors. As a result of this management, all financial operations and financial results are disclosed only at Group level.

The Renewables segment corresponds to the activity of generation of electricity from renewable sources, mainly hydro, wind and solar. This segment includes, but not limited to, the following companies:

• EDP - Gestão da Produção de Energia, S.A. (hydro activity);
• EDP España, S.A.U. (hydro activity);
• EDP Renováveis, S.A. and all subsidiaries of the EDPR Group;
• Enerpeixe, S.A.;
• Investco, S.A.;
• Lajeado Energia, S.A.

The Networks segment corresponds to the activities of electricity distribution and transmission, including last resort suppliers. This segment includes, but not limited to, the following companies:

• E-Redes – Distribuição de Eletricidade, S.A.;
• SU Eletricidade, S.A., S.A.;
• Electra de Llobregat Energía, S.L.;
• Hidrocantábrico Distribucion Eléctrica, S.A.U.;
• Viesgo Distribución Eléctrica, S.L.;
• Barras Eléctricas Galaico-Asturianas, S.A.;
• EDP Gás Serviço Universal, S.A.;
• EDP Espírito Santo Distribuição de Energia S.A.;
• EDP São Paulo Distribuição de Energia S.A.;
• EDP Transmissão, S.A.;
• EDP Transmissão Aliança SC, S.A.;
• EDP Transmissão SP-MG, S.A.

The Client Solutions & Energy Management segment includes the following activities: generation of electricity from non-renewable sources, mainly coal and gas; electricity and gas supply and related energy solutions services to clients; and energy management businesses responsible for management of purchases and sales of energy in iberian and brazilian markets, and also for the related hedging transactions. This segment includes, but not limited to, the following companies:

• EDP - Gestão da Produção de Energia, S.A. (thermal activity);
• EDP España, S.A.U. (thermal and intermediation activities);
• UNGE - Unidade de Negócio de Gestão de Energia Ibérica (EDP, S.A.);
• Porto do Pecém Geração de Energia, S.A.;
• EDP Comercial - Comercialização de Energia, S.A.;
• EDP - Comercialização e Serviços de Energia, Ltda.

Segment Definition

The amounts reported in each operating segment result from the aggregation of the subsidiaries and business units defined in each segment perimeter and the elimination of transactions between companies of the same segment.

The statement of financial position captions of each subsidiary and business unit, as well as income statement captions for each operating segment, are determined based on the amounts booked directly in the companies that compose the segment, including the elimination of balances between companies of the same segment, and excluding the allocation in the segments of the adjustments between segments.

In each business segment, Assets include the Property, Plant and Equipment, Right-of-use assets, Intangible Assets and Goodwill. The remaining assets are presented in the "Reconciliation of information between Operating Segments and Financial Statements".

Under IFRS 8, the EDP Group discloses as Operating investment, additions in non-current assets, except for financial instruments, deferred tax assets and post-employment benefit assets. Therefore, in each business segment, the Operating Investment caption includes increases in Property, Plant and Equipment; Intangible Assets; and Amounts receivable from concessions - IFRIC 12 under the financial asset model, excluding CO2 licenses and Green certificates, net of increases in Government grants, customers contributions for investment and sales of properties in the period. Goodwill is disclosed in note 19.

In consolidated financial statements, Joint Ventures and associated companies are accounted under the equity method, in accordance with the Group accounting policy disclose in note 2. These equity accounted investees are disclosed by business segment under IFRS 8 and presented in the business segment correspondent to its operating activity.

Geographic information

The Group manages its activity based on business segments mentioned above, however has business in several geographical locations, being its main office located in Portugal.

Revenues from energy sales and services and other by geographic market, for EDP Group, are presented in note 7. Additionally, the geographical information bellow, details the Non-current assets excluding Financial instruments, Deferred tax assets and Employee benefits. In the disclosure of this information, the Revenues from energy sales and services and other, as well as the Non-current assets, are based on companies' geographical location where the Assets are booked.

Non-current assets by geographical market for the Group EDP, are as follows:

	Dec 2020					
Thousand Euros	Portugal	Spain	Brazil	USA	Other	Group
Property, plant and equipment	4,029,157	4,592,682	1,386,986	7,310,276	2,844,120	20,163,221
Right-of-use assets	254,666	230,486	20,230	413,295	111,516	1,030,193
Intangible assets	3,088,607	1,153,701	561,805	55,995	138,127	4,998,235
Goodwill	47,262	1,492,248	32,604	644,499	89,690	2,306,303
	7,419,692	7,469,117	2,001,625	8,424,065	3,183,453	28,497,952

	Dec 2019					
Thousand Euros	Portugal	Spain	Brazil	USA	Other	Group
Property, plant and equipment	4,149,543	3,787,643	1,701,371	7,880,618	2,157,047	19,676,222
Right-of-use assets	244,002	87,505	24,188	418,736	54,072	828,503
Intangible assets	3,194,391	149,498	677,804	65,162	136,968	4,223,823
Goodwill	49,889	1,246,112	30,780	702,818	90,263	2,119,862
	7,637,825	5,270,758	2,434,143	9,067,334	2,438,350	26,848,410

EDP Group Operating Segments Information as at 31 December 2020

Thousand Euros	Renewables	Networks	Client Solutions & Energy Management	Total Segments
Revenues from energy sales and services and other	2,600,353	5,329,480	7,477,747	15,407,579
Revenues inter-segments	1,241,935	1,615,405	106,894	2,964,233
Revenues from third parties	1,358,418	3,714,075	7,370,853	12,443,346
Gross Profit	2,416,124	1,702,762	992,176	5,111,063
Other income	920,102	75,826	54,980	1,050,908
Supplies and services	-355,222	-325,018	-270,042	-950,282
Personnel costs and employee benefits	-190,367	-204,095	-163,434	-557,897
Other costs	-176,234	-314,862	-107,451	-598,546
Impairment losses on trade receivables and debtors	-110	-27,198	-36,389	-63,697
Joint ventures and associates	-1,369	2,382	3,933	4,946
Gross Operating Profit	2,612,924	909,797	473,774	3,996,494
Provisions	-73,265	-10,566	-27,831	-111,661
Amortisation and impairment	-827,782	-372,419	-389,506	-1,589,707
Operating Profit	1,711,877	526,812	56,437	2,295,126
Assets	20,501,380	6,067,756	2,369,626	28,938,762
Financial assets - Investments in joint ventures and associates	716,417	75,835	10,871	803,123
Operating Investment	2,134,995	624,273	105,593	2,864,861

EDP - Energias de Portugal, S.A.
Notes to the Consolidated and Company Financial Statements
for the periods ended at 31 December 2020 and 2019

Reconciliation of information between Operating Segments and Financial Statements for 31 December 2020

Thousand Euros	
Total Revenues from energy sales and services and other of Reported Segments	**15,407,579**
Revenues from energy sales and services and others from Other Segments	225,485
Adjustments and Inter-segments eliminations*	-3,184,858
Total Revenues from energy sales and services and other of EDP Group	**12,448,205**
Total Gross Profit of Reported Segments	**5,111,063**
Gross Profit from Other Segments	225,201
Adjustments and Inter-segments eliminations*	-244,546
Total Gross Profit of EDP Group	**5,091,718**
Total Gross Operating Profit of Reported Segments	**3,996,494**
Gross Operating Profit from Other Segments	-43,640
Adjustments and Inter-segments eliminations*	-2,892
Total Gross Operating Profit of EDP Group	**3,949,962**
Total Operating Profit of Reported Segments	**2,295,126**
Operating Profit from Other Segments	-96,603
Adjustments and Inter-segments eliminations*	7,515
Total Operating Profit of EDP Group	**2,206,038**
Total Assets of Reported Segments	**28,938,762**
Assets Not Allocated	13,508,470
Financial Assets	3,193,367
Trade Receivables and Other Debtors	6,292,623
Inventories	323,945
Tax Assets	1,805,615
Other Assets	1,892,920
Assets from Other Segments	554,951
Inter-segments assets eliminations*	-55,400
Total Assets of EDP Group	**42,946,783**
Total Equity accounted Investments in joint ventures and associates of Reported Segments	**803,123**
Equity accounted Investments in joint ventures and associates from Other Segments	137,239
Total Equity accounted Investments in joint ventures and associates of EDP Group	**940,362**
Total Operating Investment of Reported Segments	**2,864,861**
Operating Investment from Other Segments	44,330
Total Operating Investment of EDP Group	**2,909,191**
Dismantling/discomission of PP&E	65,050
CO2 Emission Licenses and Green Certificates	237,321
Concession Rights - IFRIC 12 **	-502,126
Investment Grants	-
Other Investments ***	1,083,946
Total Fixed Assets additions of EDP Group (Notes 16 and 18)	**3,793,382**

	Total of Reported Segments	Other Segments	Adjustments and Inter-segments eliminations*	Total of EDP Group
Other income	**1,050,908**	49,291	-22,510	**1,077,689**
Supplies and services	**-950,282**	-166,347	260,110	**-856,519**
Personnel costs and employee benefits	**-557,897**	-112,925	3,509	**-667,313**
Other costs	**-598,546**	-37,178	545	**-635,180**
Impairment losses on trade receivables and debtors	**-63,697**	7	-	**-63,690**
Equity method in joint ventures and associates	**4,946**	-1,688	-	**3,257**
Provisions	**-111,661**	-432	-	**-112,093**
Amortisation and impairment	**-1,589,707**	-52,531	10,407	**-1,631,831**

* Mainly related with intragroup balances and transactions eliminations.
** See Note 26 - Debtors and Other Assets from Commercial Activities
*** Includes, mainly, the effect of the price allocation exercise of Viesgo assets (see note 16 and 18).

EDP Group Operating Segments Information as at 31 December 2019

Thousand Euros	Renewables	Networks	Client Solutions & Energy Management	Total Segments
Revenues from energy sales and services and other	2,782,845	6,195,333	8,639,171	17,617,349
Revenues inter-segments	1,373,353	1,688,296	231,803	3,293,452
Revenues from third parties	1,409,492	4,507,037	8,407,368	14,323,897
Gross Profit	2,408,761	1,816,351	1,001,334	5,226,446
Other income	604,286	43,932	30,106	678,324
Supplies and services	-364,884	-351,632	-285,495	-1,002,011
Personnel costs and employee benefits	-181,836	-199,583	-128,897	-510,316
Other costs	-179,158	-305,805	-122,931	-607,894
Impairment losses on trade receivables and debtors	-1,505	-11,875	-19,904	-33,284
Joint ventures and associates	11,377	5,580	5,679	22,636
Gross Operating Profit	2,297,041	996,968	479,892	3,773,901
Provisions	-82,141	-14,132	-5,628	-101,901
Amortisation and impairment	-815,631	-356,184	-538,923	-1,710,738
Operating Profit	1,399,269	626,652	-64,659	1,961,262
Assets	20,532,246	3,654,007	3,124,385	27,310,638
Financial assets - Investments in joint ventures and associates Assets	812,696	110,846	20,401	943,943
Operating Investment	1,167,576	911,972	123,683	2,203,231

Reconciliation of information between Operating Segments and Financial Statements for 31 December 2019

Thousand Euros	
Total Revenues from energy sales and services and others of Reported Segments	**17,617,349**
Revenues from energy sales and services and others from Other Segments	258,560
Adjustments and Inter-segments eliminations*	-3,542,900
Total Revenues from energy sales and services and others of EDP Group	**14,333,009**
Total Gross Profit of Reported Segments	**5,226,446**
Gross Profit from Other Segments	251,546
Adjustments and Inter-segments eliminations*	-260,842
Total Gross Profit of EDP Group	**5,217,150**
Total Gross Operating Profit of Reported Segments	**3,773,901**
Gross Operating Profit from Other Segments *	-41,808
Adjustments and Inter-segments eliminations*	-1,465
Total Gross Operating Profit of EDP Group	**3,730,628**
Total Operating Profit of Reported Segments	**1,961,262**
Operating Profit from Other Segments	-81,249
Adjustments and Inter-segments eliminations*	-16,534
Total Operating Profit of EDP Group	**1,863,479**
Total Assets of Reported Segments	**27,310,638**
Assets Not Allocated	14,414,724
Financial Assets	4,030,891
Trade Receivables and Other Debtors	6,282,380
Inventories	368,334
Tax Assets	1,888,818
Other Assets	1,844,301
Assets from Other Segments	531,633
Inter-segments assets eliminations*	104,651
Total Assets of EDP Group	**42,361,646**
Total Equity accounted Investments in joint ventures and associates of Reported Segments	**943,943**
Equity accounted Investments in joint ventures and associates from Other Segments	154,569
Total Equity accounted Investments in joint ventures and associates of EDP Group	**1,098,512**
Total Operating Investment of Reported Segments	**2,203,231**
Operating Investment from Other Segments	55,155
Total Operating Investment of EDP Group	**2,258,386**
Discomission of Property, plant and equipment	36,310
CO2 Licenses and Green Certificates	295,676
Concession Rights - IFRIC 12	-770,907
Investment Grants	-1,633
Other Investments	-22,653
Total Fixed Assets additions of EDP Group (Notes 16 and 18)	**1,795,179**

	Total of Reported Segments	Other Segments	Adjustments and Inter-segments eliminations*	Total of EDP Group
Other income	**678,324**	40,238	-26,676	**691,886**
Supplies and services	**-1,002,011**	-178,477	282,945	**-897,543**
Personnel costs and employee benefits	**-510,316**	-116,706	6,826	**-620,196**
Other costs	**-607,894**	-40,621	-3,958	**-652,473**
Impairment losses on trade receivables and debtors	**-33,284**	76	1	**-33,207**
Joint ventures and associates	**22,636**	2,137	238	**25,011**
Provisions	**-101,901**	371	-	**-101,530**
Amortisation and impairment	**-1,710,738**	-39,813	-15,068	**-1,765,619**

* Mainly related with intragroup balances and transactions eliminations

52. Reconciliation of Changes in the responsibilities of Financing activities at 31 December 2020

	Group					
	Financial debt and Derivative financial instruments (including Collateral Deposits)					
Thousand Euros	Loans obtained (Note 34)	Collateral Deposits (Note 34)	Derivative financial instruments (Note 42)*	Institutional partnerships in North America (Note 37)	Lease Liabilities (Rents due) (Note 39)	Loans from non-controlling interests (Note 39)
Balance as at 31 de December 2018	**16,084,899**	**-192,891**	**-119,169**	**2,231,249**	**-**	**642,874**
Cash flows:						
Receipts relating to financial debt (including Collateral Deposits)	3,974,474	125,418	-	-	-	-
(Payments) relating to financial debt (including Collateral Deposits)	-3,436,259	-7,104	-	-	-	-
Interest and similar costs of financial debt including hedge derivatives	-564,876	-	7,606	-	-	-
Receipts/(payments) relating to loans from non-controlling interests	-	-	-	-	-	-29,922
Interest and similar costs relating to loans from non-controlling interests	-	-	-	-	-	-21,177
Receipts/(payments) relating to derivative financial instruments	-	-	-4,946	-	-	-
Receipts/(payments) from institutional partnerships - USA	-	-	-	105,627	-	-
Lease (payments)	-	-	-		-75,754	-
Perimeter variations	-190,675	13,009	-1,489	-	-53,128	-283,427
Exchange differences	109,730	92	-109	42,848	-1,890	1,260
Fair value changes	-6,561	-	34,184	-	-	-
Interests and accrued and deferred costs	600,737	-	-2,084	6,310	-	22,742
Unwinding	-	-	-	85,320	39,061	-
ITC/PTC recognition	-	-	-	-181,570	-	-
New lease contracts/Increments in rent values	-	-	-	-	112,254	-
Transition IFRS 16	-	-	-	-	822,001	-
Reclassification to Liabilities held for sale	-	-	-	-	-4,815	-
Balance as at 31 de December 2019	**16,571,469**	**-61,476**	**-86,007**	**2,289,784**	**837,729**	**332,350**
Cash flows:						
Receipts relating to financial debt (including Collateral Deposits)	5,907,155	20,528	-	-	-	-
(Payments) relating to financial debt (including Collateral Deposits)	-6,459,862	-3,704	-	-	-	-
Interest and similar costs of financial debt including hedge derivatives	-582,350	-	12,195	-	-	-
Receipts/(payments) relating to loans from non-controlling interests	-	-	-	-	-	216,858
Interest and similar costs relating to loans from non-controlling interests	-	-	-	-	-	-9,831
Receipts/(payments) relating to derivative financial instruments	-	-	12,776	-	-	-
Receipts/(payments) from institutional partnerships	-	-	-	248,728	-	-
Lease (payments)	-	-	-	-	-80,364	-
Perimeter variations	1 209 285	4	42 375	- 320 944	- 12 801	44 372
Exchange differences	- 855 183	12 579	- 1 141	- 181 398	- 54 766	- 8 091
Fair value changes	-16,381	-	-110,016	-	-	-
Interests and accrued and deferred costs	512,630	-	-	4,437	-	-
Unwinding	-	-	225	94,718	39,735	14,766
ITC/PTC recognition	-	-	-	-201,783	-	-
New lease contracts/Increments in rent values	-	-	-	-	324,827	-
Reclassification to Liabilities held for sale	-	-	-	-	1,318	-
Balance as at 31 December 2020	**16,286,763**	**-32,069**	**-129,593**	**1,933,542**	**1,055,678**	**590,424**

* The Group considers as financing activities all derivative financial instruments excluding derivatives related with commodities.

	Company			
	Financial debt and Derivative financial instruments			
Thousand Euros	Loans obtained (Note 34)	Derivative financial instruments (Note 42)*	Lease Liabilities (Rents due) (Note 39)	Group companies (Note 39)
Balance as at 31 de December 2018	**13,840,962**	**-73,520**	**-**	**97,636**
Cash flows:				
Receipts relating to financial debt (including Collateral Deposits)	1,657,992	-	-	-
(Payments) relating to financial debt (including Collateral Deposits)	-1,729,425	-	-	-
Interest and similar costs of financial debt including hedge derivatives	-266,094	-50	-	-
Receipts/(payments) relating to loans from related parties	-318,645	-	-	-42,773
Interest and similar costs of loans from related parties including hedge derivatives	-	-	-	-4,988
Receipts/(payments) relating to derivative financial instruments	-	35,365	-	-
Lease (payments)	-	-	- 12 533	-
Perimeter variations	-	-	-	-
Exchange differences	4,416	-	-	-
Fair value changes	-	36,241	-	-
Unwinding	-	-	5 601	-
Interests and accrued and deferred costs	284,923	4,102	-	20,413
New lease contracts/Increments in rent values	-	-	1 008	-
Transition IFRS 16	-	-	151 692	-
Balance as at 31 December 2019	**13,474,129**	**2,138**	**145,768**	**70,288**
Cash flows:				
Receipts relating to financial debt (including Collateral Deposits)	1,942,863	-	-	-
(Payments) relating to financial debt (including Collateral Deposits)	-4,365,029	-	-	-
Interest and similar costs of financial debt including hedge derivatives	-347,023	-2,674	-	-
Receipts/(payments) relating to loans from related parties	476,868	-	-	-70,271
Interest and similar costs of loans from related parties including hedge derivatives	-	-	-	-3,145
Receipts/(payments) relating to derivative financial instruments	-	-68,248	-	-
Lease (payments)	-	-	-11,853	-
Exchange differences	-20,102	-	-	-
Fair value changes	-	52,987	-	-
Unwinding	-	-	7 062	-
Interests and accrued and deferred costs	321,866	11,341	-	7,001
New lease contracts/Increments in rent values	-	-	20,995	-
Balance as at 31 December 2020	**11,483,572**	**-4,456**	**161,972**	**3,873**

* The Group considers as financing activities all derivative financial instruments excluding derivatives related with commodities.

53. Explanation Added for Translation

These financial statements are a free translation of the financial statements originally issued in Portuguese in accordance with International Financial Reporting Standards as adopted by the European Union. In the event of discrepancies, the Portuguese language version prevails.

Annex I. Companies in the Consolidation Perimeter

The subsidiary companies where the Group exercises control as at 31 December 2020 are as follows:

Subsidiaries	Head Office	Share capital / Currency	Assets 31-Dec-20 Euro'000	Liabilities 31-Dec-20 Euro'000	Equity 31-Dec-20 Euro'000	Revenues 31-Dec-20 Euro'000	Net Profit/(Loss) 31-Dec-20 Euro'000	% Group	% Company
Group's parent holding company and Related Activities:									
Portugal:									
EDP - Energias de Portugal, S.A. (Empresa-Matriz do Grupo EDP)	Lisbon	3,965,681,012 EUR	21,873,796	13,100,683	8,773,113	2,863,316	878,151	100.00%	-
CEO - Companhia de Energia Oceânica, S.A.	Póvoa do Varzim	65,435 EUR	1,162	638	524	-	-171	52.07%	-
EDP Estudos e Consultoria, S.A	Lisbon	50,000 EUR	3,413	111	3,302	143	-257	100.00%	100.00%
EDP Real Estate Global Solutions - Imobiliária e Gestão de Participações, S.A.	Lisbon	10,000,000 EUR	18,204	5,138	13,066	8,004	-2,346	100.00%	100.00%
EDP Inovação, S.A.	Lisbon	50,000 EUR	61,805	58,018	3,787	4,839	-632	100.00%	100.00%
EDP Internacional, S.A.	Lisbon	50,000 EUR	12,573	1,625	10,948	945	-628	100.00%	100.00%
EDP IS – Investimentos e Serviços, Sociedade Unipessoal, Lda	Lisbon	140,309,500 EUR	436,252	184,566	251,686	-	4,831	100.00%	-
EDP Ventures, S.G.P.S., S.A.	Lisbon	50,000 EUR	82,718	40,815	41,903	15	-321	100.00%	-
ENAGÁS - S.G.P.S., S.A.	Oporto	299,400 EUR	2,075	61	2,014	-	-3,713	60.00%	-
Fundo EDP CleanTech FCR	Lisbon	19,895,723 EUR	17,416	34	17,381	-	-838	60.00%	-
Labelec - Estudos, Desenvolvimento e Actividades Laboratoriais, S.A.	Sacavém	2,200,000 EUR	17,523	9,397	8,126	14,614	585	100.00%	100.00%
Sãvida - Medicina Apoiada, S.A	Lisbon	450,000 EUR	18,286	11,844	6,442	22,874	932	100.00%	100.00%
Other Countries:									
EDP - Ásia Soluções Energéticas Limitada	Macao	1,500,000 MOP	2,329	21	2,308	482	79	100.00%	5.00%
EDP Finance, B.V.	Amesterdam	2,000,000 EUR	11,353,425	11,234,961	118,464	-	5,953	100.00%	100.00%
EDP International Investments and Services, S.L.	Oviedo	9,116 EUR	1,258,376	143,619	1,114,757	-	11,970	100.00%	67.03%
EDP Servicios Financieros España, S.A.U.	Oviedo	10,300,058 EUR	2,486,506	1,969,488	517,018	-	19,442	100.00%	100.00%
Energia RE - Soceidade Cativa de Resseguro, S.A.	Luxembourg	3,000,000 EUR	156,402	97,216	59,186	21	2,507	100.00%	100.00%
Electricity and Gas Activity - Portugal:									
Electricity Generation:									
EDP - Gestão da Produção de Energia, S.A.	Lisbon	1,233,943,000 EUR	6,563,023	2,734,910	3,828,113	608,779	-489,966	100.00%	100.00%
Empresa Hidroeléctrica do Guadiana, S.A.	Lisbon	72,047,035 EUR	368,392	250,574	117,818	24,951	-53,927	100.00%	-
FISIGEN - Empresa de Cogeração, S.A.	Lisbon	50,000 EUR	23,777	19,515	4,261	14,145	1,940	51.00%	-
Greenvouga - Soc. Gest. do Aproveit. Hidroel. de Ribeiradio-Ermida, S.A.	Lisbon	1,000,000 EUR	227,607	177,345	50,262	6,290	-9,191	100.00%	-
Tergen - Operação e Manutenção de Centrais Termoeléctricas, S.A.	Carregado	250,000 EUR	4,197	2,704	1,494	6,413	196	100.00%	-
Electricity Distribution:									
EDP Distribuição de Energia, S.A.	Lisbon	200,013,000 EUR	4,154,887	3,049,950	1,104,937	1,265,721	93,044	100.00%	100.00%
Electricity Supply:									
EDP Comercial - Comercialização de Energia, S.A.	Lisbon	20,842,695 EUR	744,730	588,629	156,101	3,006,250	39,939	100.00%	100.00%
EDP Serviço Universal, S.A.	Lisbon	10,104,000 EUR	938,121	912,620	25,501	2,477,400	1,222	100.00%	100.00%
Gas Distribution:									
EDP Gás Serviço Universal, S.A.	Oporto	1,050,996 EUR	13,489	4,524	8,965	10,323	-298	100.00%	100.00%
Gas Supply:									
EDP GÁS.Com - Comércio de Gás Natural, S.A.	Lisbon	50,000 EUR	107,591	72,393	35,198	297,989	17,425	100.00%	100.00%
Shared Services:									
EDP - Soluções Comerciais, S.A.	Lisbon	50,000 EUR	32,319	30,015	2,304	38,647	1,330	100.00%	100.00%
EDP Global Solutions - Gestão Integrada de Serviços, S.A.	Lisbon	4,550,000 EUR	109,582	103,025	6,556	46,396	-593	100.00%	100.00%
Other Activities:									
CNET - Centre for New Energy Technologies, S.A.	Sacavém	300,000 EUR	3,294	2,828	465	215	3	60.00%	-
EDP Mediadora, S.A.	Lisbon	50,000 EUR	7,193	1,726	5,467	3,721	2,129	100.00%	-
EDP Ventures - Sociedade de Capital de Risco, S.A.	Lisbon	125,000 EUR	969	45	924	147	55	100.00%	-
SGORME – Soc. Gestora de Operações da Rede de Mobilidade Eléctrica, S.A.	Lisbon	500,000 EUR	146	852	-706	-	-4	91.00%	-
Effizency, S.A.	Lisbon	60,714 EUR	849	444	404	947	-162	94.61%	-
Electricity and Gas Activity - Spain:									
Electricity Generation:									
EDP España, S.A.U. (Empresa-Matriz do Subgrupo HC Energia)	Oviedo	421,739,790 EUR	3,617,432	806,735	2,810,697	993,079	1,442,261	100.00%	100.00%
Central Termica Ciclo Combinado Grupo 4, S.L.	Oviedo	2,117,000 EUR	140,129	381,478	-241,349	36,944	-26,097	75.00%	-
EDP Iberia, S.L.	Bilbao	130,260,000 EUR	1,403,121	112,653	1,290,468	152	244,494	100.00%	-
Iberenergia, S.A.U.	Oviedo	60,200 EUR	190,479	175,813	14,666	41,741	-11,148	100.00%	-
Naturgas Cogeneración, S.A.	Oviedo	1,000,000 EUR	4,249	8,563	-4,314	7,185	-5,589	100.00%	-
Transporte GNL, S.A.	Bilbao	1,000,000 EUR	144,765	146,382	-1,617	3,762	-2,617	100.00%	-
Viesgo Producción, S.L.	Bilbao	25,000,000 EUR	169,231	170,440	-1,210	-	-	100.00%	-
Electricity Distribution:									
Electra Llobregat Energía, S.L.	Barcelona	90,000 EUR	4,552	2,700	1,852	667	319	56.33%	-
Viesgo Distribución Eléctrica, S.L.	Santander	77,792,000 EUR	1,074,812	926,159	148,653	-	-	75.10%	-
Barras Eléctricas Galaico-Asturianas, S.A.	Lugo	15,689,797 EUR	325,704	233,895	91,809	-	-	75.10%	-
Electricity Supply:									
EDP Energia Ibérica, S.A.	Oviedo	60,200 EUR	58	12,984	-12,926	-	-1	100.00%	-
EDP Solar España, S.A.	Oviedo	1,000,000 EUR	10,373	16,108	-5,735	4,682	-6,742	100.00%	-
Hidrocantábrico Distribucion Eléctrica, S.A.U.	Oviedo	44,002,000 EUR	1,020,997	907,972	113,024	213,527	71,175	75.10%	-
Comercializadora Energética Sostenible, S.A.	Bilbao	60,000 EUR	85	12	73	90	13	100.00%	-
EDP Clientes, S.A.	Bilbao	1,000,000 EUR	362,937	320,829	42,108	755,468	533	100.00%	-
Other activities:									
EDP Ventures España, S.A.	Oviedo	60,000 EUR	59	-	59	-	-	100.00%	-
Fresco International S.a.r.l.	Luxembourg	145,000 EUR	196,972	177,775	19,196	-	-	75.10%	-
Fresco Investments S.a.r.l.	Luxembourg	130,000 EUR	237,492	90,332	147,161	-	-	75.10%	-
IE2 Inversiones Globales Empresariales, S.L.	Oviedo	10,000,000 EUR	1,408,395	1,021,425	386,970	-	-	75.10%	-
Viesgo Infraestructuras Energéticas, S.L.	Santander	147,195,418 EUR	1,426,521	1,173,723	252,798	-	-	75.10%	-
Viesgo HoldCo, S.A.	Santander	15,000 EUR	1,848,521	1,165,366	683,155	-	-	75.10%	-
IE2 Innovación, S.L.	Santander	3,000 EUR	30	260	-230	-	-	75.10%	-
IE2 HoldCo, S.A.	Santander	60,000 EUR	1,067,516	1,065,214	2,302	-	-	75.10%	-
Electricity and Gas Activity - Other Countries:									
Electricity Supply:									
EDP Energia Italia S.R.L.	Milan	3,610,000 EUR	5,714	3,003	2,711	534	-899	100.00%	-
EDP Energie France	Paris	10,000 EUR	29	107	-78	-	-50	100.00%	-
EDP Energia Polska	Warsaw	8,505,000 EUR	3,627	2,591	1,036	213	-1,413	100.00%	-
Electricity Activity - Brazil:									
Parent company and Related Activities:									
EDP Energias do Brasil, S.A. (Empresa-Matriz do Subgrupo EDP Brasil)	São Paulo	5,502,715,947 BRL	1,800,680	207,295	1,593,386	480	255,132	53.36%	-
Electricity Generation:									
Energest, S.A.	São Paulo	48,204,770 BRL	84,850	34,782	50,068	45,845	29,962	53.36%	-
Enerpeixe, S.A.	São Paulo	219,735,967 BRL	350,732	246,507	104,225	51,475	19,788	32.01%	-
Investco, S.A.	Tocantins	804,458,842 BRL	181,679	39,010	142,669	24,943	5,849	21.76%	-
Lajeado Energia, S.A.	São Paulo	6,867,541 BRL	191,843	93,189	98,654	110,553	46,438	29.81%	-
Porto do Pecém Geração de Energia, S.A.	Ceará	2,368,998,621 BRL	622,524	212,444	410,080	296,325	50,087	53.36%	-
Resende Engenharia e Assessoria, Ltda.	São Paulo	21,573,318 BRL	3,326	-	3,326	-	-3	53.36%	-

Subsidiaries	Head Office	Share capital / Currency	Assets 31-Dec-20 Euro'000	Liabilities 31-Dec-20 Euro'000	Equity 31-Dec-20 Euro'000	Revenues 31-Dec-20 Euro'000	Net Profit/(Loss) 31-Dec-20 Euro'000	% Group	% Company
Electricity Distribution:									
EDP Espírito Santo Distribuição de Energia S.A.	Espírito Santo	650,572,403 BRL	835,514	663,844	171,671	646,084	47,517	53.36%	-
EDP São Paulo Distribuição de Energia S.A.	São Paulo	596,669,107 BRL	959,616	801,662	157,954	792,784	63,151	53.36%	-
Electricity Supply:									
EDP - Soluções em Energia, S.A.	Rio Grande do Sul	103,072,773 BRL	25,419	10,334	15,085	9,986	-235	53.36%	-
EDP - Comercialização e Serviços de Energia, LTDA.	São Paulo	32,606,383 BRL	249,446	201,547	47,899	573,003	19,080	53.36%	-
EDP Comercialização Varejista, Ltda	São Paulo	4,531,000 BRL	2,752	1,750	1,003	12,653	341	53.36%	-
UFV SP V Equipamentos Fotovoltaicos Ltda.	São Paulo	13,441,069 BRL	2,161	64	2,098	201	-8	53.36%	-
Transmission of Electricity:									
EDP Transmissão, S.A.	Espírito Santo	8,630,148 BRL	42,205	33,860	8,345	5,226	1,066	53.36%	-
EDP Transmissão Aliança SC, S.A.	Espírito Santo	126,500,999 BRL	286,534	249,100	37,434	85,686	13,816	48.02%	-
EDP Transmissão SP-MG, S.A.	São Paulo	33,000,999 BRL	310,026	279,935	30,091	77,987	15,961	53.36%	-
EDP Transmissão MA I, S.A.	Espírito Santo	85,649,286 BRL	89,891	68,836	21,054	44,970	5,837	53.36%	-
EDP Transmissão MA II, S.A.	Espírito Santo	31,130,179 BRL	42,626	34,803	7,823	13,001	2,470	53.36%	-
EDP Transmissão Litoral Sul S.A.	São Paulo	75,000,000 BRL	22,479	13,871	8,608	12,922	-1,795	53.36%	-
Other Activities:									
EDP Grid Gestão de Redes Inteligentes de Distribuição, S.A.	Espírito Santo	102,786,011 BRL	50,360	35,749	14,611	4,606	-1,660	53.36%	-
EDP Ventures Brasil S.A.	São Paulo	6,500,999 BRL	1,156	384	771	-	-152	53.36%	-
Renewable Energy Activity:									
Parent company and Related Activities:									
EDP Renováveis, S.A. (EDP Renováveis Subgroup Parent Company)	Oviedo	4,361,540,810 EUR	9,464,035	2,786,595	6,677,440	52,035	1,388,501	82.56%	82.56%
EDP Renováveis Servicios Financieros, S.A.	Oviedo	84,691,368 EUR	5,029,374	4,612,247	417,127	18,781	10,686	82.56%	-
EDP Renewables Europe, S.L.U. (EDPR EU Subgroup Parent Company)									
Europe Geography / Platform:									
Spain:									
EDP Renewables Europe, S.L.U. (EDPR EU Subgroup Parent Company)	Oviedo	249,498,800 EUR	3,234,985	733,084	2,501,901	75,777	639,583	82.56%	-
Acampo Arias, S.L.	Zaragoza	3,314,300 EUR	45,731	38,664	7,067	5,808	582	78.43%	-
Aplicaciones Industriales de Energías Limpias, S.L.	Zaragoza	131,288 EUR	1,380	-	1,379	-	393	50.78%	-
Aprofitament D'Energies Renovables de la Terra Alta, S.A.	Barcelona	1,994,350 EUR	27	-	27	-	-2	36.40%	-
Compañía Eólica Aragonesa, S.A.	Zaragoza	6,701,165 EUR	114,410	21,357	93,053	-	-	82.56%	-
Desarrollos Eólicos de Teruel, S.L.	Zaragoza	60,100 EUR	17,717	17,657	60	-	-	42.11%	-
EDP Renovables España, S.L.U.	Oviedo	46,128,100 EUR	1,354,772	608,833	745,940	167,734	253,412	82.56%	-
EDPR Suvan S.L.U.	Madrid	3,000 EUR	2	-	2	-	-	82.56%	-
EDPR Terral S.L.U.	Madrid	3,000 EUR	2	-	2	-	-	82.56%	-
EDPR Yield, S.A.U.	Oviedo	99,405,403 EUR	249,979	61,561	188,418	-	29,740	82.56%	-
Elecdey Carcelén, S.A.	Albacete	6,969,600 EUR	-	-	5,789	-	-	18.99%	-
Eólica Arlanzón, S.A.	Madrid	4,508,980 EUR	16,928	5,090	11,838	3,430	503	70.18%	-
Eólica Campollano, S.A.	Madrid	6,559,994 EUR	65,164	36,843	28,320	11,043	2,616	61.92%	-
Eólica Fontesilva, S.L.U.	La Coruña	6,860,000 EUR	41,092	24,538	16,554	6,692	1,043	82.56%	-
Eólica La Brújula, S.A.U.	Madrid	3,294,000 EUR	45,037	23,312	21,725	10,187	2,852	82.56%	-
Eólica La Janda, S.L.U.	Madrid	4,525,000 EUR	160,213	134,620	25,593	34,073	10,445	82.56%	-
Eólica Sierra de Ávila, S.L.U.	Madrid	12,977,466 EUR	-	-	-	14,828	3,597	0.00%	-
Eos Pax IIa, S.L.	La Coruña	6,010 EUR	-	-	3,440	-	-	40.04%	-
Geólica Magallón, S.L.	Zaragoza	3,400,000 EUR	-	-	4,960	-	-	29.92%	-
Iberia Aprovechamientos Eólicos, S.A.	Zaragoza	1,918,728 EUR	19,868	14,568	5,300	3,596	251	77.61%	-
Northeolic Monte Buño, S.L.	Cantabria	4,000 EUR	300	450	-151	-	-	61.92%	-
Parc Eòlic Serra Voltorera, S.L.U.	Barcelona	3,458,010 EUR	20,718	9,624	11,093	3,599	838	82.56%	-
Parque Eólico Altos del Voltoya, S.A.	Madrid	6,434,349 EUR	24,032	5,230	18,802	4,076	177	76.37%	-
Parque Eólico de Abrazadilla, S.L.U.	Madrid	3,000 EUR	2	2	1	-	-2	82.56%	-
Parque Eólico la Sotonera, S.L.	Zaragoza	2,000,000 EUR	12,257	4,207	8,050	2,410	440	57.66%	-
Parque Eólico Los Cantales, S.L.U.	Zaragoza	1,963,050 EUR	17,908	13,658	4,250	4,070	1,053	82.56%	-
Parque Eólico Santa Quiteria, S.L.	Zaragoza	63,006 EUR	17,548	4,320	13,227	3,280	711	69.32%	-
Renovables Castilla la Mancha, S.A.	Madrid	60,102 EUR	25,310	19,059	6,251	5,482	1,597	74.31%	-
San Juan de Bargas Eólica, S.L.	Zaragoza	5,000,000 EUR	-	-	7,973	-	-	38.81%	-
Tébar Eólica, S.A.U.	Madrid	4,720,400 EUR	15,123	5,339	9,784	5,541	2,510	82.56%	-
Unión de Generadores de Energía, S.L.	Zaragoza	23,044 EUR	-	-	6,333	-	-	41.28%	-
Viesgo Europa, S.L.U.	Cantabria	1,000,000 EUR	27,539	24,086	3,453	-	-	82.56%	-
Viesgo Renovables, S.L.U.	Cantabria	12,769,690 EUR	273,404	64,696	208,708	-	-	82.56%	-
Viesgo Mantenimiento, S.L.U.	Cantabria	3,050 EUR	1,490	564	926	-	-	82.56%	-
Portugal:									
EDP Renováveis Portugal, S.A.	Oporto	7,500,000 EUR	464,311	313,396	150,915	122,879	46,341	42.11%	-
EDP Renewables, SGPS, S.A.	Oporto	50,000 EUR	164,423	37,596	126,828	-	9,848	82.56%	-
EDPR PT - Parques Eólicos, S.A.	Oporto	50,000 EUR	105,646	60,530	45,116	30	1,141	42.11%	-
EDPR PT - Promoção e Operação, S.A.	Oporto	57,500 EUR	19,626	14,056	5,570	14,448	-1,390	82.56%	-
Eólica do Alto da Teixosa, S.A.	Alhões	50,000 EUR	26,076	15,899	10,178	4,899	1,620	42.11%	-
Eólica da Alagoa, S.A.	Arcos de Valdevez	50,000 EUR	7,357	2,468	4,889	2,733	1,542	25.26%	-
Eólica da Coutada, S.A.	Vila Pouca de Aguiar	50,000 EUR	151,720	99,795	51,926	25,808	8,085	42.11%	-
Eólica da Serra das Alturas, S.A.	Boticas	50,000 EUR	11,838	4,083	7,754	3,099	1,395	21.10%	-
Eólica das Serras das Beiras, S.A.	Arganil	50,000 EUR	95,590	58,942	36,647	17,106	5,248	42.11%	-
Eólica da Terra do Mato, S.A.	Oporto	50,000 EUR	43,828	32,432	11,396	6,895	1,682	42.11%	-
Eólica de Montenegrelo, S.A.	Vila Pouca de Aguiar	50,000 EUR	19,102	6,904	12,198	5,537	2,388	21.10%	-
Eólica de São Julião, Lda.	Lisbon	500,000 EUR	-	-	2,785	-	-	37.15%	-
Eólica do Alto da Lagoa, S.A.	Oporto	50,000 EUR	21,404	9,241	12,163	4,304	1,275	42.11%	-
Eólica do Alto do Mourisco, S.A.	Boticas	50,000 EUR	23,104	13,927	9,178	4,480	1,661	42.11%	-
Eólica do Espigão, S.A.	Miranda do Corvo	50,000 EUR	27,090	12,306	14,784	5,604	1,799	42.11%	-
Eólica do Sincelo, S.A.	Oporto	150,000 EUR	33,262	28,591	4,671	-	886	82.56%	-
Eólica dos Altos de Salgueiros-Guilhado, S.A.	Vila Pouca de Aguiar	50,000 EUR	11,329	7,335	3,995	2,112	712	42.11%	-
Eólica da Linha, S.A.	Oporto	100,000 EUR	102,832	97,632	5,199	14,608	5,129	82.56%	-
Eoliser - Serviços de Gestão para Parques Eólicos, Lda.	Lisbon	264,085 EUR	4,032	3,240	793	-	-	82.56%	-
Fotovoltaica Lote A, S.A.	Oporto	50,000 EUR	2,094	2,090	4	-	-24	82.56%	-
IE2 Portugal, SGPS, S.A.	Lisbon	331,187 EUR	3,750	2,176	1,574	-	-	82.56%	-
Malhadizes - Energia Eólica, S.A.	Oporto	50,000 EUR	17,680	7,719	9,962	5,117	2,255	42.11%	-
Parque Eólico do Barlavento, S.A.	Lisbon	60,000 EUR	39,828	9,235	30,593	-	-	74.29%	-
S.E.E. - Sul Energía Eólica, S.A.	Lisbon	150,000 EUR	8,144	2,226	5,917	-	-	82.56%	-
France:									
Bourbriac II, S.A.S.	Paris	1,000 EUR	71	105	-34	-	-6	82.56%	-
EDPR France Holding, S.A.S.	Paris	19,900,000 EUR	143,270	92,207	51,063	10,314	-6,764	82.56%	-
Parc Eolien de Dionay, S.A.S.	Paris	37,004 EUR	1,416	1,463	-46	-	-5	82.56%	-
Parc Eolien Louvières, S.A.R.L.	Paris	1,000 EUR	16,035	15,916	119	437	185	82.56%	-
La Plaine de Nouaille, S.A.S.	Paris	8,000 EUR	4,417	4,440	-23	-	-6	82.56%	-
Le Chemin de la Corvée, S.A.S.	Paris	123,000 EUR	1,550	1,490	60	-	-2	82.56%	-
Le Chemin de Saint Druon, S.A.S.	Paris	92,000 EUR	2,423	2,350	73	-	-4	82.56%	-
Monts de la Madeleine Energie, S.A.S.	Paris	37,000 EUR	1,324	1,319	5	-	-10	82.56%	-
Monts du Forez Energie, S.A.S.	Paris	37,000 EUR	1,048	1,088	-40	-	-8	82.56%	-
Parc Éolien de Boqueho-Plouagat, S.A.S.	Paris	1,000 EUR	10,577	8,878	1,699	2,205	598	82.56%	-
Parc Éolien d'Entrains-sur-Nohain, S.A.S.	Paris	451,000 EUR	443	14	429	-	-5	74.31%	-
Parc Éolien de Flavin, S.A.S.	Paris	2,501,000 EUR	16,096	12,305	3,791	1,931	277	82.56%	-
Parc Éolien de la Champagne Berrichonne, S.A.R.L.	Paris	3,700 EUR	18,164	15,924	2,240	2,574	502	82.56%	-
Parc Éolien de la Côte du Cerisat, S.A.S.	Paris	27,448 EUR	66,061	65,232	829	2,872	910	82.56%	-
Parc Éolien de La Hetroye, S.A.S.	Paris	37,004 EUR	2	25	-23	-	-4	82.56%	-
Parc Éolien de Marchéville, S.A.S.	Paris	1,000 EUR	18,611	18,239	372	1,446	497	82.56%	-
Parc Éolien de Mancheville, S.A.R.L.	Paris	1,000 EUR	5,867	5,531	336	897	189	82.56%	-
Parc Éolien de Prouville, S.A.S.	Paris	1,000 EUR	1	30	-29	-	-10	82.56%	-
Parc Éolien des 7 Domaines, S.A.S.	Paris	5,000 EUR	3,770	3,795	-25	-	-15	82.56%	-
Parc Éolien des Longs Champs, S.A.R.L.	Paris	1,201,000 EUR	8,567	6,794	1,773	1,299	486	82.56%	-

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Parc Éolien de Paudy, S.A.S.	Paris	3,537,000 EUR	25,108	19,787	5,321	3,362	1,087	82.56%	-
Transition Euroise Roman II, S.A.S.	Paris	603,000 EUR	2,816	2,217	598	-	-5	70.18%	-
Vanosc Energie, S.A.S.	Paris	1,000 EUR	810	810	-	-	-1	82.56%	-
Vaudrimesnil Energie, S.A.R.L.	Paris	7,400 EUR	11,063	11,063	-	-	-10	82.56%	-
Poland:									
Budzyn, Sp. z o.o.	Warsaw	5,000 PLN	1	2	-2	-	-3	42.11%	-
EDP Renewables Polska, Sp. z o.o.	Warsaw	435,045,000 PLN	327,474	147,133	180,341	10,576	2,704	82.56%	-
EDP Renewables Polska HoldCo, S.A.	Warsaw	100,100 PLN	230,615	67,579	163,037	-	7,645	42.11%	-
EDP Renewables Polska Solar, Sp. Zo.o.	Warsaw	5,000 PLN	470	669	-200	-	-118	82.56%	-
Elektrownia Wiatrowa Kresy I, Sp. z o.o.	Warsaw	70,210 PLN	105,092	30,109	74,983	17,182	6,499	42.11%	-
European Wind Power Krasin, Sp. zo.o.	Warsaw	7,190,000 PLN	14,057	12,859	1,198	-	-298	82.56%	-
EW Dobrzyca, sp.z o.o.	Warsaw	674,000 PLN	30,309	23,768	6,541	-	-507	82.56%	-
Farma Wiatrowa Bogoria, Sp. zo.o.	Warsaw	2,395,300 PLN	12,628	10,494	2,135	-	-303	82.56%	-
Farma Wiatrowa Starozreby, Sp. z o.o.	Warsaw	466,000 PLN	303	4	300	-	-14	82.56%	-
FW Warta, Sp. z o.o.	Warsaw	10,000 PLN	8,627	8,857	-230	-	-179	82.56%	-
Gudziki Wind Farm sp. z o.o.	Warsaw	5,000 PLN	3	25	-22	-	-21	42.11%	-
Rowy-Karpacka Mala Energetyka, Sp. z o.o.	Warsaw	50,000 PLN	81	494	-413	-	-34	82.56%	-
Korsze Wind Farm, Sp. z o.o.	Warsaw	38,855,000 PLN	125,826	96,294	29,532	15,475	6,524	42.11%	-
Kowalewo Wind, Sp. zo.o.	Warsaw	89,900 PLN	8,410	8,080	329	-	-186	82.56%	-
Lichnowy Windfarm, Sp. z o.o.	Warsaw	865,500 PLN	33,380	32,199	1,180	373	-9	82.56%	-
Masovia Wind Farm I, Sp. z o.o.	Warsaw	1,258,000 PLN	111	103	8	-	-45	82.56%	-
Miramit Investments, Sp. z o.o.	Warsaw	55,000 PLN	474	306	168	-	-12	82.56%	-
Molen Wind II, Sp. z o.o.	Warsaw	14,600 PLN	59,380	47,978	11,401	10,005	2,173	42.11%	-
Neo Solar Farm, Sp. z o.o.	Warsaw	5,000 PLN	1,320	2,400	-1,080	-	-1	82.56%	-
Nowa Energia 1, Sp. zo.o.	Warsaw	83,300 PLN	52,616	52,885	-268	-	-653	82.56%	-
Radziejów Wind Farm, Sp. z o.o.	Warsaw	27,605,000 PLN	29,814	27,714	2,100	3,983	-150	42.11%	-
Relax Wind Park I, Sp. z o.o.	Warsaw	46,540,000 PLN	116,833	93,629	23,205	22,045	6,034	42.11%	-
Relax Wind Park III, Sp. z o.o.	Warsaw	59,603,000 PLN	132,383	116,554	15,830	15,326	1,254	42.11%	-
Rampton, Sp. z o.o.	Warsaw	1,005,000 PLN	304	125	179	263	-	82.56%	-
R.Wind, Sp. z o.o.	Warsaw	6,000 PLN	595	609	-15	-	-	82.56%	-
Ujazd Sp.Zo.o.	Warsaw	4,648,016 PLN	9,975	10,019	-44	-	-243	82.56%	-
Wind Field Wielkopolska, Sp. zo.o.	Warsaw	505,000 PLN	14,347	14,919	-572	-	-486	82.56%	-
Winfan sp.Zo.o.	Warsaw	20,000 PLN	2,156	2,068	88	-	-84	82.56%	-
Romania:									
Cernavoda Power, S.A.	Bucharest	335,692,400 RON	154,539	96,718	57,822	18,174	3,589	82.56%	-
EDPR România, S.R.L.	Bucharest	1,081,586,750 RON	311,293	23,543	287,749	29,944	11,257	82.56%	-
Pestera Wind Farm, S.A.	Bucharest	269,955,070 RON	92,843	50,651	42,192	11,284	2,467	82.56%	-
Sibioara Wind Farm, S.r.l.	Bucharest	81,900,600 RON	39,489	33,101	6,388	4,351	-25	82.56%	-
VS Wind Farm, S.A.	Bucharest	216,170,000 RON	72,796	23,404	49,392	9,249	2,779	82.56%	-
Great Britain:									
Altnabreac Wind Farm Limited	Edinburgh	100 GBP	719	719	-	-	-	82.56%	-
Ben Sca Wind Farm Limited	Edinburgh	100 GBP	1,610	1,615	-5	-	-	82.56%	-
Drummarnock Wind Farm Limited	Edinburgh	100 GBP	292	292	-	-	-	82.56%	-
Moorshield Wind Farm Limited	Edinburgh	100 GBP	623	625	-2	-	-	82.56%	-
Wind 2 Project 1 Limited	Edinburgh	100 GBP	281	281	-	-	-	82.56%	-
Italy:									
Aliseo, S.r.l.	Milan	500,000 EUR	586	127	459	-	-11	82.56%	-
AW 2, S.r.l.	Milan	100,000 EUR	23,446	19,034	4,411	2,673	613	61.92%	-
Breva Wind S.R.L.	Milan	7,100,000 EUR	49,767	43,822	5,946	-	-330	82.56%	-
Conza Energia, S.r.l.	Milan	456,000 EUR	41,018	36,030	4,988	4,443	940	82.56%	-
Custolito, S.R.L.	Milan	10,000 EUR	155	120	35	-	-10	82.56%	-
EDP Renewables Italia Holding, S.r.l.	Milan	347,000 EUR	140,291	90,659	49,632	16	-3,936	82.56%	-
EDP Renewables Italia, S.r.l.	Milan	34,439,343 EUR	183,320	121,843	61,477	15,519	11,225	42.11%	-
EDPR Sicilia PV, S.R.L.	Milan	10,000 EUR	512	513	-2	-	-9	82.56%	-
EDPR Sicilia Wind, S.r.l.	Milan	10,000 EUR	419	439	-20	-	-28	82.56%	-
EDPR Villa Galla, S.R.L.	Milan	9,000,000 EUR	97,591	29,868	67,723	18,996	7,515	42.11%	-
Energia Emissioni Zero 4, S.r.l.	Naples	10,000 EUR	5,226	5,169	57	-	-40	49.54%	-
Giglio, S.r.l.	Milan	20,000 EUR	1,346	123	1,224	-	-2	49.54%	-
Lucus Power, S.r.l.	Milan	10,000 EUR	26,369	21,235	5,133	2,726	666	82.56%	-
Re Plus, S.r.l.	Milan	100,000 EUR	750	650	100	-	-30	82.56%	-
San Mauro, S.r.l.	Milan	70,000 EUR	19,013	16,022	2,991	1,744	-51	61.92%	-
Sarve, S.r.l.	Milan	10,000 EUR	3,070	3,219	-149	-	-243	82.56%	-
T Power, S.p.A.	Milan	1,000,000 EUR	2,359	142	2,217	-	-648	82.56%	-
TACA Wind, S.r.l.	Milan	1,160,000 EUR	28,037	20,846	7,191	2,954	392	82.56%	-
Tivano, S.r.l.	Milan	100,000 EUR	20,864	18,218	2,646	2,499	604	61.92%	-
VRG Wind 153, S.r.l.	Rovereto	10,000 EUR	463	7	455	-	-3	82.56%	-
WinCap, S.r.l.	Milan	2,550,000 EUR	31,147	22,737	8,411	2,747	870	82.56%	-
Wind Energy San Giorgio, S.r.l.	Milan	20,000 EUR	773	40	733	-	-2	49.54%	-
Greece:									
Aioliko Parko Fthiotidos Erimia E.P.E.	Agia Paraskevi	34,500 EUR	393	255	138	-	-158	82.56%	-
EDPR Hellas 1 M.A.E.	Attica	1,205,000 EUR	1,734	296	1,438	-	-155	82.56%	-
EDPR Hellas 2 M.A.E.	Attica	410,000 EUR	2,025	360	1,665	-	-173	82.56%	-
Energiaki Arvanikou E.P.E.	Athens	13,222,380 EUR	29,124	15,865	13,258	488	-825	82.56%	-
Wind Park Aerorrachi M.A.E.	Athens	310,020 EUR	2,002	2,018	-16	-	-1,061	82.56%	-
Wind Shape, Ltd.	Attica	18,000 EUR	398	433	-34	-	-	82.56%	0.00%
Other Countries:									
EDP Renewables Belgium, S.A.	Brussels	286,500 EUR	18,353	17,763	590	251	-99	82.56%	-
EDP Renewables Hungary	Hungary	15,000,000 HUF	88	297	-209	-	-259	82.56%	-
EDPR International Investments, B.V.	Amesterdam	20,000 EUR	5,311	2,018	3,293	-	30,531	82.56%	-
ESC ERŐMŰ, Kft.	Hungary	3,000,000 HUF	9	236	-227	-	-244	70.18%	-
Sunlight Solar, Kft.	Hungary	5,000,000 HUF	74	298	-224	-	-247	70.18%	-
North America Geography / Platform:									
United States of America:									
EDP Renewables North America LLC (Empresa-Matriz de Subgrupo EUA)	Delaware	5,452,875,776 USD	4,464,473	622,076	3,842,397	98,185	97,730	82.56%	-
17th Star Wind Farm LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
2007 Vento I LLC	Delaware	551,949,368 USD	501,230	6,999	494,231	10,263	2,918	82.56%	-
2007 Vento II LLC	Delaware	349,167,559 USD	280,251	201	280,050	-	-167	42.11%	-
2008 Vento III LLC	Delaware	446,432,698 USD	358,853	697	358,156	-	-49	42.11%	-
2009 Vento IV LLC	Delaware	201,869,260 USD	163,385	155	163,229	-	-126	82.56%	-
2009 Vento V LLC	Delaware	27,844,228 USD	22,046	435	21,612	-	-26	42.11%	-
2011 Vento IX LLC	Delaware	77,764,256 USD	62,580	170	62,410	-	-126	42.11%	-
2011 Vento X LLC	Delaware	90,257,997 USD	73,207	567	72,640	-	-120	82.56%	-
2014 Sol I LLC	Delaware	66,049,287 USD	53,501	140	53,362	-	-98	41.28%	-
2014 Vento XI LLC	Delaware	241,980,281 USD	197,176	64	197,112	-	-25	42.11%	-
2014 Vento XII LLC	Delaware	131,131,689 USD	106,821	55	106,766	-	-29	42.11%	-
2015 Vento XIII LLC	Delaware	290,867,832 USD	236,846	506	236,341	-	-118	42.11%	-
2015 Vento XIV LLC	Delaware	254,620,080 USD	207,061	55	207,006	-	-115	42.11%	-
2016 Vento XV LLC	Delaware	474,269,381 USD	391,995	5,949	386,046	-	-136	82.56%	-
2016 Vento XVI LLC	Delaware	174,986,123 USD	143,428	1,246	142,182	-	-129	82.56%	-
2017 Sol II LLC	Delaware	113,035,792 USD	92,223	230	91,992	-	-49	82.56%	-
2018 Vento XVIII LLC	Delaware	479,982,078 USD	391,920	1,074	390,846	-	-118	82.56%	-

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2019 SOL V LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
2019 Vento XX LLC	Delaware	622,791,151 USD	507,555	61	507,494	-	-40	82.56%	-
2019 Vento XXI LLC	Delaware	272,928,524 USD	222,780	409	222,372	-	-49	82.56%	-
2020 Vento XXII LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Alabama Ledge Wind Farm LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Alabama Solar Park LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Antelope Ridge Wind Power Project LLC	Delaware	12,828,809 USD	-	-	-	-	-	82.56%	-
Arbuckle Mountain Wind Farm LLC	Delaware	150,258,134 USD	125,943	9,620	116,323	7,594	-2,174	42.11%	-
Arkwright Summit Wind Farm LLC	Delaware	196,157,034 USD	179,178	16,144	163,034	12,990	-338	82.56%	-
Arlington Wind Power Project LLC	Delaware	71,118,386 USD	94,055	8,394	85,661	17,095	7,370	42.11%	-
Aroostook Wind Energy LLC	Delaware	46,071,701 USD	33,128	14	33,114	-	-	82.56%	-
Ashford Wind Farm LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Athena-Weston Wind Power Project II LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Athena-Weston Wind Power Project LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Avondale Solar Park LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Azalea Springs Solar Park LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
AZ Solar LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Bayou Bend Solar Park LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
BC2 Maple Ridge Holdings LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
BC2 Maple Ridge Wind LLC	Delaware	268,810,612 USD	105,072	2,579	102,494	-	-88,983	82.56%	-
Big River Wind Power Project LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Black Prairie Solar Park LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Black Prairie Wind Farm II LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Black Prairie Wind Farm III LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Black Prairie Wind Farm LLC	Delaware	1,179,568 USD	959	-	959	-	-	82.56%	-
Blackford County Solar Park LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Blackford County Wind Farm LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Blackstone Wind Farm II LLC	Delaware	203,395,419 USD	258,572	91,830	166,742	17,810	144	82.56%	-
Blackstone Wind Farm III LLC	Delaware	6,275,439 USD	-	-	-	-	-	82.56%	-
Blackstone Wind Farm IV LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Blackstone Wind Farm LLC	Delaware	92,722,736 USD	117,139	42,102	75,037	7,939	-1,407	82.56%	-
Blackstone Wind Farm V LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Blue Canyon Wind Power VII LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Blue Canyon Windpower II LLC	Texas	114,619,804 USD	86,166	20,624	65,542	4,238	-34,902	82.56%	-
Blue Canyon Windpower III LLC	Texas	- USD	-	-	-	-	-	82.56%	-
Blue Canyon Windpower IV LLC	Texas	- USD	-	-	-	-	-	82.56%	-
Blue Canyon Windpower V LLC	Texas	27,052,876 USD	104,911	8,938	95,972	18,825	7,764	42.11%	-
Blue Canyon Windpower VI LLC	Delaware	89,831,713 USD	99,313	8,920	90,393	11,495	2,381	82.56%	-
Blue Harvest Solar Park LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Blue Marmot I LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Blue Marmot II LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Blue Marmot IV LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Blue Marmot IX LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Blue Marmot V LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Blue Marmot VI LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Blue Marmot VII LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Blue Marmot VIII LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Blue Marmot Solar Park LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Blue Marmot XI LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Bluebird Prairie Solar Park LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Bright Stalk Solar Park LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Broadlands Wind Farm II LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Broadlands Wind Farm III LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Broadlands Wind Farm LLC	Delaware	298,538,932 USD	273,247	37,125	236,123	6,714	-1,298	82.56%	-
Buffalo Bluff Wind Farm LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Cameron Solar LLC	Delaware	36,770,157 USD	33,234	3,018	30,217	1,777	35	82.56%	-
Casa Grande Carmel Solar LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Castle Valley Wind Farm LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Chateaugay River Wind Farm LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Cielo Solar Park LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Clinton County Wind Farm LLC	Delaware	211,939,274 USD	172,709	-	172,709	-	-	82.56%	-
Cloud County Wind Farm LLC	Delaware	154,708,374 USD	175,283	13,476	161,808	21,471	6,389	42.11%	-
Crescent Bar Solar Park LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Crossing Trails Wind Power Project II LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Duff Solar Park LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Eastmill Solar Park LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
EDPR NA DG Holding LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
EDPR Solar Ventures IV LLC	Delaware	98,121,380 USD	81,832	112	81,720	-	1,931	82.56%	-
EDPR Wind Ventures XX LLC	Delaware	209,666,026 USD	507,531	326,070	181,461	-	11,261	82.56%	-
EDPR Wind Ventures XXI LLC	Delaware	127,470,465 USD	222,418	116,369	106,048	-	2,330	82.56%	-
Edwardsport Solar Park LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Lowland Solar Park LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Moonshine Solar Park LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Sedge Meadow Solar Park LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Plum Nellie Wind Farm LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Cattlemen Solar Park LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Coldwater Solar Park LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Coos Curry Wind Power Project LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Crittenden Wind Farm LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Cropsey Ridge Wind Farm LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Crossing Trails Wind Power Project LLC	Delaware	9,106,285 USD	106,282	98,878	7,405	-	-17	82.56%	-
Dairy Hills Wind Farm LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Diamond Power Partners LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Drake Peak Solar Park LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Dry Creek Solar Park LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Duff Solar Park II LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
East Klickitat Wind Power Project LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
EDPR CA Solar Park II LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
EDPR CA Solar Park III LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
EDPR CA Solar Park IV LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
EDPR CA Solar Park LLC	Delaware	- USD	-	6	-6	-	-6	82.56%	-
EDPR CA Solar Park V LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
EDPR CA Solar Park VI LLC	Delaware	- USD	-	67	-67	-	-72	82.56%	-
EDPR Northeast Allen Solar Park LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
EDPR Solar Ventures I LLC	Delaware	38,859,201 USD	53,826	20,025	33,801	-	-967	41.28%	-
EDPR Solar Ventures II LLC	Delaware	53,672,662 USD	92,116	46,299	45,818	-	917	82.56%	-
EDPR Solar Ventures III LLC	Delaware	80,234,392 USD	64,948	86	64,862	-	-502	82.56%	-
EDPR Solar Ventures V LLC	Delaware	2,747,430 USD	2,239	-	2,239	-	-	82.56%	-
EDPR South Table LLC	Nebraska	- USD	-	-	-	-	-	82.56%	-
EDPR Vento I Holding LLC	Delaware	277,480,123 USD	226,127	-	226,127	-	-	82.56%	-
EDPR Vento IV Holding LLC	Delaware	68,995,105 USD	56,226	-	56,226	-	-	82.56%	-
EDPR WF LLC	Delaware	49,317,020 USD	40,190	-	40,190	-	-	82.56%	-
EDPR Wind Ventures X LLC	Delaware	10,834,576 USD	75,595	10,905	64,690	-	8,260	82.56%	-
EDPR Wind Ventures XI LLC	Delaware	51,056,638 USD	197,197	113,359	83,838	-	9,177	42.11%	-
EDPR Wind Ventures XII LLC	Delaware	23,027,881 USD	106,863	82,593	24,270	-	1,407	42.11%	-
EDPR Wind Ventures XIII LLC	Delaware	72,633,517 USD	237,037	152,048	84,989	-	6,315	42.11%	-
EDPR Wind Ventures XIV LLC	Delaware	27,522,985 USD	207,497	158,958	48,539	-	6,204	42.11%	-

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EDPR Wind Ventures XV LLC	Delaware	134,120,363 USD	386,496	231,035	155,461	-	9,942	82.56%	-
EDPR Wind Ventures XVI LLC	Delaware	63,534,768 USD	142,601	84,634	57,967	-	1,647	82.56%	-
EDPR Wind Ventures XVIII LLC	Delaware	212,371,952 USD	391,152	202,288	188,863	-	8,403	82.56%	-
EDPR Wind Ventures XXII LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Esker Solar Park LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Esker Solar Park II LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Estill Solar I LLC	Delaware	39,835,558 USD	34,393	1,863	32,530	1,684	3	82.56%	-
Five-Spot LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Ford Wind Farm LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Franklin Wind Farm LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Goldfinger Ventures III LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Greenbow Solar Park LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Green Country Wind Farm LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Green Power Offsets LLC	Delaware	10,515 USD	-	-	-	-	-	82.56%	-
Gulf Coast Windpower Management Company LLC	Delaware	- USD	-	-	-	-	-	61.92%	-
Hampton Solar II LLC	Delaware	36,476,027 USD	32,628	1,673	30,955	1,728	106	82.56%	-
Headwaters Wind Farm LLC	Delaware	241,954,517 USD	269,581	25,944	243,636	26,315	8,267	42.11%	-
Headwaters Wind Farm II LLC	Delaware	75,669,209 USD	131,257	70,371	60,885	-	-838	82.56%	-
Headwaters Wind Farm III LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Headwaters Wind Farm IV LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Helena Harbor Solar Park LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Hidalgo Wind Farm II LLC	Delaware	46,312,324 USD	61,632	23,054	38,578	1,703	902	82.56%	-
Hidalgo Wind Farm LLC	Delaware	347,487,468 USD	303,526	20,735	282,791	14,303	-9,059	82.56%	-
High Prairie Wind Farm II LLC	Delaware	59,769,146 USD	89,814	15,545	74,269	12,459	3,785	42.11%	-
High Trail Wind Farm LLC	Delaware	152,099,245 USD	201,952	17,164	184,789	13,029	-6,795	82.56%	-
Holly Hill Solar Park LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Horizon Wind Chocolate Bayou I LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Horizon Wind Energy Midwest IX LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Horizon Wind Energy Northwest I LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Horizon Wind Energy Northwest IV LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Horizon Wind Energy Northwest VII LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Horizon Wind Energy Northwest X LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Horizon Wind Energy Northwest XI LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Horizon Wind Energy Panhandle I LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Horizon Wind Energy Southwest I LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Horizon Wind Energy Southwest II LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Horizon Wind Energy Southwest III LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Horizon Wind Energy Southwest IV LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Horizon Wind Energy Valley I LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Horizon Wind MREC Iowa Partners LLC	Delaware	- USD	-	-	-	-	-	61.92%	-
Horizon Wind Ventures I LLC	Delaware	99,077,759 USD	588,727	117,373	471,354	-	-113	82.56%	-
Horizon Wind Ventures IB LLC	Delaware	- USD	284,547	207,653	76,894	-	2,164	42.11%	-
Horizon Wind Ventures IC LLC	Delaware	207,075,587 USD	363,811	40,969	322,842	-	2,445	42.11%	-
Horizon Wind Ventures II LLC	Delaware	138,494,271 USD	164,509	35,258	129,251	-	2,029	82.56%	-
Horizon Wind Ventures III LLC	Delaware	- USD	22,691	9,392	13,299	-	-198	42.11%	-
Horizon Wind Ventures IX LLC	Delaware	38,922,744 USD	63,372	34,461	28,911	-	1,621	42.11%	-
Horizon Wind Freeport Windpower I LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Horizon Wyoming Transmission LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Horse Mountain Wind Farm LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Indiana Crossroads Wind Farm II LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Indiana Crossroads Solar Park II LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Meadow Lake Wind Farm VIII LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Indiana Crossroads Wind Farm LLC	Delaware	- USD	-	148	-148	-	-159	82.56%	-
Jericho Rise Wind Farm LLC	Delaware	133,529,890 USD	125,894	8,518	117,375	9,008	-349	82.56%	-
Juniper Wind Power Partners LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Leprechaun Solar Park LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Lexington Chenoa Wind Farm II LLC	Delaware	2,005,797 USD	1,162	17	1,145	-	-	82.56%	-
Lexington Chenoa Wind Farm III LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Lexington Chenoa Wind Farm LLC	Delaware	312,014,012 USD	299,017	46,309	252,708	13,699	-1,965	82.56%	-
Little Brook Solar Park LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Loblolly Hill Solar Park LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Loki Solar Park LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Loma de la Gloria Solar Park LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Lone Valley Solar Park I LLC	Delaware	24,147,760 USD	22,687	1,726	20,961	1,660	227	41.28%	-
Lone Valley Solar Park II LLC	Delaware	41,503,920 USD	42,241	3,497	38,745	3,280	676	41.28%	-
Long Hollow wind Farm LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Lost Lakes Wind Farm LLC	Delaware	113,944,747 USD	108,923	13,064	95,859	15,100	2,355	82.56%	-
Loyal Wind Farm LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Machias Wind Farm LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Madison Windpower LLC	Delaware	17,592,794 USD	3,707	507	3,200	755	-1,203	82.56%	-
Marathon Wind Farm LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Marble River LLC	Delaware	211,931,519 USD	293,131	94,544	198,587	14,819	-3,480	82.56%	-
Martinsdale Wind Farm LLC	Delaware	5,456,617 USD	4,430	35	4,394	-	-32	82.56%	-
Meadow Lake Solar Park LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Meadow Lake Wind Farm II LLC	Delaware	143,689,224 USD	115,992	12,960	103,032	8,699	-1,779	82.56%	-
Meadow Lake Wind Farm III LLC	Delaware	95,239,829 USD	126,726	44,094	82,631	8,097	-532	82.56%	-
Meadow Lake Wind Farm IV LLC	Delaware	87,982,005 USD	101,768	35,995	65,773	5,621	-1,530	82.56%	-
Meadow Lake Wind Farm LLC	Delaware	190,057,699 USD	214,367	77,040	137,327	13,763	-2,250	82.56%	-
Mesquite Wind LLC	Delaware	112,760,370 USD	160,849	9,242	151,607	18,748	2,835	82.56%	-
Mineral Springs Solar Park LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Misenheimer Solar LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
New Trail Wind Farm LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Nine Kings Transco LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
North Slope Wind Farm LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Number Nine Wind Farm LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Old Trail Wind Farm LLC	Delaware	138,283,331 USD	211,115	16,029	195,085	32,041	11,528	42.11%	-
OPQ Property LLC	Delaware	- USD	142	-	142	-	-	82.56%	-
Pacific Southwest Wind Farm LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Paulding Wind Farm II LLC	Delaware	76,791,347 USD	128,527	19,175	109,352	18,197	5,654	42.11%	-
Paulding Wind Farm III LLC	Delaware	175,750,734 USD	171,254	17,775	153,479	9,456	2,190	82.56%	-
Paulding Wind Farm IV LLC	Delaware	197,255,901 USD	198,075	37,825	160,250	7,491	-858	82.56%	-
Paulding Wind Farm LLC	Delaware	35,380 USD	-	1	-	-	-6	82.56%	-
Paulding Wind Farm V LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Paulding Wind Farm VI LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Peterson Power Partners LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Pioneer Prairie Wind Farm I LLC	Delaware	214,520,980 USD	318,708	32,817	285,890	46,183	12,762	42.11%	-
Pleasantville Solar Park LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Poplar Camp Wind Farm LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Post Oak Wind LLC	Delaware	132,319,089 USD	183,310	8,003	175,307	22,566	2,948	42.11%	-
Prospector Solar Park LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Quilt Block Wind Farm II LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Rail Splitter Wind Farm LLC	Delaware	200,489,377 USD	127,213	15,056	112,156	7,054	-4,717	82.56%	-
Rail Splitter Wind Farm II LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
RE Scarlet LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Reloj del Sol Wind Farm LLC	Delaware	97,354,725 USD	212,271	132,944	79,327	-	-	82.56%	-
Renville County Wind Farm LLC	Delaware	130 USD	1,561	1,561	-	-	-	82.56%	-
Rio Blanco Wind Farm LLC	Delaware	3,055,646 USD	2,489	-	2,489	-	-	82.56%	-

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Rising Tree Wind Farm II LLC	Delaware	25,755,589 USD	27,889	2,277	25,612	2,821	733	42.11%	-
Rising Tree Wind Farm III LLC	Delaware	140,375,848 USD	146,221	4,255	141,967	18,388	5,464	42.11%	-
Rising Tree Wind Farm LLC	Delaware	105,323,931 USD	119,893	3,539	116,354	17,209	7,141	42.11%	-
Riverstart Development LLC	Delaware	2,747,430 USD	2,239	-	2,239	-	-	82.56%	-
Riverstart Solar Park II LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Riverstart Solar Park III LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Riverstart Solar Park IV LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Riverstart Solar Park LLC	Delaware	2,747,430 USD	18,795	16,827	1,967	-	-292	82.56%	-
Riverstart Solar Park V LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Riverstart Ventures LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Rolling Upland Wind Farm LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Rosewater Ventures LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
RTSW Solar Park LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
RTSW Solar Park II LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
RTSW Solar Park III LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
RTSW Solar Park IV LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
RTSW Solar Park V LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
RTSW Solar Park VI LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Rush County Wind Farm LLC	Delaware	2,813,717 USD	2,306	13	2,293	-	-	82.56%	-
Rye Patch Solar Park LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Saddleback Wind Power Project LLC	Delaware	1,351,288 USD	1	-	1	-	-	82.56%	-
Sagebrush Power Partners LLC	Delaware	131,011,611 USD	104,700	9,412	95,288	15,402	5,197	82.56%	-
San Clemente Solar Park LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Sardinia Windpower LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Shullsburg Wind Farm LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Signal Hill Wind Power Project LLC	Delaware	4,502 USD	-	-	-	-	-	82.56%	-
Simpson Ridge Wind Farm II LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Simpson Ridge Wind Farm III LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Simpson Ridge Wind Farm IV LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Simpson Ridge Wind Farm LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Simpson Ridge Wind Farm V LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Solar Ventures Purchasing LLC	Delaware	- USD	1,113	2,106	-993	-	-1,737	82.56%	-
Spruce Ridge Wind Farm LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Stinson Mills Wind Farm LLC	Delaware	4,601,921 USD	3,676	7	3,669	-	-	82.56%	-
Sustaining Power Solutions LLC	Delaware	88,263,502 USD	20,226	18,787	1,439	45,352	-6,247	82.56%	-
Sweet Stream Wind Farm LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Telocaset Wind Power Partners LLC	Delaware	13,524,184 USD	90,887	8,749	82,138	17,465	8,222	42.11%	-
Tillman Solar Park LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Timber Road Solar Park LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Timber Road Solar Park II LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Timber Road Solar Park III LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Timber Road II Storage LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Timber Road III Storage LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Top Crop I Storage LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Top Crop II Storage LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Tug Hill Windpower LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Tumbleweed Wind Power Project LLC	Delaware	4,003 USD	-	-	-	-	-	82.56%	-
Turtle Creek Wind Farm LLC	Delaware	284,767,763 USD	265,364	22,781	242,583	16,216	6,479	82.56%	-
Twin Groves I Storage LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Twin Groves II Storage LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Waverly Wind Farm II LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Waverly Wind Farm LLC	Delaware	254,083,847 USD	242,155	14,578	227,576	18,512	2,338	42.11%	-
Western Trail Wind Project I LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Wheat Field Holding LLC	Delaware	- USD	-	10,108	-10,108	-	-20	42.11%	-
Wheat Field Wind Power Project LLC	Delaware	- USD	81,538	26,660	54,878	16,436	9,451	42.11%	-
Whiskey Ridge Power Partners LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Whistling Wind WI Energy Center LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
White Stone Solar Park LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Whitestone Wind Purchasing LLC	Delaware	8,358,729 USD	5,229	586	4,643	-	-1,031	82.56%	-
Wildcat Creek Wind Farm LLC	Delaware	92,729,852 USD	167,187	91,669	75,518	-	-	82.56%	-
Wilson Creek Power Project LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Wind Turbine Prometheus LP	Delaware	5,990 USD	-	-	-	-	-	82.56%	-
Wrangler Solar Park LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
WTP Management Company LLC	Delaware	- USD	-	-	-	-	-	82.56%	-
Canada:									
EDP Renewables Canada, Ltd. (Empresa-Matriz de Subgrupo Canadá)	British Columbia	149,647,024 CAD	95,016	4,378	90,638	-	-31,926	82.56%	-
Blue Bridge Solar Park GP Ltd	British Columbia	- CAD	-	-	-	-	-	82.56%	-
Blue Bridge Solar Park LP	British Columbia	- CAD	77	276	-199	-	-13	82.56%	-
Bromhead Solar Park GP Ltd	British Columbia	- CAD	-	-	-	-	-	82.56%	-
Bromhead Solar Park LP	Saskatchewan	- CAD	77	276	-199	-	-13	82.56%	-
EDP Renewables Canada Management Services Ltd	British Columbia	- CAD	4,582	7,017	-2,435	595	-	82.56%	-
EDP Renewables Sask SE GP Ltd	British Columbia	- CAD	-	-	-	-	-	82.56%	-
EDP Renewables Sask SE Limited Partnership	Ontário	- CAD	-	517	-517	-	-174	82.56%	-
EDP Renewables SH II Project GP Ltd	British Columbia	- CAD	-	-	-	-	-	82.56%	-
EDP Renewables SH II Project LP	Alberta	- CAD	-	-	-	-	-	82.56%	-
EDP Renewables Sharp Hills Project GP, Ltd.	British Columbia	- CAD	-	-	-	-	-	82.56%	-
EDP Renewables Sharp Hills Project LP	Alberta	832,628 CAD	17,263	17,411	-148	-	-243	82.56%	-
Halbrite Solar Park GP Ltd	British Columbia	- CAD	-	-	-	-	-	82.56%	-
Halbrite Solar Park LP	Saskatchewan	- CAD	77	276	-199	-	-13	82.56%	-
Kennedy Wind Farm GP Ltd	British Columbia	- CAD	-	-	-	-	-	82.56%	-
Kennedy Wind Farm LP	Saskatchewan	- CAD	77	276	-199	-	-13	82.56%	-
Nation Rise Wind Farm GP II Inc.	British Columbia	5,470 CAD	2	1	1	-	-	82.56%	-
Quatro Limited Partnership	Ontário	54,694,518 CAD	40,231	-	40,230	-	27,442	82.56%	-
SBWF GP, Inc.	British Columbia	514 CAD	2	-	1	-	-	42.11%	-
South Branch Wind Farm II GP Inc.	British Columbia	- CAD	-	-	-	-	-	82.56%	-
South Branch Wind Farm II LP	Ontário	414,528 CAD	1,353	1,498	-145	-	-37	82.56%	-
South Dundas Wind Farm LP	Ontário	14,109,981 CAD	49,280	18,933	30,347	7,528	3,682	42.11%	-
Mexico:									
EDPR Servicios de México, S. de R.L. de C.V.	Cidade do México	117,437,656 MXN	4,230	1,513	2,717	1,792	-239	82.56%	-
Eólica de Coahuila, S.A. de C.V.	Cidade do México	7,792,042 USD	247,111	206,363	40,748	41,595	17,387	42.11%	-
Vientos de Coahuila, S.A. de C.V.	Cidade do México	2,502,421 USD	24,955	23,462	1,493	-	-374	82.56%	-
Parque Solar Los Cuervos, S. de R.L. de C.V.	Cidade do México	5,244,480 USD	130,729	127,040	3,689	-	-647	82.56%	0.00%
South America Geography / Platform:									
Brazil:									
EDP Renovaveis Brasil, SA (Empresa-Matriz de Subgrupo EDPR BR)	São Paulo	1,041,804,658 BRL	325,443	117,420	208,023	1,119	3,142	82.56%	-
Aventura Holding, S.A.	São Paulo	213,024,987 BRL	33,281	61	33,220	-	-145	82.56%	-
Central Eólica Aventura I, S.A.	São Paulo	81,678,829 BRL	23,532	9,978	13,554	2,742	730	42.10%	-
Central Eólica Aventura II, S.A.	São Paulo	35,660,564 BRL	9,682	4,153	5,529	-	-36	82.56%	-
Central Eólica Aventura III, S.A.	São Paulo	78,746,401 BRL	17,201	4,885	12,317	-	-29	82.56%	-
Central Eólica Aventura IV, S.A.	São Paulo	49,231,221 BRL	13,310	5,635	7,675	-	-40	82.56%	-
Central Eólica Aventura V, S.A.	São Paulo	49,568,851 BRL	13,334	5,597	7,737	-	-30	82.56%	-
Central Eólica Baixa do Feijão I, S.A.	São Paulo	39,216,713 BRL	20,808	12,757	8,051	2,904	183	42.11%	-
Central Eólica Baixa do Feijão II, S.A.	São Paulo	40,551,200 BRL	20,120	11,790	8,330	2,694	120	42.11%	-
Central Eólica Baixa do Feijão III, S.A.	São Paulo	67,416,713 BRL	23,836	12,903	10,933	2,627	-241	42.11%	-
Central Eólica Baixa do Feijão IV, S.A.	São Paulo	44,433,110 BRL	19,911	11,734	8,178	2,461	-73	42.11%	-

Subsidiaries	Head Office	Share capital / Currency	Assets 31-Dec-20 Euro'000	Liabilities 31-Dec-20 Euro'000	Equity 31-Dec-20 Euro'000	Revenues 31-Dec-20 Euro'000	Net Profit/(Loss) 31-Dec-20 Euro'000	% Group	% Company
Central Eólica Boqueirão I, S.A.	São Paulo	50 BRL	2,647	2,653	-6	-	-6	82.56%	-
Central Eólica Boqueirão II, S.A.	São Paulo	50 BRL	2,407	2,411	-4	-	-5	82.56%	-
Central Eólica Catanduba I, S.A.	São Paulo	500 BRL	-	5	-5	-	-6	82.56%	-
Central Eólica Catanduba II, S.A.	São Paulo	500 BRL	-	5	-5	-	-6	82.56%	-
Central Eólica Jerusalém I, S.A.	São Paulo	9,894,250 USD	3,019	675	2,344	-	-13	82.56%	-
Central Eólica Jerusalém II, S.A.	São Paulo	9,015,250 USD	2,891	682	2,209	-	-10	82.56%	-
Central Eólica Jerusalém III, S.A.	São Paulo	9,709,250 USD	3,006	688	2,318	-	-10	82.56%	-
Central Eólica Jerusalém IV, S.A.	São Paulo	8,959,150 USD	2,875	675	2,200	-	-10	82.56%	-
Central Eólica Jerusalém V, S.A.	São Paulo	8,973,250 USD	2,877	675	2,202	-	-10	82.56%	-
Central Eólica Jerusalém VI, S.A.	São Paulo	10,516,250 USD	3,240	680	2,559	-	-10	82.56%	-
Central Eólica Monte Verde I, S.A.	Lagoa Nova	20,593,200 BRL	8,442	3,381	5,060	-	-10	82.56%	-
Central Eólica Monte Verde II, S.A.	Lagoa Nova	20,307,200 BRL	8,536	3,517	5,019	-	-6	82.56%	-
Central Eólica Monte Verde III, S.A.	Lagoa Nova	18,473,200 BRL	7,957	3,458	4,499	-	-9	82.56%	-
Central Eólica Monte Verde IV, S.A.	Lagoa Nova	14,528,200 BRL	6,825	3,289	3,536	-	-9	82.56%	-
Central Eólica Monte Verde V, S.A.	Lagoa Nova	10,517,200 BRL	5,660	3,092	2,568	-	-2	82.56%	-
Central Eólica Monte Verde VI, S.A.	Lagoa Nova	12,211,000 BRL	5,056	3,150	1,906	-	-9	82.56%	-
Central Eólica SRMN I, S.A.	São Paulo	54,114,765 BRL	14,516	6,064	8,453	-	-20	82.56%	-
Central Eólica SRMN II, S.A.	São Paulo	83,393,676 BRL	19,797	6,742	13,055	-	-18	82.56%	-
Central Eólica SRMN III, S.A.	São Paulo	54,211,265 BRL	14,342	5,867	8,475	-	-19	82.56%	-
Central Eólica SRMN IV, S.A.	São Paulo	55,642,262 BRL	9,730	1,030	8,700	-	-18	82.56%	-
Central Eólica SRMN V, S.A.	São Paulo	41,343,289 BRL	7,255	795	6,460	-	-16	82.56%	-
Central Eólica Jau, S.A.	São Paulo	174,051,904 BRL	67,051	32,099	34,952	7,947	507	42.11%	-
Central Nacional de Energia Eólica, S.A.	São Paulo	12,396,000 BRL	3,896	936	2,961	2,020	1,009	42.11%	-
Central Solar Lagoa I, S.A.	São Paulo	10,000 USD	2	-	2	-	-	82.56%	-
Central Solar Lagoa II, S.A.	São Paulo	10,000 USD	2	-	2	-	-	82.56%	-
Central Solar Pereira Barreto I, S.A.	Pereira Barreto	39,317,000 USD	16,437	10,203	6,234	-	-105	82.56%	-
Central Solar Pereira Barreto II, S.A.	Pereira Barreto	102,597,000 USD	21,175	5,126	16,049	-	-228	82.56%	-
Central Solar Pereira Barreto III, S.A.	Pereira Barreto	34,747,000 USD	23,276	17,729	5,546	-	-72	82.56%	-
Central Solar Pereira Barreto IV, S.A.	Pereira Barreto	54,747,000 USD	20,787	12,273	8,514	-	-257	82.56%	-
Central Solar Pereira Barreto V, S.A.	Pereira Barreto	14,035,000 USD	9,837	7,575	2,262	-	-85	82.56%	-
Elebrás Projetos, S.A.	São Paulo	103,779,268 BRL	37,476	13,909	23,567	17,333	7,325	42.11%	-
Jerusalém Holding, S.A.	São Paulo	57,212,700 BRL	8,903	1	8,902	-	-73	82.56%	-
Monte Verde Holding, S.A.	São Paulo	96,816,300 BRL	15,138	10	15,127	-	-60	82.56%	-
SRMN Holding, S.A.	São Paulo	288,902,564 BRL	45,164	3	45,161	-	-101	82.56%	-
Colombia:									
Eolos Energías, S.A.S. E.S.P.	Bogotá	2,334,214,100 COP	36,484	31,082	5,402	-	5	82.56%	-
Vientos del Norte, S.A.S. E.S.P.	Bogotá	2,947,510,000 COP	30,769	23,669	7,100	483	282	82.56%	-
Solar Power Solutions, S.A.S. E.S.P.	Bogotá	202,000 COP	30	452	-422	-	-413	82.56%	-
Elipse Energía, S.A.S. E.S.P.	Bogotá	40,640,000 COP	7	422	-416	-	-416	82.56%	-
Omega Energía, S.A.S. E.S.P.	Bogotá	24,470,000 COP	3	419	-416	-	-416	82.56%	-
Kappa Energía, S.A.S. E.S.P.	Bogotá	24,900,000 COP	3	419	-416	-	-416	82.56%	-
Other Geographies:									
EDPR Vietnam	Ho Chi Minh	7,200,000,000 VND	254	-	254	-	-	82.56%	-

The companies main financial data of joint ventures as at 31 December 2020 are as follows:

Joint Ventures entities *	Head Office	Share capital / Currency	% Group	% Company
Electricity Generation:				
Bioastur, A.I.E.	Serín	60,101 EUR	50.00%	-
Ceprastur, A.I.E.	Oviedo	360,607 EUR	46.86%	-
Companhia Energética do JARI - CEJA	São Paulo	850,823,746 BRL	26.68%	-
Empresa de Energia Cachoeira Caldeirão, S.A.	Amapá	728,600,000 BRL	26.68%	-
Empresa de Energia São Manoel, S.A.	Rio de Janeiro	2,409,974,102 BRL	17.79%	-
HC Tudela Cogeneración, S.L.	Aboño - Carreño	306,030 EUR	50.10%	-
Pecém Operação e Manutenção de Unidades de Geração Eletrica, S.A.	Ceará	7,053,368 BRL	26.68%	-
Pecém Transportadora de Minérios, S.A.	Ceará	6,604,018 BRL	26.68%	-
Electricity Supply:				
CHC Comercializador de Referencia, S.L.U.	Madrid	72,000 EUR	50.00%	-
CIDE HC Energía, S.A.	Madrid	500,000 EUR	50.00%	-
Renewable Energy Activity:				
2019 SOL IV LLC	Delaware	316,169,431 USD	41.28%	-
Desarrollos Energéticos Canarios, S.A.	Las Palmas	15,025 EUR	41.20%	-
Desarrollos Energéticos del Val, S.L.	Soria	137,070 EUR	20.64%	-
Dunkerque Éoliennes en Mer, S.A.S.	Montpellier	10,000 EUR	26.42%	-
EDPR Wind Ventures XVII LLC	Delaware	- USD	82.56%	-
Hog Creek Wind Project LLC	Delaware	96,319,972 USD	16.51%	-
Meadow Lake Wind Farm V LLC	Delaware	147,518,483 USD	16.51%	-
Quilt Block Wind Farm LLC	Delaware	138,049,755 USD	16.51%	-
Redbed Plains Wind Farm LLC	Delaware	154,582,883 USD	16.51%	-
TEI Vento XVII	Delaware	149,727,162 USD	16.51%	-
2017 Vento XVII LLC	Delaware	536,689,832 USD	16.51%	-
Evolución 2000, S.L.	Albacete	117,994 EUR	40.58%	-
Flat Rock Windpower II LLC	Delaware	215,034,270 USD	41.28%	-
Flat Rock Windpower LLC	Delaware	543,598,932 USD	41.28%	-
Goldfinger Ventures LLC	Delaware	146,473,771 USD	41.28%	-
Sunshine Valley Solar LLC	Delaware	201,098,196 USD	41.28%	-
Windhub Solar A LLC	Delaware	36,343,904 USD	41.28%	-
2019 SOL III LLC	Delaware	235,989,831 USD	41.28%	-
Goldfinger Ventures II LLC	Delaware	194,656,553 USD	41.28%	-
Meadow Lake Wind Farm VI LLC	Delaware	264,400,228 USD	16.51%	-
Prairie Queen Wind Farm LLC	Delaware	223,444,606 USD	16.51%	-
TEI XIX	Delaware	98,363,564 USD	16.51%	-
2018 Vento XIX LLC	Delaware	493,538,562 USD	16.51%	-
Nation Rise Wind Farm GP, Inc.	British Columbia	1,690 CAD	82.56%	-
Nation Rise Wind Farm LP	Ontário	95,017,256 CAD	82.56%	-
OW Offshore, S.L.	Madrid	3,731,000 EUR	41.28%	-
Ancoris Beheer Nederland, B.V.	Zwolle	100 PLN	41.28%	-
B&C Wind Polska sp. z o.o. s.c.	Warsaw	- PLN	41.28%	-
B-Wind Polska, Sp. z o.o.	Warsaw	60,000 PLN	41.28%	-
C-Wind Polska, Sp. z o.o.	Warsaw	1,850,000 PLN	41.28%	-
Delphis Holdings Limited	London	4 EUR	41.28%	-
East Blue Power Co., Ltd.	Seul	200,000,000 KRW	22.76%	-
EDPR FS Offshore, S.A.	Oviedo	3,500,000 EUR	41.28%	-
Electrabel Offshore Energy	Belgium	13,606,250 EUR	41.28%	-
Éoliennes en Mer Dieppe - Le Tréport, S.A.S.	Bois Guillaume	31,436,000 EUR	24.97%	-
Éoliennes en Mer Îles d'Yeu et de Noirmoutier, S.A.S.	Nantes	36,376,000 EUR	24.97%	-
Korean Floating Wind Power Co., Ltd.	Seul	10,000,000 KRW	25.28%	-
Les Eoliennes en Mer Services, S.A.S.	Courbevoie	40,000 EUR	24.97%	-
Les Eoliennes Flottantes du Golfe du Lion, S.A.S.	Montpellier	40,000 EUR	33.02%	-
Mayflower Wind Energy LLC	Delaware	468,300,200 USD	20.64%	-
Moray East Holdings Limited	London	10,000,000 GBP	23.36%	-
Moray West Holdings Limited	London	1,000 GBP	53.00%	-
Moray Offshore Renewable Power Limited	London	23,027,589 GBP	41.28%	-

Joint Ventures entities *	Head Office	Share capital / Currency	% Group	% Company
Moray Offshore Windfarm (East) Limited	London	10,000,000 GBP	23.36%	-
Moray Offshore Windfarm (West) Limited	London	1,000 GBP	53.00%	-
Mordel Limited	London	2 GBP	20.64%	-
Morska Farma Wiatrowa Neptun, Sp. z o.o.	Warsaw	220,000 PLN	41.28%	-
North River Wind LLC	Delaware	- USD	41.28%	-
North Sea Wave, N.V.	Belgium	362,500 EUR	7.22%	-
Ocean Winds UK Limited	London	9,578,002 GBP	41.28%	-
OW France, S.A.S.	Paris	1,307,527 EUR	41.28%	-
OW Japan Godo Kaisha	Tóquio	24,400,001 JPY	41.28%	-
OW North America LLC	Delaware	228,689,706 USD	41.28%	-
Redwood Coast Offshore Wind LLC	Delaware	- USD	20.64%	-
Relax Wind Park IV, Sp. z o.o.	Warsaw	4,490,000 PLN	41.28%	-
SeaMade, N.V	Belgium	76,524,001 EUR	7.22%	-
Windplus, S.A.	Lisbon	1,779,000 EUR	35.37%	-
Ventos do Atlântico - Projetos de Energía Eólica Ltda	São Paulo	100 BRL	41.28%	-
Ventum Ventures III Holding, B.V.	Zwolle	100 EUR	41.28%	-
OW South Korea Co., Ltd	Seul	65,000,000 KRW	41.28%	-
4THEWIND I, B.V.	Zwolle	100 EUR	41.28%	-
4THEWIND II, B.V.	Zwolle	100 EUR	41.28%	-
4THEWIND III, B.V.	Zwolle	100 EUR	41.28%	-
4THEWIND IV, B.V.	Zwolle	100 EUR	41.28%	-
4THEWIND V, B.V.	Zwolle	100 EUR	41.28%	-
4THEWIND VI, B.V.	Zwolle	100 EUR	41.28%	-
4THEWIND VII, B.V.	Zwolle	100 EUR	41.28%	-
4THEWIND VIII, B.V.	Zwolle	100 EUR	41.28%	-
Sistemas Eólicos Tres Cruces, S.L.	Soria	50,000 EUR	20.64%	-
Solar Ventures Acquisition LLC	Delaware	- USD	41.28%	-
Sun Streams LLC	Delaware	317,353,745 USD	41.28%	-
Other Activities:				
Grupo ARQUILED	Mora	231,000 EUR	49.91%	-
Energia Ásia Consultoria, Limitada	Macao	200,000 MOP	50.00%	49.00%
Hydro Global Investment, Ltda.	Hong Kong	136,066,000 USD	50.00%	-
Sino - Portuguese Centre for New Technologies (Shangai) CO., Ltd	Shanghai	21,600,000 CNY	40.00%	-

The companies main financial data of joint ventures as at 31 December 2019 are as follows:

Joint Ventures entities *	Head Office	Share capital / Currency	% Group	% Company
Electricity Generation:				
Bioastur, A.I.E.	Serin	60,101 EUR	50.00%	-
Ceprastur, A.I.E.	Oviedo	360,607 EUR	46.86%	-
Companhia Energética do JARI - CEJA	Sao Paulo	850,823,746 BRL	25.69%	-
Empresa de Energia Cachoeira Caldeirão, S.A.	Amapá	728,600,000 BRL	25.69%	-
Empresa de Energia São Manoel, S.A.	Rio de Janeiro	2,409,974,102 BRL	17.13%	-
HC Tudela Cogeneración, S.L.	Aboño - Carreño	306,030 EUR	50.10%	-
Pecém Operação e Manutenção de Unidades de Geração Eletrica, S.A.	Ceará	1,527,000 BRL	25.69%	-
Pecém Transportadora de Minérios, S.A.	Ceará	3,364,018 BRL	25.69%	-
Electricity Supply:				
CHC Comercializador de Referencia, S.L.U.	Madrid	72,000 EUR	50.00%	-
CIDE HC Energía, S.A.	Madrid	500,000 EUR	50.00%	-
Renewable Energy Activity:				
2018 Vento XIX LLC	Delaware	483,122,053 USD	16.51%	-
2019 SOL III LLC	Delaware	246,422,986 USD	41.28%	-
2019 SOL IV LLC	Delaware	333,609,989 USD	41.28%	-
Compañía Eólica Aragonesa, S.A.	Zaragoza	6,701,165 EUR	41.28%	-
Desarrollos Energéticos Canarios, S.A.	Las Palmas	15,025 EUR	41.20%	-
Desarrollos Energéticos del Val, S.L.	Soria	137,070 EUR	20.64%	-
Dunkerque Éoliennes en Mer, S.A.S.	Montpellier	10,000 EUR	26.42%	-
Éoliennes en Mer Dieppe - Le Tréport, S.A.S.	Bois Guillaume	31,436,000 EUR	24.36%	-
Éoliennes en Mer Îles d'Yeu et de Noirmoutier, S.A.S.	Nantes	36,376,000 EUR	24.36%	-
Evolución 2000, S.L.	Albacete	117,994 EUR	40.58%	-
Flat Rock Windpower II LLC	Delaware	211,171,187 USD	41.28%	-
Flat Rock Windpower LLC	Delaware	536,426,287 USD	41.28%	-
Frontier Beheer Nederland, B. V.	Zwolle	1,000 EUR	24.77%	-
Frontier, C.V.	Zwolle	1,000 EUR	24.77%	-
Goldfinger Ventures LLC	Delaware	154,978,239 USD	41.28%	-
Goldfinger Ventures II LLC	Delaware	208,565,999 USD	41.28%	-
Les Eoliennes en Mer Services, S.A.S.	Courbevoie	40,000 EUR	24.36%	-
Les Eoliennes Flottantes du Golfe du Lion, S.A.S.	Montpellier	40,000 EUR	28.90%	-
Mayflower Wind Energy LLC	Delaware	159,000,000 USD	41.28%	-
Meadow Lake Wind Farm VI LLC	Delaware	273,341,071 USD	16.51%	-
Moray East Holdings Limited	London	10,000,000 GBP	27.49%	-
Moray Offshore Windfarm (East) Limited	London	10,000,000 GBP	27.49%	-
Moray Offshore Windfarm (West) Limited	London	1,000 GBP	55.32%	-
Moray West Holdings Limited	London	1,000 GBP	55.32%	-
Nation Rise Wind Farm GP, Inc.	British Columbia	1,276 CAD	20.64%	-
Nation Rise Wind Farm LP	Ontario	62,024,174 CAD	20.64%	-
Prairie Queen Wind Farm LLC	Delaware	191,095,968 USD	16.51%	-
Sistemas Eólicos Tres Cruces, S.L.U.	Soria	50,000 EUR	20.64%	-
Solar Ventures Acquisition LLC	Delaware	- USD	41.28%	-
Sun Streams LLC	Delaware	333,609,989 USD	41.28%	-
Sunshine Valley Solar LLC	Delaware	208,520,098 USD	41.28%	-
Windhub Solar A LLC	Delaware	37,902,128 USD	41.28%	-
Windplus, S.A.	Lisbon	1,250,000 EUR	44.91%	-
Other Activities:				
ARQUILED Group	Mora	231,000 EUR	49.91%	-
Energia Ásia Consultoria, Limitada	Macao	200,000 MOP	50.00%	49.00%
Hydro Global Investment, Ltda.	Hong Kong	136,066,000 USD	50.00%	-
Sino - Portuguese Centre for New Technologies (Shangai) CO., Ltd	Shanghai	21,600,000 CNY	40.00%	-

* The companies financial data of joint ventures are disclosed in note 21.

The companies where the Group has significant influence as at 31 December 2020 are as follows:

Associated companies *	Head Office	Share capital / Currency	% Group	% Company
Electricity Generation:				
Carriço Cogeração - Sociedade de Geração de Electricidade e Calor, S.A.	Lisbon	50,000 EUR	35.00%	-
Kosorkuntza, A.I.E.	Bilbao	- EUR	25.00%	-
Solar Siglo XXI, S.A.	Ciudad Real	80,000 EUR	20.64%	-
Electricity Distribution:				
AMBERTREE - Tecnologia para Redes de Energia Electrica, Lda	Lisbon	5,000 EUR	26.00%	-
Renewable Energy Activity:				
Biomasas del Pirineo, S.A.	Huesca	454,896 EUR	24.77%	-
Blue Canyon Windpower LLC	Texas	- USD	20.64%	-
Desarrollos Eólicos de Canarias, S.A.	Gran Canaria	1,817,130 EUR	36.94%	-
Nine Kings Wind Farm LLC	Delaware	- USD	41.28%	-
Parque Eólico Belmonte, S.A.	Madrid	120,400 EUR	24.69%	-
Parque Eólico Sierra del Madero, S.A.	Madrid	7,193,970 EUR	34.68%	-
Solar Works! B.V.	Rotterdam	6,769,000 EUR	16.67%	-
Other Activities:				
Centrais Elétricas de Santa Catarina, S.A. - Celesc	Santa Catarina	1,340,000,000 BRL	15.95%	-
Comercializadora de Equipamentos y Materiais MABE, Ltda.	Chile	- BRL	26.68%	-
EIDT-Engenharia, Inovação e Desenvolvimento Tecnológico, S.A.	Oporto	221,794 EUR	33.50%	-
Endeco Technologies Limited	Dublin	15,641,010 EUR	16.90%	-
MABE Construção e Administração de Projectos, Ltda.	Ceará	566,151,832 BRL	26.68%	-
Portsines - Terminal Multipurpose de Sines, S.A.	Sines	4,200,000 EUR	39.60%	-
Principle Power, Inc	Seattle	32,636 USD	24.48%	-
Vertequip, Equipamentos e Trabalhos Verticais, Lda	Chamusca	347,139 EUR	23.66%	-
WPVT, S.A.	Oporto	75,000 EUR	20.00%	-

The companies where the Group has significant influence as at 31 December 2019 are as follows:

Associated companies *	Head Office	Share capital / Currency	% Group	% Company
Electricity Generation:				
Carriço Cogeração - Sociedade de Geração de Electricidade e Calor, S.A.	Lisbon	50,000 EUR	35.00%	-
Kosorkuntza, A.I.E.	Bilbao	- EUR	25.00%	-
Solar Siglo XXI, S.A.	Ciudad Real	80,000 EUR	20.64%	-
Electricity Distribution:				
AMBERTREE - Tecnologia para Redes de Energia Electrica, Lda	Lisbon	5,000 EUR	26.00%	-
Renewable Energy Activity:				
Aprofitament D'Energies Renovables de L'Ebre, S.L.	Barcelona	14,933,030 EUR	10.98%	-
Biomasas del Pirineo, S.A.	Huesca	454,896 EUR	24.77%	-
Blue Canyon Windpower LLC	Texas	- USD	25.00%	-
Desarrollos Eólicos de Canarias, S.A.	Gran Canaria	1,817,130 EUR	36.94%	-
Nine Kings Wind Farm LLC	Delaware	- USD	41.28%	-
Parque Eólico Belmonte, S.A.	Madrid	120,400 EUR	24.69%	-
Parque Eólico Sierra del Madero, S.A.	Madrid	7,193,970 EUR	34.68%	-
Solar Works! B.V.	Rotterdam	3 EUR	16.67%	-
Other Activities:				
Centrais Elétricas de Santa Catarina, S.A. - Celesc	Santa Catarina	1,340,000,000 BRL	13.03%	-
Comercializadora de Equipamentos y Materiais MABE, Ltda.	Chile	- BRL	25.69%	-
EIDT-Engenharia, Inovação e Desenvolvimento Tecnológico, S.A.	Oporto	221,794 EUR	33.50%	-
Endeco Technologies Limited	Dublin	15,633,266 EUR	16.90%	-
MABE Construção e Administração de Projectos, Ltda.	Ceará	520,459,000 BRL	25.69%	-
Portsines - Terminal Multipurpose de Sines, S.A.	Sines	4,200,000 EUR	39.60%	-
Principle Power, Inc	Seattle	356,066 USD	32.51%	-
Vertequip, Equipamentos e Trabalhos Verticais, Lda	Chamusca	347,139 EUR	23.66%	-
WPVT, S.A.	Oporto	75,000 EUR	20.00%	-

* The companies financial data of associated companies are disclosed in note 21.

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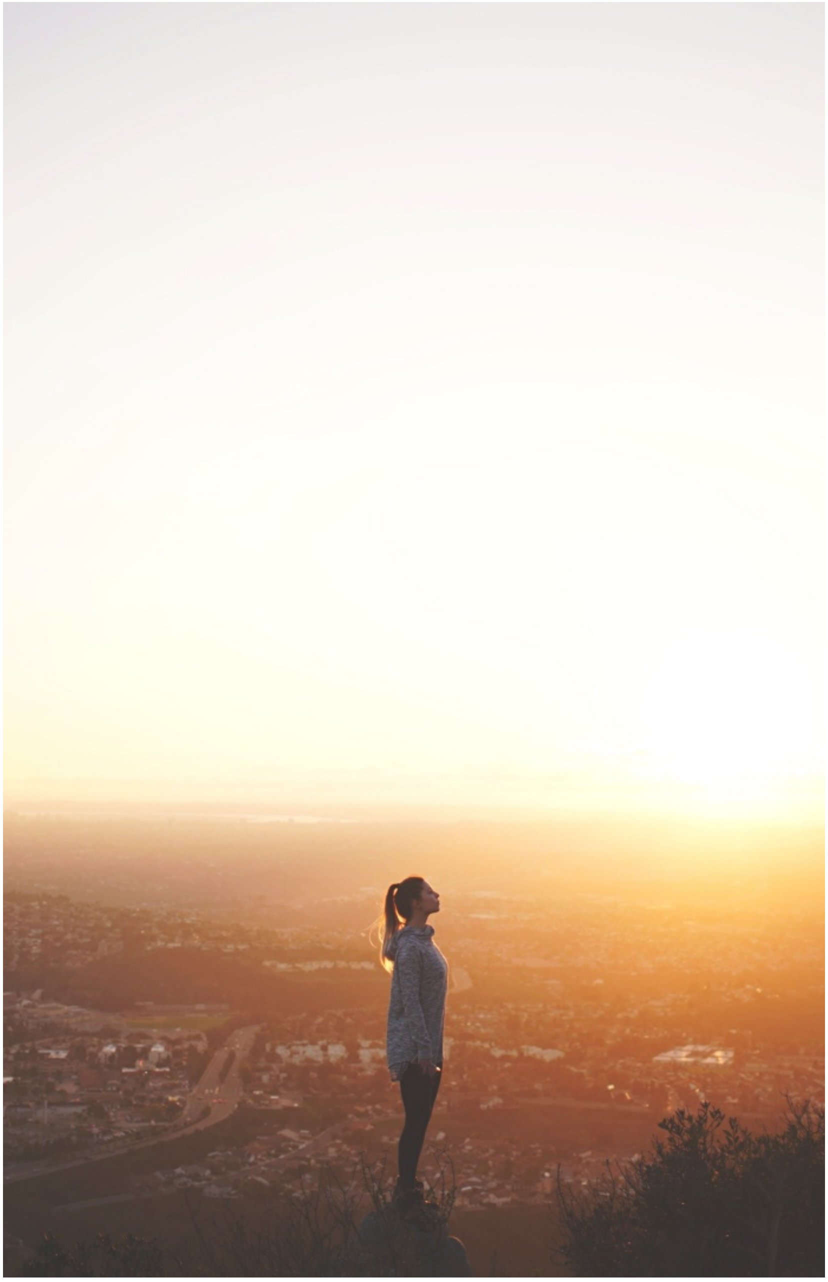
PEOPLE

FROM STRIVE
TO THRIVE



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Making all forms of sustainability real

Changing tomorrow now.

07

ANNEXES

Final References

The Executive Board of Directors expresses its gratitude to all those who have supported and followed, directly or indirectly, the activity of EDP Group over the year of 2020.

First, we would like to thank the shareholders for the trust and support given to the Executive Board of Directors and to each of its members in the exercise of its activity.

The Executive Board of Directors would also like to thank all the Board members of the 2018-2020 term, who contributed significantly to the development of EDP Group, namely António Mexia, whose leadership was always guided by strong dedication and commitment.

To all the members of the Corporate Bodies, responsible for the auditing and supervision of the Group, a special thanks is also due, for the support given over the year. A special word to the General and Supervisory Board for the guidance provided to the activity of the Executive Board of Directors.

The successful results of the Group and the intrepid defense of all stakeholders' interests clearly demonstrate that the governance model is fully consolidated.

Additionally, as a result of the support granted to the group's activities during last year, the Board thanks the members of the governmental bodies and the public authorities of countries in which EDP is present, for the continued support provided.

Within the energy sector, it is also important to refer the constant and constructive dialogue between EDP and the different energy sector regulators. Particularly with the Regulatory Body for Energy Services (ERSE) and the Directorate-General for Energy and Geology (DGEG) in Portugal, as well as to other regulators in countries where the activity of the EDP group is most visible, such as CNE in Spain, ANEEL in Brazil and FERC and NERC in the USA.

The Executive Board of Directors also extends its gratitude to all the other entities that interacted with the group during 2020, namely, the financial markets regulators, the sectorial associations and the social and environmental non-government organizations.

It is also imperative to thank our customers and reaffirm our full commitment to seek continuous improvement of our offer, as well as to achieve excellence in the service delivery. We are focused and determined to satisfy our customers' needs.

The Board's gratitude is also extended to suppliers, as well as to the social media that followed the company throughout the year.

Lastly, a special thanks to all EDP employees. Their knowledge, determination, and commitment were crucial for the company to achieve its results.

Miguel Stilwell de Andrade (Chairman)

Rui Manuel Rodrigues Lopes Teixeira

Miguel Nuno Simões Nunes Ferreira Setas

Vera de Morais Pinto Pereira Carneiro

Ana Paula Garrido Pina Marques

Proposal for the Appropriation of Profits

Under the terms of the Article 30, number 1, of the Company constitution, the Executive Board of Directors proposes to the shareholders that the Net Profit of 2020, amounting to € 878,151,389.05 is appropriated as follows:

Legal Reserves*	€ 43.907.569,45
Dividends*	€ 753.479.392,28
Donations to Fundação EDP**	€ 6.200.000,00
Retained Earnings	€ 74.564.427,32

* The proposed dividend per share is € 0.19.

** The proposed amount maintains the reduction made in 2019

The dividend value considers the total shares representing EDP's share capital. Nevertheless, under the applicable legal terms, there is no payment of dividends regarding own shares held by EDP as of the date that dividends are made available for payment. Accordingly, such value is added to the amount of retained earnings.

Historic Operational Indicators

RENEWABLES	UN	2020	2019	2018	2017
HYDRO INSTALLED CAPACITY	**MW**	**7,126**	**8,785**	**8,785**	**9,019**
Portugal	MW	5,076	6,759	6,759	6,847
Spain	MW	451	426	426	426
Brazil	MW	1,599	1,599	1,599	1,746
EQUITY HYDRO INSTALLED CAPACITY [1]					
Installed Capacity	MW	551	551	539	364
Brazil	MW	551	551	539	364
Capacity under Construction	MW	78	78	78	173
Brazil	MW	-	-	-	173
Peru	MW	78	78	78	-
HYDRO NET ELECTRICITY GENERATION	**GWH**	**18,792**	**14,110**	**19,296**	**11,424**
Portugal	GWh	12,571	9,101	12,648	6,948
Spain	GWh	677	880	1,054	472
Brazil	GWh	5,543	4,129	5,594	4,004
HYDRO TECHNICAL AVAILABILITY					
Portugal	%	93	91	91	91
Spain	%	100	100	100	100
Brazil	%	91	98	94	95

[1] Share of the MW installed in plants owned by companies equity consolidated

RENEWABLES	UN	2020	2019	2018	2017
WIND AND SOLAR INSTALLED CAPACITY					
Installed Capacity	MW	11,500	10,812	11,301	10,676
Portugal	MW	1,228	1,164	1,309	1,253
Spain	MW	2,137	1,974	2,312	2,244
Rest of Europe	MW	1,403	1,263	1,652	1,564
North America	MW	6,296	5,944	5,562	5,284
Brazil	MW	436	467	467	331
Capacity under Construction	MW	2,051	664	344	828
Portugal	MW	135	6	47	55
Spain	MW	85	18	29	68
Rest of Europe	MW	502	130	69	88
North America	MW	970	509	199	480
Brazil	MW	359	0	0	137
Equity Installed Capacity [1]	MW	668	550	371	331
Portugal	MW	30	0	0	0
Spain	MW	167	152	152	152
Rest of Europe	MW	0	0	0	0
North America	MW	471	398	219	179
Brazil	MW	0	0	0	0
Capacity under Construction MEP [1]	MW	311	330	330	0
Portugal	MW	0	14	14	0
Rest of Europe	MW	311	316	316	0
WIND AND SOLAR NET ELECTRICITY GENERATION	**GWH**	**28,537**	**30,041**	**28,359**	**27,621**
Portugal	GWh	2,624	3,160	2,995	2,912
Spain	GWh	4,346	5,298	5,164	5,095
Rest of Europe	GWh	3,054	3,333	3,321	3,662
North America	GWh	17,421	16,492	15,644	15,091
Brazil	GWh	1,093	1,757	1,235	861
WIND AND SOLAR TECHNICAL AVAILABILITY		**97**	**97**	**97**	**98**
Portugal	%	98	98	98	98
Spain	%	95	97	97	97
Rest of Europe	%	98	97	97	98
North America	%	96	96	97	98
Brazil	%	98	98	98	98

[1] Share of the MW installed in plants owned by companies equity consolidated

NETWORKS	UN	2020	2019	2018	2017
DISTRIBUTION					
Electricity distributed	GWh	76,123	79,519	80,426	78,736
Portugal	GWh	44,143	45,666	46,059	44,753
Spain	GWh	7,559	8,262	9,360	9,331
Brazil	GWh	24,421	25,591	25,007	24,652
Electricity supply points	'000	11,274	10,470	10,343	10,228
Portugal	'000	6,302	6,277	6,226	6,187
Spain	'000	1,371	668	666	664
Brazil	'000	3,601	3,524	3,451	3,377
Electricity customers	GWh	27,272	28,708	17,229	17,387
Portugal	GWh	2,413	2,658	3,016	3,243
Spain	GWh	438	461	444	446
Brazil	GWh	24,421	25,589	13,769	13,697
Electricity customers	'000	4,565	4,786	4,797	4,818
Portugal	'000	965	1,034	1,125	1,223
Spain	'000	0	229	221	219
Brazil	'000	3,600	3,523	3,450	3,376
Grid extension	Km	374,691	340,744	339,177	338,179
Portugal	**Km**	**228,349**	**226,823**	**226,308**	**226,027**
Overhead lines	Km	179,181	177,841	177,491	177,321
Underground lines	Km	49,168	48,981	48,817	48,706
Spain	**Km**	**52,492**	**20,766**	**20,709**	**20,613**
Overhead lines	Km	39,670	15,729	15,723	15,695
Underground lines	Km	12,822	5,037	4,986	4,918
Brazil	**Km**	**93,850**	**93,155**	**92,160**	**91,538**
Overhead lines	Km	93,582	92,899	91,906	91,293
Underground lines	Km	268	256	254	245
GRID LOSSES					
Portugal	%	10	10	10	10
Spain	%	4	4	3	4
Brazil	%	11	10	10	10
SERVICE QUALITY					
Portugal					
Installed Capacity Equivalent Interruption Time [1]	Min	60	56	61	53
Spain					
Installed Capacity Equivalent Interruption Time [1]	Min	15	26	17	20
Brazil					
Average Interruption Duration per Consumer					
EDP São Paulo	Hours	7	7	8	8
EDP Espírito Santo	Hours	8	8	8	9
Frequency of Interruptions per Consumer					
EDP São Paulo	#	5	5	5	5
EDP Espírito Santo	#	4	5	5	5
TRANSMISSION					
Grid extension	Km	1,441	1,441	1,299	1,299
Grid extension in Operation	Km	316	113	113	-
Grid extension Under Construction	Km	1,125	1,328	1,186	1,299

[1] ICEIT in MV grid, excluding extraordinary events

CLIENT SOLUTIONS AND ENERGY MANAGEMENT	UN	2020	2019	2018	2017
THERMAL INSTALLED CAPACITY					
Installed Capacity	MW	5,053	7,084	7,058	7,058
Portugal	**MW**	**2,049**	**3,236**	**3,236**	**3,236**
CCGT	MW	2,031	2,031	2,031	2,031
Coal	MW	0	1,180	1,180	1,180
Cogeneration	MW	17	24	24	24
Spain	**MW**	**2,285**	**3,128**	**3,102**	**3,102**
CCGT	MW	854	1,698	1,698	1,698
Coal	MW	1,250	1,250	1,224	1,224
Nuclear	MW	156	156	156	156
Cogeneration and Waste	MW	25	25	25	25
Brazil	**MW**	**720**	**720**	**720**	**720**
Coal	MW	720	720	720	720
Equity Installed Capacity [1]	MW	10	10	10	41
Portugal	MW	0	0	0	32
Spain	MW	10	10	10	10
THERMAL NET ELECTRICITY GENERATION	GWH	16,988	22,539	24,308	30,955
Portugal	GWh	7,623	10,027	12,341	15,486
CCGT	GWh	5,653	5,838	4,091	5,941
Coal	GWh	1,832	4,025	8,067	9,426
Cogeneration	GWh	138	163	182	119
Spain	GWh	7,779	8,805	8,512	10,872
CCGT	GWh	4,107	4,346	1,242	2,087
Coal	GWh	2,403	3,129	5,948	7,421
Nuclear	GWh	1,196	1,223	1,196	1,236
Cogeneration and Waste	GWh	73	107	126	128
Brazil	GWh	1,586	3,707	3,455	4,597
Coal	GWh	1,586	3,707	3,455	4,597
THERMAL TECHNICAL AVAILABILITY					
Portugal	%	94	90	89	93
CCGT	%	94	90	86	93
Coal	%	96	90	94	94
Cogeneration	%	94	94	97	65
Espanha	%	95	95	96	94
CCGT	%	98	95	99	97
Coal	%	91	97	93	91
Nuclear	%	91	92	90	92
Cogeneration	%	97	100	100	92
Waste	%	85	81	92	95
Brazil	%	92	95	80	92
Coal	%	92	95	80	92

[1] Share of the MW installed in plants owned by companies equity consolidated

CLIENT SOLUTIONS AND ENERGY MANAGEMENT	UN	2020	2019	2018	2017
ELECTRICITY CUSTOMERS	'000	4,050	5,042	5,052	5,068
Portugal	'000	4,028	4,104	4,119	4,153
Market Share EDP - Liberalised Market	%	n.a.	78	81	n.d.
Spain	'000	22	937	933	914
Brazil	'000	0	0	0	0
Social Tariff	'000	749	803	798	880
Portugal	'000	555	588	615	661
Spain	'000	0	51	39	57
Brazil	'000	194	164	144	162
Special Needs	'000	1	1	2	1
Portugal	'000	0	0	2	1
Brazil	'000	1	1	1	0
Green Tariff	'000	230	1,131	1,026	932
Portugal	'000	n.a.	73	3	3
Spain	'000	0	1,058	1,023	929
Brazil	'000	n.a.	n.a.	n.a.	n.a.
ELECTRICITY SUPPLIED	GWH	53,001	53,933	48,327	49,607
Portugal	GWh	17,095	17,995	18,119	18,246
Market Share EDP - Liberalised Market	%	n.a.	42	42	n.d.
Spain	GWh	10,352	11,901	12,106	13,556
Market Share EDP - Liberalised Market	%	6	6	7	7
Brazil	GWh	25,554	24,036	18,102	17,804
Social Tariff	GWh	718	631	523	604
Portugal	GWh	148	173	199	213
Spain	GWh	110	111	117	117
Brazil	GWh	461	348	208	275
Green Tariff	GWh	5,760	5,456	5,546	5,553
Portugal	GWh	n.a.	174	10	9
Spain	GWh	5,014	5,282	5,536	5,544
Brazil	GWh	n.a.	n.a.	n.a.	n.a.
GAS CUSTOMERS	'000	691	1,599	1,595	1,585
Portugal	'000	686	696	700	702
Last Resort	'000	34	37	41	45
Liberalised Market	'000	651	659	659	658
Spain	'000	6	903	895	883
Last Resort	'000	0	52	51	52
Liberalised Market	'000	6	851	844	831
GAS SUPPLIED	GWH	17,070	19,389	18,997	18,904
Portugal	GWh	4,294	3,995	3,854	3,890
Last Resort	GWh	167	202	249	262
Liberalised Market	GWh	4,127	3,793	3,605	3,628
Market Share EDP - Liberalised Market	%	n.a.	11	10	n.d.
Spain	GWh	12,776	15,394	15,143	15,014
Last Resort	GWh	195	247	261	244
Liberalised Market	GWh	12,581	15,147	14,882	14,770
Market Share EDP - Liberalised Market	%	3	4	3	4

Economic Activity of EDP Group

EDP - Energias de Portugal, S.A. (hereinafter referred to as EDP), currently with head office in Lisbon, Avenida 24 de Julho 12 and with its shares listed on the Euronext Lisbon stock exchange, results from the transformation of Electricidade de Portugal, E.P., incorporated in 1976 following the nationalization and consequent merger of the main companies in the electricity sector in Portugal. During 1994, as established by Decree-laws 7/91 and 131/94, the EDP Group (EDP Group or Group) was set up following the split of EDP, which led to a number of directly or indirectly wholly owned subsidiaries of EDP.

The Group's businesses are currently focused on the generation, transmission, distribution, supply and energy services of electricity and supply of gas. Although complementary, the Group also operates in related areas such as engineering, laboratory tests, professional training and property management.

EDP Group operates essentially in the European (Portugal, Spain, France, Poland and Romania) and American (Brazil and the United States of America) energy sectors.

ACTIVITY IN THE ENERGY SECTOR IN PORTUGAL

Portugal – Electricity

The general basis of the organization and inner workings of the National Electrical System (SEN), as well as the general bases applicable i) to the exercise of the activities of generation, transportation, distribution, supplying of electricity and operator change logistics and ii) to the organization of the electricity markets is set in Decree-Law (DL) 29/2006 of 15 February 2006, in the version published in the DL 215-A/2012 of 8 October 2012, with the changes introduced by DL 42/2016, of 28 December 2016, and further developed by the DL 172/2006 of 23 August 2006, on the version republished by the DL 215-B/2012 of 8 October 2012, with the changes introduced by the DL 114/2017 of 29 December 2017 and by DL 76/2019, of 3 June 2019.

These legal diplomas transpose to the Portuguese law, the principles of Directive 2009/72/CE, from the European Parliament and the Council of 13 July, which sets common rules for the internal electricity market and revokes the Directive 2003/54/CE, of the European Parliament and the Council, of 26 June.

The SEN integrates the activities of: i) generation, ii) transportation, iii) distribution, iv) supplying, v) organized markets operation, vi) operator change logistics and vii) other activities related with providing services related with the market integrated.

These activities are under the regulation of the Energy Services Regulatory Entity (ERSE), whose purpose is to contribute to ensure the correct efficiency and rationality regarding objectivity, transparency, non-discrimination and competition, through the continuous supervision and oversight, integrated in the goal of fulfillment of the internal electricity market.

In what concerns the transportation, distribution and last resource supplying, the law sets the right to a fixed income, dictated by ERSE, as stipulated in the Tariff Regulations, that assures the economic-financial balance given the conditions of an efficient management.

Portugal - Electricity - Generation

Background

The generation activity involves generation in both the ordinary regime (PRO) and the special regime (PRE), being both regimes, subjected to the assignment of a generation license by the Portuguese Authority of Energy and Geology (DGEG).

"The PRO regime incorporates the production that is not under a special regime, including all remunerated power plants under the PPAs (Power Purchase Agreement), CMEC (Contractual Stability Compensation) and Power Guarantee, being the energy produced sold in organized markets or through bilateral contracts."

On the other hand, PRE integrates: i) the production that is covered by special regimes such as the production of electricity through cogeneration and endogenous, renewable and non-renewable resources, micro production, mini-production and production without power injection in the network or, ii) the production that is made through endogenous, renewable and non-renewable resources, not subject to special legal regime.

The energy produced under a special regime, if it is under guaranteed remuneration, is sold to the Supplier of Last Resort (CUR). Otherwise, it can be sold to any trader or market aggregator, on organized markets or through the celebration of bilateral contracts.

In Portugal, EDP Group develops the activity of PRO and the activity of PRE through EDP Gestão da Produção, S.A. and EDP Renováveis Portugal, S.A., amongst other subsidiaries.

Highlights:

Transformation from Power Purchase Agreement (PPAs) into Contractual Stability Compensation (CMEC)

The PPAs were created by the DL 182/95, of 27 July 1995, as long term contracts, signed between bound electricity generators and REN. The fix and variable costs of production were indemnified to the producer by meanings of a pre-determined remuneration which might vary considering the plants availability. These contracts assure to the electricity generators a low level of risk.

The approval of Directive 2003/54/CCE in 2004, which aimed to deepen the liberalization of the energy market, and the commitments assumed by Portuguese and Spain Governments, with a view to the construction of the Iberian Electricity Market (MIBEL), led to the revision of the sector organization, particularly regarding generation, as it was at stake the PPAs compatibility with goals pursued at the European and Iberian levels. In this context, DL 240/2004, of 27 December, established PPAs early termination, based on the implementation of a mechanism for the maintenance of the contractual equilibrium named CMEC, which consisted on the right to the payment of a compensation to the envisaged generators. This regime was notified (and authorized) by the European Commission and, also, was object of a legislation authorization, conferred to by Law 52/2004.

"The PPAs maintained by EDP Group were early terminated and CMEC regime entry into force from 1 July 2007 onwards. CMECs consist of i) an initial amount, that corresponds to the difference between the present value of the PPAs (calculated at the early end of the contract (2007), and the value of expected market revenues, deducting the respective operating costs and other costs (estimated in 2007, to that year's values). The amount thus determined is paid in annuities from July 2007 up to the end date of the longest underlying PPA (December 2027); ii) annual adjustments, that correspond to the annual revisibility, calculated by the difference between the conditions underlying the initial amount and the values resulting from the valuation model (Valoragua), obtained from real data. These annual adjustments occurred during the first 10 years of the CMEC mechanism, ie between July 2007 and July 2017 and iii) a final adjustment, which reviews, reported to July 2017 date, the amount of the compensation to be paid to the electricity generator up to 2027 (the remaining PPA term with the longest duration), with a rational calculation similar to the initial amount but without any adjustments from July 2017 onwards."

In EDP Group 27 PPAs ongoing for hydro power plants and 7 PPAs for thermal power plants were early terminated in July 2007.

However, EDP Group was the only entity that accepted PPAs early termination and the remuneration through CMEC regime. The remaining entities maintain the respective PPAs into force (regarding to a coal plant and to a gas plant).

While within the scope of the PPAs, investment and availability of the plants were remunerated with full recognition of costs incurred in generation, in the CMEC regime, each plant started to be remunerated in market, being this remuneration complemented by the difference between what the plants would receive in the PPAs and what they receive in the free market in a context of an efficient management.

"In 2012, several citizens presented a complaint at the European Commission on the hypothetical disconformity of the CMEC mechanism and of the hydro public domain (DPH) use rights that accompanied hydric plants. In 2017, the European Committee issued its decision, and state that the national procedures regarding to DPH connected to plants operating under CMEC regime were in accordance to European legislation on State Aid. "

Meanwhile, the implementation of the CMEC regime has been object of several vicissitudes, contested by EDP Group at the adequate level, namely: (i) the calculation of the final adjustment value with basis on a different methodology than the one legally foreseen, resulting in the value approximately of 154 million Euros, homologated by the Energy Secretary of State (SEE) BY Dispatch dated 25 April 2018; (ii) the alleged existence of “innovatory aspects” regarding, in particular, the performance of tests to the CMEC plants availability from which a supposed benefit of 285 million euros, currently deducted, in the tariff context, to the values to be received by EDP; (iii) obligation of the CMEC plants to the payment foreseen in DL 74/2013 (clawback), following determination of Law 71/2008, which approves State Budget for 2019; this sets that the Government, until the end of 2019 first trimester, proceeds with the revision of clawback mechanism, which happened through DL 104/2019, of 9 August.

System Services

In addition to operating in the daily, intraday and long-term market, generators can participate in the system services markets.

The system services are adjustments to solve deviations and technical constraints in real time, in order to respond to the needs of quality, reliability and security of the network, while always maintaining the supply-demand balance.

Remuneration Regime

The generation activity is remunerated by the energy produced, by the availability of the installed capacity and by the systems services:

	REMUNERAÇÃO REGULADO	REMUNERAÇÃO EM MERCADO
ENERGY	• PPA • CMEC • Bonus rates for special regime production	• MIBEL • Bilateral contracts
INSTALLED CAPACITY	• PPA • CMEC • Power guarantee	• Capacity auctions
SUSTEM SERVICES	• Direct hiring	• System services market

Social Tariff

The DL138-A/2010, of 28 December, created a social tariff scheme financed by ordinary regime producers, including large hydro plants.

Social tariff consisted of the allocation to economically vulnerable customers of a discount on the network access tariff in an amount corresponding to a discount of 20% on the transitional tariffs of sale to end customers.

In 2011, a regime of extraordinary social support to the energy consumers (ASECE) was created, which consisted of an additional discount granted to economically vulnerable customers worth 13.8% of the value of the invoice, in this case, financed by the State, in order to neutralize the VAT increase from 6% to 23% for these customers.

In 2016, ASECE was extinguished, but the value of the respective discount was incorporated into social tariff, which means it has became also financed by producers in ordinary regime and by the big hydric. Beyond that, the eligibility criteria to benefit from social tariff is broader and the respective implementation is immediate.

Considering the historic, in 2016 the number of persons benefiting from social tariff increased from around 80.000 to around 800.000 and the discount, that was of 20% come to 33,8%, situation that is still maintained actually.

Clawback

The DL 74/2013, of 4 June, introduced a regulatory mechanism to ensure the competitive balance in the wholesale electricity market in Portugal, which acts in the event of distortions resulting from extra-market events, through allocation, based on the impact registered on the price structure, of the allocation of the cost of general economic interest (CIEG) between consumers and producers of electricity - Clawback

The electricity generators covered by this mechanism are ordinary regime producers and other producers that are not covered by the guaranteed remuneration scheme.

Clawback aims to prevent that extra markets events, as the existence of taxes existing only in one of MIBEL countries, may entail non-justified benefits for the producers that develop their activity in another country.

ERSE periodically prepares a study on the impact of electricity average price formation at Portuguese wholesale market in extra market events registered within European Union considering also national extra markets events. Concretely, it has been considered as an European extra market event the tax burden that levies over producers located in Spain and as a national extra market event the Social Tariff (funded by the PRO) and the Extraordinary Contribution on the Energetic Market. More recently, the tax over oil products was also considered as a national extra market event. This mechanism is currently framed by DL 74/2013, DL 104/2019, Ministerial Order 282/2019 and by Dispatch 12424-A/2016 of 26 December.

The implementation of DL 74/2013 registered several amendments, namely regarding recognition of national extra market events.

Hydrological Correction Account

On 5 March, the Energy Secretary of State published Dispatch 2224/2018, which determines the creation and composition of a Working Group, designed as "Working Group for the extinction of the hydrological correction account" - for EDP - Energias de Portugal,S.A. financial statements - with the purpose of preparing a grounded report with the hydrological correction account 's annual movements and their origin, as well as of determine rights on the differentials of the updated amounts of the payments and receipts flows and the financial charges associated with the hydrological correction account. This working group was created following the extinction of an earlier working group with the same purpose, operated by Dispatch 5443/2017 of 22 June. The Working Group concluded its work and the Government, recognizing the value at stake, does not recognize to EDP its right to receive it, and this fact was already object of contest at the right place.

Reserve remuneration regime for National Electricity System (SEN)

On 27 January 2017, Ordinance 41/2017 established a new regime for the payment of the security reserve provided to the SEN through the availability services provided by electric producers and other market agents. Under this scheme, the remuneration of the security reserve is established through an annual competitive auction mechanism that pays exclusively for the availability services provided, favoring low carbon technologies. However, Law 114/2017 of 29 December 2017, that approves the State Budget for 2018, determined the postponement of the annual auction until the Portuguese State receives the unequivocal pronouncement of the European Commission regarding the compatibility of the mechanism of the SEN security reserve with the Community provisions regarding State support for the energy sector. On 3 April 2018, Order 93/2018 was published, which maintains the postponement of that auction.

Key Developments of 2019

Exemption of the oil tax (ISP) and surcharge over CO_2

Ordinance 6-A/2019 was published on 4 January 2019, which sets the CO_2 surcharge rate on CO_2 emissions and the addition value for each product. The addition rate forecast in the Article 92-A of the Code of Special Taxes on Consumption, defined annually, is based on the tenders prices for the greenhouse gas emission carried out under the European Trading of Emission Allowances (CELE). The amount for 2019 is 12.74€ / tonne of CO_2 (in 2018, this amount was 6.85€/tonne of CO_2).

Clawback

On 23 January 2019, Dispatch 895/2019 of the Office of the Energy Secretary of State was published, which defines the parameter corresponding to the impact of extra market measures and events registered in the European Union in the creation of average electricity prices in the wholesale market in Portugal (clawback). The suspension of the Clawback mechanism is thus determined in the period corresponding to the suspension of the tax measures in Spain, from 1 October 2018 until 31 March 2019. In the calculation of system costs, ERSE is considering the value of 4.18€ / MWh as of 1 April 2019.

On 9 August 2019 was published DL 104/2019, of the Council of Ministers, which makes the first amendment to Decree-Law 74/2013, of 4 June 2013, regarding the clawback mechanism, clarifying the subjective scope of the mechanism, which now includes the following producers:

- producers of electricity in the ordinary regime, except for the power plants covered by paragraph 2 a) of article 17 of that law, until the date of termination of the respective contracts for the purchase of energy;

- electricity producers exploiting hydroelectric plants with installed capacity> = 10 MVA;

- electricity producers that do not benefit from any guaranteed remuneration mechanism, except producers: i) that make specific compensations to SEN within the scope of the competitive procedure provided for in article 5-B of Decree-Law No. 172/2006, of 23 August 2006, as amended; and ii) whose installed capacity of each individually considered power station is <5 MW.

With the published DL it becomes possible a CIT (Corporate Income Payment) – Advanced Payment, applied to electricity producers covered by the clawback mechanism, and the unit value of the payment on account is established by the government member responsible for the energy area, under proposal from ERSE. The same Government official decides on the amounts to be invoiced to electricity producers, based on the results of a study prepared annually by ERSE on the impact on average electricity prices in the Portuguese wholesale market of measures and extra market events registered in the EU.

On 30 August 2019 it was published Ordinance 282/2019, from the Environment and Energy Transition, which regulates some aspects of the clawback mechanism, following the provisions of Decree Law 104/2019, in particular: (i) ERSE's annual study; (ii) clawback's tariff repercussions and changes to the formulas to be used and; (iii) the Advanced Payment mechanism.

On 26 September 2019, Order No. 8521/2019 of the Ministry of the Environment and Energy Transition published the CIT (Corporate Income Payment) – advanced payment for Clawback of 2.71€ / MWh for coal-fired power plants and 4.18€ / MWh for the remaining plants.

On 27 December 2019, Dispatch 12424-A / 2019, published by the Office of the Secretary of State for Energy, was published, which identifies the national extra-market events to be considered in the Study to be prepared by ERSE in 2020 (with reference to 2019) under the Clawback mechanism. The taxation of petroleum and energy products used in the production of electricity (ISP), the Extraordinary Contribution on the Energy Sector (CESE) and the Social Electricity Tariff are considered as extra-market events.

Over-equipment of wind farms

"On 31 January 2019 it was published Ordinance 43/2019, of the Ministry of the Environment and Energy Transition, which changes the criteria for granting authorization for the installation of over-equipment in wind farms."

"With the publication of this Ordinance, ERSE consultation (foreseen in former legislation) is dismissed if the owner of the power plant chooses to apply the energy of the over-equipment to a tariff of 45€/MWh, without update, for a period of 15 years. This Ordinance also applies to requests for authorization that, at the date of its entry into force, are still pending from the decision of DGEG."

Guarantees of origin

On 8 October 2019, Order 8965/2019 of the Office of the Secretary of State for Energy was published, which determines that REN, as the Issuer of Guarantees of Origin (EEGO), must create and maintain a platform that ensures the management of the certification of cogeneration and electricity production facilities from renewable energy sources and the issuing of guarantees of origin (GO).

Parliamentary Commission of Inquiry on the Payment of Excessive Income to Electricity Producers (CPIPREPE)

On 15 May 2019 the CPIPREPE Final report has been globally approved, with votes in favor from PS PCP, BE and PEV and votes against from PSD and CDS. The absence of unanimity in the voting process reveals the existence of divergent opinions on the issue of alleged excessive rents.

The Conclusions and Recommendations contained in the Final Report of CPIPREPE are not binding.

Other Key Developments of 2019

On 18 January 2019, Decree-Law (DL) 10/2019 was published, which establishes the new rules on the allocation of revenues from emission allowances tenders and introduces into Portuguese legislation the partial transposition of the European Directive 2018/410 on the rules of the CELE.

This Decree-Law sets in 60% the value of the revenues generated from the emission licenses tenders to be transferred to SEN in order to offset part of the total over-cost of the special regime (PRE) from renewable energy sources, in each year, until it reaches 100% of this extra cost (includes over cost of renewable cogeneration generation).

These revenues are allocated to National Electric System (SEN) to deduct from the Global System Use tariff, in order to reduce the consumer's energy bill. It also allows, if necessary, an additional transfer of funds from the Environmental Fund to the SEN, in case there is a significant difference between actual revenues and estimated revenues.

On 3 June 2019, DL 76/2019 of the Presidency of the Council of Ministers was published, which amends the legal regime applicable to the exercise of the activities of generation, transportation, distribution and supply of electricity and to the organization of the electricity markets. In general terms, this Decree-Law aims, among other aspects:

- establish the legal basis for the adoption, within the PRE, of procedures of a competitive nature, maintaining as a prerequisite in the licensing the existence of injection capacity in the network;
- allow the promoters, who so wish, to support the construction or reinforcement in the network (without burdening the system) when it does not have the necessary injection capacity, not limiting the realization of projects;
- allow the licensing of production units in pre-existing electro-producing centers that, using a different source of renewable energy, do not require an increase in injection capacity in the Electric Public Network (RESP);
- to frame the regime applicable to Small Production Units (UPP);

- to frame the SEN's risk management and guarantees regime in the scope of the use of network infrastructures and participation in SEN's global management;

- change the object of the concessions of the LV electricity distribution network, in order to grant an option to the grantor to include or not the public lighting network in the object of the concession.

On 6 June 2019, Dispatch 5532-B / 2019 of the Secretary of State for Energy was published, which establishes the opening of a competitive procedure, in the form of an electronic auction, for the allocation of reserve of injection capacity in RESP connection points for photovoltaic solar energy.

Portugal - Electricity - Transportation

Background

The transportation activity integrates the overall management of the system and is implemented under a public service concession, exclusively, through the exploitation of the National Transportation Network (RNT).

The RNT concession contract was awarded by the State to REN - Redes Energéticas Nacionais, SGPS, SA in 2007, for a period of 50 years.

Portugal - Electricity - Distribution

Background

The distribution activity includes the operation of the National Distribution Network (RND), which includes distribution networks in medium and high voltage, and the operation of distribution networks in low voltage, being exercised through concession contracts under a public service regime, exclusively.

"The concession contract for RND's exploration in high and medium voltage was attributed by the state to EDP Distribuição in 2009, for a period of 35 years."

The concession contracts for the operation of the low voltage electricity distribution networks were settled between the 278 Municipalities of mainland Portugal and EDP Distribuição on different dates, for a period of 20 years, according to DL 344-B/82 of 1 September with the respective amendments, namely those introduced by DL 29/2006.

The concession contracts between the 278 Municipalities and EDP Distribuição will reach their end until 2026, the majority in 2021 and 2022.

In this context, Law 31/2017, of 31 May, came to predict the launch of the public tender for the award of new concession contracts synchronously, in 2019, to territorial areas defined by municipalities or municipal entities, under proposal from ERSE.

Key Developments of 2019

ERSE Directive 5/2019 of 18 January 2019 approved tariffs and prices for electricity and other services to be in force in 2019.

On 15 April, ERSE Directive 10/2019 was published, which approves the parameters related to the connections to the electric energy networks and repeals Directive 18/2012, of 8 November, of ERSE.

On 2 August 2019, Regulation 610/2019 was published, which approves the Intelligent Electricity Distribution Services Regulation, framing the intelligent network services by network operators and suppliers.

In the Tariffs for 2020, approved in 16 December 2019, ERSE recognized the principle of profit sharing with the system and assumed the return into the tariffs of approximately 16.6 million Euros referring to half of the net gains obtained from the sale of real estate by EDP Distribuição between 2009 and 2018, having mentioned that the position to be taken by the respective grantors of the Concession Contract for the National Distribution Network (RND) and the electricity distribution network concessions in BT may determine the revision of this amount.

Subsequent to the publication of the Tariffs for 2020, the Government approved an Order that stipulates that the total value of the gains generated by the sale of real estate by EDP Distribuição between 2009 and 2018, and which were subject to remuneration for the tariffs, "reverts entirely to the grantor ", and should be" fully reflected in the electricity tariffs ".

Portugal - Electricity - Supply

Background

The commercialization activity is open to competition, being subject to prior registration.

Suppliers can freely buy and sell electricity and, in this sense, they have the right to access to the transmission and distribution networks, through the payment of regulated tariffs fixed by ERSE.

It is also legally consecrated, for the protection of consumers, a supplier of last resort, subject to the granting of a license, whose purpose is to serve as guarantor of the electricity supply to costumers, especially the most vulnerable, in terms of quality and continuity of service.

The commercialization activity is carried out by EDP Comercial, S.A and the activity of last resort supplier (CUR) is carried out by EDP Serviço Universal, SA - a company incorporated and totally owned by EDP Distribuição, S.A.

Key Developments of 2019

Self-consumption, small production units and renewable energy communities

On 15 April, Ordinance 115/2019 was published, which sets the reference tariff applicable, during the current year, to the electricity sold in its entirety to RESP, from small production units (UPP) using sources of renewable energy. It is planned to maintain the value practiced in recent years - from the entry into force of the current regime, which r eplaces the previous similar model of micro and mini-production -, set at 95€ /MWh, in order to guarantee investment stability and cost control for SEN.

On 17 September 2019, Resolution no. 192/2019, of the Assembly of the Republic, was published, recommending the Government the adoption of a legislative framework for collective self-consumption and for renewable energy communities (this resolution had already been approved 19 July 2019 and the new legislative framework was approved by the Council of Ministers on 5 September 2019).

On 25 October 2019, Decree-Law 162/2019 of the Presidency of the Council of Ministers was published, which establishes the legal regime applicable to self-consumption of renewable energy, individually, collectively or by renewable energy communities, proceeding, in this last part, to the partial transposition into national law of Directive 2018/2001 of the European Parliament and of the Council, of 11 December 2018, on the promotion of the use of energy from renewable sources.

This decree-law intends for Portugal to achieve the goals defined under the PNEC 2030, namely to achieve a 47% share of energy from renewable sources in gross final consumption in 2030, as well as to reduce the price of electricity consumption for those who adhere to the self-consumption. This Decree-Law takes effect in the following terms:

a) as of 1 January 2020, for individual self-consumption projects and collective self-consumption projects or CER, which cumulatively: i) have an intelligent counting system; ii) are installed at the same voltage level;

b) DGEG and ERSE publish, until 31 December 2019, the necessary regulations for the implementation of the aforementioned projects;

c) o As of 1 January 2021, related to other self-consumption projects;

d) DGEG and ERSE promote the participation of entities that intend to implement self-consumption projects, which must express such interest in the Portal, in the process of defining the regulations necessary for the implementation of this decree-law.

DGEG Order 46/2019, dated 30 December 2019, was published, which defines the operating rules of the computer platform intended for the operationalization of the prior control procedures provided for in Decree-Law 162/2019, of 25 October 2019, as well as the necessary introductory documents, applicable to self-consumption production units (UPAC), electricity use facilities (IU) associated with those and facilities related to Renewable Energy Communities (CER).

Other Key Developments of 2019

On 11 January 2019, Law 5/2019 of the National Assembly was published, which establishes the regime of compliance with the duty of information of the energy supplier to the consumer. It applies to suppliers in the supply and / or provider of services to consumers of electricity, natural gas, GPL and petroleum derived fuels. The supplier must inform the consumer of the conditions under which the supply and / or provider of services is performed in a clear and complete manner. In the electricity and natural gas sectors, this is reflected in a greater detail on the invoice information.

"On 15 January 2019, ERSE Directive 4/2019 was published, approving the rules of the pilot project for consumers participation in the system services market in the regulatory reserve component. The pilot project lasts one year (starting on 2 April 2019) and aims to ensure equal treatment in the participation in the regulatory reserve market of eligible consumers and producers, thereby increasing competition in this market. The approved rules will allow consumers with an offer capacity equal to or greater than 1 MW to participate in the reserve market of SEN regulation."

On 10 April 2019, following ERSE Directive 4/2019, ERSE Directive 9/2019 was published, which approves the general conditions of the system services market access contract in the scope of the pilot project for participation of the consumption in the reserve market of regulation established in the Manual of Procedures of the Global System Management (MPGGS) of the electric sector.

On 6 May 2019, ERSE Directive 11/2019 was issued, which approves the terms and conditions for the setting of energy purchased from producers under a special regime, through an auctioning mechanism for products with a maturity term of different maturity. This mechanism allows the coverage of commercial price and supply risks by market traders and the stability of CUR's revenue conditions in the purchase and sale of electricity from the special regime production.

DL 60/2019 of the Presidency of the Council of Ministers was published on 13 May 2019, which determines the introduction of the reduced VAT rate to the fixed component of network access tariffs for electricity supplies, corresponding to a contracted power not exceeding 3.45 kVA, and supplies of natural gas, corresponding to low-pressure consumption not exceeding 10,000 m3 per year.

On 18 July 2019, ERSE Directive No. 13/2019 was published, which approves the terms and conditions of the CUR's forward purchase mechanism, which aims to cover the risks of price variability and the stabilization of the cost conditions for the supply of the CUR for the benefit of consumers.

On 24 July 2019, ERSE Directive No. 14/2019 was published, which determines the entities authorized to be part of the diversion trading unit under the terms of the Global System Management Procedures Manual (MPGGS), related to the units of marketing schedule.

On 7 October 2019, Order 8900/2019, published by the Office of the Secretary of State for Energy, was published, which determines the discount to be applied to tariffs for access to electricity networks, applicable from 1 January 2020, which must correspond to a value that allows a 33.8% discount on the transitory tariffs for sale to final electricity customers, excluding VAT, other taxes, contributions, fees and late payment fees that may apply.

On 6 December 2019, Order 11585-A/2019, issued by the Office of the Ministry of Environment and Climate Action, was published, which establishes the parameters to the calculation of the remuneration of the five-year straightening of the extra cost with the 2020 PRE. Remuneration was set at 1.1020% for the year 2019 and 0.5553% is set for 2020.

Organized markets operation

Background

The activity of management of organized electricity markets is liberalized, being subject to approval, and is the responsibility of market operators.

Logistic operations for the change of suppliers

Background

The activity of logistic operations for the change of suppliers includes the necessary functions to change the supplier by the final consumer, at his request, and has been exercised, provisionally and temporarily, by EDP Distribuição - Energia, S.A.

However, this activity was through DL 38/2017, of 31 March, attributed to ADENE, which now exercises it for both electricity and natural gas.

Portugal - Natural Gas

Background

The general bases for the organization and operation of the national natural gas system (SNGN), as well as the general bases i) applicable to the operation of reception, storage and regasification of liquefied natural gas (GGNL), underground storage and transportation of natural gas, distribution and sale of natural gas and ii) the organization of these markets are established in DL 30/2006, of 15 February, in the version corresponding to the republishing made by DL 230/2012, of 8 October, with the changes introduced by Law 42/2016, of 28 December, and developed by DL 140/2006 of 26 July, in the corresponding republication version made by DL 231/2012, of 8 October, with the changes introduced by Law 38/2017, of 29 December.

These legal diplomas transpose into Portuguese law Directive 2009/75/CE of the European Parliament and of the Council of 13 June 2009, on common rules for the internal market in natural gas and revoking Directive 2003/55/CE.

The national natural gas system (SNGN) includes the activities of (i) receiving, storing and regasifying LNG, (ii) underground storage of natural gas, (iii) natural gas transportation, (iv) natural gas distribution, (v) natural gas supply; (vi) operation of organized natural gas markets; and (vii) natural gas supplier's logistic change operation.

These activities are subject to the regulation of the Energy Services Regulatory Agency (ERSE), whose purpose is to ensure the efficiency and rationality of activities in objective, transparent, non-discriminatory and competitive terms, through its continuous supervision and monitoring, integrated the purpose of the internal market for natural gas.

For the activities of transportation, distribution and supplying of last resort, the law establishes the right to a remuneration fixed by ERSE, in accordance with the Tariff Regulation, that ensures the economic and financial balance under the conditions of an efficient management.

Key Developments of 2019

On 4 April, ERSE Directive 8/2019 was published, which defines the reference price methodology to be applied in determining transmission network usage tariffs, the discount to be applied at points of entry from storage facilities and at exit points for storage facilities and the discount to be applied to products of standard interruptible capacity.

As part of the regulatory review in the Natural Gas sector, Regulation 362/2019 of 23 April 2019 was published by ERSE, which amends the Regulation on Access to Networks, Infrastructures and Natural Gas Interconnections, in particular with regard to matters relating to the establishment of allowable income for network and infrastructure operators in the framework of the tariff process.

Portugal - Natural Gas - Supply

Background

The supply activity is liberalized, being subject to prior registration.

The suppliers can buy and sell natural gas without restrictions . To this end, and upon the payment of a regulated tariff, they have the right of access to GNL storage facilities and terminals and to transportation networks and distribution networks.

The sale of natural gas is subject to the transitional regime established for the gradual opening of the market.

For the protection of the customers, the last resort supplier is also subject to the attribution of license and public service obligations in the areas covered by the Public Natural Gas Network (RPGN).

This supplier is subject to the obligation of supply, guaranteeing, in the areas covered by the RPGN, to all customers who request it, the satisfaction of their needs, in compliance with the applicable legislation, namely the one related to customers protection.

The liberalized trading activity is carried out in the EDP Group by EDP Comercial, S.A. and the activity of last resort supplier (CUR) is carried out by EDP Gás Serviço Universal, S.A.

Key Developments of 2019

On 10 April 2019 was issued the Dispatch 4001/2019, from the Office of the Secretary of State for Energy, which determines the maintenance of the percentage of the natural gas tariff by 31.2% on the transitional rates of sale to final customers of natural gas (excluding VAT, other taxes, contributions, fees and default interest that are applicable), and its application should not be considered for the purposes of other currently existing support.

Also in the scope of the regulatory review that took place in the Natural Gas sector, the Tariff Regulation (Regulation no. 361/2019, dated 23 April 2019, of ERSE) and the Trade Relations Regulation (Regulation (ERSE), in order to integrate a set of issues for the new regulatory period to start in January 2020.

As mentioned in the chapter of the electricity supply, DL 60/2019 of the Presidency of the Council of Ministers was published on 13 May 2019, which determines the introduction of the reduced VAT rate on natural gas supplies, corresponding to low pressure consumption not exceeding 10,000 m3 per year.

On 1 July 2019 ERSE Directive 12/2019 was published, which approves natural gas tariffs and prices for gas year 2019-2020 and the parameters for the 2020-2023 regulation period. This Directive also embodies the innovations introduced by the Tariff Regulation, in particular the changes in the methodology for the structure of tariffs for the use of the transmission system, resulting from the application of Regulation (EU) 2017/460 that approves the Network Code on tariff structures for natural gas transportation, as well as the adoption of the 4-year regulatory period (2020-2023) and the adoption of the new regulated tariff period, coinciding with the capacity allocation year.

ERSE Directive 15/2019 was published on 26 July 2019, which approves the consumption profiles applicable to connections with annual consumption up to 100 000 m3, as well as the average daily consumptions characteristic of each consumption profile, to be in force from 1 July 2019 to 30 June 2020.

ACTIVITY IN THE ENERGY SECTOR IN SPAIN

Electricity - Spain - Supply

In Spain, EDP-España, S.A.U. (EDP-España) operates in the electricity and gas sectors. In the electricity sector generates, distributes and supplies electricity. Production is based essentially on traditional coal thermal power plants and, on a smaller scale, on hydroelectric and nuclear power plants.

Electric Sector Regulation

On 27 November 1997 the Electric Sector's Law 54/1997 was approved, which (i) implements the principles included in the Protocol signed on 11 December 1996 between the Ministry of Industry and the major electric power companies regarding greater liberalization and competition in the electricity sector and (ii) incorporates into Spanish law the provisions contained in Directive 96/92/EC on common rules for the internal electricity market. Additionally, on 6 July 2007 the Law 17/2007 of 4 July came into force, amending the Law 54/1997, to adapt it to the Directive 2003/54/EC of the European Council and Parliament of 26 June 2003 on common rules for the internal market of electricity. Law 54/1997 was updated by the Royal Decree 13/2012 of 30 March, incorporating the principles of the European Parliament and Council’s Directive 2009/72/CE of 13 July that revokes the Directive 2003/54/CE. On 27 December 2013, was published in the Official State Gazette the Law (BOE) 24/2013 which replaces Law 54/1997 maintaining the principles established in previous legislation but with particular emphasis on economic and financial sustainability of the electricity sector.

Generation

Since 1 January 1998 electricity generation operates on a free market competition basis, which covers the purchase and sale of energy and other services related to the supply of electricity.

The market structure for electricity generation has been widened by Law 17/2007 of 4 July, in order to include the forward market and the intraday market, as well as technical issues, complementary services, deviations management and non-organized markets. The organization and regulation of the market for electric power generation is defined by Royal Decree 2019/1997 of 26 December, and its implementing standards.

Electricity is paid at the system's marginal price plus a component for the adjustment services necessary to ensure an adequate supply. Additionally, the Order ITC/2794/2007 of 27 September 2007, replaced the concept of "power availability" remuneration of electricity generation by the concept of "capacity payments" stated in article 14.5 of the Law 24/2013, which sets a remuneration of the availability service (eliminated in June 2018) and the incentive to invest in long-term capacity.

The set-up of new generation units is liberalized, subject to obtaining the necessary permits.

Producers have the right to use primary energy sources in their generation units as deemed most appropriate, with the applicable environmental restrictions. On 7 April 2019, Royal Decree 244/2019 of 5 April 2019 entered into force, which regulates the administrative, technical and economic conditions of the self-consumption of electricity that replaces the previous Royal Decree 900/2015, of 9 October 2015.

The Royal Decree-Law 9/2013 regulates the remuneration scheme for facilities that use cogeneration, renewable energy sources and waste (former special regime) and, in addition of the price market sale, can be charged a specific fee to cover the costs not recovered in the market. This scheme generates a return, before tax, equal to the rate of the 10-year Spanish state bonds, plus a spread. This spread, since July 2013, is 300 basis points. The Royal Decree 413/2014 regulates the energy production through renewable energy sources, waste or cogeneration and different Ministerial Orders regulate the prices applicable to these facilities.

Due to the climate emergency and in order to contribute to the implementation of the objectives set out in the Strategic Energy and Climate Framework, Royal Decree Law 17/2019 of 22 November 2019 adopts urgent measures for the necessary changes in the remuneration affecting the electricity system and by which it responds to the process of cessation of activity of thermal power plants. Of the fourteen coal plants on the peninsula, the Ministry of Ecological Transition is currently processing eight closure requests that will cease operation by 30 June 2020.

Transmission

Red Eléctrica de España, S.A. performs the activities of Transmission Manager and System Operator, being responsible for its technical management, to ensure the continuity of supply and efficient management of the generation and transmission systems. The responsibility for the economic management of the system is guaranteed by OMI - Polo Español, S.A.

The entities and qualified consumers have free access to the transmission and supply grids, setting out a system of "tariffs" for traffic. The remuneration for the transmission and distribution activities is set by the regulatory entity.

The Royal Decree 9/2013 establishes the methodology for calculating the remuneration of the electricity transmission activity based on the Spanish Government ten year bond yield, plus 200 basis points.

According to the Law 24/2013 the transmission activity is performed by a single entity. There is also a distinction made between the primary transmission system (facilities superior or equal to 380 kV with international networks and with extra-peninsular and insular systems) and the secondary transmission system (facilities superior or equal to 220 kV other than primary transmission systems and the facilities below 220kV with transmission functions).

Distribution

Law 54/1997 established that the remuneration for each company must respect criteria based on the costs needed to develop the activity, taking into account a model of characterization of distribution areas and other parameters. On 19 March 2008, the Royal Decree 222/2008 of 15 February entered into force, establishing a new system of remuneration for the electricity distribution activity and modified the system of "Acometidas" (system that regulates the installation that connects the distribution grid to the point of delivery of energy to the customers). This remuneration system is based on investments and increased demand of each distributor. On 1 April 2012, came into force the Royal Decree 13/2012, amending the remuneration criteria of the distribution activity related to the assets in use that are not amortized, taking as basis for their financial retribution their net amount. Additionally, the return on assets in use in the year t shall be initiated at 1 January t+2. However, since the adoption of the Royal Decree 9/2013, the distribution activity remuneration will be calculated based on the Spanish Government ten year bond yield, plus 100 basis points. during the second quarter of 2013 and 200 b.p. from 2014 forward. These principles were embodied in the new Law 24/2013 and developed in Royal Decree 1048/2013, repealing the Royal Decree 222/2008.

The application of the new methodology adopted in the Royal Decree 1048/2013 was conditioned by the approval of the standard facilities list and unit investment values and operation and maintenance, which occurred with the publication of the Order IET/2660/2015 of 11 December.

On 10 June 2016, the Spanish Government has published the Ministerial Order IET/980/2016, that has set the final compensation amount from EDP España's electricity distribution business for 2016. In addition, new regulation has set the regulatory average remaining life of EDP España's existing assets as at 31 December 2014 at 25.13 years. Consequently, EDP España evaluated the accounting criteria of the regulated activity, starting to recognize income according to the amortization pace of its assets, considering the limit of 25.13 years.

The BOE 223/2017 published on 15 September 2017 opened the hearing process of the Order of the Minister of Energy, Tourism and Digital Agenda, introducing a "lesividad" declaration procedure for the public interest Order IET/980/2016, which established the remuneration for the electricity distribution companies until 2016. The allegation of injury to the public interest comes from the fact that this Order does not consider the penalty or reduction of the remuneration per client that was established under the Royal Decree 1048/2013 article 13 for failures in energy meters readings and measuring instruments, as well as different criteria for calculating the residual value of the assets depending on the dimension of the distribution company.

Supply

Law 54/1997 established a progressive liberalization of electricity supply and the introduction of supply activities to enable customers to progressively choose their suppliers and liberalizing the supply market from 1 January 2003. Additionally, since 1 July 2009, distributors can no longer act as suppliers (sell electricity) acting strictly as grid operators. Law 24/2013 determines that certain consumers are entitled to be provided with voluntary prices for small consumers and last resort tariffs for reference traders. The reference traders are determined according to the criteria established in Royal Decree 216/2014.

Electricity Tariffs Regime

The electrical system costs are described in Article 13.3 of Law 24/2013. These costs will be financed through the revenue from the electrical system, including access fees (which are intended to cover the remuneration of the transmission and distribution), charges for the payment of the cost of other items that are not covered by other income, may be compensated for any financial mechanism legally established, including the state budget.

Access fees, equal in all the Spanish territory, must be determined with the methodologies defined by the National Markets and Competence Commission (CNMC) considering the costs of the system as defined in the Law 24/2013. Charges applicable to consumers and producers are determined by calculation methods adopted by the Government and CNMC that will serve to cover certain costs of the system, without prejudice of what is in force for the access fees of the transport and distribution networks.

For the year 2020, electricity access tariffs are established in Ordinance TEC / 1258/2019 of 20 December 2019. Royal Decree-Law 1/2019 included urgent measures to adapt the CNMC's ("Comisión Nacional de los Mercados y la Competencia") competences to the requirements in European Parliament and Council Directive 2009/72/EC and 2009/73/EC of 13 July 2009 establishing common rules for the internal electricity market and natural gas, thereby altering the CNMC's controls by assigning to it: i) to fix annually the remuneration of electricity transmission and distribution activities; ii) approve the methodology and conditions for access and connection to the electricity transmission and distribution networks; iii) set the operating rules of the market in aspects whose approval corresponds to the national regulatory authority and; iv) define the remuneration of the electric system operator.

For the exercise of these skills, the CNMC has approved the following rules: i) Circular 2/2019, of 12 November 2019, which establishes the methodology for calculating the financial remuneration rate for the activities of electricity transmission and distribution and regasification, transportation and distribution of natural gas; ii) Circular 3/2019, of 20 November 2019, which establishes the methodologies that regulate the operation of the wholesale electricity market and the management of the operation of the system; iii) Circular 4/2019, of 27 November 2019, which establishes the remuneration methodology for the electric system operator; iv) Circular 5/2019, of December 5, 2019, which establishes the methodology for calculating the remuneration of the electricity transmission activity; v) Circular 6/2019, of December 5, 2019, which establishes the methodology for calculating the remuneration of the electricity distribution activity.

On the other hand, on 1 July 2009 the system of electricity tariffs became extinct and all consumers were transferred to the liberalized market. However, the Royal Decree 485/2009 of 3 April, provided that the consumers of low-tension, with contract capacity not exceeding 10 kW, were eligible for last resort tariff (TUR), which determines the maximum price of supply. These tariffs will be applicable by the suppliers of last resort (CUR), where EDP Comercializadora Último Recurso, S.A. is included.

Law 24/2013 replaces the concept of TUR by "voluntary price for the small consumer" and the concept of CUR by "reference supplier", leaving the term TUR reserved for reducing the rate to be applied to vulnerable consumers or rate disincentive for consumers who are temporarily without supplier. The Royal Decree 216/2014 sets out the methodology for the calculation of the voluntary price for small consumer and their legal framework of contracting, already updated by the Real Decree 469/2016 of 18 November.

Vulnerable Consumers

The previous legislation on social allowance, which imposes its financing on vertically integrated companies, was overruled by a verdict of the Supreme Court of 24 October 2016. As a consequence of the judicial decision, on 25 December 2016 entered into force the Royal Decree-Law 7/2016, of 23 December, which regulates a new financing mechanism for the cost of social allowance and other measures to protect vulnerable electricity consumers, modifying Law 24/2013.

Royal Decree 897/2017 and Order ETU/943/2017, both of 6 October, proceeded to the regulatory development of the measures adopted by Royal Decree-Law 7/2016. The application of the new social allowance is now based on an income criteria and certain personal circumstances (large family, disability, pensioners with minimal retirement, victims of gender violence or victims of terrorism), which will determine the discount applicable to the electricity bill as vulnerable consumer or consumer at risk of social exclusion. The new financing of social allowance will be assumed by the parent companies of the groups of companies that carry out the activity of electricity sale or by the companies that do so if they are not part of any corporate group and in proportion to the customers to whom they supply electricity.

"On 28 September and 22 December 2017, the Ministry of Energy published the Orders ETU/929/2017 and ETU/1282/2017, respectively, which determine the refund by the Spanish State of the amount that the electricity companies contributed to the financing of the social tariff between 2014 and 2016."

Gas - Spain

Law 34/1998, approved on 7 October and amended by Law 12/2007 of 2 July identifies the suppliers as well as the companies that have access to the facilities owned by third parties, which purchase natural gas for sale to consumers or other suppliers for the purpose of international exchanges.

Law 34/1998 of the hydrocarbons sector was amended by Law 8/2015 of 21 May, with the aim of creating an organized gas market and providing greater flexibility and lower costs for traders in the management of security minimum stocks.

" In accordance with Article 82 of Law 34/1998, the new last resort tariffs have been set, that can benefit consumers who are covered by the regulation (from July 2009 defined as those consuming less than 50,000 kWh/year), and which will be implemented by the suppliers that,, have an obligation as suppliers of last resort. EDP Comercializadora Último Recurso, S.A. is one of the trading companies designated by the Ministry."

For suppliers of last resort, the Royal Decree 485/2009 makes it possible for groups of companies that have the obligation to provide last-resort electricity and gas, to aggregate in a single company both obligations (EDP Comercializadora de Último Recurso, S.A. currently covers suppliers obligations of last resort for gas and electricity).

The Royal Decree 104/2010 of 5 February, regulates the supplier of last resort in the natural gas sector and establishes that the last resort tariff (TUR) became the only tariff from 1 January 2010 on, denying to suppliers of last resort the application of discounts over customers with TUR.

The main measures are: i) creation of a National Energy Efficiency Fund, for which the gas and electricity suppliers' companies and petroleum products traders will have to make mandatory contributions until 2020. This fund will also be provided with resources from EU funds (FEDER) and other resources allocated by the state budget; ii) definition of the mechanism of gas deficit recovery generated until 31 December 2014 for a period of 15 years and the deficit generated from 1 January 2015 for a period of 5 years; iii) aligning remuneration of regulated activities with the demand trends; iv) elimination of the distribution remuneration update based on price and review of the compensation units; and v) cut in the remuneration of regulated activities since 5 June 2014. The parameters of the remuneration of the regasification, storage, transportation and distribution of natural gas activities will be determined by regulatory periods of 6 years, subject to adjustments every 3 years.

Law 2/2015 of 30 March, on the indexation of the Spanish economy, aims to establish a new index system, in order to monetary values of regulated prices do not be amended as a result of price index or formulas, affecting the determination of price updates related to the hire of meters, royalties, and periodic inspections. Until the approval of the Royal-Decree that will detail how these updates will be revised, the reference prices as the industrial index price and the consumer index price will be zero.

The regulation of the natural gas organized market is complete with the Resolution of 4 December 2015, of the Secretary of State for Energy, approving: (i) the market rules that determine the technical and economic management of the organized market; (ii) the accession agreement that the agents have to subscribe to operate in the market; and (iii) the resolutions relating to the operation of the market, as well by the resolution of the State Secretary of 23 December 2015, that developed the procedure for operation gas acquisition, and two other resolution of 2 August, which approved the management rules of the gas system guarantee and the structure access to the installations of the Spanish gas system.

The Decree TEC / 1259/2019, of 20 December 2019, establishes the fees and tariffs associated with third party access to gas installations and the remuneration of regulated activities for the year 2020.

ACTIVITY IN THE ENERGY SECTOR IN BRAZIL

Electricity

In Brazil, the EDP Group generates, distributes, transmits and supplies electric energy through its subsidiary EDP Energias do Brasil, S.A. (EDP Energias do Brasil).

In early 90s, the Brazilian electricity sector has undergone major structural changes, having migrated from a monopoly run by the State to a market model, involving private capital. This market model includes the existence of two distinct systems, the regulated system and the liberalized system.

Regulated System

The Regulated Contracting Environment is for the sale of electricity between generators, energy importers or retailers, selling energy to distributors who in turn, acquire energy to ensure supply to consumers in the regulated system.

Since 2004, the main form of contracting by a distributor concessionaire is through the realization of public auctions regulated by National Electricity Agency (ANEEL). The rules of these auctions are designed so that the winner is the one with the lowest price.

The distribution companies must estimate the amount of electricity to contract in auctions and they are obliged to purchase 100% of their needs respecting the condition that, market increases must be met by energy from new ventures, contracted 3 years (Auction A-3) or 5 years (Auction A-5) in advance. Failure to comply with the supply of energy to its markets may result in severe fines.

Liberalized system

In the liberalized market, electricity is traded among production concessionaires, independent power producers, auto-producers, supply agents and free consumers. In this market, the contractual conditions, such as price, duration and amount of the contract are traded freely and negotiated between the parties (Decree No. 5,163/04). Free consumers can return to the regulated system under certain conditions.

Regulatory Changes

"The Federal Government has defined changes in the electric sector through ""MP"". The ""MP"" 577, published on 31 August 2012, addresses the termination of public service concessions of electricity and the temporary service, and the intervention for the suitability of the public service of electricity. This measure results in the Law 12,767 of 27 December 2012."

"Several significant changes in regulation regarding the electric sector occurred during 2012, such as the ""MP"" 579/2012, in which the Federal Government presented measures to reduce electric energy bill to the consumer. The expected average reduction for Brazil amounted to 20.2% due to government actions: Concession Renewals (13%) and changes of Sector charges (7%). This measure results in the Law 12,783 of 11 January 2013."

Regarding concessions renewal, the generation concessionaires in which contracts expire between 2015 and 2017 may anticipate the renewal of their concessions and shall make available their physical energy guarantee for the quotas system to be distributed proportionally to the market share of each distributor, affecting the energy acquisition contracts. The transmission concessionaires in which contracts expire between 2015 and 2017 may renew their concessions and, considering that the assets bounded to the electricity transmission service are totally depreciated, only the operation and maintenance costs will be considered for the annual allowed revenues calculation.

Some concessions attributed to distribution companies have been anticipated, so they had to enter into a new contract. Others, including EDP São Paulo and EDP Espírito Santo, regardless of the maturity of the contracts, may join the amendment proposed by ANEEL, using the methodology that is being evaluated in the Public Hearing 58/2016.
This amendment brings changes in the calculation of portions A and B, namely: i) calculation of portion B shall be determined by the market of the test-year and by the tariff prevailing in the last tariff process, ceasing to be obtained by the difference between the verified revenue and portion A; ii) unrecoverable revenues, demand surplus, exceeding demand and other income are now part of Portion A; iii) National Electric System Operator (ONS) becomes part of portion B; iv) Other Transmission Facilities (DIT) losses will be allocated to the technical losses; and v) neutral energy and transportation.

The hydro concessions held by EDP Group - Energias do Brasil have been granted after February 1995, corresponding to the date of the entry into force of Law 8,987, thus they are not covered by the regulatory changes introduced. Still, these changes will influence the rules that will be applied on the renewal of these concessions in the future, in the following conditions:

- each hydro plant should be remunerated by a tariff calculated by the ANEEL;
- power selling (Physic guarantees) defined through production quotas dedicated exclusively to the regulated sector, that is to the distributors; and
- compliance with the quality service standards determined by ANEEL.

On 24 January 2013, ANEEL approved the Extraordinary Tariff Review - RTE specific for the adjustment of energy costs, transmission costs and sectorial charges, from all energy distributors. Thus, the unmanageable costs and supply tariffs will be reduced, with no impact in the distributors margin. These effects were noticeable by consumers, from the end of January 2013.

On 23 January 2013, it was published the "MP" 605, whose objective was to increase the scope of application of the resources of the CDE (Energy Development Account), which began promoting resources to cover the discounts applied to the tariffs and involuntary exposure of distributors resulting from the non-adherence to the extension of part of the generation concessions. This measure amended the Law 10,438/2002 which established the application of CDE resources.

The Decree 7,891, of 23 January 2013, established more options for the implementation of CDE resources, which can be used to compensate the discount on the electricity tariffs established by law, such as the social tariff of low income, rural, water, sewage and sanitation, among others. Thus, the difference in the revenue due to the discounts no longer will be reimbursed through the tariffs of other consumers. This decree was amended on 7 March 2013, by the Decree 9,745, which increased the costs that can be incurred with funds from the Energy Development Account - CDE.

Eletrobrás, the managing company of the sector funds, among them the CDE, is responsible for monthly transferring to the distribution utilities of the costs related to: generation allocated under the Energy Relocation Mechanism - ERM (Hydrological Risk Quotas); replacement amount not covered by quotas (Involuntary Exposure) and the additional cost of the thermal power plants activation outside the order of merit (ESS - Energy Security), occurred from January to December 2013 and the annual amounts approved by ANEEL to cover, entirely or partially, the positive balances in "Conta de Compensação de Variação de Valores de Itens da Parcela A - CVA", arising from the cost of purchasing electricity and Ancillary Services Charge - ESS.

On 13 March 2014, the Ministries of Mines and Energy (MME) and Treasury announced the following measures to support the national electricity sector: (i) Establishment of Centralized Account (Account-ACR), managed by the CCEE (Electricity Trading Chamber) with the aim of preserving the consumer tariff volatility, besides relieving distributors cash flow for 2014 expenses; (ii) 4 billion Reais of additional Financial Contribution from the National Treasury in the Energy Development Account (CDE); and (iii) performance of Existing Energy Auction of the Year "A", with energy delivery in 2014, expected to be held in April and supply starting from 1 May 2014.

These measures were implemented by Decree 8,221/2014, of 2 April 2014 related with the cover of the extra costs for 2014, with retroactive effects to February, which defines the financing method and the subsequent effect on electricity tariffs. This is a non-refundable contribution cost.

From January 2015, entered into force the Flags Tariff System. This system signals to consumers the real costs of electricity generation, and consists on three flags: green, yellow and red. The green flag indicates that the cost of energy production is lower and, therefore no changes are applied to the energy tariffs. The yellow and red flags represent the increase in energy production cost and is added an additional amount to the energy tariff. Only consumers classified as low income residential subcategory will have discount on the additional amount applied by the yellow and red flags. On a monthly basis, the operating system conditions are reassessed by the ONS, which defines the best strategy for power generation over demand.

On 4 February 2015, the Tariff Flag Resource Account was established, through the Decree 8,401. Distributors should collect the proceeds from the application of this system to this account, managed by the CCEE. Proceeds are allocated to cover the costs that are not included in the distribution tariff, such as: Energy Security of the Ancillary Service Charge - ESS, thermal dispatch, Itaipu hydrological risk and quotas, exposure to spot market and the Power Reserve Account - CONER surplus.

ANEEL should approve on a monthly basis, the transfers to the distribution companies. Any costs not covered by revenue will be considered in the next tariff process.

On 27 February 2015, through Ratifying Resolution 1,859, ANEEL established the new criteria for the additional tariff and the operation of the Flags Tariff System:

a) Green Flag: used in the months in which the value of the Variable Unit Cost - CVU of the last plant to be dispatched is less than the amount of 200 R$/MWh;

b) Yellow Flag: used in the months in which the value of the Variable Unit Cost - CVU of the last plant to be dispatched is equal to or greater than 200 R$/MWh and lower than the maximum value of the Differences Settlement Price - PLD, at the time at 388.48 R$/MWh. For the period of 1 January to 1 March 2015, the consumption proportional increase is 1.5 R$ per 100 KWh. From 2 March 2015, the consumption proportional increase is 2.5 R$ per 100 KWh; and

c) Red Flag: used in the months in which the value of the Variable Unit Cost - CVU of the last plant to be dispatched is equal to or greater than the maximum value of the PLD. For the period from 1 January to 1 March 2015, the consumption proportional increase is 3 R$ per 100 KWh. From 2 March 2015, the consumption proportional increase is 5.5 R$ per 100 KWh. After 1 September 2015, as determined by ANEEL Ratifying Resolution 1,945 of 28 August 2015, occurred the approval of the red flag amount reduction to 4,5 R$ per 100 KWh.

As at 26 January 2016, ANEEL approved the division of the red flag in two price levels, into force from 1 February. The first level will have a value of 3 R$ per 100 kWh consumed and will be used when the CVU of the most expensive plant to be dispatched is between 422.56 R$/MWh and 610 R$/MWh; the second level will continue to be 4.50 R$ per 100 kWh consumed and will be used when the CVU of the most expensive plant to be dispatched exceeds 610 R$/MWh.

As at 26 October 2017, ANEEL approved the increase the second level of the red flag at 5 R$ per 100 kWh consumed. The yellow flag decrease to 1 R$ per 100 kWh. The first level of the red flag remained unchanged.

On 28 April 2015, through the Normative Resolution 660, ANEEL approved changes in the methodology applicable to the Periodic Tariff Review processes for distributors valid for the processes performed from 6 May 2015. The changes occurred on the following aspects: (i) general procedures; (ii) operating costs; (iii) X factor (productivity gains); (iv) non-technical losses; (v) unrecoverable revenues and (vi) other income, among with:

a) "Extinction of the tariff cycle concept, starting to be used methodologies and parameters prevailing at the time of the tariff review. The update of the parameters will occur in periods of 2/4 years while the updating of the methodologies in periods of 4/8 years;"

b) "The weighted average cost of capital (WACC) increased from 7.5% to 8.09% (after taxes). The points considered in the update were: (i) standardization of series; (ii) use of average credit risk of companies in the debt capital of third parties; and (iii) recalculation of the cost of capital every 3 years, with methodology review in every 6 years;"

c) remuneration for the risk associated with investment operations carried out with third-party funds (subsidies);

d) or the definition of efficient operating costs, were considered the "quality index" and "losses";

e) to define the level of non-technical losses, it was included the variable "low-income" and the database updated based on 3 statistical models;

f) the level of unrecoverable revenues (%) shall be calculated based on past 60 months of non-compliance of the reference distributors;

g) the percentage share of other revenue has been changed to 30% in the following services: (i) efficiency of energy consumption; (ii) qualified cogeneration facility; and (iii) data communication services. For the other services the share percentage was set at 60%; and

h) the calculation of the X Factor now regards commercial quality.

On 23 November 2015, ANEEL approved, through Normative Resolution 686/2015, changes to the tariff revision methodology on Regulatory Remuneration Base (BRR). The main changes are the following: (i) the exchange of BRR monetary adjustment index, from IGP-M (General Market Price Index), from FGV (Getulio Vargas Foundation), to the IPCA (Price Index Broad consumer), from IBGE (Brazilian Institute of Geography and Statistics); (ii) the assessment of hand labor costs and smaller components of investment through pre-approved regulatory values by type of equipment; and (iii) update of tariff transfer of systems, vehicles, and rentals.

On 28 March 2016, was published Normative Resolution No. 703, of 15 March 2016, through which ANEEL changed some regulatory procedures affecting the calculation of sectorial assets and liabilities relating to: (i) Variation Compensation Account of the A items amounts (CVA)"; (ii) Energy over contracting and Short Term Market Exposure (MCP); (iii) Other financial components; and (iv) Limits of the Power Purchase Costs Transfer.

The main changes with impact for the distribution companies are: (i) “glosa” calculation of the outstanding balance for power purchase CVA; (ii) exclusion of hydrological risk for the composition of contracts price in the “glosa” calculation, except for availability contracts; (iii) use of the carrying amounts of energy contracts and spot market performance for the calculation of the outstanding balance of the power purchase CVA and for the Ancillary Service Charge (ESS) and the Reserve Energy Charge (EER); and (iv) calculation of the spot market results through specific financial component.

On 19 September 2016, ANEEL approved, through Normative Resolution 733/2016, the conditions for the application of a new tariff, the White Tariff.

The White Tariff is a new option that indicates to consumers the variation of the energy value according to the day and time of consumption. This tariff is offered to low voltage consumers, known as group B. With this rate, the consumer will be able to pay different amounts depending on the time and day of the week.

On weekdays, the value of the White Tariff varies depending on three periods: peak, intermediate and off-peak. The peak, intermediate and off-peak periods are approved by ANEEL in the periodic revisions of each distributor. To adhere to the White Tariff, consumers need to formalize their choice with their distributor. Who does not opt for this system, will continue to be charged according with the Conventional Tariffs.

The adherence to this new system can be made since January 2018, as follows: (i) immediately for new connections and for consumers with average annual consumption exceeding 500 kWh/month; (ii) up to 12 months for consumers with average annual consumption exceeding 250 kWh/month; and (iii) up to 24 months for the remaining consumers. Consumers may return to the Conventional Tariff.

The MP 735/16, converted in Law 13,360 published on 18 November 2016, restructures the management of the sector funds: Energy Development Account - CDE, Global Reversion Reserve - RGR and Fuel Consumption Account - CCC, whose values today are approximately of 20 billion Reais, transferring this management from Eletrobrás to the Electric Energy Trading Chamber - CCEE, until 1 May 2017.

Nowadays, the Brazilian electricity sector is in discussion about the redefinition of the sectorial regulatory model. These initiatives, have been discussed by segments of the electricity industry and some associations, materialized in two law projects currently in progress in the national congress.

Among the changes debated, the main ones are: the opening of the liberalized market; the assessment of the supply growth; the separation of "lastro" and energy; and the revision of the sectorial subsidies.

Thus, the Ministry of Mines and Energy published the public consultation (CP 33/17) proposing significant reforms to the sectorial model, namely: self-production; opening of the liberalized market; changes in the contracting obligation; reduction of transmission and production costs; connection between price and operation; separation of "lastro" and energy; involuntary over contracting; distribution tariffs; subsidies to stimulated sources (biomass, solar, wind and small hydropower); rationalization of discounts; risk and rationalization of contracts; transmission compensation; quotas’ withdraw and privatization; convergence of the CDE; extension of power plants up to 50MW; hydrological risk; and installment payments of outstanding debts.

EDP Brasil conducted in-depth studies and simulations on the various topics, assisted by the consultant Bain & CO in order to actively contribute to CP 33/17.

After the contribution period, Decree 9158/17 was published, which changes the rules for the extension of power plants up to 50 MW, in line with what was proposed in the public consultation. Thus, power plants between 5 and 50 MW, under a concession or authorization regime, may be extended, upon discretion of the granting authority, for a period of 30 years through the payment of public property use. In addition to this payment, the extension is subject to the payment of the financial compensation for the use of water resources - CFURH, which reverts to the municipalities affected by the power plant, the reversal of the assets at the end of the period and the waiver of pre-existing rights.

The MP 814, published on 29 December 2017, covers, among other topics, the electric power services in Isolated Systems and on the expansion of electric power supply, and allows the inclusion of Eletrobras Group in the National Privatization Plan, since the measure has the force of law. The hopped solution to the recent judicialization of the electricity sector that already involves 6 billion Brazilian Reais in amounts not paid in the liberalized market, related to the deficit of generation of hydroelectric energy (GSF) was not under this MP. This MP pointed to a hydrological risk solution in the Free Contracting Environment (ACL), addressed the Eletrobras privatization, the increased costs with subsidies and charges (CCC/CDE, the increase in Social tariff regime and the “Light for All” Program) and the increase of the energy price for the continuity of Angra 3. The fear of political effects of these tariff impacts contributed to the loss of parliamentary support for MP 814/2017, which was revoked in June 2018.

On 09 February 2018, the Ministry of Mines and Energy (MME) published a proposal for a Decree-Law regarding the Modernisation and Opening of the liberalized market of Electric Energy that resulted from the discussions and contributions sent under Public Consultation 033 - Enhancement of the Legal Framework of the Electric Sector. The purpose of this Decree-Law is to improve the sector's regulatory model, namely: (i) liberalized market expansion for a wider range of customers; (ii) separation of the “lastro” of the commercialization of electric energy; (iii) reduction of distributors' responsibilities regarding the energy purchase management; and (iv) greater participation and autonomy of agents in the sector. The document is in the Civil House to be sent to the National Congress. On 16 December 2019, MME published Ordinance 465, promoting the opening to the free market: (i) from 1 January 2021 for consumers with voltage equal to or greater than 1,500 kW; (ii) as of 1 January 2022, for consumers with a voltage of 1,000 kW or more. By 31 January 2022, ANEEL and CCEE should present a study on the regulatory measures necessary to allow the opening of the free market for consumers with voltage below 500 kW, including the regulated energy supplier and a proposal for planning opening beginning 1 January 2024.

On 6 March 2018, the National Electric Energy Agency (ANEEL) defined that the weighted average cost of capital (WACC) for energy distributors will be maintained at 8.09% until 31 December 2019, anticipating the methodology review from 2020 to 2019. On the same date, ANEEL approved the new efficiencies to be applied in the definition of regulatory operational costs. EDP São Paulo maintained its efficiency level at 82% and EDP Espirito Santo increased its efficiency from 72% to 82%. The distributors' overall efficiency increased from 76% to 79%. ANEEL accepted the request to consider labour sentences and dismantling costs. Regarding the operational cost of the test year and civil sentences, ANEEL chose to postpone the discussion for the methodological review in 2020.

The Government's Law 10.322/2018 permits the privatization of six power distributors companies controlled by Eletrobras. This Government's Law takes advantage of MP 814/17 policies and is currently in process.

On 27 April 2018, ANEEL published the new criteria of the tariff flags for the cumulative distribution function (FDA) and the adjustment of the Energy Reallocation Mechanism (MRE).

On 28 December 2018, the Brazilian Government approved Decree 9.642, which gradually eliminates subsidies included in the electricity tariffs at a rate of 20% per year for 5 years. The subsidies targeted for reduction are those related to the discount for the rural, irrigation/aquaculture and water/sewage/sanitation consumers. The decree also ends with the commutativity of discounts for the beneficiaries of the rural and irrigation/aquaculture classes.

On 29 December 2018, Ordinance 514 was published, which decreases the power limits for contracting electric energy from consumers in the liberalized market. From 1 July 2019 consumers with power of 2,500 kW or more will be able to purchase energy on the open market and from 1 January 2020 the possibility will also include the power of 2,000 kW.

On 12 February 2019, it was published the Ordinance 124 of 2019 that established the Working Group in order to coordinate the development of studies to support the revision process of Annex C of the Itaipu Treaty.

On 4 April 4 2019, Ordinance 187 established the Working Group to develop proposals for the Modernization of the Electricity Sector, dealing in an integrated manner the following topics: i) market environment and viability mechanisms for the expansion of the Electricity System; ii) pricing mechanisms; iii) rationalization of costs and subventions; iv) energy reallocation mechanism; v) allocation of costs and risks; vi) adoption of new technologies; and vii) sustainability of distribution services.

Decree 9.744/2019, published by the Ministries of Mines and Energy (MME) on 3 April 2019, established the cumulative subsidies for consumers in the rural and irrigation/low voltage aquaculture consumers from the date of its publication.

Authorization Resolution 7,807/2019 of 9 May 2019, provisionally approves 370 million Reais, equivalent to six-twelfths of the budget proposed for 2019, which is part of the proposal presented by ONS for the cycle budget from January 2019 to December 2021.

On 17 October 2019, Decree No. 9,864 / 2019 was published, which regulates Law No. 10,295, that creates the Energy Efficiency Indicators and Levels Steering Committee and the Technical Group for Energy Efficiency in Constructions in the Country.

Ordinance No. 6,012 / 2019 - ANEEL - Establishes ANEEL's Special Bidding Committee - CEL, which mission is to coordinate the processes related to auctions.

Generation

The generation market is based predominantly on the existence of Power Purchase Agreements (PPA) between generators and distributors, with tenders to supply long-term demand, the adjustment of medium and short term and daily market for deviations, or spot market.

Electricity generation in Brazil relies mostly on hydroelectric technology. Power generation plants are the object of concession, permit or registration, according to the type of plant, the power capacity to be installed and the destination of the energy. Depending on the destination of energy, power generation plants can be classified as:

- generation companies, producing electricity for public service distribution;
- independent producers (which assume the risk of the sale of electricity with distributors or directly with free consumers);
- auto-producers (energy generation for own consumption, the excess of which can be sold through an authorization).

The capacity payments of a generation plant defined by the Ministry of Mines and Energy and set out in the concession agreement or authorization act, correspond to the maximum amount of energy that can be used for commercialization through contracts, in accordance with Decree 5,163 of 2004.

An unfavourable hydrological scenario could damage revenues and the results of hydroelectric production due to the lack of capacity to produce the necessary energy in order to fulfill the contractual obligations.

The systemic production deficit, by national hydroelectric plants related to the Energy Reallocation Mechanism (MRE), cause the reduction of capacity of all hydropower plants in the country, through the factor known as Generation Scaling Factor - GSF. This decrease compels those companies to buy energy in the free market to comply with the agreements with the consequent of a negative exposure in the spot market.

On 18 August 2015, the Federal Government published the MP 688 (converted into Law 13,203 at 8 December 2015) on the renegotiation of the production hydrological risk, in order to allow the hydrological risk renegotiation by hydroelectric producers participating in the MRE. The regulation of the renegotiation hydrological risk was carried out by ANEEL, through Normative Resolution REN 684 on 11 December 2015, with retroactive application to January 2015, the access to this system requires regulatory approval.

For producers operating in the regulated system (ACR), it is planned the transfer the of GSF losses for the Tariff Flag account upon a payment of a premium risk. Thus, producers will be reimbursed for losses from 2015 GSF through the exemption from the premium risk from January 2016 until the full compensation of the 2015 losses as ANEEL approval.

For producers operating in the liberalized system (ACL), will also be subject to a premium risk payment, due to the acquisition of the system backup power. The compensation of losses from the 2015 GSF will be made by the extension of the concession contract of the production company that adhere to the agreement in ACL. From 2016 the renegotiation does not exempt the producer of the GSF cost, allows only the mitigation of part of the hydrological risk through the purchase of new energy which will be available in the electrical system.

"On 18 December 2015, the companies Lajeado, Investco, Pantanal and the jointly controlled company ECE Participações (Jari) filed the request for the renegotiation of the hydrological risk approval in the regulated system to ANEEL, with effect from 1 January 2015. EDP Brasil failed the renegotiation of the hydrological risk in the liberalized system. Also note that on 29 January 2016, the orders have been published that approved the renegotiation of the hydrological risk in the regulated system for other plants that were upon evaluation of EDP Brasil, namely, Santa Fé and Energest (regarding with Mascarenhas hydro plant). Enerpeixe and part of the energy related to Mascarenhas hydro plant did not had their requests approved for the energy acquired in the Energy Auction A-1. For these cases, Energest and Enerpeixe appealed against the ANEEL decision of 29 March 2016 on Macarenhas, denying the request. On 17 May, ANEEL denied the administrative appeal of Enerpeixe."

In 6 January 2018, physical guarantee of UHE Santo Antônio do Jarí was increased to 222 MW.

Normative Resolution 7017 of 15 May 2018 allowed the change in the installed capacity of Swiss Hydroelectric Plant from 33,900 kW to 35,337 kW.

On 21 June 2018, Decree No. 4915 was published with the following changes: (i) MME's competences were transferred to ANEEL: the definition in the bidding document and the reimbursement by the winner of the bid for costs incurred in studies or projects of hydroelectric projects above 50 MW were approved and; (ii) the definition of the optimal use of the above 50 MW projects to be tendered.

On 19 July 2018, Normative Resolution 822/2018 was published, which establishes the Complementary Dispatch for the Maintenance of the Operational Power Reserve, valid as of 1 October 2018. This Ancillary Service is defined as the dispatch of generating units of thermoelectric plants that are centrally controlled, to preserve the operational power reserve in the hydroelectric plants that participate in the Automatic Generation Control in any subsystem. This dispatch will be determined by ONS, which will define the systematics of price offer, a week earlier, limited to 130% of the latest value of the Unit Variable Cost (CVU), to minimize the cost operating system.

On 23 August 2018, Normative Resolution 827/2018 was published, which regulates the new formula for penalty for failure to supply fuel to thermoelectric plants with centralized dispatch. The main change is that ANEEL started to pass on the fine to the CVU. The penalty will be determined by the ratio between the total or partial unavailability of the plant due to the lack of fuel and the percentage that will be applied to the penalty. This percentage will be multiplied by the CVU and by an amount of Non-Supplementary Energy that will be calculated by the ONS, thus reaching the value of the penalty.

On 29 January 2019, the Ministerial Council for Disaster Response Supervision published Resolution 1 of 28 January 2019, which determines federal supervisory agencies to require the immediate updating of the Power Plants Safety Plans, Law 12,334 of 2010. The National Electricity Agency (ANEEL) has implemented a special operation to monitor power plants, which includes a documentary assessment and face-to-face inspection of all the power plants in operation.

On 1 March 2019, the MME published Ordinance 151 that established the dates of the energy auctions in: (i) 2019: A-4 in June and A-6 in September; (ii) 2020: A-4 in April and A-6 in September; and (iii) 2021: A-4 in April and A-6 in September. Ordinance 152 established the schedule for existing A-1 and A-2 energy auctions in December 2019, 2020 and 2021.

On 1 March 2019, Ordinance 152 was published, which establishes the estimated timetable for the promotion of Auctions to Purchase Electricity from Existing Generation Projects, for the contracting of electricity by the distribution agents of the National Interconnected System (SIN), which is dealt with in article 19, 1º-D, of Decree nº 5163, of 30 July 2004, for the years 2019, 2020 and 2021.

Normative Resolution 843 of 2 April 2019 establishes criteria and procedures for the preparation of the Monthly Energy Operation Program (PMO) and for the formation of the Settlement Price of Differences (PLD).

On 3 April 2019, Ordinance 186 was published and established the Guidelines for the Bidding for the Purchase of Electricity from New Generation Projects, named "A-4", of 2019.

On 11 April 2019, Ordinance 190/2019 published by MME, includes fixed costs in the Unit Variable Cost (CVU) for generation in Natural Gas Termoelectric Plants (UTEs). Ordinance 504, published by MME, from 19 December 2018, will become effective with the following changes: "Article 1 To authorize, on an exceptional and temporary basis, until 30 April 2020, the inclusion of fixed costs to the CVU for the generation of centrally dispatched centrally, operationally available and without Electric Power Commercialization Contract in effect on the date of publication of this Administrative Rule and whose representation of availability is null in the planning horizon of the Monthly Operating Program (PMO), considering as reference the date of publication of this Order, to trigger the order of merit or regardless of the order of merit, if there is a decision of the Committee of Monitoring of the Electric Sector (CMSE)".

On 16 April 2019, Ordinance 198/2019 extended the duration of the Working Group for thirty days in order to coordinate the development of studies to support the revision process of Annex C to the Itaipu Treaty, as defined in Ordinance 124/2019 of the MME.

Ordinance 216/2019, from 13 May 2019, amends Administrative Rule 318/2018, of the MME, regarding the Special Regime for Incentives for Infrastructure Development (REIDI), including in its framework the generation of electricity from participation bidding, in the auction mode in the Regulated Contracting Environment (ACR), including supply solutions in the Isolated Systems.

By means of Dispatch 1,251, from 2 May 2019, ANEEL partially grants the request for reconsideration of EDP Energias do Brasil SA, in face of Dispatch SRM/ANEEL 977 of 2019, to approve the adjustment of the basic price of sale of energy (CFURH) of the Electricity Trading Contracts in the Regulated Environment (CCEARs) signed by EDP Pequenas Centrais Hidroelétricas SA, backed by the Rio Bonito Small Hydroelectric Power Plant, in accordance with the Annex; and determines to the Chamber of Electric Energy Commercialization (CCEE) to make available the Additives to the CCEARs with adjustment of the basic price of sale of energy, to celebrate the contractual instruments.

Through Ordinance 222/2019, from 6 May 2019, the MME establishes the Guidelines for the Bidding for the Purchase of Electricity from New Production Undertakings, called "A-6", of 2019.

On 16 May 2019, the MME published Ordinance 226/2019, which restates the amendment to Ordinance MME 222, which establishes guidelines for the Auction for the Purchase of Electricity from New Production Undertakings, named "A-6", 2019.

On 23 May 2019, the MME published Ordinance 230/2019, which establishes the methodology to be applied in the Auction for Purchase of Electricity from New Production Projects, called the New Energy Auction "A-4", of 2019, provided for in article 1 of Ordinance MME 186 of 3 April 2019.

On 28 May 2019, ANEEL's board of directors approved the bidding for this year's A-4 generation auction (auction 03/2019). The purpose is to contract energy from new hydroelectric, wind, solar photovoltaic and thermoelectric biomass power plants, starting from January 2023.

Resolution 2,566, dated 25 June 2019, homologates the tariffs to be use for the Reference Distribution Systems (TUSD) applicable to producing power plants connected at the voltage levels of 88 kV or 138 kV for the 2019/2020 tariff cycle.

On 5 June 2019, Complementary Law 912 was enacted, which establishes the State Policy for Governance and Safety of Dams in the State of Espírito Santo.

ANEEL published the decision to modify the formula for calculating the Electricity Trading Rules in the 2017, 2018 and 2019 versions, through of Order 1,635/2019 of 6 June 2019, in order to: (i) correct the determination of unavailability of thermoelectric power plants in order of merit for the purpose of calculating energy eligible for the displacement of hydroelectric generation, pursuant to Normative Resolution 764, of 18 April 18 2017; (ii) approve the Electricity Commercialization Rules applicable to the Accounting and Settlement System, in the form of the modules of Annex I; and (iii) to determine to CCEE the accounting of short-term market operations since the beginning of the effectiveness of REN 764, in accordance with the rules approved in the previous item.

On 13 June 2019, the MME published Ordinance 144/2019, which defines new amounts of physical energy guarantee of the Hydropower Plants denominated Swiss UHE, Quebra Quebrada UHE and UHE Jirau, in the form of the Annexes of the present Ordinance.

Through Authorizing Resolution 7,886/2019 of 4 June 2019, the authorization for Cachoeira Caldeirão S.A. was published to implement the necessary resources to provide the Cachoeira Caldeirão Hydroelectric Power Station with the capacity to provide the ancillary service of the Special Protection System.

The Installed Power of UHE São Manoel was changed from 700.00 MW to 735.84 MW, according to ANEEL Order 2,674 / 2019. The new parameter was sent to MME for extraordinary review of Physical Guarantee.

Distribution

The public service concession arrangements for electricity distribution are allocated by tender and establish rules regarding price, regularity, continuity, safety, timeliness and quality of services and supplies provided to consumers and users. These arrangements also define penalties for possible irregularities.

With the publication of the Decree 8,461, of 2 June 2015, the extension of the electricity distribution concessions encompassed in the Law 12,783, of 11 January 2013, may be extended for thirty years, once met the following criteria: (i) relative efficiency to the service quality; (ii) economic and financial management efficiency; (iii) operating and economic rationality; and (iv) moderate tariffs.

The distribution concessions held by EDP - Energias do Brasil, which were granted after February 1995, date of entry into force of Law 8,987, are not covered by the regulatory changes. Still, these changes are likely to influence the rules that will be applied in the renewal of these concessions.

In most states, mainly in the North and Northeast, the concession area corresponds to the state boundaries. However, mainly in São Paulo and Rio Grande do Sul, the concessions for distribution may cover areas smaller than the state itself. In some cases, the concession area is extended beyond the geographical limits of the state where the distribution company is located.

The distribution activity operates in a fully regulated environment, with tariffs determined in the context of incentive regulation ("price cap") with a remuneration on the basis of the assets used in the distribution energy service (BRR). The tariff also includes a portion to cover the operating costs established from a standard company, the reference company (with costs that would be charged by an efficient operator at the concession area). The regulatory EBITDA has two parts: (i) regulatory depreciation of BRR assets and (ii) return on capital prudently invested multiplied by the regulatory WACC. Finally, the tariffs also consider the costs of acquiring energy, hiring the use of transmission and sector-based charges as costs to be included in the tariff. The tariff portion that includes the regulatory remuneration, the depreciation charge and the value of the operating costs is called portion B. The costs of buying energy, hiring of basic network and charges, set up the portion A of the tariffs as set out in the concession contracts for distribution companies.

"Tariffs are adjusted annually based on changes in portion A costs and in the monetary correction of portion B costs, by the Market prices index (IGPM), discounted of productivity gains (factor X). The adjustment index is calculated in such a way to pass the non-controlling cost variations of the portion A and the corrected portion B. Periodically (on average every 4 years), a Periodic Tariff Review occurs, generating the recalculation of all costs, the definition of a new BRR and a new reference company, capturing productivity gains occurred in the period between revisions. At the beginning of 2010 an addendum to the concession contracts of distribution companies was signed to ensure the neutrality of sector costs. On 25 November 2014, ANEEL made addendums to the concession contracts with brazilian electric distribution companies to reduce significant uncertainties regarding to the recognition and realization of regulatory assets/liabilities and, as a consequence, to qualify them to be recognized in the financial statements. After the addendums, it was considered that the conditions are met to recognize regulatory assets/liabilities as assets and liabilities. Therefore, on 10 December 2014, EDP Brasil signed the Fourth and Fifth Addendum to the Concession Agreement with ANEEL."

The Decree 8,828/2016 of 4 August 2016, eliminated the obligation of contracting the installed capacity of the plants that correspond to the maximum load demand ("Lastro de potência") and the penalties associated with their eventual failure. In addition, it removed the limitation of transfer costs to the tariff, when it needs to recontract energy, which volume is less than 96% of the Replacement Amount, for cases when there is an excess of contracts on the supply load measured in year A-1 (Existing Energy). The exclusion of the transfer limit on over contracting situations will bring more flexibility to the distributors, making them able to mitigate - in a very limited way though - the effects of reducing the existing volume of energy in their portfolios.

Additionally, the withdrawal of the mandatory "monômia" tariff for low voltage consumers, allowed the proposal of implementation of the "binômia"(energy and demand) tariff, seeking to encourage the efficient use of the distribution' networks and ensure the expansion and the sustainability of the incentive program for renewable energy and localized production.

As one of the mitigation measures for the problem of the electricity over contracting felt by the most distributors throughout 2016, ANEEL published some normative resolutions. Normative Resolution 711/2016 allowed distributors, in agreement with the production agents: to reduce, postpone or cancel energy trading agreements in the ACR (CCEARs). There is a charge or receipt of bonuses by the distributor for 3 years, depending on the contract price, in relation to the average purchase price of the distributor.

In addition, there was a large number of customers that went to the ACL market, especially due to the high costs of thermoelectric generation that occurred between 2014 and 2015, with a significant impact on the over-contracting of the distributors. In this context, Normative Resolution 726/2016 was published, which made it possible the contracts devolution when the customers are in new energy trading agreements in the ACR.

Normative Resolution 727/2016, in turn, and within the package of measures adopted by ANEEL regarding over contracting, has improved the use of the New Energy Deficits and Deficit Compensation Mechanism (MCSD), with the possibility of contractual reduction by producers. The reductions will occur from the most expensive contract to the cheapest, without mechanism of charges and bonuses.

On 28 March 2017, ANEEL decided to republish the Energy Tariffs to reverse the forecast of the Reserve Energy Charge (EER) of Almirante Álvaro Alberto - Unit III (Angra III) nuclear power plant. The new tariffs became effective from 1 April 2017 until the next tariff processes of the country's distributors, scheduled during 2017. Nevertheless, it was decided to anticipate the reversal of the charge, in an extraordinary and exclusively way, in April 2017, of the amounts already collected from tariffs from 2016 until March 2017, since the Angra III nuclear power plant was scheduled to start operating in January 2016, but due to delays in construction work, the new entry forecasted is from 2019.

In April 2017, Decree 9022/2017 was published, establishing standards and guidelines for the Energy Development Account (CDE), the Global Reversion Reserve (RGR) and the National System Operator (ONS). The main reason was the change of the manager of the CDE and RGR accounts, from Eletrobrás to CCEE (Electric Energy Trading Chamber). In the same decree, rules concerning the purpose and budget for CDE and RGR, management, transparency and some provisions related to the change of the account manager were also defined. In addition, ONS received new assignments related to the load forecasting and planning of isolated systems operation.

On 22 December 2017, Normative Resolution 794 was published amending Normative Resolution 414 of 9 September 2010, which approves the revision of Modules 1 and 8 of the Procedures for the Distribution of Electricity in the National Electrical System - PRODIST and revokes REN 574/2013. With the publication of the resolution, a specific section was included in PRODIST to establish procedures for the quality of complaint handling, including a methodology for defining the limits for the years following the publication of the resolution. With the publication of the trajectory of the indicators of the distributors EDP São Paulo, the limits will be: i) 25 in 2018; (ii) 24 in 2019; (iii) 21 in 2020; (iv) 17 in 2021; and v) 12 in 2022. For EDP Espírito Santo, the limits will be: i) 23 in 2018; (ii) 23 in 2019; (iii) 21 in 2020; iv) 17 in 2021; and v) 13 in 2022. In addition, Submodules 5.1 and 5.2 of the Tariff Regulation Procedures (PRORET), which regulate the Fuel Consumption Account and the Energy Development Account (CDE) were approved, as provided for in Decree No. 9.022/2017.

On 27 April 2018, ANEEL announced the new criteria for triggering the tariff flags considering the hydrological risk thresholds defined according to the known operational history of the National Interconnected System (SIN). From 2019, the rule for the tariff coverage treatment will be revaluated based on the hydrological calendar, in April, which is the end of the rainy period. The metric will consider the definition of hydrological risk cost, where there is an indirect relationship between the depth of the hydro generation deficit (GSF) and the short-term price of electricity (PLD). The composition of these two variables causes the proposed amounts to approximate the costs incurred. The yellow flag remains R$1 per 100 kWh consumed and fractions. The red flag on level 1 is R$3 per 100 kWh and, on level 2, is R$5 per 100 kWh.

On 17 July 2018, ANEEL approved Normative Resolution 824, which redefines the mechanism for the sale of surplus and its tariff impact.

On 7 August 2018, ANEEL approved the Annual Tariff Adjustment of EDP Espírito Santo. Regarding the current tariff, the average effect to be perceived by consumers will be +15.87%, +14.99% for consumer units served in high and medium tension and +16.30% for those served in low tension. Portion B (portion managed by the distributor) was 862 million Reais.

On 16 October 2018, ANEEL approved the Annual Tariff Adjustment of EDP São Paulo. Regarding the current tariff, the average effect to be passed on to consumers will be +16.12%, being +17.84% for high and medium tension consumption and +15.13% for low tension consumption. Portion B (portion managed by the distributor) was 961 million Reais.

The budget of the Energy Development Account - CDE for the year 2019 was established by ANEEL through Normative Resolution 840, of 26 December 2018.

ANEEL decides, through Order 1.220/2019 of 26 April 2019, that: (i) The ONS shall issue a Partial Release Agreement (TLP) without any non-impeding pendencies proper to the Transmission Functions (FT) of the Concession Contract 016/2019 signed by Água Azul SPE SA - Água Azul Substation, with the right to receive 100% of the Allowed Annual Revenue (RAP) per FT released, as of 20 February 2019; (ii) Água Azul will be entitled to receive the charges for use associated to EDP São Paulo Distribuidora de Energia SA (EDP São Paulo) exclusive use line entries as of the date established in the Transmission Facility Connection Contract (CCT) signed between Água Azul and EDP São Paulo, pursuant to Normative Resolution 68, of 8 June 2004; and (iii) differences in revenue collection should be considered in the next annual revenue readjustment, pursuant to Article 4 of Normative Resolution 454 of 2011.

Through Order 1,265/2019, dated 3 May 2019, ANEEL informs that the balance of ITAIPU's Electric Energy Trading Account in 2018 was positive and requests data on a monthly basis to the concessionaires and licensees.

Through Order No. 1,241/2019 of 30 April 2019, ANEEL classifies the concessionaires and licensees of public energy distribution service of SIN as distribution agents with a market of less than 700 GWh / year for the year 2020.

Through Order 1,223 / 2019, dated 29 April 2019, ANEEL establishes the annual forecast of the System Service Charge (ESS) and the Reserve Energy Charge (EER), with the objective of tariff coverage of the distributors with a tariff process in the second quarter of 2019. Concessionaire: EDP / ES - EER = 73 Million Reais and ESS = 4 Million Reais.

Normative Resolution 845 and Homologatory Resolution 2,551, both dated 21 May 2019, establish the new bands and the additional tariff flags.

Normative Resolution 846 of 11 June 2019 approves new procedures, parameters and criteria for imposing penalties on agents of the electricity sector.

In a press release dated 20 March 2019, MME, ANEEL and CCEE announced an agreement with banks to anticipate the payment of the ACR Account loan. As a result, consumers will no longer make monthly account disbursements between October 2019 and April 2020, which would result in an average 3.7% reduction in tariff readjustments in 2019 and 1.2% in 2020. However, ANEEL underlined that the effect of this measure will not be immediately, but will be included in the subsequent tariff revisions.

Through Authorizing Resolution 7,717/2019 of 2 April 2019, ANEEL changed the limits for the commercial quality indicator FER - Equivalent Frequency of Complaint.

Order 2,581/2019 sets the average cost of energy and power traded by distribution agents in the ACR at 306.55 R$/MWh for the year 2020.

On 6 August 2019, ANEEL ratified the result of the 8th EDP Espírito Santo Periodic Tariff Review. The average effect for consumers was -4.84%. Parcel B, intended to cover the costs of electricity distribution, was set at 979 million Brazilian reais. The value of the X Factor for the T component at -1.05% and the value of the Pd component at 1.12%, to be applied in the Parcel B update in the EDP Espirito Santo tariff adjustments. Technical losses were set at 7.06% on injected energy and non-technical losses were set at a reduction path from 10.58% in 2019 to 9.58% in 2021 for the low voltage market.

On 16 August 2019, ANEEL published REN 854 changing the rule for billing electricity for public lighting for cases in which it is carried out by consumption estimate based on the installed power and the period of use. This change may reduce the billing amounts of EDP Group's distributors, as well as indirect impacts on the Non-Technical Losses and Operating Costs process.

On 23 October 2019, ANEEL approved the tariff review of EDP São Paulo. The average effect on consumers was -5.33%. Portion B was 2.7%, considering an X Factor of 0.88%. The value of the T component of the Factor X was set at 0%, the Pd at 0.96% and the Q at -0.08%. Technical losses were fixed at 5.06%, while commercial losses were set at 8.43% in relation to the low voltage market, in a downward trend of up to 8.42% until 2022.

On 17 December 2019, the ANEEL Board approved the budget for the Energy Development Account (CDE) for the year 2020, with a 24% increase in CDE. The total budget amount was 21.9 thousand millions Brazilian Reais. The increase in the fund for 2020 was provided by the increase in the costs of the Fuel Consumption Account (CCC) - 1.180 thousand millions Brazilian reais, by the forecast of the account deficit in 2019, and by the constitution of the technical reserve. The difference between the cost of the new quota for 2020 and the tariff coverage is the triggering event. Currently, there is no way of monthly transfer to the deficit tariff, and the tariff balance is achieved only in the next tariff event.

On 17 December 2019, ANEEL published Normative Resolution 868 that regulates the reduction of tariff discounts to rural consumers until its elimination in 2023.

On 23 December 2019, ANEEL published Normative Resolution 863/2019 which requires that the Group A consumer measurement system in the Regulated Contracting Environment be equivalent to the Free Contracting Environment system and both have a limited reading period to the calendar month. Billing by Group B estimate should also be limited to the calendar month. There is also the possibility of self-reading for low-voltage consumers, if they have a common agreement between the distributor and the consumer.

Supply

The electricity suppliers that do not own electric assets, are authorised to act exclusively in the free market (ACL), selling or buying energy in quantity, conditions and prices freely negotiated. The commercialization of energy with a distributor is only possible through participation in the "Auction set by the distributors", with the negotiation of contracts, for a maximum of two years, and commencement of energy delivery within a period not exceeding two years.

ANEEL approved improvements in the establishment of the short-term price of electricity (PLD), through Normative Resolution 843, of 5 April 2019, establishing the general guidelines for the process of price creation and the disclosure of data to the market, reinforcing its anticipation and transparency, as well as consolidating several agency regulations.

Order 1,635/2019 amends the Electricity Trading Rules in the 2017, 2018 and 2019 versions, to correct how the unavailability of thermal power plants is determined. It also approves the Electricity Trading Rules applicable to the Accounting and Settlement System and directs the CCEE to recount short-term market operations since the effectiveness of REN 764.

Normative Resolution 848/2019 publishes version 2018.1.2 of CCEAR's Sales Revenue Book of the Electricity Trading Rules applicable to the Accounting and Settlement System – SCL and Normative Resolution 850/2019 publishes the approval of these same rules.

Public Domain Assets

In Brazil, fixed assets used in the distribution and the supply activities are bound to these services and cannot be removed, sold, transferred or mortgaged without the prior and express consent of the regulator (ANEEL).

Transmission

The concession of the public electricity transmission service is delegated by the Granting Authority through bids and formalized through concession agreements. The remuneration for the public transmission service is denominated Annual Revenue Allowance (RAP), and it is achieved in the transmission auction itself and paid to the transmitters as they start operating.

The RAP is adjusted annually and is reviewed every four or five years, under the terms of the concession agreements. ANEEL can still calculate an additional amount to the RAP in order to remunerate the new installations through an Authorizing Resolution, whenever there is a need for reinforcements and / or improvements indicated in studies.

The revenues of the transmission companies are the result of the payment of a designated tariff TUST - Tariff of Use of the Transmission System - by users of the Basic Network of the National Interconnected System: generators, distributors, free and potentially free consumers, and suppliers importing and exporting energy.

The electricity transmission concessionaires have the quality of the service evaluated through indicators associated with the availability of the transmission system, defined by Normative Resolution 729 of 2016. These indicators are characterized as: (i) Variable Portion - PV, portion to be deducted from the transmitter's revenue due to the non-provision of the service and; (ii) additional to the RAP, a value to be added to the annual remuneration of the transmitter that presents excellent performance, with resources coming exclusively from the Variable Portion, deducted from the transmitters.

The public electricity transmission service of the National Interconnected System (SIN) includes the facilities of the Basic Network - RB and Basic Border Network - RBF. Normative Resolution 67/2004 establishes criteria for the structure of the Basic Network of the National Interconnected System and defines that the RB consists in the SIN installations with a tension level equal to or greater than 230 kV, while the RBF is made up of the transforming units of SIN power with an upper tension equal to or greater than 230 kV and a lower tension of less than 230 kVA.

Normative Resolution 68/2004 establishes the procedures for access and implementation of reinforcements in the Other Transmission Facilities - DITs.

Decree 5,597 of 26 November 2005, which regulated the criteria for access to the Basic Network, was subsequently regulated by Normative Resolution 722, dated 31 May 2017, which established criteria for access to the Basic Network.

Through Normative Resolution 831 of 30 October 30 2018, ANEEL changed the parameters for the calculation of the price limit for new auctions.

Normative Resolution 454/2011 establishes the criteria and conditions for the commercial operation and incorporation into the National Interconnected System (SIN), the increases and reinforcements in transmission facilities. REN defines that for the initiation of the tests, it is necessary to issue the Release Term for Test and for commercial entry, the Partial Release Terms - TLP or the Definitive Release Term - TLD, by ONS. The TLP indicates that there may be restrictions of its own or even third party impediment restrictions; however, it guarantees the right to receive remuneration. REN also establishes the receipt of 90% of the RAP part if the transmission facilities start commercial operation with their own non-impeding restrictions.

Normative Resolution 841/2018 will enter into force as of 1 July 2019 and will revoke REN 454/2011. The new REN creates the Revenue Release Term - TLR, which, in the case of installations capable of operating with third party impeding restrictions, will receive 100% of the RAP and will maintain the receipt of 90% of the RAP portion for the TLPs if the restrictions for more than 12 months, the transmitter will receive 80% of the RAP portion. The new REN creates the Revenue Release Term - TLR, which for the cases of facilities capable of operating with third party impediments, receives 100% of the RAP and maintains the receipt of 90% of the RAP portion for the TLPs if the for more than 12 months.

On 23 December 2018, EDP Transmissão started the commercial operation of its facilities, the Linhares - São Mateus 2 - 230kV Transmission Line, with 113 km of extension and the São Mateus 2 Substation, in the State of Espírito Santo. The beginning of commercial operation occurred twenty months prior to the date established in the Concession Agreement, an unprecedented event in the Brazilian electricity sector.

Resolution 2,514, of 19 February 2019, updates the ANEEL reference bank to be used in the authorization, concession bidding processes and revision of the annual allowed revenues of electric power transmission concessionaires.

Through Ordinance 217/2019, of 29 April 2019, MME established the schedule for the execution of the Bids for the Public Service Concession for Electric Power Transmission in the years 2019, 2020 and 2021. It is a requirement for Bidding for Basic Network Transmission Facilities to include Power Transformers with Primary Voltage equal to or greater than 230 kV and Secondary and Tertiary Voltages below 230 kV, as well as their Connections and other Equipment connected to the Tertiary, the conclusion of the Contract of Use of the Transmission System - CUST among the concessionaires, permit holders or authorized to Public Service of Distribution of Electric Energy and National Operator of the Electric System - ONS within the deadlines established in the Annex. ANEEL will inform the concessionaires, licensees or authorized for Public Service of Electric Energy Distribution regarding the existence of Transmission Facilities that depend on CUST for bidding. On 13 January 2020, through Ordinance 15/2020, six tenders were announced until the year 2022: two tenders in 2020 in July and December, two tenders in 2021 in June and December, and two in 2022 in the months of June and December. The deadline for entering into the contracts is up to seven months after completion.

Normative Resolution 847, dated 25 June 2019, revokes Normative Resolution 709, which limited the shareholder structure of the transmission concessionaire to the level of the holding company, when both jointly carried out the activity and required that the holding company keep the economic and financial information segregated in cost centers in order to identify the operational and holding activities.

Homologation Resolution No. 2,549, dated 14 May 2019, amends Homologatory Resolution 2,514 of 19 February 2019, which ratifies the new values of the Reference Price Bank to be practiced in the substation and transmission line works.

By Order 1,306 of 14 May 2019, ANEEL attests conformity of the technical characteristics of the basic design of the object transmission facilities of the Concession Agreement 39/2017-ANEEL, prepared by EDP Transmissão Aliança SC S.A.

Homologatory Resolution 2,562, of 25 June 2019, establishes the value of the Tariffs for the Use of the Transmission System (TUST) for electricity, components of the National Interconnected System for the 2019-2020 cycle.

Homologatory Resolution 2,565 of June 25, 2019 establishes the Annual Revenues Allowed for the provision of the facilities under the responsibility of concessionaires of public energy transmission service.

Normative Resolution 847 revokes Normative Resolution 709, given that ANEEL understood that the restrictions imposed could hinder the participation of agents in transmission auctions, reducing the competitiveness of the competitions. These restrictions concerned the development of operating and holding activities by the public service transmission concessionaires.

The Secretariat of Coordination and Governance of the Union's Heritage published Ordinance 02, which authorizes EDP Transmission MA II S.A to carry out the construction works of the Power Transmission Line, in the Municipality of Cantanhede/MA.

On 26 November 2019, ANEEL published Normative Resolution 861 that creates the Database of Electricity Transmission Installations - BDIT, determining that by 31 March of each year, the transmission companies must inform about the new installations. They should also send data for installations that have been in operation in the past.

Activity in the renewable energy sector

In December 2007 the EDP Group incorporated EDP Renováveis, S.L. in Spain so as to concentrate the Group's subsidiaries in the renewable energies sector. On 18 March 2008, EDP Renováveis was converted into a public limited company.

On 4 June 2008, a share capital increase of EDP Renováveis was made through an Initial Public Offering (IPO) of 196,024,306 shares. This share capital increase was not subscribed by the EDP Group, resulting in a dilution of the interest held in EDP Renováveis from 100% to 77.53%. The share capital increase amounted to 1,566,726 thousand Euros, of which 980,121 thousand Euros relates to the capital increase and 586,605 thousand Euros relates to the share premium.

On 3 August 2017, in the context of the General and Voluntary Public Tender Offer for the acquisition of shares representative of the share capital of EDP Renováveis, S.A. that was concluded on the third quarter of 2017, EDP - Energias de Portugal, S.A. total investment was 296,376 thousand Euros with added transaction costs in the amount of 3,244 thousand Euros. As a result of this transaction, EDP - Energias de Portugal, S.A. holds 720,191,372 shares in EDP Renováveis, S.A., increasing its interest in the company from 77.5% to 82.6%.

Electricity

Generation

As at December 2019, EDP Renováveis, the subsidiary of EDP Group for the renewable energies sector, holds the share capital of EDP Renewables Europe, S.L. (EDPR EU, previous designated as Nuevas Energias del Ocidente, S.L.), EDP Renewables North America, LLC. (EDPR NA, previous designated as Horizon Wind Energy, LLC.) and EDP Renováveis Brasil, S.A., operating respectively in Europe, in the United States of America and in Brazil.

EDP Renewables Europe operates through its subsidiaries located in Portugal, Spain, France, Belgium, Poland, Romania, Italy and United Kingdom. EDPR EU's main subsidiaries are: EDP Renováveis Portugal, EDP Renewables España, EDP Renewables France, EDP Renewables Belgium, EDP Renewables Polska, EDP Renewables Romania, EDP Renewables Italia and EDPR UK Limited. As at 31 December 2019, Spain and Portugal are the most relevant geographical markets where EDPR EU operates.

In July 2007 the EDP Group acquired from Goldman Sachs, 100% of the share capital of EDPR NA, which develops, manages and operates wind farms in the United States of America. EDPR NA holds a series of wind farms in operation and a pipeline of projects under development for the construction of wind farms.

Regulatory framework for the activities in Spain

On 12 July 2013 the Spanish Council of Ministers approved a comprehensive reform of the energy sector. This energy reform was afterwards implemented by means of a new “Energy Sector Act”, a Decree-Law, eight Royal Decrees and three Ministerial Orders.

As a part or this Energy Reform, Royal Decree-Law 9/2013 was approved in July 2013. The purpose of this Royal Decree-Law was to adopt a series of measures to ensure the sustainability of the electricity system. Prior to Royal Decree-Law 9/2013, renewable generators benefited from a feed-in tariff regime in which renewable electricity could be sold at a regulated feed-in tariff or at the Spanish wholesale market price plus a variable premium.

According to the 2013 regulatory framework, renewable energy facilities are entitled to sell the electricity they generate into the Spanish wholesale market and, during their respective regulatory lives, receive additional payments per installed MW from the Spanish electricity system through the “Comisión Nacional de los Mercados y la Competencia (CNMC)” body. This regulatory system is intended to allow each standard wind farm to achieve a pre-tax rate of return (fixed at 7.398% until 2019 YE) over its regulatory life. This reasonable return was determined by reference to the 10-year Spanish government bond plus a spread of 300 basis points.

Regarding the wind sector, Decree Law 413/2014 confirmed that wind farms in operation in 2003 (or before) would not receive any further incentive, while the incentive for the rest of the wind farms would be calculated in order to reach the 7.398% return before taxes. More than 1,300 possible types of renewables installation (“standard facilities”) are included in the Decree Law, 23 of them corresponding to wind farms of more than 5 MW classified by the year of first operation (from 1994 to 2016).

In October 2015, the Government approved Royal Decree 947/2015 and a Ministerial Order aimed at allowing the installation of new renewable capacity through competitive tenders.

On 14 January 2016, the first auction of renewables’ capacity was held. The auction was designed to provide a similar remuneration scheme that the one that applies to current installations (RD 413/2014). Following this framework, auction participants were requested to bid on the “initial investment” (CAPEX) parameter which would then, by being plugged in the formula set by RD 413/2014 determine the “RINV” (investment premium) that would eventually be awarded.

Developers were bidding to build 500 MW of wind energy and 200 MW of biomass plants. The auction was very competitive, around 5 times oversubscribed for onshore wind. EDPR was awarded 93 MW of wind energy.

In December 2016, the Energy Ministry (MINETAD) published a draft Royal Decree and a Ministerial Order defining a competitive process for the allocation of new renewable capacity. On 6 and 8 March 2017, two additional draft Resolutions were released including relevant information regarding the auction rules. The Council of Ministers approved on 31 March the RD 359/2017 launching the official call for the auction. The remuneration scheme will be in line with RD 413/2014 scheme. However there will be some differences in the distribution of the remuneration scheme when compared to previous tenders. On the one hand, the tender will be technologically neutral, meaning that projects based on different renewable energy technologies, such as wind, solar and biomass, will be able to compete for contracts.

On 22 February 2017, the Ministerial Order ETU/130/2017 was published, which includes the new remuneration parameters. In 2016 the first semi-regulatory period of RD 413/2014 ended, and therefore, the “RINV” parameter had to be adjusted in order to consider pool price deviations between the estimated price and the current price and the new pool forecasts.

In 17 May 2017, the "Operador do Mercado Ibérico - Pólo Espanhol" (OMIE) held a tender for the allocation of 3 GW of new renewable capacity. The tender had around 9 GW of competing capacity. 2,979 MW of the 3 GW auctioned were allocated to wind projects.

Following the outcome of this tender, the Spanish government decided to launch one additional tender for a maximum of 3 GW. The new tender held place on 26 July 2017 and was open exclusively to wind and solar PV technologies. The rules governing the new tender was the same as the ones for the tender held on 17 May, except for the maximum possible discount to the standard CAPEX which would be 87.08% for wind and 69.88% for solar PV.

Additionally, the royal decree ruling the tender (RD 650/2017) included the possibility to increase the allocated capacity to all capacity bidding the same discount, provided it would not create an overcost to the system. Following this, all the capacity which offered the maximum allowed discount was awarded (no tiebreaker rule was triggered). Overall, 5,037 MW were awarded, with solar power producers being the biggest winners with 3,909 MW compared to 1,120 MW for wind.

On 8 October 2018, Spanish Minister of Energy and environmental transition introduced several measures to limit the basis of electricity cost for new consumers giving a new step towards the long-term energy transition targeted by the Socialist Party. The implemented measures include the suspension of the 7% generation tax for a 6-month period, the facilitation of self-consumption and the administrative extension until March 2019 of the connection rights for the renewable plants awarded in last year´s auctions.

On 22 February 2019, MITECO (The Ministry for Environmental Transition) put for public consultation the “Strategic Framework for Energy and Climat” (Marco Estratégico de Energía y Clima) including: (i) a new version of the Draft Project Law on Energy Transition, (ii) the draft National Energy and Climate Plan 2021-2030 (“NECP”); and (iii) Draft Strategy for a fair energy transition. With regards to the Spanish NECP, Spain has submitted a draft version to the European Commission targeting a share of 42% of renewables (74% of renewable electricity) by 2030.

On 22 November 2019, Royal Decree Law 17/2019 was passed, introducing a series of measures aimed at guaranteeing a stable regulatory and economic framework to encourage the development of renewable energy generation in Spain. The RDL updates the “reasonable return” for renewable generation for the next regulatory period starting on 1 January 2020 at a level of 7.39% for assets before RDL 9/2013 and 7.09% for the new ones. In addition, RDL 17/2019 establishes that the period for reviewing the rest of parameters will run until 29 February 2020.

Another objective of RDL is to adopt a new regulation governing access to the network in nodes affected by the closure of coal and nuclear power plants and concessions for the private use of water, where new renewable projects may offer an alternative. Under RDL 17/2019, grating access to the grid to renewable projects in areas affected by the closure of thermal facilities, will be based on the technical and economic benefits, as well as the environmental and social ones, in particular job creation.

Regulatory framework for the activities in Portugal

The Portuguese legal provisions applicable to the generation of power from renewable sources are currently established by Decree-Law 189/88 dated 27 May, (subsequently amended by Decree-Law 168/99 of 18 May, Decree-Law 312/2001 of 10 December and Decree-Law 339-C/2001 of 29 December). Also relevant is Decree-Law 33-A/2005, of 16 February 2005 ("DL 33-A/2005"), which establishes the feed-in tariff remuneration applicable to energy produced by renewable sources.

The Portuguese Government published on 28 February 2013, the Decree Law 35/2013 that maintains the legal stability of the current feed-in tariff contracts (following Decree-Law 33-A/2005) and protects the value of the investments made by wind energy producers. However, this Decree Law granted the possibility to adhere to voluntary changes of the existing feed-in tariff. Indeed, wind generators could extend the support scheme (generally 5 or 7 years) in exchange of upfront payments or discounts on existing tariffs. EDPR chose a 7 year extension of the tariff defined as the average market price of previous twelve months, with a floor of 74€/MWh and a cap of 98€/MWh (values updated with inflation from 2021 onwards) in exchange for yearly payments from 2013 to 2020.

The Environment and Energy Ministry published, on 24 June, the Decree Law 94/2014 that allows the increase of installed capacity of wind farms up to 20%. The additional production generated from the capacity increase will have a fixed remuneration of 60 €/MWh, whilst the remaining production is remunerated at the previous tariff.

In 1 August 2017, the Portuguese Government approved Order 7087/2017 that determines the procedures for authorisation process for new equipments (SE). In particular, the Government introduced a new requirement for the authorisation: the obligation for the Direção Geral de Energia e Geologia (DGEG) to consult ERSE, which will have to assess its impact on the electricity system. Therefore, a new SE will only be authorised it does not have a negative impact on the electricity system.

The Portuguese government 2019 Budget included an extension of the special energy tax (so-called CESE) to renewables. However, there is an exemption for facilities with licenses that had been granted through public tenders.

On 31 January 2019 was published Ordinance 43/2019, of the Ministry of the Environment and Energy Transition, which changes the criteria for granting authorization for the installation of over-equipment of wind farms.

With the publication of this Ordinance, ERSE consultation is dismissed if the owner of the power plant chooses to apply the energy of the over-equipment to a tariff of 45€/MWh, without update, for a period of 15 years. This Ordinance also applies to requests for authorization that, at the date of its entry into force, are still pending from the decision of the Portuguese Authority of Energy and Geology (DGEG).

On 3 June 2019 the DL 76/2019 was published. This DL is a comprehensive review of the legal basis of the Portuguese electricity sector. Regarding new renewable capacity, the Decree changes the order in which grid capacity reservation and production license are obtained. New projects will need to obtain the title of grid capacity reservation prior to applying for the production license. The Decree also introduces three ways to obtain grid capacity reservation, being one of them competitive tenders.

Portugal launched its first utility-scale renewable energy auction in June 2019, with the first round for 1.4GW of PV injection capacity held in July. Developers in the Portuguese tender could present two kinds of offer: one with a fixed price below €45/MWh and another with a variable tariff which includes a requirement to pay compensation to the electricity system, depending on spot market power prices. Both systems will be valid for 15 years from commercial operations. EDPR secured a 15-year contract for a solar project with total capacity of 142 MW.

On December 6, the DGEG (Direção-Geral de Energia e Geologia) released regulation of the Licensing Monitoring Committee (Comissão de Acompanhamento dos Processos de Licenciamento) of the solar PV plants resulting from the 2019’s Auction. This Committee was set up with the aim of contributing to the fulfilmenet of the obligations arising from the tender procedure, in particular with regard to the deadline for obtaining the licences.

Regulatory framework for the activities in Romania

In 30 March 2017, the government finally approved the emergency ordinance to amend the renewable law 220/2008. As expected, the Green Certificate (GC) scheme was extended until 2031 (GC will remain valid until March 2032). The Ordinance also confirmed the GC floor would remain fixed at 29.4€ and GC cap will lose indexation and reduced to a level of 35€. Regarding wind energy, the ordinance approves the extension of the GC recovery from 2018 to 2025, while solar PV’s GC postponement is extended until the end of 2024 (the recovery will take place from 2025 to 2030).

Following the approval of the Emergency Government Ordinance (EGO) 24/2017 in March, the energy regulator (ANRE) issued the Order 27/2017 establishing the mandatory quota of estimated green certificates for the period April-December 2017. This new quota is based on a new methodology, which establishes the number of GCs estimated to be issued, instead of a percentage of clean energy. The number of GC for the April-December period was defined to 11,233,667 GCs.

ANRE issued the Order 77/2017 approving the regulation on organisation and functioning of the Green Certificates (GC) market. The Order allows the trade of GCs in two different markets: (i) a centralised anonymous GC market (operational as of 1 September 2017) that comprises platforms for GCs trading (spot and forward transactions) organised by Romanian Electricity and Gas Market Operator (OPCOM), allowing participants to the GCs market to submit firm GCs sale or purchase offers with respect to quantity and price, without revealing their identity to the other participants to the trading sessions; and (ii) a centralised market for electricity from renewable energy sources benefiting from the GCs scheme (not yet operational): market platform to trade bundled GC and electricity of renewable energy sources. The electricity price will be determined competitively by the market mechanisms, while the price of the GCs associated to the sold quantity of electricity will be equal to the closing price for the last trading session on the centralised anonymous GCs market. In both markets, the transactions have a limit of 10,000 GCs per day.

On 26 June 2018 EGO 24/2017 concluded the process of co-validation within Romanian Parliament with the approval of the Chamber of Deputies (CD). During the discussions in the CD, several amendments to the text approved in March 2017 were discussed. The final set of amendments includes, among others: (i) a potential change to a Feed-in-Premium scheme for operating assets; (ii) a gradual increase in the maximum allowed impact to final consumers currently at a maximum of 11.1€/MWh; (iii) the removal of the Green Certificates (GC) loss from positive unbalances; (iv) the pro-rata allocation of GCs sold in the centralized platforms when the supply exceeds demand; and (v) modifications in the postponement of solar photo voltaic (PV) GCs.

In December 2018, the EGO 114/2018 introducing several measures affecting the Romanian electricity sector was approved. The EGO will charge companies holding licenses in the electricity sector with a tax of 2% of the annual turnover (as opposed to former charge of 0.1%). Also, the EGO sets the obligation for electricity producers to sell at regulated prices to the suppliers of last resort the quantities needed to cover the consumption of household consumers (for which regulated tariffs will apply) from 1 March 2019 to 28 February 2022.

Regulatory framework for the activities in the United States of America

The United States federal government and various state governments have been implementing policies to promote the growth of renewable energy, particularly wind power. The main federal renewable energy incentive program is the Production Tax Credit (PTC), which was created by the US Congress as part of 1992 EPACT. Additionally, several states have passed legislation, mainly in the form of renewable portfolio standards (RPS), which require utilities to purchase a certain percentage of their energy supply from renewable sources, similar to the Renewable Energy Directive in the EU.

American Recovery and Reinvestment Act of 2009 includes a number of energy measures related to tax and policy provisions to benefit the development of wind energy generation, namely (i) a three year extension of the PTC until 2012 and (ii) an option to elect a 30% Investment Tax Credit (ITC) that could replace the PTC through the duration of the extension. This ITC allows the companies to receive 30% of the cash invested in projects placed in service or with the beginning of construction in 2009 and 2010. In December 2010, the Tax Relief, Unemployment, Insurance and Reauthorization, and Job Creation Act of 2010 was approved and includes an one year of ITC extension, which allow the companies to receive 30% of the cash invested in projects with beginning of construction until December 2011 as long as placed in service until December 2012.

On 1 January 2013, the US Congress approved "The American Taxpayer Relief Act" that includes an extension of the Production Tax Credit (PTC) for wind energy, including the possibility of a 30% Investment Tax Credit (ITC) instead of the PTC. Congress set 31 December 2013 as the new expiration date of these benefits and changed the qualification criteria (projects will only qualify as long as they are under construction by year-end 2013). The legislation also includes a depreciation bonus on new equipment placed in service which allows the depreciation of a higher percentage of the cost of the project (less 50% of the Investment Tax Credit) in the year that it is placed in service. This bonus depreciation was 100% in 2011 and 50% for 2012.

On 16 December 2014, the US Congress approved the "Tax Increase Prevention Act of 2014" that included an extension of the Production Tax Credit (PTC) for wind energy, including the possibility of a 30% Investment Tax Credit (ITC) instead of the PTC. Congress set a new expiration date of 31 December 2014 and kept the qualification criteria (projects can qualify as long as they are under construction by year-end 2014).

On 15 December 2015, the US Congress approved the “Consolidated Appropriations Act of 2016” that included an extension of the PTC for wind energy, as well as the possibility of a 30% Investment Tax Credit instead of the PTC. Developers had until the end of 2016 to start construction of new wind farms to qualify for 10 years of production tax credits at the full level. Congress introduced a phase out for projects that start construction after 2016 and before 2020. These projects will still qualify for production tax credits, but at reduced levels. The levels are 80% for projects starting construction in 2017; 60% in 2018; and 40% in 2019. Developers of projects that start construction before 2020 may choose to claim 30% investment tax credits instead of production tax credits, subject to a similar phase out. The phase out reduces the value of the 30% investment tax credit to 24% in 2017; 18% in 2018; and 12% in 2019. Neither production tax credits nor investment tax credits are allowed for wind projects that start construction in 2020 or later.

The aforementioned "Consolidated Appropriations Act, 2016" also extended the Investment Tax Credit (ITC) for solar projects. Solar projects that are under construction by the end of 2019 will now qualify for the 30% ITC. The credit is reduced to 26% for projects starting construction in 2020 and to 22% for projects starting construction in 2021. The credit drops to a permanent 10% level for projects that begin construction in 2022 or later.

Additionally, on 5 May 2016, the US Internal Revenue Service issued guidance that wind farms have four years from their start of construction to be placed in service and qualify for the PTC. As a result, projects that start construction prior to year-end 2019 and are placed in service prior to year-end 2023 will be eligible for the PTC. The IRS ruling also includes a provision that allows developers to secure the PTC if 5% of a project's capital components by US dollar value are safe harbored in a given year and construction is complete within 4 years. Thus, if a developer safe harbors 5% of project Capex in 2016, will be qualified for 100% of the PTC if the construction is concluded until 2020.

On 22 June 2018, the IRS released Notice 2018-59, which provides guidance to determine when a solar project begins construction for ITC purposes and specifies that projects have until 2024 to be placed in service and qualify for the ITC at levels above 10%. The ITC percentage for a solar project is determined based on the year in which construction of the project begins – provided the solar project is also placed in service before 1 January 2024 – as follows: (i) before 1 January 2020, 30%; (ii) in 2020, 26%; (iii) in 2021, 22%; and (iv) any time thereafter (regardless of the year in which the solar project is placed in service), 10%. Similar to the IRS guidance regarding the wind PTC, establishing the beginning of construction is deemed by (i) engaging significant physical work or (ii) paying or incurring 5% of the ultimate tax basis of the project. Thus, if a developer safe harbors 5% of project Capex in 2019, the project will be qualified for a 30% ITC if the construction is concluded before 1 January 2024. Similarly, if a developer safe harbors 5% of project Capex in 2021, the project will be qualified for a 22% ITC if the construction is concluded before 1 January 2024.

On 20 December 2019, the President signed the Taxpayer Certainty and Disaster Tax Relief Act of 2019. The act changes the phase down schedule for the Production Tax Credit for onshore wind energy projects.. Under prior law, the PTC phased down to 40% for projects beginning construction in 2019 and then to 0% for facilites for which construction began in 2020. The new act leaves in place the 40% PTC rate for 2019 projects, then increases the PTC to 60% for projects beginning construction in 2020. Projects beginning construction in 2021 and later will have no PTC. The act made no changes to the solar ITC.

The Taxpayer Certainty and Disaster Tax Relief Act of 2019 also did not include the creation of any new tax credits for offshore wind or energy storage, despite previously proposed legislation that sought to do so. Two bills recently introduced in the U.S. Senate would extend the 30% investment tax credit (ITC) for offshore wind projects for another 6 to 8 years. Legislation has also been introduced to make energy storage technologies fully eligible for the ITC that is currently available to solar and some solar-plus-storage projects. More than 100 House Democrats signed a letter asking for a long-term extension of clean energy tax credits. While tax credits for offshore wind and storage were not included in the Taxpayer Certainty and Disaster Tax Relief Act of 2019, it is still possible that they could be included in future legislation. Improved ITC for offshore wind and storage would improve the economic outlook for those resources.

On 9 February 2016, the US Supreme Court suspended implementation of the Clean Power Plan (CPP) announced by the United States' Environmental Protection Agency (EPA) on 3 August 2015, a rule to cut carbon pollution from existing power plants, which is pending judicial review. On 7 December 2017, EPA Administrator Scott Pruitt announced at a hearing of the U.S. House Energy and Commerce Committee that the EPA will introduce a replacement rule to CPP. As of 29 June 2018, EPA’s agenda put a final Clean Power Plan repeal date in October speculating that a replacement rule will be proposed at the same time. On 21 August 2018, the EPA proposed the Affordable Clean Energy (ACE) rule to replace the CPP to establish emissions guidelines for states to develop plans to address greenhouse gas emissions from existing coal-fired plants. The rule would allow states full discretion to set heat-rate improvements (HRI) for unit-specific emissions standards. The HRIs may be overstated, since they appear to be based on potential improvements at inefficient plants that have already retired; i.e. the existing fleet may have already applied “Best system of emission reduction” (BSER) measures and therefore do not have room for improvement.

On 1 June 2017, President Trump announced that the U.S. would withdraw from The Paris Agreement, an international accord to combat climate change. The ultimate impact of these changes on renewable demand is not yet clear for several reasons: most of these changes will be contested in court; States regulators decide on the energy mix at State level; the most important energy players are already implementing the main elements of the Clean Power Plan; and the Executive Order does not impact ITC/PTC, which is the main development driver for the US renewable energy market. On 23 January 2018, Trump signed a proclamation setting in place four years of tariffs for cell and module imports. The tariffs commence at 30% of reported value, decrease in subsequent years and don’t apply to the first 2.5GW of cell imports each year. On 3 April 2018, the Trump administration released a list of more than 1,300 imported products from China that may be subject to a 25% tariff. The list of imports from China includes “wind-powered electric generating sets,” which will have minimal impact on the U.S. wind industry due to the low number of wind turbines imported from China. The Trump administration also placed a 25% tariff on steel imports and a 10% tariff on aluminum imports, two raw materials that are sometimes used in manufacturing wind and solar energy components.

On 22 December 2017, President Trump signed the final bill for a tax reform law, the Tax Cuts and Jobs Act of 2017. The law made numerous changes to the U.S. tax code including some that may impact demand and financing for renewable energy. Among these are the Base Erosion Anti-Abuse Tax (BEAT) provision, which seeks to prevent multinational companies from engaging in "earnings stripping", the practice of lowering a company's U.S. tax liability by deducting interest from payments made from a foreign parent company to its U.S. subsidiary. The BEAT provision allows companies to offset up to 80% of BEAT tax payments with energy tax credits such as the PTC and ITC. Because companies are not allowed to offset the entirety of BEAT tax payments with energy tax credits, the provision may negatively impact the tax equity financing market, a key finance driver for renewable energy. The final law also reduced the corporate tax rate from 35% to 21%. This could also decrease the size of the market for tax equity financing. With regards to other new policy initiatives, White House officials have expressed a desire to introduce an infrastructure plan to be passed by Congress. While details of this plan are currently unclear, increased investment in Infrastructure could change the demand for renewables or change the value of production from existing facilities.

On 8 January 2018, the Federal Energy Regulatory Commission (FERC) rejected a proposal from the Department of Energy (DoE) to subsidize certain coal and nuclear plants by providing cost recovery for plants with onsite fuel supplies. The FERC instead asked regional grid operators to assess how best to enhance the resilience of the power system. FERC's five members unanimously rejected the proposed DoE rule. Instead, FERC asked regional grid operators to review an extensive list of quesitons about improving power system resilience and report back within 60 days. It is currently unclear as to whether or not the DoE will continue to pursue coal and nuclear subsidies and, if so, how the DoE will seek to do so.

On 3 January 2019, the 116th United States Congress convened with a Republican-majority Senate and a Democratic-majority House of Representatives. In the prior Congress, Republicans held majorities in both the Senate and the House of Representatives. With this change, a shift in governing philosophy is expected. Democratic representatives have informally proposed a range of potential legislative actions having to do with climate change. One of these proposals is a "Green New Deal" which features a 100% United States RPS standard. Such a standard, if implemented, would increase demand for renewable electricity in the U.S. However, new legislation regarding climate change and renewable energy has yet to be formally proposed and the details of such legislation, if proposed at all, are unclear. Additionally, any legislation passing the Democratic-majority House of Representatives would also to have to pass the Republican-majority Senate and be signed by President Trump before becoming law. While this "Green New Deal" is not currently a likely success, it is an indicator that

Green goals are becoming bolder and seeking greater results such as, in this case, a 100% renewable mandate. On June 26, 2019, a new bill was introduced to the Senate targeting a national 50% renewable energy standard (RES) by 2035. While the bill has not been passed and currently has only a handful of sponsors, it supports the growing bipartisan trend towards climate action.

Regulatory framework for the activities in Poland

On 19 February 2016 the PiS MPs party proposed a draft law on wind investments covering localization, realizations and operation of wind farms, the so-called Wind Turbine Investment Act. After a long approval process in which the renewable sector succeeded in introducing some amendments to the original draft the law was finally approved and published in the Polish Official Gazette in June 2016. The main measures of this new law include minimum distance restrictions for new wind farms and increased real estate tax burden.

On the other hand, and following the delay of implementation of the RES Act Chapter 4 introduced in late December 2015, PiS' government has introduced to Polish parliament a more comprehensive amendment proposal to the RES Act in early May 2016. After having gone through Poland's parliamentary appreciation process the amendments were finally approved and published in late June, in line with the intentions to have the Chapter 4 in force since 1 July 2016. While keeping the core of the new auction system introduced by the new 2015 RES Act these new amendments have also introduced some modifications (namely introducing technology baskets for future tenders and improving the treatment of biomass, biogas and cofiring technologies).

In October 2016 the Polish Government published the Ordinance detailing the amount and value of energy to be auctioned in 2016. Wind energy was not included among the technologies allowed to participate (except for facilities below 1 MW). The auction was held in 30 December 2016.

"On 23 November 2016, the Polish Government disclosed a draft ordinance detailing the amount and value of energy planned to be auctioned in 2017. The draft highlights that baseload renewables (dedicated biomass and biogas) remain key to the government as they will be allocated around 50% of the total 2017's auction budget. The new draft proposes the budget to be allocated to the pot in which new onshore wind could compete. This amount could amount up to 150 MW. It is also likely that wind and PV will compete for the same budget. "

During the first semester of 2017, the substitution fee was 300.03 PLN. However, with the entry into force of the amendment proposed by the Polisk Government in the third quarter of 2017 the substitution fee changed to 125% of the average market price of the green certificate from the previous year capped at 300 PLN. Given the current low prices of GCs, this rule is expected to involve a even higher price reduction.

Together with the reduction of the substituion fee, the accompanying note of the amendment proposal includes a proposal to set up (and increase) the GC's quotas up to 2020: 17.5% in 2018, 18.5% in 2019; and 19.5% in 2020. However, this specific proposal is not included in the official text of the proposal that has been approved.

On 13 December 2017, the EU Commission (through the Directorate-General for Competition) approved the Polish support scheme for renewables and therefore confirmed that the scheme is in line with the 2014 European State Aid Guidelines.

On 29 June 2018, Polish Parliament (Sejm and Senate) approved a set of amendments to the Wind Turbine Investment Act, amendments which were published in Polish Official Gazette on 30 June. The approved amendments envisaged a return to the initial taxable base of the Real Estate Tax as of January 2018. The amendments do not include any relevant changes towards operating assets and focus mainly on operative changes and clarifications to the new tender scheme. Therefore, the amendments include the budget (values and volumes) for 2018 tenders.

On 2 October 2018, the Energy Regulatory Office published a call for the first auction in Poland in which wind onshore and solar PV with capacity above 1MW can participate to get a 15 year CfD. Following this announcement, a wind and solar PV joint auction for projects exceeding 1 MW was held on 5 November 2018. All contracted power went to wind, with 31 wind projects selected at an average price of 196 PLN/MWh (around 45.4€/MWh).

On 3 January 2019, the Polish Energy Exchange published the official weighted average price of Green Certificates: 103.82 PLN/MWh. As the substitution fee should be 125% of the previous year price, its value for 2019 should be 129.8 PLN/MWh.

On 25 June 2019, the government approved a set of amendments to the Renewable Energy Sources Act, which were originally published and submitted for public consultation on 28 February 2019. The main objective pursued by the Act was to allow auctions for new renewable energy projects in 2019 (including some changes to the CfD scheme to be granted therein). The Act confirms the celebration of auctions for new assets in 2018, including proposed budget, volumes and reference prices (for onshore wind >1 MW around 2.5 GW with a reference price of 286 PLN/MWh).

Poland's energy regulator launched a wind and solar PV tender on 5 December 2019 granting 2,2 GW of new capacity (most of the capacity was granted to onshore wind projects). Winning bids were below 233PLN/MWh with lowest bids reaching 163 PLN/MWh. EDPR was awarded 307 MW of wind power under a 15-year contract-for-difference.

The Polish government is working on a offshore wind law, that should be formally enacted in the first quarter of 2020. Poland's National Energy and Climate Plan (NECP) was sent to the European Commission on 29 December 2019. According to the information published in the Ministry's website, the country could commit to a 23% share of renewable energy in 2030 if it gets additional European funds. In addition, the share of renewables in electricity generation will rise to 32% in 2030. Onshore wind installed capacity could increase to 9,6 GW in 2030 while offshore wind to 3,8 GW in 2030 and 8 GW in 2040.

Regulatory framework for the activities in France

On 15 April 2016, the French council of State published a decision ordering the government to start recovering the interests that the feed-in tariff received from 2008 to 2014 would have generated. This decision was based on the grounds that the French Government failed to notify the European Commission of the Ministerial Order approving the feed-in tariff.

A Contract-for-difference (CfD) scheme replacing the feed-in tariff scheme was released in December 2016 for wind farms having requested a PPA in 2016. According to the decree, the strike price would be equal to the value of the current feed-in tariff (similar tenure, indexation and adjustment after year 10), plus a management fee to compensate balancing costs (2.8 €/MWh). The market reference price will be the production weighted average pool price, using a representative production profile of the wind industry in France. The settlement would be done on a monthly basis.

The French Government also disclosed a draft decree for the 2017 CfDs for wind farms below 6 wind turbines. According to the draft, the CfD tenure will be extended to 20 years (instead of 15 years), being the strike price 72€/MWh (plus the management fee). The draft also includes a limitation of the amount of energy to be remunerated under the CfD strike price. Larger wind farms will be awarded CfDs through competitive tenders.

Additionally, on 24 April 2016 the French Government enacted the so-called “Programmation pluriannuelle des Investissements” (PPI) which objective is to set different renewables' capacity targets by technology, in order to achieve the objectives of the “Loi de Transition Énergétique” (decree-law meant to define the long term energetic and climate politic in France, officially approved in August 2015). The PPI provides short-term (2018) and medium-term (2023) renewables' capacity targets and also includes a provisional timetable of the next renewable tenders to be launched between 2016 and 2019.

The French government published on 10 May, the decree for the 2017 Contract-for-Difference (CfD) for wind farms below 6 wind turbines and maximum 3 MW per turbine. These projects will be exempt from tendering.

The regulator has also disclosed the tender rules for onshore wind farms (of more than 7 wind turbines or with over 3 MW per wind turbine) for the period from November 2017 to June 2020. The rules foresee the allocation of 3 GW of wind capacity in six successive 500 MW rounds every 6 months during the next 3 years. The rules also include a calendar with the dates in which the tenders are expected to take place and the first tender was in November 2017.

Together with the disclosure of the results of the second onshore wind tender the French government and regulator introduced some changes to the tender rules including a downward revision of the maximum strike price as well as small changes to the calendar and quotas of remaining tenders to be held up to 2020.

On 27 November 2018, the “Pluriannual Energy Planning” (PPE) was released. According to the PPE, 40% of the energy could be produced from renewable sources by 2030. The PPE includes different targets for renewables: 35.6-44.5 GW of solar capacity, 34-35.6 GW of onshore wind and 4.7-5 GW of offshore wind, by 2028.

On 29 November 2018, the government approved the Decree 1054-2018 aimed at accelerating legal procedures following claims against the administrative authorizations of wind farms, by removing the two-level court system in the event of litigation.

The third offshore auction took place in March 2019 with all major players participating (grouped in 10 consortiums). On 14 June 2019, the Energy Regulation Commission “CRE” announced the result of the Dunkirk auction, being consortium made of EDF, Innogy and Enbridge the winner. The final price was 44€/MWh for a period of 20 years. François de Rugy, France’s Minister for Ecologic and Solidary Transition, has confirmed that France will double its offshore wind tender schedule to 1 GW yearly between 2020 and 2023 (and potentially beyond) after bids in the latest round confirmed steep cost reductions in the sector. The PPE envisaged tenders for about 5 GW out to 2028 or about 500 MW annually.

In June 2019 also were announced the winners of the third onshore wind round. The overall capacity of winning projects was 516 MW, with the average bid price standing at 63€/MWh (vs. a maximum reference price of 71€/MWh). Successful projects will sign 20-year CfDs.

Next onshore round started in July 2019 and 500 MW was tendered. A new specification clause has been added in case that participation is low. In case that there are only 400 MW participating (or less), then the 20% less competitive projects will be automatically discarded.

The French Parliament approved on 26 September 2019 the so-called “Energy and Climate Law”, committing the country to carbon-neutrality by 2050.

"On 8 November 2019 the Energy and Climate Law, which sets the framework and targets of French climate policy for the next 30 years, was formally enacted. The adoption of the Energy-Climate law constitutes a major step toward achieving the government's ambition to address climate change by becoming carbon neutral by 2050. This objective represents a reduction of France's greenhouse gas emissions by a factor of more than six compared to 1990 emissions levels."

In order to achieve carbon neutrality by 2050, the Energy-Climate law provides for the reduction of fossil fuels consumption by 40% by 2030 (instead of the previous 30% target) and for the end of coal-based electricity generation by 2022. The law provides that the share of nuclear in the electricity mix should be reduced to 50% by 2035. Regarding wind energy, the law redefines the authority responsible for permitting onshore wind projects. Concerning offshore wind, the law also includes a higher target (already announced by the Energy Minister) of auctioning 1 GW of capacity until 2024 (doubling the volumes defined by France’s initial energy plan published in January 2019).

Due to the high volume of projects potentially wishing to benefit from the CR 2016 Regime (the so-called “Complément de Rémuneration” which grants a 15-year CfD with a strike price at a level close to the former feed-in tariff), the Ministry of Ecological Transition (Ministère de Transition écologique et solidaire) decided in December 2019 to close the scheme once the first 1.800 MW of contracts are signed (in December 2019, around 1,23 GW of contracts had been already signed).

Concepts and Definitions

A

ADJUSTED NET DEBT
Net Debt adjusted by Regulatory Receivables.

ADJUSTED NET DEBT/EBITDA
Number of times/years needed to pay the Adjusted Net Debt with the EBITDA generated by the Company.

ASSET ROTATION
Strategy aimed at crystallizing the value of a project by selling a stake in an asset and reinvesting the proceeds in another asset, targeting greater growth. Typically the developer retain the role as an O&M supplier.

AVERAGE COST OF DEBT
Considers (Interest expense on financial debt +/- Income and Expenses with Interest from derivative financial instruments) / Average Financial Gross Debt in the period (Total debt and borrowings - Accrued Interest - Fair value of the issued debt hedged risk). Includes 50% of the interest expense and of the nominal amount of hybrid debt.

C

CAGR (Compound annual growth rate)
Annual growth rate over a specified period of time longer than one year

CAPEX (Capital Expenditure)
Capex includes increases in Property, Plant and Equipment and in Intangible Assets, excluding CO_2 licenses and Green certificates, net of increases in Government grants, Customers contributions for investment and Sales of properties in the period.

CDI (INTERBANK DEPOSIT CERTIFICATE RATE)
Brazilian reference interest rate constructed from the daily average overnight interbank loans**.** The CDI rate is commonly used as the reference in short-term securities.

CDS (CLEAN DARK SPREAD)
Theoretical gross margin of a coal-fired power plant per unit of electricity after deducting variable production costs (fuel, emission allowances, transport charges, variable O&M, per-unit taxes, etc.).

CESE (Extraordinary Contribution to the Energy Sector)
Extraordinary contribution created in 2014, in Portugal, with the objective of financing mechanisms that promote the energy sector systemic sustainability. This contribution focuses generally on the economic operators that develop the following activities: (i) generation, transportation or distribution of electricity; (ii) transportation, distribution, storage or wholesale supply of natural gas; and (iii) refining, treatment, storage, transportation, distribution and wholesale supply of crude oil and oil products.

CLAWBACK
Mechanism of financial compensation established by the Portuguese government on electricity generators operating in Portugal. This mechanism has as its objective the restitution to the electricity system of part of the income derived f rom the tax differences in electricity generation between Portugal and Spain.

COD (Commercial Operation Date)
Date upon which the project starts operating officially, after the testing and commissioning period.

CONTRACTING LEVEL
Ratio that returns the percentage of market commitment of Brazilian electricity distribution companies that is properly covered by energy purchase contracts registered in CCEE. Non-compliance generates penalties provided for in the rules and procedures of commercialization. The penalties apply when the ratio is above 105% or below 95%.

CSS (CLEAN SPARK SPREAD)
Theoretical gross margin of a gas-fired power plant per unit of electricity after deducting variable production costs (fuel, emission allowances, transport charges, variable O&M, per-unit taxes, etc.).

D

D/E (DEBT-TO-EQUITY RATIO)
Debt-to-equity (D/E) ratio is calculated by dividing a company’s total liabilities by its shareholder equity. The ratio is used to evaluate a company's financial leverage being an important metric used in corporate finance. It is a measure of the degree to which a company is financing its operations through debt versus wholly-owned funds.

DEC
Equivalent interruption time of energy per consumed unit. Refers only to medium voltage.

DIVIDEND PAY-OUT RATIO
Measures the percentage of a company’s net income that is given to shareholders in the form of dividends (Total Dividends per Share of period “n”/ Earnings per Share of period “n-1”).

DIVIDEND YIELD
Considers the ratio between gross dividend per share and its share price.

DPS (DIVIDEND PER SHARE)
Dividend per share (DPS) is the sum of declared dividends issued by a company for every ordinary outstanding share. DPS is calculated by dividing the total dividends paid out by a business, including interim dividends, over a period of time by the number of outstanding ordinary shares issued.

E

EBIT
Earnings before Interest and Tax: EBITDA deducted from provisions, amortisations and impairments.

EBITDA
Earnings before Interest, Tax, Depreciations and Amortizations: Gross Profit - Supplies and services - Personnel costs and employee benefits +/- Other income/expenses.

EBITDA@risk
Estimated loss of EBITDA, in a given period of time and for a given confidence interval. Usually it is used an horizon of 12 months and a level of confidence of 95%.

EOLICITY
Indicator that allows to quantify the deviation of the total value of energy produced by wind in a given period, in relation to an average wind regime.

ENERGY BOX
Energy Box is a household energy manager that does much more than metering energy, being endowed with technology that supports the supply of electricity services, namely, in remote communications.

EPS (Earnings per share)
The portion of a company's net profit allocated to each outstanding share of common stock.

F

FEC
Equivalent interruption frequency of energy per consumed unit. Refers only to medium voltage.

FEED IN TARIFFS
Remuneration framework that guarantees that a company will receive a set price, applied to all of the electricity they generate and provide to the grid.

FFO
Funds from Operations: EBITDA – Interest on debt and on TEI liabilities – Current taxes +/- Income from equity investments +/- other residual adjustments resulting from accruals/deferrals.

FFO/NET DEBT
Funds from Operations (FFO) over Net Debt. For this purpose, Net Debt includes Nominal Debt of the company + Pension and Medical care liabilities post tax + Tax Equity financial liabilities + Present value of leasing and other financial commitments.

FOREX
Foreign Exchange (forex or FX) is the trading of one currency for another. For example, one can swap the U.S. dollar for the euro. Foreign exchange transactions can take place on the foreign exchange market, also known as the Forex Market.

G

GC (GREEN CERTIFICATE)
Tradable commodity resulting from electricity generated using renewable energy sources.

GHG (GREENHOUSE GASES)
Gases that trap the heat of the sun in the Earth's atmosphere, producing the greenhouse effect. The two major greenhouse gases are water vapor and carbon dioxide. Lesser greenhouse gases include methane, ozone, chlorofluorocarbons, and nitrogen oxides.

GROSS PROFIT
Includes Revenues from energy sales and services and other minus Cost of energy sales and other.

GSF (Generation Scaling Factor)
Ratio of the deficit of hydroelectric companies' actual generation volumes to their assured energy delivery.

GW (Gigawatt)
Unit of electric power equal to 1,000 MW.

GWh
Equal to 1,000 MW used continuously for one hour.

H

HEDGING
Risk management strategy used in limiting or offsetting probability of loss from fluctuations in the prices of commodities, currencies, indexes or securities.

HYDRO COEFFICIENT
Indicator that allows to quantify the deviation of the total value of hydroelectric energy produced in a given period, in relation to an average hydro regime. Values above "1" translate a period with inflows and energy generated above the average ("wet" period) and bellow "1" the reverse ("dry" period).

I

ICEIT (Installed capacity equivalent interruption time)
Indicator that represents the equivalent interruption time of installed power per geographical area of the operator of the distribution network in a given period, excluding extraordinary events (the extraordinary weather events that exceed the conditions for which was dimensioned).

IGP-M (GENERAL MARKET PRICE INDEX)
Index used to comprehensively measure the fluctuation of prices of goods and services practiced in the Brazilian market. Calculated by FGV (Getúlio Vargas Foundation), this index is used to update the prices of some goods and services, namely electricity.

INSTALLED CAPACITY
Installed Capacity is the sum of capacity (MW) installed in power plants owned by companies fully consolidated.

INSTALLED CAPACITY EQUITY
Installed Capacity Equity also includes the respective share of the MW installed in power plants owned by company’s equity consolidated.

IPCA (EXTENDED NATIONAL CONSUMER PRICE INDEX)
Is the name given to the Consumer Price Index in Brazil being a measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food and medical care.

ITC (Investment tax credit)
Tax incentive in the US in the form of an one-shot tax credit that covers a percentage of the investment.

K

KRI (KEY RISK INDICATOR)
Risk indicator that follows a variable risk factor, allowing the early warning of changes in risk exposure and the identification of potential risks or opportunities.

L

LIQUIDITY
Total amount of Cash and Equivalents, Credit Lines available and Financial assets at fair value through profit or loss.

LOSSES
The total losses of electric energy are calculated by the differential between the energy entered in the electrical network and the distributed energy (% Global losses = (Energy Input - Distributed Energy) / Distributed Energy). They consist of technical losses related to the magnetization of the power transformers, the Joule effect, the consumption of meters, etc. and non-technical losses related to theft, fraud, anomalies in counting equipment or in systems

M

MW (Megawatt)
Unit of electric power equal to 10^6 watts.

MWh
Equal to 10^6 watts of electricity used continuously for one hour.

N

NCF (NET CAPACITY FACTOR)
The ratio of a plant's actual output over a period of time to its potential output if it were possible for it to operate at full nameplate capacity continuously, over the same period of time. Also known as Load Factor.

NET DEBT
A metric that shows a company's overall debt situation calculated using company's total debt less cash on hand. From 2017 onwards it includes Financial Debt, Cash and Equivalents, Short-term financial assets at fair-value and fair value hedge and collateral deposits associated to financial debt and 50% of the amount related with the issuance of a subordinated debt instrument (hybrid). Until 31 December 2016, it included the fair value of derivatives designated for Net Investments hedge.

NET INVESTMENTS
Considers Capex + organic Financial Investments - Asset Rotations + granted and/or sold shareholder loans.

O

OPEX (Operating Expenditure)
Includes Supplies and Services and Personnel costs and Employee Benefits.

OPEX/GROSS PROFIT
Efficiency ratio that compares the cost to operate with the income generated computed by OPEX (excluding Restructuring costs) over Gross Profit (including income from institutional partnerships in EDPR-NA).

ORGANIC CASH-FLOW
Cash generated from organic activities. Includes cash flows from operating activities (excluding changes in Regulatory Receivables), net of maintenance CAPEX, interest payments associated with debt, payments to institutional partnerships in the US and payments to minorities (such as dividends, capital distributions and payments of capital/interests on shareholder loans), not excluding gains arised from Sell-Down .

P

PLD (SETTLEMENT PRICE FOR THE DIFFERENCES)

Price used to value the energy exchanged in the spot market. This price is calculated weekly for each submarket and load periods, based on the marginal cost of generation. It is limited by a minimum and maximum value.

PPA (Power purchase agreement)

A legal contract between an electricity generator (provider) and a power purchaser (host). The power purchaser buys energy, and sometimes also capacity and/or ancillary services, from the electricity generator.

PTC (Production tax credit)

The result of the Energy Policy Act of 1992, a commercial tax credit in the US that applies to wholesale electrical generators of wind energy facilities based upon the amount of energy generated in a year.

PUMPING

Pumping activity is the act of pushing back to the dam reservoir the water that had already been turbinated before. This action intends to increase the hydro output and thus generate higher operational results as water is pushed back when electricity market prices are low and turbinated again when those prices reach higher levels.

R

RAB (REGULATORY ASSET BASE)

Corresponds to the net book value of the distribution companies' regulated fixed assets (gross value less accumulated depreciation, net of reimbursements).

RECURRING

Which occurs periodically or repeatedly. It aims to normalize indicators into more predictable ones and which can be counted on in the future with a high degree of certainty. Indicators such as EBITDA, Net Profit, FFO, Organic Cash-Flow are referred to as recurring when adjusted by one-off events. One-off events include non-recurrent amounts materially relevant resulting from, for instance, impairments and capital gains/losses on assets, retroactive regulatory changes, HR and debt restructuring costs and CESE.

REGULATORY RECEIVABLES

Amounts pending to be received from the electricity system and related with tariff adjustments and tariff deficits from regulated activities in Iberia and Brazil (Generation in Portugal and Spain, Distribution and Last Resort Supply of electricity in Portugal and Distribution in Brazil).

RENEWABLE ENERGY

Energy that is derived from resources that are regenerative or that cannot be depleted including wind energy, solar, biomass, geothermal, and moving water.

REC (Renewable energy credit)

Represents the property rights to the environmental, social, and other non-power qualities of renewable electricity generation. A REC can be sold separately from the electricity associated with a renewable energy generation source.

RESERVOIR LEVEL

Volume of water stored in a dam reservoir measured in total amount of electrical power it can produce if turbinated (GWh).

RESIDUAL INCOME
Is the amount of net income generated in excess of the minimum rate of return. Residual income concepts have been used in a number of contexts, including as a measurement of internal corporate performance whereby a company's management team evaluates the return generated relative to the company's minimum required return.

ROE (Return on Equity)
Earnings before non-controlling interests over average total equity of the period.

ROIC (Return on Invested Capital)
ROIC gives a sense of how a company uses its money to generate returns. ROIC = EBIT Adjusted over annual average Invested Capital. EBIT Adjusted is EBIT + share of net profit in joint ventures and associates + impairments + provisions +/- capital losses/gains (except related to sell downs) + HR restructuring costs – Price Purchase Allocation amortizations – other one-off events. Invested Capital includes net fixed assets – assets under construction + working capital.

ROIC Cash (Cash Return on Invested Capital)
Similar to ROIC but focuses on cash return rather than profit. EBIT adjusted is EBIT – (nominal tax rate x EBIT) + share of net profit in joint ventures and associates. Invested Capital as in ROIC.

ROIC LEVELIZED
Similar to ROIC but focuses on the average life of Invested Capital rather than in accounted Invested Capital. EBIT Adjusted as in ROIC. Invested Capital assumes 50% amortization of assets for all businesses except networks.

ROR (RATE OF RETURN)
Corresponds to the rate to be applied to the distribution companies' RAB accepted for capital remuneration purposes, with the respective formula defined by the Regulator at the beginning of each regulatory period.

RPS (Renewable Portfolio Standard)
Regulation in the US that places an obligation in certain states on electricity supply companies to source a specific percentage of their energy from renewable sources.

S

SAIDI (System Average Interruption Duration Index)
Is the average outage duration for each served customer.

SELL-DOWN
Strategy aimed at developing and selling a majority stake in an asset, crystallizing the value of a project, and reinvesting the proceeds in another asset, targeting greater growth. Typically, the developer may retain the role of O&M supplier.

SOLAR PV (photovoltaic)
Generation of electricity by means of solar power through photovoltaics, consisting on an arrangement of several components, including solar panels to absorb and convert sunlight into electricity, a solar inverter, cables and other electrical accessories.

SUPPLY POINTS
Points of the grid where the delivering or reception of electricity is made to the costumer, producer or other grid installation.

SUSTAINABILITY INDEX
The Sustainability Index (SI) is a measurement system of sustainability performance, composed by 33 indicators organized in 3 dimensions: Economic, Environmental and Social. The weights assigned to each dimension of the sustainable development reflect the importance given by RobecoSAM (investment specialist focused exclusively on Sustainability Investing).

T

TEI (Tax Equity Investors)
Tax Equity Investors are the agents that are willing to trade on PTC.

TSR (Total Shareholder Return)
Measures the return that the stock provides to the shareholder, including dividends paid and the stock price appreciation.

V

VALUE@RISK
Estimated loss of the asset value, in a given period of time and for a given confidence interval. Usually it is used a horizon of 12 months and a level of confidence of 95%.

W

WATT (W)
The rate of energy transfer equivalent to one ampere under an electrical pressure of one volt. One watt equals 1/746 horsepower, or one joule per second. It is the product of voltage and current (amperage). Watts are the yardstick for measuring power.

WIND TARIFF
Average price of energy sold per MWh produced.

Changing tomorrow now.

EDP – Energias de Portugal, S.A.
Executive Board of Directors

STATEMENT

With reference to 2020 financial year, and according to No. 1, item c) of article 245 of the Portuguese Securities Code, the signers hereby, acting as members of the Executive Board of Directors, declare that, to the best of their knowledge, the information foreseen in No. 1 item a) of the article mentioned above, was prepared according to the applicable accounting standards, presenting a fair view of the assets, liabilities, financial situation and results of EDP – Energias de Portugal, S.A. ("EDP"), and the subsidiaries included in the respective consolidation perimeter, and that the Management Financial Analysis Report clearly discloses the evolution of the business, the performance and position of EDP, and the subsidiaries included in the respective consolidation perimeter, enclosing a description of the major risks and uncertainties to which they are exposed.

Lisbon, 24th February 2021

Miguel Stilwell de Andrade, Chairman

Miguel Nuno Simões Nunes Ferreira Setas

Rui Manuel Rodrigues Lopes Teixeira

Vera de Morais Pinto Pereira Carneiro

Ana Paula Garrido de Pina Marques

EDP – Energias de Portugal, S.A.

Miguel Tiago Perestrelo da Câmara Ribeiro Ferreira

Senior Accounting Officer - Corporate Centre

STATEMENT

With reference to 2020 financial year, and according to nº 1, item c) of article 245 of the Portuguese Securities Code, I hereby declare that, to the best of my knowledge, the information foreseen in No. 1 item a) of article mentioned above, was prepared according to the applicable accounting standards, presenting a fair view of the assets, liabilities, financial situation and results of EDP – Energias de Portugal, S.A. ("EDP"), and the subsidiaries included in the respective consolidation perimeter, and that the Management Financial Analysis Report clearly discloses the evolution of the business, the performance and position of EDP, and the subsidiaries included in the respective consolidation perimeter, enclosing a description of the major risks and uncertainties to which they are exposed.

Lisbon, 24th February 2021

Statutory Audit Report and Auditors' Report

Report on the audit of the consolidated financial statements

Opinion

We have audited the accompanying consolidated financial statements of EDP – Energias de Portugal, S.A. (the Group), which comprise the consolidated statement of financial position as at 31 December 2020 (which shows total assets of Euro 42,946,783 thousand and total equity of Euro 13,078,409 thousand including a consolidated net profit attributable to equity holders of EDP of Euro 800,692 thousand), the consolidated income statements, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for the year then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly in all material respects, the consolidated financial position of EDP – Energias de Portugal, S.A. as of 31 December 2020, and their consolidated financial performance and their consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and other technical and ethical standards and recommendations issued by the Institute of Statutory Auditors. Our responsibilities under those standards are described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section below. In accordance with the law we are independent of the entities that are included in the Group and we have fulfilled our other ethical responsibilities in accordance with the ethics code of the Institute of Statutory Auditors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	*Summary of the Audit Approach*
Estimated energy sales *Disclosures related to sales of electricity and gas presented in notes 2, 4, 7 and 26 of the consolidated financial statements.* Revenue recognition of electricity sales occurs at the time of delivery and incorporates three distinct aspects: (i) sales of electricity billed based on actual consumption; (ii) sales of electricity billed based on estimated consumption based on each customer's history; and (iii) estimate of electricity supplied and not billed. The Group calculates the estimated volumes using an algorithm in line with the criteria defined by the regulatory entity. The algorithm is based on the average daily consumption of each customer, weighted by historical consumption profiles and adjusted for climatic factors and estimated energy losses. The Group also tests the algorithm using a telecounted sample of consumptions, also validating the estimate by comparison to the energy balance sheet that is based on the energy vloumes that are reported as being input to the network by the operator of the transmission network. A "rollback" analysis of real consumption is also carried out retrospectively. Valuation of the estimated quantities is carried out based on the historical average prices according to the tariff, type of customer, contracted power, among other factors. Given the high complexity of the methodology used by the Group to estimate the energy consumed by its customers and the degree of judgment involved, in particular in relation to volumes consumed and associated average prices, this issue was considered to be a relevant matter for the purposes of our audit.	Our audit procedures included, among others, identifying and testing the design and operational efficiency of key controls related to the recognition of revenue associated with energy sales, and in particular those related to estimated sales at the end of each period. The algorithm including the estimated volumes was obtained having been verified, on a sample basis for each type of customer and tariff, that the criteria defined by the regulator were being met and that the adjustments made were reasonable. Regarding the average prices used to value the estimated volumes for each type of costumer, a sample of historical data was also verified. The energy balance sheet was also obtained and the differences between the energy inputs to the network and the energy billed and estimated by the Group were evaluated. In order to complement the procedures described above, we also tested the reasonableness of the estimation of unbilled consumed energy on previous years' considering the billing records of the year. We also reviewed the adequacy of the disclosures presented in the financial statements, based on the applicable accounting standards and in what we considered relevant.

Key Audit Matter	Summary of the Audit Approach
Transactions of equity stakes	
Disclosures related to transactions of equity stakes presented in notes 2, 4, 6, 8, 13, 21, 27, 33, 39 and 41 of the consolidated financial statements. As a result of its activity and as part of its strategy, the Group proceeds to the disposal of equity stakes in controlled entities with the main objective of reinvesting the funds obtained in new projects. It also acquires equity stakes and other rights in entities considered relevant to its business portfolio and of value creation to the shareholders. Disposals may or may not result in a loss of control and acquisitions may or may not result in a gain in control, depending on the percentage of capital sold or acquired, shareholder agreements and effective control exercised. Given the amounts involved and the level of judgment involved in assessing the loss or gain of control, measuring contingent clauses resulting from the transactions, determining the acquisition value and allocating the acquisition price to identified assets / liabilities, this issue was considered to be a relevant matter for the purposes of our audit.	Our audit procedures included, among others, holding meetings with the management of the geographies where the transactions took place, in order to obtain an adequate understanding of each of the relevant transactions, as well as the respective supporting documentation. Purchase and sale agreements, shareholder agreements and other associated documentation were analyzed in detail. The accounting treatment given to each of the operations was assessed based on the applicable accounting standards and the mathematical accuracy of the calculations that originate the records was tested. Key controls related to acquisitions and disposals of equity stakes were also identified and tested. Regarding disposals of equity stakes, the ownership of control and the valuation of contingent clauses, where applicable, were specifically analyzed and evaluated. In relation to the acquisition of equity stakes, control ownership was also evaluated, as well as the allocation of the purchase price to the fair value of identifiable assets and liabilities. We also reviewed the accounting treatment and the adequacy of the disclosures related to each of transactions analysed, based on the applicable accounting standards and in what we considered relevant.
Recoverability of non current assets	
Disclosures related to the non current assets in question presented in notes 2, 4, 12, 16, 18, 19, and 21 of the consolidated financial statements. As of 31 December 2020, goodwill, tangible fixed assets, intangible assets and investments in joint ventures and associates presented in EDP's consolidated financial statements amounted to Euro 2,306,303 thousand, Euro	Our audit procedures included, among others, evaluating the adequacy of the impairment models used by the Group and testing the mathematical accuracy of the calculations. We assessed the reasonableness of the assumptions used and verified the approval of the future cash flows included in the models of each company and geographies where the

Key Audit Matter	Summary of the Audit Approach
20,163,221 thousand, Euro 4,998,235 thousand and Euro 940,362 thousand, respectively. In accordance with International Accounting Standard (IAS) 36, and as disclosed in the notes to the financial statements, the Group performs impairment tests on tangible and intangible assets whenever there are facts or circumstances that may indicate that the net book value may not be recoverable, except when allocated to cash generating units with allocated goodwill, in which case they are tested for impairment together with the associated goodwill on an annual basis or whenever there is evidence of impairment. Given the dispersion of the Group's operating activity across the world, these impairment tests are carried out for the cash-generating units identified in each of the geographies where EDP Group operates. The recoverable amount of each of the non-current assets tested for impairment, namely tangible fixed assets used in the production and distribution of electricity, intangible assets related to concession rights and goodwill and financial investments, is determined based on discounted cash flow models, which imply a high level of judgment given the uncertatinty of the underlying data, namely the economic and market projections and assumptions used relating to discount rates, exchange rates, growth rates and inflation rates, country risk, commodity prices, among others. Given the amounts involved, the complexity of the valuation models and the associated high level of judgment, this issue was considered to be a relevant matter for the purposes of our audit.	Group has assets subject to impairment tests. The reasonableness of the definition of cash-generating units subject to impairment tests was also evaluated. We challenged the management regarding the appropriateness of the assumptions with the greatest sensitivity in determining the value in use, namely electricity price pools, prices of other commodities, regulatory frameworks and the respective impact on the cash flows of each geography and the discount rate. An analysis of the discount rate was carried out in each of the geographies, using peer information and other information available in the market. Sensitivity analysis were also carried out on the main assumptions in order to determine the level of variations that, individually or together, could lead to impairment losses on assets tested for impairment. The procedures described above, aimed at evaluating the assumptions and the methodology associated with the impairment models used by the Group, were carried out with the support of our team of specialists. The design and effectiveness of key controls related to impairment of non-current assets were also evaluated. The adequacy of the associated disclosures was also reviewed, in particular the ones related to estimates and assumptions that present higher sensitivity in the calculation of the value in use, based on the applicable accounting standards and in what we considered relevant.
Derivative financial instruments	
Disclosures related to derivative financial instruments presented in notes 2, 4, 7, 13, 26,	Our audit procedures included the identification and testing of the design and operational efficiency of the controls related to contracting,

Key Audit Matter	*Summary of the Audit Approach*
32, 39, 42 and 45 of the consolidated financial statements. As mentioned in the consolidated financial statements, the exposure of EDP Group to financial risks lies essentially in its debt portfolio and in the commodity price volatility, resulting in interest rate, exchange rate and market price risks. Risk management of EDP Group is carried out centrally at EDP S.A., which uses a set of derivative financial instruments to cover these risks. As of 31 December 2020, derivative financial instruments presented in the balance sheet (fair value as defined in International Financial Reporting Standard (IFRS) 13 - Fair value) amounted to Euro 605,428 thousand of assets and Euro 396,822 thousand of liabilities. The valuation of financial instruments classified as level 2, particularly derivative financial instruments, is carried using observable market data and valuation models based on discounted cash flow techniques, which usually involve a high degree of judgment in defining the assumptions to be used. Therefore, changes in the assumptions used by the Executive Board of Directors may give rise to material impacts on the the fair value of the mentioned financial instruments. Additionally, in accordance with IFRS 9, the Group prepares efficiency tests on its hedging derivative financial instruments portfolio on an annual basis, in order to assess the accounting effectiveness of the hedges, which also involves the assumption of significant judgments and estimates. Given the relevance of the derivative financial instruments in the context of the Group's consolidated financial statements, together with the degree of judgment associated with its valuation and the complexity associated with its accounting treatment, this issue was considered	monitoring and settling derivative financial instruments, to their classification, and to the preparation of supporting documentation and effectiveness tests , when applicable. In this context, controls tested included access policies, system management, approvals, confirmations with financial institutions and reconciliations with counterparties. Regarding the computation of the fair value of derivative financial instruments, in particular the models developed by the Group for this purpose, we evaluated their suitability and the suitability of the assumptions and data used by comparing observable data with information collected from external and independent sources, and we analyzed the contractual information. External confirmations of counterparties were also performed in order to validate open positions as of the date of the statement of financial position. The documentation prepared by the Group regarding the hedge accounting was evaluated and compliance with the requirements of IFRS 9 was verified. The adequacy of the accounting entries for each of the analyzed situations as well as the adequacy of the own use exemption provided in IFRS 9 for the use of commodities in the operational activity and related impacts on the consumption calculation were also verified. The adequacy of the disclosures associated with financial derivative instruments, particularly the ones related to fair value and liquidity was also reviewed, based on the applicable accounting standards and in what we considered relevant.

Key Audit Matter	*Summary of the Audit Approach*
to be a relevant matter for the purposes of our audit.	

Regulatory and legal framework

Key Audit Matter	*Summary of the Audit Approach*
Disclosures related to the regulatory and legal framework presented in notes 1, 2, 4, 7, 11, 15, 26, 36, 38, 43 and 50 of the consolidated financial statements. Given its geographic dispersion, the activity of the Group is subject to several regulatory and legal frameworks, which vary in accordance to the country and the activity performed. In this context, and particularly in Portugal, there has been an increase in the regulatory complexity associated with the activities in which the Group operates, which has given rise to several disputes and potential contingencies, namely related to the CMEC final adjustment, innovative aspects, costs with clawback, social tariff and CESE and other dispatches and published orders related to regulatory matters. These situations require the management to assess its potential impacts and to exercise, with the support of its legal counsels, a high degree of judgment as to its outcome, which may lead to additional provisions and to disclose additional information to the market, following the requirements of IAS 37 - Provisions, Contingent Liabilities and Contingent Assets. Given the increasing complexity of the regulatory and legal frameworks and the degree of judgment involved in assessing the outcome of the identified contingencies, this issue was considered to be a relevant matter for the purposes of our audit.	Our audit procedures included identifying and testing the design and operational efficiency of controls related to identifying and monitoring litigation and other regulatory and legal contingencies and to the categorization of risk. Several meetings were held with those in charge of the Regulatory and Legal Departments in order to obtain their understanding of the most relevant disagreements, litigations and contingencies and to inspect the relevant documentation. The assumptions used by the management to categorize and value the identified risks and their inclusion in the consolidated financial statements, were assessed and evaluated. External confirmations from legal advisors and attorneys that are advising on regulatory and legal processes were also obtained, and the consistency of the information received with the risk assessment performed by the management was verified. The adequacy of the associated disclosures, namely the ones concerning the legal and regulatory framework of the Group's activity, was also reviewed based on the applicable accounting standards and in what we considered relevant.

Pensions and post employment benefits

Key Audit Matter	*Summary of the Audit Approach*
Disclosures related to pensions and post employment benefits presented in notes 2, 4, 10, 27, 32 and 35 of the consolidated financial statements.	Our audit procedures included identifying and testing the design and operational efficiency of the controls implemented by the Group in order to determine liabilities with pension and post employment benefits, in particular the ones

Key Audit Matter	Summary of the Audit Approach
As of 31 December 2020, net liabilities with pensions and post-employment benefits presented in the consolidated financial statements of EDP Group amounted to Euro 1,342,304 thousand, mainly comprising benefits with retirement and early retirement pensions, and healthcare services. These liabilities are estimated for each plan based on actuarial valuations performed annually by an independent expert in accordance with the Projected Credit Unit Method. These valuations incorporate a set of financial and actuarial assumptions, namely the discount rate, the inflation rate, the mortality and disability tables, the growth rates of pensions and salaries, amongst others, defined by the Executive Board of Directors considering the characteristics of the benefits attributed, the employees covered and the current and expected behaviour of these variables In the specific case of the discount rate used in the actuarial studies, it is determined on the basis of the market rates for high-quality corporate bonds in terms of credit risk, denominated in the currency in which the benefits will be paid and with a maturity similar to the termination date of the payment of the benefits of the plan. In this context, future changes in the financial and actuarial assumptions used may give rise to material impacts on the net liabilities and on the assets associated with these benefits, and for that reason this issue was considered to be a relevant matter for the purposes of our audit.	related to the assumptions used and to data sent to the actuary. Meetings were held with the management to identify the methodologies and options considered in defining the main financial and actuarial assumptions. Given the relevance of the judgments required to the Executive Board of Directors, we assessed the reasonableness of the main assumptions, comparing them with the data that we were able to independently obtain. We also reviewed the adequacy of (i) the employee information, used for the calculation of liabilities; and (ii) the recognition of costs related to past services and actuarial deviations resulting from changes in assumptions and gains in experience. The fair value of the assets of the fund was independently validated by our internal experts. We have also read the actuarial report prepared with reference to 31 December 2020 and evaluated the main assumptions used, namely discount rate, inflation rate, growth rates of pensions and salaries and mortality and disability tables, using information developed internally and market benchmarks. We also confirmed the registration with ASF (Autoridade de Supervisão de Seguros e Fundos de Pensões) of the actuary responsible and confirmed the existence of the actuary's declaration of independence regarding the report as of 31 December 2020. The adequacy of the disclosures associated with post employment benefits, was also reviewed based on the applicable accounting standards and in what we considered relevant.

Responsibilities of management and supervisory board for the consolidated financial statements

Management is responsible for:

a) the preparation of the consolidated financial statements, which present fairly the financial position, the financial performance and the cash flows of the Group in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union;

b) the preparation of the Directors' Report, including the Corporate governance Report, in accordance with the applicable law and regulations;

c) the creation and maintenance of an appropriate system of internal control to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;

d) the adoption of appropriate accounting policies and criteria; and

e) the assessment of the Group's ability to continue as going concern, disclosing, as applicable, events or conditions that may cast significant doubt on the Group's ability to continue its activities.

The supervisory board is responsible for overseeing the process of preparation and disclosure of the Group's financial information.

Auditor's responsibilities for the audit of the consolidated financial statements

Our responsibility is to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

a) identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

b) obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;

c) evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

d) conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;

e) evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

f) obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion;

g) communicate with those charged with governance, including the supervisory board, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit;

h) of the matters we have communicated to those charged with governance, including the supervisory board, we determine which one's were the most important in the audit of the consolidated financial statements of the current year, these being the key audit matters. We describe these matters in our report, except when the law or regulation prohibits their public disclosure; and

i) confirm to the supervisory board that we comply with the relevant ethical requirements regarding independence and communicate all relationships and other matters that may be perceived as threats to our independence and, where applicable, the respective safeguards.

Our responsibility also includes verifying that the information included in the Directors' report is consistent with the consolidated financial statements and the verification set forth in paragraphs 4 and 5 of article No. 451 of the Portuguese Company Law.

Report on other legal and regulatory requirements

Directors' report

In compliance with paragraph 3 e) of article No. 451 of the Portuguese Company Law, it is our opinion that the Directors' report has been prepared in accordance with applicable requirements of the law and regulation, that the information included in the Directors' report is consistent with the audited consolidated financial statements and, taking into account the knowledge and assessment about the Group, no material misstatements were identified.

Non-financial information set forth in article No. 508-G of the Portuguese Company Law

In compliance with paragraph 6 of article No. 451 of the Portuguese Company Law, we hereby inform that the entity prepared a separate report of the Directors' report that includes the non-financial information set forth in article No. 508-G of the Portuguese Company Law, which was published together with the Directors' report.

Corporate governance report

In compliance with paragraph 4 of article No. 451 of the Portuguese Company Law, it is our understanding that the Corporate governance report includes the information required under article No. 245-A of the Portuguese Securities Market Code, that no material misstatements were identified in the information disclosed in this report and that it complies with paragraphs c), d), f), h), i) and m) of that article.

Additional information required in article No. 10 of the Regulation (EU) 537/2014

In accordance with article No. 10 of Regulation (EU) 537/2014 of the European Parliament and of the Council, of April 16, 2014, and in addition to the key audit matters referred to above, we also provide the following information:

a) We were first appointed auditors of EDP – Energias de Portugal, S.A. in the Shareholders' General Meeting of 5 April 2018 for the period from 2018 to 2020.

b) The management has confirmed to us it has no knowledge of any allegation of fraud or suspicions of fraud with material effect in the financial statements. We have maintained professional scepticism throughout the audit and determined overall responses to address the risk of material misstatement due to fraud in the consolidated financial statements. Based on the work performed, we have not identified any material misstatement in the consolidated financial statements due to fraud.

c) We confirm that our audit opinion is consistent with the additional report that was prepared by us and issued to the Group's supervisory board as of February 24, 2021.

d) We declare that we did not provide any prohibited non-audit services referred to in paragraph 8 of article No. 77 of the by-laws of the Institute of Statutory Auditors ("Estatutos da Ordem dos Revisores Oficiais de Contas") and that we remain independent of the Group in conducting our audit.

February 24, 2021

PricewaterhouseCoopers & Associados
- Sociedade de Revisores Oficiais de Contas, Lda.
represented by:

João Rui Fernandes Ramos, R.O.C.

pwc

Statutory Audit Report and Auditors' Report

Report on the audit of the financial statements

Opinion

We have audited the accompanying financial statements of EDP – Energias de Portugal, S.A. (the Entity), which comprise the company statements of financial position as at December 31, 2020 (which shows total assets of Euro 21,873,796 thousand and total equity of Euro 8,773,113 thousand including a net profit for the period of Euro 878,151 thousand), the company income statements, the company statements of comprehensive income, the company statements of changes in equity and the company statements of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly in all material respects, the financial position of EDP – Energias de Portugal, S.A. as at December 31, 2020, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and other technical and ethical standards and recommendations issued by the Institute of Statutory Auditors. Our responsibilities under those standards are described in the "Auditor's responsibilities for the audit of the financial statements" section below. In accordance with the law we are independent of the Entity and we have fulfilled our other ethical responsibilities in accordance with the ethics code of the Institute of Statutory Auditors.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	*Summary of the Audit Approach*
Recoverability of investments in subsidiaries	
Disclosures related to investments in subsidiaries presented in notes 2, 4, 13, 20 and 44 of the financial statements. As of December 2020, 31, investments in subsidiaries presented in EDP's financial statements amounted to Euro 14,396,104 thousand. As disclosed in the notes to the financial statements, in the context of the impairment tests carried out at EDP Group level, financial investments held by EDP – Energias de Portugal, S.A. in subsidiaries are reviewed for impairment based on the higher of the value in use and the fair value less costs to sell. The value in use of each of the investments tested for impairment is determined based on discounted cash flow models, which imply a high level of judgment given the uncertatinty of the underlying data, namely the economic and market projections and assumptions used relating to discount rates, exchange rates, growth rates and inflation rates, country risk, commodity prices, among others. These assumptions are disclosed in the financial statements. Given the amounts involved, the complexity of the valuation models and the associated high level of judgment, this issue was considered to be a relevant matter for the purposes of our audit.	Our audit procedures included, among others, evaluating the adequacy of the impairment models used by the management and testing the mathematical accuracy of the calculations. We assessed the reasonableness of the assumptions used and verified the approval of the future cash flows included in the models approved by the Board of Directors of each company and geographies where EDP has investments in subsidiaries subject to impairment tests. We challenged the management regarding the appropriateness of the assumptions with the greatest sensitivity in determining the value in use, namely electricity price pools, prices of other commodities, regulatory frameworks and the respective impact on the cash flows of each geography and the discount rate. An analysis of the discount rate was carried out in each of the geographies, using peer information and other information available in the market. Sensitivity analysis were also carried out on the main assumptions in order to determine the level of variations that, individually or together, could lead to impairment losses on investments in subsidiaries tested for impairment. The procedures described above, aimed at evaluating the assumptions and the methodology associated with the impairment models used, were carried out with the support of our team of specialists. The design and effectiveness of key controls related to impairment of non-current assets were also evaluated. The adequacy of the associated disclosures was also reviewed, in particular the ones related to estimates and assumptions that present higher sensitivity in the calculation of the value in use, based on the applicable accounting standards and in what we considered relevant.

Key Audit Matter	*Summary of the Audit Approach*
Derivative financial instruments	
Disclosures related to derivative financial instruments presented in notes 2, 4, 7, 13, 27, 32, 39, 42 and 45 of the consolidated financial statements. As mentioned in the financial statements, the exposure of EDP – Energias de Portugal, S.A to financial risks lies essentially in its debt portfolio and in the commodity price volatility, resulting in interest rate, exchange rate and market price risks. Risk management of EDP Group is carried out centrally at EDP – Energias de Portugal, S.A., which uses a set of derivative financial instruments to cover these risks. As of December 2020, 31, derivative financial instruments presented in the balance sheet (fair value as defined in International Financial Reporting Standard (IFRS) 13 - Fair value) amounted to Euro 772,066 thousand of assets and Euro 609,921 thousand of liabilities. The valuation of financial instruments classified as level 2, particularly derivative financial instruments, is carried using observable market data and valuation models based on discounted cash flow techniques, which usually involve a high degree of judgment in defining the assumptions to be used. Therefore, changes in the assumptions used by the Executive Board of Directors may give rise to material impacts on the the fair value of the mentioned financial instruments. Additionally, in accordance with IFRS 9, the EDP prepares efficiency tests on its hedging derivative financial instruments portfolio on an annual basis, in order to assess the accounting effectiveness of the hedges, which also involves the assumption of significant judgments and estimates.	Our audit procedures included the identification and testing of the design and operational efficiency of the controls related to contracting, monitoring and settling derivative financial instruments, to their classification, and to the preparation of supporting documentation and effectiveness tests , when applicable. In this context, controls tested included access policies, system management, approvals, confirmations with financial institutions and reconciliations with counterparties. Regarding the computation of the fair value of derivative financial instruments, in particular the models developed by the Company for this purpose, we evaluated their suitability and the suitability of the assumptions and data used by comparing observable data with information collected from external and independent sources, and we analyzed the contractual information. External confirmations of counterparties were also performed in order to validate open positions as of the date of the statement of financial position. The documentation prepared by the Company regarding the hedge accounting was evaluated and compliance with the requirements of IFRS 9 was verified. The adequacy of the accounting entries for each of the analyzed situations as well as the adequacy of the own use exemption provided in IFRS 9 for the use of commodities in the operational activity and related impacts on the consumption calculation were also verified. The adequacy of the disclosures associated with financial derivative instruments, particularly the ones related to fair value and liquidity was also reviewed, based on the applicable accounting standards and in what we considered relevant.

Key Audit Matter	*Summary of the Audit Approach*
Given the relevance of the derivative financial instruments in the context of EDP – Energias de Portugal's separate financial statements, together with the degree of judgment associated with its valuation and the complexity associated with its accounting treatment, this issue was considered to be a relevant matter for the purposes of our audit.	
Disposal of subsidiary Camirengia Hidroelétricos, S.A. *Disclosures related to the transaction is presented in notes 6, 8, 13, 20, 39 of the consolidated financial statements.* In December 2020 EDP - Energias de Portugal concluded the disposal of Camirengia Hidroeléctricos, S.A., a standalone and fully operating company that arose from a demerger from EDP – Gestão da Produção, S.A., that held a portfolio of 6 hydro power plants in Portugal, including the related assets and liabilities, rights and obligations, legal-labour relations, contracts, protocols and licenses, to a consortium of investors formed by ENGIE (40% of equity stake), Crédit Agricole Assurances (35%) and Mirova – Natixis Group (25%), for Euro 2,173,000 thousand. The mentioned operation resulted in a gain at EDP – Energias de Portugal, S.A. level of Euro 215,609 thousand after the deduction of contingent considerations of Euro 109,741 thousand and other directly related costs. Given the expression of the amounts involved in the net profit for the period and total assets of EDP – Energias de Portugal, S.A., as well as the level of judgment involved, namely regarding the demerger, measurement of contingent considerations and the analysis of costs directly related to the operation, the disposal was considered a relevant matter for the purposes of our audit.	Our audit procedures included, among others, holding meetings with the management and with the Business Analysis Direction of EDP – Energias de Portugal, S.A., in order to obtain an adequate understanding of the transaction, as well as the respective supporting documentation. The related documentation was analyzed, namely the accounting treatment given to the operation in light of the applicable accounting standards and the mathematical accuracy of the calculations that gave rise to the gain and the remaining accounting records. We have reviewed the demerger project and the valuation of the resulting financial investment held in Camirengia Hidroeléctricos, S.A. as well as the initial measurement of contingent considerations and other costs directly related to the operation. Key controls related to financial investments, namely the ones related with disposals, were also identified and tested. We also reviewed the accounting treatment and the adequacy of the disclosures related to the transaction, based on the applicable accounting standards and in what we considered relevant.

Responsibilities of management and supervisory board for the financial statements

Management is responsible for:

a) the preparation of the financial statements, which present fairly the financial position, the financial performance and the cash flows of the Entity in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union;

b) the preparation of the Directors' Report, including the Corporate governance Report, in accordance with the applicable law and regulations;

c) the creation and maintenance of an appropriate system of internal control to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error;

d) the adoption of appropriate accounting policies and criteria; and

e) the assessment of the Entity's ability to continue as a going concern, disclosing, as applicable, events or conditions that may cast significant doubt on the Entity's ability to continue its activities.

The supervisory board is responsible for overseeing the process of preparation and disclosure of the Entity's financial information.

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

a) identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

b) obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control;

c) evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

d) conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern;

e) evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

f) communicate with those charged with governance, including the supervisory board, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit;

g) of the matters we have communicated to those charged with governance, including the supervisory board, we determine which one's were the most important in the audit of the financial statements of the current year, these being the key audit matters. We describe these matters in our report, except when the law or regulation prohibits their public disclosure; and

h) confirm to the supervisory board that we comply with the relevant ethical requirements regarding independence and communicate all relationships and other matters that may be perceived as threats to our independence and, where applicable, the respective safeguards.

Our responsibility also includes verifying that the information included in the Directors' report is consistent with the financial statements and the verification set forth in paragraphs 4 and 5 of article No. 451 of the Portuguese Company Law.

Report on other legal and regulatory requirements

Directors' report

In compliance with paragraph 3 e) of article No. 451 of the Portuguese Company Law, it is our opinion that the Directors' report has been prepared in accordance with applicable requirements of the law and regulation, that the information included in the Directors' report is consistent with the audited financial statements and, taking into account the knowledge and assessment about the Entity, no material misstatements were identified.

Non-financial information set forth in article No. 66-B of the Portuguese Company Law

In compliance with paragraph 6 of article No. 451 of the Portuguese Company Law, we hereby inform that the entity prepared a separate report of the Directors' report that includes the non-financial information set forth in article No. 66-B of the Portuguese Company Law, which was published together with the Directors' report.

Corporate governance report

In compliance with paragraph 4 of article No. 451 of the Portuguese Company Law, it is our understanding that the Corporate governance report includes the information required under article No. 245-A of the Portuguese Securities Market Code, that no material misstatements were identified in the information disclosed in this report and that it complies with paragraphs c), d), f), h), i) and m) of that article.

Additional information required in article No. 10 of the Regulation (EU) 537/2014

In accordance with article No. 10 of Regulation (EU) 537/2014 of the European Parliament and of the Council, of April 16, 2014, and in addition to the key audit matters referred to above, we also provide the following information:

a) We were first appointed auditors of the Entity in the Shareholders' General Meeting of April 5, 2018 for the period from 2018 to 2020.

b) The management has confirmed to us it has no knowledge of any allegation of fraud or suspicions of fraud with material effect in the financial statements. We have maintained professional scepticism throughout the audit and determined overall responses to address the risk of material misstatement due to fraud in the financial statements. Based on the work performed, we have not identified any material misstatement in the financial statements due to fraud.

c) We confirm that our audit opinion is consistent with the additional report that was prepared by us and issued to the Entity's supervisory board as of February 24, 2021.

d) We declare that we did not provide any prohibited non-audit services referred to in paragraph 8 of article No. 77 of the by-laws of the Institute of Statutory Auditors ("Estatutos da Ordem dos Revisores Oficiais de Contas") and that we remain independent of the Entity in conducting our audit.

February 24, 2021

PricewaterhouseCoopers & Associados
- Sociedade de Revisores Oficiais de Contas, Lda.
represented by:

João Rui Fernandes Ramos, R.O.C.

pwc

Independent Reasonable Assurance Report on the Internal Control System related to the Financial Reporting of EDP Group

To the Executive Board of Directors of
EDP – Energias de Portugal, S.A.

Introduction

We were engaged by the Executive Board of Directors of EDP – Energias de Portugal, S.A. ("EDP" or "the Company") to perform a reasonable assurance engagement on the internal control system over the consolidated financial reporting ("SCIRF") of the Company and its subsidiaries, excluding Viesgo Group ("EDP Group"), for the financial year ended 31 December 2020, implemented based on the criteria established in the internal control framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO 2013") in relation to business processes and global controls, and by the Control Objectives for Information and related Technologies ("COBIT") in relation to information technology general controls.

Executive Board of Directors' Responsibilities

It is the responsibility of the Executive Board of Directors, the implementation and maintenance of an appropriate internal control system to enable the preparation of consolidated financial statements free of material misstatement due to fraud or error.

Auditor's Responsibilities

Our responsibility consists in issuing a reasonable assurance report, professional and independent, based on the procedures performed and stated in the paragraphs below, on the effectiveness of the internal control system over EDP Group's consolidated financial reporting.

Our procedures were conducted, with reference to the financial year ended 31 December 2020, in order to obtain a reasonable degree of assurance about the effectiveness of the internal control system implemented by the Company's Executive Board of Directors, to ensure that the consolidated financial statements are prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS) and present fairly and appropriately the financial position of the EDP Group, its financial performance and its consolidated cash flows, as well as the use of appropriate accounting policies and criteria. The internal control system also includes policies and procedures established by the Company's Executive Board of Directors that guarantee, with reasonable assurance:

i) an adequate maintenance of records which reliably reflect, and in reasonable detail, the acquisitions and disposals of assets of EDP Group;

ii) that transactions are recorded in order to allow the preparation of consolidated financial statements in accordance with the applicable accounting standards;

iii) that receipts are fully recorded and that payments made by EDP Group are made only with the authorization of the members of the Executive Board of Directors and Directors of EDP, or Directors and Management of EDP subsidiaries; and

iv) the prevention or timely detection of unauthorized acquisitions or disposals or the inappropriate use of assets of EDP Group which may have a material effect on the consolidated financial statements.

The work performed was conducted in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (reviewed) "Reliability Assurance Engagements that Are Not Audits or Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standards Board of the International Federation of Accountants and with the additional standards and technical guidance issued by the Institute of Statutory Auditors ("Ordem dos Revisores Oficiais de Contas – OROC"). These Standards require that we plan and perform the assurance engagement to obtain reasonable assurance on whether the internal control system, implemented on the basis of "COSO 2013" and "COBIT", allows the consolidated financial reporting ("SCIRF") to be prepared free from material misstatement. For this purpose, the above mentioned work consisted of:

i) obtaining an understanding of the internal control system over EDP Group's consolidated financial reporting;

ii) assessing the risk of existence of material deficiencies in the internal control system over the consolidated financial reporting, based on the criteria of "COSO 2013" and "COBIT";

iii) carrying out tests related to the design, effectiveness and operation of controls based on the risk assessment performed; and

iv) carrying out other procedures which we considered necessary under the circumstances.

We believe that the procedures performed provide a reasonable basis for our conclusion.

Quality control and independence

We apply the International Standard Quality Control 1 (ISQC1) and, accordingly, maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and of the ethics code of the Institute of Statutory Auditors.

Conclusion

Based on the work performed, it is our opinion that EDP Group maintained, in all relevant material aspects, an internal control system adequate and effective related to its consolidated financial reporting ("SCIRF"), for the financial year ended 31 December 2020, and in accordance with the criteria established in the internal control framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO 2013") in relation to business processes and global controls, and by the Control Objectives for Information and related Technologies ("COBIT") in relation to information technology general controls.

Other matters

i) As the acquisition of Viesgo Group companies was only completed by the end of 2020, these companies, following the exception foreseen in the best practices of internal control assessment, were out of scope for the current engagement.

ii) On 24 February 2021 we issued the audit report on the consolidated financial statements of EDP Group with reference to the financial year ended 31 December 2020, in which we expressed an unqualified opinion;

iii) Due to the inherent limitations to any internal control system, there is a possibility that the internal control system over the consolidated financial reporting does not prevent or detect errors or irregularities that may arise, either due to collusion, errors in judgment, human error, fraud or malpractice. Additionally, projections over the evaluation of the effectiveness of the internal control system related to the consolidated financial reporting, applicable to future periods, are subject to the risk that controls may become inadequate due to changes in conditions or that the degree of compliance with the policies and procedures may deteriorate.

Restriction on distribution and use

This report is solely issued under the agreed terms described in paragraph 1 above and should not be used for any other purposes without our explicit consent.

24 February 2021

PricewaterhouseCoopers & Associados
- Sociedade de Revisores Oficiais de Contas, Lda.
represented by:

João Rui Fernandes Ramos, R.O.C.

Independent Reasonable Assurance Report on the ESEF (European Single Electronic Format) consolidated financial information of EDP Group

To the Executive Board of Directors of
EDP – Energias de Portugal, S.A.

Introduction

We were engaged by the Executive Board of Directors of EDP – Energias de Portugal, S.A. ("EDP" or "the Company") to perform a reasonable assurance engagement on the compliance of the ESEF (European Single Electronic Format) consolidated financial information, comprising the primary financial statements and identification elements of EDP Group (comprising EDP – Energias de Portugal, S.A. and its subsidiaries) for the year ended 31 December 2020, with the requirements and criteria established in Directive 2013/50/UE of the European Parliament and of the Counsel of 22 October 2013 and in accordance with the Regulatory Technical Standard (RTS) of 29 May 2019, prepared in order to comply in advance with the ESEF financial information requirements.

Executive Board of Directors' Responsibilities

It is the responsibility of the Executive Board of Directors to prepare the financial information in compliance with the requirements and criteria established in Directive 2013/50/UE of the European Parliament and of the Counsel of 22 October 2013 and in accordance with the Regulatory Technical Standard (RTS) of 29 May 2019 as well as the implementation and maintenance of an appropriate internal control system to enable the preparation of the above referred financial information.

Auditor's Responsibilities

Our responsibility consists in issuing a reasonable assurance report, professional and independent, based on the procedures performed and stated in the paragraph below.

The work performed was conducted in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (reviewed) "Reliability Assurance Engagements that Are Not Audits or Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standards Board of the International Federation of Accountants and with the additional standards and technical guidance issued by the Institute of Statutory Auditors ("Ordem dos Revisores Oficiais de Contas – OROC"). These Standards require that we plan and perform the assurance engagement to obtain reasonable assurance on whether the consolidated financial information complied with the requirements and criteria established in Directive 2013/50/UE of the European Parliament and of the Counsel of 22 October 2013 and in accordance with the Regulatory Technical Standard (RTS) of 29 May 2019. For this purpose, the above mentioned work consisted of:

(i) assess the compliance of the elements contained in the ESEF financial information with the audited consolidated financial statements, over which an unqualified opinion was issued on 24 February 2021;

(ii) assess the conformity of the taxonomy used against the ESEF taxonomy, including extensions made and levels of presentation, definition and calculation;

(iii) assess the adequate tagging of financial information against the appropriate taxonomy;

(iv) evaluate extensions made to the taxonomy, including the link to the elements of the main taxonomy with the closest broader scope and / or accounting meaning and, when applicable, restricted scope and / or accounting meaning;

(v) evaluate the integrity of the information submitted in the eXtensible HyperText Markup Language (XHTML) format.

We believe that the procedures performed provide a reasonable basis for our conclusion.

Quality control and independence

We apply the International Standard Quality Control 1 (ISQC1) and, accordingly, maintain a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and of the ethics code of the Institute of Statutory Auditors.

Conclusion

Based on the work performed, it is our opinion that the consolidated financial information was prepared, in all relevant and material aspects, in accordance with the requirements and criteria established in Directive 2013/50/UE of the European Parliament and of the Counsel of 22 October 2013 and in accordance with the Regulatory Technical Standard (RTS) of 29 May 2019

Restriction on distribution and use

This report is solely issued under the agreed terms described in the introduction paragraph above and should not be used for any other purposes without our explicit consent.

March 12, 2021

PricewaterhouseCoopers & Associados
- Sociedade de Revisores Oficiais de Contas, Lda.
represented by:

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Independent Assurance Report on the Compliance Management System

(Translation from the original document in the Portuguese language.
In case of doubt, the Portuguese version prevails)

To the Board of Directors of
EDP Energias de Portugal S.A.

Introduction

1. We have been engaged by the Executive Board of Directors of EDP Energias de Portugal S.A. to proceed with the independent review of the "Compliance Management System" of EDP Energias de Portugal S.A. referred to in the "2020 Consolidated Annual Report", regarding its performance in the period from January 1 to December 31, 2020, implemented based on the criteria established by the framework issued by the International Organization for Standardization ("ISO") 19600: 2014 Compliance management systems.

Responsibilities

2. The Executive Board of Directors is responsible for implementing a Compliance Management System as well as to maintain an appropriate internal control system that allows the information presented to be free from material misstatements due to fraud or error.

3. It is our responsibility to issue a reasonable assurance report, professional and independent, based on the procedures performed and described in the "Scope" section below.

Scope

4. The procedures performed have been planned and executed in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised) – "Assurance engagements other than Audits and Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standard Board, for a reasonable level of assurance.

5. Our procedures were conducted with the objective of obtaining a reasonable assurance on the performance of the Compliance Management System, implemented by the Executive Board of Directors of EDP Energias de Portugal S.A., in accordance with the criteria established by the framework issued by ISO 19600: 2014 Compliance management systems. Our procedures do not cover the Compliance Management System implemented at subsidiaries level neither the Specific Individual Programs of Compliance. Under these circumstances, our independent review procedures consisted of:

   - Review of the scope of the Compliance Management System through the analysis of the risks identified against the general and sector compliance risks;
   - Conducting interviews with management, in order to understand how the information system is structured and assess their level of knowledge of the topics addressed in the report;
   - Analysis of the questionnaire sent to the Compliance Partners and Compliance Business Partners considering the basic elements of the Compliance Management System against the responsibilities of the Compliance Partners and Compliance Business Partners, defined in the Compliance Management System;
   - Conducting interviews with the Local Compliance Departments to understand and validate the alignment of the work performed against the Compliance Management System;
   - Review of the presentations made to management and supervisory bodies: Executive Board of Directors and the Financial Matters Committee / Audit Committee of the General and Supervisory Board;

- Review of standards, policies and procedures, including the analysis and review of the Compliance Standard (base document of the Compliance Management System);
- Analysis of the controls that were developed for training and communication between the Compliance Management System and the Specific Programs of Compliance;
- Analysis of documentation related to the Compliance Management System and the control of the Specific Programs of Compliance (monthly status reports, reports to management and supervisory bodies, incident management, action plans and control of the Specific Programs of Compliance, among others);
- Analysis of the monitoring and evaluation activities related to the Compliance Management System;
- Verification of the conformity of the information included in the Compliance Management System with the results of our work.

Quality and independence

6. Our firm applies International Standard on Quality Control 1 (ISQC 1), and consequently maintains a global quality control system which includes documented policies and procedures relating to compliance with ethical requirements, professional standards, and the legal and regulatory provisions applicable and we comply with the independence and ethical requirements of the International Ethics Standards Board for Accountants (IESBA) Code of Ethics and the Institute of Statutory Auditors' Code of Ethics.

Conclusion

7. In our opinion, the entity has complied, in all material aspects, with the policies and procedures defined by the "Compliance Management System" of EDP Energias de Portugal, S.A., for the year ended December 31, 2020, which is in accordance with the criteria established by the framework issued by ISO 19600: 2014 Compliance Management Systems.

Other matter

8. The standard that supports EDP's Group Compliance Management System applied during 2020, was formally approved by the Executive Board of Directors of EDP Energias de Portugal S.A. on February 2, 2021.

Lisbon, 23 February 2021

Ernst & Young Audit & Associados – SROC, S.A.
Sociedade de Revisores Oficiais de Contas (no. 178)
Represented by:

(Signed)

Manuel Ladeiro de Carvalho Coelho da Mota (ROC no. 1410)
Registered with the Portuguese Securities Market Commission under license nº 20161020

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